



Marks and Spencer Group plc
Annual Report and Financial
Statements 2026

Our Annual Report is digital first

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bringing to life our highlights

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Our Annual Report is Digital First

We take a digital first approach to our reporting and you can find our full Annual Report and Accounts and more highlights from the year by following the QR code through to our website.



➞ For the best experience, view online at:
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APM

Alternative performance measures

This report provides alternative performance measures ('APMs') which are not defined or specified under the requirements of UK-adopted International Accounting Standards. We believe these APMs provide readers with important additional information on our business.

We have included a glossary on pages 184 to 189 which provides a comprehensive list of APMs that we use, including an explanation of how they are calculated, how we use them, and how they can be reconciled to a statutory measure where relevant.



HIGHLIGHTS OF THE YEAR

Financial

Statutory revenue

£17.3bn*

24/25: +25.0%



M&S Group adjusted profit before tax

APM

£671.4m

24/25: -23.8%



Net funds excluding lease liabilities

APM

£338.2m

24/25: -24.4%



Statutory profit before tax

£364.6m

24/25: -28.8%



Adjusted basic earnings per share

APM

23.8p

24/25: -25.4%



Basic earnings per share

12.7p

24/25: -13.0%



Strategic

Food: market share

4.1%

24/25: +0.2% pts



Fashion, Home & Beauty: market share

10.2%

24/25: -0.3% pts



New Full Line stores

3

24/25: +1



New Food stores

12

24/25: +4



App percentage of online orders

58%

24/25: +4% pts



Raised for YoungMinds

£2.1m

24/25: -25%



* Includes consolidation of the results of Ocado Retail Limited from Ocado Group to M&S which was effective from 6 April 2025.

** Restated – see note 27 and the Glossary.



CHAIRMAN'S LETTER

“

We are now committing to a multi-year capital programme to drive growth at M&S for the next decade and beyond.



➔ Scan the QR code to hear more from Archie and our highlights from the year.

Dear Shareholder,

It would be an understatement to say that this has been a roller coaster year for M&S.

The cyber incident starting in April coloured the financial performance for the whole year and put many of our financial ambitions into abeyance. It was also a huge pre-occupation for management, one of those “all hands on deck” moments when leadership counts and the team is really tested. We owe a special thanks to our technology team but also colleagues at all levels who fought to keep the business going in the most difficult of times. The long tail of after-effects had a tapering impact on our trading and availability right up to year end. Of course there are many lessons learned but the leadership pulled together and fought hard to secure the business and we have emerged stronger for the experience.

Whilst the cyber incident distorted financial performance in the year, we did not lose sight of our mission to reshape M&S into the business it can be. Indeed despite the distraction, the strategic progress continued and in some areas, picked up pace. Whereas to date much of the reshaping has involved fixing the basics and proving the potential in our product and formats, we are now at an inflexion point where confidence in both the strategy and management means that we can accelerate investment. This includes not only new store formats but technology and supply chain. As a result, we are now committing to a multi-year capital programme to drive growth at M&S for the next decade and beyond.

Success in retail businesses is always a talent game. So we are able to back our programme to invest in growth, not just because of the confidence we have in high returns, but also because in the last four years, the management team has been substantially strengthened and there is now a faster pace, to disciplined process, and greater closeness to the customer across the business. The vast majority of the top 200 roles are now occupied by colleagues who joined the business in the last eight years. For the most part, the old slow moving hierarchical attitudes of the past has been replaced by a performance led culture. The phrase “positively dissatisfied” coined by Stuart Machin, increasingly reflects the way the business works day to day.

Our objective is to build a greater M&S for the decades to come, not always a fashionable idea in this era of short term shareholder returns. Our agenda is to invest to generate mid to high single digit growth in revenue and higher growth on profit and earnings per share over the medium term. Because there have been so many false dawns in the history of M&S however, it is important we keep our feet on the ground: our tone will remain factual and at times understated as we seek to establish confidence in our programme. Given our recent recovery of investment grade debt rating and the macro-economic and regulatory pressures we face, it makes sense to keep a conservative balance sheet during this phase of accelerated growth and investment.

We have of course some headwinds: there has rarely in the history of M&S been a time where the regulatory environment has been less friendly to growth and investment and our tax

burden increased substantially in the year. Our role is to sail into the wind and ride the waves. The impact has however been felt more keenly by smaller competitors and the result is reflected in the continued decline of many high streets and town centres across the country.

We continue to operate our engaged board model with a high frequency of meetings, a bias for in person attendance, and fluent interaction outside formal board events. As the executive team has increased in calibre and pace, so the board has to evolve.

This year we said goodbye to two highly valued board members, Justin King who brought spark and colour to our board discussions along with enormous depth of knowledge and experience, and Ronan Dunne who provided great wisdom and camaraderie from a different industry background. We are fortunate to have two high calibre replacements Sean Doyle, the CEO of another great national brand, British Airways, and Roger Burnley, former CEO of Asda.

We enter the new financial year confident in our strategy but more conscious than ever of the strength we derive from having one of the most loyal, committed, and longstanding workforces in the industry. Our colleagues at every level went through some rough moments in 2025. Our culture is one where they are all valued and everyone can have their say and that is what keeps us strong. We are so grateful for their hard work and commitment.

Yours sincerely

Archie Norman
Chairman



CHIEF EXECUTIVE'S REVIEW

“

We have a renewed sense of purpose that you can feel around the business today: fast paced, still positively dissatisfied, and always aiming higher.

This was an extraordinary year for M&S. We stayed focused on our customers and colleagues while working incredibly hard to recover our business, and we came out stronger.

At all times, we were transparent about the challenges we were facing. Our priority was to do the right thing for our customers and they remained loyal, voting us the UK's most trusted brand according to YouGov, something which we never take for granted. We thank everyone who shopped with us and aim to serve them better every day.

A resilient balance sheet supported by the hard work done in recent years to improve cash generation allowed us to absorb the costs of disruption without compromising our financial health. With strong net funds we continued our transformation at pace, completing our most ambitious year of store renewals in a decade, alongside significant advances in supply chain and digital capability.

Food was our standout, as more customers than ever chose M&S Food for its quality, innovation and value. Performance accelerated in the second half, returns were strong, and we continued to outperform the market with the prospect of more growth to come.

In Fashion, Home & Beauty, we delivered leading style credentials at the best possible value, and this resonated with customers. Recovery has taken longer, but there is strong growth potential. To support this, we have accelerated supply chain improvements, and our newly acquired, fully automated Lichfield site will increase capacity and deliver new styles to customers faster.

We also continued with the reset of our International business, investing in value, building strategic partnerships and identifying new growth opportunities.

Our progress this year would not have been possible without the exceptional commitment of colleagues across every part of M&S, and I thank each of them for their part. At all times we were front footed, sleeves rolled up, forging the culture we need to transform. We have a renewed sense of purpose that you can feel around the business today: fast paced, still positively dissatisfied, and always aiming higher. We are evolving our people plan to match, injecting fresh senior talent into our community of experienced leaders. On the Executive Committee we have further strengthened our team with the appointments of Thinus Keeve as Retail Director, Hayley Tatum as Chief People Officer, and Alex Doorey as Corporate Affairs Director, and in our wider team we have welcomed experts who can lead our transformation journey, particularly in Fashion, Home & Beauty.

We now look forward. The next three years are among the most important in our history. Retailers face a triple whammy of external headwinds: increased taxation, more regulatory burden and ongoing global conflict, but at M&S there is much within our control. We are unshaken by short-term events, running the business for today by improving how we serve, remaining product obsessed and driving better value, and investing for tomorrow by implementing our key transformation priorities.

I have always said that our job is to protect the magic of M&S while modernising the rest. Now we've got the momentum to do that at pace. We have a strong culture, a hardworking, focused team, and a growth business. There's an extraordinary opportunity ahead, and we are on it.

Stuart Machin
Chief Executive Officer



➔ Scan the QR code to hear more from Stuart on our performance.



OUR MARKETS

Focus on Value

What's the trend?

- This year customers continued to feel pressure on household budgets which meant being careful with spending. Insight from the Collective, a community of 43,000 M&S Food customers, put cost of groceries among the top three things they are most worried about.
- Value today is not just about paying the lowest price. Customers want to feel confident they are making a smart choice - something that is good quality, fairly priced and worth coming back to - as well as being rewarded for their loyalty.
- This means customers are planning meals more carefully, choosing to eat in more and watching how they spend, actively looking for the best balance between price and quality, rather than simply choosing the cheapest option. When spending, they expect products to meet high standards.
- This is true across both Food and Fashion. Customers are choosing products they trust, that offer reassurance on quality, and that they feel represent good value.

How M&S is responding

- M&S has continued to invest in trusted value, focusing on lower prices where they matter most, without cutting corners.
- In Food we responded by expanding our Remarkable value range even further, adding more family staples from beef mince to washing up liquid, with both sales and volume growth increasing year on year.
- As a result, in January M&S was rated the fastest growing major retailer for families, as more households chose M&S for everyday food shopping.
- In Fashion, Home & Beauty, we know that trusted value is something our customers turn to M&S for. To reinforce this, we launched our Value You Can Trust campaign, highlighting some of our best value products. A standout product was our £30 womenswear barrel jeans which combine modern design, and multiple fits at an accessible price. We also sold two million £10 bras in the year.
- In January we also held prices on school uniform for the fifth year in a row, helping families manage back to school costs and introducing a one-year quality guarantee on all kids' clothing, giving parents extra confidence that clothes are made to last.
- Together, these actions help customers feel that M&S offers fair prices they can trust, especially on everyday essentials.

Health & Wellbeing

What's the trend?

- Health remains the biggest priority of M&S customers. People want to feel better now and also protect their future health.
- 71% of M&S Food customers said they are seeking to maintain a balanced diet to be fit and healthy and yet with cost of living pressures not going away. 'Health and Wealth' are often competing priorities.
- People want to live well, look after their physical and mental wellbeing, and take a more preventative approach to health.

How M&S is responding

- M&S continued to lead the market in health perception as rated by YouGov, and we remained focused on supporting customers to prioritise their health.
- In Food this year we launched a Nutrient Dense range, developed by M&S chefs and nutritionists, to help customers get more fibre, vitamins and minerals even when eating smaller portions.
- We also published 'Bridge Britain's Fibre Gap', a white paper highlighting that most UK adults are not getting enough fibre and calling for clearer labelling and better support.
- In Fashion, Home & Beauty, health and wellbeing choices show up in different ways from activewear to adaptive clothing, and this year we became the first UK high street retailer to launch stoma underwear with two new menswear and kidswear ranges, building on the success of the women's stoma range. Developed with people living with a stoma, the underwear is designed to offer comfort, discretion and confidence in everyday life.
- Meanwhile we also maintained our commitment to support young people's mental health, by committing to raise a further £1.5m for YoungMinds, building on the £5.5m already raised through colleague and customer support. This year we raised £2.1m, bringing the total for this partnership to £6.6m so far.

Investment in Technology

What's the trend?

- Expectations are rising around personalised offers, convenience and ease of use. Rather than being seen as something separate or disruptive, technology is now woven into how people plan, shop, eat and look after themselves. Digital Loyalty programmes are on the rise with 97% of people saying they use loyalty cards.
- Customers are turning to technology for inspiration and efficiency. Digital platforms are supporting everything from meal ideas and outfit planning, to smarter shopping habits, while social media continues to shape discovery and influence purchasing decisions. 63% use social media to inspire meals or influence purchases; 40% have bought a food product after seeing it on social media.
- At the same time, businesses are increasingly using technology to support colleagues and improve day-to-day operations.

How M&S is responding

- Technology and AI are a core part of our strategy, helping us build the M&S we need to be. This year, we launched several initiatives to make shopping at M&S easier and more rewarding, while also rolling out technology to better support our colleagues.
- This year we announced the roll-out of Microsoft Copilot licences to 11,000 colleagues, including all Store Managers. These tools will support everyday tasks such as creating rotas, summarising data and preparing handovers, reducing admin and freeing up time for colleagues to focus on customers on the shop floor.
- We increased the use of data, forecasting and technology behind the scenes to support better stock management, improve product availability and enable faster, more informed decisions.
- In April 2026, we launched a transformed Sparks loyalty programme hosted on the M&S app, with enhanced data and personalisation at the heart. Customers now earn real money rewards through a digital Sparks wallet, with personalised offers shaped by how and where they shop, powered by a suite of transformed AI and data capabilities now powering Sparks.



OUR BUSINESS MODEL

What makes us M&S?

M&S is a leading British retailer, bringing exceptional quality, value, service and innovation to our 34m 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.

Distinctive and 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 our products, which are sourced with care, through longstanding trusted supplier partners. M&S has full ownership of product creation – from recipes to technical specifications – controlling the full P&L on every product sold. In Food, quality perceptions remain strong, with volume and value growing against the market. In Fashion, we have maintained a leading position across quality and value, with style perceptions continuing to rise.

Closer to customers

34m customers shopped with M&S this year with 97% of the UK population living within 25 minutes of an M&S store. Central to our 'sleeves rolled up' culture 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 four years and that is something we never take for granted.

Closer to colleagues

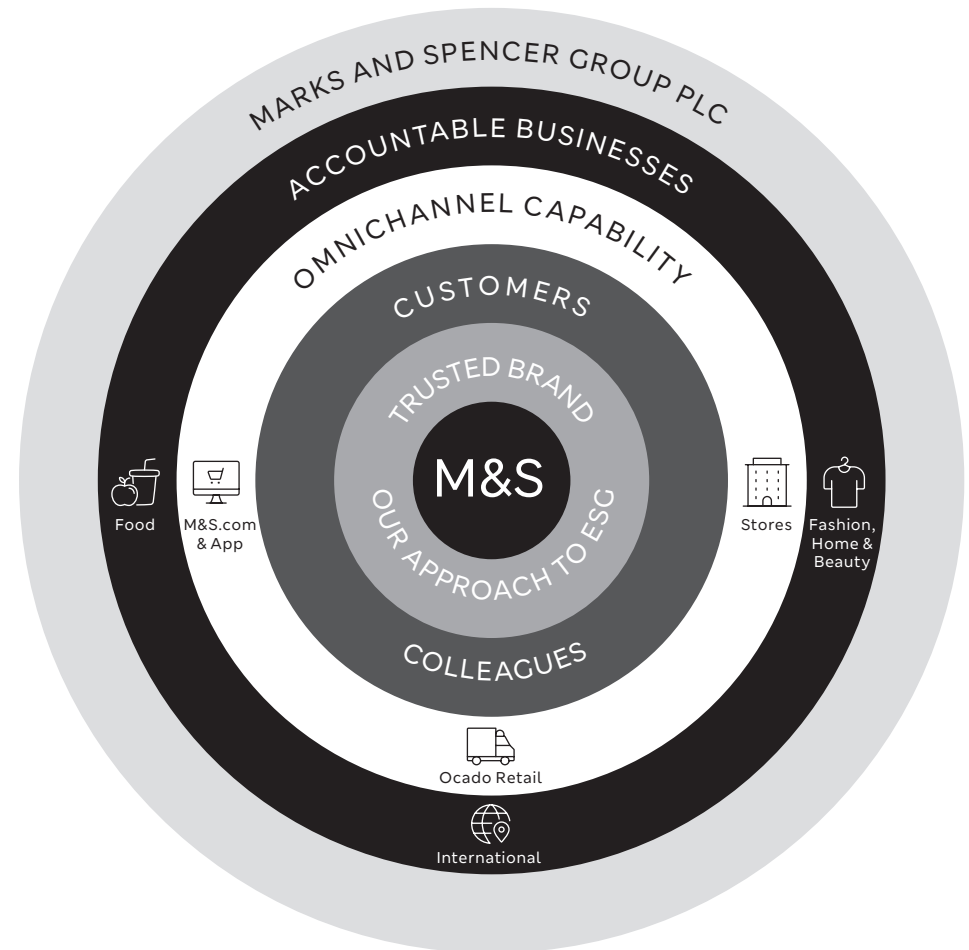
Our 64,000 colleagues all have a role to play in reshaping M&S and delivering for our customers. They bring extraordinary passion for the business and extensive technical expertise in areas such as sourcing, design, product development, data and technology. Read more about how we are driving a high-performance culture on pages 25 to 26.

Omnichannel capability

M&S has 1,059 UK-owned and franchise stores, connected to our network of digital shopping channels. This includes our Fashion, Home & Beauty website and app, with 30% of sales through online channels. 57% of all online and app orders are picked up by customers in-store, using our Click & Collect service. M&S has a 50% investment in Ocado Retail, which has been the fastest growing retailer for the last two years. M&S also has a presence in 70 markets including Europe, the Middle East, Asia, the US and Australia.

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. These long-term, differentiated partnerships support investment in more sustainable solutions and give us specialised capabilities.



Creating value for all stakeholders

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

➔ Read more about our Strategic Progress on pages 10 to 14.

➔ Read more about our approach to ESG at corporate.marksandspencer.com/ESGreport2026.



STAKEHOLDER ENGAGEMENT AND S.172 STATEMENT

Understanding what matters most to our stakeholders is key to achieving M&S' vision of being the most trusted retailer.

Engaging with these stakeholders helps shape the Board's decisions and guide how the directors fulfil their responsibilities under Section 172(1) (a) to (f) of the Companies Act 2006 (s.172). 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 our reputation and ensuring long-term sustainability. Read more about the Board's activities this year and how the directors fulfil this s.172 duty in its decision making on pages 53 to 54.

Cyber incident and recovery

The Board and senior leadership were mindful of the cyber incident's impact on all stakeholders, and ensured engagement included timely updates on the impact, business response, and progress on recovery.

Customers and communities: regular email communications and social media updates were issued to apologise for any inconvenience experienced during the disruption, and to keep customers updated as systems were recovered.

Colleagues: were supported with guidance on manual ways of working and kept updated in email briefings and regular huddles, including from the CEO.

Shareholders: were updated on the evolving situation, impact and expected costs in market announcements. Detailed answers to shareholder questions were also provided at the 2025 AGM and Capital Markets Day.

Suppliers and partners: leadership teams were in close collaboration with suppliers and partners to discuss and mitigate the impact on stock ordering and flow in the supply chain.

Alongside this s.172 statement, which includes examples of key outcomes in the Board's decision making on page 9, the table below highlights other sections of this report which explain how the directors have had regard to s.172 factors.

S.172 factor	Further information can be found on
(a) The likely consequences of any decisions in the long-term	Our Business Model: page 5 Strategic Progress: pages 10-14 Risk Management: pages 41-47
(b) Interests of employees	Our Business Model: page 5 People and Culture: pages 25-26 Remuneration Committee Report: pages 66-68, 81-82 Non-Financial and Sustainability Information Statement: page 40
(c) Fostering the company's business relationships with suppliers, customers and others	Our Markets: page 4 Our Business Model: page 5 Strategic Progress: pages 10-14 Principal Risks and Uncertainties: pages 43-47
(d) Impact of operations on the community and environment	Strategic Progress: pages 10-14 ESG Review: page 27 TCFD: pages 28-39 Principal Risks and Uncertainties: pages 46-47 ESG Committee Report: pages 58-59 ESG Report: corporate.marksandspencer.com/ESGreport2026
(e) Maintaining a reputation for high standards of business conduct	Our Business Model: page 5 TCFD: pages 28-39 Non-Financial and Sustainability Information Statement: page 40 Risk Management: pages 41-42 Principal Risks and Uncertainties: pages 43-47 Audit & Risk Committee Report: pages 60-65
(f) Acting fairly between members of the company	Our Business Model: page 5 Strategic Progress: pages 10-14 Remuneration Committee Report: pages 66-92



STAKEHOLDER ENGAGEMENT AND S.172 STATEMENT CONTINUED

Customers

We put customers at the heart of everything we do and focus on what makes M&S special: delivering quality and value.

How M&S engages

Closer to customers: Getting closer to customers is a core feature of our Reshaping for Growth strategy, which we do through regular focus and listening groups. During the year these included:

- Fashion, Home & Beauty (FH&B) Pulse surveys, reaching a community of around 47,000 customers. These were key during the cyber incident to understand the impact on M&S shoppers. The FH&B leadership team used the insights gathered to determine the next recovery priorities.
- Quarterly listening panels, offering the opportunity for Food customers to speak directly to our senior leadership and Executive Committee (ExCo).

The Collective: This year, we shared c.80 surveys with the Collective, our online community of around 43,000 Food customers. We gathered feedback on a range of topics, from category transformations and packaging redesign to new product launches. These insights have supported our Product Development teams to better understand M&S customer needs, with feedback contributing to launches like our Nutrient Dense range.

How the Board interacts

- Regular feedback from mystery shoppers and our customer contact centre.
- Updates from the business on consumer trends and response to M&S products and surveys.
- Board papers on the store rotation pipeline, including customer reactions to, and performance of, recent store openings.
- Store visits throughout the year to see the business in action and get closer to customers and colleagues.

Colleagues

High-performance culture is a key driver of building the M&S we need to be. Every colleague has a part to play in bringing our M&S behaviours to life.

How M&S engages

Straight to Stuart: Since its inception, the Straight to Stuart scheme has enabled colleagues to share ideas directly with the CEO to improve how we work. Over 5,000 ideas were submitted this year, with more than 100 approved and implemented. One idea was our gluten-free Made Without Colin, which launched in January 2026 after more than 25 suggestions from colleagues across the UK.

Live From The Floor: These weekly sessions strengthen feedback between colleagues on the shop floor and senior leadership, bringing together a small group of Store and Regional Managers to discuss issues and opportunities. Actions are shared with Stuart and ExCo, and resolutions communicated back to stores in the next weekly session.

M&S Way: This year we relaunched the 'M&S Way', in-store operational guidance to support our Simple for Stores programme and establish a single, consistent approach for colleagues to deliver processes. Stores saw the benefits of our new ways of working over Christmas, when we delivered some of our strongest operational and customer metrics to date.

How the Board interacts

- Feedback from the 'Pulse' survey is considered and actions discussed with ExCo. More details on People and Culture on pages 25 to 26 and the Board's discussions on page 53.
- Board meeting attendance by the National Business Involvement Group Chair to hear from our colleague engagement network.
- Monthly updates by the CEO and Chief People Officer, covering the delivery of our high-performance culture and our internal senior management talent pipeline.

Shareholders

Continuous engagement with both our institutional and retail shareholders builds trust and helps to secure their investment and support.

How M&S engages

Shareholder Panel: Our Shareholder Panel provides an opportunity for retail shareholders to share their views on the business and hear more from our leadership team. This year, the Panel met three times and explored the topics of product, our store estate and our use and adoption of AI.

Institutional shareholders: The Investor Relations team engaged extensively with shareholders, meeting over 200 institutional funds representing around 50% of issued share capital. Investors emphasised the need for long-term growth and continued investment in store rotation, supply chain and technology.

Post-AGM engagement: At our Annual General Meeting (AGM) in July 2025, Resolution 27, which was requisitioned by a small group of shareholders coordinated by ShareAction, was not passed but received 30.70% support. Following the AGM, we consulted widely with shareholders to understand their views on the resolution. Through this engagement, we heard that shareholders are increasingly interested in our approach to people, and their support for the resolution was primarily driven by an appetite for additional disclosures. In response, we committed to enhancing our workforce-related disclosures, to provide shareholders with greater insight on our approach to colleagues and the extended M&S family. Read the disclosures in our People and Culture section on pages 25 to 26.

Capital Markets Day: Our November Capital Markets Day provided investors with deeper insight into our transformation, attracting 72 in-person attendees and over 600 webcast views.

How the Board interacts

- Formal and informal meetings with our top institutional investors to hear feedback on our strategy and performance, and key issues faced by our shareholders.
- Attendance at our AGM and hearing direct from shareholders in the Q&A portion of the meeting.
- Consideration of all results announcements and dividends throughout the year.
- Updates on the shape of our share register to keep close to analyst and investor feedback.



STAKEHOLDER ENGAGEMENT AND S.172 STATEMENT CONTINUED

Suppliers

Our suppliers are key to making sure we deliver great value and high-quality products. Our long-term strategic partnerships help deliver sustainable solutions and drive greater innovation across the supply base.

How M&S engages

Regional supplier listening groups: The FH&B Managing Director, Head of Region and Head of Sourcing travelled to sourcing offices to hold a series of listening groups this year. These sessions aimed to strengthen relationships across our international supply base, creating open forums for our long-standing partners to share feedback, highlight opportunities, and shape how we work together. Actions from the meetings will influence future ways of working with suppliers.

Made Well workshops: In November 2025 we launched our Made Well product workshops, inviting key suppliers to London for a five-day learning week. These brought suppliers and colleagues closer together to align on what great looks like for M&S customers, with our technical team walking suppliers through the product journey from samples to shop floor.

Supplier voice framework: This year we continued to build our supplier voice framework, giving opportunities for local suppliers to engage with us directly. We held regular one-to-one listening sessions, supplier dinners with members of the ExCo, biannual supplier briefings and shared quarterly newsletters. Following a recent request for further support on joint business planning, we also ran targeted webinars to help suppliers better understand our internal processes.

How the Board interacts

- Presentation from the FH&B Managing Director on sourcing office visits and his reflections. Non-Executive Directors also visited suppliers directly.
- Maintaining oversight of our strategic partnership programmes, including our 'Fortress' factories programme.
- Regular updates on supply chain transformation in both Food and Fashion, Home & Beauty.

Partners

Our franchise and joint venture partners play a critical role in our strategy, bringing invaluable market expertise and unlocking access to new customers in the UK and internationally.

How M&S engages

International partner Pulse survey: In February 2026 we launched a 'Pulse' feedback survey for our International partners. It provided insights about vision, shared goals, business partnering, and communication, with partners expressing their desire to grow and develop with M&S. In response, we have created a new Fashion, Home & Beauty Global Critical Path, setting out a focused, long-term plan for how we will drive growth together.

Store partner conferences: Following their popularity last year, we hosted various conferences this year, including:

- Three online panels, enabling franchise stores to dial in and hear from members of the Food business. These sessions explored upcoming product launches and trading plans, ensuring stores understand their part in delivering the M&S experience. Partners were also able to share feedback and ask questions, which shaped future sessions.
- Food partner conferences in June and October, with partners invited to our Waterside House Support Centre for face-to-face discussions on business strategy and upcoming seasonal campaigns.

Convenience Way immersion event: After a successful launch of the M&S Way in wholly-owned stores, we launched the 'Convenience Way' for our franchise partners. The launch began with all Store Managers from partner stores invited to an immersion event, engaging them on how process and efficiency can drive sales.

How the Board interacts

- Regular board papers on our UK and international partnership programmes. During the year, these included updates on new partnerships with Coles, Target and Nordstrom.
- Consideration of all long-term, strategic partnership contracts for approval.

Communities

We need to make sure we have a positive impact on the communities we serve, with over 34m customers, 64,000 colleagues and operations in 70 markets including Europe, the Middle East, Asia, the US and Australia.

How M&S engages

M&S Archive: Our Archive, based in Leeds where our business began, shares M&S heritage with customers, communities and learners of all ages. This year, we launched new workshops to support children and young people with special educational needs and disabilities (SEND). Developed in consultation with teachers and schools, they have proved popular and boosted learners' skills and confidence. We also added more resources to the Digital Archive, enabling online access to material on the development of food and textile technology, fashion design and sustainability.

YoungMinds: Since the launch of our headline charity partnership with YoungMinds in 2023, the UK's leading mental health charity for young people, we have surpassed our fundraising goal of £5m over three years, raising £5.5m in just two years. We have now set a new ambition – to raise a further £1.5m which could help fund YoungMinds' support for parents and carers for a whole year.

Neighbourly: Over our 10-year partnership with Neighbourly, we have helped deliver more than 100m meals to local causes, ensuring good food reaches the communities who rely on it. To build on this, we have strengthened store processes this year to maximise redistribution and ensure each store is paired with at least one local good cause. We have also extended our impact further up the supply chain as part of the Alliance for Food Sourcing initiative, working with industry to divert even more surplus food to FareShare and the Felix Project.

How the Board interacts

- Presentations from our Head of ESG and Head of Communities to the ESG Committee on our strategy, Plan A and long-term charity partnerships.
- Approving the ESG Report, Modern Slavery Report and TCFD Report annually upon recommendation from the ESG Committee.



STAKEHOLDER ENGAGEMENT AND S.172 STATEMENT CONTINUED

Our Board thoughtfully considers the varied priorities of each stakeholder, working to promote and protect M&S' long-term success and reputation. Examples of these considerations and outcomes in the Board's decision making are set out below.

Acquisition of Homebase stores

The Board approved the acquisition of 12 former Homebase sites as part of the ongoing store rotation programme, ensuring we have the right stores in the right places with the right space. These larger-format Food stores support our ambition to grow the Food business and provide the capacity we need to modernise the M&S store experience for customers. In assessing the proposal, the Board considered a range of stakeholder needs:

- **Customers** increasingly want access to the full M&S Food range in spacious, modern stores. Larger sites with improved layouts, bakeries, market style produce and Click & Collect will enhance the offer and support strong sales momentum.
- **Colleagues** will benefit from high-quality working environments and new roles created through the 550 jobs expected across the sites.
- **Investors** should see returns on their investment in the medium term, as trading from new and renewed stores has outperformed plan for three consecutive years.
- **Communities** will gain local employment and more energy efficient stores aligned with our Plan A commitments.

Weighing these considerations, the Board concluded that acquiring these strategically located sites will accelerate growth, improve customer experience, and deliver sustained value for all stakeholders.

'Fortress' factories

In June 2024, the Board approved the Food team's plans to build a more sustainable and resilient UK food manufacturing base. 'Fortress' factories have been a critical component of the strategy to support long-term growth by strengthening supplier capability and securing the capacity needed to expand the Food business. In evaluating numerous contracts brought for approval during the year, the Board considered the needs of key stakeholders:

- **Customers** can expect quality, innovation and consistent availability. Modernised, well-invested suppliers are essential to maintaining M&S' unique product standards and differentiation.
- **Suppliers** face challenges from their own ageing infrastructure and manual processes, limiting their ability to meet future demand. Long-term contracts and partnership commitments provide the confidence suppliers need to invest in new technology and expanded capacity.
- **Investors** can be assured this model will deliver long-term value. The fortress factory approach protects unique selling points, secures capability and reduces supply chain risk.
- **Communities** benefit from stable employment and continued investment in UK manufacturing.

During the year, the Board approved three fortress factory contracts, for poultry, floral and gifting, concluding that deep, long-term partnerships are essential to unlocking sustainable growth and securing the future resilience of the Food supply chain.

Food distribution network investment

The Board approved a £340m multi-year investment in a new automated National Distribution Centre (NDC) in Northamptonshire. This is a strategically critical step towards achieving our ambition to double the size of our Food business. The NDC will provide the capacity, efficiency and resilience we need to support store rotation and renewal, improve product availability, and lower long-term cost to serve. As part of its deliberations, the Board considered several conflicting stakeholder interests:

- **Customers** will benefit from better availability and value, which automation supports through improved accuracy and lower operating costs.
- **Colleagues** requested greater detail about automation; however, the investment will create 1,000 permanent roles, including new technical opportunities. The NDC will provide a modern, high-standard working environment.
- **Investors** seek capital discipline and strong payback on investment. Detailed modelling demonstrated long-term returns and alignment with our strategic priorities.
- **Suppliers** and **partners** will benefit from an enhanced and modernised logistics network.
- **Communities** and the **environment** will benefit from sustainable technologies helping to deliver our net zero ambitions, while the NDC also provides regional economic investment.

Having considered these wide-ranging interests, the Board concluded the investment was essential for M&S' long-term growth, competitiveness, and delivery of the Food strategy, providing enduring value for all stakeholders.



STRATEGIC PROGRESS

Our Transformation

At the October 2022 Capital Markets Day, we set out the strategy of reshaping M&S. 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 £600m and disciplined capital allocation.

Our strategic progress



A year of two halves

Performance in 2025/26 was a year of two halves: significant operational impact from the cyber incident during the first, followed by a return to sales and profit growth in the second. Despite the disruption, M&S made further progress on its transformation, enabled by a strong balance sheet and sustained net funds position.

In 2025/26, M&S Group adjusted profit before tax was £671.4m down from £881.1m. Second half adjusted profit increased 4.1% year-on-year, as growth in Food more than offset the decline in Fashion, Home & Beauty.

Food sales grew 7.0% as customer numbers increased and market share grew 17bps to 4.1%. Food invested in trusted value, increased quality and made regular new product launches. Adjusted operating profit was £444.5m down from £491.8m in the prior year, reflecting sustained volume growth in H2 following the impact of increased markdown and waste in H1.

Fashion, Home & Beauty sales declined 7.7%, reflecting the temporary pause in online trading and systems access, which disrupted stock flow and restricted availability. Despite these operational challenges, customer perceptions of style saw an encouraging improvement. Adjusted operating profit was £213.4m down from £478.0m in the prior year, reflecting the markdown and clearance of excess seasonal stock related to the incident, principally in H2.

International reported sales declined 7.2% with an improving performance in H2, partly offset by shipment delays to the Middle East in the final month

of the financial year. Adjusted operating profit increased to £39.1m from £35.9m in the prior year driven by reduced costs, as International began to reset franchise agreements and built new wholesale and online marketplace partnerships.

During the incident, teams operated with pace and accountability, prioritising customers, recovering the business and maintaining delivery of the transformation.

Reinvesting for growth

M&S enters 2026/27 with increased focus on its three core investment programmes of supply chain modernisation, technology transformation and store rotation. As outlined at last year's Capital Markets Event, the year ahead sees a step-up in investment for growth, and in cost savings ambition.

A pipeline of new, high-volume store openings has been developed. Supply chain capacity is being increased with investment focused on enabling volume growth and reducing cost to serve. Near-term online improvements are focused on search, imagery, check-out and payments.

Digital and technology investment in the fashion planning platform, food warehouse management systems and e-commerce platform improvements restarted in the second half. The next phase prioritises simplification of the technology estate and driving online growth. AI is being used selectively where it reduces cost or improves decisions including pricing, waste reduction and personalised customer offers.

Sparks has been relaunched, focusing on wallet-based customer rewards, laying the groundwork for greater personalisation and engagement.

Structural cost reduction of £600m is targeted between 2022/23 and 2027/28. Initiatives are expected to deliver increased in year savings, helping to offset frontline colleague pay inflation and government tax levies.

The strategy supports medium-term growth in revenue, earnings per share and free cash flow and capital allocation priorities reflect this. This year M&S capital expenditure will increase to c.£650m-£750m, with approximately two-thirds targeting the long-term growth opportunity in Food.

Outlook

M&S enters 2026/27 with a clear plan and a strong balance sheet, focused on delivering further improvements to availability and service levels. Profit growth is expected to resume versus 2024/25.

Food continues to drive volume growth through reinvestment in value, quality and innovation and increased new store openings. Fashion, Home & Beauty's priority is delivering growth on the back of stronger style credentials and new supply chain capabilities.

The outlook for the current year includes higher fuel, freight and input costs and continued government tax levies and regulatory headwinds for the sector. These are being mitigated through improved buying, reinvestment in value to drive volume, and savings from the structural cost reduction programme.

Further progress on the transformation is anticipated in the year ahead, as M&S reinvests for growth.



STRATEGIC PROGRESS CONTINUED

Food

Strategic KPIs:

Market share
increased to
4.1%
24/25: 3.9%

Perception
for value
5.2
24/25: 6

Perception
for quality
69.4
24/25: 71

Doubling Food by driving volume and investing in stores, technology and supply chain capacity

Food sales increased 7.0% to £9.7bn with like-for-like sales growth of 6.7%. Adjusted operating profit declined by 9.6% to £444.5m as additional markdown and waste impacted the first half. This was partly offset in the second half following a strong operational Christmas and sustained growth in the final quarter. M&S UK volume grew 3.3% in a broadly flat market, with over 800,000 additional shoppers in the year.



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Further commercial progress

Product improved further, with upgrades to quality broadening customer appeal. Highlights included growth in core categories including poultry, produce and bakery.

- Value investment included 'Dropped & Locked' and 'Remarksable' pricing focused on core categories such as protein and produce, with a strong volume response to price reductions.
- Quality was upgraded in more than 1,000 products including Italian and Indian meals and flowers, as suppliers invested in new technology and facilities at M&S dedicated sites under long-term 'Fortress Factory' agreements.
- Over 1,400 new lines were launched during the year, driving customer engagement. This included the 'only...ingredients' and 'nutrient dense' ranges, strengthening M&S' health credentials.

M&S takes a long term approach to supplier relationships, with contractual commitments that secure supply and support British farming. This includes new decade-long agreements for British lamb and beef signed during the year.

New larger Food stores driving growth

The long-term ambition is to double Food sales supported by investment in new stores, with a plan for 380 Food stores by 2027/28. 12 new Food stores opened, including three conversions of former Homebase stores, and three new full line stores. These larger format stores have performed ahead of expectations.

The table below illustrates the sales and estimated cash contribution during the first 12 months of trading relating to five Food stores which opened in 2024/25.

New Store Performance		Investment Metrics	
Sales	Cash contribution	Capex spend	Anticipated payback
£90.0m	£8.9m	£17.6m	3.3 years

In the year ahead 18 new openings and three extensions are planned, bringing the full M&S range to more customers.

Investing in modern supply chain capacity for long-term growth

M&S Food volumes have grown strongly over the past five years reducing spare capacity and creating the need for temporary warehousing and causing deliveries from more distant depots, putting upward pressure on costs.

The acquisition of Gist in 2022 has delivered substantial cost savings and an attractive return on capital, equating to a three-year payback. Investment is increasing capacity and automation to consolidate the network and to support volume growth into the 2030s. There will be temporary costs in the short term, but as investments are delivered, cost per case will reduce.

In 2026/27, investment focuses on a regional distribution centre in Avonmouth and in the previously announced national distribution centre in Daventry. While construction is completed, additional temporary space will be leased.



STRATEGIC PROGRESS CONTINUED

Fashion, Home & Beauty

Strategic KPIs:

Market share	Perception for value	Perception for style
10.2% 24/25: 10.5%	43 24/25: 43	37 24/25: 33

Reshaping the business, supply chain and systems

Sales declined by 7.7% to £3.9bn, with adjusted operating profit down 55.4% to £213.4m and an adjusted operating margin of 5.5%. Sales grew 0.2% in the second half, reflecting the restoration of online trading although performance remained constrained by the long tail impact of the incident on availability and the clearance of excess seasonal stock in the Sale. The effect on availability is now tapering, and new ranges are resonating well with customers.



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Recognition of M&S quality, value and style

While the incident resulted in reduced sales and market share, further progress was made on product appeal with growing customer numbers in the second half and improved perceptions for style in the year.

- Womenswear saw the greatest impact from the incident but continued to make progress creating a more edited range in store with 9% of options removed for Spring/Summer.
- Menswear grew sales of denim and casual tops contributing to strong retail market share.
- Lingerie sold 1.8 million £10 bras and new sleepwear ranges performed well.
- Kidswear opening price points were reduced as the business seeks to reposition its ranges.

Robust new store performance despite online constraints

Fashion, Home & Beauty’s ambition is to double online sales, improve profitability and increase online participation to 50%. Alongside this it aims to generate sustainable store sales through a profitable, focused group of 200 full-line stores by 2027/28.

Online returned to modest growth in the second half. Near term focus is on improving shopping experience in areas such as search, imagery, check out and payments. In parallel, e-commerce platform modernisation will enable faster change. Product-focused marketing has increased, and Sparks has been relaunched, with the aim of improved personalisation and enabling customers to spend their rewards across M&S from a new wallet-based offer.

A new full-line store was opened in Bristol Cabot Circus, Bath was relocated and Doncaster Wheatley was extended. These stores have traded ahead of expectations.

The table below illustrates the sales and estimated cash contribution during the first 12 months of trading relating to full-line stores which opened in 2024/25.

New Store Performance		Investment Metrics	
Sales	Cash contribution	Capex spend	Anticipated payback
£158.5m	£34.0m	£38.6m	2.9 years

Rewiring the end-to-end supply chain and investing in capacity for growth

With improving product appeal, the priority now is to tackle legacy supply chain constraints across commercial planning, logistics, sourcing and online and the pace of change is increasing.

- Supply chain capacity is expanding to reduce split shipments, improve customer service and lower costs. The recently announced investment in a 437,000 sq. ft. automated distribution centre in Lichfield will accelerate the expansion of online capacity earlier and at a lower capital cost than originally planned, while supporting network consolidation. It is expected that the new facility will start fulfilling customer orders in 2027, with a phased ramp-up thereafter. Additional boxed storage at Bradford and automated sortation capacity at Castle Donington will be delivered this year.
- Buying and merchandising teams are introducing shorter lead times for seasonal products and trends, while buying core lines year-round. This is enabled by the roll out of the planning platform and further sourcing consolidation.
- Operational efficiency is improving, with store friendly deliveries and additional returns capacity being implemented which will reduce handling costs and accelerate resale.



STRATEGIC PROGRESS CONTINUED

International

Capital light growth

With M&S having strong UK brand recognition, there is long-term potential to build a global brand presence through targeted capital light expansion. In 2025/26 International was impacted by a lagging recovery from the incident followed by the effects of the Middle East war.

Sales were down 7.2% (5.7% at constant currency) with an improving performance in the second half. New business in wholesale and marketplaces partly offset declines in owned and franchise, despite shipment delays to the Middle East in the final month of the year.

Operating profit before adjusting items increased to £39.1m from £35.9m, driven by reduced costs in owned markets

- Franchise terms are being reset to enable investment in trusted value. Where lower prices have been implemented there has been encouraging volume growth.
- Online sales are starting to grow through marketplaces, with expanded ranges on Zalando in Europe. European customer fulfilment is transitioning to Zeos, which offers the prospect of improved service, availability and reduced costs.
- Wholesale is growing selectively from a small base through new agreements with retailers such as Coles in Australia for Food and Nordstrom in the US for Fashion.

In the year ahead the International result may be constrained by the disruption to deliveries to Middle East partners, where annual sales were approximately c.£100m in 2025/26.

Ocado Retail

Modest operating profit delivered for the year

Ocado Retail combines M&S Food with Ocado Group's automated fulfilment to offer differentiated online choice, service and customer experience. The M&S objective is for it to be a sustainable self-funded business, enabled by improved commercial performance.

Results for the current period relate to the 51-weeks ended 29 March 2026 and reflect revenue of £3.2bn and an adjusted operating profit of £15.2m. The joint venture was accounted for via the equity method in the prior period. M&S products drove sales on Ocado.com and were up 17.7% to more than £1bn during the year. Combined with increased customer fulfilment centre (CFC) efficiency this resulted in an improved performance.



STRATEGIC PROGRESS CONTINUED

Disciplined capital allocation and investment

M&S has the capacity to deliver attractive compound growth in earnings per share and free cash flow. From a starting point of improved commercial performance and a strong balance sheet, capital allocation reflects this.

- Property investment includes 18 new Food stores, four extensions and two full-line stores alongside additional renewals.
- Supply chain is weighted to Food reflecting the previously announced construction and automation of the Avonmouth regional distribution centre and the fit out of Daventry national distribution centre. Fashion, Home & Beauty capex reflects the integration of the recently acquired Lichfield warehouse.
- Digital & Technology is weighted towards Fashion, Home & Beauty reflecting the planning platform roll out, online experience improvements and retail productivity initiatives.

A strong balance sheet remains a priority. Increased free cash flow from operations is planned in the year ahead, supported by reduced working capital.

Dividends remain conservative, reflecting the current investment phase. The Board is proposing a final dividend of 3.0p per share, taking the full year dividend to 4.2p per share, an increase of 16.7% on last year.

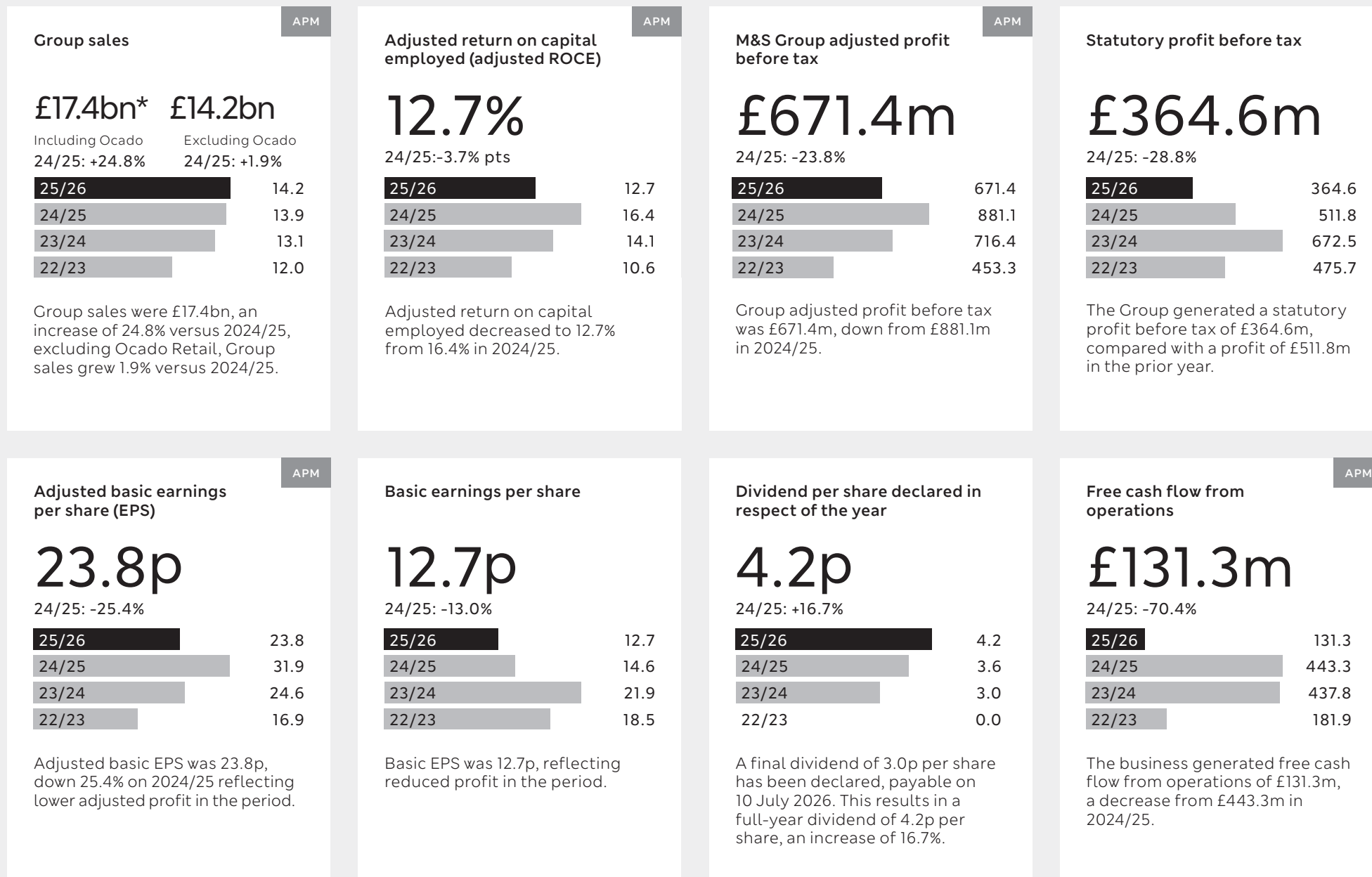
In 2026/27, M&S capital expenditure net of disposals will be c.£650-£750m in line with previous forecasts, with approximately £150m on maintenance investment and the balance on growth and cost out spend. Approximately two-thirds of this is allocated to Food, which has been the fastest growing and highest returning business, and the balance will go to Fashion, Home & Beauty.

Anticipated 2026/27 capital expenditure:

2026/27	£m
Total maintenance	£150m
Property	£200m
Supply chain	£200m
Digital & Technology	£140m
Other	£20m
Total growth & cost out	£560m
M&S capital expenditure	£710m
Property disposals	(£40m)
Lichfield investment	£70m
M&S capital expenditure	£740m



OUR KEY PERFORMANCE INDICATORS



* Includes consolidation of the results of ORL from Ocado Group to M&S which was effective from 6 April 2025.



FINANCIAL REVIEW

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M&S has the capacity to deliver attractive compound growth in earnings per share and free cash flow. From a starting point of improved commercial performance and a strong balance sheet, capital allocation reflects this.

Alison Dolan
Chief Financial Officer

	28 Mar 26 £m	29 Mar 25 Restated £m ¹	Change vs 24/25 %
Group statutory revenue	17,273.6	13,816.8	25.0%
Group sales	17,371.5	13,914.3	24.8%
Group sales (excluding Ocado Retail)	14,178.1	13,914.3	1.9%
Food	9,719.3	9,085.7	7.0%
Fashion, Home & Beauty	3,915.5	4,243.4	(7.7%)
International	543.3	585.2	(7.2%)
Ocado Retail ²	3,193.4	—	n/a
Operating profit before adjusting items	818.4	984.5	(16.9%)
Food	444.5	491.8	(9.6%)
Fashion, Home & Beauty	213.4	478.0	(55.4%)
International	39.1	35.9	8.9%
Insurance income	100.0	—	n/a
Ocado Retail ²	15.2	—	n/a
Share of result in associate ²	—	(28.7)	n/a
M&S Financial Services	6.2	7.5	(17.3%)
Net interest payable on lease liabilities	(145.1)	(110.2)	31.7%
Net financial interest	(16.6)	1.2	n/a

	28 Mar 26 £m	29 Mar 25 Restated £m ¹	Change vs 24/25 %
Profit before tax and adjusting items	656.7	875.5	(25.0%)
Adjusted non-controlling interests before tax	14.7	5.6	n/a
M&S Group adjusted profit before tax³	671.4	881.1	(23.8%)
Profit before tax and adjusting items	656.7	875.5	(25.0%)
Adjusting items	(292.1)	(363.7)	(19.7%)
Statutory profit before tax	364.6	511.8	(28.8%)
Taxation	(128.4)	(219.9)	(41.6%)
Statutory profit after tax, attributed to:	236.2	291.9	(19.1%)
- Owners of the parent	259.4	295.7	(12.3%)
- Non-controlling interests	(23.2)	(3.8)	n/a
Adjusted basic EPS	23.8p	31.9p	(25.4%)
Basic EPS	12.7p	14.6p	(13.0%)
Dividend per share	4.2p	3.6p	16.7%
Net debt ⁵	(2,411.8)	(1,779.8)	35.5%
Net funds excluding lease liabilities	338.2	447.6	(24.4%)
Capital expenditure in cash flow	(594.0)	(458.6)	29.5%
Free cash flow from operations ⁴	131.3	443.3	(70.4%)
Adjusted return on capital employed (12-month rolling)	12.7%	16.4%	(3.7% pts)

- 1 Results of the Channel Islands have been reclassified from the International segment to be reported within Food and Fashion, Home & Beauty.
- 2 Results for the period include the first-time consolidation of Ocado Retail Limited, with the prior year including M&S' group share of result in associate.
- 3 M&S Group adjusted profit before tax excludes the profit or loss attributable to shares we do not own in subsidiary companies and adjusting items.
- 4 Surrender payments have been split out from cash lease payments and are now within free cash flow but no longer within free cash flow from operations.
- 5 Net debt now includes the M&S Travel Money Revolving Credit Facility agreement with Eurochange (£9.8m).

There are a number of non-GAAP measures and alternative profit measures (APMs) discussed within this report, 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 21 for further details.



FINANCIAL REVIEW CONTINUED

Group results

Statutory revenue in the period was £17,273.6m, an increase of 25.0% versus 2024/25, driven by the consolidation of Ocado Retail Limited which generated sales of £3,193.4m in the period. Group sales were £17,371.5m, an increase of 24.8% versus 2024/25, excluding Ocado Retail, Group sales grew 1.9% versus 2024/25.

Food sales were up 7.0%, this was offset by a decline in Fashion, Home & Beauty sales of 7.7% and International sales of 7.2%. Results of the Channel Islands have been reclassified from the International segment to be reported within Food and Fashion, Home & Beauty.

M&S Group adjusted profit before tax was £671.4m compared with £881.1m in the prior year. This is reported following the deduction of non-controlling interests before adjusting items and tax for Ocado Retail Limited and the group's business in India in the current year and Greece and India in the prior year.

Adjusting items were a net charge of £292.1m, compared with £363.7m in the prior year. The net charge in the period includes £131.3m of costs directly related to the cyber incident, which are further broken down in notes 1 and 5 to the financial statements.

As a result, the Group generated a statutory profit before tax of £364.6m, compared with a profit of £511.8m in the prior year.

Adjusted basic EPS was 23.8p, down 25.4% on 2024/25 reflecting lower adjusted profit in the period. Basic EPS was 12.7p, down 13.0% on 2024/25, reflecting reduced profit in the period.

A final dividend of 3.0p per share has been declared, payable on 10 July 2026. This results in a full-year dividend of 4.2p per share, an increase of 16.7%.

Note, 2026/27 will be a 53-week year. M&S anticipates reporting 52-week comparable results alongside the statutory outturn for 53 weeks to 3 April 2027.

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

Food

Food sales increased 7.0% with UK volume growth of 3.3%, largely driven by increased shopper numbers, supported by investment in value, quality upgrades, innovation and new store openings.

Change vs 24/25 % ¹	Q1	Q2	Q3	Q4	FY
Total sales	7.1	8.5	5.5	7.1	7.0
Like-for-like sales	7.2	8.3	4.9	6.8	6.7
<i>Food statutory revenue</i>	<i>2,224.5</i>	<i>2,307.4</i>	<i>2,738.6</i>	<i>2,440.3</i>	<i>9,710.8</i>

¹ Sales growth includes direct sales to Ocado Retail of Food of £57.0m in the prior year which were eliminated on consolidation in 2025/26.

Sales growth in the first half benefited from Easter timing, although overall growth was impacted by the incident. In the second half, transactions were up 5.0% on last year and baskets over £30 grew by 9.4%.

52 weeks ended	H1 £m	H2 £m	28 Mar 26 £m	29 Mar 25 Restated £m	Change vs 2024/25 %
Sales	4,531.9	5,187.4	9,719.3	9,085.7	7.0%
Operating profit before adjusting items	89.1	355.4	444.5	491.8	(9.6%)
<i>Adjusted operating margin</i>	<i>2.0%</i>	<i>6.9%</i>	<i>4.6%</i>	<i>5.4%</i>	<i>(0.8% pts)</i>

Operating profit before adjusting items was £444.5m compared with £491.8m in 2024/25, with an adjusted operating margin of 4.6% versus 5.4% last year. Profitability was impacted by the incident in the first half but showed good progress in the second half.

Gross margin decreased by 1.3% pts, driven by increased markdown and waste and the inclusion of £24.5m Extended Producer Responsibility (EPR) charges for the first time during the first half. This was partly offset by a stronger profit performance year-on-year in the second half.

Operating costs increased 4.9%, which was less than sales growth of 7.0%. Operating costs in the period were driven by:

- Retail costs, from increased colleague pay, National Insurance contributions (NI), volume growth, and new store openings, partly offset by cost savings.
- Logistics, from colleague pay, NI and volume growth, partly offset by cost savings.
- Central costs reduced, reflecting lower incentive accruals and reduced marketing spend.

Operating profit margin before adjusting items	%
FY 2024/25	5.4
Gross margin	(1.3)
Retail costs	(0.2)
Logistics costs	(0.1)
Digital & Technology	0.1
Central costs	0.7
FY 2025/26	4.6



FINANCIAL REVIEW CONTINUED

Fashion, Home & Beauty

Fashion, Home & Beauty sales decreased 7.7% driven by the incident impacts in H1, followed by an improving trend in H2. Sales were constrained in both channels owing to reduced availability following the incident.

Change vs 24/25 % ¹	Q1	Q2	Q3	Q4	FY
Total sales	(20.8)	(12.3)	(2.6)	4.3	(7.7)
Like-for-like sales	(20.2)	(12.1)	(2.7)	4.3	(7.5)
Store sales	(3.5)	(3.2)	(4.4)	3.3	(2.3)
Online sales	(58.5)	(29.7)	1.0	6.1	(18.4)
<i>Fashion, Home & Beauty statutory revenue</i>	<i>762.8</i>	<i>904.6</i>	<i>1,239.7</i>	<i>919.0</i>	<i>3,826.1</i>

¹ Sales growth includes direct sales to Ocado Retail of £5.2m in Fashion, Home & Beauty in the prior year which were eliminated on consolidation in 2025/26.

Store sales decreased by 2.3% to £2,749.8m, returning to growth in the final quarter.

Online sales decreased by 18.4% to £1,165.7m, reflecting the pause in online orders followed by a gradual recovery over the summer. During the second half website traffic and transactions increased versus last year.

52 weeks ended	H1 £m	H2 £m	28 Mar 26 £m	29 Mar 25 Restated £m	Change vs 2024/25 %
Sales	1,697.6	2,217.9	3,915.5	4,243.4	(7.7%)
Operating profit before adjusting items	46.1	167.3	213.4	478.0	(55.4%)
<i>Adjusted operating margin</i>	<i>2.7%</i>	<i>7.5%</i>	<i>5.5%</i>	<i>11.3%</i>	<i>(5.8% pts)</i>

Operating profit before adjusting items was £213.4m compared with £478.0m in 2024/25, with an adjusted operating margin of 5.5% compared with 11.3% last year.

Gross margin decreased by 2.7% pts driven by increased stock management and markdown related costs, which were weighted towards H2.

Operating costs decreased 1.5% compared with a sales decline of 7.7%. This resulted in higher operating costs as a percent of sales. Operating costs were driven by:

- Retail costs, from higher colleague pay, NI and maintenance, which were partly offset by cost savings.
- Logistics costs were down year-on-year, reflecting lower volumes, the exit of bulky furniture and cost savings which more than offset the incident-related warehouse costs.
- Digital & Technology, from systems development including planning platform and re-launch of Sparks.

- Central costs reduced, largely due to lower incentive accruals, partly offset by increased performance marketing spend.

Operating profit margin before adjusting items	%
FY 2024/25	11.3
Gross margin	(2.7)
Retail costs	(2.1)
Logistics costs	(0.7)
Digital & Technology	(0.7)
Central costs	0.4
FY 2025/26	5.5

Within these results, store margin was 10.0% and online margin was (5.2%).

International

International sales decreased by 7.2% (down 5.7% at constant currency), with an improving trend in the second half. Sales declined due to lower franchise shipments, a pause to online trading in H1, and selected store closures. This was partially offset by growth in wholesale, supported by the launch of three new partnerships, and in marketplaces.

Operating profit before adjusting items increased 8.9% year-on-year driven by cost management, including reduced marketing spend and store closures, which more than offset the impact of the decline in franchise and online sales.

52 weeks ended	28 Mar 26 £m	29 Mar 25 Restated ¹ £m	Change vs 2024/25 %	Change vs 2024/25 CC ² %
Sales, split:	543.3	585.2	(7.2%)	(5.7%)
<i>Franchise³</i>	<i>244.4</i>	<i>271.5</i>	<i>(10.0%)</i>	
<i>Owned³</i>	<i>228.8</i>	<i>251.6</i>	<i>(9.1%)</i>	
<i>Online & Marketplaces</i>	<i>44.6</i>	<i>50.0</i>	<i>(10.8%)</i>	
<i>Wholesale</i>	<i>25.5</i>	<i>12.1</i>	<i>110.7%</i>	
Operating profit before adjusting items	39.1	35.9	8.9%	8.5%
<i>Adjusted operating margin</i>	<i>7.2%</i>	<i>6.1%</i>	<i>1.1% pts</i>	<i>0.9 pts</i>

¹ Sales and profit in prior year restated to reflect change in reporting of Channel Islands to Food and Fashion, Home & Beauty.

² Constant currency.

³ Online sales for franchise and owned business are included within their respective channels.



FINANCIAL REVIEW CONTINUED

Ocado Retail

Ocado Retail (ORL) is a joint venture, 50% owned by M&S and 50% by Ocado Group. The change of consolidation of the results of ORL from Ocado Group to M&S, was effective from 6 April 2025. Results for the current period therefore relate to the 51-weeks ended 29 March 2026, whereas the joint venture was accounted for via the equity method in the prior period. To aid understanding, operational metrics and results for the current and prior period are therefore also presented for the 52-weeks and comparable period below.

Sales for the 52-weeks increased 15.0%, driven by 12.0% growth in average orders per week. This was driven by more effective customer acquisition and retention, and increased frequency of shop. Average selling price increased by 2.2% as the business remained focused on value for customers, inflating behind the market.

Key performance indicators

Ocado.com ¹ (52 weeks ended)	29 Mar 26 £m	30 Mar 25 £m	Change vs 2024/25 %
Active customer base (000s)	1,302	1,177	10.6%
Average orders per week (000s)	521	465	12.0%
Average basket value (£)	124.64	122.35	1.9%
Average selling price (£)	2.83	2.77	2.2%
Average basket size (eaches)	44.01	44.22	(0.5%)

1 Ocado.com represents the Ocado.com business unit and excludes Ocado Zoom figures.

£m	52 weeks ended 29 Mar 26	52 weeks ended 30 Mar 25	Change vs 2024/25 £m	51 weeks ended 29 Mar 26
Sales ²	3,252.2	2,827.0	425.2	3,193.4
Operating profit before adjusting items	14.7	(20.4)	35.1	15.2
<i>Adjusted operating profit margin</i>	<i>0.5%</i>	<i>(0.7%)</i>	<i>1.2% pts</i>	<i>0.5%</i>

1 Ocado Retail trading week runs Monday to Sunday (versus M&S trading week Sunday to Saturday).

2 Sales represents the Ocado Retail reported Revenue.

Operating profit before adjusting items was £14.7m compared with a loss of £20.4m in 2024/25.

Gross margin was broadly flat as Ocado Retail continues to limit the pass through of cost inflation to customers.

Operating costs increased 10.7%, which was less than sales growth of 15.0%.

Operating costs in the period were driven by:

- Fulfilment and delivery costs, which benefited from improved CFC efficiency and productivity, partly offset by higher delivery costs.
- Support costs increased driven by platform migration.
- Fees payable to Ocado Group reduced as a percent of sales.

Operating profit before adjusting items	%
FY 2024/25	(0.7)
Gross margin	(0.1)
Fulfilment & Delivery	0.4
Marketing	—
Support	0.4
Fees	0.7
Depreciation	(0.2)
FY 2025/26	0.5

M&S Financial Services

M&S Financial Services generated a profit before adjusting items of £6.2m, compared with £7.5m in the prior year. Profits were down on last year reflecting the impact of the incident on the travel money business, alongside investment to integrate the M&S credit card into the new Sparks loyalty app.

Details of the Financial Services transformation and insurance mis-selling provisions can be found in adjusting items.



FINANCIAL REVIEW CONTINUED

Net finance cost

52 weeks ended	28 Mar 26 £m	29 Mar 25 £m	Change vs 2024/25 £m
Interest payable ¹	(34.5)	(41.3)	6.8
Bank and other interest receivable	39.3	54.9	(15.6)
Net interest receivable	4.8	13.6	(8.8)
Unwind of discount on Scottish Limited Partnership liability	—	(1.4)	1.4
Unwind of discount on provisions	(9.2)	(6.4)	(2.8)
Net financial interest¹	(4.4)	5.8	(10.2)
Net interest payable on lease liabilities²	(145.1)	(110.2)	(34.9)
Other finance costs¹	(12.2)	(4.6)	(7.6)
Net finance cost before adjusting items	(161.7)	(109.0)	(52.7)
Net finance costs in adjusting items	(10.4)	(3.5)	(6.9)
Net finance costs	(172.1)	(112.5)	(59.6)

1 In the prior period Interest payable included £4.6m of other finance costs which has now been split out in the table above.

2 Ocado Retail lease liabilities were included in Group consolidation from 6 April 2025 as M&S's share rights give accounting control from this date. The opening balance on consolidation was £333.8m with the increase to £481.7m at year end primarily being due to a new lease liability in Erith of approximately £140m.

Net finance cost before adjusting items increased from £109.0m to £161.7m. This was driven by the effects of the consolidation of Ocado Retail which resulted in increased interest payable on lease liabilities and increased other finance costs, reflecting interest payable to Ocado Group on shareholder loans. Interest receivable decreased driven by lower effective interest rates versus last year.

Adjusting items within net finance costs increased primarily due to the movement of the IAS 19 pension surplus to a deficit position at the prior year end.

M&S Group adjusted profit before tax

M&S Group adjusted profit before tax was £671.4m, down 23.8% on 2024/25. The profit decrease was primarily due to the decline in Food, and Fashion, Home & Beauty profit due to the trading impact of the incident, partly offset by insurance income received in the first half.

Profit before tax

Profit before tax was £364.6m (2024/25: £511.8m). This includes a net charge for adjusting items of £292.1m (2024/25: charge of £363.7m).

Adjusting items

The Group makes certain adjustments to statutory profit measures 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 to 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.



FINANCIAL REVIEW CONTINUED

Adjusting items continued

52 weeks ended	28 Mar 26 £m	29 Mar 25 £m	Change vs 2024/25 £m
Costs associated with the cyber incident	(131.3)	—	(131.3)
Strategic programmes			
Store estate	(84.1)	(84.4)	0.3
Digital and technology transformation	(4.1)	(10.2)	6.1
International reset	10.6	(20.6)	31.2
Furniture simplification	—	11.1	(11.1)
Other			
Store impairments, impairment reversals and other property charges	—	2.3	(2.3)
M&S Bank transformation and insurance mis-selling provisions	(32.4)	(15.5)	(16.9)
Legal settlement	—	20.5	(20.5)
Amortisation and fair value adjustments relating to Ocado Retail Limited	(26.0)	—	(26.0)
Ocado Retail Limited – UK network capacity review	(2.8)	—	(2.8)
Impairment of investment in Ocado Retail Limited	—	(248.5)	248.5
Included in share of results of Ocado Retail Limited prior to consolidation	—	(14.9)	14.9
Included in operating profit	(270.1)	(360.2)	90.1
Net pension finance (costs)/income	(5.0)	4.1	(9.1)
Net finance costs incurred in relation to Gist Limited deferred and contingent consideration	(3.8)	(7.6)	3.8
Net finance costs relating to amortisation and fair value adjustments of Ocado Retail Limited	(0.9)	—	(0.9)
M&S Bank transformation and insurance mis-selling provisions	(0.7)	—	(0.7)
Included in net finance costs	(10.4)	(3.5)	(6.9)
M&S Group Adjusting items	(280.5)	(363.7)	83.2
Non-controlling interest adjusting items ¹	(11.6)	—	(11.6)
Adjustments to profit before tax	(292.1)	(363.7)	71.6

¹ Relates to 50% non-controlling interest share of fair value adjustments acquired on consolidation of Ocado Retail Limited (£12.1m) and 49% non-controlling interest share of India store closures £0.5m.

Adjusting items include direct cyber incident related costs as well as the costs relating to several strategic programmes and other items. There was a net charge of £292.1m, down from £363.7m in the prior year. This includes:

- A charge of £131.3m in relation to the incident. £109.3m of these costs are related to immediate incident systems response and recovery. Remaining charges incurred relate to third party corporate costs predominantly for specialist legal and professional services support.
- A charge of £84.1m in relation to store estate rotation plans. The charge primarily reflects the latest view of store closure plans and latest assumptions for estimated store closure costs, as well as charges relating to the impairment of buildings and fixtures and fittings, and depreciation as a result of shortening the useful economic life of stores based on the most recent approved exit routes.
- A credit of £10.6m in relation to the International reset. This largely reflects the release of a provision for an onerous lease for a distribution centre in Europe. The provision is no longer required, as a new contract has been agreed for the site.
- A net charge of £33.1m in relation to M&S Financial Services transformation and insurance mis-selling provisions. The higher charge this period is largely due to the exclusivity buy out of General Insurance from HSBC.
- A net charge of £26.9m in relation to amortisation and fair value adjustments relating to the investment in Ocado Retail Limited. This included a one-off fair value adjustment arising on consolidation of £17.7m. In addition, amortisation of fair value adjustments on acquired intangibles and assets resulted in a charge of £9.2m, with the portion relating to the non-controlling interest recognised separately.
- Net finance costs of £10.4m, largely consisting of £3.8m relating to Gist acquisition discount unwind, and £5.0m of net pension finance charge.

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

Taxation

The effective tax rate on profit before tax and adjusting items was 27.5% (2024/25: 26.7%). This is above the UK statutory rate, primarily due to the impact of non-deductible Ocado Retail losses.

The effective tax rate on statutory profit before tax was 35.2% (2024/25: 43.0%). This is higher than the effective tax rate on profit before adjusting items, primarily due to the non-deductible nature of adjusting items such as impairments.

Total taxation charge for the period was £128.4m.

Prior year deferred tax liabilities have been restated owing to the recalculation of the Group's deferred tax calculation in relation to historical charges for IFRS 16 leases. In line with IAS 8, the Group has restated balances as at 29 March 2025 and 30 March 2024, the impact on the financial results as at 29 March 2025 was a £119.5m increase in deferred tax liabilities. There is no impact on the cash flows, reported pre or post tax profits or tax paid in any of the previous years.



FINANCIAL REVIEW CONTINUED

Earnings per share

Basic earnings per share was 12.7p (2024/25: 14.6p), due to lower profit in the period. Adjusted basic earnings per share was 23.8p (2024/25: 31.9p) due to lower adjusted profit and an increased effective tax rate on profit before adjusting items.

The weighted average number of ordinary shares in issue during the period was 2,041.4m (2024/25: 2,021.9m), with the weighted average number of diluted ordinary shares 2,115.3m (2024/25: 2,110.7m).

Cash flow

	28 Mar 26 £m	29 Mar 25 Restated £m	Change vs 2024/25 £m
Operating profit	536.7	624.3	(87.6)
Adjusting items within operating profit	281.7	360.2	(78.5)
Operating profit before adjusting items	818.4	984.5	(166.1)
Depreciation, amortisation, impairments and disposals	650.7	542.6	108.1
Cash lease payments ¹	(430.0)	(343.0)	(87.0)
Working capital	(153.7)	(38.6)	(115.1)
Defined benefit scheme pension	(39.8)	5.2	(45.0)
Capex and disposals	(594.0)	(458.6)	(135.4)
Financial interest	(11.8)	(2.6)	(9.2)
Taxation	(7.1)	(208.3)	201.2
Employee-related share transactions	29.7	(13.1)	42.8
Share of result from Associate	—	28.7	(28.7)
Share of results in other joint ventures	(0.4)	(0.5)	0.1
Adjusting items in cash flow	(130.7)	(53.0)	(77.7)
Free cash flow from operations	131.3	443.3	(312.0)
Surrender payments	(23.5)	(19.0)	(4.5)
Transactions with non-controlling interest	(0.2)	(2.6)	2.4
Acquisitions, investments, and divestments	(115.7)	(2.1)	(113.6)
Free cash flow	(8.1)	419.6	(427.7)
Dividends paid	(77.0)	(60.5)	(16.5)
Free cash flow after shareholder returns	(85.1)	359.1	(444.2)

	28 Mar 26 £m	29 Mar 25 Restated £m	Change vs 2024/25 £m
Opening net funds excluding lease liabilities²	447.6	45.7	401.9
Free cash flow after shareholder returns	(85.1)	359.1	(444.2)
Net debt relating to consolidation of Ocado Retail	(21.8)	—	(21.8)
Exchange and other non-cash movements excl. leases	(2.5)	42.8	(45.3)
Closing net funds excluding lease liabilities	338.2	447.6	(109.4)
Opening net debt including lease commitments²	(1,779.8)	(2,165.8)	386.0
Free cash flow after shareholder returns	(85.1)	359.1	(444.2)
Decrease in lease obligations	317.5	258.6	58.9
New lease commitments and remeasurements	(489.3)	(261.0)	(228.3)
Lease commitments and net debt relating to consolidation of Ocado Retail	(355.6)	—	(355.6)
Exchange and other non-cash movements	(19.5)	29.3	(48.8)
Closing net debt including lease commitments	(2,411.8)	(1,779.8)	(632.0)

1 Surrender payments have been split out from cash lease payments and are now within free cash flow but no longer within free cash flow from operations.

2 Net debt now includes the M&S Travel Money Revolving Credit Facility agreement with Eurochange.

Free cash from operations was an inflow of £131.3m, which was £312.0m adverse to last year. This was driven primarily by lower operating profit before adjusting items, increased working capital outflow, increased capital expenditure and higher adjusting items in cash flow. This was partially offset by reduced taxation.

The increased working capital outflow reflected higher receivables from growth in Food sales, new wholesale partnerships in International, and incentive accruals in the prior year. Fashion, Home & Beauty core and continuity stock balances were also higher at year end.

Adjusting items in cash outflow increased by £77.7m. This was driven by £121.0m of incident related costs, partially offset by the cash impact of the change in arrangements for financial services in the prior year.

The consolidation of Ocado Retail resulted in a £76.0m increase in depreciation and £78.9m increase in cash lease payments compared with the prior year.

Contributions to the defined benefit pension fund in free cash flow re-commenced in the year.



FINANCIAL REVIEW CONTINUED

Cash flow continued

Acquisitions, investments, and divestments are driven by £110.9m of deferred consideration for the acquisition of Gist.

The Group had closing net funds excluding lease liabilities of £338.2m at the end of the period. The consolidation of Ocado Retail resulted in additional lease commitments and loans from third parties, alongside new lease commitments from increased store activity. Group net debt therefore increased to £2,411.8m.

Capital expenditure

52 weeks ended	28 Mar 26 £m	29 Mar 25 £m	Change vs 2024/25 £m
Total Maintenance	135.4	157.6	(22.2)
Property	364.4	270.1	94.3
Supply chain	115.0	67.8	47.2
Digital & Technology	40.2	81.2	(41.0)
Other	2.1	1.5	0.6
Total Growth & Cost Out	521.7	420.6	101.1
M&S capital expenditure before disposals	657.1	578.2	78.9
Property disposals	(33.1)	(48.3)	15.2
M&S Capital expenditure	624.0	529.9	94.1
Ocado Retail	12.7	—	12.7
Movement in accruals and other items	(42.7)	(71.3)	28.6
Capex and disposals as per cash flow	594.0	458.6	135.4

M&S capital expenditure before disposals increased from £578.2m to £657.1m reflecting increased investment in new stores and supply chain, offset by reduced spend on digital and technology and property maintenance.

Property capital expenditure focused on Food and includes £209.9m of investment in new stores and extensions, £111.2m in renewals, and £40.3m of other property investments, including energy efficiency and store environment improvements.

Supply chain expenditure, also largely focused on Food, reflects initial costs associated with the Daventry National Distribution Centre, investment in new Food capacity at the Avonmouth Regional Distribution Centre, and Fashion, Home & Beauty online fulfilment capabilities.

Digital and Technology focused on investment in the new Sparks loyalty programme, Fashion, Home & Beauty planning platform and online capabilities, and store technology.

Ocado Retail expenditure focused on investment in a new spoke site in Nottingham as well as maintenance of existing distribution facilities.

Net debt

Group net debt increased £632.0m since last year primarily driven by the increase in lease liabilities due to the consolidation of Ocado Retail.

52 weeks ended	28 Mar 26 £m	29 Mar 25 £m	Change vs 2024/25 £m
Cash and cash equivalents ¹	997.2	864.5	132.7
Current financial assets and other ¹	10.4	300.2	(289.8)
Medium-term notes	(579.4)	(717.1)	137.7
Ocado Retail borrowings	(90.0)	—	(90.0)
Net funds excluding lease liabilities²	338.2	447.6	(109.4)
Lease liabilities	(2,750.0)	(2,227.4)	(522.6)
Group net debt	(2,411.8)	(1,779.8)	(632.0)

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

² Net funds now includes the M&S Travel Money Revolving Credit Facility agreement with Eurochange.

Medium-term notes include three bonds, with maturities out to 2037, and the associated accrued interest. During the period, the June 2025 bond and May 2026 bond were repaid. In addition, part of the July 2027 bond was repaid.



FINANCIAL REVIEW CONTINUED

Net debt continued

These repayments were partially offset by the issuance of a £300m bond, maturing in August 2032. 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:

Issued bond principle and maturity date	Value £m
July 2027, GBP	56.9
August 2032, GBP	300.0
December 2037, USD	252.9
Total principal value	609.8
Unamortised bond costs and effects of fair value hedges	(38.6)
Interest and FX revaluation	8.2
Total carrying value	579.4

Lease Liabilities	28 Mar 26 £m	29 Mar 25 £m	Change vs 2024/25 £m	Average Lease length to break ¹
Full Line stores	(851.9)	(841.7)	(10.2)	c. 14 years
Food stores	(736.2)	(701.4)	(34.8)	c. 10 years
Offices, warehouses, ROI and other	(542.4)	(518.5)	(23.9)	
International	(137.8)	(165.8)	28.0	
Ocado Retail ²	(481.7)	—	(481.7)	
Total Lease liability	(2,750.0)	(2,227.4)	(522.6)	

¹ Liability-weighted average lease length to break, adjusted to exclude nine long leases.

² Ocado Retail lease liabilities were included in Group consolidation from 6 April 2025 as M&S's share rights give accounting control from this date. The opening balance on consolidation was £333.8m with the increase to £481.7m at FY primarily being due to a new lease liability of approximately £140m.

Full line store lease liabilities include £83m relating to stores identified as part of the store estate strategic programme.

Food store lease liabilities include £34m relating to stores identified as part of the store estate strategic programme.

Pension

At 28 March 2026, the IAS 19 net retirement benefit deficit was £79.2m (2024/25: £122.7m deficit). There has been a decrease in the deficit since the start of the year largely driven by the payment from the Scottish Limited Partnership of £45.0m.

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.

The IAS 19 net retirement deficit differs from the actuarial valuation position for a number of reasons, including timing and assumptions. The most notable difference is the exclusion of the value of the Scottish Limited Partnership from the reported IAS 19 net retirement deficit, which is included in the actuarial valuation position.

As noted at the start of the year, 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 Marks and Spencer Scottish Limited Partnership arrangements.

For further information on the Marks and Spencer Scottish Limited Partnership arrangements see note 12 to the financial statements.

Liquidity

At 28 March 2026, the Group had liquidity of £1,872.1m (2024/25: £1,739.5m), comprising cash and cash equivalents of £997.2m (2024/25: £864.5m), an undrawn committed syndicated bank revolving credit facility of £850.0m (set to mature in December 2030), and undrawn uncommitted facilities amounting to £25.0m.

Dividend

A final dividend of 3.0p per share has been declared. This will be payable on 10 July 2026 to shareholders on the register of members as at close of business on 5 June 2026. Bringing full year dividend to 4.2p up 16.7% versus last year.

Statement of financial position

Net assets were £3,222.9m at the period end (2024/25 restated: £2,831.9m). The increase in intangibles and property, plant and equipment from the consolidation of Ocado Retail, as well as higher inventories, cash, and increased receivables, resulted in an overall increase in net assets of £391.0m (13.8%) since the start of the year.



PEOPLE AND CULTURE

Transformation powered by our people

Our colleagues are central to our transformation and proud of the role they play in serving the 34m customers who shop with us each year. At M&S our goal is to have a high-performance culture that supports them to perform at their best. This year we saw many examples of this culture in action, and the way it powers our business.

Throughout the cyber incident, our teams were 'sleeves rolled up' and relentlessly focused on serving our customers. Their resilience and hard work set the tone for the rest of the year, reinforcing why our people are our greatest strength.

The relaunch of Sparks also demonstrated colleagues powering our transformation. A significant strategic milestone, before the new Sparks programme launched to customers, colleagues trialled the new Sparks experience.

By putting colleagues first and building their knowledge in advance, customer take up of the new Sparks scheme was strong, driven by the support and confidence of our colleagues in store.

Straight to Stuart is another source of energy behind our transformation with practical ideas to improve the way we work straight from colleagues. Since launching in May 2022, colleagues have submitted more than 25,000 ideas, with over 5,000 submitted this year alone. Many are now embedded across stores, Support Centres and supply chain operations, including the introduction of a gluten-free Colin the Caterpillar cake, suggested by more than 25 colleagues. Launched in January, it has sold almost 62,000 units to date, demonstrating the

value of ideas from colleagues closest to customers and impact this can have.

Not just any job

We believe working at M&S should be rewarding in every sense, through leading pay, benefits and the opportunity to share in the success of the business.

In March, we announced a £70m investment to increase pay for UK retail colleagues. Customer Assistant pay increased 6.4%, more than double the rate of inflation. Over the past four years we have invested more than £350m in retail pay, increasing hourly rates by over 34%.

Alongside pay, colleagues benefit from a strong and competitive package unique to M&S. This includes an uncapped 20% colleague discount on M&S and branded products, pension contributions of up to 12% and Holiday Buy for every colleague across the business. Our Sharesave scheme also offers colleagues a tangible way to share in the growth of the business. This year, more than 5,500 colleagues, predominantly from stores, benefited from Sharesave, with a collective profit of £32m. Many colleagues have used this to support significant life milestones, from wedding dresses to house deposits.

We also extended colleague discount access to more parts of the wider M&S business, including Store Protection Officers and Security Operations Centre colleagues, as well as maintaining the discount levels for teams in M&S Opticians and Beauty Brands.

Our aim is to ensure M&S remains one of the most rewarding places to work in UK retail.

Creating a great place to work

As well as rewarding colleagues, we want M&S to be a great place to work which means staying close to our colleagues, listening to their feedback and acting quickly on what they tell us.

Our Closer to Customers programme plays an important role in connecting colleagues across the business to stores and ensuring we all act as one team. All senior leaders spend their first four weeks working in store, and all new Support Centre colleagues spend three days in store during their first week.

This year Support Centre colleagues worked nearly 194,000 hours across more than 650 stores, with a focus on key trading periods. At Christmas, our Elfers programme delivered over 93,000 hours of additional store support with colleagues from across the business working shoulder to shoulder to support customers at our busiest time.

Two-way communication is also central to building trust and momentum. Our Pulse survey gives every colleague a regular voice and helps us track progress in embedding our behaviours and building a high-performance culture. We also closely monitor store manager turnover given the critical role they have in shaping the working experience of both M&S and third-party colleagues.

The October 2025 survey saw a net promoter score (NPS) of 66% in response to the statement 'I would recommend M&S as a great place to work' – down 10% on the survey from March 2025 and 2% down on the September 2024 survey. Similarly, our store manager turnover rate was 10% during the year. This, and the results from the latest survey reflect

the hard work colleagues put in serving customers through the cyber incident and showed where we need to make progress in how we work together as a business.

Actions are already underway to reduce tasks and support colleagues to spend more time serving customers. As part of our wider technology transformation, AI and digital capabilities are increasing across M&S, supporting stock forecasting and ordering, marketing and powering a colleague help hub.

In our most significant move to support stores to date, we announced 11,000 colleagues, including every Store Manager, will be supported by Microsoft Copilot and AI tools. With AI supporting meeting notes, sales insights, rotas and shift handovers, managers are able to spend more time making a difference on the shop floor.

This year, hygiene and security colleagues were also included in Pulse for the first time and 82% said they would recommend M&S as a great place to work. Participation was lower – 20% for hygiene and 40% for security – highlighting the opportunity to better integrate these colleagues into store teams through regular manager catch ups, inclusion in team activity and listening to ideas and feedback.

Our agency partner at Castle Donington, Staffline, shared their colleague survey results with us this year. Results were ahead of Staffline's overall benchmarks across all four measures, with M&S advocacy at 92% and Staffline's NPS improving from 39.6 to 49.5 across the last three surveys.



PEOPLE AND CULTURE CONTINUED

Creating a great place to work continued

The Business Involvement Group (BIG), our elected colleague representative network, continued to be the voice of all colleagues and offer invaluable insight back to the business. National BIG representatives from stores, Castle Donington and Support Centres met with Stuart Machin, CEO, every six weeks and the National BIG Chair met with the Board quarterly.

By being the voice of colleagues, BIG is well placed to drive change and this year supported colleagues through the operational challenges created by the cyber incident and helped bring more benefits to colleagues, with enhanced discount weeks throughout FY 2026/27 now planned. These are several examples of BIG championing colleagues' voices as it approaches its 25th year ahead.

Opportunity for all

A high-performance culture does not just happen; it is built everyday through the expectations we set.

Hiring practices and leadership remained in focus to ensure consistent high standards. In the past year, more than 1,800 Support Centre managers completed our foundational Licence to Hire module, and our Raise the Bar programme, designed to lift leadership capabilities across M&S, was rolled out across the entire organisation – including our international markets.

Our Retail Future Leaders also continued to support early career talent to thrive. The programme puts graduates and school leavers at the heart of our stores, where they quickly take on real responsibility in our fast-paced, customer-focused environment.

This year, our programme supported 36 graduates and 21 degree apprentices moving into management roles, 42% of Retail Graduates progressed early into Deputy or Store Manager roles, and recruitment is underway for new cohorts joining in September 2026.

Retail is a major driver of social mobility, and M&S is committed to creating opportunities for young people who are furthest from work.

This year our Marks & Start employability programme, run in partnership with The King's Trust, supported 608 young people through the scheme. Of those who completed a placement, 82% moved into roles at M&S, and long-term progression into sustained employment increased by 6% year on year.

The programme continues to bring new perspectives and diverse talent into M&S, with 37% of participants from

ethnic minority backgrounds and 30% declaring a disability. We were also proud to see two colleagues, Lauren Gibson and Ethan Gordon, receive regional King's Trust awards for their impact and potential.

Meanwhile, our eight inclusion networks, now with 11,000+ members, strengthened governance, onboarded 13 new network leads, and helped to make M&S a more inclusive place to work. Our LGBTQ+ Network coordinated our Pride plans again, seeing us take part in six parades and celebrate our annual M&S pride day internally, and our Gender Equality network delivered impactful events for both International Women's Day and International Men's Day, raising awareness and driving allyship around key challenges faced.

Looking ahead

Next year, our focus will be on strengthening the talent and leadership capability we need for the future, simplifying the way we work so teams can spend more time with customers, and using technology and AI to remove complexity and unlock capacity across the business.

Alongside this, we will work even more closely with BIG and our inclusion networks to make sure colleague voices are heard and help build a workplace where everyone feels valued, respected and able to be their best.

Together, these priorities will help us accelerate the transformation of M&S – creating a simpler, faster, more inclusive business, powered by colleagues who are proud of the part they play in our success.

Colleague representation measurements

Total employees



● Female **43,200** (2024/25: 43,411)
● Male **21,242** (2024/25: 20,082)

Colleague engagement (The Pulse survey)

66% (2024/25: 76)

NPS score October 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 74%.

Gender pay gap

10.8% (2024/25: 12.2%)

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 we know there is more to do in this space.

➔ Read more in our Remuneration Report on pages 81 to 92.

Senior managers* from ethnic minorities

5.3% (2024/25: 4.9%)

* 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 page 57.

Gender balance of senior leaders**



● Female **51%** (2024/25: 56%)
● Male **49%** (2024/25: 44%)

** 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 49.



ESG REVIEW

Our approach to ESG

At M&S, we have 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 since the beginning and continues to be just as important today. Our ESG strategy, which we call Plan A, is integral to how we achieve our strategic priorities: creating exceptional products, driving profitable sales growth, and achieving sustainable operating margins.

We continue to operate with a clear and robust governance framework

that underpins delivery of Plan A. The Executive Committee (ExCo), led by the CEO, sets the strategic direction and is accountable for implementation, with individual directors responsible for progress within their areas and the Retail Director overseeing programme-wide execution. The ESG Committee provides strategic challenge and oversight, ensuring our plans remain ambitious and aligned to stakeholder expectations.

Our ESG Business Forum is a cross-functional group of senior leaders and subject matter experts. It plays a vital role in monitoring progress against targets and supporting

effective decision making by ExCo and the ESG Committee. More broadly, strong governance remains central to how we run our business. Every colleague has a role to play by living our behaviour to 'act selflessly', doing the right thing for the long-term success of M&S, supporting one another, and upholding our policies and standards so we can win together.

Plan A is about delivering today while preparing for tomorrow. So this year we launched Plan A 2030, a strengthened strategy focused on the ESG priorities that will have the greatest impact and matter most to our customers and

colleagues. These ambitions are designed to build a more resilient supply chain, support stronger communities and protect the quality, availability and value our customers rely on. The plan is underpinned by a set of targets and metrics, enabling us to track progress clearly, respond to emerging risks and expectations, and maintain strong oversight. We will continue to report transparently on how we manage ESG impacts, risks and opportunities across the business.

🔗 You can read more on our progress to date and Plan A 2030 in our 2026 ESG Report.

Plan A. 2030 | Doing the right thing

Because there's no plan b

Plan A is our promise to always source and make our products with care so you can trust us to do the right thing.

M&S

OUR ENVIRONMENTAL, SOCIAL & GOVERNANCE PLAN

How we deliver on this promise is part of the magic of M&S

For the environment

We do what's right for the planet wherever we can. That includes working closely with nature, reducing emissions, choosing more sustainable materials and using less water.

For people

We respect human rights, encourage inclusivity and play our part in supporting communities near and far, because people are at the heart of our business.

For better business

Trust is everything. It drives us to do things the right way, think for the long term, and set the bar high.

OUR CAMPAIGNS FOR 2030

Plan A for Another Life

From rewear and repair, to recycling and resale, we're redefining the future of fashion. Because we believe that quality and circularity are cut from the same cloth.

- 🕒 **5 million items** given another life.
- 🕒 **100% of textiles** used in fashion and home from preferred alternatives, excluding trims.

Plan A for Farming

To create a better future for food, we partner with farmers to protect the land, support rural communities, and bring high-quality produce to every table.

Plan A.
FOR FARMING

- 🕒 **Fresh British products** available on shelves will come from farms using regenerative practices.
- 🕒 **Maintain commitment to sourcing 100% British** on key fresh proteins like Beef, Chicken, Pork and Eggs.

Plan A for Brighter Futures

We're using the power of M&S to help people realise the magic of their potential, by investing in young people, and opening doors to opportunity and progression in our stores and supply chain.

- 🕒 **Helping 1 million people** to realise the magic of their potential.



TCFD

This section outlines how we have 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. This information also complies with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

This year we updated our modelling to incorporate a range of emission projections. We also refreshed input data with the latest carbon price estimates, sales figures, and elasticity metrics.

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 pages 28-29.
	B) Describe management's role in assessing and managing climate-related risks and opportunities.	✔	➔ Read more on page 29.
Strategy	A) Describe the climate-related risks and opportunities the organisation has identified over the near, medium, and long term.	✔	➔ Read more on pages 30-33.
	B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	✔	➔ Read more on page 31-34.
	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 35-36.
Risk management	A) Describe the organisation's processes for identifying and assessing climate-related risks.	✔	➔ Read more on page 30.
	B) Describe the organisation's processes for managing climate-related risks.	✔	➔ Read more on pages 41-42 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 30.
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 37.
	B) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks.	✔	➔ Read more on pages 37-38.
	C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	✔	➔ Read more on pages 38-39. ➔ Read more in our ESG Report.

✔ Consistent ⚪ Partially consistent

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 and 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.
 - Reporting material ESG matters to the Board.

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



TCFD CONTINUED

Governance continued

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

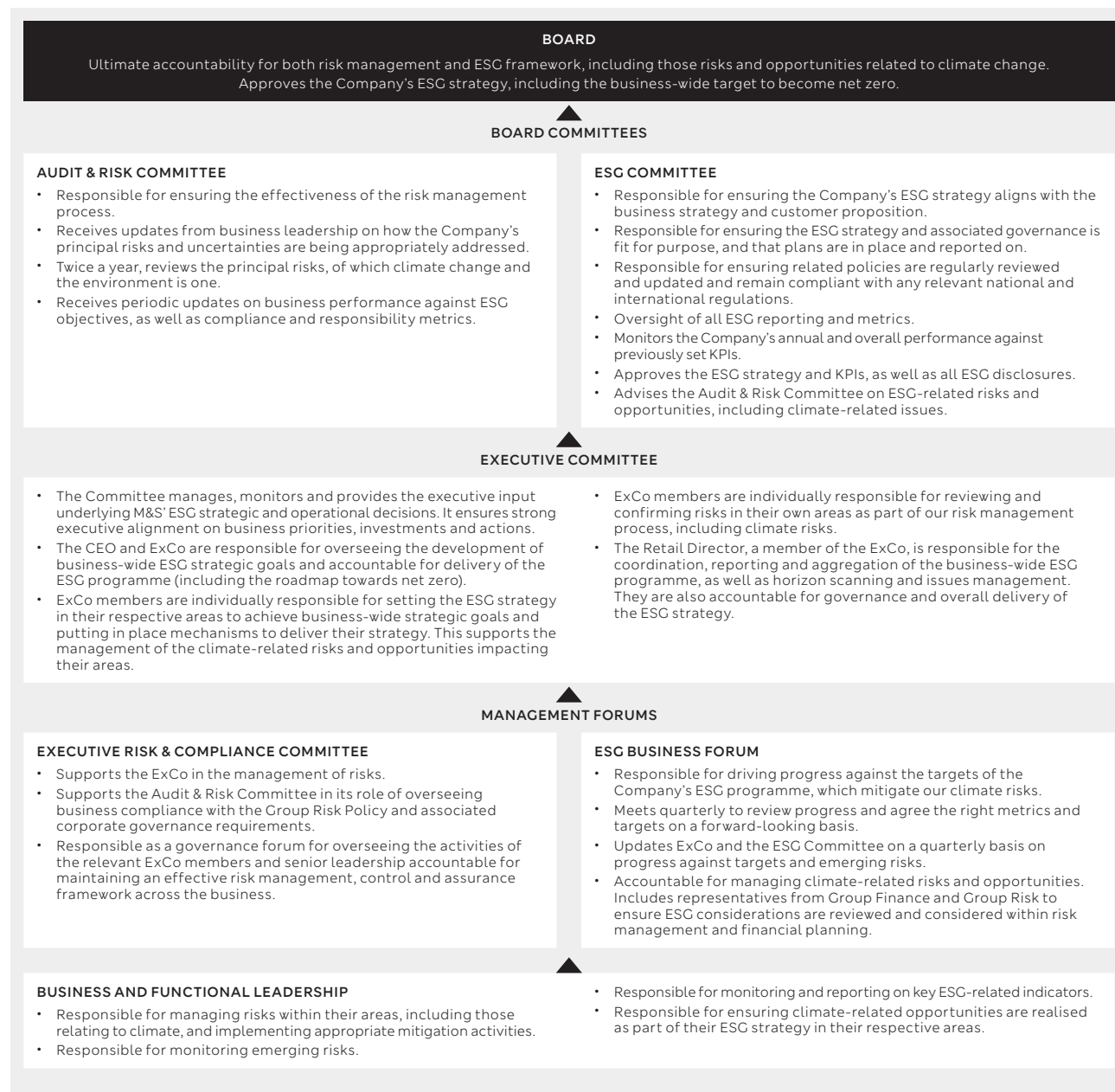
For a detailed overview of our risk management processes and governance please see pages 41 to 42. Additional information about the Audit & Risk Committee's responsibilities can be found in the diagram to the right.

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

As detailed in our risk management process (see pages 41-42), 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 & Compliance Committee, comprising a subset of ExCo members, supports with oversight of ongoing risk and control, identifying potential emerging issues and monitoring overall adherence to expected standards.
- The ESG Business Forum, chaired by the Retail Director (ExCo ESG Sponsor), 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 ESG team. The Forum meets quarterly, with summaries shared with both ExCo and the ESG Committee (see governance structure to the right for more details).

Governance structure





TCFD CONTINUED

Risk management

Our 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, including actions taken in line with risk appetite, are integrated into our overall Group risk management process. We assess climate-related risks using the same consistent risk criteria as other risks, considering proportional Group-level sales and profit impacts, and these risks are embedded within and disclosed through our principal Group risks. A detailed description of our risk management framework is on page 41 to 42.

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 and long term.
- Use 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 on pages 31 to 33.

At the Group level, the ESG Business Forum provides oversight by consolidating insights on various risks and promoting transparency regarding progress against our priorities. Following each meeting, the ExCo receives updates to ensure informed decision making and alignment with our strategic objectives.

At 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 47.

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 time horizons were used to identify and manage 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 (SBTs).

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 SBTs 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.

Risk severity is determined through an assessment of potential impact, with management judgement applied to reflect the likelihood of risk materialisation across relevant time horizons, and is classified as minor, moderate, major or critical in line with the Group risk assessment criteria.

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 our climate risks and opportunities to consider any key changes, 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 our climate-related risks and opportunities in line with TCFD Guidance Table A1.1 and A1.2 is on the next page in Table 1. Risks are split by sector, aligned to the P&L, rather than geography.



TCFD CONTINUED

Key to time horizon and potential impact on the business:

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

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 our response. We have mapped relevant targets and metrics to the risks and opportunities to highlight how we build resilience 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*	Targets
<p>1 Current and new environmental compliance including legislation and tax</p> <p>Transition risk: Policy and legislation</p>	Group wide/ Agriculture/ Food/ Fashion, Home & Beauty/ Property/ Fleet	<p>N</p> <p>M</p> <p>L</p>	<p>Q</p> <p>Increase in operating costs to manage environmental compliance, including carbon pricing, Extended Producer Responsibility (EPR) and Packaging Recovery Notes (PRNs), with c. £38m incurred in FY 2025/26 for EPR and PRNs.</p> <p>Summary of relevant quantitative scenario analysis is in Strategy C.</p> <p>Increase in capital expenditure for owned assets such as refrigeration, energy consumption and diesel fleet. Capital expenditure on LED lighting, store controls upgrades, voltage optimisation, fridge doors, electric vehicles are included in the Group's budget and three-year plan which have been used to support impairment reviews found on page 148 of the financial statements.</p>	<p>Group</p> <ul style="list-style-type: none"> Developing and implementing our decarbonisation roadmap to meet our science-based targets. <p>Supply chain</p> <ul style="list-style-type: none"> Built net zero as a consideration into the sourcing strategies 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 Secaro. <p>Our operations</p> <ul style="list-style-type: none"> Capital investment through proactive asset replacement is integrated into the three-year financial plan to phase out our F-gas refrigeration systems. New store specifications include being 100% electric, with LED lighting in Foodhalls. 	<ul style="list-style-type: none"> 55% reduction in absolute Scope 1 and 2 emissions by FY 2029/30 from FY 2016/17 base year. 42% reduction in absolute Scope 3 E&I emissions by FY 2029/30 from FY 2022/23 base year. 30.3% reduction in absolute Scope 3 FLAG emissions by FY 2029/30 from FY 2022/23 base year. Net zero emissions by FY 2039/40 across value chain. 100% packaging to be widely recyclable by FY 2029/30. <p>See page 39 for exact wording of our science-based targets.</p>
<p>2 Ability to keep pace with customer trends and behaviours as we see an increase in consumer preferences towards more sustainable product choices</p> <p>Transition risk: Market and reputation</p> <p>Opportunity: Products and services</p>	Food/ Fashion, Home & Beauty	<p>N</p> <p>M</p>	<p>N</p> <p>Revenue opportunity from climate conscious customers who want to choose low-carbon products.</p> <p>Revenue loss if we do not keep pace with customer trends and develop suitable low-carbon product offerings.</p> <p>While no financial impact is currently disclosed due to limitations in available methodologies and assumptions, this will continue to be reviewed as reporting requirements and data maturity evolve.</p>	<p>Our products</p> <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 sales from fruit and vegetables, vegetarian and vegan products. We have verification and certification targets in place for key raw materials. We also have a product carbon footprinting tool called Mondra which helps with product development decision making. In Fashion, Home & Beauty, we continue to focus on alternative raw materials and explore circular solutions for customers through our 'Another Life' programme. 	<ul style="list-style-type: none"> 100% of soy to be sourced from verified deforestation- and conversion-free supply chains by FY 2025/26. 100% segregated RSPO certified palm oil in own-brand food products by FY 2025/26. 100% of cotton from more responsible sources by FY 2025/26. 100% verified recycled polyester by FY 2025/26. 100% of MMCF from more responsible sources by FY 2025/26.

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

➔ You can read more in our 2026 ESG Report.



TCFD CONTINUED

Key to time horizon and potential impact on the business:

N Near term (<3 years)

Q Quantified

M Medium term (3-10 years)

I Immaterial

L Long term (>10 years)

N No meaningful quantification

Strategy continued

Table 1: Business-wide risk and opportunity summary continued

Risk/opportunity	Sector	Time horizon	Potential financial impact on the business	Business response*	Targets
<p>3 Availability of low-carbon technological solutions and infrastructure to support low-carbon activities e.g. low and zero carbon fleet options</p> <p>Transition risk: Technology</p>	Group wide/ Property/ Fleet	M	<p>N</p> <p>Increase in capital and operational expenditure required to source low-carbon technology and infrastructure needed to achieve our net zero goals.</p> <p>While no financial impact is currently disclosed due to limitations in available methodologies and assumptions, this will continue to be reviewed as reporting requirements and data maturity evolve.</p>	<p>Group</p> <ul style="list-style-type: none"> Developing and implementing our decarbonisation roadmap to achieve our science-based targets. Proactively managing the need for new low-carbon technological solutions and infrastructure to support our journey to net zero. <p>Our operations</p> <ul style="list-style-type: none"> Moving away from gas heating systems to fully electric. Switching to electric and bio-fuel vehicles and installing electric vehicle infrastructure. 	<ul style="list-style-type: none"> 55% reduction in absolute Scope 1 and 2 emissions by FY 2029/30 from FY 2016/17 base year. 42% reduction in absolute Scope 3 E&I emissions by FY 2029/30 from FY 2022/23 base year. <p>See page 39 for exact wording of our science-based targets.</p>
<p>4 Energy efficiency and resilience in our operations and supply chain</p> <p>Transition risk: Market</p> <p>Opportunity: Resource efficiency and energy source</p>	Group wide/ Property/ Food/ Fashion, Home & Beauty	M	<p>Q</p> <p>Increased costs in our supply chain caused by rising energy costs if energy efficiency or greener solutions are not put in place.</p> <p>Potential impact of £nil-£10m if not mitigated.</p> <p>Reduction in operational costs if energy consumption is effectively managed.</p> <p>Opportunity to reduce reliance on grid electricity by generating renewable energy.</p>	<p>Supply chain</p> <ul style="list-style-type: none"> Working with suppliers to reduce energy consumption and move to renewable alternatives. Examples include our RE:Spark supply chain renewable energy programme, and our Food supplier 'key asks' which include setting science-based targets and purchasing renewable energy. <p>Our operations</p> <ul style="list-style-type: none"> Continuing to integrate energy efficiency measures such as fridge doors. We have also continued our trial of Jet Seals, an airflow management system designed to reduce cold air escaping from fridge cases to lower energy consumption. 	<ul style="list-style-type: none"> 55% reduction in absolute Scope 1 and 2 emissions by FY 2029/30 from FY 2016/17 base year. 42% reduction in absolute Scope 3 E&I emissions by FY 2029/30 from FY 2022/23 base year. 30.3% reduction in absolute Scope 3 FLAC emissions by FY 2029/30 from FY 2022/23 base year. Net zero emissions by FY 2039/40 across value chain. <p>See page 39 for exact wording of our science-based targets.</p>
<p>5 Failure to meet our public climate change commitments</p> <p>Transition risk: Reputation</p>	Group wide	M L	<p>N</p> <p>Reputational impact of failure to meet our net zero targets leads to lower sales and makes it harder to attract and retain customers, colleagues and investors.</p> <p>While no financial impact is currently disclosed due to limitations in available methodologies and assumptions, this will continue to be reviewed as reporting requirements and data maturity evolve.</p>	<p>Group</p> <ul style="list-style-type: none"> Net zero goal incorporated into the strategic pillars of our business transformation with a set of clear metrics for accountable business owners. Quarterly updates on climate targets at our ESG Business Forum, which then feeds into updates to ExCo and the ESG Committee. See page 29 for more information on our governance structure. Continue supporting innovation with suppliers and partners to reduce emissions through the Plan A Accelerator Fund. 	<ul style="list-style-type: none"> 55% reduction in absolute Scope 1 and 2 emissions by FY 2029/30 from FY 2016/17 base year. 42% reduction in absolute Scope 3 E&I emissions by FY 2029/30 from FY 2022/23 base year. 30.3% reduction in absolute Scope 3 FLAC emissions by FY 2029/30 from FY 2022/23 base year. Net zero emissions by FY 2039/40 across value chain. <p>See page 39 for exact wording of our science-based targets.</p>

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



TCFD CONTINUED

Key to time horizon and potential impact on the business:

N Near term (<3 years)

Q Quantified

M Medium term (3-10 years)

I Immaterial

L Long term (>10 years)

N No meaningful quantification

Strategy continued

Table 1: Business-wide risk and opportunity summary continued

Risk/opportunity	Sector	Time horizon	Potential financial impact on the business	Business response [*]	Targets
<p>6 Reliance on third parties, local Government and broader infrastructure to achieve our mitigation actions</p> <p>Transition risk: Market Opportunity: Policy</p>	Group wide	M L	<p>N</p> <p>Increased 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.</p> <p>While no financial impact is currently disclosed due to limitations in available methodologies and assumptions, this will continue to be reviewed as reporting requirements and data maturity evolve.</p>	<p>Group</p> <ul style="list-style-type: none"> Collaborate closely with industry bodies, including the Business Retail Consortium (BRC) and Institute of Grocery Distribution (IGD), to ensure we are working towards the same goals. Proactively engage with Government to ensure that broader policy and infrastructure will support the retail industry on decarbonisation. 	<ul style="list-style-type: none"> No specific target – managed through industry collaboration and policy engagement.
<p>7 Failure to meet the requirements of our franchise partners based on the impact of climate change on our supply chain</p> <p>Transition risk: Reputation Physical risk: Acute and chronic</p>	International	M	<p>N</p> <p>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.</p> <p>While no financial impact is currently disclosed due to limitations in available methodologies and assumptions, this will continue to be reviewed as reporting requirements and data maturity evolve.</p>	<p>Our operations</p> <ul style="list-style-type: none"> Apply learnings from events that have impacted global and individual supply chains, such as the invasion in Ukraine; disruption to key shipping routes; or events impacting specific regions, to help inform how the business can adapt. This helps to ensure we can meet partner requirements, irrespective of the cause of the disruption. 	<ul style="list-style-type: none"> No specific target – managed through franchise service agreements and engagement.
<p>8 Volatility in the supply of raw materials caused by the impact of climate change</p> <p>Physical risk: Acute and chronic</p>	Agriculture/ Food/ Fashion, Home & Beauty	N M L	<p>I</p> <p>Increase in sourcing costs based on supply chain disruption caused by increased likelihood of extreme weather.</p> <p>Summary of relevant quantitative scenario analysis is in Strategy C.</p> <p>Loss of revenue if we cannot source specific products due to the impact of physical climate risks.</p>	<p>Our products</p> <ul style="list-style-type: none"> Continuing to track financial impact of climate change on fresh produce to identify hotspots and impact on the business. Strengthened our focus on supporting producers as they transition to net zero. Putting greater emphasis on resilience in our standards and partnerships, such as Fairtrade. Increased focus on regenerative agriculture, through our Plan A for Farming programme and work with Better Cotton. 	<ul style="list-style-type: none"> Maintain 100% Fairtrade certified tea and coffee. 100% of cotton from more responsible sources by FY 2025/26.
<p>9 Managing infrastructure and operations (both owned and supply chain) in extreme weather</p> <p>Physical risk: Acute</p>	Group wide/ Property/ Fleet	N M L	<p>I</p> <p>Loss of revenue from increased likelihood of extreme weather events (e.g. flooding or extreme temperatures) leading to closures of stores, distribution centres and key transport hubs.</p> <p>Summary of relevant quantitative scenario analysis is in Strategy C. Potential financial impact of flood risk to UK property estate is immaterial.</p>	<p>Our operations</p> <ul style="list-style-type: none"> To support with the management of extreme weather events, we have robust business continuity procedures in place for key sites. 	<ul style="list-style-type: none"> No specific target – addressed via resilience planning and investment in adaptive infrastructure.

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

Where targets are not directly linked to GHG emissions, progress is monitored using defined internal key performance indicators. See the ESG Report for more information.



TCFD CONTINUED

Strategy continued

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





We continue to model the financial impact of the business' carbon reduction initiatives. By doing so, we incorporate spend associated with certain projects linked to climate-related risks and opportunities into the annual budget and three-year financial planning process, both approved by the Board. We have included the capital expenditure required to manage the impact of 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 in our going concern and impairment assessments (see pages 118 and 148 for more details).

Our approach to decarbonisation




The diagram illustrates how we are cutting emissions across our value chain through four interconnected focus areas: efficient operations, responsible sourcing, sustainable manufacturing, and waste and circularity, all underpinned by strong governance. Together, these actions form the foundation of our decarbonisation plan and build a more resilient, sustainable business for the future.

➔ More information can be found in our ESG Report.

OUR APPROACH TO DECARBONISE OUR BUSINESS

 Efficient operations Reducing emissions across store and logistics operations	 Responsible sourcing Protecting nature and securing supply	 Sustainable manufacturing Better production through supplier partnerships	 Waste and circularity Reducing waste through smarter design and reuse
<ul style="list-style-type: none"> • Cutting operational emissions through energy efficiency, electrification and network improvements. • Upgrading stores via our rotation programme, removing gas and reducing emissions. • Rolling out energy efficiency projects and expanding renewable energy generation and procurement. • Transitioning fleet from diesel to bio-CNG (compressed biomethane) and electric vehicles. 	<ul style="list-style-type: none"> • Strengthening the sustainability and resilience of key materials and ingredients. • Transitioning to lower-carbon, recycled and organic materials. • Supporting regenerative and nature-positive farming through the Plan A for Farming programme. • Delivering deforestation- and conversion-free commitments for soy, palm and other raw materials. • Improving traceability for high-impact materials, including Better Cotton. 	<ul style="list-style-type: none"> • Partnering with suppliers to reduce emissions and improve manufacturing performance. • Accelerating lower-carbon technologies through the Plan A Accelerator Fund. • Scaling renewable energy uptake in supply chains through RE:Spark. • Enhancing supplier data visibility and embedding our key asks for Food suppliers, including science-based targets. 	<ul style="list-style-type: none"> • Designing out waste and scaling circular solutions across the business. • Maintaining zero operational waste to landfill and reducing food waste through redistribution. • Removing unnecessary packaging and increasing recyclability. • Expanding reuse initiatives, including Refilled and hanger reuse. • Scaling rewear, repair and resale through our Another Life programme. • Working with recycling partners such as Circulose and Reverse Resources.

What powers this journey?

 Innovation Scaling lower-carbon solutions through investment and partnerships, including the Plan A Accelerator Fund.	 Technology Tools to measure emissions, capture supplier data, improve energy efficiency, and adopt renewable technology.	 Engagement Driving action across our value chain by engaging suppliers, partners, and customers, and upskilling our teams.
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Governance & Risk Management: Keeping us on track

Oversight sits with the ESG Business Forum, ExCo and ESG Committee.

We report annually against our GHG targets and disclose under TCFD.

Climate risks are integrated into strategic planning, investment decisions and capex.



TCFD CONTINUED

Strategy continued

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 us understand the potential impact of risks and opportunities we have identified. As there have been no significant changes to either our business or our climate risks and opportunities, we have updated our scenario analysis on four areas previously analysed: Property, Fleet, Protein and Cotton. These were selected following a materiality assessment which considered the potential climate-related impact and the impact on financial performance to M&S, while ensuring fair and balanced reporting across the accountable businesses.

Our updates this year included refreshing input data with the latest carbon price estimates, sales volumes, and elasticity metrics for cotton and protein. We also incorporated our emissions projection scenarios into the carbon tax models to reflect expected forecasts. An informed qualitative judgement on the likelihood of risk materialisation by 2030 was made to assess impact specific to the M&S business case. No changes were made to scenario design or the underlying modelling methodology.

For cotton, the estimated unmitigated impact has reduced compared to the prior year, reflecting a revised assessment that a carbon tax on retailers' Scope 3 emissions by 2030 is now less likely.

The analysis looked at the impact of three plausible future states. We assessed two transition scenarios and one physical climate impact scenario. The transition scenarios model average global temperature increases of 1.5°C by 2100 (a low-carbon scenario) and 2°C by 2100 (a moderately higher-emissions alternative). The physical climate impact scenario models an average global temperature increase of 4°C by 2100.

These scenarios were selected to illustrate the potential impacts of both transition and physical climate risks. The 1.5°C pathway represents an ambitious global decarbonisation trajectory and therefore a high level of transition risk. The 2°C pathway provides a more moderate scenario that aligns more closely with current global trajectories. Both transition scenarios assume the introduction of a carbon tax. In contrast, the 4°C pathway reflects low levels of Government intervention, resulting in more frequent and severe weather events and therefore greater physical risk.

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

Financial impact	
Minor	<1% impact on sales 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

Business resilience

The scenario analysis indicates that the introduction of a carbon tax in 2030 could present a potential transition risk, with an estimated unmitigated operating profit impact across Property, Fleet, Protein and Cotton of £54m to £115m. This range represents the aggregation of the lower- and upper-bound unmitigated operating profit impacts across Property, Fleet, Protein and Cotton as presented in Table 2, based on the scenario model outputs. The application of such a tax to Scope 3 emissions by 2030 remains uncertain. However, the analysis reinforces the importance of continued progress toward our FY 2029/30 emissions reduction targets, particularly across our value chain, where approximately 96% of our total emissions arise.

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

To support the requirement for greater collaboration, research and development, we launched our 'Plan A Accelerator Fund' in 2022. This commits £1m annually to fund or co-fund projects that tackle emissions challenges and scale solutions with partners. These actions will play a role in strengthening the resilience of our 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 Food we have 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 whether physical climate risk is an emerging material risk. In the prior year, we implemented a system update to better capture this data so that we can review future trends in financial reporting. The underlying scenario models were first developed in FY 2021/22 and have been updated where relevant; further model redevelopment is planned to reflect the evolving considerations described above.



TCFD CONTINUED

Key to quantification of impact:

A Critical **B** Major **C** Moderate **D** Minor

Strategy continued

Table 2: Quantitative scenario analysis summary

Area	Scope	Risk/opportunity category (as identified in Table 1)	Risk modelled	Impact of climate risk on 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 £5m to £30m	C	55% reduction in absolute Scope 1 and 2 emissions by FY 2029/30 from FY 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 £4m to £20m	C	55% reduction in absolute Scope 1 and 2 emissions by FY 2029/30 from FY 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 £45m	B	30.3% reduction in absolute Scope 3 FLAG emissions by FY 2029/30 from FY 2022/23 base year.
		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 £10m to £20m	C	30.3% reduction in absolute Scope 3 FLAG emissions by FY 2029/30 from FY 2022/23 base year. 100% of cotton from more responsible sources by FY 2025/26.
		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



TCFD CONTINUED

Metrics and targets

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

All related ESG metrics and targets linked to our climate-related risks and opportunities are highlighted in our Strategy section in Tables 1 and 2. Some targets listed in these tables conclude in FY 2025/26.

As per page 27 we have launched our new 2030 Plan A strategy, introducing a fresh set of ambitious, forward-looking targets to accelerate progress. In this strategy we consider other climate-related metrics and targets. However, 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. We continue to seek opportunities that address interconnected climate, environmental, and social challenges, enabling synergies that deliver meaningful impact across our value chain and support accelerated progress towards our net zero target.

We have previously tested a shadow internal carbon price and as part of our Climate Transition Plan work, we will explore ways we can re-introduce this for relevant areas of the business.

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. The Committee therefore agreed that including 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 38 outlines the FY 2025/26 Scope 1 and 2 emissions, reported in line with the Streamlined Energy and Carbon Reporting (SECR) requirements. Across the business, we capture the data and calculate these emissions on technology platform Sphera. This data has received limited assurance by Deloitte. This year, we have achieved a 38% reduction in our Scope 1 and 2 emissions compared to our baseline year. More information is in our ESG Report.

Scope 3

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 emissions hotspots:

- Higg Index for supply chain sustainability in Fashion, Home & Beauty.
- Secaro for Tier 1 Food suppliers to share site-specific data.
- Mondra for product-level carbon footprinting for food, integrating supplier data for greater accuracy.

Data from Mondra has fed into Food's 2024/25 Scope 3 emissions. With Fashion, Home & Beauty, we have worked with third party, South Pole, to update the inventory for FY 2024/25, utilising data from the Higg Index.

The chart on the next page discloses the updated FY 2024/25 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 0.9m tCO₂e, compared to our Scope 3 FY 2022/23 base year. This increase has come from volume growth in our Food business. Further, the impact of current decarbonisation initiatives is not yet fully reflected. Through our SBTi revalidation process, we have accounted for growth in our plans to achieve our targets and work is underway to close the remaining gap by identifying additional reduction opportunities within our Scope 3 emissions. More information can be found on pages 38 to 39 (TCFD Metrics and Targets C).

⇒ The methodologies used to calculate energy consumption, greenhouse gas emissions and other key metrics are applied consistently across TCFD and SECR disclosures, with further detail provided in our ESG Report and Basis of Reporting.



TCFD CONTINUED

Streamlined Energy and Carbon Reporting

Energy efficiency initiatives

- Our store rotation programme continues to deliver results, with new and renewal store specifications designed for greater efficiency and lower carbon impact.
- Improved in-store energy efficiency through LED swap-outs, HVAC-controls upgrades and voltage-optimisation installations, delivering £748k in savings and 3.1 MWh in energy reductions this year, with continued rollout planned.
- We have accelerated the transition of our logistics fleet to lower-emission vehicles, introducing 132 new bio-CNG (compressed biomethane) tractor units. This is supported by an onsite mobile refuelling unit and expansion of our Battery Electric Vehicle HGV fleet, supported by new charging infrastructure across key distribution centres.
- We are optimising logistics operations for efficiency while supporting wider business requirements. For example through route planning, improved trailer utilisation and modal shift from road to rail.

Energy consumption (GWh)*

	M&S Group			Ocado Retail Limited		
	2025/26	2024/25 [^]	% change	2025/26	2024/25	% change
UK Operations	1,377	1,364	1%	1.6	1.8	-8%
International Operations	73	78	-6%	—	—	—
Group	1,450	1,442	1%	1.6	1.8	-8%

Greenhouse gas emissions (000 tonnes CO₂e)*

	M&S Group			Ocado Retail Limited		
	2025/26	2024/25 [^]	% change	2025/26	2024/25	% change
Scope 1 emissions	202	211	-4%	0.04	0.13	-67%
of which UK	198	207	-4%	0.04	0.13	-67%
Scope 2 emissions (location based)	133	151	-11%	0.23	0.25	-8%
of which UK	101	116	-13%	0.23	0.25	-8%
Total location-based Scope 1 and 2 emissions	335	361	-7%	0.27	0.38	-29%
of which UK	300	323	-7%	0.27	0.38	-29%
GHG intensity per 1,000 sq ft of sales floor (M&S Group) and per 100,000 orders (Ocado Retail Ltd.)	18	19	-6%	1.06	1.66	-26%
Scope 2 emissions (market based)	194	175	11%	0	0	—
Total market-based Scope 1 and 2 emissions	396	386	3%	0.04	0.13	-67%
of which UK	364	351	4%	0.04	0.13	-67%

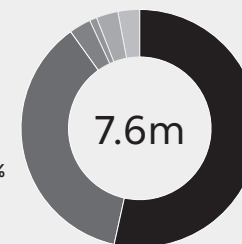
[^] Performance for last year has been re-stated to reflect data improvements.

* Note that percentage change and summed total figures on this table may not align precisely due to rounding.

SCOPE 3 EMISSIONS

2024/25 (tCO₂e)

- Purchased goods & services – FLAG (Category 1) **54%**
- Purchased goods & services – E&I (Category 1) **37%**
- Capital goods (Category 2) **3%**
- Fuel and energy related activities (Category 3) **1%**
- Upstream transportation and distribution (Category 4) **3%**
- Other categories **3%**



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

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

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

Our ESG Report outlines all the targets we use to manage our ESG performance, including those relevant to managing our climate-related risks and opportunities.



TCFD CONTINUED

Our science-based targets

Overall net zero target

- M&S commits to reach net-zero greenhouse gas emissions across the value chain by FY 2039/40.

Near-term targets

- E&I: M&S commits to reduce absolute Scope 1 and 2 GHG emissions 55% by FY 2029/30 from a FY 2016/17 base year.* M&S also commits to reduce absolute Scope 3 GHG emissions 42% by FY 2029/30 from a FY 2022/23 base year.*
- FLAC: M&S commits to reduce absolute Scope 3 FLAG GHG emissions 30.3% by FY 2029/30 from a FY 2022/23 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

- E&I: M&S commits to reduce absolute Scope 1 and 2 GHG emissions 90% by FY 2034/35 from a FY 2016/17 base year.* M&S also commits to reduce absolute Scope 3 GHG emissions 90% by FY 2039/40 from a FY 2022/23 base year.*
- FLAC: M&S commits to reduce absolute Scope 3 FLAG GHG emissions 72% by FY 2039/40 from a FY 2022/23 base year.**

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

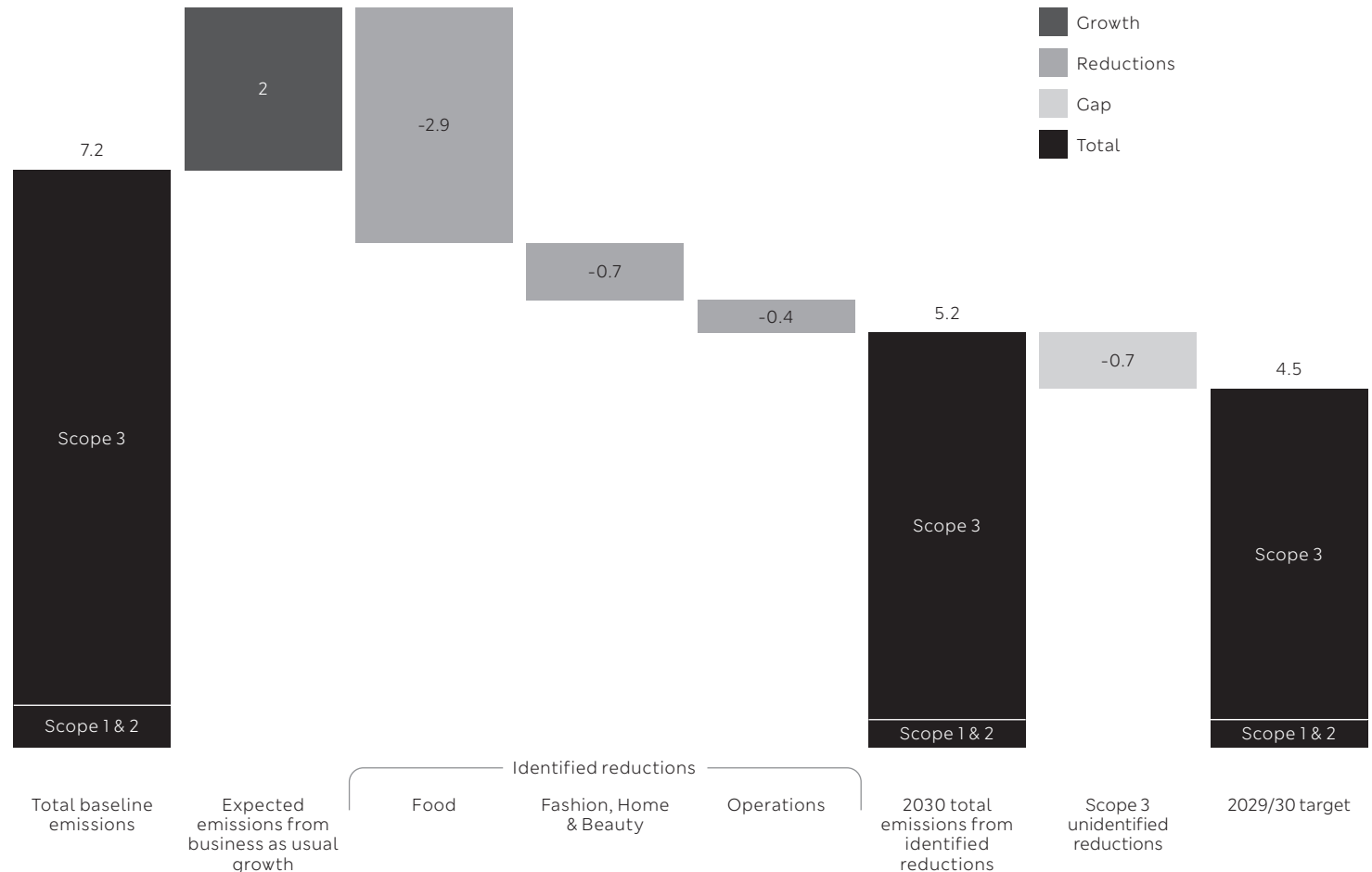
** The target includes FLAG emissions and removals.

*** Our SBTi-validated deforestation target to 2025 has now concluded. We are reviewing our approach and intend to set an updated target aligned with evolving guidance and regulatory requirements.

Our reduction pathway

We have identified decarbonisation measures across the business that will shape our pathway to 2030. Each measure identified has been costed and built into business plans. Together, these measures represent 85% of the reductions required to meet our 2030 targets.

We are on track to meet our 2030 Scope 1 and 2 emissions target, and work is underway to close the remaining gap by developing additional reduction opportunities within our Scope 3 emissions.





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 5.
- Non-financial key performance indicators can be found on pages 1, 11, 12 and 26.

Reporting requirement	Policies, documents and reports which outline our approach	More information and outcomes	Page numbers
Colleagues	Code of Conduct	Stakeholder Engagement and S.172 Statement	6 to 9
	Diversity, Equity, Inclusion and Equal Opportunities Policy	People and Culture	25 to 26
	People Principles	Board and Senior Management Diversity	26, 49 and 57
		Nomination Committee Report	56 to 57
Environmental matters	Climate and Energy Policy	TCFD Report	28 to 39
	Food Waste Policy	Stakeholder Engagement and S.172 Statement	6 to 9
	Product Packaging Policy	ESG Report 2026	
Communities and social matters	Charity Partnerships and Fundraising Policy	Stakeholder Engagement and S.172 Statement	6 to 9
	Trading Standards and Consumer Protection Policy	ESG Committee Report	58 to 59
	Food & Product Safety and Integrity Policy	ESG Report 2026	
	Farm Animal Health & Welfare Policy	Grocery Supply Code of Practice (GSCOP) Compliance Report	
	Responsible Marketing Principles		
	Laws that Protect Grocery Suppliers (GSCOP) Policy Supply Chain and Responsible Sourcing Policy		
Human rights	Modern Slavery Statement	ESG Committee Report	58 to 59
	Human Rights Policy	ESG Report 2026	
	Code of Conduct		
	M&S Global Sourcing Principles		
	M&S Young Worker and Child Labour Policy		
	M&S Grievance Procedure for Food and Fashion, Home & Beauty Supply Chains		
Anti-bribery and anti-corruption	Anti-Bribery and Corruption Policy	Other Disclosures	93 to 98
	Code of Conduct		
Principal risks	Group Risk Management Policy	Risk Management Framework	41 to 42
		Principal Risks and Uncertainties	43 to 47
		TCFD Report	28 to 39



RISK MANAGEMENT

Our approach to risk management

We operate a structured and evolving approach to risk management, recognising the nature and profile of risk continues to change as the business, operating environment and external context develop.

Our framework is designed to support informed decision making and maintain an appropriate risk culture.

Our risk management process supports the Board in meeting its responsibilities under the UK Corporate Governance Code (the Code). It does so by enabling consistent identification, assessment and oversight of the Principal Risks and Uncertainties that could impact our strategic objectives, performance and reputation.

Our framework

The Audit & Risk Committee, acting under delegated authority from the Board, is responsible for overseeing the effectiveness of our Group risk management framework. This includes reviewing the Principal Risks and Uncertainties facing M&S, monitoring adherence to the Risk Management Policy, and considering the ongoing appropriateness of risk appetite.

The Executive Risk & Compliance Committee, chaired by the Chief Financial Officer, supports both the Executive Committee and the Audit & Risk Committee in the active management of risk. It provides executive-level oversight of key risk themes across the business and promotes the maintenance of consistent application of risk management, control and assurance.

Accountability for managing risk remains embedded within the M&S operating model. Individual businesses and functions are responsible for identifying, assessing and managing risks relevant to their activities. These include those arising from changes in customer demand, colleague safety and wellbeing, technology dependency, third-party relationships and the external environment.

Where risks extend across multiple parts of the Group, such as operational resilience, climate-related risks or major change programmes, oversight is provided through cross-business committees and dedicated governance forums.

The Group Risk team facilitate this activity by working in partnership with accountable business leadership teams to support consistent risk identification, assessment and the maintenance of appropriate controls.

Risk information is gathered through a combination of top down and bottom up processes and it is subject to regular review and challenge throughout the year, including as part of interim and year-end reporting. Following review by the Executive Risk & Compliance

M&S risk governance structure



- M&S Board
- Audit & Risk Committee
- Executive Committee
- Executive Risk & Compliance Committee
- Group Risk team
- Business and functional leadership teams
- Process and control owners

Committee; the Principal Risks and Uncertainties are considered by the Audit & Risk Committee before being recommended to the Board for approval.

Throughout the year, we have continued to assess our framework and processes to ensure they remain appropriate to respond to the changing needs of the business. This included providing risk management support during the cyber incident; strengthening central oversight of key group compliance areas through the Executive Risk & Compliance

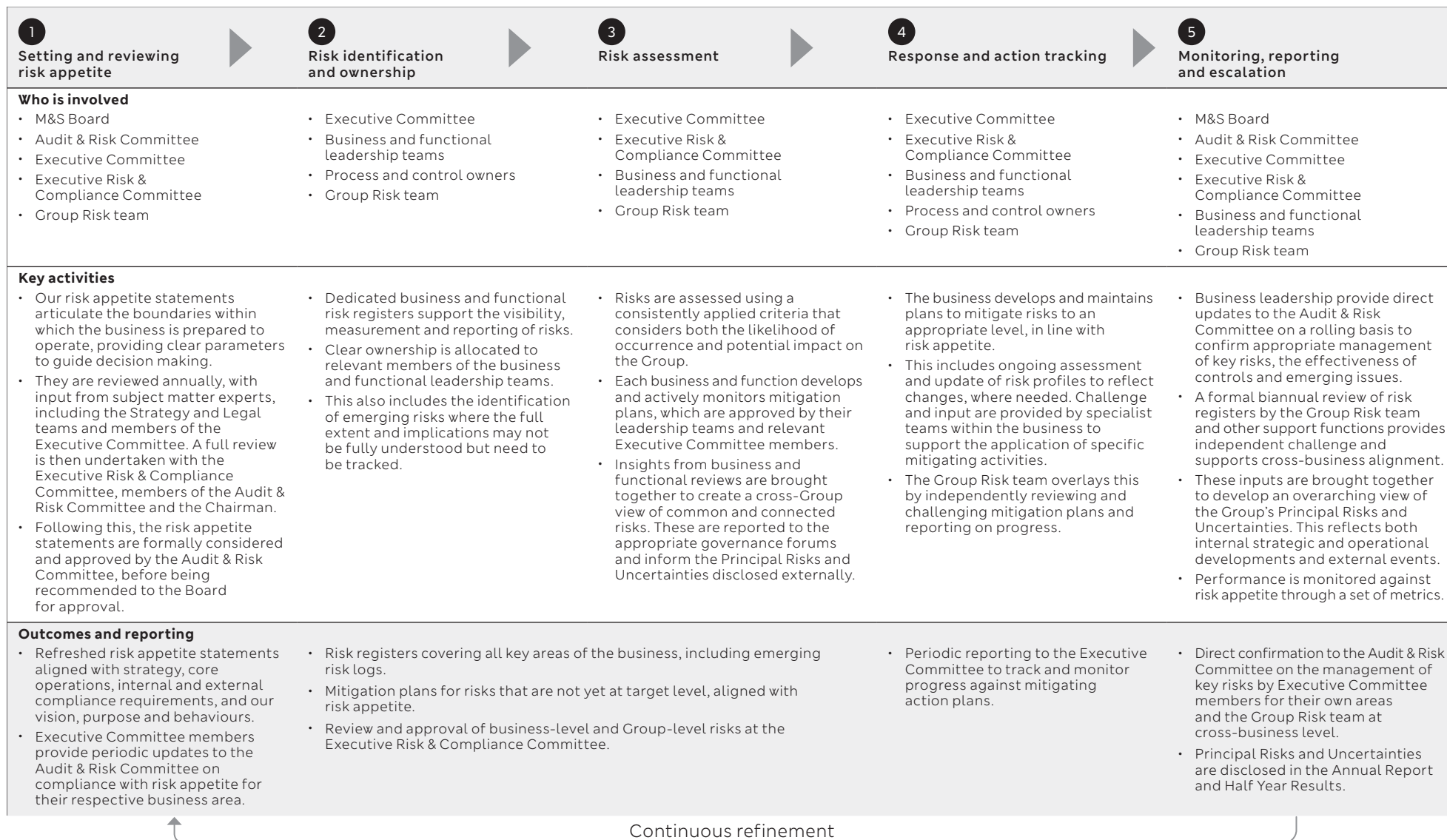
Committee; and updating the risk management process to support business readiness for upcoming corporate governance requirements linked to Provision 29.

The Principal Risks and Uncertainties identified through this process also inform our long-term viability assessment on page 48.



RISK MANAGEMENT CONTINUED

Our risk management process





PRINCIPAL RISKS AND UNCERTAINTIES

Our Principal Risks and Uncertainties have been assessed using the risk framework and methodology described on the previous page and are closely aligned to our strategic priorities. This alignment highlights how each risk could impact the delivery of our long-term business objectives and is illustrated at the top of each risk on the following pages, using the key shown below that maps risks to our strategic priorities.

How has our risk profile evolved this year?

While our Principal Risks and Uncertainties remain broadly consistent with prior disclosures, a number of areas continue to evolve:

- The external environment remains dynamic, with geopolitical developments in the Middle East, political and regulatory change, cost pressures and the impact of climate change continuing to influence our risk profile. However, the business continues to respond in an agile and proportionate manner, with actions in place to support the safety and wellbeing of customers, colleagues and suppliers, and to maintain supply chain continuity.
- Information security remains an area of heightened focus following the cyber incident in April 2025. Good progress has been made to strengthen our control environment and operational resilience supported by enhanced governance and oversight in an evolving threat landscape. Further details of our response are set out in the next section.
- The health and safety of customers, colleagues and third parties remains a fundamental priority. To improve clarity and visibility within our disclosure, we now capture fire, health and safety risks within a broader 'Health, Product Safety and Integrity' risk. Previously this was a subset of Corporate Compliance and Responsibility.
- The business continues to monitor a range of emerging risks as part of our ongoing risk management activity. Areas we are currently observing include developments in artificial intelligence (including Agentic AI); changes in the UK and international political landscape; potential future regulatory developments; and the longer-term impacts of climate change on products, infrastructure and logistics.

Cyber-security incident and response

At the start of the year, we experienced a cyber-security incident that resulted in unauthorised access to parts of the technology environment. This occurred against a backdrop of increased cyber crime activity across the retail sector.

Cyber-security remains integral to the Group's operations and transformation and the Group responded promptly by activating established incident and crisis management arrangements, supported by external experts. Immediate actions focused on:

- Containing the threat.
- Safeguarding customers and colleagues.
- Protecting critical systems and data.
- Enhancing monitoring and detection capabilities to improve visibility of malicious activity.
- Strengthening recovery arrangements for the restoration of services.

A longer-term security enhancement programme was established, bringing together existing security improvement activity and incident-driven actions to strengthen our cyber-security posture.

The programme has executive sponsorship and ongoing oversight through a number of governance forums: Security Committee, Executive Risk & Compliance Committee and Audit & Risk Committee, as well as the Board.

Cyber-security remains a Principal Risk for the Group, reflecting the changing external threat landscape and the complexity of a modern retail technology environment. Our ongoing risk mitigations are set out on page 45.

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

External

An uncertain environment



The business continues to operate in a complex external environment, shaped by a range of factors that could, individually or collectively, negatively impact our performance. These include:

External factors	Risk details
Supply chain disruption	<ul style="list-style-type: none"> • Disruption to the supply of materials and products arising from geopolitical issues, including conflict, trade tariffs or cyber-related events. • Significant isolated incidents, such as major infrastructure failures, with wider global impacts. • The consequences of extreme weather events. • The impact of animal disease or other epidemics. <p>These could have direct and immediate operational and financial consequences.</p>
Geopolitical environment	<ul style="list-style-type: none"> • The consequences of global socio-political tensions and fragility, including ongoing conflicts in the Middle East and Ukraine; growing tensions in bi-lateral international relations; and cross-border and domestic policy changes could have a broad systemic influence across multiple risks.
Cost pressures	<ul style="list-style-type: none"> • Impact on margins and pricing strategies due to rising fuel and energy prices, borrowing costs and low economic growth. • Inflation and regulatory-driven cost increases such as minimum wage, national insurance, business rate increases and other Government levies.
Financial markets uncertainty	<ul style="list-style-type: none"> • The potential risk of global recession. • Foreign exchange movements. • Volatility of the global financial system. • 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, food safety standards and healthy eating.
Health, wellbeing and consumer behaviour	<p>Lifestyle changes in consumer behaviour, such as:</p> <ul style="list-style-type: none"> • Increased demand for healthier, more nutritional foods and activewear. • Circularity of clothing. • The growth of new disruptors in the market.

Mitigations

- A robust and flexible senior leadership team to focus and respond to a wide range of demands.
- Enhanced risk processes such as strengthened oversight by the Executive Risk & Compliance Committee.
- Three-year plan, capital allocation and budgeting processes aligned to our strategic objectives which are reviewed and adjusted 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 and improved buying to align cost, range, trusted value and availability.
- Structured supplier engagement to anticipate and support management of business-critical issues.

Oversight by the **Board, Executive Committee and Business Boards.**



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.
Deliver profitable sales growth	<ul style="list-style-type: none"> Accelerating the rotation and renewal of our UK store estate. Delivering a compelling online and omnichannel experience.
Improve operating margins	<ul style="list-style-type: none"> Modernising our supply chain and logistics operations. Transitioning to a structurally lower cost base.
Create exceptional products	<ul style="list-style-type: none"> Investing in trusted value and innovation 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 achieving returns.

Mitigations

- Three-year rolling plan, supported by capital allocation and budgeting processes aligned to strategic objectives which are actively reviewed and flexed as priorities evolve.
- Continued focus on cost reduction to support investment for growth.
- Transformation delivery plans supported by clearly defined, leadership-led governance, including regular operating performance reviews through Business Boards.
- Application of consistent programme delivery principles, governance and assurance across core projects, supported by clear accountabilities, milestones and performance monitoring.
- Refreshed Sparks Programme creating opportunity for greater customer rewards, personalisation and engagement.
- Disciplined focus on consumer trends to ensure cost, range, trusted value and availability.
- Appropriate skills, including external support, sourced for delivering specialist projects.
- Ongoing review and evolution of our organisational structure and ways of working to drive improved cost efficiency and effectiveness.
- Periodic reporting on key business and functional initiatives to the Board and to the Audit & Risk Committee.

Oversight by the **Board, Executive Committee, Business Boards 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, being unable to effectively respond to large, disruptive external events, such as 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 with 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-attacks.
- A major issue impacting one or more of our significant UK or international franchise partnerships.
- Widespread health events impacting people and/or animals.
- Prolonged industrial action in the UK or abroad.

Mitigations

- An established business continuity framework underpinned by a dedicated team, experienced on-call stakeholders and external expertise.
- Risk-based business continuity assurance programmes and plans that evolve in response to new threats for stores, sourcing offices, warehouses, and IT sites.
- Cyber security enhancement programme in place, with strong governance oversight.
- Localised business continuity plans in place and periodically tested for high-risk sites.
- Periodic testing of plans for key scenarios, with support from third parties where needed.
- Validation of critical suppliers by the Procurement team and periodic risk-based testing by the Business Continuity team.
- A digital platform to support the business continuity governance programme and horizon scanning processes.
- Active engagement with external organisations, such as the Retail Business Continuity Association and the National Counter Terrorism Information Exchange.
- Structured supplier engagement to anticipate and support management of business-critical issues.

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



PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Disruption continued

Information security



A significant or wide-reaching data breach or cyber incident, as we have experienced, either directly, or at a key investment or third party. This could result in loss of information and/or operational disruption impacting our customers, colleagues or the business, and a loss of confidence in M&S. It could adversely affect 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 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.
- 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

- A robust set of information security and data protection policies in place with mandatory training for colleagues.
- A dedicated information security function, with multi-disciplinary specialists, incorporating a 24/7/365 Security Operations Centre and active monitoring of our threat environment.
- A comprehensive set of industry-leading security tooling, incorporating AI capabilities.
- A dedicated Security Programme delivering enhanced capabilities designed to mitigate the likelihood and impact of future cyber incidents.
- Defined and tested incident management plans.
- Prioritised investment in the people, processes and technologies needed to respond to the increasing security threat landscape.
- Risk-based cyber-security assurance programme, giving focused assurance around critical aspects of our operations, controls framework, and significant change activities, encompassing UK and overseas locations.
- A dedicated third-party risk management capability ensuring supply chain risks are identified and managed.

Oversight by the **Board, Audit & Risk Committee, Executive Risk & Compliance Committee, Cyber-Security Committee and Data Protection Committee.**

Critical third parties

Joint ventures, including Ocado Retail, and franchise



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) is 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 development of strategic and investment plans directing growth of the businesses.
- Appropriately aligned operational and people structures to support growth plans. For example, dedicated JV and franchise support teams coordinating key activities such as sourcing, product development, pricing, ranging and key compliance requirements.
- 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 all franchise stores.
- Annual confirmation from franchise partners on compliance with key requirements.

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



PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

People

Culture, talent and capability



The success of our business is dependent on 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 regulatory compliance.
- 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 64,000 talented and passionate people, making us an attractive brand for current and future colleagues. However, continued focus is needed on:

- Maintaining a high-performance culture amid significant changes.
- Managing our investment in competitive pay and benefits for colleagues, alongside the impact of increasingly complex legislation and the rising 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.
- Adapting to changing colleague expectations and ensuring cultural alignment in areas such as 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.
- Creating opportunities through our Early Careers programme and supporting the communities we operate in, through initiatives such as The King's Trust and being a gold member of the Armed Forces Covenant.
- Delivering 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 the **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

Health, product safety and integrity



As a responsible business, our priority is to maintain safe environments for customers, colleagues and other third parties, and protect them from potential harm. As well as this, we focus on preventing and/or ensuring that we respond to all major food or product safety incidents effectively, including to maintain the integrity of our products.

A failure to do any of these could impact people's health, safety, confidence in our brand and business performance.

Context

Ensuring the safety of our people, customers and 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 in our core business, and at our suppliers and franchises.

We also 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 include: cost pressures, animal disease, geopolitical and climate-related events, and cross-border regulatory divergence.

Mitigations

- Group policies, compliance standards and safety specifications are in place, covering fire, health and food and product safety, with clearly defined ownership and accountability across the business and supply chain.
- Mandatory, role appropriate training is in place for colleagues to support safe working practices and a safe retail environment.
- Governance and risk management processes support the safety of colleagues, customers and products, including risk-based audit and assurance across stores, suppliers, warehouses, JVs and franchise partners, and monitoring of product quality and customer complaints with corrective action where required.
- Incident management processes and response plans are in place to manage and learn from incidents.
- Regular engagement with expert bodies to understand and respond to changes in safety standards.
- Third-party brand and supplier contracts include specific provisions covering compliance with applicable safety requirements.

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



PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Compliance and responsibility continued

Corporate compliance



A failure to consistently deliver 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 of failing to meet these obligations may include a loss of trust by customers, colleagues, investors and other stakeholders and/or legal exposure, regulatory sanctions, operational constraints, financial losses, and potential harm to people or the environment.

Context

An 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.
- 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; and disruption or cessation of business activity and brand and reputational impacts.

Mitigations

- Code of Conduct in place, underpinned by policies and procedures in core areas.
- Enhanced risk processes with oversight by the Executive Risk & Compliance Committee.
- Mandatory training programmes for high-risk areas such as safety, information security, competition law, data privacy, fraud 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 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 raise 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, ESG Committee, Executive Committee, Executive Risk & Compliance Committee and Data Protection Committee.**

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.

Failure to take appropriate actions to reduce the environmental impact of our business over time and progress towards our net zero targets – those linked to our directly controlled operations and externally within our supply chain – as well as effectively manage the consequences of climate-related risks (such as regulations or extreme weather events) could impact our brand, future trading performance and other business costs, including financing.

Context

We need to monitor and manage both the physical impacts of climate change and the transition risks associated with the shift to a low-carbon economy. This includes:

- Availability of raw materials and food products.
- Locations where we source and operate.
- The condition of our buildings and the infrastructure required to move product to stores and customers.
- Management of costs associated with evolving regulatory expectations.
- Increasing expectations to demonstrate credible climate action.

Future performance depends 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 and sustainable and recycled fabrics.
- 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 and robust assurance processes.
- Science-based targets agreed by the Board and validated by the Science Based Targets initiative (SBTi).
- Established policies and standards covering product and raw materials, clothing quality and environment impact which are also shared with suppliers.
- Awareness training in place for colleagues.
- Experienced ESG team members, with experts embedded in key areas and decision making.
- An established governance structure to oversee the delivery of our carbon commitments and ESG risks.
- Engagement and planning with partners and suppliers to support their decarbonisation activities.
- Proactive engagement with Government bodies and industry experts.

Oversight by the **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 to 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 5), our strategy (see pages 10 to 14), our approach to risk management (see pages 41 to 42) and our principal risks and uncertainties (see pages 43 to 47).

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 July 2027, February 2033 and December 2037 bonds.

The Group continues to maintain a robust financial position with available liquidity of £1.9bn, including cash and cash equivalents of £997.2m and access to a committed revolving credit facility (RCF) of £850.0m which expires in December 2030. 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 43 to 47 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 the 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:

- A period of economic recession in 2026/27, resulting in a reduction in sales growth of 3.0-5.0% across all three business units compared to the Budget and Three-Year Plan.
- A delay on transformation benefits, which reduces the incremental sales expected from the transformation 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 28 to 39, 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 to reflect a severe, but plausible, outcome, the Group would continue to have sufficient liquidity and headroom on its existing facilities and meet the measurement criteria against the RCF's 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 46% 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 capital expenditure. 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 RCF. The Board therefore expects the Group will remain commercially viable and the viability statement can be found on page 97.

Stuart Machin
Chief Executive Officer
19 May 2026



GOVERNANCE OVERVIEW

The Governance section that follows is a concise summary of the Board's role, activities and considerations. More information about our Board, its Committees and our governance framework is available at corporate.marksandspencer.com.

Transformation

While staying close to the business' response to the cyber incident and overseeing recovery plans, the Board maintained oversight of our overall transformation. Recurring areas of focus for the Board included transforming stores and the online experience, improving supply chains and delivering structural cost reductions. More information on the Board's activities and key decisions follows on pages 53 to 54.

Board changes

Two new Non-Executive Directors, Roger Burnley and Sean Doyle, joined the Board in December 2025 following Justin King and Ronan Dunne's departures. More information on their appointment and induction process is on page 56.

Dividend

We announced in May 2026 that we propose to pay a final dividend of 3.0p per share. This, combined with the interim dividend paid in January 2026, means the Company will have paid a total dividend of 4.2p for 2025/26.

Digital-first Annual Report

Reflecting our commitment to a digital-first approach, we have moved additional content for this year's Annual Report to a dedicated, interactive 'Year in Review' section on our corporate website at corporate.marksandspencer.com/annualreport2026.

Here, case studies, videos and deeper insights can be found, providing a more dynamic way for readers and viewers to explore our performance and activities throughout the year.

Compliance with the UK Corporate Governance Code 2024

The UK Corporate Governance Code 2024 (the Code) (available at [frc.org.uk](https://www.frc.org.uk)) is the standard against which we measured ourselves in 2025/26. The Board confirms that M&S complied with the provisions set out in the Code for the period under review. Details on how we applied the Code's principles, readiness activities for compliance with the new Provision 29 (which will apply from next year's Annual Report), and how governance operates at M&S, can be found throughout this Governance section and elsewhere in this Annual Report as detailed below.

1. Board leadership and company purpose	Page(s)
A. Effective board	50-52
B. Purpose, values and culture	5-9, 25-26
C. Governance framework	50
D. Stakeholder engagement	6-9, 53-54, 81
E. Workforce policies and practices	25-26
2. Division of responsibilities	
F. Role of chair	50
G. Independence	55
H. External commitments and conflicts of interest	51-52
I. Board resources	50

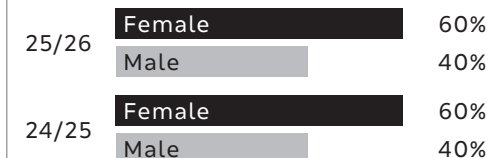
3. Composition, succession and evaluation	Page(s)
J. Appointment to the board	56-57
K. Board skills, experience and knowledge	51-52, 57
L. Annual board evaluation	55
4. Audit, risk and internal control	
M. External and internal audit functions	64-65
N. Fair, balanced and understandable review	61
O. Internal financial controls and risk management	60-64, 41-42
5. Remuneration	
P. Linking remuneration to purpose and strategy	66-68, 70-79, 83-87
Q. Remuneration policy review	71-80, 92
R. Performance outcomes in 2025/26	67-68, 81-87

Our full Corporate Governance Statement is available online at corporate.marksandspencer.com/about-us/corporate-governance.

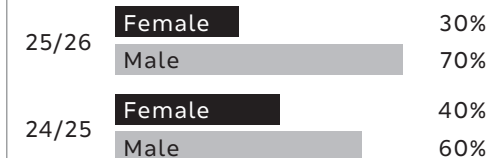
Board and Executive Committee diversity

Gender identity and ethnicity data required to be disclosed in accordance with UKLR 6.6.6R (10) can be found on page 94.

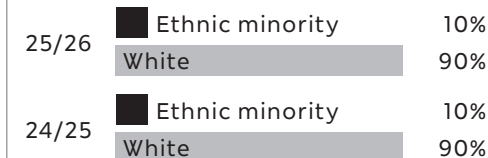
Board gender



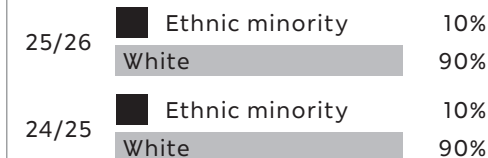
Executive Committee gender*



Board ethnicity



Executive Committee ethnicity*



* Information correct at 1 June 2026.



OUR GOVERNANCE FRAMEWORK

Our framework enables agile and effective decision making, while ensuring we have established and robust governance practices in place.

Board of Directors

The Board is responsible for setting M&S' strategy and ensuring the Company has a clear vision, purpose and culture to achieve this. It oversees our conduct and operations to ensure we deliver long-term value for the benefit of M&S' shareholders and broader stakeholders.

Board roles

Our Board is comprised of the following:

- Chairman
- Chief Executive Officer (CEO)
- Chief Financial Officer (CFO)
- Senior Independent Director (SID)
- Non-Executive Directors (NEDs)

👉 A full breakdown of the Board's roles and responsibilities is available at corporate.marksandspencer.com/about-us/corporate-governance.

Board Committees

The Board delegates certain matters to its four main Committees. The Committee Chairs regularly update the Board on their respective Committee's activities. More information on meeting attendance, Committee members, and their skills and experience can be found on pages 51 to 52 and 57.



👉 See our Board Committee roles and the full Terms of Reference for each at corporate.marksandspencer.com/about-us/corporate-governance.

Executive Committee

The Executive Committee (ExCo) is our internal leadership team established and led by the CEO. It is responsible for delivering the M&S strategy and the day-to-day management of the business. ExCo members provide updates at Board meetings and maintain regular dialogue with the Board to facilitate support and receive constructive challenge.

👉 See our ExCo members and their biographies at corporate.marksandspencer.com.

Senior Management Forums

Our Senior Management Forums support specific business needs or strategic priorities, meeting as and when required.

These include:

- Shares & Dealing Committee
- Disclosure & Oversight Committee
- Property Committee
- Executive Risk & Compliance Committee
- ESG Business Forum
- Data Protection Committee

Business Boards

Our Business Boards oversee the day-to-day running of our key business units.

These include:

- Food
- Fashion, Home & Beauty
- International
- Digital & Technology
- Stores
- Property & Renewal



OUR BOARD

Committee key: **A** Audit & Risk **E** ESG **N** Nomination **R** Remuneration **●** Committee Chair

Chair and Executive Directors

Archie Norman
Chairman

N R

Appointed: September 2017

Current appointments:

- Senior Independent Director of Bridgepoint Group plc.
- Chairman of M Group.

Prior experience:

- Experienced Chairman and former Chief Executive having led major transformation programmes at ITV, Lazard, Asda and Energis.
- Lead Director at the Department for Business, Energy & Industrial Strategy from 2016–2020.
- Deputy Chairman of Coles Limited.
- Only FTSE 100 Chairman to be elected as a Member of Parliament.

Meeting attendance:

- Board (11/11)
- Audit & Risk Committee (5/5)*
- ESG Committee (4/4)*
- Nomination Committee (3/3)
- Remuneration Committee (5/5)

Stuart Machin
Chief Executive Officer

Appointed: May 2022

Current appointments:

- Director of M&S' JV with Ocado, Ocado Retail Limited.

Prior experience:

- M&S Food MD and joint COO.
- CEO of Steinhoff UK.
- Senior roles at Wesfarmers, as CEO of Target Australia and COO of Coles Supermarkets.
- Various leadership roles at Sainsbury's, British Home Stores, Tesco and Asda.
- Extensive experience of delivering retail transformation and a deep understanding of operations, trading, marketing and online.

Meeting attendance:

- Board (11/11)
- Remuneration Committee (2/2)*

Alison Dolan
Chief Financial Officer

Appointed: January 2025

Current appointments:

- Director of M&S' JV with Ocado, Ocado Retail Limited.
- Non-Executive Director of Pearson plc.

Prior experience:

- CFO of Rightmove plc.
- Senior finance roles at Sky plc, including at Sky Technology and Sky Business.
- Extensive commercial and operational finance experience, particularly within digital businesses.

Meeting attendance:

- Board (11/11)
- Audit & Risk Committee (5/5)*

Committee Chairs

Fiona Dawson
Senior Independent Director

R N

Appointed: May 2021

Current appointments:

- Chair of Kerry Group plc.
- Non-Executive Director and Chair of the Remuneration Committee of Reckitt Benckiser Group plc.
- Trustee of The Social Mobility Foundation.
- President of the Chartered Management Institute.

Prior experience:

- Over 30 years at Mars Inc., latterly as Global President Food, Multisales and Global Customers and a member of the Global Leadership Team.
- Non-Executive Director of LEGO.
- Chair of the Women's Business Council.
- President of the Institute of Grocery Distribution and Vice President of the Food and Drink Federation.

Meeting attendance:

- Board (11/11)
- Nomination Committee (3/3)
- Remuneration Committee (5/5)

Evelyn Bourke
Non-Executive Director

A N

Appointed: February 2021

Current appointments:

- Non-Executive Director of Admiral plc.
- Non-Executive Director of St James's Place plc.
- Chair of the UK Board of GenesisCare and Non-Executive Director of GenesisCare Cayman.

Prior experience:

- Non-Executive Director of the Bank of Ireland.
- Senior Independent Director of AJ Bell plc.
- CEO and CFO of Bupa Group.
- Leadership roles at Standard Life and Friends Provident.
- Extensive experience in financial services.

Meeting attendance:

- Board (11/11)
- Audit & Risk Committee (5/5)*
- Nomination Committee (3/3)

Tamara Ingram
Non-Executive Director

E R N

Appointed: June 2020

Current appointments:

- Non-Executive Director of Reckitt Benckiser Group plc.
- Non-Executive Director of Marsh.
- Non-Executive Director of Intertek Group.
- Deputy Chair of Ofcom.

Prior experience:

- Held leadership roles at WPP since 2002, including as Non-Executive Chair of Wunderman Thompson and CEO of J Walter Thompson.
- Held the roles of CEO and Chair at Saatchi and Saatchi.
- Led renowned marketing campaigns for household brands around the world and delivered cultural and business transformation at pace within her own businesses as well as on behalf of clients.

Meeting attendance:

- Board (11/11)
- ESG Committee (4/4)
- Nomination Committee (3/3)
- Remuneration Committee (5/5)



OUR BOARD CONTINUED

Non-Executive Directors

Sapna Sood
Non-Executive
Director



Appointed: June 2020

Current appointments:

- President, Adecco APAC.

Prior experience:

- Chief of Staff to the Group CEO at Adecco.
- Senior executive at Compass Group.
- Non-Executive Director at Kering SA.
- In-depth knowledge of running complex supply chains, including in food and clothing.
- Experience of leading large transformation programmes.

Meeting attendance:

- Board (10/11)**
- ESG Committee (4/4)
- Nomination Committee (3/3)

Cheryl Potter
Non-Executive
Director (Outgoing)



Appointed: March 2023

Current appointments:

- Board member (former Chair) of Level 20, a not-for-profit focused on getting more women into senior investing roles in the Private Equity industry.
- Founding Patron of The Prince's Trust Women Supporting Women scheme.

Prior experience:

- Former head of the global consumer team at private equity firm Permira.

Meeting attendance:

- Board (11/11)
- ESG Committee (3/4)**
- Nomination Committee (3/3)

Cheryl will be standing down at the 2026 AGM, having served over three years on the Board.

Sean Doyle
Non-Executive
Director



Appointed: December 2025

Current appointments:

- Chief Executive and Chairman of British Airways.
- Vice Chair of BritishAmerican Business.
- Director of The Ireland Fund of Great Britain.
- Member of the leadership council of Business In The Community (BITC), and the Government's Aviation Futures Forum.

Prior experience:

- Chief Executive of Aer Lingus.

Meeting attendance:

- Board (4/4)
- Audit & Risk Committee (2/2)
- Nomination Committee (2/2)

Roger Burnley
Non-Executive
Director



Appointed: December 2025

Current appointments:

- Non-Executive Director and Chair of the Remuneration Committee of Pets at Home plc.

Prior experience:

- Executive Director of Sainsbury's.
- Chief Operating Officer and CEO of Asda.
- Non-Executive Chair of Finnebrogue Artisan.
- Chair of Plate-up Limited.

Meeting attendance:

- Board (2/4)**
- Audit & Risk Committee (1/2)**
- Nomination Committee (1/2)**

Leavers this year

Justin King stood down from the Board with effect from 10 September 2025, having been a Non-Executive Director since January 2019.

Ronan Dunne stood down from the Board with effect from 1 December 2025. Ronan joined our Board as Non-Executive Director in August 2022.

General Counsel & Company Secretary

Nick Folland

Appointed: February 2019

Nick Folland has extensive legal and governance experience, having been General Counsel & Company Secretary in FTSE 100 businesses since 2001, originally qualifying as a solicitor at Linklaters and Paines in 1993.

Meeting attendance:

- Board (11/11)
- Audit & Risk Committee (5/5)*
- Remuneration Committee (5/5)*

* Attended by standing invite.

** Unable to attend due to prior business commitments.

^ Has recent and relevant financial experience.

➔ More information on the Board's skillset can be found on page 57.



➔ Full biographies can be found at: corporate.marksandspencer.com/about-us/our-leadership.



BOARD ACTIVITIES

The following pages outline the Board's key areas of focus during the year. Meeting agendas, agreed in advance by the Chairman, CEO and Company Secretary, balance regular standing items. These include strategy and transformation, deep dives, executive updates and governance and Committee reports. People and culture is embedded throughout these regular agenda items, as was digital and technology following the cyber incident at the start of the year.

On the Board's agenda in 2025/26

Strategy and transformation

The Board considered key areas of strategy and progress made by each business unit towards delivering plans to reshape M&S for growth, advising on direction of travel and areas of focus. This year, the Board used these sessions to oversee transformation progress, reviewing the long-term vision of M&S.

At its two away days held during the year, the Board evaluated and challenged our key transformation programmes including:

- Reshaping FH&B in both retail and online channels by establishing a truly omnichannel business and transforming the end-to-end supply chain network.
- Unlocking our ambition of doubling the size of the Food business through investment in stores, technology, and building a sustainable and resilient Food supply base.
- Building a global brand through the reset of our partnerships model across International markets, and creating demand with new wholesale partners.
- Resetting the Digital & Technology Transformation Programme post-cyber incident.

Executive updates

Operational and financial updates: Received monthly updates from the CEO and CFO, summarising key challenges and activity during the month, and looking forward to upcoming priorities. These included consideration of headwinds and macroeconomic events facing the business, and any necessary responses.

Capital returns: Reviewed the approach to dividends, paying consideration to our disciplined capital allocation policy.

Debt management: Approved the bond maturity management exercise, resulting in the redemption and buyback of c.£302m bonds. These were replaced with an issue of £300m longer-term bonds to further strengthen our balance sheet.

UK budget: Discussed the impact of the budget on M&S, highlighting the cost challenges for retail businesses.

People and culture

The Board engaged with people and culture matters throughout the year, ensuring colleagues remained central to long-term decision making.

The Board reviewed responses to biannual colleague engagement surveys and discussed possible actions to further embed M&S' culture and behaviours across the business. Responses to surveys were tracked during the year, and actions to address were discussed and agreed with ExCo.

The National BIG Chair joined meetings to share regular updates. These included the impact of the cyber incident on colleague communication channels and the response in store to the relaunch of the 'M&S Way'. Read more on the M&S Way on page 7.



BOARD ACTIVITIES CONTINUED

On the Board's agenda in 2025/26 continued

Governance and Committee reports

Committee updates: Received updates from Committee Chairs on their Committee meetings, highlighting any decisions and key issues for the Board's attention.

Legal and governance: Received monthly updates from the General Counsel & Company Secretary. These gave an overview of legal and governance activities from the period and highlighted upcoming changes to law or regulation.

Approval: Considered contracts for approval beyond the business' delegated authorities. Also considered the year-end statutory reporting for publication.

Approval: Full Year Results for 2024/25 and recommendation of a final dividend of 2.6p.

Event: Annual General Meeting 2025.

Approval: Half Year Results for 2025/26 and recommendation of an interim dividend of 1.2p.

Event: Capital Markets Day with investors, presenting long-term growth opportunities across the Food, FH&B and International businesses. See page 7 for further details.

Digital & Technology and recovery

The Board's year began with its focus centred on assessing the early impact of the cyber incident and identifying first steps towards recovery. Additional meetings and calls were held frequently to understand the evolving situation in the immediate aftermath. The Board also held regular feedback sessions with the Operations Director and Technology team to monitor the incident response and systems recovery.

Ahead of the Christmas peak trading period, discussions moved to defining priorities for key systems resilience to ensure strong performance.

Focus later shifted to remapping the Digital & Technology Transformation Programme in light of the post-cyber incident acceleration, and then ensuring progress remained in line with plan.

How the directors fulfil their s.172 duty:

- The Board's diverse skills and experience enable informed decision making that promotes long-term success while considering stakeholder needs. More detail on Board composition, including the skills and experience of our directors, is on pages 51 to 52 and 57.
- The Board receives detailed papers and updates from management which are challenged and debated to consider differing stakeholder views. Progress updates from management allow the Board to review and adjust plans as situations evolve. A summary of the Board's activities this year is on pages 53 to 54.
- Directors constructively challenge and contribute to discussions, offering perspectives, advice and strategic guidance.
- The Board sets the strategic direction, values and culture of the Company, ensuring stakeholder considerations are central to decision making. More information about our culture is on pages 25 to 26, and our strategy on pages 10 to 14.
- Engagement helps directors understand stakeholder needs and make informed decisions. Highlights of Board engagement this year include:
 - Retail leadership dinners to hear insight on store operations and the cyber incident's impact on ways of working.
 - Visits to stores, suppliers and distribution centres to hear directly from teams on the ground.
 - Meetings with the Chair of our National Business Involvement Group (BIG) to deep-dive into our colleague engagement network, from store to Board level.

[Read our s.172 statement on pages 6 to 9.](#)



BOARD REVIEW

This year's Board review was carried out internally, led by the Chairman with support from the General Counsel & Company Secretary. The evaluation comprised individual conversations with each director to discuss reflections and identify potential opportunities.

The review considered the following:

- **Board:** composition, breadth of capabilities and expertise, effectiveness of dynamics, allocation and use of meeting time, consideration of stakeholder interests, and strength of strategic oversight.
- **Committees:** performance of each Committee, considering the quality of agendas and the appropriateness of Committee composition.
- **Chairman:** effectiveness of communication and engagement with the Board and ExCo, the leadership and conduct of Board meetings, tenure, and interaction with shareholders.
- **Individual directors:** availability and time commitment, readiness for meetings, collaborative working relationships, professional expertise, overall contribution to the Board, and new director appointments, inductions and how each has settled in.

The last external evaluation took place in 2023/24; therefore, the 2026/27 Board review will be externally facilitated in accordance with the UK Corporate Governance Code.

Time commitments

The Board recognises the importance of directors committing adequate time to their roles. Following a review of external appointments, the Board was satisfied that each director has sufficient capacity to meet the Company's requirements. Their active contributions in meetings reflect the time they dedicate to M&S matters outside the boardroom, and they remain available for additional, unscheduled commitments when required. This was demonstrated during the year by the Board's involvement in response to the cyber incident and oversight of recovery plans, which required additional time and engagement beyond the usual meeting schedule.

Board tenure

As part of the review, the tenure and independence of each director were assessed. All NEDs remain within the recommended nine-year tenure limit, and the Board concluded that each continues to demonstrate independence.

The Chairman's tenure will exceed nine years in September 2026. After extensive consultation with shareholders, executives and advisers, the NEDs, led by the SID, decided to extend the Chairman's tenure for a further three years. More information is in the Nomination Committee Report on page 56.

Progress made against 2025/26 actions

Progress in addressing actions highlighted in last year's review is summarised below.

Action	Progress
Consider the Board's composition, shifting focus from short-term succession needs to a longer-term view, evolving the Board's expertise for the business' future strategic priorities.	Directors carried out a search and selection process, resulting in the appointments of Roger Burnley and Sean Doyle to the Board. Additionally, following an extensive consultation process led by the SID, the NEDs agreed to extend Archie Norman's tenure by a further three years to ensure continuity for the business' Reshaping for Growth plan. ➔ Find more information about the Nomination Committee's activities on pages 56 to 57.
Guide ExCo as it establishes itself with new members, offering constructive challenge and feedback as necessary to support its development, as well as its delivery of the strategy and transformation programmes.	The Board mentorship programme was enhanced and refreshed during the year, embedding new Board and ExCo members. Each ExCo member is paired with a NED, providing structured guidance, regular feedback and strengthened support, as ExCo continues to deliver on strategic and transformation priorities.
NEDs to maintain their high levels of engagement, strengthening relationships with key stakeholders across the business to stay attuned to their changing needs.	Directors broadened their stakeholder relationships and gained greater visibility of the business' key operational activities, while new NEDs participated in induction activities, introducing them to key stakeholders. ➔ More information on engagement is on pages 6 to 9 and 54. More information on NED inductions is on page 56.

Review insights and action plan for 2026/27

This year's review found that directors maintained a high level of engagement with the business. The review confirmed the Board and its Committees continued to function effectively, delivering appropriate oversight and constructive challenge. This included close scrutiny of the challenges encountered during the year following the cyber incident and the Company's recovery actions, as well as continued emphasis on long-term priorities and the progression of transformation initiatives.

Following the review, the key actions proposed for implementation in the next year are:

- Continue to consider Board composition and evolution, remaining focused on the skills and expertise required for the business' future strategic priorities.
- Maintain high levels of engagement with ExCo and business stakeholders, maximising opportunities for support and challenge, particularly on delivery of strategy and transformation programmes.



NOMINATION COMMITTEE REPORT

Committee role, responsibilities, membership and effectiveness

The Committee is responsible for reviewing Board and Committee structure, composition and diversity, and overseeing the process for nomination, induction and evaluation of directors. The Committee also monitors the Company's leadership and succession needs, ensuring the Board's skills and experience remain suited to the successful execution of our strategy.

- ➡ The full Terms of Reference for the Committee can be found at corporate.marksandspencer.com.
- ➡ Details of Committee members during the year and their attendance at all meetings are on pages 51 to 52.
- ➡ Information on the skills and experience of all Committee members is on pages 51 to 52 and 57.
- ➡ Details of the Committee's annual performance review are on page 55.

On the Committee's agenda in 2025/26

Non-Executive Director appointments

The Committee regularly reviews the composition, structure and diversity of the Board and, using a skills matrix like the one on page 57, considers what might be required as M&S progresses with its Reshaping for Growth plans. Following recent departures from the Board, and looking at the next phase of M&S' transformation, the Committee commenced a search to appoint two new non-executive directors. It was agreed ideal candidates would possess a background in customer-first businesses, with relevant and proven retail and leadership experience. The appointment and induction process for these candidates is outlined below.

Appointment and induction

1 – Identification of candidates

Engaged executive recruitment consultants Russell Reynolds Associates (RRA) and MBS Group*, providing the approved candidate brief which included the skills and expertise identified above. A longlist of candidates was shared with the Committee from which a shortlist was drawn up. Shortlisted candidates were contacted to establish interest.

2 – Interview process

Members of the Committee met with shortlisted candidates to assess their alignment to the brief and determine whether their specific skills and experience would be additive to the Board as a whole.

3 – Appointments

The Committee agreed that both Roger Burnley and Sean Doyle were the best candidates and they were recommended for appointment to the Board.

* RRA and MBS Group have no connection to the Company or its directors.

4 – Induction programme

Tailored induction programmes for Roger and Sean took place after their appointment, which included:

- Meeting with the Chair of the Audit & Risk Committee, as proposed incoming Committee members.
- Introductions to key business unit leadership teams across Fashion, Home & Beauty, Food, Property, Retail and International.
- Receiving a comprehensive pre-read of Board and relevant Committee papers from the previous 12 months.
- Meeting with the General Counsel & Company Secretary, for a reminder of UK listed company and corporate governance requirements.
- Introductions to key external stakeholders, including the external audit partner.

Roger and Sean, like the rest of our Board, also visited stores and distribution centres across the country.

The Committee will continue to consider Board composition and evolution into 2026/27 as a key action proposed by the Board's review (details on page 55). To give it renewed focus, the Committee's membership has been reviewed and, effective from June 2026, it will comprise the Chairman (remaining as the Committee's Chair), Fiona Dawson and Evelyn Bourke.

Chairman

As announced in October 2025, the Committee (excluding the Committee Chair) carefully considered and agreed to extend the Chairman's term by three years, subject to annual review. In reaching this decision, the Committee was mindful of the Code's provision regarding a Chair's tenure, given this will reach nine years in September 2026.

Before making its recommendation, a sub-group of the Committee was established to undertake a rigorous review of Archie's continued appointment, chaired by the SID and in regular dialogue with all Board members. As part of the

review, extensive consultation took place with key stakeholders, including with shareholders representing c.30% of issued share capital. The Committee and the Board noted strong shareholder support was expressed for the Chairman's continued appointment. The review also noted the importance of continuity, with execution of the business' long-term transformation ongoing, and in the aftermath of the cyber incident. The review concluded by agreeing that extending Archie's term by three years, subject to comprehensive annual review by the sub-group of the Committee, was in the best interests of the Company and its stakeholders. The Board is therefore recommending his re-election at the forthcoming AGM on 7 July 2026.

Executive Committee succession planning

The Committee continued to oversee the succession of ExCo and senior management, with regular reviews to ensure key roles continued to support our Reshaping for Growth strategy. Thus Keeve joined the business as Retail Director in June 2025, dedicated to simplifying store processes and driving consistency across the estate. Hayley Tatum joined as Chief People Officer in October 2025, focused on accelerating the pace of change across our people plans and further embedding our high-performance culture.



NOMINATION COMMITTEE REPORT CONTINUED

Skills and experience of the Board

	Retail and hospitality	Food and beverage	Clothing and textiles	International	Consumers	Logistics	Marketing	Technology	Strategy	Finance	Risk management	Property and store development	Organisational design and culture	Sustainability	Corporate transactions, legal and regulatory
	1 2 3 4	1 2	1 2	1 2 3 4	1 2 4	2 3 4	2 4	1 2 3 4	1 2 3 4	3 4	3 4	2 3 4	3 4	1 2 3 4	2 3 4
Archie Norman	●	●	●	●	●	●	●		●	●		●	●		●
Stuart Machin	●	●	●	●	●	●	●	●	●			●	●		
Alison Dolan									●	●	●		●	●	●
Evelyn Bourke				●	●				●	●	●		●		●
Fiona Dawson		●		●	●		●		●				●	●	
Tamara Ingram	●			●	●		●		●		●		●	●	
Cheryl Potter	●	●	●		●				●	●			●	●	●
Sapna Sood				●		●			●		●		●	●	
Sean Doyle				●	●	●	●	●	●		●		●		
Roger Burnley	●	●	●		●	●			●		●		●	●	
Nick Folland	○			○					○		○		○	○	○

Link to 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 ○ General Counsel & Company Secretary

Diversity, equity and inclusion

The Board's Diversity & Inclusion Policy, which extends to its Committees, outlines the Board's targets and considers the FCA Listing Rules, the FTSE Women Leaders Review, and the Parker Review, all with the aim of supporting a sustainable and diverse talent pipeline.

As at 28 March 2026, the Board met each of the targets as set under UKLR 6.6.6R (9).

Board Diversity & Inclusion Policy objectives	Implementation	Progress
Maintain a continuous level of at least 40% female directors on the M&S Group plc Board.	Succession planning reviews evaluate the Board's capabilities to ensure they support our long-term strategic ambitions. Use of independent executive search firms ensures appointments are drawn from a diverse pool of candidates.	Ahead of target with 60% female representation as at financial year-end and up to the date of this report.
Appoint a female director to at least one of the senior Board positions (Chair, CEO, SID, CFO).	Consideration of this forms part of the Board and ExCo succession planning process, as well as in the development of our internal talent pipeline.	Ahead of target with two of the senior Board positions (SID and CFO) held by female directors.
Maintain at least one director from an ethnic minority background on the Board.	Succession planning reviews evaluate the Board's capabilities to ensure they support our long-term strategic ambitions. Use of independent executive search firms ensures appointments are drawn from a diverse pool of candidates.	Target met with one Board member identifying as being from an ethnic minority background.
Assisting the development of a pipeline of high-calibre candidates by encouraging a diverse range of senior individuals within the business to take on additional responsibilities and roles to gain valuable board experience.	Our high-potential programmes were paused during the year, as recovery from the cyber incident was prioritised. We did, however, undertake a broader review of our approach to identifying top talent and succession planning for executive and senior roles. Following the review, we have set a revised 7% target for ethnic minority leadership by 2027. This will be supported by the relaunch of our high-potential programmes with embedded representation principles in the next financial year.	Progress in diversifying our senior leadership pipeline has been limited during the year, reflecting a period of significant disruption. Our current ethnic minority representation amongst senior managers is 5.3%. Achieving our revised target will require renewed focus, strengthened accountability and more deliberate action as we move forward. More information is in the People and Culture section on pages 25 to 26.

⇒ Gender identity and ethnicity data required to be disclosed in accordance with UKLR 6.6.6R (10) can be found on page 94.

⇒ The Board and ExCo's gender and ethnicity data can be found in the Governance Overview on page 49.



ESG COMMITTEE REPORT

Committee role, responsibilities, membership and effectiveness

The Committee is responsible for providing strategic oversight and challenge, to ensure the ESG strategy remains aligned to the Company's strategy and broader transformation agenda. It reviews the effectiveness and delivery of ESG initiatives embedded throughout the business, monitoring performance against agreed targets. It also ensures ESG activity remains additive to commercial priorities, operational improvements, and customer expectations. The Committee also monitors and advises the Audit & Risk Committee on ESG-related risks, including climate-connected risks.

- 🔗 The full Terms of Reference for the Committee can be found at corporate.marksandspencer.com.
- 🔗 Details of Committee members and their attendance at all meetings are on pages 51 to 52.
- 🔗 Information on the skills and experience of all Committee members is on pages 51 to 52 and 57.
- 🔗 Details of the Committee's annual performance review are on page 55.

On the Committee's agenda in 2025/26

The Committee received updates from management on ongoing projects supporting the delivery of Plan A and reviewed progress against sustainability targets, providing appropriate challenge where necessary. The Committee invited several guest speakers throughout the year to provide external insight.

This included the Managing Partner of Kantar's Sustainable Transformation Practice, who provided insight on adapting to disruption and how businesses can respond and meaningfully integrate sustainability. The Head of Climate and Sustainability Policy and Advocacy at a large oil and gas company also attended and shared insights on their organisation's commitment to reducing its carbon footprint, promoting sustainability practices and how this is governed and monitored.

Environment

The Committee monitored progress against our validated near and long-term net zero targets, with particular focus on addressing reduction gaps across Scopes 1, 2 and 3 and maintaining momentum in our wider decarbonisation efforts. Further detail on progress across each is set out below.

Scopes 1 and 2

Property and Retail

The Company remained on track to meet its 2030 Property carbon reduction target. Emissions intensity continued to fall, supported by efficiencies from the store rotation programme, energy-efficient investments, F-gas reduction initiatives, and ongoing compliance work relating to Minimum Energy Efficiency Standards. The store renewal programme also contributed to reduction in Retail emissions, including through trials of low-carbon heating technologies to further reduce operational impacts.

Logistics

Management updated the Committee on emission reductions across the logistics network driven primarily by network rationalisation, targeted efficiency projects, and the benefits of wider grid decarbonisation. The Committee evaluated the balance between reducing Scope 1 and 2 emissions from warehouse and logistics operations and enabling the Company's growth ambitions.

Committee members also monitored our continued investment in lower-carbon transport solutions. Progress included expansion of the bio-CNG fleet and early trials of battery electric vehicles. However, the Committee recognised external challenges that hamper progress, particularly in relation to national infrastructure constraints.

Scope 3

Fashion, Home & Beauty

Conversion of core raw material to sustainable alternatives remained on track. Innovations included the development of mushroom and algae-based alternatives for faux leather and recycled polyamide from waste fishing nets. The Committee was updated on numerous initiatives that were launched during the year. These included: a carbon insetting initiative with cotton farms in Pakistan and India, focused on renewable energy solutions; a data-gathering initiative rolled out to Tier 1 and 2 suppliers to strengthen the visibility of energy use, water, waste and GHG emissions; and a partnership with Schneider Electric to provide suppliers with access to the Supply Chain Renewable Energy Programme, enhancing renewable energy adoption. The Company also joined the Future Supplier Initiative, supporting Tier 2 suppliers with access to sustainable financing for carbon reduction investments.



ESG COMMITTEE REPORT CONTINUED

Environment continued**Scope 3** continued**Food**

The Food business remained well placed to meet its 2030 targets and continued to lead the market due to long-term work on agriculture decarbonisation and species-specific plans. Emissions remained concentrated in agricultural supply chains, with progress made in livestock decarbonisation, product footprinting and sourcing deforestation-free soy. Embedding carbon data into daily decision making was identified as critical to sustaining progress. A key initiative this year was the rollout of Mondra, a tool enabling product-level carbon footprinting at scale. Approximately 6,000 product footprints have been calculated to date, improving prioritisation and enabling more targeted interventions.

Social**Ethical trade**

The Committee was updated on the Company's strengthened and enhanced Worker Voice Programme in Fashion, Home & Beauty, where the business engaged with over 300 suppliers. An Ethical Trading Initiative Social Dialogue programme was launched in Bangladesh, providing Tier 1 suppliers with training to support their monitoring of ethical practices across Tier 2 suppliers. The approach continued to evolve toward deeper supply chain visibility, supported by risk-based assessment and compliance monitoring. Food maintained a market-leading position, underpinned by the Foods Human Rights Standard, which includes audit requirements, worker voice mechanisms and strengthened due diligence.

Sourcing

The Fashion, Home & Beauty team provided updates on raw material sourcing and broader supply chain risk management, with a key focus on converting all raw materials to sustainable alternatives by 2030. A full cotton traceability project is underway, alongside increased use of Circulose, a recycled fibre contributing to further carbon reductions. The Committee reviewed the Food business' approach to managing core supply chain risks, hearing that both the launch of 'Plan A for Farming' in September 2025 and the 'Best of British' farms initiative had resonated well with customers.

Community and people

The Committee received updates on colleague-related initiatives, including progress on gender balance and the ongoing work to improve representation of ethnic minority senior leaders. The partnership with YoungMinds continued to deliver strong engagement and impact, supporting young people's mental health across the UK. The Committee provided insight and feedback to shape the future communities strategy for 2027 and beyond.

Governance, communication and reporting responsibilities

The Committee provided guidance as part of the governance process in the creation and approval of Plan A 2030, the forward-looking strategy for the business' ESG approach (see page 27 for more information). The regulatory landscape continued to evolve, particularly with the progression of the Corporate Sustainability Reporting Directive, associated EU implementation updates, and the UK Sustainability Reporting Standards. The Committee therefore focused on strengthening data quality, enhancing governance structures and ensuring continued readiness for future reporting requirements.

The Committee also approved the Company's 2025:

- ESG Report.
- Modern Slavery Statement.
- TCFD Report in the Annual Report and Financial Statements.



AUDIT & RISK COMMITTEE REPORT

Committee role, responsibilities, membership and effectiveness

The Committee is responsible for monitoring the integrity of the financial statements, reviewing the significant financial reporting judgements within them, and maintaining an appropriate relationship with the external auditor. It also reviews the internal audit programme and effectiveness of the Internal Audit & Risk function, and assesses the Group's risk framework and systems of internal control.

- ➞ The full Terms of Reference for the Committee can be found at corporate.marksandspencer.com.
- ➞ Details of Committee members and their attendance at all meetings are on pages 51 to 52.
- ➞ Information on the skills and experience of all Committee members is on pages 51 to 52 and 57.
- ➞ Details of the Committee's annual performance review are on page 55.

On the Committee's agenda in 2025/26

In addition to the Committee's usual cadence of activities summarised below, throughout the cyber incident members of the Committee remained in regular formal and informal communication with management and our external auditor, Deloitte. It also continued to act as a critical point of oversight and guidance during the business' recovery (read more on page 61).

May 2025

- Discussion: impact of the cyber incident on the preparation of the 2024/25 Annual Report and Accounts (ARA), including:
 - Steps taken to ensure the integrity and completeness of financial records.
 - Accounting treatment of the incident.
 - Additional disclosures.
 - The effectiveness of the internal control environment.
- Year-end approvals including:
 - 2024/25 ARA and the Full Year Results announcement.
 - Long-term viability assessment process.
 - Going concern statement.
 - GSCOP compliance report.
 - Modern Slavery Statement.
- Reviewed Deloitte's Full Year External Auditor report.
- Received an update on the ongoing Provision 29 readiness activities and next key areas of focus (see more on page 62).

- Discussion: Internal Audit & Risk (IA&R) report including the ongoing delivery of the Internal Audit (IA) plan and reallocation of resources to new priorities (see more on page 64).
- Considered the results of the external auditor effectiveness review.
- Executive risk updates including a detailed review of the cyber incident and initial response.

September 2025

- Discussion: the complexities of Half Year reporting post-cyber incident.
- Reviewed priority financial control activities and rigour of interim control processes.
- Received the financial controls roadmap including an update on M&S' approach to compliance with the new Provision 29 requirements.
- Reviewed Deloitte's External Auditor interim review planning report.
- IA&R updates including:
 - Results from prioritised reviews including on interim financial controls.
 - Progress made in strengthening the information security controls framework of M&S' India joint venture.
- Governance approvals including:
 - Assurance for the sustainability KPIs linked to Marks and Spencer plc's revolving credit facility.
 - Bribery risk assessment.
 - Changes made to the Gifts, Hospitality and Entertainment Policy.
- Executive risk updates including:
 - **Group safety:** oversight of the impact on, actions taken, and

recovery of the safety control environment during the cyber incident and focus areas for moving from recovery to business as usual in the second half of the year.

- **Legal and regulatory:** following the cyber incident, consideration of the legal and regulatory landscape and interactions with M&S' regulators.

October 2025

- Approved the Half Year Results announcement.
- Considered and approved the going concern assessment.
- Discussion: the financial controls declaration process for the Half Year Results.
- IA&R report including:
 - The interim review of principal risks and uncertainties.
 - Half Year review of compliance against the Group's risk appetite statements.
- Received a business continuity update.
- Discussed Deloitte's External Auditor reports:
 - Interim report.
 - Preliminary planning report for Full Year 2025/26.
- Executive risk updates including:
 - **Digital & Technology (D&T):** progress made on recovery including resilience activities ahead of our peak Christmas trading period.
 - **Cyber-security:** results of a 'red team' exercise.



AUDIT & RISK COMMITTEE REPORT CONTINUED

January 2026

- Discussion: restoration of control activities to pre-cyber incident norms and impact of interim control processes on the Full Year audit approach.
- Considered and approved the expansion of, and revised terms of reference for, the Executive Risk & Compliance Committee.
- Discussion: Provision 29 readiness activities including the draft Group 'material controls' register and proposed control effectiveness assurance model (see more on page 62).
- Reviewed Deloitte's External Auditor Full Year 2026 planning report.
- Reviewed and approved the annual Group Tax Strategy.
- IA&R delivery update since October including:
 - Actions agreed to enhance date-expired food processes and controls.
 - Results of post-cyber incident prioritised reviews and additional assurance activities.
- Executive risk updates including:
 - **Food and Food Logistics:** management of risk, including long-term network capacity and resilience of our supply chain.
 - **Fashion, Home & Beauty (FH&B):** assessment of the FH&B risk profile, covering areas such as stock management and sourcing.
 - **Information security:** findings from an external review of the business' comprehensive plans.

March 2026

- First look at the Annual Report proposed content and schedule.
- Reviewed the approach to assessing the effectiveness of the External Auditor.
- Reviewed the IA&R report which included:
 - Discussion of the IA&R 2026/27 draft plan.
 - Refreshed Group risk appetite statements.
 - Year-end assessment of principal risks and uncertainties for the Annual Report.
 - Approval of the Group Risk Management and Fraud policies.
- Reviewed the performance of the Group Treasury function across the year.
- Executive risk updates including:
 - **International and franchises:** consideration of the main risk areas as the International business shifts into the execution phase of its transformation.
 - **D&T:** year-end risk review including execution of action plans for both risk management and key controls as the D&T transformation programme continues.
 - **Property:** review of the key risk profile covering areas such as fire, health and safety (including RAAC), property values, and new space delivery.
 - **Food safety:** deep dive on the date-expired food controls and enhancement actions underway.

Digital & Technology and recovery

In 2025, M&S was the subject of a sophisticated cyber attack; the Committee remained actively engaged throughout the year with a particular focus on overseeing the revised risk management plan and the robustness of the financial controls framework.

In immediate response to the cyber incident, management reacted swiftly to contain the threat. It worked alongside external cyber-security experts to protect the business' data and systems, and mobilised established business continuity and incident management plans. As part of the recovery, networks and systems were progressively restored and this included rebuilding certain file systems which were not recoverable. Throughout, financial control was a critical focus in both the immediate response and longer recovery period, and involved redeployment of the Financial Controls and IA&R teams to document interim control processes. Focus for the second half of the year was on restoring our strong control foundations. The Committee played a pivotal role in monitoring the continued integrity of our financial reporting, and ensuring the effectiveness of the financial controls framework and restoration activities.

Aside from the business-wide response to the cyber incident, D&T remained a key agenda topic throughout the year. The Committee received detailed updates on D&T's plan, focusing on areas of concentrated work for the next 12 months as the function continues its transformation programme.

Fair, balanced and understandable assessment

The Committee carried out a thorough assessment to advise the Board on whether the 2026 Annual Report is fair, balanced and understandable. In forming its view, the Committee considered how the report had been prepared, reviewed and verified (outlined in more detail at [corporate.marksandspencer.com](https://www.corporate.marksandspencer.com)), taking into account the Financial Reporting Council's recommended criteria as well as the overall tone and narrative throughout the report.

Following its review, the Committee recommended the 2026 Annual Report to the Board, advising that it considered the report to be fair, balanced and understandable, providing shareholders with the necessary information to assess the Group's position, performance, business model and strategy.



Provision 29 readiness activities

A recurring theme for the Committee this year was the business' approach to compliance with changes being brought in by the new Provision 29 of the UK Corporate Governance Code 2024 (the Code). The Provision 29 Steering Group and the Executive Risk Committee (ERC) provided the Committee with activity updates throughout the year which included:

- **Definition of 'materiality' for controls:** proposed approach reviewed and approved by the Committee.
- **Draft material controls register:** using the agreed approach to materiality, a finalised list of material controls was created, including control descriptions and owners. As with the Group's principal risks and uncertainties, these will be continuously reviewed and updated to ensure coverage of relevant risks.
- **Assurance of control effectiveness:** to support the Board's ability to make a declaration on control effectiveness, an assurance model was agreed by the Committee.
- **Extension of the ERC's remit to Executive Risk & Compliance Committee:** the ERC's remit was expanded to incorporate compliance oversight, strengthening its role in driving the business' focus on risk management, and providing challenge and support where required on readiness activities, fraud and whistleblowing.
- **Refresher training:** with a return to normal rhythm of control activities, refresher training was delivered across finance areas for those reviewing controls.
- **2025/26 trial run:** dry run testing of material controls and assurance processes, including a mock declaration, planned for post-year end.

Significant issues

The Committee has assessed whether suitable accounting policies have been adopted this year and whether management has made appropriate judgements and estimates. Throughout the year, the Finance team has worked to ensure the business is transparent and provides the required level of disclosure regarding significant issues considered by the Committee in relation to the financial statements, as well as how these issues were addressed.

This section outlines the main areas of judgement considered by the Committee to ensure appropriate rigour has been applied. All accounting policies are in note 1 to the financial statements. Where further information is provided in the notes to the financial statements, we have included the note reference.

Each of the areas of judgement has been identified as an area of focus and therefore the Committee has also received detailed reporting on these matters from Deloitte.

Presentation of the financial statements

The Committee considered the presentation of the financial statements and, in particular, the use of alternative performance measures and the presentation of adjusting items in accordance with the Group accounting policy. Under this policy, adjustments are only made to reported profit before tax where income and charges are significant in value and/or nature. Management provided detailed updates outlining the judgements applied in relation to the disclosure of adjusting items. In the current year, these included: costs associated with the cyber incident; the implementation and execution of strategic programmes; net charges associated with the acquisition of Gist; impairment reversals and write-offs of the carrying value of stores and other property charges; charges relating to the M&S Bank transformation and insurance mis-selling provisions; charges relating to Ocado Retail Limited's UK network capacity review; impairment of investment in Ocado Retail Limited and legal settlement and pension net finance income.

See note 5 on page 131.

Store estate programme (including asset write-offs, onerous lease charges and useful economic lives)

The Committee has considered the assessments made in relation to the accounting associated with the Group's store estate strategy. Management outlined the accounting treatment of the relevant charges and reversals, including impairment, accelerated depreciation, dilapidations, redundancy and onerous lease costs (including void periods).

The Committee reviewed the basis for the key assumptions used in the estimation of charges/reversals. Notable assumptions related to the costs associated with property exit/sublet costs, the sale proceeds expected to be recovered on exit, where relevant, and the cash flows to be generated by each cash-generating unit in the period to closure. The Committee has challenged management and is satisfied the assumptions made are appropriate, and that appropriate costs and associated provisions have been recognised in the current financial year.

See notes 1, 5, 15 and 22 on pages 118, 131, 146 and 165 respectively.

Impairment of property, plant and equipment

The Committee has considered the assessments made in relation to the impairment and impairment reversals of tangible fixed assets, including land and buildings, and store assets. Management provided detailed reports outlining the treatment of impairments and reversals, valuation methodology, the basis for key assumptions (e.g. discount rate and long-term growth rate), and the key drivers of the cash flow forecasts. The Committee challenged management and is satisfied these are appropriate. The Committee also reviewed the sensitivity analysis used by management in its review of impairments and reversals, including consideration of the specific sensitivity disclosures in the relevant notes. In addition, the business plans detailing management's expectations of future performance are Board approved. The Committee is satisfied that appropriate impairments and reversals of tangible assets have been recognised.

See notes 1, 5 and 15 on pages 118, 131 and 146 to 149 respectively.



AUDIT & RISK COMMITTEE REPORT CONTINUED

Significant issues continued

Going concern and viability statement

The Committee has reviewed the Group's assessment of viability over a period greater than 12 months. In assessing viability, the Committee considered the Group's position presented in the approved budget and three-year plan. In the context of the current challenging environment resulting from the ongoing cost-of-living crisis and continued inflationary pressures on the business, a severe but plausible downside scenario was applied to the plan. This included assumptions such as a sustained economic recession, increased costs and an inability for the Group to execute the transformation plan. The Committee concluded that these assumptions are appropriate.

The Committee also reviewed the Group's reverse stress test that was applied to the model, and is satisfied this is appropriate in supporting the Group as a going concern. In addition, the Committee received regular updates on the steps taken by management regarding liquidity, including the successful extension of its revolving credit facility for a further five years until December 2030. The Committee is satisfied these measures have reduced liquidity risk.

➔ See note 1 on page 118.

Retirement benefits

The pension deficit has decreased during the year. The Committee reviewed the actuarial assumptions such as discount rate, inflation rate, expected return of scheme assets and mortality which determine the pension cost and the UK defined benefit scheme valuation,

concluding they are appropriate. The assumptions have been disclosed in the financial statements.

➔ See note 11 on page 137.

Valuation of Marks and Spencer Group plc company only investment

Marks and Spencer Group plc holds investments in Group companies which are reviewed annually for impairment. Management prepared an impairment review based on estimated value in use of the Group. A full reversal of impairment charges recorded in prior years has previously been made (see note C6 on page 177). The Committee reviewed management papers outlining the key assumptions used in calculating the value in use and is satisfied these are appropriate.

ORL consolidation – acquisition accounting and valuation of assets and liabilities

Control of ORL passed on 6 April 2025, as expected, when Ocado Group relinquished certain rights granted under the terms of the original transaction. As a result, the Group's investment in ORL, as well as the results of ORL, have been accounted for as a subsidiary and consolidated from April 2025. The change in control has been accounted for as a business combination under IFRS 3 (note 29). The Committee's assessment of the key judgements applied in reaching the conclusions in the previous financial year remains unchanged, and it is satisfied with the accounting treatment and disclosures.

Impairment of ORL goodwill

Following the consolidation of ORL on 6 April 2025, goodwill and indefinite life assets are required to be tested for impairment annually in accordance with IFRS. Recoverability of goodwill and indefinite life assets must be tested for impairment on at least an annual basis. Goodwill impairment testing involves significant judgement and the inclusion of key assumptions such as revenue growth, margin development, terminal growth rate and discount rate. The ORL goodwill impairment testing used cash flow projections derived from the ORL board-approved five-year plan. Cash flows beyond this period were extrapolated using a terminal growth rate.

The Committee reviewed the results of management's impairment analysis which outlined the valuation methodology, the basis for key assumptions (e.g. discount rate and long-term growth rate) and the key drivers of the cash flow forecasts. The Committee challenged the key assumptions applied by management and is satisfied these are appropriate. The Committee also reviewed the sensitivity of management's model to reasonably possible changes in key inputs. The Committee concurred with management that no impairment was to be recognised and considered the related disclosures on goodwill and impairment testing in note 14 to be appropriate.

Cyber incident

In April 2025, the Group experienced a cyber incident that led to temporary disruption to some of its services, processes and systems, as a result of our proactive management of the incident to protect customers, suppliers, colleagues and the business.

The Committee received updates on engagement with external cyber-security experts which included engagement with the relevant authorities, including reporting the incident to the National Cyber Security Centre and the UK's Information Commissioner's Office (ICO), as well as the work undertaken to restore our networks and systems, support business operations through manual and alternative processes, and management's actions taken to support interim processes with robust interim controls.

The Committee also reviewed management's assessment of the financial reporting implications of the incident. This included the treatment of certain costs directly related to the incident as adjusting items and the oversight of additional temporary controls put in place to maintain the completeness and integrity of the Group's financial records, allowing the Committee to be satisfied that the financial statements give a true and fair view of the Group.

In addition, to support the Committee's understanding and conclusions on the impact of the incident and monitoring of the business recovery, the Committee considered updates and documentation provided by management on the incident, and subsequent recovery. This included input from the Group's in-house Digital & Technology team and external advisers. This was considered alongside management's assessment of going concern and long-term viability, and whether related disclosures in the Half Year Results and Annual Report are clear, fair, balanced and understandable.



AUDIT & RISK COMMITTEE REPORT CONTINUED

Internal control environment

The Committee has been delegated responsibility from the Board for reviewing the effectiveness of the Group's systems of internal control. This includes financial and non-financial reporting, operational and compliance controls and risk management systems.

Risk management

The Committee's accountability for overseeing the effectiveness of our risk management process includes determining the Group's risk appetite (for Board approval) and monitoring how the business actively manages risks and mitigations in accordance with it. An overview of the risk management process is on pages 41 to 42.

Framework of internal controls

Alongside our risk management processes, key components of our internal controls environment include:

- Clearly defined lines of accountability via a Group delegation of authority and corresponding delegations to underlying business areas.
- The Code of Conduct and suite of policies, setting the minimum commitments for our business conduct. These commitments are linked to the Group's principal risks and uncertainties.
- Procedures, operating standards and colleague training, to support the management of key risks and establish ways of working within the Board's approved risk appetite. These cover

areas ranging from financial reporting to information security and trading safely in stores.

Relevant business areas and functions own the underlying components of our internal controls environment, and are responsible for ensuring control processes and activities are maintained and operate effectively. Functional assurance activity also takes place across the business to target key risk areas. This work is delivered by business experts or specialist functional teams, including Financial Controls, Cyber-Security and Group Asset Protection teams. Where relevant, these activities are overseen and challenged by our senior management forums, including Business Boards, the Executive Risk & Compliance Committee and the Data Protection Committee.

At each meeting, the Committee is updated by a rotation of business leadership on risk management, internal control and assurance activities. Examples of the updates received this year are detailed on pages 60 to 61.

Internal Audit & Risk (IA&R) function

Our IA&R function provides additional oversight and assurance to the Committee in discharging its responsibilities, by supporting the business in improving the overall control environment and identifying risks requiring mitigation. The Head of IA&R has direct access to the Committee and the IA&R function has unrestricted access to the Group's records, physical properties and people required to carry out any engagement. More information about the IA&R function can be found in its Functional Charter (annually reviewed and

approved by the Committee) at [corporate.marksandspencer.com](https://www.corporate.marksandspencer.com).

The Committee approves an Internal Audit Plan annually. The plan is structured to align with the Group's strategic priorities and key risks and is developed by the IA&R function with input from management. The plan is reviewed periodically throughout the year to confirm it remains relevant for new and emerging circumstances, both internal and external. The findings and actions from IA&R reviews are agreed with the relevant business area, communicated to the Committee and tracked through to completion. Examples of internal audits undertaken during the year are detailed on pages 60 to 61.

The Committee considered the IA&R function's effectiveness in May 2026, agreeing its leadership, structure and available resources are appropriate and remain effective.

Effectiveness

The Committee considered whether the Group's framework of internal controls operated effectively throughout the financial year 2025/26. Instances where the effectiveness of internal controls were deemed to be insufficient were discussed during the year, either by the Committee or the Board, and the resulting improvement plans were monitored. The Committee also considered the controls findings raised in the Independent Auditor's Report on pages 99 to 111.

In April 2025, the Board and the Committee were made aware of a cyber incident impacting the business and the steps taken by management to protect the business' systems, customers and data. Members of the Committee were in regular

formal and informal communication with management and Deloitte throughout the year. In particular, they were kept informed on the impact of the cyber incident on the control environment and effectiveness of any interim controls, as well as the roadmap to restoration of pre-incident norms. The Committee received regular updates on priority control activities focused on:

- Identifying a subset of priority controls for recovery from our population of key controls.
- Redeployment of resource from the Financial Controls and IA&R teams to support documentation of interim processes with appropriate controls in place.
- Restoration of business-as-usual control activities and the transfer of any remaining interim control processes back to pre-cyber incident norms by the end of the financial year.

Significant work was undertaken throughout the year to maintain and enhance the overall system of internal controls, both as part of the restoration of control activities to pre-cyber incident norms, and the business' Provision 29 readiness activities (see more on page 62), so as to give the Committee assurance on the effectiveness of the internal control environment as at the balance sheet date.



AUDIT & RISK COMMITTEE REPORT CONTINUED

External Auditor

Audit firm	Deloitte LLP
Date appointed	2014 (reappointed at the 2025 AGM)
Lead audit partner	Jane Whitlock (in post since the start of the 2024/25 audit)
Non-audit fee ratio	0.22:1 (for the year ended 28 March 2026)

Tenure

Following a competitive audit tender process, Deloitte was reappointed by shareholders as the Group's statutory auditor at the 2025 AGM. The lead audit partner Jane Whitlock has been in post since the start of the 2024/25 audit.

The Committee recommends that Deloitte be reappointed as the Company's statutory auditor for the 2026/27 financial year. Having regard to relevant regulatory and governance requirements, including the Financial Reporting Council's Minimum Standard for Audit Committees and the Code, the Committee believes the independence and objectivity of the external auditor and the effectiveness of the audit process are safeguarded and remain strong.

Effectiveness

The Committee monitors the effectiveness of the external auditor continuously throughout the year. Committee members have the opportunity to meet with the lead audit partner without management present after each Committee meeting. This provides opportunities for open conversations and allows the Committee to assess whether the external auditor has appropriately challenged management's analysis. The external auditor provided the Committee with a planning report ahead of the 2025/26 audit, giving Committee members the opportunity to comment and input.

As well as this regular monitoring, the Committee annually assesses the quality of the external audit. A targeted group of individuals that have regular interactions with the external auditor was asked to complete a tailored questionnaire. The Committee was provided with a summary of the responses received to assist with its own considerations.

Management agreed that the audit partner and team have a good understanding of our business, our sector, and the risk environment in which we operate. Management views the auditor's engagement as productive and positive overall, noting that early engagement on key accounting judgements continues to be appreciated. This has been particularly valuable in relation to the cyber incident; the consolidation of Ocado Retail Limited and subsequent goodwill impairment testing; and the appropriate treatment for the store estate programme.

Feedback centred around management's desire for earlier engagement with senior audit team members, to clarify the scope of review requests and resolve queries more efficiently.

Non-audit fees

The Committee is satisfied the Company remained compliant with both the UK Corporate Governance Code and the Financial Reporting Council's Ethical and Auditing Standards in respect of the scope and maximum permitted level of fees incurred for non-audit services provided by Deloitte. Where non-audit work is performed by Deloitte, both the Company and Deloitte ensure adherence to robust processes to prevent the auditor's objectivity and independence from being compromised. To safeguard the independence and objectivity of the external auditor and the audit process, the Committee's policy requires that all non-audit work performed by Deloitte with fees in excess of £50,000 are put to the Committee for prior consideration and approval. For non-audit work, where fees are below £50,000, approval is obtained from the CFO and the Committee is notified of all work falling within this threshold. A full breakdown of the total fees paid, and details on the non-audit services provided by Deloitte, can be found in note 4 to the financial statements on page 130.

The non-audit fees to audit fees ratio for the financial year ended 28 March 2026 was 0.22:1, compared with the previous year's ratio of 0.175:1. The total non-audit fees paid to Deloitte for the year were £0.9m. The increase in these non-audit fees was driven by additional Half Year review fees as a result of the cyber incident.

In addition, the Committee reviewed and approved the audit fee for the year, making sure any increase was understood and reasonable.



REMUNERATION COMMITTEE REPORT

Committee role, responsibilities, membership and effectiveness

The Committee is responsible for Remuneration Policy, performance-related pay schemes and share-based incentive plans, ensuring practices are designed to support and promote the long-term success of the Company and delivery of its strategy. The Committee also reviews remuneration frameworks for Executive Directors and senior management in the context of our culture and wider colleague pay.

- ③ The full Terms of Reference for the Committee can be found at corporate.marksandspencer.com.
- ③ Details of Committee members and their attendance at all meetings are on pages 51 to 52.
- ③ Information on the skills and experience of all Committee members is on pages 51 to 52 and 57.
- ③ Details of the Committee's annual performance review are on page 55.

Year in review

2025/26 has been a challenging year for M&S. During the cyber incident, colleagues responded with exceptional commitment and resilience, led by an outstanding management team who together kept the business trading in the most difficult of times. Food was the standout performer, accelerating in the second half of the year delivering both sales and volume growth. In Fashion, Home & Beauty, recovery has taken longer, however major steps have been taken to restore online trading and accelerate our supply chain transformation. Despite the operational challenges, customer perceptions of style saw an encouraging improvement and our growth ambition remains strong.

As disclosed in last year's report, target setting for the 2025 PSP awards was delayed until appropriately stretching but realistic goals could be set post incident. The Committee followed a rigorous process considering forecasts and alignment with shareholders' interests to ensure that the agreed targets were robust. Those targets were then disclosed in December 2025.

The Committee also spent time considering, and discussing with management, the 2025/26 Annual Bonus Scheme. As set out later in my letter, together we took decisive action and agreed with management; that no bonus would operate for Executive Directors in 2025/26.

As ever, our reward principle of investing in the lowest paid colleagues first remains unchanged. We are committed to continuing to invest in those who work tirelessly in our stores and make such a vital contribution to M&S, aiming to ensure that we remain one of the more rewarding places to work in UK retail.

As we look forward, the Remuneration Committee is focused on continuing to ensure that our Remuneration Policy supports delivery of the Group's strategy and supports a high-performance culture. We remain committed to aligning reward outcomes with the long-term interests of shareholders, while also considering the experience of our wider workforce.

2025/26 highlights

During the year, the Committee approved executive remuneration decisions and noted changes to pay and benefits across the business. Remuneration highlights included:

- Review of the Directors' Remuneration Policy and consultation with our stakeholders. We consulted with 25 shareholders, representing over 50% of share capital.
- Over £70m investment in pay for our UK retail colleagues. Customer Assistants' pay increased by 6.4% to £13.41, and £14.74 in London.
- Executive pay decisions were made in the context of broader colleague pay. The Executive Directors' 5% salary increase is below the 6.4% awarded to Customer Assistants and in line with the salaried pay review budget of 5%.
- In light of the cyber incident, the Committee and management jointly agreed that no bonus scheme would operate for Executive Directors for 2025/26.
- The 2023 Performance Share Plan (PSP) vested at 78.8% of maximum for the CEO. The Committee determined the formulaic outcome reflected the Company's underlying performance over the three-year performance period.

- Over 5,500 colleagues benefited from M&S' strong share price performance over the last three years by being members of the 2022 ShareSave scheme, which matured in February 2026. On average, colleagues received a gain of £5,900.

Remuneration Policy review

In line with the usual three-year cycle, we are required to submit our Remuneration Policy to shareholders for approval at the AGM in July 2026. The Committee undertook a thorough review to ensure that the Policy remains appropriate for M&S and is aligned to our long-term strategy. Our review concluded that the Policy continues to achieve these aims and remains largely fit for purpose. In addition, we considered external benchmarking data for appropriate comparator groups (major retailers, similar-sized listed companies) and were satisfied that the current package remains competitive. We are therefore proposing only modest changes to ensure there is fairness in its application and that there is a specific long-term focus on reshaping M&S for growth. The proposed changes are:

- **Shareholding requirements** – we are proposing to increase shareholding requirements for Executive Directors from 250% to 300% of salary for the CEO and from 200% to 250% of salary for other Executive Directors. Ensuring that our Executive Directors remain strongly aligned with the shareholder experience is a key priority for the Committee.



REMUNERATION COMMITTEE REPORT CONTINUED

Remuneration Policy review continued

- **Bonus deferral** – we are proposing to add flexibility to scale down bonus deferral where shareholding requirements are met. There are no current plans to reduce bonus deferral for 2026/27 and the existing approach will remain; 50% of any bonus will continue to be deferred into shares for three years. The flexibility proposed is to ensure that the Policy remains competitive over its three-year lifetime and will only be implemented by the Committee after careful consideration. This includes ensuring continued significant long-term alignment of the interests of the Executive Directors to that of shareholders and that malus and clawback provisions can be implemented if required.

In developing our proposed Remuneration Policy, set out on page 71, we engaged with 25 shareholders, representing over 50% of our issued share capital. I would like to thank our major shareholders for their engagement and for the overall positive feedback they provided on our proposals.

Supporting our people

Oversight of remuneration across the wider colleague population remains a key priority for the Committee. When determining the appropriateness of the senior remuneration framework, and in particular salary increases, we considered wider colleague pay and the broader external context.

During the year, the Committee discussed and approved (where relevant):

- Pay and benefits across the Group, including noting the pay review for hourly paid Customer Assistants. We were very supportive of management's continued approach of investing in our lower-paid retail colleagues, who are integral to the Company's success by providing a great experience for our customers.
- The Committee also considered colleague views. BIG plays a critical role in this and collects feedback and views on pay packages, colleague discount and ShareSave. The BIG Chair attends a Remuneration Committee meeting each year.
- The overall spend on the pay review and the allocation approach for salaried and management colleagues.
- The remuneration packages for all senior leadership changes.
- An increase of 5% in Executive Directors' pay, effective from 1 July 2026. The Committee determined an increase was appropriate at a level lower than pay increases for Customer Assistants (6.4%) considering their overall remuneration. The general salaried pay review budget was 5%.

Remuneration outcomes for 2025/26

The Committee carefully considered the performance outcomes for 2025/26, taking into account the broader context, stakeholder views and to ensure the underlying performance of the business was reflected.

2025/26 Annual Bonus Scheme (ABS)

Having considered the impact of the cyber incident on the performance of the business, and following discussion with the Executive Directors, a joint decision was taken that, for 2025/26 only, no bonus scheme would operate for the Executive Directors. Their performance continued to be measured against a scorecard of individual objectives aligned to the strategic priorities set out earlier in this report; however, no financial payment will be made in respect of their achievements. The Committee considered the appropriateness of this decision at a time when executives are working harder than ever and believes, bearing in mind both the shareholder experience and wishes of management, this was the right decision for M&S in 2025/26.

2023 Performance Share Plan (PSP)

The Committee reviewed performance against the 2023 PSP metrics, reflecting the Company's adjusted earnings per share (EPS), adjusted return on capital employed (ROCE), relative total shareholder return (TSR) performance and delivery of the strategic objectives. It determined a vesting outcome of 78.8% of maximum.

The Committee considered the appropriateness of applying discretion to the vesting outcomes. We considered the impact of the cyber incident and, having noted that this occurred only in the final year of the three-year performance period, determined that the formulaic vesting outcome was fair and appropriate. The Committee was satisfied that the outcome is reflective of the strong shareholder experience over the performance period, with M&S delivering a TSR of 146% compared to 48% for the FTSE 100 index over the same period.

The Committee is comfortable that the Policy operated as intended in 2025/26 and that incentive payments made to Executive Directors during the year are appropriate in the context of business performance.



REMUNERATION COMMITTEE REPORT CONTINUED

Implementation of the Remuneration Policy for 2026/27

The Committee considered the targets set for the 2026/27 ABS and 2026 PSP to ensure they are stretching and that there is appropriate alignment between driving exceptional performance and retaining talent.

2026/27 ABS

The Committee reviewed the scheme design, operation and targets for the 2026/27 ABS. We agreed performance should continue to be measured against M&S Group adjusted PBT (70%) and individual objectives (30%), believing this remains appropriate when considering the continuing drive to reshape M&S for growth. We also agreed that the maximum opportunity under the scheme should remain at 200% of base salary.

2026 PSP

The Committee reviewed the scheme design, performance metrics and award levels for the 2026 PSP. We agreed the 2026 PSP should retain the same financial measures as for prior years – 30% adjusted EPS, 30% adjusted ROCE and 20% relative TSR – the remaining 20% will continue to be subject to strategic measures.

The Committee intends to grant 2026 PSP awards of 250% of salary to the CEO and CFO in July 2026.

See Figure 14 on page 86 for further details on how the Directors' Remuneration Policy will be implemented in 2026/27.

Conclusion

In what has been a challenging year, M&S has responded with exceptional resilience and has emerged stronger from the experience.

The Committee remains focused on ensuring that executive remuneration supports delivery of the M&S strategy, reinforces a high-performance culture and maintains strong alignment with long term shareholder value, while remaining mindful of the wider workforce context.

I would again like to thank our shareholders for their engagement and feedback on our proposed Policy, which aims to continue to support the retention and motivation of our Executive Directors.

I trust that this report is clear in explaining the Committee's decisions and remuneration outcomes in 2025/26.

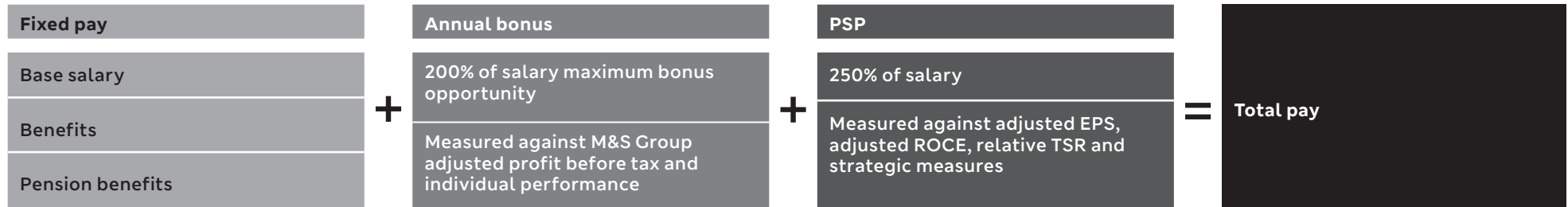
Fiona Dawson

Chair of the Remuneration Committee
19 May 2026



REMUNERATION AT A GLANCE

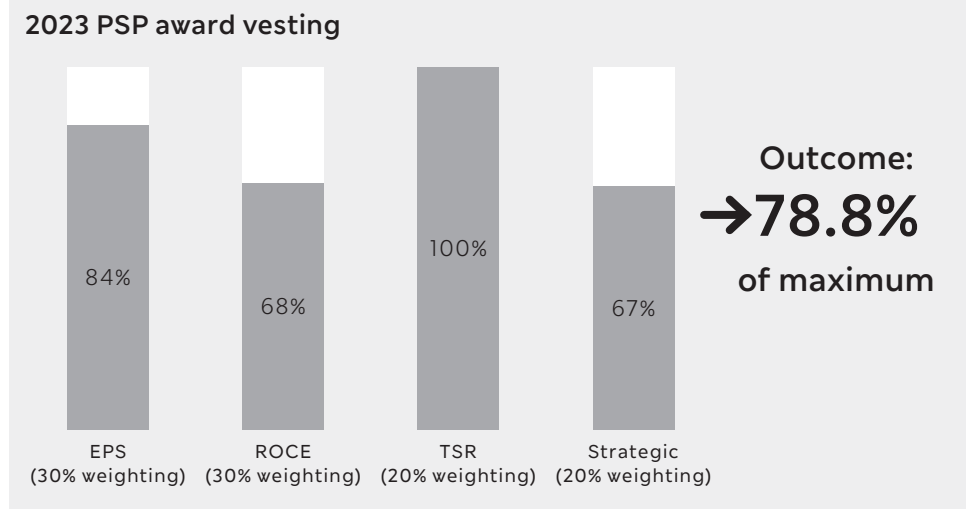
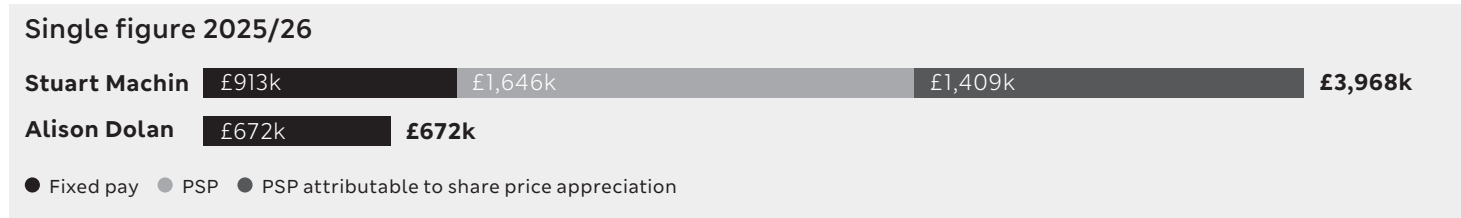
Executive Directors' remuneration structure



➔ Read more on page 83.

➔ Read more on page 85.

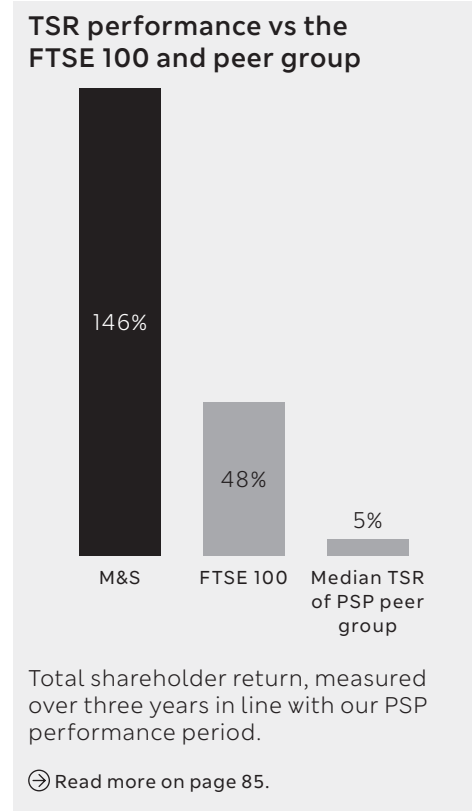
Pay outcomes for 2025/26



2025/26 Annual bonus

The Committee and management jointly agreed that no bonus scheme would operate for Executive Directors for 2025/26

➔ Read more on page 83.





REMUNERATION AT A GLANCE CONTINUED

Summary of proposed Remuneration Policy and implementation for 2026/27

Fixed pay

CEO salary: £908,979 <i>(5% increase)</i>	CFO salary: £630,000 <i>(5% increase)</i>	Salary increases in line with salaried colleagues (5%) and below Customer Assistants (6.4%)	Pension contribution unchanged – aligned with that available to colleagues (maximum employer contribution of 12% of salary)	Benefits are unchanged and in line with the Policy
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Annual bonus

2 3 4

Policy change: flexibility to reduce or remove deferral where shareholding guidelines are met.

Targets are commercially sensitive and will be disclosed retrospectively.

Maximum opportunity: **200% of salary** for both Executive Directors

2026/27 bonus measures:

- 70% M&S Group adjusted PBT
- 30% individual objectives

PSP

1 2 3 4

2026 PSP awards: **250% of salary** for both Executive Directors

2026 PSP award measures:

- 30% adjusted EPS
- 30% adjusted ROCE
- 20% relative TSR
- 20% strategic measures

Shareholding requirement

4

Policy change: increase to shareholding requirements.

CEO: 250% → 300% of salary	CFO: 200% → 250% of salary
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Colleague highlights

Salary increases:
6.4%
 for Customer Assistants and
5%
 for salaried colleagues

ShareSave:
Over 5,500
 colleagues share
profit of £32m
 from ShareSave scheme
 Average profit of
£5,900

Pension:
 Up to
12%
 employer contribution

Competitive benefits package
 – includes a market-leading 20% colleague discount, life assurance and VirtualGP as well as enhanced maternity, paternity and adoption leave

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

➔ Read more on page 81.



REMUNERATION POLICY

Shareholders approved the Remuneration Policy at the AGM in 2023. As such, the Company is required to seek approval for a new Policy at the AGM on 7 July 2026, from which date the updated Policy will apply. During the year, the Committee reviewed the overall remuneration framework in the context of the external regulatory environment, to ensure that it remains fit for purpose. The framework is designed to fulfil M&S' reward philosophy, which aims to support and drive the business' strategy.

Key changes from the Policy approved by shareholders at the 2023 AGM are detailed below and noted in the tables that follow:

- **Shareholding requirements** – the proposed policy increases shareholding requirements for Executive Directors from 250% to 300% of salary for the CEO and from 200% to 250% of salary for other Executive Directors. Ensuring that our Executive Directors remain strongly aligned with the shareholder experience is a key priority for the Committee.
- **Bonus deferral** – the proposed policy adds flexibility to scale down bonus deferral where shareholding requirements are met. There are no current plans to reduce bonus deferral for 2026/27 and the existing approach will remain; 50% of any bonus will continue to be deferred into shares for three years. The flexibility proposed is to ensure that the Policy remains competitive over its three-year lifetime and will only be implemented by the Committee after careful consideration.

Once approved, this Policy may operate for up to three years.

The Policy is designed to attract, retain and motivate our leaders within a framework designed to promote the long-term success of M&S and to be aligned with our shareholders' interests.

Figure 1: Executive Directors' Remuneration Policy table

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
Salary	To attract, retain and motivate high-calibre executives needed to deliver our strategy and drive business performance.	Salaries are payable in cash and are normally reviewed annually by considering a number of factors, including: <ul style="list-style-type: none"> • Salary increases awarded to colleagues more widely. • Comparable salaries in appropriate comparator groups. • The experience, responsibility and contribution of the individual and role within the Group. 	While there is no set maximum, any increases are normally in line with, or lower than, those in the wider workforce. Individual adjustments in excess of this may be made outside of this cycle at the discretion of the Committee, where appropriate. Such circumstances can include: <ul style="list-style-type: none"> • Where a role scope has changed. • Where comparable salaries in the external market have changed. • To apply salary progression for newly appointed directors. 	N/A
Pension	To attract and retain high-calibre executives through a commitment to responsible, secure retirement funding in line with our Company values.	Executive Directors may participate in the Your M&S Pension Saving Plan (a defined contribution arrangement), on the same terms as all other colleagues. An alternative cash payment in lieu of pension contributions is available.	The maximum employer contribution is aligned with that available to all other colleagues. This is currently 12% of salary where the employee contributes 6% of salary. The alternative cash payment is currently capped at 5% of salary.	N/A

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



REMUNERATION POLICY CONTINUED

Figure 1: Executive Directors' Remuneration Policy table continued

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
Benefits	To provide market-competitive benefits which drive employee engagement and commitment in our business.	Executive Directors are eligible to receive benefits in line with our policies. Where appropriate, our Global/Domestic Mobility Policy may apply. This may include, but not be limited to, travel, relocation and tax equalisation allowances. Executive Directors are offered a number of other benefits in line with all other colleagues, such as life assurance, colleague discount and salary sacrifice schemes such as Cycle2Work. Executive Directors may participate in a Save As You Earn scheme, a Share Incentive Plan and any other all-employee share schemes on the same terms as other colleagues.	While there is no set maximum, any benefits will be provided at a rate commensurate with the market. Maximum participation in all-employee share schemes is in line with local statutory limits.	N/A
Annual Bonus Scheme (ABS) including the Deferred Share Bonus Plan (DSBP) 2 3 4	To drive annual profitability, strategic change and individual performance in line with the business plan. To recognise and reward individual contributions to the way we do business. The deferral into shares provides alignment with shareholders' long-term interests following the successful delivery of short-term targets.	Executive Directors are eligible to participate in this non-contractual, discretionary scheme. Payments are made subject to the satisfaction of predetermined targets set at the start of the year, as approved by the Committee. Not less than 50% of any bonus earned is paid in deferred shares under the DSBP, with the remainder payable in cash. For Executive Directors that have met their shareholding requirement, the Committee has flexibility to reduce the level of deferral including to zero. Shares awarded under the DSBP usually vest after three years subject to continued service. Clawback and malus rules apply to cash and DSBP awards respectively; see explanatory notes (page 74) for more information. Good leaver and change of control provisions apply to the deferred shares (see explanatory notes). The value of any dividends during the deferred period may be payable (see explanatory notes). The Committee retains the right to exercise discretion, both upwards and downwards, to ensure that the level of award payable is appropriate and fair in the context of the director's individual performance and the Company's overall performance. Where exercised, the rationale for this discretion will be fully disclosed to shareholders in the subsequent Annual Report.	A maximum annual potential of up to 200% of salary.	Quantifiable one-year performance measures and targets are set by the Committee around financial and individual objectives linked with the sustainable delivery of the business plan. Financial performance measures comprise at least 50% of awards and may include but not be limited to Group PBT. Typically, no payment for individual objectives can be earned unless a 'threshold' level of financial performance (e.g. Group PBT) has been achieved. This threshold level is set by the Committee taking into account the previous year's performance and the business operating plan for the current year. For achievement of individual objectives, no more than 40% (currently 30%) of the maximum bonus potential is paid for threshold performance, and no more than 60% for target performance. However, the Committee retains the flexibility to amend the pay-out level at different levels of performance for future bonus cycles. This is based on its assessment of the level of stretch inherent in the set targets, and the Committee will disclose any such determinations appropriately.

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



REMUNERATION POLICY CONTINUED

Figure 1: Executive Directors' Remuneration Policy table continued

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
Performance Share Plan (PSP) 1 2 3 4	<p>Measured against the key financial drivers of the business plan to deliver sustainable value creation.</p> <p>To encourage long-term shareholding to retain Executive Directors and provide greater alignment with shareholders' interests.</p>	<p>Executive Directors are eligible to participate in this non-contractual, discretionary plan. Executive Directors may receive an annual award which vests after three years subject to predetermined performance conditions. Malus and Clawback rules apply to awards (see explanatory notes).</p> <p>Good leaver and change of control provisions apply (see explanatory notes).</p> <p>The value of any dividends during the vesting period may be payable (see explanatory notes). Awards are subject to a further two-year holding period after the vesting date. Executive Directors may sell sufficient shares to satisfy tax liabilities but must retain the net number of shares until the end of this two-year period. As with the bonus scheme, the Committee retains the right to exercise discretion in the same manner to ensure appropriateness of outcomes.</p>	<p>The maximum value of shares (at grant) which can be made under an award to an individual in respect of a financial year is 300% of salary.</p> <p>The maximum award to be granted in the 2026/27 financial year is 250% of salary.</p>	<p>Performance is measured over a three-year period against a balanced scorecard of appropriate measures as determined by the Committee each year.</p> <p>For the 2026 awards, this includes EPS (30%), ROCE (30%), TSR (20%) and strategic measures (20%). These are chosen as measures which support and drive performance in line with business strategy. Financial measures comprise at least 50% of awards.</p> <p>The threshold level of vesting is 20% of the maximum.</p> <p>For performance between threshold and maximum, awards vest on a straight-line basis.</p>
Shareholding requirement 4	<p>To drive long-term, sustainable decision-making for the benefit of the Company and our shareholders.</p>	<p>Executive Directors are required to hold shares equivalent in value to a minimum percentage of their salary within a five-year period from their appointment date.</p>	<p>Minimum requirement</p> <p>For the CEO, this requirement is 300% of salary. For other Executive Directors the requirement is 250%. Prior to 2026/27, the requirement was 250% of salary for the CEO and 200% for other Executive Directors.</p> <p>Post-cessation shareholding requirement</p> <p>Executive Directors are required to continue to hold their shareholding requirement, or, if their level of shareholding is below the requirement, their actual shareholding for two years after leaving M&S.</p>	N/A

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



REMUNERATION POLICY CONTINUED

Explanatory notes

The Committee reserves the right to make any remuneration payments notwithstanding that they are not in line with the Policy set out above, where the terms of the payment were agreed at a time when the relevant individual was not a director of the Company, or under a prior approved policy and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a director of the Company. Such payments or awards will be set out in the annual report on remuneration in the relevant year.

For these purposes, payments include the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

Awards granted under the PSP and the DSBP can be made in the form of conditional share awards, forfeitable shares, options or rights with the same economic effect. In addition, awards may be settled in cash. Awards may incorporate the right to receive (in cash and/or shares) the value of dividends (including any dividend tax credit where applicable) between grant and vesting on the shares that vest. This amount may be calculated on a cumulative basis, assuming the reinvestment of dividends into shares.

In the event of a variation of the Company's share capital or a demerger, special dividend or other event which in the Committee's opinion may affect the price of shares, the Committee may alter the terms of awards and the number of shares subject to them. The terms of awards may be amended in accordance with the relevant plan rules (which were formally approved by shareholders on 1 July 2025).

Any performance conditions applicable to the PSP awards may be amended by the Committee if an event occurs which causes it to consider that the performance condition would not achieve its original purpose and the amended performance condition is, in the opinion of the Committee, no less difficult to satisfy but for the event in question.

Our long-term incentive plans provide the Committee with discretion in respect of vesting outcomes that affect the actual level of reward payable to individuals. Such discretion would only be used in exceptional circumstances and, if exercised, the rationale for this discretion will be fully disclosed to shareholders in the subsequent Annual Report.

The Remuneration Committee may make minor amendments to the Remuneration Policy for regulatory, tax or administrative purposes or to take account of a change in legislation, without obtaining shareholder approval for that amendment.

Malus and clawback

M&S is committed to ensuring its remuneration arrangements motivate participants to strive for exceptional performance while also protecting shareholder value from the Company taking unnecessary risks. As such, malus and clawback provisions apply to the Executive Directors' incentive arrangements. All share awards granted from 2013 onwards are subject to malus provisions. Malus provisions allow the Committee, in its absolute discretion, to determine at any time prior to the vesting of an award to reduce the number of shares, cancel an award or impose further conditions on an award in circumstances for which the Committee considers such action to be appropriate. Such circumstances may include, but not be limited to, a material misstatement of the Company's audited results.

In addition, clawback provisions were introduced in 2015 and apply to cash payments made under the Annual Bonus Scheme. Awards made under any of the Company's other executive share plans (including the PSP) in 2015 and onwards will similarly be subject to clawback provisions. Clawback provisions enable the Committee, in its absolute discretion, to reclaim awards paid to individuals for up to three years after the respective vesting or payment date (or up to two years in the case of PSP awards) where specified events occur. The specified events that would trigger clawback include the discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company, the assessment of any performance condition, terms or conditions in respect of an award or payment that were based on error, or inaccurate or misleading information, the discovery that any information used to determine the number of shares subject to an award or amount payable was based on an error, or inaccurate or misleading information, the action or conduct of a participant which, in the reasonable opinion of the Committee, amounts to gross misconduct or a material breach of the participant's service contract that falls short of gross misconduct, and events or behaviour of a participant that have had a significant detrimental impact on the reputation of any member of the Group, provided that the Committee is satisfied that the relevant participant was responsible for the reputational damage and that the reputational damage is attributable to the participant. Clawback may be affected, among other means, by requiring the transfer of shares, payment of cash or reduction of awards.



REMUNERATION POLICY CONTINUED

Malus and clawback continued

The table below sets out the time period for which malus and clawback will apply for each incentive and why the selected period is most suitable. No malus or clawback has been applied in the last financial year.

Incentive	Malus	Clawback	Rationale
Annual Bonus Scheme	No malus provision (discretion can be applied in year if required).	Three years after payment date.	These time periods have been selected as they best reflect the period of assessment of individual and Company performance in relation to the respective incentives.
Deferred Share Bonus Plan	Malus provisions apply during the three-year deferral period.	No clawback to be applied to vested awards.	
Performance Share Plan	Malus provisions apply during the three-year performance period.	Clawback applies to vested awards for two years post-vesting.	The longer period applicable to long-term incentives enables the Remuneration Committee to apply malus and/or clawback in the event that the circumstances are not known for some time.

The malus and clawback periods are purposefully designed to align with respective deferral, vesting and holding periods. These are considered appropriate timeframes to review whether any trigger events have occurred under the malus and clawback provisions. There are robust mechanisms in place to ensure that these malus and clawback provisions are enforceable.

Performance conditions and target setting

The Committee reviews annually the measures, weightings and targets for the incentive arrangements for the Executive Directors. In doing so, the Committee considers several factors which assist in forming a view. These include, but are not limited to, the strategic priorities for M&S over the short to long term, shareholder feedback, the risk profile of the business and the macroeconomic climate.

The Annual Bonus Scheme is measured against a balance of profitability and the delivery of key strategic areas of importance for the business. The profitability measure used for 2026/27 is M&S Group adjusted profit before tax as this is used internally to report and assess business performance by the Board and Executive Committee. Refer to the Glossary on page 186 for the definition of M&S Group adjusted profit before tax, and to note 5 of the financial statements for a description of adjusting items.

The PSP is assessed against a balance of measures identified as those most relevant to driving both sustainable top-line and bottom-line business performance, as well as providing value for shareholders, and strategic alignment with the business.

This is reflected in the EPS and ROCE measures in the 2026 PSP awards, which focus on a balance of profitability, cost control and the efficient use of capital investment.

The value delivered to shareholders is reflected by the relative TSR measure in the 2026 PSP awards, which is measured against a bespoke group of retail companies which are believed to provide a balanced portfolio of those most likely to be alternative investment choices for M&S shareholders.

Targets are set against the respective annual and long-term operating plans taking into account analysts' forecasts, M&S' strategic plans, prior year performance, estimated vesting levels and the affordability of pay arrangements. Targets are set to provide a sustainable balance of risk and reward to ensure that, while being motivational for participants, maximum payments are only made for exceptional performance.



REMUNERATION POLICY CONTINUED

Consideration of remuneration framework for the rest of the organisation

When determining the Policy and remuneration arrangements for Executive Directors, the Committee considers pay and employment conditions of the wider colleague base to ensure that there is suitable alignment of pay structures. The Remuneration Committee is also kept informed of general management decisions relating to colleague pay, including pay reviews.

The Committee strongly believes in the key role colleague voice plays in contextualising remuneration decisions. Committee members receive colleague feedback directly and as part of Board meetings. The Committee also engages with colleagues directly via BIC, and since 2018, the Chair of BIC has attended one Remuneration Committee meeting each year to share colleague feedback and contribute to reward discussions. In 2025/26, this included attending a Remuneration Committee meeting during the Policy consultation phase, where stakeholder feedback was discussed.

M&S' philosophy is to provide a fair and consistent approach to pay. Remuneration is determined by level and is broadly aligned with those of the Executive Directors:

- Base salaries are reviewed annually and reflect the local labour market.
- All UK colleagues are eligible to participate in the Your M&S Pension Saving Plan on the same terms as the Executive Directors. In addition, eligible UK colleagues are provided with life assurance and colleague discount and may choose to participate in the Company's all-employee share schemes and salary sacrifice arrangements.
- A significant number of colleagues are eligible to be considered to participate in an annual bonus, the outcome of which for 2026/27 is partially determined by Group PBT performance. For all participants, part of the bonus is deferred into shares for three years.
- Around 140 of M&S' top senior executives may be invited to participate in the PSP, measured against the same performance conditions as Executive Directors. Award levels granted are determined to be aligned with market practice and reflect an individual's level of seniority as well as their performance and potential within the business.

Consideration of shareholder views

The Company is required to seek approval for the new Policy at the AGM to be held on 7 July 2026. The Board is committed to ensuring that our remuneration framework supports our strategy, and provides a balance between motivating and challenging our senior leaders to deliver our business priorities and the long-term sustainable success of M&S.

The Committee, led by the Committee Chair, consulted with our major shareholders (representing just over 50% of our total shares in issue) and, given many of our stakeholders engage their services, a number of shareholder representative bodies. The Committee reviewed and discussed all the feedback and responses provided by our shareholders and those representative bodies, who were broadly supportive of our proposals, and we would like to thank them for their highly valued time.

Figure 2: Recruitment Policy and service contracts

The table below sets out the Company's policy on the recruitment of new Executive Directors. Similar considerations may also apply where a director is promoted to the Board.

In addition, the Committee in exceptional circumstances has discretion to include any other remuneration component or award which it feels is appropriate, considering the specific circumstances of the individual, subject to the limit on variable remuneration set out below.

The rationale for any such component would be appropriately disclosed. For example, for internal promotional appointments to the Board, the Committee would honour any pre-existing contractual remuneration arrangements; these arrangements may be outside of the Policy detailed on pages 71 to 80.



REMUNERATION POLICY CONTINUED

Figure 2: Recruitment Policy and service contracts continued

Element	Approach
Service contract	<ul style="list-style-type: none"> Executive Directors have rolling contracts for service which may be terminated by M&S giving 12 months' notice to the CEO and six months' notice to the CFO. Both individuals are required to give six months' notice. There are no further obligations which could give rise to a remuneration or loss of office payment other than those set out in the Remuneration Policy and the Termination Policy. The directors' service contracts are available for shareholder inspection at the Company's registered office.
Base salary	<ul style="list-style-type: none"> Salaries are set by the Committee, taking into consideration several factors, including the pay for other Executive Directors, the experience, skill and current pay level of the individual, and external market forces. For new appointments to the Board, the Committee may set the rate of pay at the lower end of the range for other directors and/or other comparable roles within the market with the intention of applying staged increases.
Benefits	<ul style="list-style-type: none"> The Committee will offer a benefits package in line with our benefits policy for Executive Directors.
Pension	<ul style="list-style-type: none"> Maximum contribution in line with our policy for Executive Directors (currently up to 12% of salary). An alternative cash in lieu of pension currently capped at 5% of salary is also offered.
Annual Bonus Scheme	<ul style="list-style-type: none"> Eligible to take part in the Annual Bonus Scheme with a maximum bonus of 200% of salary in line with our policy for Executive Directors.
PSP	<ul style="list-style-type: none"> A maximum award of up to 300% of salary in line with our Policy. The maximum award for 2026/27 is 250% of salary.
Buy-out awards	<ul style="list-style-type: none"> Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer because of their appointment with M&S, the Committee may offer compensatory payments or buy-out awards, dependent on the individual circumstances of recruitment, determined on a case-by-case basis. The Committee in its judgement normally intends that any such payments are made on a like-for-like basis and considers issues such as the plan type, time horizons and valuation of the forfeited awards. The Committee's intention would be to ensure that the expected value awarded will be no greater than the expected value forfeited by the individual. Where appropriate, the Committee may choose to apply performance conditions to any of these awards.



REMUNERATION POLICY CONTINUED

Figure 3: Termination Policy

The Company may choose to terminate the contract of any Executive Director summarily in accordance with the terms of their service agreement, on payment in lieu of notice of a sum equal to salary, benefits and pension as per their contractual notice entitlement (see page 90).

The Company can make a series of phased payments which are paid in monthly instalments, subject to mitigation. This mechanism allows for any phased payments to be reduced by the income from any alternative position secured by the former director during the phased payments period.

Service agreements may be terminated without notice and without any payments in certain circumstances, such as gross misconduct. The Company may require the individual to work during their notice period or may choose to place the individual on garden leave. Such a decision would be made to ensure the protection of the Company's and shareholders' interests where the individual has had access to commercially sensitive information.

The Company's policy towards exit payments allows for a variety of circumstances where an Executive Director may leave the business. In some cases, if deemed suitable, the Committee reserves the right to determine exit payments where the Executive Director leaves by mutual agreement. In all circumstances, the Committee does not intend to reward failure and will make decisions based on the individual circumstances.

The Committee's objective is that any such agreements are determined on an individual basis and are in the best interests of the Company and shareholders at that time and reflect the Executive Director's contractual and other legal rights.

The table below sets out key provisions for Executive Directors leaving the Company under their service contracts and the incentive plan rules.

Element	Approach
Base salary, benefits and pension benefits	<ul style="list-style-type: none"> • Payment made up to the termination date in line with contractual notice periods.
Annual Bonus Scheme	<ul style="list-style-type: none"> • There is no contractual entitlement to payments under the Annual Bonus Scheme. If the Executive Director is under notice or not in active service at either the relevant year end or on the date of payment, there will be no entitlement to any bonus payment, either in cash or shares. The Committee may use its discretion as described above to make a bonus award, which is normally pro-rated for time worked during the relevant financial year and based on performance assessed at the end of the bonus period.
Long-term incentive awards	<ul style="list-style-type: none"> • Where an Executive Director ceases to be an officer or employee of the Group before the end of the relevant vesting period, the treatment of outstanding awards is determined in accordance with the plan rules. • In some circumstances, where an Executive Director leaves due to retirement, injury, ill health, death or the sale of the Executive Director's employing company or business out of the Group, or any other reason at the discretion of the Committee and in accordance with the plan rules, DSBP awards normally vest in full on cessation; PSP awards which have been held for at least 12 months normally vest when the level of performance has been assessed and agreed at the end of the three-year performance period. The Committee may determine these PSP awards vest upon cessation as permitted in the plan rules. In either circumstance, any relevant performance conditions would still apply to the PSP awards and unless the Committee determines otherwise, these would be time pro-rated and subject to the two-year holding period post-vesting.
Repatriation	<ul style="list-style-type: none"> • M&S may pay for repatriation where an Executive Director has been recruited from overseas.
Legal expenses and outplacement	<ul style="list-style-type: none"> • Where an Executive Director leaves by mutual consent, M&S may reimburse for reasonable legal fees and pay for professional outplacement services.



REMUNERATION POLICY CONTINUED

Corporate events

In the event of a change of control or winding up of the Company, unvested share awards will normally vest on the date that the Board notifies participants of such an event. The number of shares which may vest under awards in these circumstances will be subject to any relevant performance conditions and, in the case of PSP awards, unless the Committee determines otherwise, time pro-rating. In the event of a demerger, special dividend or other event which, in the opinion of the Committee, affects the price of shares, the Committee may allow some or all of an award to vest.

Figure 4: Non-Executive Directors' Remuneration Policy

The table below sets out our Policy for the operation of Non-Executive Director fees and benefits at the Company.

The Committee considers several factors when determining an appropriate fee level for the Chair. The Chair and Executive Directors determine appropriate fee levels for the Non-Executive Directors and take into account the time commitment, role responsibility and market practice in our comparator groups when doing so.

All Non-Executive Directors have letters of appointment for an initial three-year term; these are available for inspection at the Company's registered office. The Chair's agreement requires six months' notice by either party. The Non-Executive Directors' appointments may be terminated by either party giving three months' notice. Non-Executive Directors are entitled to receive any fee in respect of their notice period up to the date of termination.

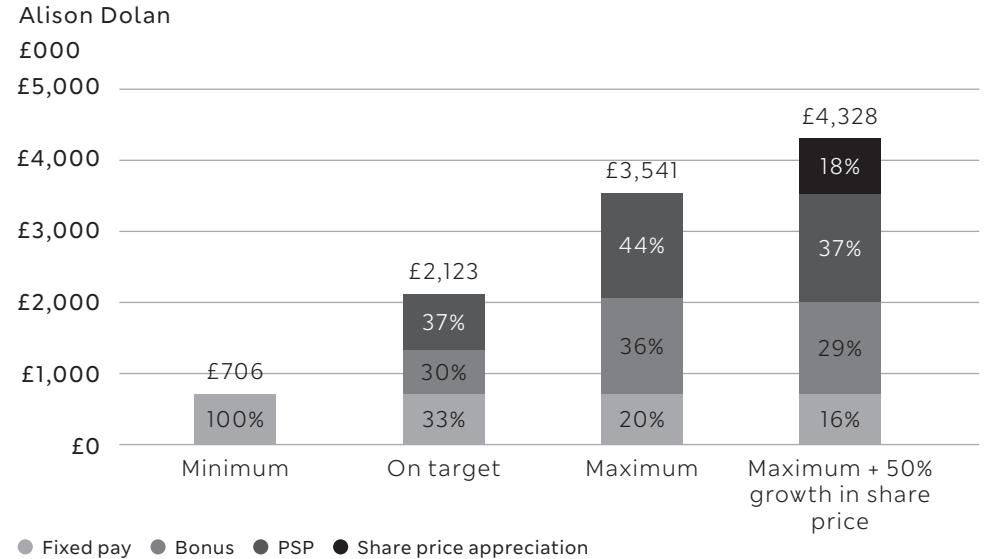
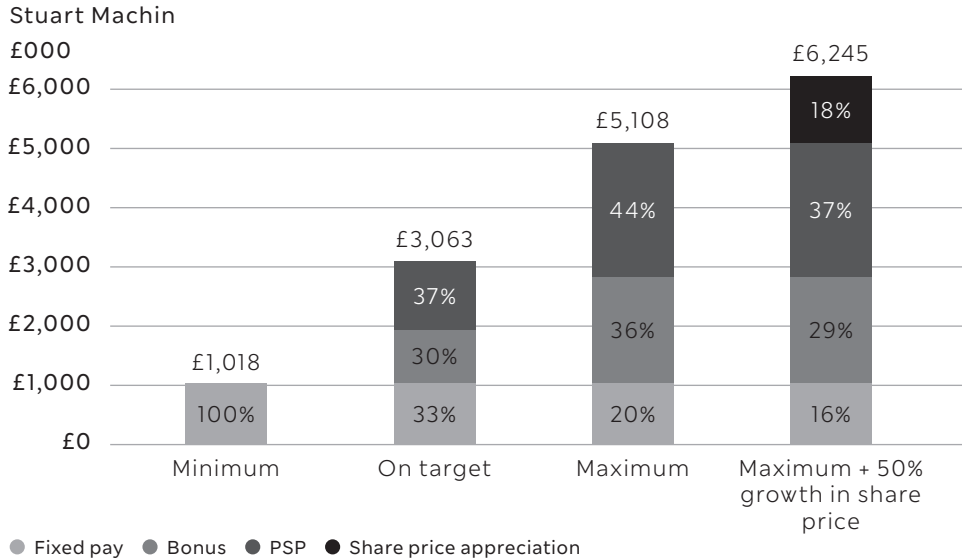
Element	Purpose and link to strategy	Operation and opportunity
Chair's fees	To provide a fair fee at a level that attracts and retains a high-calibre Chair.	<ul style="list-style-type: none"> • Fees are determined by the Remuneration Committee. • Total fee comprises the Non-Executive Director basic fee and the additional fee for undertaking the role. • Payments may be made in cash and/or shares. • Fees reflect the time commitment, demands and responsibility of the role. • Reviewed annually, taking into account market practice in appropriate comparator groups, e.g. major retailers, similar-sized listed companies. • The maximum aggregate fees for the Non-Executive Directors' basic fees, including the Chair's basic fee, is £2,000,000 p.a. as set out in our Articles of Association.
Non-Executive Directors' basic fee	To provide a fair basic fee at a rate that attracts and retains high-calibre Non-Executive Directors.	<ul style="list-style-type: none"> • Fees are determined by the Chair and Executive Directors. • Payments may be made in cash and/or shares. • Fee level recognises the scope of the role and time commitment required. • Reviewed annually, taking into account market practice in appropriate comparator groups, e.g. major retailers, similar-sized listed companies. • The maximum aggregate Non-Executive Director fees, including the Chair, is £2,000,000 p.a. as set out in our Articles of Association.
Additional fees	To provide compensation to Non-Executive Directors taking on additional Board responsibilities.	<ul style="list-style-type: none"> • Additional fees may be paid for additional time commitments, including undertaking the extra responsibilities of: <ul style="list-style-type: none"> - Board Chair. - Senior Independent Director. - Committee Chair. - Committee Member.
Benefits	To facilitate the execution of responsibilities and duties required by the role.	<ul style="list-style-type: none"> • In line with our other colleagues, the Chair and Non-Executive Directors are entitled to receive colleague discount. • The Company may reimburse the Chair and Non-Executive Directors for reasonable expenses in performing their duties and may settle any tax incurred in relation to these. • The Chair and Non-Executive Directors do not participate in pension or performance-related schemes.



REMUNERATION POLICY CONTINUED

Figure 5: Application of Remuneration Policy

The charts below provide an illustration of the potential future reward opportunities for the Executive Directors under different performance scenarios in 2026/27 under the Policy.



Basis of calculations and key

Fixed	<ul style="list-style-type: none"> Fixed remuneration No pay-out under the annual bonus and no vesting under the PSP
Target	<ul style="list-style-type: none"> Fixed remuneration ABS: 50% of maximum PSP: 50% vesting
Maximum	<ul style="list-style-type: none"> Fixed remuneration ABS: 100% of maximum PSP: 100% vesting
Maximum + 50% share price growth	<ul style="list-style-type: none"> Fixed remuneration ABS: 100% of maximum PSP: 100% vesting with 50% share price growth

Fixed remuneration

Includes all elements of fixed remuneration:

- Base salary (effective 1 July 2026, as shown in the table on page 86).
- Pension benefits as detailed on page 86.
- Benefits (using the value for 2025/26 included in the single figure table on page 83).

Annual Bonus Scheme (ABS)

The value of the deferred element of the annual bonus assumes a constant share price and does not include additional shares awarded in lieu of dividends that may accrue during the deferral period.

PSP

The value of the PSP assumes a constant share price (with the exception of the maximum with 50% share price growth scenario). It does not include additional shares awarded in lieu of dividends that may accrue during the vesting period.



REMUNERATION REPORT

Remuneration in context

Colleague engagement

The Committee strongly believes in the key role colleague voice plays in contextualising remuneration decisions. Committee members receive colleague feedback directly and as part of Committee and Board meetings.

The Committee also engages with colleagues directly via BIG. Since 2018, the Chair of BIG has been invited to attend a Remuneration Committee meeting each year to share colleague feedback and contribute to reward discussions.

This engagement gives the Committee greater visibility of the things that really matter to colleagues. It also gives the Committee the opportunity to explain and discuss our pay practices, and how executive pay aligns with pay across the business.

Examples of colleague engagement can be found throughout this Annual Report, but particularly on pages 7 and 25 to 26.

Colleague reward

We want everyone at M&S to be rewarded fairly and competitively. The Committee monitors and reviews remuneration policies in the wider colleague base. Management provides the Committee with updates on pay arrangements and their proposed approach to forthcoming pay reviews, including hourly paid Customer Assistants.

From April 2026, the rate for Customer Assistants increased by 6.4% to £13.41 nationally, and £14.74 in London. This represents an investment of £70m in retail pay, bringing the total investment to more than £350m over the last four years. Over the same period, pay has increased by 34%.

For salaried colleagues, effective July 2026, the salary pay review budget is 5%.

We continue to provide a highly competitive overall package. This includes a market-leading colleague discount, pension contributions up to 12%, life assurance and VirtualGP as well as enhanced maternity, paternity and adoption leave.

The Committee reviews all bonus costs and approves all PSP awards made to senior executives, considering the Company's financial performance and pay investment in the wider colleague base.

Share ownership across our colleagues

M&S is a proud advocate of employee share ownership. The Board believes this supports colleagues sharing in M&S' success, being owners of our business, and aligning with our shareholders' interests.

Across our UK colleagues, M&S has a significant number of participants in all-employee share schemes. Around 14,000 colleagues hold over 42m Save As You Earn (SAYE) options in our ShareSave scheme and over 3,900 colleagues hold shares in our Share Incentive Plan (SIP), ShareBuy.

In February 2026, our 2022 ShareSave scheme matured. Over 5,500 colleagues, the majority of whom were Customer Assistants, participated in the scheme. On average the typical saving was £55 per month and, factoring in the discounted option price and share price growth at maturity, the average gain was £5,900.

Additionally, colleagues who participate in the ABS receive a portion of their bonus in shares with deferred vesting after three years. For our most senior colleagues, 50% of the bonus award is deferred, while for less senior colleagues this deferred element represents a third of their total award.

ShareAction AGM resolution

At our 2025 AGM, resolution 27 was requisitioned by a small group of shareholders coordinated by ShareAction. The resolution requested detailed data disclosures relating to our colleague pay and the pay of our third-party suppliers and partners. The Board did not support this resolution, and it was not passed but received 30.7% support.

M&S is market leading in its employment practices. We have clear guidelines on how we contract with third parties and we attach great importance to ensuring that subcontracted employees are appropriately paid and treated as part of the M&S family.

We also aim to provide clear and comprehensive disclosures and have good regular dialogue with a wide range of stakeholders. We proactively engaged with shareholders on this matter ahead of the 2025 AGM and consulted further following the AGM to understand views. Further information can be found on pages 7 and 25 to 26.

Shareholder engagement is not limited to the AGM season, and the Committee welcomes open, two-way feedback and conversation on all matters of remuneration throughout the year.

CEO pay ratio

Given that the majority of our colleagues are store based, with a significant number working part-time, calculating a full-time equivalent rate is complex. Under Methodology B we use gender pay gap data, which is readily available, to identify the 25th, 50th and 75th percentile of UK colleagues as at the 5 April 2025 snapshot date. A full-time equivalent total pay figure for 2025/26 is then derived using the single figure methodology for the three colleagues. To ensure these are representative colleagues, we have also analysed the total pay of colleagues adjacent to them in the data. No element of pay has been omitted and the calculations follow the same methodology as in the prior year.

The majority of our workforce are Customer Assistants who are paid the same hourly base rate. The three colleagues selected for the CEO pay ratio percentiles are all Customer Assistants, so their pay is broadly similar, with differences largely driven by premiums and benefits choices. As a result, total pay and benefits, and therefore the ratios at the 25th and 50th percentiles, are the same.

The CEO's remuneration package is as detailed in Figure 8 on page 83. The decrease in the pay ratio this year is attributable to no bonus being payable for 2025/26. As the CEO's pay includes a significant variable component, this disproportionately impacts his total pay outcome. Therefore, the pay ratio can fluctuate year to year based on business performance and incentive outcomes.



REMUNERATION REPORT CONTINUED

CEO pay ratio continued

Figure 6: CEO pay ratio

Year	Methodology	25th percentile ratio	50th percentile ratio	75th percentile ratio
2025/26	Option B	153:1	153:1	137:1
2024/25	Option B	294:1	261:1	252:1
2023/24	Option A	216:1	198:1	166:1
2022/23	Option A	131:1	120:1	102:1
2021/22	Option A	128:1	117:1	99:1
2020/21	Option A	55:1	50:1	42:1
2019/20	Option A	64:1	59:1	51:1

The Remuneration Committee considers the pay ratios alongside other reference points. It believes the median pay ratio this year aligns with our pay, reward and progression policies for UK colleagues, reflecting our pay for performance philosophy. The table below outlines the base salary and total pay and benefits for the CEO and the 25th, 50th and 75th percentile colleagues.

Figure 7: Salary and total remuneration used in the CEO pay ratio calculations

Pay data	Salary	Total pay	Salary	Total pay
	£000	and benefits ¹ £000	£000	and benefits ² £000
	2024/25	2024/25	2025/26	2025/26
CEO remuneration	843	7,047	861	3,968
UK colleague 25th percentile	24	24	25	26
UK colleague 50th percentile	25	27	26	26
UK colleague 75th percentile	27	28	28	29

¹ Updated to reflect value of PSP at time of vesting.

² As detailed in Figure 8 on page 83, £3,054,882 of the CEO's total package is from variable pay and £1,408,898 is attributable to the share price increase on the 2023 PSP award. This reflects the Company's strong growth over the last three years and is aligned to the shareholder experience.

Gender pay gap

The M&S UK median pay gap remained at 5.5%, and the mean pay gap is 10.8% (down from 12.2% last year). We pay our colleagues according to their role, regardless of their gender. For example, all Customer Assistants are paid the same hourly base rate. However, more men earn additional premiums causing a positive gender pay gap.

A diverse, equitable and inclusive M&S is a critical enabler of the higher-performance customer-centric culture that we're aiming for. With 70% of our colleagues being women, improving their representation and experience remains central to our DE&I strategy. Women account for over half of our senior and store leadership roles and over 70% of colleagues on our future leader programme.

Progress highlights include:

- Enhancing our parental leave policies, doubling maternity and adoption leave, tripling our paternity leave and introducing a new neo-natal leave policy.
- Becoming accredited as a Menopause Friendly Employer with Henpicked.
- Achieving the Employers for Carers 'Carer Confident Accomplished' benchmark.

We know there's more to do and plan to build further from this position of strength with a particular focus in areas and roles where women are less well represented. Being close to our colleagues and listening and responding to the challenges they're facing will be key to this.

The full 2025 Gender Pay Gap Report can be found at

corporate.marksandspencer.com.



REMUNERATION REPORT CONTINUED

Executive Directors' remuneration

The table below sets out the total remuneration for 2024/25 and 2025/26 for each of our Executive Directors. The increase in M&S' share price since the PSP was granted in July 2023 has had significant impact on the value of award, with £1,408,898 of the CEO's 2023 PSP award being attributable to share price increase. This reflects the Company's strong growth over the last three years and is aligned to the shareholder experience.

Figure 8: Total single figure remuneration (audited)

Director	Year	Salary £000	Benefits £000	Pension ¹ £000	Bonus £000	PSP ² £000	Other ³ £000	Total pay £000	Total fixed pay £000	Total variable pay £000	% of total pay generated by share price appreciation
Stuart Machin	2025/26	861	0	52	—	3,055	0	3,968	913	3,055	36%
	2024/25	843	0	51	1,635	4,518	0	7,047	894	6,153	38%
Alison Dolan (from 6 January 2025)	2025/26	600	0	72	—	—	0	672	672	0	N/A
	2024/25	143	0	6	201	—	2,032	2,382	149	2,233	N/A

1 Stuart Machin and Alison Dolan are both members of the Your M&S Pension Savings Plan and participate on the same terms as all other colleagues. During the year, the CEO contributed 3% and the CFO contributed 6% of salary into the plan, and the Company contributed 6% and 12% respectively.

2 The PSP vesting values for 2025/26 are based on a share price of £3.644 (the average share price from Q4 2025/26). The 2024/25 values have been restated based on the share price of £3.438 at time of PSP vesting and to include the 2.6p dividend paid in July 2025.

3 In line with the approved Recruitment Policy, £714,840 of this figure relates to Alison Dolan's 2024 Rightmove annual bonus that she forfeited on resigning; 40% was paid as cash and 60% has been deferred into shares until March 2027. £1,317,340 reflects the face value of share awards granted to compensate her, on a fair value basis, for Rightmove share awards forfeited. The fair value was calculated to take account of the original performance period and the estimated satisfaction of the performance conditions of the original awards. The vesting timelines are in line with the time horizons of the original awards.

Annual bonus

ABS 2025/26 (audited)

As disclosed earlier in the report, following discussions with the Executive Directors, it was jointly agreed that as a result of the cyber incident the Executive Directors' bonus scheme would not operate for the 2025/26 financial year. While Executive Directors continued to be measured against a scorecard of individual objectives aligned to the strategic priorities set out earlier in this report, no financial payment will be made in respect of these achievements.

In reaching this decision, careful consideration was given to the exceptional commitment and leadership demonstrated by the management team during a period of significant challenge, recognising that they worked harder than ever to successfully lead the business through such a difficult time. However, it was concluded that, in the circumstances, and having particular regard to the experience of our shareholders, it would not be appropriate to make a bonus payment in respect of 2025/26.

The Committee believes that this approach supports our ambition to drive a high-performance culture and is consistent with our reward principle of linking pay to performance. It also reinforces the alignment of our Executive Directors' pay outcomes with the experience of shareholders.



REMUNERATION REPORT CONTINUED

Annual bonus continued**Figure 9: DSBP awards made in respect of 2024/25 (audited)**

The table below shows DSBP awards granted to Executive Directors in the year.

	Grant date	Basis of award	Number of shares ^{1,2}	Face value of award £000	End of deferral period
Stuart Machin	07/07/2025	50% of bonus	235,116	818	10/07/2028
Alison Dolan³	07/07/2025	50% of bonus	28,893	101	10/07/2028

1 Granted in the form of conditional shares, these awards vest after three years, subject to continued employment as well as malus provisions.

2 The share price used to calculate the number of shares was the average share price on the five dealing days prior to the date of grant (£3.476).

3 Alison was appointed as CFO on 6 January 2025 and her 2024/25 bonus was pro-rated for her period of employment.

Performance Share Plan (PSP)**PSP awards made in 2025/26 (audited)**

Three-year targets are set annually, taking into account the business strategy. As set out in last year's report, the Committee decided to delay target setting until the impact of the cyber incident was determined and appropriately stretching but realistic goals could be set. The Committee reviewed and approved the targets for the 2025/26 PSP award, which were published on 11 December 2025 and can be seen in Figure 10.

TSR is measured against a bespoke group of 13 companies, reviewed prior to grant to ensure the constituents remain appropriately aligned to M&S' business operations. Greggs and Pets at Home were added to the comparator group for the 2025/26 PSP awards.

The strategic targets are deemed too commercially sensitive to disclose but will be reported at the time of vesting.

For the 2025 PSP, a grant of 250% of salary for the CEO and CFO was approved by the Committee and was made on 7 July 2025. For financial measures, 20% of awards will vest for threshold performance, increasing to 100% on a straight-line basis between threshold and maximum performance. For strategic measures, no element of this award shall vest if the targets are not achieved. This supports the Committee's view that delivery of these strategic measures is critical; payment for achievement below the target would not be appropriate.

Figure 10: Performance conditions for PSP awards made in 2025/26 (audited)

2025 award measures	Weighting	Threshold	Maximum
Adjusted EPS in 2027/28	30%	35.5p	43.3p
Adjusted ROCE in 2027/28	30%	15.8%	18.3%
Relative TSR ¹	20%	Median	Upper quartile
Strategic measures	20%	M&S.com growth Food like-for-like sales growth Operating cost to sales ratio	

1 The comparator group for the TSR element of the 2025/26 PSP awards is: ASOS, B&M European, Currys, Dunelm Group, Frasers, Greggs, JD Sports Fashion, J Sainsbury, Kingfisher, Next, Pets at Home, Tesco and WHSmith.



REMUNERATION REPORT CONTINUED

Performance Share Plan (PSP) continued

Figure 11: PSP awards made in 2025/26 (audited)

	Grant date	Basis of award % of salary	Threshold level of vesting	Number of shares ¹	Face value of award £000 ²	End of performance period	Vesting date
Stuart Machin	07/07/2025	250%	20%	610,414	2,122	01/04/2028	10/07/2028
Alison Dolan	07/07/2025	250%	20%	431,530	1,500	01/04/2028	10/07/2028

1 PSP grants were made as conditional share awards.

2 The face value of the awards granted was calculated by multiplying the average share price on the five dealing days prior to the date of grant (£3.476) by the number of shares awarded.

Figure 12: PSP awards vesting in relation to 2025/26 (audited)

For Executive Directors in receipt of PSP awards granted in 2023, the awards will vest in July 2026, based on three-year performance over the period to 28 March 2026. For threshold performance, 20% of the 2023 award would vest, increasing to 100% on a straight-line basis between threshold and maximum performance.

The Committee assessed performance over the period and determined that 78.8% of the total award will vest. In reaching this decision, the Committee considered the impact of the cyber incident and, having noted that this occurred only in the final year of the three-year performance period, it determined that the vesting outcome was fair and appropriate. The Committee was satisfied that the outcome is reflective of the strong shareholder experience over the performance period, with M&S delivering a TSR of 146% compared to 48% for the FTSE 100 index over the same period. No discretion was applied to the formulaic vesting outcome and the Committee was also satisfied that there were no windfall gains.

Details of performance against the specific targets set are shown in the table below. The total vesting values shown in Figure 13 directly correspond to the figure included in the single figure table (Figure 8) on page 83.

Target and weighting	Strategic measures						Overall vesting
	Final year adjusted EPS	Final year adjusted ROCE	Relative TSR	M&S.com growth	Food like-for-like sales	Operating cost to sales ratio	
Threshold performance	30%	30%	20%	N/A	N/A	N/A	
Maximum performance	16.7p	11.5%	Median	10.0%	2.5%	32.0%	
Actual performance achieved	25.7p	14.0%	Upper quartile	-3.9%	9.8%	31.2%	
Percentage of maximum award achieved	23.8p	13.0%	Above upper quartile	0.0%	6.7%	6.7%	78.8%

Figure 13: Value of PSP awards vesting in relation to 2025/26 (audited)

	Number of shares granted	Outcome achieved %	Number of shares vesting	Dividend equivalents accrued during the performance period	Value attributable to share price appreciation £000 ¹	Total PSP vesting £000
Stuart Machin	1,039,501	78.8%	819,126	19,205	£1,409	£3,055

1 Calculated using the difference between the grant price of £1.924 and the average share price from Q4 2025/26 of £3.644.



REMUNERATION REPORT CONTINUED

Figure 14: Proposed implementation of the Remuneration Policy in 2026/27

Element of remuneration	Implementation in 2026/27												
Fixed pay	<p>The table below details the Executive Directors' salaries as at 1 July 2025 and salaries which will take effect from 1 July 2026. The increase awarded to Executive Directors is below the 6.4% awarded to Customer Assistants and in line with the 5% pay review budget for salaried colleagues and other senior management.</p> <table border="1"> <thead> <tr> <th></th> <th>Annual salary as of 1 July 2025 £000</th> <th>Annual salary as of 1 July 2026 £000</th> <th>Change in salary % increase</th> </tr> </thead> <tbody> <tr> <td>Stuart Machin</td> <td>866</td> <td>909</td> <td>5%</td> </tr> <tr> <td>Alison Dolan</td> <td>600</td> <td>630</td> <td>5%</td> </tr> </tbody> </table> <p>Both benefits and pension are in line with the wider colleague base (as outlined in the Policy).</p>		Annual salary as of 1 July 2025 £000	Annual salary as of 1 July 2026 £000	Change in salary % increase	Stuart Machin	866	909	5%	Alison Dolan	600	630	5%
	Annual salary as of 1 July 2025 £000	Annual salary as of 1 July 2026 £000	Change in salary % increase										
Stuart Machin	866	909	5%										
Alison Dolan	600	630	5%										
Annual bonus	<p>The Executive Directors are eligible to receive a bonus award of up to 200% of salary.</p> <p>Performance will be focused on M&S Group adjusted profit before tax (70%). The remaining 30% will be measured against a scorecard of individual objectives, identified as the measurable key priorities required to drive the continued growth of M&S. Individual performance will again be measured independently of PBT performance and no individual element may be earned until a threshold level of PBT is achieved.</p> <p>The performance targets for the 2026/27 scheme are deemed by the Board to be too commercially sensitive to disclose in this report but will be disclosed next year.</p>												

Element of remuneration	Implementation in 2026/27																				
PSP	<p>The Committee approved a 250% of salary PSP award for the Executive Directors in 2026. The Committee will review and reconfirm this decision immediately prior to grant to ensure this remains appropriate, particularly considering share price performance.</p> <p>During the year, the Committee reviewed the long-term incentive framework at M&S, assessing the extent to which it remained suitable. The 2026 PSP will maintain the measures and weightings used for the 2025 PSP awards. The Committee believes in the importance of strategically aligned incentives, so that Executive Directors are motivated to deliver the M&S Reshaping for Growth strategy. The Committee's aim is to ensure realistic and sustainable targets to support the delivery of such growth.</p> <p>The performance conditions are set out in the table below. The strategic targets are deemed too commercially sensitive to disclose but will be reported at the time of vesting.</p> <p>Performance conditions for PSP awards to be made in 2026/27</p> <table border="1"> <thead> <tr> <th>2026 PSP award measures</th> <th>Weighting</th> <th>Threshold (20% vesting)</th> <th>Maximum (100% vesting)</th> </tr> </thead> <tbody> <tr> <td>Final year adjusted EPS</td> <td>30%</td> <td>38.5p</td> <td>47.1p</td> </tr> <tr> <td>Final year adjusted ROCE</td> <td>30%</td> <td>16.3%</td> <td>18.8%</td> </tr> <tr> <td>Relative TSR¹</td> <td>20%</td> <td>Median</td> <td>Upper quartile</td> </tr> <tr> <td>Strategic measures</td> <td>20%</td> <td colspan="2">M&S.com growth Food like-for-like sales Operating cost to sales ratio</td> </tr> </tbody> </table>	2026 PSP award measures	Weighting	Threshold (20% vesting)	Maximum (100% vesting)	Final year adjusted EPS	30%	38.5p	47.1p	Final year adjusted ROCE	30%	16.3%	18.8%	Relative TSR ¹	20%	Median	Upper quartile	Strategic measures	20%	M&S.com growth Food like-for-like sales Operating cost to sales ratio	
2026 PSP award measures	Weighting	Threshold (20% vesting)	Maximum (100% vesting)																		
Final year adjusted EPS	30%	38.5p	47.1p																		
Final year adjusted ROCE	30%	16.3%	18.8%																		
Relative TSR ¹	20%	Median	Upper quartile																		
Strategic measures	20%	M&S.com growth Food like-for-like sales Operating cost to sales ratio																			

¹ The comparator group for the TSR element remains unchanged from the 2025/26 PSP awards: ASOS, B&M European, Currys, Dunelm Group, Frasers, Greggs, JD Sports Fashion, J Sainsbury, Kingfisher, Next, Pets at Home, Tesco and WHSmith.

Shareholding requirements	In line with the proposed policy set out on pages 71 to 80, shareholding requirements will be increased for 2026/27 to 300% for the CEO and 250% for other Executive Directors. Executive Directors are required to maintain their minimum shareholding requirement, or, if their level of shareholding is below this, their actual shareholding, for two years after leaving M&S.
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REMUNERATION REPORT CONTINUED

Figure 15: Executive Directors' shareholdings (audited)

The table below sets out the total number of shares held by each Executive Director serving on the Board during the period to 28 March 2026.

There have been no changes in the current Executive Directors' interests in shares or options granted by the Company and its subsidiaries between the end of the financial year and 19 May 2026. No Executive Director had an interest in any of the Company's subsidiaries at the statutory end of the year.

	Shares owned outright ¹	With performance conditions	Without performance conditions	
		PSP ^{2,5}	DSBP ^{3,5}	RSP ^{4,5}
Stuart Machin	1,953,837	2,398,067	848,337	—
Alison Dolan	209,619	673,488	28,992	123,815

1 Includes shares owned by connected persons.

2 PSP awards were made as conditional share awards; the performance conditions have previously been disclosed.

3 Awards under the DSBP were made as conditional share awards and relate to half of the annual bonus earned in respect of 2022/23, 2023/24 and 2024/25, deferred into shares for three years.

4 Alison Dolan's RSP awards were granted as conditional shares and replace awards that she forfeited on resigning from Rightmove.

5 The figures in the table above include dividend equivalents that are accrued on share awards.

Figure 16: Shareholding requirements including post-cessation (audited)

All Executive Directors are required to build a holding of shares equivalent in value to a minimum percentage of their salary within a five-year period from their appointment date. This is currently 250% of salary for the CEO and 200% of salary for other Executive Directors. As detailed in the policy table on page 73 this requirement will increase to 300% of salary for the CEO and 250% of salary for other Executive Directors. Executive Directors are required to maintain their minimum shareholding requirement, or, if their level of shareholding is below this, their actual shareholding, for two years after leaving M&S.

The chart below shows the extent to which each Executive Director has met their target shareholding as at 28 March 2026. For the purposes of the requirements, the net number of unvested share awards not subject to performance conditions is included and is reflected in the chart below. The Committee continues to keep shareholding requirement guidelines and actual Executive Director shareholdings under review and will take appropriate action should it consider it necessary.



● Shares owned outright ● Unvested DSBP/RSP shares

The average share price from Q4 2025/26 of £3.644 has been used.

Figure 17: Executive Directors' interests in the Company's share schemes (audited)

	Maximum receivable at 30 March 2025	Awarded during the year	Exercised during the year ¹	Lapsed during the year	Dividend equivalents accrued	Maximum receivable at 28 March 2026
Stuart Machin						
PSP	3,218,596	610,414	1,315,086	145,126	29,269	2,398,067
DSBP	1,013,307	235,116	409,934	—	9,848	848,337
RSP	—	—	—	—	—	—
Total	4,231,903	845,530	1,725,020	145,126	39,117	3,246,404
Alison Dolan						
PSP	237,996	431,530	—	—	3,962	673,488
DSBP	—	28,893	—	—	99	28,992
RSP	399,313	123,390	402,636	—	3,748	123,815
Total	637,309	583,813	402,636	—	7,809	826,295

1 The share price on the date of vesting for the PSP and DSBP awards was £3.39875.

Employee share schemes**All-employee share schemes (audited)**

Executive Directors may participate in ShareSave, the Company SAYE scheme, and ShareBuy, the Company's SIP, on the same basis as all other eligible colleagues. The Executive Directors do not currently participate in any all-employee share schemes. Further details of the schemes are set out in note 13 of the financial statements on pages 142 to 143.

Dilution of share capital by employee share plans

Awards granted under the Company's SAYE scheme and discretionary share plans can be met by the issue of new shares when the options are exercised or through market purchase shares. The Company monitors the number of shares issued under these schemes and their impact on dilution limits.

Figure 18: All share plans

(As at 28 March 2026)



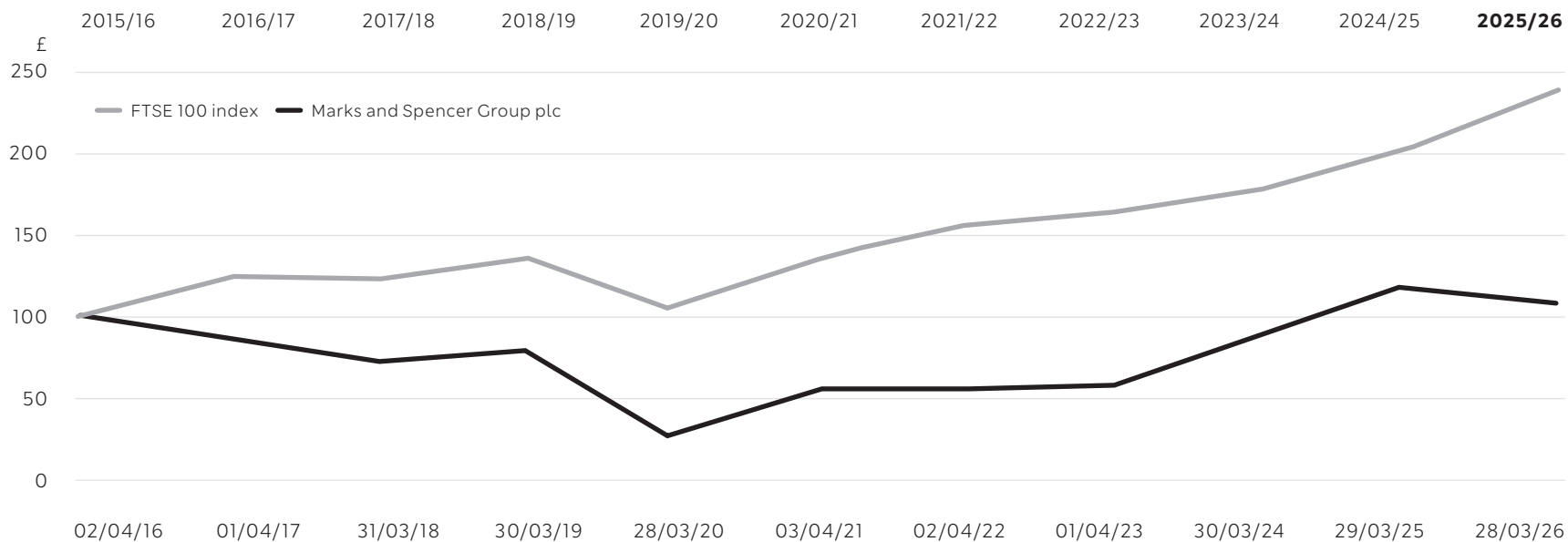
● Actual ● Limit



REMUNERATION REPORT CONTINUED

Figure 19: Performance and CEO remuneration comparison

This graph illustrates the Company's performance against the FTSE 100 over the past 10 years. The FTSE 100 has been selected as an appropriate comparison index as M&S re-entered the FTSE 100 on 18 September 2023. The calculation of TSR is in accordance with the relevant remuneration regulations. The table below the TSR chart sets out the remuneration data for Executive Directors undertaking the role of CEO during each of the last 10 financial years.



CEO		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
CEO single figure (£000)	Stuart Machin	—	—	—	—	—	—	—	2,708	5,092	7,047	3,968
	Steve Rowe	1,642	1,123	1,517	1,205	1,068	2,630	156	—	—	—	—
Annual bonus payment (% of maximum)	Stuart Machin	—	—	—	—	—	—	—	81.1%	96.0%	97.0%	—
	Steve Rowe	37.0%	0.0%	0.0%	0.0%	0.0%	95.0%	—	—	—	—	—
PSP vesting (% of maximum)	Stuart Machin	—	—	—	—	—	—	—	51.0%	90.0%	90.0%	78.8%
	Steve Rowe	0.0%	8.2%	34.0%	11.2%	0.0%	0.0%	51.0%	—	—	—	—



REMUNERATION REPORT CONTINUED

Figure 20: Percentage change in directors' remuneration

	2025/26			2024/25			2023/24			2022/23			2021/22		
	% change 2024/25–2025/26			% change 2023/24–2024/25			% change 2022/23–2023/24			% change 2021/22–2022/23			% change 2020/21–2021/22		
	Base salary/fees	Benefits ⁴	Annual bonus	Base salary/fees	Benefits	Annual bonus	Base salary/fees	Benefits	Annual bonus	Base salary/fees	Benefits	Annual bonus	Base salary/fees	Benefits	Annual bonus
Stuart Machin¹	2%	—	(100%)	3%	(43%)	4%	3%	12.5%	21%	—	—	—	—	—	—
Alison Dolan¹	—	—	(100%)	—	—	—	—	—	—	—	—	—	—	—	—
Archie Norman²	3%	—	—	3%	100%	—	3%	—	—	3%	(100%)	—	1%	100%	—
Tamara Ingram²	3%	—	—	3%	—	—	3%	—	—	3%	—	—	1%	—	—
Sapna Sood²	3%	—	—	3%	—	—	3%	—	—	3%	—	—	1%	—	—
Evelyn Bourke²	3%	—	—	3%	—	—	3%	—	—	3%	(100%)	—	1%	—	—
Fiona Dawson²	3%	—	—	3%	—	—	3%	—	—	3%	—	—	1%	—	—
Cheryl Potter²	3%	—	—	3%	—	—	3%	—	—	—	—	—	—	—	—
Roger Burnley^{2,3}	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sean Doyle^{2,3}	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
UK M&S colleagues (average FTE)	5%	—	(100%)	9.4%	9.8%	5.5%	8.5%	17%	23%	6%	—	(6%)	2%	—	100%

1 See Figure 8 on page 83 for details of Executive Director remuneration which support the percentage changes above. Alison Dolan joined the Board on 6 January 2025 and did not receive a salary increase during the 2025/26 financial year.

2 See Figure 24 on pages 90 and 91 for details of Non-Executive Director remuneration which support the percentage changes above.

3 Roger Burnley and Sean Doyle joined M&S on 1 December 2025.

4 No changes were made to benefits during the year. The change in benefit is blank where the benefit value was zero in the prior year as there is no figure to compare to.



REMUNERATION REPORT CONTINUED

Figure 21: Relative importance of spend on pay

The table below illustrates the Company's expenditure on total pay for all colleagues across the Group and distributions to shareholders by way of dividend payments and share buyback. M&S Group adjusted profit before tax has been used as a comparison, as this is the key financial metric that the Committee considers when assessing Company performance.

	2024/25 £m	2025/26 £m	% change
Total colleague pay	2,168.6	2,444.7	13%
Total returns to shareholders	60.5	77.0	27%
M&S Group adjusted profit before tax¹	875.5	671.4	-23%

¹ M&S Group adjusted profit before tax as disclosed on page 1.

Figure 22: Service agreements

In line with our Policy, Executive Directors have rolling contracts which may be terminated by the Company or the Executive Director giving notice as detailed in the table below:

	Date of appointment	Notice period
Stuart Machin	25/05/2022	12 months/6 months
Alison Dolan	06/01/2025	6 months/6 months

Figure 23: CFO recruitment arrangements

As detailed in last year's report, Alison Dolan received replacement share awards to compensate her for share awards forfeited by leaving Rightmove. This included Alison's 2024 Rightmove bonus, of which 60% was deferred into shares. These shares were granted in July 2025 and will vest in March 2027. The value of this award was reported in the single figure table in respect of 2024/25.

	Face value of award £000 ^{1,2}	Vesting date
Alison Dolan	429	25/03/2027

¹ The share price used to calculate the awards was £3.476, being the five-day average share price immediately preceding the date of grant.

² Dividend equivalents will be paid on the vesting date based on the number of vested shares.

External appointments

Executive Directors may hold external appointments outside M&S with the approval of the Board and provided these do not give rise to any conflicts with their duties to the Company. Fees earned from such appointments may be retained by the Director. During the year, Alison Dolan served as a non-executive director of Pearson plc. Fees in respect of this role amounted to £95,000 for the year ended 31 December 2025.

Payments for loss of office 2025/26 (audited)

There were no payments for loss of office.

Payments to past directors during 2025/26 (audited)

Katie Bickerstaffe's unvested conditional shares awarded under the 2023 PSP were pro-rated for time to 10 July 2024. In line with other participants, 78.8% of her 2023 PSP awards will vest in July 2026. After pro-ration, 261,976 shares will vest at an estimated value of £954,641. Valuations for Katie's PSP vesting awards are based on a share price of £3.644 (the average share price in Q4 2025/26).

Figure 24: Non-Executive Directors' total single figure remuneration (audited)

Fees for Non-Executive Directors are reviewed annually at M&S. Non-Executive Directors receive fees reflecting the time commitment, demands and responsibilities of the role. Fees paid to the Non-Executive Directors and Board Chairman for 2025/26 and 2024/25 are detailed in Figure 24.

Benefits include expense reimbursements relating to travel, accommodation and subsistence in connection with attendance at Board and Committee meetings during the year, which are deemed by HMRC to be taxable. The amounts in the following table are the taxable expenses that the Company grossed up and paid the UK tax on for the Non-Executive Directors. Non-taxable expense reimbursements have not been included in the table.

In line with pay increases for salaried colleagues, Non-Executive Director fees will increase by 5% to £85,340 with effect from 1 July 2026. The Board Chairman was also awarded an increase of 5%, bringing the total aggregate fee to £730,342.

No change was made to the SID fee of £31,000, the fee of £20,000 for chairing or the £5,000 fee for attending a Committee.

Following the FRC's publication of its revised guidance on non-executive director remuneration in November 2025, a review of this fee structure will be undertaken during the year. Fees for Non-Executive Directors are determined by the Executive Directors and the Chairman, and the Chairman's fee is determined by the Remuneration Committee. Any changes will be disclosed in the 2026/27 annual report.



REMUNERATION REPORT CONTINUED

Figure 24: Non-Executive Directors' total single figure remuneration (audited) continued

Director	Year	Fees £000	Benefits £000	Total £000
Archie Norman	2025/26	690	2	692
	2024/25	670	2	672
Justin King (until 10 September 2025)	2025/26	39	0	39
	2024/25	82	0	82
Tamara Ingram	2025/26	106	0	106
	2024/25	102	0	102
Sapna Sood	2025/26	86	0	86
	2024/25	82	0	82
Evelyn Bourke	2025/26	101	0	101
	2024/25	98	0	98
Fiona Dawson	2025/26	132	0	132
	2024/25	108	0	108
Ronan Dunne (until 1 December 2025)	2025/26	57	0	57
	2024/25	82	0	82
Cheryl Potter	2025/26	86	0	86
	2024/25	82	0	82
Roger Burnley (joined 1 December 2025)	2025/26	29	0	29
	2024/25	—	—	—
Sean Doyle (joined 1 December 2025)	2025/26	29	0	29
	2024/25	—	—	—

Figure 25: Non-Executive Directors' shareholdings (audited)

The Non-Executive Directors are not permitted to participate in any of the Company's incentive arrangements. All Non-Executive Directors are required to build and maintain a shareholding of at least 2,000 shares in the Company upon joining M&S. Details are shown in the table below.

There were no changes in the current Non-Executive Directors' interests in shares in the Company and its subsidiaries between the end of the financial year and 19 May 2026.

Director	Number of shares held as at 28 March and 19 May 2026 ¹
Archie Norman	148,600
Justin King²	64,000
Tamara Ingram	2,000
Sapna Sood	2,000
Evelyn Bourke	50,000
Fiona Dawson	28,004
Ronan Dunne²	25,000
Cheryl Potter	100,000
Roger Burnley	2,800
Sean Doyle	2,526

1 Includes shares owned by connected persons.

2 Shareholdings for Justin King and Ronan Dunne are shown at the time of stepping down from the Board, 10 September 2025 and 1 December 2025 respectively.



REMUNERATION REPORT CONTINUED

Figure 26: Non-Executive Directors' agreements for service

Non-Executive Directors have an agreement for service for an initial three-year term which can be terminated by either party giving three months' notice (or six months' notice for the Chairman).

As announced in October 2025, Archie Norman's tenure as Chairman has been extended for the next phase of the M&S Reshaping for Growth strategy. This will take his tenure beyond the nine years set out in the UK Corporate Governance Code. However, the Board is unanimous in its conviction that his continuation as Chairman is in the best interests of the Company, having noted strong shareholder support for this view. The extension of his term will last for three years from September 2026, but will be subject to a comprehensive annual review, and no major change of circumstances. Further information is on page 56.

The table below sets out the terms for all current members of the Board.

Director	Date of appointment	Notice period
Archie Norman	01/09/2017	6 months/6 months
Tamara Ingram	01/06/2020	3 months/3 months
Sapna Sood	01/06/2020	3 months/3 months
Evelyn Bourke	01/02/2021	3 months/3 months
Fiona Dawson	25/05/2021	3 months/3 months
Cheryl Potter	01/03/2023	3 months/3 months
Roger Burnley	01/12/2025	3 months/3 months
Sean Doyle	01/12/2025	3 months/3 months

Remuneration Committee advisers

During the year, the Committee received advice on remuneration matters from PwC. PwC was appointed by the Committee as its independent adviser in 2014, following a rigorous and competitive tender process.

PwC is a founding member of the Remuneration Consultants Group and voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK.

The Committee regularly reflects on the quality and objectivity of this advice and is satisfied that any conflicts are appropriately managed. PwC's advisory team has no connection with any individual director of the Group.

During the year, PwC charged £70,750 for Remuneration Committee matters. This is based on an agreed fee for business-as-usual support, with additional work charged at hourly rates. PwC also provided the Company with assurance, tax, and consulting advice during the financial year.

The Committee also seeks internal support from the CEO, CFO, General Counsel & Company Secretary, Chief People Officer, and the Head of Executive Reward as necessary. All may attend Committee meetings by invitation but are not present for any discussions that relate directly to their own remuneration.

Shareholder support for the Remuneration Policy and 2024/25 Directors' Remuneration Report

At the AGM on 1 July 2025, 95.07% of shareholders voted in favour of the advisory resolution to approve the Directors' Remuneration Report for 2024/25. The Committee believes this illustrates the strong level of shareholder support for the senior remuneration framework. Figure 27 below shows full details of the voting outcomes for the 2024/25 Directors' Remuneration Report and Remuneration Policy (voted on at the 2023 AGM).

Figure 27: Voting outcomes for the Remuneration Policy and 2024/25 Remuneration Report

	Votes for	% votes for	Votes against	% votes against	Votes withheld
Remuneration Policy (at the 2023 AGM)	1,286,748,793	97.74	29,785,038	2.26	261,392
2024/25 Remuneration Report (at the 2025 AGM)	1,293,591,998	95.07	67,029,977	4.93	366,446

Approved by the Board

Fiona Dawson
Chair of the Remuneration Committee
19 May 2026

The Remuneration Policy and this Remuneration Report have been prepared in accordance with the relevant provisions of the Companies Act 2006 and on the basis prescribed in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the Regulations). Where required, data has been audited by our external auditor, Deloitte, and this is indicated appropriately.



OTHER DISCLOSURES

Directors' Report

Marks and Spencer Group plc (the Company) is the holding company of the Marks and Spencer Group of companies (the Group).

The Directors' Report for the year ended 28 March 2026 comprises pages 49 to 98 and pages 201 to 202 of this report, together with the sections of the Annual Report incorporated by reference. The Strategic Report and the Directors' Report together form the Management Report for the purposes of the Disclosure Guidance and Transparency Rules (DTR) 4.1.8R.

As permitted by legislation, some of the matters required to be included in the Directors' Report have instead been included elsewhere in the Annual Report and are incorporated by reference. Specifically, these are:

- Matters the Board considers are of strategic importance including future business developments (throughout the Strategic Report on pages 1 to 48).
- Risk management on pages 41 to 42.
- Information on how the directors have had regard for the Company's stakeholders, and the effect of that regard, on pages 6 to 9.
- Information relating to financial instruments on pages 153 to 165.
- Our approach to social, environmental and ethical matters, and our SECR disclosures, in our ESG Committee Report on pages 58 to 59, our ESG Review and TCFD Report on pages 27 to 39, and our ESG Report available online at corporate.marksandspencer.com/ESGreport2026.

Other information to be disclosed in the Directors' Report is given in this section.

The Directors' Report fulfils the requirements of the Corporate Governance Statement for the purposes of DTR 7.2.3R. The Company's full Corporate Governance Statement is available online at corporate.marksandspencer.com/about-us/corporate-governance.

Both the Strategic Report and the Directors' Report have been drawn up and are presented in accordance with, and in reliance upon, applicable English company law. The liabilities of the directors in connection with those reports shall be subject to the limitations and restrictions provided by such law.

Information to be disclosed under UKLR 6.6.1R

Listing Rule	Detail	Page reference
UKLR 6.6.1R (1) (2) (4-10) (13)	Not applicable	N/A
UKLR 6.6.1R (11) (12)	Waiver of dividends	Note 13
UKLR 6.6.1R (3)	Long-term incentive schemes	67-68, 69-70, 84-87

Board of directors

The membership of the Board and biographical details of the directors are on pages 51 to 52. Changes to the directors during the year and up to the date of this report are set out below.

Name	Effective date of appointment/departure
Departures	
Justin King	10 September 2025
Ronan Dunne	1 December 2025
Appointments	
Roger Burnley	1 December 2025
Sean Doyle	1 December 2025

The appointment and replacement of directors is governed by the Company's Articles of Association (the Articles), the UK Corporate Governance Code, the Companies Act 2006 and related legislation. Under the Articles, any such director shall hold office only until the next Annual General Meeting (AGM) where they will stand for annual election.

The Articles may be amended by a special resolution of the shareholders. Subject to the Articles, the Companies Act 2006 and any directions given by special resolution, the business of the Company will be managed by the Board which may exercise all of the powers of the Company.

Details of directors' beneficial and non-beneficial interests in the shares of the Company are shown on pages 87 and 91. Options granted to directors under the Save As You Earn (SAYE) and Executive Share Option Schemes are shown on page 87. Further information about employee share option schemes is in note 13 to the financial statements on pages 142 to 143.

The Company may, by ordinary resolution, declare dividends not exceeding the amount recommended by the Board. Subject to the Companies Act 2006, the Board may pay interim dividends and also any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies its payment.



OTHER DISCLOSURES CONTINUED

Directors' Report continued

Numerical diversity data

Our gender identity and ethnicity data in accordance with UKLR 6.6.6R (10) as at 28 March 2026 is set out below. Board and Executive Committee (ExCo) members are asked to complete a diversity disclosure to confirm which of the categories set out below they identify with.

Gender identity	Number of Board members	% of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in ExCo*	% of ExCo*
Men	4	40	2	7	78
Women	6	60	2	2	22
Not specified/prefer not to say	—	—	—	—	—

Ethnic background	Number of Board members	% of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in ExCo*	% of ExCo*
White British or other White (including minority-white groups)	9	90	4	8	89
Mixed/Multiple ethnic groups	—	—	—	1	11
Asian/Asian British	1	10	—	—	—
Black/African/Caribbean/Black British	—	—	—	—	—
Other ethnic group	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—

* ExCo members are the 'executive management' of the Company.

Directors' conflicts of interest

The Company has procedures in place for managing conflicts of interest. All directors are required to avoid situations in which they have, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. Should a director become aware that they, or any of their connected parties, have an interest in an existing or proposed transaction with the Company or its subsidiaries, they are expected to notify the Board in writing or at the next Board meeting. Internal controls are in place to ensure that any related party transactions involving directors, or their connected parties, are conducted on an arm's length basis. Directors have a continuing duty to update any changes to these conflicts.

Directors' indemnities

The Company maintains directors' and officers' liability insurance which provides appropriate cover for legal action brought against its directors and officers. The Company has also granted indemnities to each of its directors and the Company Secretary to the extent permitted by law. Qualifying third-party indemnity provisions (as defined by Section 234 of the Companies Act 2006) were in force during the year ended 28 March 2026. They remain in force in relation to certain losses and liabilities which the directors (or Company Secretary) may incur to third parties in the course of acting as directors or Company Secretary or employees of the Company or of any associated company. Qualifying pension scheme indemnity provisions (as defined by Section 235 of the Companies Act 2006) were in force during the course of the financial year ended 28 March 2026 for the benefit of the Trustees of the Marks & Spencer UK Pension Scheme, both in the UK and the Republic of Ireland.

Profit and dividends

The profit for the financial year, after taxation, amounts to £236.2m (last year: £291.9m). The directors have declared dividends as follows:

	2026 per share	£m	2025 per share	£m
Dividends on ordinary shares				
Paid interim dividend	1.2p	24.6	1.0p	20.3
Proposed final dividend	3.0p	62.0	2.6p	52.4
Total dividend	4.2p	86.6	3.6p	72.7

Subject to shareholder approval at this year's AGM, the final dividend will be paid on 10 July 2026 to shareholders whose names were on the Register of Members at close of business on 5 June 2026.



OTHER DISCLOSURES CONTINUED

Directors' Report continued**Share capital**

The Company's issued ordinary share capital as at 28 March 2026 comprised a single class of ordinary share. Each share carries the right to one vote at general meetings of the Company.

During the financial year, 10,308,429 ordinary shares in the Company were issued under the terms of the Company's SAYE Share Option Scheme. 46,533 shares were issued at a price of 82p, 1,778,350 shares at a price of 189p, 8,346,933 shares at a price of 99p, 110,060 shares at a price of 204p, and 26,553 shares at a price of 303p.

Details of movements in the Company's issued share capital can be found in note 24 to the financial statements on page 167.

Restrictions on transfer of securities

There are no specific restrictions on the transfer of securities in the Company, which are governed by its Articles and prevailing legislation. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or that might result in restrictions on voting rights.

Variation of rights

Subject to applicable statutes, rights attached to any class of share may be varied with the written consent of the holders of at least three-quarters in nominal value of the issued shares of that class, or by a special resolution passed at a separate general meeting of the shareholders.

Rights and obligations attaching to shares

Subject to the provisions of the Companies Act 2006, any resolution passed by the Company and other shareholders' rights, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide.

Powers for the Company issuing or buying back its own shares

The Company was authorised by shareholders at the 2025 AGM to purchase in the market up to 10% of its issued share capital, as permitted under the Company's Articles. No shares were bought back under this authority during the year ended 28 March 2026 and up to the date of this report. This standard authority is renewable annually; the directors will seek to renew it at the 2026 AGM.

The directors were granted authority at the 2025 AGM to allot relevant securities up to a nominal amount of £6,853,821.93. This authority will apply until the conclusion of the 2026 AGM. At this year's AGM, shareholders will be asked to grant an authority to allot relevant securities (i) up to a nominal amount of £6,887,609.21 and (ii) comprising equity securities up to a nominal amount of £13,775,218.42 (after deducting from such limit any relevant securities allotted under (i)), in connection with a pre-emptive offer (the Section 551 amount), such Section 551 amount to apply until the conclusion of the AGM to be held in 2027 or on 1 October 2027, whichever is sooner.

At the 2025 AGM, two separate special resolutions were passed empowering the directors to allot equity securities for cash without first offering them to existing shareholders in proportion to their existing holdings. A special resolution will be proposed at the 2026 AGM to renew the directors' powers – in line with the latest institutional shareholder guidelines – to make non-pre-emptive issues for cash only and otherwise up to a nominal amount of £2,066,282.76. In addition, a separate special resolution will be proposed to authorise directors to make non-pre-emptive issues for cash in connection with acquisitions or specified capital investments, up to a further nominal amount of £2,066,282.76. In both cases an additional follow-on offer, up to a nominal amount equal to 20% of any allotment made under either special resolution, can be made to existing holders of securities not allocated shares under the allotment, as envisaged by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-emption Rights issued by the Pre-emption Group in November 2022.

A special resolution will also be proposed to renew the directors' authority to repurchase the Company's ordinary shares in the market. The authority will be limited to a maximum of 206,628,276 ordinary shares and sets the minimum and maximum prices which would be paid.

Deadlines for exercising voting rights

Votes are exercisable at a general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy or, in relation to corporate members, by corporate representatives. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. However, when calculating the 48-hour period, the directors can, and have, decided not to take account of any part of a day that is not a working day.

Significant agreements – change of control

There are a number of agreements to which the Company is party that take effect, alter or terminate upon a change of control of the Company following a takeover bid. Details of the significant agreements of this kind are as follows:

- The \$300m US Notes issued by the Company to various institutions on 6 December 2007 under Section 144a of the US Securities Act contain an option such that, upon a change of control event, combined with a credit ratings downgrade, any holder of such a US Note may require the Company to prepay the principal amount of that US Note.



OTHER DISCLOSURES CONTINUED

Directors' Report continued**Significant agreements – change of control** continued

- The £250m Medium-Term Notes (MTN) issued by the Company's wholly owned subsidiary, Marks and Spencer plc (M&S plc), on 10 July 2019 (current outstanding £56.7m) and the £300m MTN issued by M&S plc on 18 February 2026 to various institutions under the Group's £3bn Euro Medium-Term Note programme contain an option such that, upon a change of control event, combined with a credit ratings downgrade to below sub-investment level, any holder of an MTN may require M&S plc to prepay the principal amount of that MTN.
- The £850m Credit Agreement dated 12 December 2025 between M&S plc and various banks contains a provision such that, upon a change of control event, unless new terms are agreed within 60 days, the facility under this agreement will be cancelled with all outstanding amounts becoming immediately payable with interest.

The Company does not have agreements with any director or employee that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Company's share schemes and plans may cause options and awards granted to employees under such schemes and plans to vest on a takeover.

Interests in voting rights

Information provided to the Company pursuant to the Financial Conduct Authority's DTRs is published on a Regulatory Information Service and on the Company's website. As at 28 March 2026, and up to the date of this report, the following information has been received, in accordance with DTR 5, from holders of notifiable interests in the Company's issued share capital.

The information provided below was correct at the date of notification; however, the date it was received may not have been within the current financial year. It should be noted that these holdings are likely to have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

Notifiable interests	% of capital disclosed	Date notified
Schroders plc	4.760152	20 September 2023
BlackRock, Inc	6.22	26 November 2024
Ameriprise Financial, Inc	4.978	7 March 2024
RWC Asset Management LLP	4.937	12 February 2024
Norges Bank	3.250110	28 April 2026

Branches

In accordance with the Companies Act 2006 and the DTRs, the Group discloses below the subsidiary companies that have branches outside the UK:

Marks and Spencer plc: Isle of Man and Sri Lanka.

Marks and Spencer (Shanghai) Limited: Dongguan.

Colleague involvement

We remain committed to colleague involvement and engagement throughout the business. Examples of this, and information on our approach to our workforce, are highlighted throughout this Annual Report and specifically on pages 5 to 7, 25 to 26, 54, and 81 to 82.

Share schemes are a long-established and successful part of colleagues' total reward packages, encouraging and supporting employee share ownership. The Company operates both an all-employee SAYE Scheme and a Share Incentive Plan. As at 28 March 2026, 13,873 colleagues were participating in the Company's SAYE Scheme. Full details of all schemes are on pages 142 to 143.

There are websites for both pension schemes – the defined contribution scheme (Your M&S UK Pension Saving Plan) and the defined benefit scheme (the Marks & Spencer UK Pension Scheme) – which are fully accessible to colleagues and former colleagues who have retained benefits in either scheme. Colleagues are updated as needed with any pertinent information on their pension savings.

Equal opportunities

Creating a diverse, inclusive and equitable M&S is integral to building a high-performance, customer-centric culture. We aim to foster an environment in which all colleagues feel safe, respected and able to thrive, and where everyone has the opportunity to contribute to the success of the business.

We do not tolerate discrimination, harassment, bullying or victimisation in any form. We have Group-wide policies and processes in place to support fair treatment throughout the colleague lifecycle, including recruitment, development, promotion and reward.

Our inclusion efforts are supported by our colleague inclusion networks, senior leadership oversight and clear KPIs.

🔗 More information on our inclusion and diversity initiatives can be found on pages 25 to 26 and 57.

Employees with disabilities

The Company is committed to supporting colleagues and candidates with both visible and non-visible disabilities, accessibility needs and health conditions.

Where appropriate, reasonable adjustments are made to support colleagues to perform their roles effectively. Decisions relating to recruitment, training, development and career progression are based on skills and capability, with appropriate support in place.

We continue to develop our long-term accessibility approach, supported by our membership with Business Disability Forum, including stronger process and improved guidance to support an inclusive and accessible working environment across the group.

We continue to proudly offer workplace opportunities through our Marks and Start scheme in partnership with The King's Trust.



OTHER DISCLOSURES CONTINUED

Directors' Report continued

Research and development

Research and innovation remain key to our Food and Fashion, Home & Beauty offers, enabling the development of better products. Further information is available on our corporate website, corporate.marksandspencer.com, and in our ESG Report 2026.

Groceries Supply Code of Practice

The Groceries (Supply Chain Practices) Market Investigation Order 2009 (the Order) and The Groceries Supply Code of Practice (the Code) impose obligations on M&S regarding its relationships with its suppliers of groceries. Under the Order and Code, M&S is required to submit an annual compliance report to the Audit & Risk Committee for approval and then to the Competition and Markets Authority and Groceries Code Adjudicator (CCA).

M&S submitted its report, covering the period from 30 March 2025 to 28 March 2026, to the Audit & Risk Committee on 7 May 2026. It was approved on 14 May 2026.

In accordance with the Order, a summary of that compliance report is set out below.

M&S believes that it has materially complied with the Code and the Order during the relevant period. No formal disputes under the Code have arisen during the reporting period. There have been 11 instances where suppliers have either alleged a breach or made a reference to potential non-compliance with the Code. M&S has worked with the suppliers to address the issues raised and nine of them have been resolved or closed, with two issues remaining open but with resolutions in progress.

➦ A detailed summary of the compliance report is available on our website: corporate.marksandspencer.com.

Anti-bribery and corruption

Our Anti-Bribery & Corruption (ABC) Policy sets the expected standards of conduct for all colleagues, contractors, suppliers, business partners and any other third parties who act for or on behalf of M&S. Our programme includes detailed procedures and controls around giving and receiving gifts, hospitality and entertainment; procedures for engaging new suppliers and partners, specifically those who are based in higher-risk jurisdictions; standard contract clauses; and clear reporting channels, including confidential reporting.

All colleagues are required to undertake mandatory ABC e-learning. Failure to comply with the ABC Policy may result in disciplinary action, up to and including dismissal. Any potential incidents reported internally, or to the external confidential reporting channels, are followed up and, where appropriate, formally investigated. All investigations are subsequently reported to the Audit & Risk Committee. Annual Bribery Risk Assessments are conducted with outcomes also reported to the Committee.

Political donations

The Company did not make any political donations or incur any political expenditure during the year ended 28 March 2026. M&S has a policy of not making donations to political organisations or independent election candidates or incurring political expenditure anywhere in the world as defined in the Political Parties, Elections and Referendums Act 2000.

Going concern

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities as set out on pages 10 to 14, the financial position of the Group, its cash flows, liquidity position and borrowing facilities as set out in the Financial Review on pages 16 to 24, the Group's financial risk management objectives and exposures to liquidity and financial risks as set out in note 21 to the financial statements, as well as the principal risks and uncertainties as set out on pages 43 to 47.

Based on the Group's cash flow forecasts, the Board expects the Group to have adequate resources to continue in operation, meet its liabilities as they fall due, retain sufficient available cash and not breach the covenant under its revolving credit facility for the foreseeable future, being a period of at least 12 months from the approval of the financial statements. The Board therefore considers it appropriate for the Group to adopt the going concern basis in preparing its financial statements.

➦ See note 20 to the financial statements for more information on our facilities.

Long-term viability statement

The directors have assessed the prospects of the Company over a three-year period to March 2029. This has taken into account the business model, strategic aims, risk appetite, and principal risks and uncertainties, along with the Company's current financial position. Based on this assessment, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period under review.

➦ See our approach to assessing long-term viability on page 48.

Auditor

Resolutions to reappoint Deloitte LLP as auditor of the Company and to authorise the Audit & Risk Committee to determine its remuneration will be proposed at the 2026 AGM.

Annual General Meeting

The AGM of Marks and Spencer Group plc will be a digitally-enabled meeting, broadcast from M&S' Waterside House Support Centre on 7 July 2026 at 11am. Shareholders are invited to engage with the AGM electronically via our dedicated Lumi AGM website: <https://meetings.lumiconnect.com/100-348-343-158>. If a shareholder wishes to attend the AGM in person as part of our studio audience, they are requested to register their intention to do so in advance, to help manage capacity on the day. The Notice of Meeting is given, together with explanatory notes and guidance on how to join the meeting and vote, on pages 190 to 200.



OTHER DISCLOSURES CONTINUED

Directors' Report continued**Directors' responsibilities**

The Board is of the view that the Annual Report should be truly representative of the year and provide shareholders with the information necessary to assess the Group's position, performance, business model and strategy.

The Board requested that the Audit & Risk Committee review the Annual Report and provide its opinion on whether the report is fair, balanced and understandable. The Audit & Risk Committee's opinion is on page 61.

The directors are also responsible for preparing the Annual Report, the Remuneration Report and Policy and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) as adopted by the UK. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable IFRS (as adopted by the UK) have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the current directors, whose names and functions are listed on pages 51 to 52, confirms that, to the best of their knowledge:

- The Group financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.

- The Management Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- The Annual Report, taken as a whole, is fair, balanced and understandable, and provides the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

Disclosure of information to auditor

Each of the persons who is a director at the time when this Directors' Report is approved confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware. They also confirm that they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors' Report was approved by a duly authorised Committee of the Board of Directors on 19 May 2026 and signed on its behalf by:**Nick Folland**

General Counsel & Company Secretary

London, 19 May 2026



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Marks and Spencer Group plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 28 March 2026 and of the Group's profit for the 52 weeks then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated income statement;
- the Consolidated statement of comprehensive income;
- the Consolidated and Company statements of financial position;
- the Consolidated statement of changes in equity and Company statement of changes in shareholder's equity;
- the Consolidated and Company statements of cash flows; and
- the related notes 1 to 32 to the Group Financial Statements and C1 to C7 to the Company Financial Statements.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group

and Parent Company for the year are disclosed in note 4 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: <ul style="list-style-type: none"> • responding to the cyber incident (the 'incident'); • accounting for the Store Estate Programme; • disclosure of adjusting items as part of alternative performance measures; and • recognition of promotional income - Ocado Retail Limited.
Materiality	The materiality that we used for the Group financial statements was £33.5 million which was determined on the basis of 5.0% of M&S Group adjusted profit before tax, as defined on page 186.
Scoping	Our audit procedures covered 96% (2025: 92%) of Group revenue, 99% (2025: 96%) of M&S Group adjusted profit before tax, 89% (2025: 72%) of total assets and 92% (2025: 79%) of total liabilities.
Significant changes in our approach	<p>The pervasive impact of the cyber incident on the Group's operations and control environment has increased the risk of material misstatement across a range of areas of the audit. Consequently, our audit response has been identified as a key audit matter in the current period, reflecting the significant change in our audit strategy and resource allocation on the prior year.</p> <p>Following the change in control Ocado Retail Limited's ('ORL's') promotional income, derived from supplier agreements to fund grocery promotions, has been recognised within the Group financial statements. There is opportunity for potential bias or manipulation in income recognised, particularly that recognised in the final months in the year. Accordingly, this has been identified as a key audit matter.</p> <p>Driven by the change in control, the Group no longer holds an investment in ORL. As such, the valuation of the Group's interest in ORL is no longer reported as a key audit matter.</p> <p>There are no other significant changes in our approach compared to the prior period.</p>



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of relevant controls relating to the assessment of going concern models, including the review of the inputs and assumptions used in those models;
- obtaining management's Board-approved three-year cash flow forecasts and covenant compliance forecasts, including sensitivity analysis;
- assessing the appropriateness of forecast assumptions by:
 - reading analyst reports, industry data and other external information and comparing these with management's estimates;
 - comparing forecast sales with recent historical financial information to consider accuracy of forecasting;
 - assessing the results of the sensitivity analyses performed, including the results if another cyber incident were to occur;
 - evaluating management's assessment of the cash flow impact of the cyber incident, and any potential future impact upon management's trading forecasts;
 - testing the underlying data generated to prepare the forecast scenarios and to determine whether there was adequate support for the assumptions underlying the forecast;
 - reviewing correspondence relating to the availability of the Group's financing arrangements, including the refinancing of the Group's revolving credit facility, and testing the repurchase and issuance of medium-term notes;
 - assessing the impact of macro-economic conditions on the business; and
 - evaluating the appropriateness of the Group's disclosures on going concern in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued**5. Key audit matters** continued**5.1. Responding to the cyber incident****Key audit matter description**

As set out in the Audit & Risk Committee Report (page 63), in April 2025 the Group was the subject of a cyber incident. Following the detection of unauthorised activity on its network, the Group took certain IT systems offline, including its core financial reporting systems, while the threat was assessed. Management engaged a cyber expert to determine the incident's cause and timeline.

The incident led to the operation of manual processes and controls across a number of business processes in the first half of the financial year, with a staggered return to a more automated control environment in the second half. The higher proportion of manual processes and controls implemented in response during this period gives rise to an inherently higher risk of fraudulent financial reporting and/or errors.

We consider the pervasive impact of the incident to represent a key audit matter, due to its significant influence on our overall audit strategy, and the additional audit effort required to respond to the increased risks of material misstatement identified across various financial statement captions. Specifically, we identified heightened audit risks in respect of cost of sales and associated working capital balances including trade payables and inventory; the presentation of costs incurred in responding to the incident together with the associated insurance income received; and the accuracy and completeness of any liabilities relating to potential regulatory fines or penalties claims, or litigation from customers.

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

In responding to the identified key audit matter, we completed the following audit procedures:

- performed a fully substantive audit at a reduced performance materiality (55% of Group materiality). With the exception of a few discrete areas that were unaffected by the incident, no controls reliance was taken in the current year;
- with the assistance of our IT specialists, performed the following to understand the impact of the incident:
 - made inquiries with Group IT management and management's cyber experts to gain an understanding of the nature and root cause of the incident;
 - obtained an understanding of relevant IT controls within impacted systems, including the relevant manual controls adopted over the outage period, and those in place following the incident recovery period;
 - inspected the reports provided by management's cyber experts, to evaluate the impact of the cyber incident on the availability and integrity of key information and data used for the purposes of financial reporting;
 - assessed the competence, capabilities and objectivity of the cyber and legal experts used by management; and
 - considered the remedial action taken to strengthen the internal control environment, together with the enhanced governance and oversight applied;
- as part of our overall response to the risk of management override of controls, profiled and assessed a sample of both manual and automated journal entries exhibiting characteristics of interest;
- for cost of sales and related working capital balances including trade payables and inventory, performed the following procedures:
 - attended an increased number of inventory counts for stores and distribution centres throughout the financial period, with year-end roll forward procedures performed;



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued**5. Key audit matters** continued**5.1. Responding to the cyber incident** continued**How the scope of our audit responded to the key audit matter** continued

- evaluated management's reconciliation of cost of sales to purchases and the movement in inventory during the period, which included:
 - assessing a sample of goods receipts through agreement to purchase order and invoice;
 - assessing a sample of supplier invoices raised without purchase orders;
 - profiling and testing manual cost of sales journal entries identified as non-standard or those that were unusual in nature;
 - evaluating the mathematical accuracy of the reconciliation; and
 - assessing a sample of reconciling items including other cost of sales through agreement to purchase order and invoice;
- confirmed trade payables balances through:
 - obtaining supplier confirmations directly from suppliers (as at period 11), evaluating management's reconciliation of these to the accounts payable ledger and related accruals (where required);
 - obtaining evidence of subsequent payment and other reconciling items;
 - performing alternative audit procedures to assess open items where no supplier confirmation was received; and
 - performing roll forward procedures to validate the year-end position;

Key observations

- assessed a sample of costs associated with the cyber incident, included within adjusting items, to evaluate whether the related costs are incremental and directly attributable to the incident;
- with the support of our internal data privacy specialist, considered the appropriateness of the recognition of any potential provision, or contingent liability, in response to the risk of a regulatory fine or penalty;
- inquired of internal and external legal counsel and inspected correspondence to determine the appropriateness of any provisions held or disclosures made in respect of regulatory action or litigation as a result of the incident; and
- assessed the adequacy and appropriateness of disclosures in the Annual Report.

We did not identify any material misstatements as a consequence of the incident and we are satisfied that the disclosures made in connection with the incident are appropriate.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued**5. Key audit matters** continued**5.2. Accounting for the Store Estate Programme**

Key audit matter description	<p>In February 2018, the Board approved a list of stores marked for closure as part of its Store Estate Programme. The total charge recognised in connection with this closure programme in previous periods was £1,036.3 million. A further net charge of £84.1 million (2025: £84.4 million) has been recognised in adjusting items in the current period due to:</p> <ul style="list-style-type: none"> • new stores being assessed as probable for closure and the update of estimates made considering known developments in the exit strategy, including current trading performance, negotiations with landlords and changes in the retail property market; • strip out and dilapidation costs, as management update their assessment of costs associated with restoring stores to their original condition prior to disposal; and • accelerated depreciation and impairment of buildings and fixtures and fittings in respect of additional stores added to the programme. <p>Further information is set out in notes 1, where this matter is also disclosed as a key source of estimation uncertainty, 5 and 15 to the financial statements.</p> <p>Our key audit matter was focused on the specific assumptions applied in the discounted cash flow analysis prepared by the entity including the discount rate, freehold sales proceeds, leasehold surrender costs, store closure costs and dilapidations costs.</p> <p>This is a significant matter considered by the Audit & Risk Committee on page 62.</p>
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How the scope of our audit responded to the key audit matter

In responding to the identified key audit matter, we completed the following audit procedures:

- obtained an understanding of relevant controls relating to the review and approval of the Group's Store Estate Programme model;
- performed enquiries of the Board and inspected the latest strategic plans, Board and relevant sub-committee minutes of meetings;
- with the involvement of our real estate specialists, we evaluated the appropriateness of the entity's judgements for a representative sample of properties and benchmarked with reference to external data;
- evaluated the scope of the programme and composition of stores earmarked for closure, depending on their disposal route;
- assessed the mechanical accuracy of discounted cash flow models and other key provision calculations;
- assessed the reasonableness of key inputs to the discounted cash flow models including the discount rate, store closure costs, freehold sales proceeds, leasehold surrender costs and dilapidations costs with reference to available evidence;
- recalculated the closing provision for a representative sample of stores;
- evaluated the accuracy and completeness of provisions recorded considering the status of the Group's Store Estate Programme; and
- assessed the completeness and accuracy of disclosures within the financial statements.

Key observations

We are satisfied that the Group's estimate of the store exit charges, and the associated disclosures are appropriate.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued**5. Key audit matters** continued**5.3. Disclosure of adjusting items as part of alternative performance measures****Key audit matter description**

The Group has presented an alternative performance measure being M&S Group adjusted profit before tax of £671.4 million (2025: £881.1 million), which is derived from profit before tax of £364.6 million (2025: profit before tax of £511.8 million) adjusted for a number of items totalling £292.1 million (2025: £363.7 million) which the Group considers meet their definition of an 'adjusting item', and excludes adjusted loss before tax attributable to non-controlling interest of £14.7 million (2025: £5.6 million). Judgement is exercised by the entity in determining the classification of such items in accordance with guidance issued by European Securities and Markets Authority ('ESMA') and the FRC. We consider there to be a risk of fraud in the reporting of adjusting items within the alternative performance measures.

In determining M&S Group adjusted profit before tax, we identified the following risks:

- the identification and classification of items as 'adjusting' as part of the presentation of alternative performance measures may be inappropriate, distorting the reported results;
- the omission of items which are considered material, one-off or significant in nature, distorting the alternative performance measures; and
- the clarity and detail of disclosures in respect of adjusting items as part of alternative performance measures may be insufficient, preventing investors from obtaining a clear understanding of the Group's results and performance.

The Group's policy regarding adjusting items is set out in note 1, where this is also highlighted as a critical accounting judgement.

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

In responding to the identified key audit matter, we completed the following audit procedures:

- obtained an understanding of relevant controls, relating to the identification and disclosure of adjusting items within alternative performance measures;
- evaluated the rationale applied in identifying items as adjusting and completed an independent assessment as to the selection and presentation of adjusting items based on their nature;
- assessed the identification and consistency of items reported as adjusting period on period, with reference to guidance published by ESMA and the FRC;
- assessed a sample of adjusting items through agreement to supporting evidence, including testing of cyber incident related costs;
- benchmarked certain adjusting items identified by the entity with comparable companies;
- use of our cumulative audit knowledge to identify other transactions outside of the normal course of business, or which display characteristics of being material, significant or one-off in nature;
- considered the impact of the classification of programmes as adjusting items, as this affects the key performance indicators ('KPIs') used in directors' remuneration targets and could result in management bias; and
- assessed the completeness and accuracy of disclosures within the financial statements.

Key observations

The value of adjusting items results in a material difference between the statutory and adjusted results. We are satisfied the adjusting items in their classification and presentation is consistent with the Group's policy and the amounts are appropriate.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued**5. Key audit matters** continued**5.4. Recognition of Promotional Income - Ocado Retail Limited****Key audit matter description**

ORL, a subsidiary of the Group, has agreements with suppliers whereby allowances are received to fund the sale of certain grocery items on promotion ('promotional income'). Following the change in control of ORL on 6 April 2025, promotional income of £177.4 million arising from the Ocado Retail business has been recognised for the first time within cost of sales in the 52 weeks ended 28 March 2026.

The timing of recognition is driven by when the corresponding promotional activity has taken place. For most of the year there is limited judgement, as when each individual promotional campaign has completed, amounts have been invoiced to suppliers and sufficient time has elapsed for there to have been any revisions based on supplier enquiry. However, in the final months of the year there is a greater risk and opportunity for bias and manipulation considering the typical time lag between the issuance of an invoice and enquiry from a supplier. There is therefore a potential risk that amounts are recognised during the year but subsequently revised after approval of the financial statements.

The Group's policy regarding promotional income is set out in note 1.

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

In responding to the identified key audit matter, we completed the following audit procedures:

- obtained an understanding of controls relevant to the accounting for promotional income in Ocado Retail business;
- obtained a sample of supplier confirmations directly from suppliers to assess the amounts recorded through the period and the balance sheet receivable at period end, with additional samples for the final four months of the period;
- recalculated the accrued income balance at period end for a sample using agreements, sales data and supporting promotional income earned, invoices raised and evidence of payment receipts (to the extent received);
- performed inquiries with the in-house buying team to understand the rationale for any variances in confirmation responses, obtaining supporting evidence and direct supplier confirmation of resolution;
- evaluated a sample of credit notes and disputes during and after the period end to search for contradictory evidence of the occurrence of promotions and recognition of related income;
- assessed the recoverability of a sample of unsettled accrued income balances included on the balance sheet for valuation and allocation; and
- assessed the completeness and accuracy of disclosures within the financial statements.

Key observations

We are satisfied that the accounting for promotional income during the period is appropriate.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£33.5 million (2025: £37.0 million)	£30.2 million (2025: £33.3 million)
Basis for determining materiality	Using professional judgement, we determined materiality to be £33.5 million based on 5.0% of M&S Group adjusted profit before tax ('PBT') of £671.4 million (2025: 4.3% of Group profit before tax and adjusting items of £875.5 million). The decrease in materiality reflects the negative impact of the cyber incident on the Group's financial performance.	We have used 3% of net assets in both the current and the prior period, capped at 90% of Group materiality, as the basis for materiality.

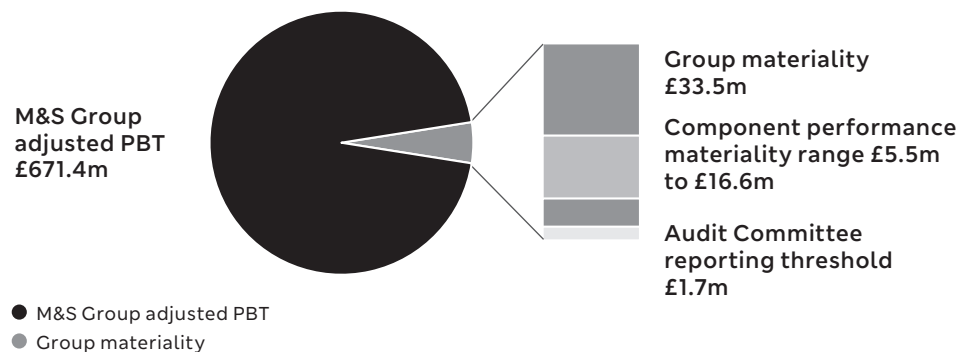
Rationale for the benchmark applied

As a listed business, we concluded that adjusted profit before tax is the most appropriate benchmark to determine materiality, being the primary measure of performance for key stakeholders and is used by investors and other readers of the financial statements.

There has been a change in current year in the Group's key performance indicator from 'Group profit before tax and adjusting items' to 'M&S Group adjusted profit before tax', removing the adjusted profit before tax attributable to non-controlling interest. We concluded that it would be appropriate for us to use the group's revised adjusted profit benchmark as the basis for our materiality.

Net assets are used as the benchmark as the Parent Company operates primarily as a holding company for the Group and we therefore consider this as the key metric for the Parent Company.

We capped materiality at 90% of Group materiality to reduce the risk of a material error arising as a result of the consolidation of the Parent Company's result in the Group financial statements.





INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued**6. Our application of materiality** continued**6.2. Performance materiality**

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	55% (2025: 65%) of group materiality	55% (2025: 65%) of parent company materiality
Basis and rationale for determining performance materiality	<p>In determining performance materiality, we considered the following factors:</p> <ul style="list-style-type: none"> • the pervasive impact of the cyber incident on both the operational and financial processes and controls; • our cumulative knowledge of the Group and its environment, including industry specific trends; • the stability in key management personnel; and • the nature, quantum and volume of misstatements identified in prior periods, both corrected and uncorrected. 	

6.3. Error reporting threshold

We agreed with the Audit & Risk Committee that we would report to the Committee all audit differences in excess of £1.7 million (2025: £1.9 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit & Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

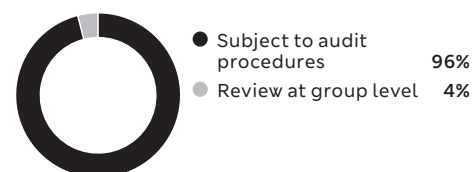
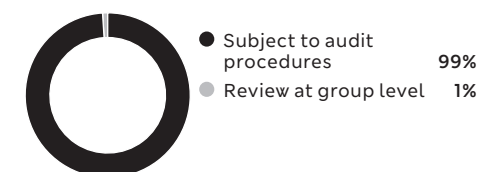
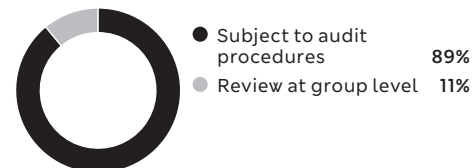
7. An overview of the scope of our audit**7.1. Identification and scoping of components**

Our audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

Based on our assessment we have focused our audit on the UK business which was subject to an audit of the entire financial information, Ocado Retail which was subject to an audit of one or more account balances, classes of transactions or disclosures, and India which was subject to specified audit procedures. We have performed our audit of the UK components (which included the parent company) using a performance materiality of £16.6 million (or 90% of Group performance materiality) (2025: £21.6 million), our audit of the ORL component using a performance materiality of £12.9 million (2025: £20.0 million), and our specified audit procedures of the India component using a performance materiality of £5.5 million (2025: £5.0 million).

For components and account balances not subject to audit procedures we performed analytical review procedures to assess whether there were any additional significant risks of material misstatement in the residual population.

We tested the consolidation at the group level.

Revenue**Adjusted profit before tax****Total Assets****7.2. Our consideration of the control environment**

The pervasive impact of the cyber incident necessitated a change in our audit strategy, compared with the previous year where we were able to rely on controls over a number of business process. This resulted in a primarily substantive testing approach. This was primarily due to key financial systems, critical for financial reporting, being either offline or not fully operational throughout the year.

With involvement of our IT specialists we performed the work on General IT Controls which was limited to assessing the impact of the incident and management's remediation efforts. Consequently, we placed no reliance on IT controls, and mitigating work involved additional substantive testing.

We obtained an understanding of manual business controls implemented by management. These controls were both in response to the incident and related to key audit areas, including those noted in section 5, inventory provisions, going concern, pensions, store impairment, and financial reporting processes.

All identified control deficiencies and recommendations for improvement have been reported to management and the Audit and Risk Committee (where applicable). The Group continues to invest in addressing our observations.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued

7. An overview of the scope of our audit continued

7.3. Our consideration of climate-related risks

The Group continues to reassess the potential impacts of climate change and set targets which the directors consider to be aligned with the Paris Agreement.

The Group considers that the most likely impact on the financial statements will be in relation to its three-year cash flow forecasts and has included the impact within these forecasts where appropriate. Whilst at this stage there is significant uncertainty regarding what the long-term impact of climate change initiatives may be, the forecasts reflect the entity's best estimate of the impact on the financial statements as explained in note 1.

Whilst there continues to be uncertainty regarding what the long-term impact of climate change initiatives may be, the Group continues to consider the impact on the financial statements in the cash flow forecasts.

As a part of our audit procedures, we have obtained the entity's climate-related risk assessment and held discussions with management to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. Our procedures were performed with the involvement of our climate-change specialists and included reading disclosures included in the Strategic Report on page 28 to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

In considering the disclosures presented as part of the Strategic Report on page 28, we engaged our climate-change specialists to assess compliance with the Task Force on Climate-related Financial Disclosures ('TCFD') and Climate-related Financial Disclosure ('CFD') requirements, and the recommendations made by both the Task Force and FRC as set out in their thematic reviews. We have also assessed whether these disclosures reflect our understanding of the Group's approach to climate.

We did not identify climate-related risk as a separate key audit matter in our audit given the nature of the Group's operations and knowledge gained of its impact on critical accounting estimates and judgements during our risk assessment procedures and audit procedures.

7.4. Working with other auditors

The audit of the UK business has been performed by the Group audit team.

We have two component audit teams: Deloitte UK (Ocado Retail Limited) and Deloitte India (India). We have issued detailed instructions to both component audit teams to perform audit procedures.

We have engaged regularly with the component auditors throughout the audit process, determining the nature, timing, and extent of the audit procedures (involved in risk assessment of the components, in particular significant and higher risk areas) to be performed. We reviewed component auditor working papers and component reporting, communicating regularly to interact on any related audit and accounting matters which arose.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued**9. Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error;

- results of our enquiries of management, internal audit, the directors and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
 - the implications of the cyber incident which occurred in April 2025; and
- the matters discussed among the audit engagement team including component audit teams and relevant internal specialists, including tax, valuations, pensions, IT, climate-change, analytics, real estate, data privacy specialist and fraud specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the disclosure of adjusting items as part of alternative performance measures and recognition of promotional income of ORL. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Financial Conduct Authority regulations, Listing Rules, and pensions and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the competition and anti-bribery laws, data protection, Groceries Supply Code of Practice, and employment, environmental and health and safety regulations.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued**11. Extent to which the audit was considered capable of detecting irregularities, including fraud** continued**11.2. Audit response to risks identified**

As a result of performing the above, we identified responding to the cyber incident, the disclosure of adjusting items as part of alternative performance measures and recognition of promotional income in ORL as key audit matters related to the potential risk of fraud or non-compliance with laws and regulations. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit & Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, reviewing correspondence with HMRC and reviewing management's cyber experts report;
- assessing the Board's response to the cyber incident; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments and, in response to the cyber incident, profiling and testing manual cost of sales journals identified as non-standard or those that were unusual in nature; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements**12. Opinions on other matters prescribed by the Companies Act 2006**

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 97;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 97;
- the directors' statement on fair, balanced and understandable set out on page 61;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 43;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 64; and
- the section describing the work of the Audit & Risk Committee set out on page 60.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on other legal and regulatory requirements continued

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit & Risk Committee, we were reappointed by the shareholders to audit the financial statements for the year ending 29 March 2025 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 12 years, covering the years ending 28 March 2015 to 28 March 2026.

15.2. Consistency of the audit report with the additional report to the Audit & Risk Committee

Our audit opinion is consistent with the additional report to the Audit & Risk Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Jane Whitlock ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
19 May 2026



CONSOLIDATED INCOME STATEMENT

	Notes	52 weeks ended 28 March 2026 Total £m	52 weeks ended 29 March 2025 Total £m
Revenue	2, 3	17,273.6	13,816.8
Share of result in associate – Ocado Retail Limited ¹	3, 29	—	(43.6)
Operating profit	3, 5	536.7	624.3
Finance income	5, 6	45.0	64.7
Finance costs	5, 6	(217.1)	(177.2)
Profit before tax	2, 4, 5	364.6	511.8
Income tax expense	7	(128.4)	(219.9)
Profit for the year		236.2	291.9
Attributable to:			
Owners of the parent		259.4	295.7
Non-controlling interests ²		(23.2)	(3.8)
		236.2	291.9
Earnings per share			
Basic earnings per share	8	12.7p	14.6p
Diluted earnings per share	8	12.3p	14.0p
Reconciliation of M&S Group adjusted profit before tax³ – non-GAAP measure			
Profit before tax		364.6	511.8
Adjusting items	5	292.1	363.7
Adjusted non-controlling interests		14.7	5.6
M&S Group adjusted profit before tax		671.4	881.1
Adjusted earnings per share – non-GAAP measure			
Basic	8	23.8p	31.9p
Diluted	8	23.0p	30.6p

¹ On 6 April 2025, in line with expectations, the Group obtained control of Ocado Retail Limited; therefore, it is no longer treated as an associate, with the Group now consolidating the results of Ocado Retail Limited.

² Non-controlling interests include the minority share of results in Ocado Retail Limited and other joint ventures in India and the UK.

³ Refer to the Glossary for a complete definition of M&S Group adjusted profit before tax.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	52 weeks ended 28 March 2026 £m	52 weeks ended 29 March 2025 £m
Profit for the year		236.2	291.9
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of retirement benefit schemes	11	9.0	(149.2)
Tax on retirement benefit schemes		(1.9)	49.7
		7.1	(99.5)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences			
– movements recognised in other comprehensive income		(6.6)	(8.3)
Cash flow hedges			
– fair value movements recognised in other comprehensive income	21	(42.1)	(19.2)
– reclassified and reported in profit or loss	21	5.8	5.7
Tax credit on cash flow hedges		9.1	2.7
		(33.8)	(19.1)
Other comprehensive expense for the year, net of tax		(26.7)	(118.6)
Total comprehensive income for the year		209.5	173.3
Attributable to:			
Owners of the parent		232.7	177.1
Non-controlling interests		(23.2)	(3.8)
		209.5	173.3



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 28 March 2026 £m	As at 29 March 2025 (Restated) £m	As at 30 March 2024 (Restated) £m		Notes	As at 28 March 2026 £m	As at 29 March 2025 (Restated) £m	As at 30 March 2024 (Restated) £m
Assets					Non-current liabilities				
Non-current assets					Retirement benefit deficit				
Intangible assets	14	754.1	187.4	179.5		11	79.2	122.7	4.6
Property, plant and equipment	15	6,409.3	5,408.5	5,190.1		19	30.6	18.9	116.7
Investment property		11.0	11.2	11.6		20	3,120.7	2,588.7	2,882.8
Investments in joint ventures and associates		10.9	392.5	684.2		21	24.1	16.6	21.9
Other financial assets	16	42.2	21.3	12.6		22	167.7	146.2	104.1
Retirement benefit asset		—	—	81.8		23	472.5	318.9	325.3
Trade and other receivables	17	279.0	382.8	356.7			3,894.8	3,212.0	3,455.4
Derivative financial instruments	21	3.5	0.1	0.7			6,891.9	5,989.5	5,971.6
Deferred tax assets	23	13.3	13.9	11.7			3,222.9	2,831.9	2,710.6
		7,523.3	6,417.7	6,528.9	Equity				
Current assets					Issued share capital				
Inventories		981.4	843.9	776.9		24	20.7	20.6	20.5
Other financial assets	16	12.9	289.5	12.3			994.6	982.7	967.0
Trade and other receivables	17	526.7	327.5	302.0			2,680.4	2,680.4	2,680.4
Derivative financial instruments	21	14.8	7.2	6.8		21	16.0	(7.5)	(8.4)
Current tax assets		58.5	71.1	32.9		21	(0.2)	7.0	5.4
Cash and cash equivalents	18	997.2	864.5	1,022.4			(6,542.2)	(6,542.2)	(6,542.2)
		2,591.5	2,403.7	2,153.3			(96.0)	(89.4)	(81.1)
Total assets							5,982.8	5,769.0	5,670.1
		10,114.8	8,821.4	8,682.2	Equity attributable to owners of the parent				
Liabilities							3,056.1	2,820.6	2,711.7
Current liabilities					Non-controlling interests				
Trade and other payables	19	2,636.0	2,370.3	2,107.9			166.8	11.3	(1.1)
Partnership liability to the Marks & Spencer UK Pension Scheme		—	—	88.8	Total equity				
Borrowings and other financial liabilities	20	298.7	355.8	250.4			3,222.9	2,831.9	2,710.6
Derivative financial instruments	21	19.1	25.1	20.0	Deferred tax and retained earnings have been restated in the comparative information. See note 1 for further details. The financial statements were approved by the Board and authorised for issue on 19 May 2026. The financial statements also comprise notes 1 to 32.				
Provisions	22	42.1	25.1	47.6	Stuart Machin	Alison Dolan			
Current tax liabilities		1.2	1.2	1.5	Chief Executive Officer	Chief Financial Officer			
		2,997.1	2,777.5	2,516.2					



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital £m	Share premium account £m	Capital redemption reserve £m	Hedging reserve £m	Cost of hedging £m	Other reserve ¹ £m	Foreign exchange reserve £m	Retained earnings £m	Total £m	Non- controlling interest £m	Total £m
As at 31 March 2024	20.5	967.0	2,680.4	(8.4)	5.4	(6,542.2)	(81.1)	5,789.6	2,831.2	(1.1)	2,830.1
Prior year restatement	—	—	—	—	—	—	—	(119.5)	(119.5)	—	(119.5)
As at 31 March 2024 (restated)	20.5	967.0	2,680.4	(8.4)	5.4	(6,542.2)	(81.1)	5,670.1	2,711.7	(1.1)	2,710.6
Profit/(loss) for the year	—	—	—	—	—	—	—	295.7	295.7	(3.8)	291.9
Other comprehensive (expense)/income:											
Foreign currency translation											
– movements recognised in other comprehensive income	—	—	—	—	—	—	(8.3)	—	(8.3)	—	(8.3)
Remeasurements of retirement benefit schemes	—	—	—	—	—	—	—	(149.2)	(149.2)	—	(149.2)
Tax on retirement benefit schemes	—	—	—	—	—	—	—	49.7	49.7	—	49.7
Cash flow hedges											
– fair value movement in other comprehensive income	—	—	—	(21.4)	2.2	—	—	—	(19.2)	—	(19.2)
– reclassified and reported in profit or loss	—	—	—	5.7	—	—	—	—	5.7	—	5.7
Tax on cash flow hedges	—	—	—	3.3	(0.6)	—	—	—	2.7	—	2.7
Other comprehensive (expense)/income:	—	—	—	(12.4)	1.6	—	(8.3)	(99.5)	(118.6)	—	(118.6)
Total comprehensive (expense)/income	—	—	—	(12.4)	1.6	—	(8.3)	196.2	177.1	(3.8)	173.3
Cash flow hedges recognised in inventories	—	—	—	17.7	—	—	—	—	17.7	—	17.7
Tax on cash flow hedges recognised in inventories	—	—	—	(4.4)	—	—	—	—	(4.4)	—	(4.4)
Transactions with owners:											
Dividends	—	—	—	—	—	—	—	(60.5)	(60.5)	—	(60.5)
Transactions with non-controlling shareholders	—	—	—	—	—	—	—	(15.9)	(15.9)	16.2	0.3
Shares issued in respect of employee share options	0.1	15.7	—	—	—	—	—	—	15.8	—	15.8
Purchase of shares held by employee trusts	—	—	—	—	—	—	—	(81.3)	(81.3)	—	(81.3)
Credit for share-based payments	—	—	—	—	—	—	—	52.4	52.4	—	52.4
Deferred tax on share schemes	—	—	—	—	—	—	—	8.0	8.0	—	8.0
As at 29 March 2025	20.6	982.7	2,680.4	(7.5)	7.0	(6,542.2)	(89.4)	5,769.0	2,820.6	11.3	2,831.9

¹ The 'Other reserve' was originally created as part of the capital restructuring that took place in 2002. It represents the difference between the nominal value of the shares issued prior to the capital reduction by the Company (being the carrying value of the investment in Marks and Spencer plc) and the share capital, share premium and capital redemption reserve of Marks and Spencer plc at the date of the transaction.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

	Ordinary share capital £m	Share premium account £m	Capital redemption reserve £m	Hedging reserve £m	Cost of hedging £m	Other reserve ¹ £m	Foreign exchange reserve £m	Retained earnings £m	Total £m	Non- controlling interest £m	Total £m
As at 30 March 2025	20.6	982.7	2,680.4	(7.5)	7.0	(6,542.2)	(89.4)	5,769.0	2,820.6	11.3	2,831.9
Profit/(loss) for the year	—	—	—	—	—	—	—	259.4	259.4	(23.2)	236.2
Other comprehensive (expense)/income:											
Foreign currency translation											
– movements recognised in other comprehensive income	—	—	—	—	—	—	(6.6)	—	(6.6)	—	(6.6)
Remeasurements of retirement benefit schemes	—	—	—	—	—	—	—	9.0	9.0	—	9.0
Tax on retirement benefit schemes	—	—	—	—	—	—	—	(1.9)	(1.9)	—	(1.9)
Cash flow hedges											
– fair value movement in other comprehensive income	—	—	—	(33.0)	(9.1)	—	—	—	(42.1)	—	(42.1)
– reclassified and reported in profit or loss	—	—	—	6.3	(0.5)	—	—	—	5.8	—	5.8
Tax on cash flow hedges	—	—	—	6.7	2.4	—	—	—	9.1	—	9.1
Other comprehensive (expense)/income	—	—	—	(20.0)	(7.2)	—	(6.6)	7.1	(26.7)	—	(26.7)
Total comprehensive (expense)/income	—	—	—	(20.0)	(7.2)	—	(6.6)	266.5	232.7	(23.2)	209.5
Cash flow hedges recognised in inventories	—	—	—	58.0	—	—	—	—	58.0	—	58.0
Tax on cash flow hedges recognised in inventories	—	—	—	(14.5)	—	—	—	—	(14.5)	—	(14.5)
Transactions with owners:											
Dividends	—	—	—	—	—	—	—	(77.0)	(77.0)	—	(77.0)
Transactions with non-controlling shareholders	—	—	—	—	—	—	—	(1.4)	(1.4)	178.7	177.3
Shares issued in respect of employee share options	0.1	11.9	—	—	—	—	—	—	12.0	—	12.0
Purchase of shares held by employee trusts	—	—	—	—	—	—	—	(21.1)	(21.1)	—	(21.1)
Credit for share-based payments	—	—	—	—	—	—	—	37.5	37.5	—	37.5
Tax on share schemes	—	—	—	—	—	—	—	9.3	9.3	—	9.3
As at 28 March 2026	20.7	994.6	2,680.4	16.0	(0.2)	(6,542.2)	(96.0)	5,982.8	3,056.1	166.8	3,222.9

1 The 'Other reserve' was originally created as part of the capital restructuring that took place in 2002. It represents the difference between the nominal value of the shares issued prior to the capital reduction by the Company (being the carrying value of the investment in Marks and Spencer plc) and the share capital, share premium and capital redemption reserve of Marks and Spencer plc at the date of the transaction.



CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	52 weeks ended 28 March 2026 £m	52 weeks ended 29 March 2025 £m
Cash flows from operating activities			
Cash generated from operations	26	1,183.1	1,521.3
Income tax paid		(7.1)	(208.3)
Net cash inflow from operating activities		1,176.0	1,313.0
Cash flows from investing activities			
Proceeds on property disposals		33.1	48.3
Purchase of property, plant and equipment		(574.8)	(408.4)
Purchase of intangible assets		(52.3)	(98.5)
Sale/(purchase) of current financial assets		276.6	(277.2)
Purchase of non-current financial assets		(21.1)	(12.5)
Proceeds on disposal of non-current financial assets		—	0.6
Payment of deferred consideration for subsidiary		(110.9)	—
Consolidation of subsidiary, net of cash acquired ¹		68.2	—
Interest received		44.5	51.6
Net cash used in investing activities		(336.7)	(696.1)
Cash flows from financing activities			
Interest paid ²		(192.3)	(158.1)
Redemption of Medium-Term Notes ³		(108.0)	(187.8)
Repayment of lease liabilities		(317.5)	(258.6)
Payment of partnership liability to the Marks & Spencer UK Pension Scheme	12	—	(40.5)
Equity dividends paid		(77.0)	(60.5)
Shares issued on exercise of employee share options	24	12.0	15.8
Transactions with non-controlling interest		(0.2)	(2.6)
Purchase of own shares by employee trust		(21.1)	(81.3)
Net cash used in financing activities		(704.1)	(773.6)
Net cash inflow/(outflow) from activities		135.2	(156.7)
Effects of exchange rate changes		(2.5)	(1.2)
Opening net cash		864.5	1,022.4
Closing net cash	27	997.2	864.5

1 Includes £68.2m (last year: £nil) relating to the consolidation of Ocado Retail Limited.

2 Includes interest paid on lease liabilities of £136.0m (last year: £103.4m).

3 Includes £105.5m of maturing 2025 notes, £193m of outstanding 2027 notes repurchased in February 2026 and £109m of outstanding 2026 notes repurchased in March 2026, resulting in a gain of £1.1m recognised within 'interest payable on Medium-Term Notes' in net finance costs.



NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

General information

Marks and Spencer Group plc (the Company) is a public limited company domiciled and incorporated in England and Wales under the Companies Act 2006. The address of the Company's registered office is Waterside House, 35 North Wharf Road, London W2 1NW, United Kingdom.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are as a Fashion, Home & Beauty and Food retailer.

These financial statements are presented in sterling, which is also the Company's functional currency, and are rounded to the nearest hundred thousand. Foreign operations are included in accordance with the policies set out within this note.

Basis of preparation

The financial statements have been prepared for the 52 weeks ended 28 March 2026 (last year: 52 weeks ended 29 March 2025) in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Marks and Spencer Scottish Limited Partnership has taken an exemption under paragraph 7 of the Partnership (Accounts) Regulations 2008 from the requirement to prepare and deliver financial statements, in accordance with the Companies Act.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the Board has considered the business activities as set out on pages 10 to 14, the financial position of the Group, its cash flows, liquidity position and borrowing facilities as set out in the Financial Review on pages 16 to 24, the Group's financial risk management objectives and exposures to liquidity and other financial risks as set out in note 21 and the principal risks and uncertainties as set out on pages 43 to 47.

The Group continues to maintain a robust financial position 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. At 28 March 2026, the Group had liquidity of £1,872.2m (last year: £1,739.5m), comprising cash and cash equivalents of £997.2m, an undrawn committed syndicated bank revolving credit facility ("RCF") of £850.0m (set to mature in December 2030), and undrawn uncommitted facilities amounting to £25.0m.

The RCF 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 biannually.

In adopting the going concern basis of preparation, the Board has assessed the Group's cash flow forecasts which incorporate a latest estimate of the ongoing impact of current market conditions on the Group (including the impact of the current Middle East conflict) and include a number of assumptions including sales growth and customer behaviour. While trading continues to be strong, in forming

their outlook on the future financial performance, the Board considered a variety of downsides that the Group might experience, such as a sustained economic recession and an inability for the Group to execute the transformation plan.

Under these latest forecasts, the Group is able to operate without the need to draw on its available facilities and without taking any supplementary mitigating actions, such as reducing capital expenditure and other discretionary spend. The forecast cash flows also indicate that the Group will comply with all relevant banking covenants during the forecast period, being at least 12 months from the approval of the financial statements.

The Board has modelled a severe, but plausible, downside scenario. This downside scenario assumes that:

- There will be a period of economic recession in 2026/27, resulting in a reduction in sales growth of 3.0 – 5.0% 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.

Even under this severe but plausible downside scenario, the Group would continue to have sufficient liquidity and headroom on its existing facilities and against the RCF financial covenant for the forecast period. In addition, should such a scenario arise, there are a range of mitigating actions that could be taken to reduce the impact. Given current trading and expectations for the business, the Board considers that this downside scenario reflects a plausible, but remote, outcome for the Group.

In addition, reverse stress testing has been applied to the model to determine the decline in sales 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 a result, the Board expects the Group to have adequate resources to continue in operation, meet its liabilities as they fall due, retain sufficient available cash and not breach the covenant under the revolving credit facility for the foreseeable future, being a period of at least 12 months from the approval of the financial statements. The Board therefore considers it appropriate for the Group to adopt the going concern basis in preparing its financial statements.

New accounting standards adopted by the Group

The Group has applied the following new amendment to the accounting standard for the first time for the annual reporting period commencing 30 March 2025:

- Amendment to IAS 21: Lack of Exchangeability



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

New accounting standards adopted by the Group continued

The adoption of the new amendment to the accounting standard listed above has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

New accounting standards in issue but not yet effective

New standards and interpretations that are in issue but not yet effective are listed below:

- Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments.
- Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-Dependent Electricity.
- IFRS 18: Presentation and Disclosure in Financial Statements.
- IFRS 19: Subsidiaries without Public Accountability.

With the exception of IFRS 18, the adoption of the above standards and interpretations is not expected to lead to any changes to the Group's accounting policies nor have any other material impact on the financial position or performance of the Group.

IFRS 18 was issued in April 2024 and is effective for periods beginning on or after 1 January 2027. The Group will apply the standard from its mandatory effective date and does not intend to adopt early. IFRS 18 requires retrospective application. Accordingly, comparative information for the financial year ended 2 April 2027 will be restated in the Group's 2027/28 financial statements. The standard will replace IAS 1 Presentation of Financial Statements and although it will not change how items are recognised and measured, the standard brings a focus on the income statement and reporting of financial performance. Specifically classifying income and expenses into three new defined categories – 'operating', 'investing' and 'financing' and two new subtotals 'operating profit and loss' and 'profit or loss before financing and income tax', introducing disclosures of management defined performance measures (MPMs) and enhancing general requirements on aggregation and disaggregation. The impact of the standard on the Group is currently being assessed and it is not yet practicable to quantify the effect of IFRS 18 on these consolidated financial statements, however there is no impact on presentation for the Group in the current year given the effective date – this will be applicable for the Group's 2027/28 Annual Report.

Prior year restatement

An error has been identified within the Group's deferred tax calculations in relation to historical changes for IFRS 16: Leases. In line with IAS 8, the Group has restated balances as at 29 March 2025 and 30 March 2024. Specifically, the impact on the financial results as at 29 March 2025 was a £119.5m increase in deferred tax liabilities recognised in relation to IFRS 16: Leases. There is no impact on cash flows (or cash flow statements), reported pre or post tax profits or tax paid in any of the previous years. The financial impact of the errors identified is as follows:

	As at 29 March 2025			As at 30 March 2024		
	Reported £m	Adjusted £m	Restated £m	Reported £m	Adjusted £m	Restated £m
Deferred tax liability	199.4	119.5	318.9	205.8	119.5	325.3
Retained earnings	5,888.5	(119.5)	5,769.0	5,789.6	(119.5)	5,670.1

Alternative performance measures

In reporting financial information, the Group presents alternative performance measures ('APMs'), which are not defined or specified under the requirements of IFRS.

The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board and Executive Committee. Some of these measures are also used for the purpose of setting remuneration targets.

The key APMs that the Group uses include: sales; like-for-like sales growth; adjusted operating profit; adjusted operating margin; M&S Group adjusted profit before tax; adjusted basic earnings per share; net debt; net debt excluding lease liabilities; free cash flow; free cash flow from operations; capital expenditure; return on capital employed; and adjusted non-controlling interest. Each of these APMs, and others used by the Group, are set out in the Glossary, including explanations of how they are calculated and how they can be reconciled to a statutory measure where relevant.

The Group reports some financial measures, primarily International sales, on both a reported and constant currency basis. The constant currency basis, which is an APM, retranslates the previous year revenues at the average actual periodic exchange rates used in the current financial year. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the year-on-year reported results.

The Group makes certain adjustments to the statutory profit measures in order to derive many of these APMs. The Group's policy is to exclude items that are considered significant in nature and/or quantum over the total expected life of the programme or are consistent with items that were treated as adjusting in prior periods. The Group's definition of adjusting items is consistent with prior periods. Adjusted results are consistent with how business performance is measured internally and presented to aid comparability of performance. On this basis, the following items were included within adjusting items for the 52-week period ended 28 March 2026:

- Net charges associated with the strategic programme in relation to the review of the store estate.
- Significant restructuring costs and other associated costs arising from strategy or operational changes that are not considered by the Group to be part of the normal operating costs of the business.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Alternative performance measures continued

- Impairment charges and provisions that are considered to be significant in nature and/or value to the trading performance of the business.
- Charges and reversals of previous impairments arising from the write-off of assets and other property charges that are significant in nature and/or value. Impairment charges are recognised in adjusted operating profit where they relate to stores not previously impaired or do not otherwise meet the Group's adjusting items policy.
- Adjustments to income from M&S Bank due to a provision recognised by M&S Bank for the cost of providing redress to customers in respect of possible mis-selling of M&S Bank financial products.
- Amortisation and fair value adjustments relating to Ocado Retail Limited.
- Net finance costs incurred in relation to Gist Limited deferred and contingent consideration.
- Share of net charges associated with Ocado Retail Limited's UK network capacity review.
- Net pension finance costs/income in relation to closed scheme not considered part of ongoing operating activities of the Group.
- Significant charges relating to the renegotiation of the Group's Relationship Agreement with M&S Bank.
- Significant charges in relation to the furniture simplification programme that are not considered to be day-to-day operational costs of the business, mainly relating to contractual obligations with suppliers.
- Net income associated with a significant legal settlement that is not considered to be a normal income stream of the business.
- (New) Significant costs in response to the recent cyber incident.

Refer to note 5 for a summary of the adjusting items.

A summary of the Company's and the Group's material accounting policies is given below.

Accounting convention

The financial statements are drawn up on the historical cost basis of accounting, except for certain financial instruments (including derivative instruments) and plan assets of defined benefit pension schemes which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Basis of consolidation

The Group financial statements incorporate the financial statements of Marks and Spencer Group plc and all its subsidiaries made up to the period end date. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

Subsidiaries

Subsidiary undertakings are all entities (including special purpose entities) over which the Company has control. Control is achieved when the Company has the power over the entity; is exposed, or has rights to, variable returns from its involvement with the entity; and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of these three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Subsidiary undertakings acquired during the year are recorded using the acquisition method of accounting and their results are included from the date of acquisition.

The separable net assets, including property, plant and equipment and intangible assets, of the newly acquired subsidiary undertakings are incorporated into the consolidated financial statements on the basis of the fair value as at the effective date of control.

Intercompany transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation.

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control nor joint control over those policies. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment.

Associated undertakings acquired during the year are recorded using the equity method of accounting and their results are included from the date of acquisition. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. The Group's share of the net fair value of identified intangible assets is amortised over the expected useful economic life of the assets.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Associates continued

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

When a Group company transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised only to the extent of interests in the associate that are not related to the Group.

Revenue

Revenue comprises sales of goods to customers outside the Group less an appropriate deduction for actual and expected returns, discounts and loyalty scheme vouchers, and is stated net of value added tax and other sales taxes. Revenue is recognised when performance obligations are satisfied and goods are delivered to our franchise partners or the customer and the control of goods is transferred to the buyer. Online sales are recognised when items are delivered, as this is when the performance obligation is deemed to have been satisfied. Where third-party branded goods are sold on a consignment basis, only the commission receivable is included in statutory revenue.

A right of return is not a separate performance obligation and the Group is required to recognise revenue net of estimated returns. A refund liability and a corresponding asset in inventory representing the right to recover products from the customer are recognised.

The Group enters into agreements which entitle other parties to operate under the Marks & Spencer brand name for certain activities and operations, such as M&S Bank. These contracts give rise to performance-based variable consideration. Income dependent on the performance of the third-party operations is recognised when it is highly probable that a significant reversal in the amount of income recognised will not occur, and presented as other operating income.

Revenue from the rendering of supply chain services is recognised when a performance obligation is satisfied.

Supplier income

In line with industry practice, the Group enters into agreements with suppliers to share the costs and benefits of promotional activity and volume growth. As M&S operates a predominantly owned-brand Food business, supplier income transactions are of much lower volumes compared to others within the industry. Following the consolidation of Ocado Retail Limited the supplier income accounting policy has been enhanced with specific reference to Ocado Retail Limited. For the period, promotional allowances for Ocado Retail Limited are £177.4m or 59% of commercial income, with rebates of £25.4m.

The Group receives income from its suppliers based on specific agreements in place. Supplier income received is recognised as a deduction from cost of sales based on the entitlement that has been earned up to the balance sheet date for each relevant supplier agreement.

The types of supplier income recognised by the Group and the associated recognition policies are:

A. Promotional income contribution Includes supplier contributions to promotional giveaways and pre-agreed contributions to annual 'spend and save' activity.

Income is recognised as a deduction to cost of sales over the relevant promotional period. Income is calculated and invoiced at the end of the promotional period based on actual sales or according to fixed contribution arrangements. Contributions earned, but not invoiced, are accrued at the end of the relevant period.

Ocado Retail Limited: The estimates required for this source of income are limited because the time periods of promotional activity, in most cases, are less than one month and the invoicing for the activity occurs on a regular basis shortly after the promotions have ended.

B. Volume-based rebates Includes annual growth incentives, seasonal contributions and contributions to share economies of scale resulting from moving product supply.

Annual growth incentives are calculated and invoiced at the end of the financial year, once earned, based on fixed percentage growth targets agreed for each supplier at the beginning of the year. They are recognised as a reduction in cost of sales in the year to which they relate. Other volume-based rebates are agreed with the supplier and spread over the relevant season/contract period to which they relate. Contributions earned, but not invoiced, are accrued at the end of the relevant period.

Ocado Retail Limited: At the reporting date, the Group is required to estimate supplier income due from annual agreements for volume-related rebates that cross the reporting date. Estimates are required since confirmation of some amounts due is often only received three to six months after the reporting date. Where estimates are required, these are based on current performance, historical data for prior periods and a review of significant supplier contracts.

Uncollected supplier income at the balance sheet date is classified within the financial statements as follows:

A. Trade and other payables The majority of income due from suppliers is net against amounts owed to that supplier as the Group has the legal right and intention to offset these balances.

B. Trade and other receivables Supplier income that has been earned, but not invoiced, at the balance sheet date is recognised in trade and other receivables and primarily relates to volume-based rebates that run up to the period end.

In order to provide users of the accounts with greater understanding in this area, additional balance sheet disclosure is provided in note 17 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

M&S Bank

The Group has an economic interest in M&S Bank which entitles the Group to a share of the profits of M&S Bank after appropriate contractual deductions.

Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

Pensions

Funded pension plans are in place for the Group's UK employees and some overseas employees.

For defined benefit (DB) pension schemes, the difference between the fair value of the assets and the present value of the DB obligation is recognised as an asset or liability in the statement of financial position. The DB obligation is actuarially calculated using the projected unit credit method. An asset can be recognised as, in the event of a plan wind-up, the pension scheme rules provide the Group with an unconditional right to a refund of surplus assets, assuming a full settlement of plan liabilities. In the ordinary course of business, the Trustees have no rights to wind up or change, the benefits due to the members of the scheme. As a result, any net surplus in the UK DB Pension Scheme is recognised in full.

The service cost of providing retirement benefits to employees during the year, together with the cost of any curtailment, is charged to operating profit in the year. The Group no longer incurs any service cost or curtailment costs related to the UK DB Pension Scheme as the scheme is closed to future accrual.

The net interest cost on the net retirement benefit asset/liability is calculated by applying the discount rate, measured at the beginning of the year, to the net defined benefit asset/liability and is included as a single net amount in finance income.

Remeasurements, being actuarial gains and losses, together with the difference between actual investment returns and the return implied by the net interest cost, are recognised immediately in other comprehensive income.

Payments to defined contribution retirement benefit schemes are charged as an expense on an accruals basis.

For further details on pension schemes and the partnership liability to the Marks & Spencer UK Pension Scheme, see notes 11 and 12.

Intangible assets

A. Goodwill Goodwill arising on consolidation represents the excess of the consideration paid and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable assets and liabilities (including intangible assets) of the acquired entity at the date of the acquisition. Goodwill is recognised as

an asset and assessed for impairment annually or as triggering events occur. Any impairment in value is recognised within the income statement.

B. Acquired intangible assets Acquired intangible assets include trademarks, brands or customer relationships. These assets are capitalised on acquisition at cost and amortised on a straight-line basis over their estimated useful lives.

Acquired intangible assets are tested for impairment as triggering events occur. Any impairment in value is recognised within the income statement.

C. Software intangibles Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset. Capitalised software costs include external direct costs of goods and services, as well as internal payroll-related costs for employees who are directly associated with the project. When the Group incurs configuration and customisation costs as part of a cloud-based software-as-a-service agreement, and where this does not result in the creation of an asset which the Group has control over, then these costs are expensed.

Capitalised software development costs are amortised on a straight-line basis over their expected economic lives, normally between three and five years. Computer software under development is held at cost less any recognised impairment loss. Any impairment in value is recognised within the income statement.

Property, plant and equipment

The Group's policy is to state property, plant and equipment at cost less accumulated depreciation and any recognised impairment loss. Property is not revalued for accounting purposes. Assets in the course of construction are held at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs. Leasehold buildings with lease premiums and ongoing peppercorn lease payments are considered in-substance purchases and are therefore included within the buildings category of property, plant and equipment.

Depreciation is provided to write off the cost of tangible non-current assets (including investment properties), less estimated residual values on a straight-line basis as follows:

- Freehold land – not depreciated.
- Buildings – depreciated to their residual value over their estimated remaining economic lives of 10-50 years.
- Fixtures, fittings and equipment – 3-25 years, according to the estimated economic life of the asset.

Residual values and useful economic lives are reviewed annually. Depreciation is charged on all additions to, or disposals of, depreciating assets in the year of purchase or disposal.

Any impairment in value, or reversal of an impairment, is recognised within the income statement.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Leasing

The Group recognises a right-of-use asset and corresponding liability at the date at which a leased asset is made available for use by the Group, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liabilities are measured at the present value of the future lease payments, excluding any payments relating to non-lease components. Future lease payments include fixed payments, in-substance fixed payments, and variable lease payments that are based on an index or a rate, less any lease incentives receivable.

Lease liabilities also take into account amounts payable under residual value guarantees and payments to exercise options to the extent that it is reasonably certain that such payments will be made. The payments are discounted at the rate implicit in the lease or, where that cannot be readily determined, at an incremental borrowing rate.

Right-of-use assets are measured initially at cost based on the value of the associated lease liability, adjusted for any payments made before inception, initial direct costs and an estimate of the dismantling, removal and restoration costs required in the terms of the lease. The Group presents right-of-use assets in 'property, plant and equipment' in the consolidated statement of financial position.

Subsequent to initial recognition, the lease liability is reduced for payments made and increased to reflect interest on the lease liability (using the effective interest method). The related right-of-use asset is depreciated over the term of the lease or, if shorter, the useful economic life of the leased asset. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option, the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments' change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Leases for which the Group is a lessor are classified as finance or operating leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership to the lessee, and classified as an operating lease if it does not. When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments and include short-term deposits with banks and other financial institutions, with an initial maturity of three months or less, money market funds and credit card payments received within 48 hours. Bank transactions are recorded on their settlement date.

Inventories

Inventories are valued on a weighted average cost basis and carried at the lower of cost and net realisable value. Cost includes all direct expenditure and other attributable costs incurred in bringing inventories to their present location and condition. All inventories are finished goods. Certain purchases of inventories may be subject to cash flow hedges for foreign exchange risk. The initial cost of hedged inventory is adjusted by the associated hedging gain or loss transferred from the cash flow hedge reserve (basis adjustment).

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. A fair value for the equity-settled share awards is measured at the date of grant. The Group measures the fair value of each award using the Black-Scholes model where appropriate.

The fair value of each award is recognised as an expense over the vesting period on a straight-line basis, after allowing for an estimate of the share awards that will eventually vest. The level of vesting is reviewed at each reporting period and the charge is adjusted to reflect actual and estimated levels of vesting.

Foreign currencies

The financial statements are presented in sterling which is the Company's functional currency.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Foreign currencies continued

The results of overseas subsidiaries are translated at the weighted average of monthly exchange rates for revenue and profits. The statements of financial position of overseas subsidiaries are translated at year end exchange rates. The resulting exchange differences are booked into reserves and reported in the consolidated statement of comprehensive income. On disposal of an overseas subsidiary the related cumulative translation differences recognised in reserves are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities held at the end of the reporting period are translated at the closing balance sheet rate. The resulting exchange gain or loss is recognised within the income statement.

Taxation

Tax expense comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is recognised in other comprehensive income or directly in equity.

Provision is made for uncertain tax positions when it is considered probable that there will be a future outflow of funds to a tax authority. The provision is calculated using the single best estimate where that outcome is more likely than not and a weighted average probability in other circumstances. The position is reviewed on an ongoing basis, to ensure appropriate provision is made for each known tax risk.

Deferred tax is accounted for using a temporary difference approach, and is the tax expected to be payable or recoverable on temporary differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax is calculated based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, applying tax rates and laws enacted, or substantively enacted, at the end of the reporting period.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the reversal of the temporary difference can be controlled by the Group and it is probable that the difference will not reverse in the foreseeable future. In addition, deferred tax liabilities are not recognised on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

Financial instruments

Financial assets and liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially classified as at fair value through profit and loss, fair value through other comprehensive income or amortised cost depending on the Group's business model for managing the financial asset and its cash flow characteristics. Financial assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

The table below sets out the Group's accounting classification of each class of its financial assets and liabilities:

	Note	Measurement
Financial assets:		
Other investments	16	FVTPL ¹
Loans to related parties	17	Amortised cost
Trade receivables	17	Amortised cost
Lease receivables	17	Amortised cost
Other receivables	17	Amortised cost
Cash and cash equivalents	18	Amortised cost ²
Derivative financial instruments	21	FVTPL
Financial liabilities:		
Borrowings and overdrafts	20	Amortised cost
Trade payables	19	Amortised cost
Other payables	19	Amortised cost
Contingent consideration	19	FVTPL
Accruals	19	Amortised cost
Lease liabilities	20	Amortised cost
Derivative financial instruments	21	FVTPL

1 Fair value through profit or loss.

2 Deposits held in low-volatility net asset value money market funds are classified as FVTPL.

A. Trade and other receivables Trade receivables are recorded initially at transaction price and subsequently measured at amortised cost, except those which, due to factoring arrangements, are held within a 'hold to collect and sell' business model and are measured at fair value through other comprehensive income (FVOCI).



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Financial instruments continued

Trade receivables measured at amortised cost are carried at nominal value less an allowance for any doubtful debts. The allowance for doubtful debts is recognised based on management's expectation of losses without regard to whether an impairment trigger happened or not (an expected credit loss model).

B. Other financial assets Other financial assets consist of loans receivable, venture capital investments and short-term investments with a maturity date of more than 90 days. Financial assets that do not meet the criteria for being measured at amortised cost are measured at fair value through profit or loss (FVTPL) with gains and losses arising from changes in fair value included in the income statement for the period.

C. Classification of financial liabilities and equity Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

D. Bank borrowings Interest-bearing bank loans and overdrafts are initially recorded at fair value, which equals the proceeds received, net of direct issue costs. They are subsequently held at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for using an effective interest rate method and are added to, or deducted from, the carrying amount of the instrument.

E. Loan notes Long-term loans are initially measured at fair value net of direct issue costs and are subsequently held at amortised cost. If the loan is designated in a fair value hedge relationship, the carrying value of the loan is adjusted for fair value gains or losses attributable to the risk being hedged.

F. Trade payables Trade payables are recorded initially at fair value and subsequently measured at amortised cost. Generally, this results in their recognition at their nominal value.

G. Equity instruments Equity instruments issued by the Group are recorded at the consideration received, net of direct issue costs.

Derivative financial instruments and hedging activities

The Group primarily uses cross-currency swaps and forward foreign currency contracts to manage its exposures to fluctuations in interest rates and foreign exchange rates. These instruments are initially recognised at fair value on the trade date and are subsequently remeasured at their fair value at the end of the reporting period. The method of recognising the resulting gain or loss is dependent on whether the derivative is designated as a hedging instrument and the nature of the item being hedged.

The Group designates certain hedging derivatives as either:

- A hedge of a highly probable forecast transaction or change in the cash flows of a recognised asset or liability (a cash flow hedge); or

- A hedge of the exposure to change in the fair value of a recognised asset or liability (a fair value hedge).

At the inception of a hedging relationship, the hedging instrument and the hedged item are documented, along with the risk management objectives, and strategy for undertaking various hedge transactions and prospective effectiveness testing is performed. During the life of the hedging relationship, prospective effectiveness testing is performed to ensure that the instrument remains an effective hedge of the transaction. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

A. Cash flow hedges Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income. The element of the change in fair value which relates to the foreign currency basis spread is recognised in the cost of hedging reserve, with the remaining change in fair value recognised in the hedging reserve and any ineffective portion is recognised immediately in the income statement in finance costs.

Cash flow hedges resulting in recognition of an asset or liability:

If the firm commitment or forecast transaction that is the subject of a cash flow hedge results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in other comprehensive income and accumulated in the cash flow hedge reserve are removed directly from equity and included in the initial measurement of the asset or liability. If the hedged item is transaction-related, the foreign currency basis spread is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a systematic and rational basis. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item.

Cash flow hedges not resulting in the recognition of an asset or liability:

For hedges that do not result in the recognition of an asset or a liability, amounts deferred in the cash flow hedge reserve are recognised in the income statement in the same period in which the hedged items affect net profit or loss.

B. Fair value hedges Changes in the fair value of a derivative instrument designated in a fair value hedge are recognised in the income statement. The hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

C. Discontinuance of hedge accounting Hedge accounting is discontinued when the hedge relationship no longer qualifies for hedge accounting. This includes when the hedging instrument expires or is sold, terminated or exercised, or when occurrence of the forecast transaction is no longer highly probable. The Group cannot voluntarily de-designate a hedging relationship.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Derivative financial instruments and hedging activities continued

When a cash flow hedge is discontinued, any cumulative gain or loss on the hedging instrument accumulated in the cash flow hedge reserve is retained in equity until the forecast transaction occurs. Subsequent changes in the fair value are recognised in the income statement. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in the cash flow hedge reserve is transferred to the income statement for the period.

When a fair value hedge is discontinued, the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the income statement based on the recalculated effective interest rate at that date.

The Group does not use derivatives to hedge income statement translation exposures.

Reserves

The following describes the nature and purpose of each reserve within equity:

A. Share premium account Proceeds received in excess of the nominal value of shares issued, net of any transaction costs.

B. Capital redemption reserve Amounts transferred from share capital on redemption or repurchase of issued shares.

C. Hedging reserve Cumulative gains and losses on hedging instruments deemed effective in cash flow hedges.

D. Cost of hedging Cumulative gains and losses on the portion excluded from the designated hedging instrument that relates to changes in the foreign currency basis.

E. Other reserve Originally created as part of the capital restructuring that took place in 2002. It represents the difference between the nominal value of the shares issued prior to the capital reduction by the Company (being the carrying value of the investment in Marks and Spencer plc) and the share capital, share premium and capital redemption reserve of Marks and Spencer plc at the date of the transaction.

F. Foreign exchange reserve Gains and losses arising on retranslating the net assets of overseas operations into sterling.

G. Retained earnings All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements requires the Group to make estimates and judgements that affect the application of policies and reported amounts.

Critical judgements represent key decisions made by management in the application of the Group accounting policies. Where a significant risk of materially different outcomes exists due to management assumptions or sources of estimation uncertainty, this will represent a key source of estimation uncertainty. Estimates and judgements are continually evaluated and are based on historical experience and

other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next 12 months are discussed on the following page.

Critical accounting judgements

Adjusting items

The directors believe that the adjusted profit and earnings per share measures provide additional useful information to shareholders on the performance of the business. These measures are consistent with how business performance is measured internally by the Board and Executive Committee. The profit before tax and adjusting items measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies. The classification of adjusting items requires significant management judgement after considering the nature and intentions of a transaction. The Group's definitions of adjusting items are outlined within both the Group accounting policies and the Glossary. These definitions have been applied consistently year on year.

Note 5 provides further details on current year adjusting items and their adherence to Group policy.

UK defined benefit pension (deficit)/surplus

Where a surplus on a defined benefit scheme arises, the rights of the Trustees to prevent the Group obtaining a refund of that surplus in the future are considered in determining whether it is necessary to restrict the amount of the surplus that is recognised, or recognise an additional minimum funding liability. The UK defined benefit scheme is in a deficit of £79.2m at 28 March 2026.

Following consultation with external advisers, the directors have made the judgement that if the scheme is in a surplus, these amounts meet the requirements of recoverability on the basis that paragraph 11(b) of IFRIC 14 applies, enabling a refund of surplus assuming the gradual settlement of the scheme liabilities over time until all members have left the scheme.

Assessment of control over Ocado Retail Limited

The Group holds a 50% interest in Ocado Retail Limited, a company incorporated in the UK. The remaining 50% interest is held by Ocado Group plc. Ocado Retail Limited is an online grocery retailer, operating through the ocado.com and ocadozoom.com websites. Upon acquisition, Ocado Group plc held certain rights for an initial period of five years, giving Ocado Group plc control of the company. These rights included determinative rights held by Ocado Group plc, after agreed dispute resolution procedures, in relation to the approval of the Ocado Retail Limited business plan and budget and the appointment and removal of Ocado Retail Limited's Chief Executive Officer. As of 6 April 2025, these rights were surrendered by Ocado Group plc and the rights were passed to Marks & Spencer. As a result, the Directors have assessed that the Group has control over Ocado Retail Limited and it is now consolidated as a subsidiary of the Group for FY 2025/26. See note 29 for further details.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Critical accounting judgements continued

Determining the lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Group has several lease contracts for land and buildings that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination, including: whether there are significant penalties to terminate (or not extend); whether any leasehold improvements are expected to have a significant remaining value; historical lease durations; the importance of the underlying asset to the Group's operations; and the costs and business disruption required to replace the leased asset.

Most renewal periods and periods covered by termination options are included as part of the lease term for leases of land and buildings. The Group typically exercises its option to renew (or does not exercise its option to terminate) for these leases because there will be a significant negative effect on trading if a replacement property is not readily available.

The lease term is reassessed if a significant event or a significant change in circumstances occurs which affects the assessment of reasonable certainty, for example if a store is identified to be closed as part of the store estate strategic programme.

Key sources of estimation uncertainty

Store estate programme

The Group is undertaking a significant strategic programme to review its store estate, resulting in a net charge of £84.1m (last year: £84.4m) in the year. A significant level of estimation has been used to determine the charges to be recognised in the year. The most significant judgement that impacts the charge is that the stores identified as part of the programme are more likely than not to close. Further significant closure costs and impairment charges may be recorded in future years, depending on decisions made about further store closures and the successful delivery of the transformation programme.

Where a store closure has been announced, there is a reduced level of estimation uncertainty as the programme actions are to be taken over a shorter and more immediate timeframe. Further significant estimation uncertainty arises in respect of determining the recoverable amount of assets and the costs to be incurred as part of the programme. Significant assumptions have been made including:

- Reassessment of the useful lives of store fixed assets and closure dates.
- Estimation in respect of the expected shorter-term trading value in use, including assumptions with regard to the period of trading as well as changes to future sales, gross margin and operating costs.

- Estimation of the sale proceeds for freehold stores which is dependent upon location-specific factors, timing of likely exit and future changes to the retail property market valuations.
- Estimation of the value of dilapidation payments required for leasehold store exits, which is dependent on a number of factors including the extent of modifications of the store, the terms of the lease agreement, and the condition of the property.

The assumption most likely to have a material impact is the closure date. See notes 5 and 15 for further detail.

Ocado Retail Limited goodwill impairment assessment

Following the consolidation of Ocado Retail Limited on 6 April 2025, the Group recognised a goodwill balance following completion of a fair valuation of Ocado Retail Limited at that date. The Group is required to perform an annual goodwill impairment assessment of this balance. This requires management to estimate the recoverable amount of Ocado Retail Limited which represents the lowest-level cash-generating unit, that is monitored by management and that can be assessed for impairment.

The determination of the recoverable amount requires management to make multiple estimates, specifically the estimation of future cash flows, long-term growth rates, and post-tax discount rates. The methodology applied in performing the impairment assessment, together with the key assumptions and the related sensitivities, are disclosed in note 14. Management do not consider this as a key source of estimation uncertainty

Post-retirement benefits

The determination of pension net interest income and the defined benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate and mortality rates. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. The fair value of unquoted investments within total plan assets is estimated with consideration of fair value estimates provided by the manager of the investment or fund. See note 11 for further details on the impact of changes in the key assumptions and estimates.

Climate change impact

In preparing the consolidated financial statements, the Group has considered the impact of climate change, particularly in the context of the TCFD disclosures set out on pages 28 to 39 and the Group's sustainability targets. The Group's existing fixed asset replacement programme is phased over several years and any changes in the requirements associated with climate change would not have a material impact on the impairment assessment in any given year. The costs expected to be incurred in connection with the Group's commitments are included within the Group's budget and three-year plan which have been used to support the impairment reviews of non-current assets and the going concern and viability assessments. Further disclosures in relation to the impact of climate change on the impairment assessment of intangibles and property, plant and equipment are included in notes 14 and 15. Given the identified risks are expected to be present in the medium to long term, the impact of climate change on the going concern period and viability of the Group over the next three years is not expected to be material and is therefore not currently classified as a key source of estimation uncertainty.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Segmental information

IFRS 8: Operating Segments requires operating segments to be identified on the basis of internal reporting on components of the Group that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker has been identified as the Executive Committee. The Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources across each operating segment.

During the period, a review of the Group's operating segments was performed to ensure the operating segments best reflect the current day-to-day operations and way the business is managed. As a result of the review, the Channel Islands have been removed from the International segment and split between the Fashion, Home & Beauty and Food segments. Additionally, sales relating to the US chain Target have been removed from the Food segment and allocated to the International segment. Reportable segment results below have been updated to reflect this change.

The Group's reportable operating segments have therefore been identified as follows:

- Fashion, Home & Beauty – comprises the retailing of womenswear, menswear, lingerie,

kidswear, beauty and home products through UK, ROI and Channel Islands retail stores and online.

- Food – includes the results of the UK, ROI and Channel Islands retail food business, UK Food franchise operations and UK supply chain services, with the following main categories: Meat, Fish, Protein, Deli and Dairy; Produce & Floral; Meals, Frozen and 'food on the move'; Core Basket; Bakery, Impulse & Events; Beers, Wines & Spirits; and Hospitality.
- International – consists of Marks and Spencer owned businesses in Europe (excluding Ireland and the Channel Islands) and Asia and the international and wholesale franchise operations.
- Ocado – includes the results of the Ocado Retail Limited business.

Other business activities and operating segments, including M&S Bank, are combined and presented in 'All other segments'. Finance income and costs and other operating income are not allocated to segments as each is managed on a centralised basis.

The Executive Committee assesses the performance of the operating segments based on a measure of Group adjusted operating profit before adjusting items. This measurement basis excludes the effects of adjusting items from the operating segments.

The following is an analysis of the Group's revenue and results by reportable segment:

	52 weeks ended 28 March 2026						52 weeks ended 29 March 2025 (restated) ^{4,5}					
	Fashion, Home & Beauty £m	Food £m	International £m	Ocado £m	All other segments £m	Group £m	Fashion, Home & Beauty ⁴ £m	Food ^{4,5} £m	International ^{4,5} £m	Ocado £m	All other segments £m	Group £m
Sales¹	3,915.5	9,719.3	543.3	3,193.4	—	17,371.5	4,243.4	9,085.7	585.2	—	—	13,914.3
Revenue	3,826.1	9,710.8	543.3	3,193.4	—	17,273.6	4,145.9	9,085.7	585.2	—	—	13,816.8
Insurance income²						100.0						—
Group adjusted operating profit/(loss)³	213.4	444.5	39.1	15.2	6.2	818.4	478.0	491.8	35.9	(28.7)	7.5	984.5
Finance income before adjusting items						45.0						60.6
Finance costs before adjusting items						(206.7)						(169.6)
Less: adjusted non-controlling interests						14.7						5.6
M&S Group adjusted profit/(loss) before tax	213.4	444.5	39.1	15.2	6.2	671.4	478.0	491.8	35.9	(28.7)	7.5	881.1
Adjusting items						(292.1)						(363.7)
Adjusted non-controlling interests						(14.7)						(5.6)
Profit/(loss) before tax	213.4	444.5	39.1	15.2	6.2	364.6	478.0	491.8	35.9	(28.7)	7.5	511.8

1 Sales is revenue stated prior to adjustments for Fashion, Home & Beauty brand consignment sales of £89.4m (last year: £97.5m) and Food consignment sales of £8.5m (last year: £nil).

2 Insurance income in respect of the cyber incident is recognised within other operating income and is not allocated to segments as it is managed on a centralised basis.

3 Group adjusted operating profit/(loss) is stated as gross profit less operating costs prior to adjusting items and non-controlling interest. At reportable segment level costs are allocated where directly attributable or based on an appropriate cost driver for the cost.

4 Fashion, Home & Beauty, Food and International segments have been restated to move revenue related to sales in the Channel Islands from International to Fashion, Home & Beauty and Food.

5 Food and International segments have been restated to move revenue related to sales in the US chain Target from Food to International.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Segmental information continued

Other segmental information

	52 weeks ended 28 March 2026						52 weeks ended 29 March 2025					
	Fashion, Home & Beauty £m	Food £m	International £m	Ocado £m	All other segments £m	Group £m	Fashion, Home & Beauty £m	Food £m	International £m	Ocado £m	All other segments £m	Group £m
Additions to property, plant and equipment, and intangible assets (excluding goodwill and right-of-use assets)	229.7	449.2	4.9	12.7	—	696.5	266.7	315.0	7.4	—	—	589.1
Depreciation and amortisation ^{1,2}	(279.2)	(312.2)	(40.5)	(87.8)	—	(719.7)	(200.6)	(240.9)	(30.7)	—	—	(472.2)
Impairment charges, impairment reversals and asset disposals ¹	(5.4)	(16.8)	(2.1)	(5.7)	—	(30.0)	(106.3)	(34.6)	—	—	—	(140.9)

1 These costs are allocated to a reportable segment where they are directly attributable. Where costs are not directly attributable, a proportional allocation is made to each segment based on an appropriate cost driver.

2 Includes £0.2m (last year: £0.4m) depreciation on investment property.

Segment assets and liabilities, including investments in associates and joint ventures, are not disclosed because they are not reported to or reviewed by the Executive Committee.

3 Expense analysis

	2026 Total £m	2025 Total £m
Revenue	17,273.6	13,816.8
Cost of sales ^{1,2}	(11,721.8)	(9,078.7)
Gross profit	5,551.8	4,738.1
Selling and administrative expenses	(5,098.3)	(4,119.7)
Other operating income	100.9	49.5
Share of results of Ocado Retail Limited	—	(43.6)
Loss on consolidation of Ocado Retail Limited	(17.7)	—
Operating profit	536.7	624.3

The figures above include £281.7m (last year: £360.2m) adjusting item charges within operating profit (see note 5). These are further analysed against the categories of selling and administrative expenses (£230.7m; last year: £351.8m), other operating costs (£33.3m; last year: income of £6.5m), share of results of Ocado Retail Limited (£nil; last year: £14.9m); and loss on acquisition of Ocado Retail Limited (£17.7m; last year: £nil).



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 Expense analysis continued

The selling and administrative expenses are further analysed below:

	2026 Total £m	2025 Total £m
Employee costs ^{1,2}	2,113.8	1,886.1
Occupancy costs	507.0	451.6
Repairs, renewals and maintenance of property	238.3	136.0
Depreciation, amortisation and asset impairments and disposals ³	751.3	865.2
IT costs	400.2	325.1
Marketing costs	318.2	261.2
Ocado Group recharges to Ocado Retail Limited ⁴	440.3	—
Other costs ⁵	329.2	194.5
Selling and administrative expenses	5,098.3	4,119.7

1 £271.1m of 2024/25 employee costs identified as relating to secondary logistics have been reclassified out of cost of sales and into employee costs in selling and administrative expenses.

2 There are an additional £16.4m (last year restated: £11.0m) employee costs recorded within cost of sales. These costs are included within the aggregate remuneration disclosures in note 10A.

3 Includes £0.2m (last year: £0.4m) depreciation charged on investment property.

4 £440.3m (last year: £nil) of costs relating to Ocado Group recharges are included within selling and administrative expenses following the consolidation of Ocado Retail Limited in the year. These recharges comprise technology fees, logistics management costs and other charges.

5 Includes costs such as logistics, professional fees and sundry costs. £141.2m of 2024/25 expenses relating to secondary logistics have been reclassified out of cost of sales and into other costs in selling and administrative expenses in the year.

Adjusting items categorised as selling and administrative expenses are further analysed as employee income of £3.4m (last year: cost of £5.2m); occupancy costs of £10.5m (last year: income of £2.1m); repairs, renewals and maintenance of £0.7m (last year: £nil); depreciation, amortisation and asset impairments and disposals of £100.7m (last year: £316.8m); other costs of £121.7m (last year: £31.9m); and selling and administrative expenses relating to Ocado Retail Limited of £0.5m (last year: £nil).

4 Profit before taxation

The following items have been included in arriving at profit before taxation:

	2026 £m	2025 £m
Net foreign exchange gains	(0.9)	(1.8)
Cost of inventories recognised as an expense	10,481.9	7,842.4
Cost of inventories recognised as an expense in respect of write-downs of inventory to net realisable value	516.3	325.2
Depreciation of property, plant, and equipment ¹ :		
– owned assets	337.9	265.7
– right-of-use assets	297.4	142.0
Amortisation of intangible assets	84.4	64.5
Impairments of property, plant and equipment	26.1	48.0
Impairment reversals of property, plant and equipment	(26.4)	(19.4)
Disposals of property, plant and equipment	42.4	63.6
Disposals of intangible assets	1.7	3.3
Impairments of right-of-use assets	33.8	47.0
Impairment reversals of right-of-use assets	(30.0)	(4.3)

1 Includes £0.2m (last year: £0.4m) depreciation charged on investment property.

Included in administrative expenses is the auditor's remuneration, including expenses for audit and non-audit services, payable to the Company's auditor Deloitte LLP and its associates as follows:

	2026 £m	2025 £m
Annual audit of the Company and the consolidated financial statements ^{1,2}	3.0	2.6
Audit of subsidiary companies ^{1,2}	1.2	0.7
Total audit fees	4.2	3.3
Audit-related assurance services	0.9	0.5
Total non-audit services fees	0.9	0.5
Total audit and non-audit services	5.1	3.8

1 Additional incremental fees and scope change-related charges are included in this year's fee relating to the cyber incident and Ocado Retail Limited component audit fee following consolidation.

2 Additional incremental fees and scope change-related charges are included within the 2025 audit fee disclosed; however, they were billed in 2026.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 Adjusting items

The total adjusting items reported for the 52-week period ended 28 March 2026 is a net charge of £292.1m (last year: net charge of £363.7m). The adjustments made to reported profit before tax to arrive at adjusted profit are:

	Notes	2026 £m	2025 £m
Included in share of result of associate – Ocado Retail Limited			
Amortisation and fair value adjustments arising as part of the investment in Ocado Retail Limited		—	(12.9)
Ocado Retail Limited – UK network capacity review		—	(2.0)
		—	(14.9)
Included in operating profit			
Strategic programmes – Store estate	15, 22	(84.1)	(84.4)
Strategic programmes – International reset	22	10.6	(20.6)
Strategic programmes – Digital and Technology transformation		(4.1)	(10.2)
Strategic programmes – Furniture simplification	22	—	11.1
Costs associated with the cyber incident		(131.3)	—
Store impairments, impairment reversals and other property charges	15	—	2.3
Impairment of investment in Ocado Retail Limited		—	(248.5)
Amortisation and fair value adjustments relating to Ocado Retail Limited		(26.0)	—
Ocado Retail Limited – UK network capacity review		(2.8)	—
M&S Bank transformation and insurance mis-selling provisions		(32.4)	(15.5)
Legal settlement		—	20.5
		(270.1)	(345.3)
Included in net finance (costs)/income			
Pension net finance (costs)/income	11	(5.0)	4.1
Net finance costs incurred in relation to Gist Limited deferred and contingent consideration		(3.8)	(7.6)
Net finance costs relating to amortisation and fair value adjustments of Ocado Retail Limited		(0.9)	—
Net finance costs relating to M&S Bank transformation and insurance mis-selling provisions		(0.7)	—
		(10.4)	(3.5)
M&S Group Adjusting items			
		(280.5)	(363.7)
Adjusting items attributable to non-controlling interests included in operating profit ¹		(11.6)	—
Adjustments to profit before tax			
		(292.1)	(363.7)

¹ Relates to 50% non-controlling interest share of amortisation and certain fair value adjustments following the consolidation of Ocado Retail Limited (£12.1m) and 49% non-controlling interest share of India store impairment (£0.5m).

Strategic programmes – Store estate (£84.1m)

In November 2016, the Group announced a strategic programme to transform and rotate the store estate with the overall objective to improve our store estate to better meet our customers' needs. The Group has incurred charges of £1,131.1m in the 10 years up to March 2026 under this programme primarily relating to closure costs associated with stores identified as part of the strategic transformation plans.

The Group has recognised a charge of £84.1m in the period in relation to those stores identified as part of the rotation plans. The charge primarily reflects the latest view of store closure plans and latest assumptions for estimated store closure costs, as well as charges relating to the impairment of buildings and fixtures and fittings, and depreciation as a result of shortening the useful economic life of stores based on the most recent approved exit routes.

Further charges relating to the closure and rotation of the store estate are anticipated over the next five years as the programme progresses, the quantum of which is subject to change throughout the programme period as the Group gets greater certainty of circumstances that need to be in place to make closure financially viable. Future charges will not include Foodhall closures at a lease event where there is opportunity for a better location, as this is not in the scope of the programme.

The cash flows used within the impairment models for the store estate programme are based on assumptions which are sources of estimation uncertainty, and small movements in these assumptions could lead to further impairments. Management has performed sensitivity analysis on the key assumptions across the store estate programme. A delay of 12 months in the probable date of each store exit would result in an increase in the impairment reversal recognised in the period by £10.8m, from £11.9m to £22.7m. A 5% reduction in planned sales in years 2 and 3 (where relevant) would result in an increase in the impairment charge of £0.7m. Neither a 250 basis point increase in the discount rate, a 25 basis point reduction in management gross margin during the period of trading, nor a 2% increase in the costs associated with exiting a store would result in a significant increase to the impairment charge, individually or in combination with the other reasonably possible scenarios considered.

As at 28 March 2026, the total closure programme now consists of 215 stores, 145 of which have already closed. Further charges of c.£112m are estimated within the next five financial years, bringing anticipated total programme costs since 2016 to c.£1.2bn. In addition, where store exit routes in the next five years lead to the recognition of gains on exit, particularly those relating to asset management, these credits will also be recognised within adjusting items as part of the programme. The anticipated total programme costs to date do not include any costs that may arise in relation to a further c.19 stores currently under consideration for closure within the next five years. At this stage these c.19 stores remain commercially supportable and in the event of a decision to close the store, the exit routes are not yet certain.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 Adjusting items continued

Strategic programmes – Store estate (£84.1m) continued

These costs are reported as adjusting items on the basis that they are significant in quantum and relate to a strategic initiative focused on reviewing our store estate and to aid comparability from one period to the next. The programme includes all stores within the programme to be closed by 2030/31, but charges in the year, and future charges, did not include Foodhall closures at a lease event where there is opportunity to secure a better location.

Strategic programmes – International reset (£10.6m credit)

In September 2024 the Group announced a reset of priorities for the International business. This included closures of two European distribution centres, exiting of legacy franchise businesses not aligned to the strategy and investing in technology relating to the strategy.

During the year a credit of £10.6m has been recognised as a result of both one-off charges and gains that are not considered to be day-to-day operations of the business. These are primarily as a result of updated assumptions regarding contractual obligations in relation to the closure of the European distribution centres.

These costs are adjusting items as they are significant to the International business and the business would not have incurred these costs without the strategy reset. No further costs are expected in 2026/27 as the International reset programme has concluded in the current year.

Strategic programmes – Digital and Technology transformation (£4.1m)

During 2024/25, to reduce costs and transform our business, the Group confirmed our desire to build the Digital and Technology team we need for the future, investing in our core foundations and business platforms. In 2025/26, we have been refreshing our transformation plans whilst continuing along similar ambitions, including a reset of key partnerships. We have been resetting our operating model under the new leadership team, bringing more capabilities in house and changing how we are structured and how we operate in service of the business. In total we are targeting to deliver £100m of structural cost savings over the next five years, with an element of these savings coming from the new operating model and resetting our partnerships.

A charge of £4.1m has occurred in the year as part of our transformation programme, the majority of which related to third-party transformation costs. Further charges of c.£10m are expected in relation to this programme to 2028/29, taking total programme costs to c.£23m.

These costs are considered to be adjusting items as the costs are part of the strategic programme, are significant in value and would distort the year-on-year profitability of the business.

Costs associated with the cyber incident (£131.3m)

As announced in April 2025, the Group was the subject of a sophisticated cyber incident. During the period, the Group incurred £131.3m of material system recovery, risk management and specialist advisory costs as a direct result of the incident. £109.3m of these costs related to immediate incident systems response and recovery. Remaining charges incurred relate to third-party costs predominantly for specialist legal and professional services support.

These costs are considered to be adjusting items as they relate to incident response and recovery activities that would not have been incurred without the cyber incident.

Amortisation and fair value adjustments relating to Ocado Retail Limited (£26.9m)

In April 2025, following the change in accounting control and the consolidation of Ocado Retail Limited, the Group recognised intangible assets of £292.0m representing the Ocado brand and acquired customer relationships (see note 14). Other fair value adjustments for property, plant and equipment of £54.4m were also recognised. These assets and fair value adjustments are being amortised and depreciated over their remaining useful economic lives of 10–40 years with the Group's share (50%) of charge of £9.2m recognised in the period. The remaining charge of £17.7m relates to the recognition of the loss on settlement of the Group's pre-existing relationship.

The charges are considered to be adjusting items as they are based on judgements about their value and economic life and are not related to the Group's underlying trading performance. These charges are reported as adjusting items on the basis that they are significant in quantum and to aid comparability from one period to the next.

Ocado Retail Limited – UK network capacity review (£2.8m)

On 25 April 2023, Ocado Retail Limited announced the plan to cease operation at its Customer Fulfilment Centre (CFC) in Hatfield as part of the wider review of UK network capacity. During H2 2023/24, Ocado Retail Limited also undertook a strategy and capacity review for the Zoom network. As a result, Ocado Retail Limited recorded impairment charges, restructuring costs and other related costs of closure. During the period the Group's share (50%) of a charge of £2.8m has been recognised (last year: £2.0m) reflecting the latest assumptions for estimated closure costs.

The charges relating to Ocado Retail Limited are considered to be adjusting items as they are based on judgements about their value and economic life and are not related to the Group's underlying trading performance. These charges are reported as adjusting items on the basis that they are significant in quantum and to aid comparability from one period to the next.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 Adjusting items continued

M&S Bank transformation and insurance mis-selling provisions (£33.1m)

The Group has an economic interest in Marks and Spencer Financial Services plc (trading as M&S Bank), a wholly owned subsidiary of HSBC UK Bank plc (HSBC UK), by way of a Relationship Agreement that entitles the Group to a share of the profits of M&S Bank after appropriate deductions.

On 9 April 2024, the Group and HSBC UK agreed a new seven-year deal focused on enhancing M&S' credit offering and payment solutions through M&S Bank and bringing together digital payments and loyalty for M&S customers.

As previously disclosed, a deficit had accumulated since September 2012, primarily relating to liabilities recognised by M&S Bank for redress to customers in respect of possible mis-selling of financial products. Under the terms of the renegotiated Relationship Agreement, the Group has agreed to settle the deficit by the end of the new contract. Other one-off fees are also payable to M&S Bank under the renegotiated Relationship Agreement which will be recognised as a reduction to income over the term of contract.

Costs of £33.1m have been recognised in the period, predominantly relating to the continued settlement of the deficit and a one-off fee in the period. Total programme costs to date are £53.6m with future net charges of c.£78.5m expected over the next five financial years. The charge in the period and total programme costs reflect the latest position of fees payable to M&S Bank under the renegotiated Relationship Agreement.

All of these costs are considered to be adjusting items as they are significant in quantum and have crystallised as a result of major business change linked to M&S Bank. Recognition of these costs within adjusting items is consistent with the disclosure of costs relating to the deficit previously recognised within adjusting items. Furthermore these costs are significant in value to the results of both the Group and to the 'all other segments' segment.

Net pension finance (charge)/income (£5.0m)

In the period a net finance cost of £5.0m was recognised. The net pension finance income or expense can fluctuate significantly each year due to changes in external market factors that are outside management's control. Furthermore, as the scheme is now closed, it is not considered to be part of the ongoing operating activities of the Group. Therefore, consistent with how management assesses the performance of the business, the net pension finance income is considered to be an adjusting item.

Net finance costs incurred in relation to Gist Limited deferred and contingent consideration (£3.8m)

Deferred consideration, resulting from the acquisition of Gist Limited, is held at amortised cost, whilst the contingent consideration is remeasured at fair value at each reporting date with the changes in fair value recognised in profit or loss. A charge of £3.8m (last year: £7.6m) has been recognised in the period, representing the discount unwind of the deferred consideration and revaluation of the contingent consideration payable. No further costs are expected in 2026/27 as the final payment in relation to the deferred and contingent consideration has been made in H2 2025/26. See note 21 for further details. The discount unwind and change in fair value is considered to be an adjusting item as it relates to a major transaction and consequently is not considered representative of the normal operating performance of the Group.

6 Finance income/(costs)

	2026 £m	2025 £m
Bank and other interest receivable	39.3	54.9
Interest income of subleases	5.7	5.7
Finance income before adjusting items	45.0	60.6
Finance income in adjusting items (see note 5)	—	4.1
Finance income	45.0	64.7
Other finance costs	(12.2)	(4.6)
Interest payable on syndicated bank facility	(3.9)	(4.6)
Interest payable on Medium-Term Notes	(30.6)	(36.7)
Interest payable on lease liabilities	(150.8)	(115.9)
Unwind of discount on provisions (see note 22)	(9.2)	(6.4)
Unwind of discount on Partnership liability to the Marks & Spencer UK Pension Scheme (see note 12)	—	(1.4)
Finance costs before adjusting items	(206.7)	(169.6)
Finance costs in adjusting items (see note 5)	(10.4)	(7.6)
Finance costs	(217.1)	(177.2)
Net finance costs	(172.1)	(112.5)



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 Income tax expense

A. Taxation charge

	2026 £m	2025 £m
Current tax		
UK corporation tax on profits for the year at 25% (last year: 25%)		
– current year	36.6	157.2
– adjustments in respect of prior years	1.1	(0.3)
UK current tax	37.7	156.9
Overseas current taxation		
– current year	4.3	6.5
– adjustments in respect of prior years	(1.1)	(0.5)
Total current taxation	40.9	162.9
Deferred tax		
– origination and reversal of temporary differences	68.2	49.9
– adjustments in respect of prior years	19.3	7.0
– changes in tax rate	—	0.1
Total deferred tax (see note 23)	87.5	57.0
Total income tax expense	128.4	219.9

B. Taxation reconciliation

The effective tax rate was 35.2% (last year: 43.0%) and is explained below.

	2026 £m	2025 £m
Profit before tax	364.6	511.8
Notional taxation at standard UK corporation tax rate of 25% (last year: 25%)	91.2	128.0
Depreciation and other amounts in relation to land and buildings that do not qualify for tax relief	(13.0)	(3.9)
Depreciation and other amounts in relation to other fixed assets that do not qualify for tax relief	3.2	13.5
Other income and expenses that are not taxable or allowable for tax purposes	2.7	(6.6)
Joint venture results accounted for as profit after tax	(0.1)	7.1
Overseas profits taxed at rates different to those of the UK	(1.0)	(3.0)
Movement in unrecognised deferred tax assets	6.8	0.1
Controlled Foreign Companies charge	1.0	1.3
Pillar Two top-up tax	0.5	0.3
Adjustments to the current and deferred tax charges in respect of prior periods	19.3	6.2
Adjusting items:		
– UK store and strategic programme impairments and disposals where no tax relief is available	5.6	5.8
– cost incurred on acquisition of Gist	0.9	1.9
– other strategic programme income and expenses that are not taxable or allowable for tax purposes	7.0	6.6
– amortisation arising as a part of the investment in Ocado Retail Limited	—	3.2
– derecognition of deferred tax assets on tax losses	1.7	—
– one-off fair value adjustment relating to Ocado Retail Limited	4.4	—
– joint venture results accounted for as profit after tax/ (Release of Ocado contingent consideration)	—	0.5
– impairment of investment in Ocado Retail Limited	—	62.1
– adjustments to the land and buildings deferred tax due to adjusting items	(1.8)	(3.2)
Total income tax expense	128.4	219.9



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 Income tax expense continued

B. Taxation reconciliation continued

The effective tax rate in respect of the M&S Group adjusted profit was 27.5% (last year: 26.7%).

The Group has applied the temporary exemption under IAS 12 in relation to the accounting for deferred taxes arising from the implementation of the Pillar Two rules, so that the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two.

The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operated are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply and the Pillar Two effective tax rate is close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions and a top-up tax liability of £0.5m has been included in the total tax balance.

C. Current tax reconciliation

The current tax reconciliation shows the tax effect of the main adjustments made to the Group's accounting profits in order to arrive at its taxable profits. The reconciling items differ from those in note 7B as the effects of deferred tax temporary differences are ignored below.

	2026 £m	2025 £m
Profit before tax	364.6	511.8
Notional taxation at standard UK corporation tax rate of 25% (last year: 25%)	91.2	128.0
Disallowable accounting depreciation and other similar items	86.9	68.4
Deductible capital allowances	(175.5)	(122.9)
Adjustments in relation to employee share schemes	(5.5)	8.9
Adjustments in relation to employee pension schemes	(1.5)	(0.2)
Overseas profits taxed at rates different to those of the UK	(1.0)	(3.0)
Joint venture results accounted for as profit after tax	(0.1)	7.1
Utilisation or increase of unrecognised losses	12.3	0.1
Other income and expenses that are not taxable or allowable	2.8	(3.9)
Controlled Foreign Companies	1.0	1.3
BEPS – Pillar Two top-up tax	0.5	0.3
Adjusting items:		
– UK store and strategic programme impairments and disposals where no tax relief is available	11.7	6.3
– employee pension scheme	1.2	(1.0)
– UK store estate lease surrender payments	5.9	4.8
– other strategic programme income and expenses that are not taxable or allowable for tax purposes	1.1	1.8
– cost incurred on acquisition of Gist	0.9	1.9
– amortisation arising as a part of the investment in Ocado Retail Limited	—	3.2
– joint venture results accounted for as profit after tax/ (Release of Ocado contingent consideration)	—	0.5
– impairment of investment in Ocado JV	—	62.1
– Ocado acquisition PPA amortisation non-deductible for current tax purposes	4.6	—
– one-off fair value adjustment relating to Ocado Retail Limited not deductible for current tax purposes	4.4	—
Current year current tax charge	40.9	163.7
Represented by:		
UK current year current tax	36.6	157.2
Overseas current year current tax	4.3	6.5
	40.9	163.7
UK adjustments in respect of prior years	1.1	(0.3)
Overseas adjustments in respect of prior years	(1.1)	(0.5)
Total current taxation (note 7A)	40.9	162.9



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8 Earnings per share

The calculation of earnings per ordinary share is based on earnings after tax and the weighted average number of ordinary shares in issue during the year.

The adjusted earnings per share figures have also been calculated based on earnings before adjusting items that are significant in nature and/or quantum and are considered distortive to underlying results (see note 5). These have been presented to provide shareholders with an additional measure of the Group's year-on-year performance.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has four types of dilutive potential ordinary shares, being: those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year; unvested shares granted under the Deferred Share Bonus Plan; unvested shares granted under the Restricted Share Plan; and unvested shares within the Performance Share Plan that have met the relevant performance conditions at the end of the reporting period.

Details of the adjusted earnings per share are set out below:

	2026 £m	2025 £m
Profit attributable to equity shareholders of the Company	259.4	295.7
Add/(less):		
Adjusting items (see note 5)	280.5	363.7
Tax on adjusting items	(53.2)	(14.0)
Profit before adjusting items attributable to equity shareholders of the Company	486.7	645.4
	Million	Million
Weighted average number of ordinary shares in issue	2,041.4	2,021.9
Potentially dilutive share options under Group's share option schemes	73.9	88.8
Weighted average number of diluted ordinary shares	2,115.3	2,110.7
	Pence	Pence
Basic earnings per share	12.7	14.6
Diluted earnings per share	12.3	14.0
Adjusted basic earnings per share	23.8	31.9
Adjusted diluted earnings per share	23.0	30.6

9 Dividends

	2026 per share	2025 per share	2026 £m	2025 £m
Dividends on equity ordinary shares				
Paid final dividend	2.6p	2.0p	52.4	40.2
Paid interim dividend	1.2p	1.0p	24.6	20.3
	3.8p	3.0p	77.0	60.5

The directors have approved a final dividend of 3.0p per share (last year: 2.6p per share), which, in line with the requirements of IAS 10: Events after the Reporting Period, has not been recognised within these results. This final dividend of c.£62.0m (last year: £52.4m) will be paid on 10 July 2026 to shareholders whose names are on the Register of Members at the close of business on 5 June 2026. The ordinary shares will be quoted ex-dividend on 4 June 2026.

A dividend reinvestment plan (DRIP) is available to shareholders who would prefer to invest their dividends in the shares of the Company. For those shareholders electing to receive the DRIP, the last date for receipt of a new election is 19 June 2026.

10 Employees

A. Aggregate remuneration

The aggregate remuneration and associated costs of Group employees (including the Executive Committee) were:

	2026 Total £m	2025 Total £m
Wages and salaries	2,048.6	1,835.8
Social security costs	199.1	151.2
Pension costs	122.9	112.7
Share-based payments (see note 13)	38.8	44.4
Employee welfare and other personnel costs	41.0	51.2
Capitalised staffing costs	(5.7)	(26.7)
Total aggregate remuneration¹	2,444.7	2,168.6

¹ Excludes amounts recognised within adjusting items of £2.1m cost (last year: £5.2m cost) (see notes 3 and 5).

Details of key management compensation are given in note 28.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 Employees continued**B. Average monthly number of employees**

	2026	2025
UK stores		
– management and supervisory categories	4,672	4,847
– other	50,794	51,520
UK support centre		
– management and supervisory categories	4,182	3,725
– other	1,101	898
UK operations		
– management and supervisory categories	834	759
– other	6,895	6,544
Overseas	4,823	5,040
Total average number of employees	73,301	73,333

If the number of hours worked was converted on the basis of a normal working week, the equivalent average number of full-time employees would have been 51,405 (last year: 51,279).

11 Retirement benefits

The Group provides pension arrangements for the benefit of its UK employees through the Your M&S Pension Saving Plan (a defined contribution (DC) arrangement) and, prior to 2017, through the Marks & Spencer Pension Scheme (UK DB Pension Scheme) (a defined benefit (DB) arrangement).

The legacy UK DB Pension Scheme operated on a final pensionable salary basis and is governed by a Trustee board which is independent of the Group. The UK DB Pension Scheme closed to future accrual on 1 April 2017. There will be no further service charges relating to the scheme and no future monthly employer contributions for current service. At year end, the UK DB Pension Scheme had no active members (last year: nil), 42,279 deferred members (last year: 44,327) and 55,014 pensioners (last year: 54,762).

The DC plan is a pension plan under which the Group pays contributions to an independently administered fund. Such contributions are based upon a fixed percentage of employees' pay. The Group has no legal or constructive obligations to pay further contributions to the fund once the contributions have been paid. Members' benefits are determined by the amount of contributions paid by the Group and the member, together with the investment returns earned on the contributions arising from the performance of each individual's investments and how each member chooses to receive their retirement benefits. As a result, actuarial risk (that benefits will be lower than expected) and investment risk (that assets invested in will not

perform in line with expectations) fall on the employee. At the year end, the DC arrangement had some 49,182 active members (last year: 50,513) and some 73,029 deferred members (last year: 68,861).

The Group also operates a small legacy funded DB Pension Scheme in the Republic of Ireland. This scheme closed to future accrual on 31 October 2013. Other retirement benefits also include a UK post-retirement healthcare scheme and unfunded retirement benefits.

The total Group retirement benefit cost was £96.4m (last year: £71.4m). Of this, costs of £10.9m (last year: £1.2m) relates to the UK DB Pension Scheme, costs of £71.9m (last year: costs of £67.0m) to the UK DC plan and costs of £13.6m (last year: costs of £3.2m) to other retirement benefit schemes.

The Group considers two measures of the pension deficit. The accounting position is shown on the Group balance sheet. The funding position, calculated at the triennial actuarial valuation, is used to agree contributions made to the schemes. The two measures will vary because they are for different purposes, and are calculated at different dates and in different ways. The key calculation difference is that the funding position considers the expected returns of scheme assets when calculating the liability, whereas the accounting position calculated under IAS 19 discounts liabilities based on corporate bond yields.

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 Company and Trustee have confirmed, in line with the current funding arrangement, that no further contributions will be required to fund past service as a result of this valuation (other than those already contractually committed under the existing Marks and Spencer Scottish Limited Partnership arrangements – see note 12).

By funding its DB Pension Schemes, the Group is exposed to the risk that the cost of meeting its obligations is higher than anticipated. This could occur for several reasons, for example:

- Investment returns on the schemes' assets may be lower than anticipated, especially if falls in asset values are not matched by similar falls in the value of the schemes' liabilities.
- The level of price inflation may be higher than that assumed, resulting in higher payments from the schemes.
- Scheme members may live longer than assumed, for example, due to advances in healthcare. Members may also exercise (or not exercise) options in a way that leads to increases in the schemes' liabilities, for example, through early retirement or commutation of pension for cash.
- Legislative changes could also lead to an increase in the schemes' liabilities.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Retirement benefits continued

In addition, the Group is exposed to additional risks through its obligation to the UK DB Pension Scheme via its interest in the Scottish Limited Partnership (see note 12). In particular, under the legal terms of the Partnership, a default by the Group on the rental payments to the Partnership or a future change in legislation could trigger earlier or higher payments to the pension scheme, or an increase in the collateral to be provided by the Group.

With the pensioner buy-in policies purchased in September 2020, April 2019 and March 2018, the Scheme has now, in total, insured around 69% of the pensioner cash flow liabilities for pensions in payment. The buy-in policies cover specific pensioner liabilities and pass all risks to an insurer in exchange for a fixed premium payment, thus reducing the Group's exposure to changes in longevity, interest rates, inflation and other factors.

The Group is aware of a UK High Court legal ruling in June 2023 between Virgin Media Limited and NTL Pension Trustees II Limited, upheld by the Court of Appeal in July 2024, which decided that certain historical rule amendments were invalid if they were not accompanied by the actuarial certifications. The Group is also aware the UK Government has recently passed legislation within the Pensions Schemes Bill, to allow pension schemes to obtain actuarial confirmations that will render such rule amendments retrospectively valid, where appropriate. The Group has made no adjustments to the Group financial statements as at 28 March 2026 in relation to the UK High Court ruling because it is currently unclear whether the additional pension liabilities will arise and it is unclear how to reliably measure them if they do. The Group continues to work with the Trustee and advisers to review historical amendments and monitor legislative developments, to decide whether further action is required.

A. Pensions and other post-retirement liabilities

	2026 £m	2025 £m
Total market value of assets ¹	5,142.9	5,327.3
Present value of scheme liabilities ¹	(5,175.3)	(5,409.5)
Scheme Liability	(32.4)	(82.2)
Asset ceiling adjustment	(43.4)	(36.7)
Net funded pension plan liability	(75.8)	(118.9)
Unfunded retirement benefits	(1.8)	(2.1)
Post-retirement healthcare	(1.6)	(1.7)
Net retirement benefit deficit	(79.2)	(122.7)
Analysed in the statement of financial position as:		
Retirement benefit deficit	(79.2)	(122.7)
Net retirement benefit deficit	(79.2)	(122.7)

1 Prior year comparative has been re-presented to separately disclose the impact of the asset ceiling adjustment

In the event of a plan wind-up, the pension scheme rules provide Marks and Spencer plc with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities. In the ordinary course of business, the Trustee has no right to wind up or change the benefits due to members of the scheme. As a result, any net surplus in the UK DB Pension Scheme would be recognised in full.

B. Scheme assets

Changes in the fair value of the scheme assets are as follows:

	2026 £m	2025 £m
Fair value of scheme assets at start of year¹	5,327.3	6,149.9
Interest income based on discount rate	294.7	283.4
Actual return on scheme assets excluding amounts included in net interest income ²	(173.4)	(722.9)
Employer contributions ³	45.3	(49.3)
Benefits paid	(346.7)	(327.7)
Administrative costs	(5.7)	(5.2)
Exchange movement ¹	1.4	(0.9)
Fair value of scheme assets at end of year¹	5,142.9	5,327.3

1 Prior year comparative has been re-presented to separately disclose the impact of the asset ceiling adjustment

2 The actual return on scheme assets was a loss of £121.3m (last year: £439.5m).

3 Includes replacement of first Partnership interest of £nil (last year: £49.7m).



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Retirement benefits continued**C. Pensions and other post-retirement liabilities**

Changes in the present value of retirement benefit obligations are as follows:

	2026 £m	2025 £m
Present value of obligation at start of year	5,413.3	6,031.7
Current service cost	0.1	0.1
Interest cost	298.4	279.3
Benefits paid	(346.7)	(327.7)
Actuarial loss – experience	19.5	111.7
Actuarial loss – demographic assumptions	36.1	5.0
Actuarial gain – financial assumptions	(242.8)	(684.6)
Exchange movement	0.8	(2.2)
Present value of obligation at end of year	5,178.7	5,413.3
Analysed as:		
Present value of pension scheme liabilities	5,175.3	5,409.5
Unfunded pension plans	1.8	2.1
Post-retirement healthcare	1.6	1.7
Present value of obligation at end of year	5,178.7	5,413.3

The average duration of the defined benefit obligation at 28 March 2026 is 11.0 years (last year: 12.0 years).

D. Analysis of assets

The investment strategy of the UK DB Pension Scheme is driven by its liability profile, including its inflation-linked pension benefits. In addition to its interest in the Scottish Limited Partnership (refer to note 12), the scheme invests in different types of bond (including corporate bonds and gilts) and derivative instruments (including inflation, interest rate, cross-currency and total return swaps) in order to align movements in the value of its assets with movements in its liabilities arising from changes in market conditions. Broadly, the scheme has hedging that covers 99% of interest rate movements and 99% of inflation movements, as measured on the Trustee's funding assumptions which use a discount rate derived from gilt yields.

The fair value of the total plan assets at the end of the reporting period for each category is as follows:

	2026			2025 (Restated) ²		
	Quoted £m	Unquoted £m	Total £m	Quoted £m	Unquoted £m	Total £m
Debt investments						
– Government bonds net of repurchase agreements ¹	3,137.2	(1,714.8)	1,422.4	3,283.6	(1,855.8)	1,427.8
– Corporate bonds	—	213.1	213.1	11.0	87.9	98.9
– Asset-backed securities and structured debt	103.5	47.9	151.4	—	220.8	220.8
Equity Investments						
– Developed Markets	12.8	—	12.8	14.2	—	14.2
Growth asset funds						
– Global property	—	112.9	112.9	—	159.5	159.5
– Hedge and reinsurance	6.2	294.1	300.3	5.8	295.9	301.7
– Private equity and infrastructure	—	99.6	99.6	—	128.9	128.9
Derivatives						
– Interest and inflation rate swaps	28.9	—	28.9	21.5	—	21.5
– Foreign exchange contracts and other derivatives	(7.2)	—	(7.2)	23.3	—	23.3
Cash and cash equivalents	175.1	—	175.1	162.7	—	162.7
Other						
– Buy-in insurance	—	1,704.1	1,704.1	—	1,802.3	1,802.3
– Secure income asset funds	—	929.5	929.5	—	965.7	965.7
Total	3,456.5	1,686.4	5,142.9	3,522.1	1,805.2	5,327.3

1 Repurchase agreements were £1,714.8m (last year: £1,855.8m).

2 Certain prior year comparative figures have been restated.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Retirement benefits continued

D. Analysis of assets continued

The fair values of the above equity and debt investments are based on publicly available market prices wherever available. Unquoted investments, hedge funds and reinsurance funds are stated at fair value estimates provided by the manager of the investment or fund. Property includes both quoted and unquoted investments. It is the policy of the scheme to hedge a proportion of interest rate and inflation risk. The scheme reduces its foreign currency exposure using forward foreign exchange contracts.

E. Financial assumptions

The financial assumptions for the UK DB Pension Scheme and the most recent actuarial valuations of the other post-retirement schemes have been updated by independent qualified actuaries to take account of the requirements of IAS 19 Employee Benefits in order to assess the liabilities of the schemes and are as follows:

	2026 %	2025 %
Rate of increase in pensions in payment	2.1-3.0	2.0-3.0
Discount rate	6.25	5.75
Inflation rate (RPI)	3.25	3.10
Long-term healthcare cost increases	7.25	7.10

F. Demographic assumptions

The UK demographic assumptions are mainly in line with those adopted for the last formal actuarial valuation of the scheme performed as at 31 March 2024. The UK post-retirement mortality assumptions are based on an analysis of the pensioner mortality trends under the scheme for the period to March 2024. The specific mortality rates used are based on the VITA lite tables, with future projections based on up-to-date industry models, parametrised to reflect scheme data. The life expectancies underlying the valuation are as follows:

		2026	2025
Current pensioners (at age 65)	– male	22.9	22.5
	– female	24.2	23.9
Future pensioners – currently in deferred status (at age 65)	– male	24.1	23.7
	– female	25.6	25.3

G. Sensitivity analysis

The table below summarises the estimated impact of reasonably possible changes in the significant actuarial assumptions on the UK DB Pension Scheme surplus:

	2026 £m	2025 £m
Decrease in scheme surplus caused by a decrease in the discount rate of 0.25%	(25.0)	(20.0)
Increase in scheme surplus caused by an increase in the discount rate of 0.25%	20.0	15.0
Decrease in scheme surplus caused by a decrease in the discount rate of 1.0%	(90.0)	(80.0)
Increase in scheme surplus caused by an increase in the discount rate of 1.0%	85.0	70.0
Decrease in scheme surplus caused by a decrease in the inflation rate of 0.25%	(15.0)	(10.0)
Decrease in scheme surplus caused by a decrease in the inflation rate of 0.5%	(30.0)	(20.0)
Increase in scheme surplus caused by decrease in the average life expectancy of one year	110.0	110.0

The sensitivity analysis above is based on a change in one assumption while holding all others constant. Therefore, interdependencies between the assumptions have not been taken into account within the analysis. The sensitivities reflect the range of recent assumption movements and illustrate that the financial assumption sensitivities do not move in a linear fashion. The sensitivities include the estimated value change of both the present value of obligations and the assets. Discount rate sensitivities show the combined effect of a change in government bond yields (75% of the change) and a change in the credit spreads of corporate bonds (25% of the change).



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Retirement benefits continued**H. Analysis of amounts charged against profits**

Amounts recognised in comprehensive income in respect of defined benefit retirement plans are as follows:

	2026 £m	2025 £m
Current service cost	0.1	0.1
Administration costs	5.7	5.2
Net interest income/(expense)	5.1	(4.1)
Total	10.9	1.2
Remeasurement on the net defined benefit deficit:		
Actual return on scheme assets excluding amounts included in net interest income	173.4	722.9
Actuarial loss – demographic assumptions	36.1	5.0
Actuarial loss – experience	19.5	111.7
Actuarial gain – financial assumptions	(242.8)	(684.6)
Change in asset ceiling	4.8	(5.8)
Components of defined benefit (income)/expense recognised in other comprehensive income	(9.0)	149.2

12 Marks and Spencer Scottish Limited Partnership

Marks and Spencer plc is a general partner and the Marks & Spencer UK Pension Scheme is a limited partner of the Marks and Spencer Scottish Limited Partnership (the "Partnership"). Under the Partnership agreement, the limited partners have no involvement in the management of the business and shall not take any part in the control of the Partnership. The general partner is responsible for the management and control of the Partnership and as such, the Partnership is consolidated into the results of the Group.

The Partnership holds £1.2bn (last year: £1.3bn) of properties at book value which have been leased back to Marks and Spencer plc. The Group retains control over these properties, including the flexibility to substitute alternative properties into the Partnership.

In February 2025 the Group and the Pension Scheme Trustees agreed 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 Pension Scheme received £45.0m in June 2025 in respect of the third Partnership interest and is entitled to receive a further £45.0m in June 2026, £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.

During the year to 28 March 2026 an interest charge of £nil (last year: £1.4m) was recognised in the income statement representing the unwinding of the discount included in the obligation that was previously recognised in respect of the first Partnership interest, which was included as a financial liability in the Group's financial statements prior to its replacement as it was a transferable financial instrument and measured at amortised cost, being the net present value of the future expected distributions from the Partnership.

The third Partnership interest is not a transferable financial instrument as the Scheme Trustee does not have the right to transfer it to any party other than a successor Trustee. It is therefore not included as a plan asset within the UK DB Pension Scheme surplus reported in accordance with IAS 19. Similarly, the associated liability is not included on the Group's statement of financial position, rather the annual distribution is recognised as a contribution to the scheme each year.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 Share-based payments

This year a charge of £38.8m was recognised for share-based payments (last year: £44.4m). Of the total share-based payments charge, £9.7m (last year: £8.4m) relates to the UK Save As You Earn Share Option scheme, £7.6m (last year: £15.0m) relates to Performance Share Plans, £3.6m (last year: £2.8m) relates to Restricted Share Plans and £17.9m relates to Deferred Share Bonus Schemes (last year: £18.2m).

In addition, a charge of £nil was recognised in relation to Annual Bonus Schemes under the Deferred Share Bonus Scheme (last year: £8.0m). Further details of the option and share schemes that the Group operates are provided in the Remuneration Report.

A. Save As You Earn scheme – £9.7m

The Save As You Earn (SAYE) scheme was approved by shareholders for a further 10 years at the 2017 Annual General Meeting (AGM). Under the terms of the scheme, the Board may offer options to purchase ordinary shares in the Company once in each financial year to those employees who enter into an His Majesty's Revenue & Customs (HMRC) approved SAYE savings contract. The scheme allows participants to save up to a maximum of £500 (last year: £500) each month. The price at which options may be offered is 80% of the average mid-market price for the three consecutive dealing days preceding the offer date. The options may normally be exercised during the six-month period after the completion of the SAYE contract.

	2026		2025	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of year	42,432,320	209.3p	46,087,264	143.2p
Granted	7,684,853	310.0p	15,194,241	303.0p
Exercised	(10,307,279)	115.1p	(14,624,581)	108.0p
Forfeited	(3,993,654)	252.0p	(3,573,848)	191.7p
Expired	(268,013)	191.9p	(650,756)	93.2p
Outstanding at end of year	35,548,227	253.7p	42,432,320	209.3p
Exercisable at end of year	2,338,218	114.0p	1,944,316	186.3p

For SAYE share options exercised during the period, the weighted average share price at the date of exercise was 376.6p (last year: 299.9p).

The fair values of the options granted during the year have been calculated using the Black-Scholes model assuming the inputs shown below:

	2026 3-year plan	2025 3-year plan
Grant date	Dec 25	Dec 24
Share price at grant date	387p	379p
Exercise price	310p	303p
Option life in years	3 years	3 years
Risk-free rate	3.8%	4.1%
Expected volatility	28.6%	33.5%
Expected dividend yield	0.9%	0.9%
Fair value of option	114p	121p

Volatility has been estimated by taking the historical volatility in the Company's share price over a three-year period.

The resulting fair value is expensed over the service period of three years on the assumption that 30% (last year: 30%) of options will lapse over the service period as employees leave the Group.

Outstanding options granted under the UK Employee SAYE scheme are as follows:

Options granted ¹	Number of options		Weighted average remaining contractual life (years)		Option price
	2026	2025	2026	2025	
February 2021	—	32,266	—	(0.7)	82p
February 2022	12,379	1,840,721	(0.7)	0.3	189p
February 2023	2,333,389	11,306,393	0.3	1.3	99p
February 2024	13,404,448	14,687,727	1.3	2.3	204p
February 2025	12,479,135	14,565,213	2.3	3.3	303p
February 2026	7,318,876	—	3.3	—	310p
	35,548,227	42,432,320	2.0	2.3	254p

¹ For the purpose of the above table, the option granted date is the contract start date.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 Share-based payments continued

B. Performance Share Plan* – £7.6m

The Performance Share Plan (PSP) is the primary long-term incentive plan for approximately 150 of the most senior managers within the Group. It was first approved by shareholders at the 2005 AGM and most recently at the 2025 AGM. Under the plan, annual awards, based on a percentage of salary, may be offered. The extent to which an award vests is measured over a three-year period against financial targets which for 2025/26 included Earnings Per Share (EPS), Return on Capital Employed (ROCE), Total Shareholder Return (TSR) and strategic measures. The value of any dividends earned on the vested shares during the three years may also be paid on vesting. Further details are set out in the Remuneration Report. Awards under this plan have been made in each year since 2005. More information is available in relation to this plan within the Remuneration Report.

During the year, 9,085,398 shares (last year: 9,450,064) were awarded under the plan. The weighted average fair value of the shares awarded was 348p (last year: 289p). As at 28 March 2026, 24,794,567 shares (last year: 35,353,856) were outstanding under the plan.

Movement during the year of share options granted under the PSP Scheme are as follows:

	2026	2025
	Number of options	Number of options
Outstanding at beginning of the year	35,353,856	41,854,500
Granted	9,085,398	9,450,064
Exercised	(13,753,253)	(12,196,576)
Lapsed	(5,891,434)	(3,754,132)
Outstanding at end of year	24,794,567	35,353,856

C. Deferred Share Bonus Plan* – £17.9m

The Deferred Share Bonus Plan (DSBP) was first introduced in 2005/06 as part of the Annual Bonus Scheme and was most recently approved by shareholders at the 2025 AGM. It may be operated for approximately 5,245 of the most senior managers within the Group. As part of the plan, the managers are required to defer a proportion of any bonus paid into shares which will be held for three years. There are no further performance conditions on these shares, other than continued employment within the Group and the value of any dividends earned on the vested shares during the deferred period may also be paid on vesting. More information is available in relation to this plan within the Remuneration Report.

During the year, 11,709,110 shares (last year: 13,079,225) have been awarded under the plan in relation to the annual bonus. As at 28 March 2026, 34,372,772 shares (last year: 48,494,977) were outstanding under the plan.

D. Restricted Share Plan* – £3.6m

The Restricted Share Plan (RSP) was established in 2000 as part of the reward strategy for retention and recruitment of senior managers who are vital to the success of the business and the plan was most recently approved by shareholders at the 2025 AGM. The plan operates for the senior management team. Awards vest at the end of the restricted period (typically between one and three years) subject to the participant still being in employment of the Company on the relevant vesting date. The value of any dividends earned on the vested shares during the restricted period may also be paid on vesting. More information is available in relation to this plan within the Remuneration Report.

During the year, 755,374 shares (last year: 1,713,749) have been awarded under the plan. The weighted average fair value of the shares awarded was 346p (last year: 340p). As at 28 March 2026, 1,382,005 shares (last year: 2,296,945) were outstanding under the plan.

E. Marks and Spencer Employee Benefit Trust

The Marks and Spencer Employee Benefit Trust (the Trust) holds 11,557,288 (last year: 40,584,818) shares with a book value of £0.1m (last year: £0.4m) and a market value of £37.7m (last year: £143.9m). These shares were acquired by the Trust in the market and are shown as a reduction in retained earnings in the consolidated statement of financial position. Awards are granted to employees at the discretion of Marks and Spencer plc and the Trust agrees to satisfy the awards in accordance with the wishes of Marks and Spencer plc under senior executive share schemes. Dividends are waived on all of these shares.

F. ShareBuy

ShareBuy, the Company's Share Incentive Plan, enables the participants to buy shares directly from their gross salary. This scheme does not attract an IFRS 2 charge.

* All awards both this year and last year were conditional shares. For the purposes of calculating the number of shares awarded, the share price used is the average of the mid-market price for the five consecutive dealing days preceding the grant date.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 Intangible assets

	Goodwill £m	Brands £m	Customer relationships £m	Computer software £m	Computer software under development £m	Total £m
At 30 March 2024						
Cost	140.6	118.7	—	1,702.5	78.8	2,040.6
Accumulated amortisation, impairments and disposals	(112.2)	(114.4)	—	(1,602.4)	(32.1)	(1,861.1)
Net book value	28.4	4.3	—	100.1	46.7	179.5
Year ended 29 March 2025						
Opening net book value	28.4	4.3	—	100.1	46.7	179.5
Additions	—	—	—	2.0	96.5	98.5
Transfers and reclassifications	—	—	—	103.4	(125.9)	(22.5)
Disposals	—	—	—	(3.3)	—	(3.3)
Amortisation charge	—	(0.7)	—	(63.8)	—	(64.5)
Exchange difference	—	—	—	(0.3)	—	(0.3)
Closing net book value	28.4	3.6	—	138.1	17.3	187.4
At 29 March 2025						
Cost	140.6	118.7	—	1,807.9	49.4	2,116.6
Accumulated amortisation, impairments and disposals	(112.2)	(115.1)	—	(1,669.8)	(32.1)	(1,929.2)
Net book value	28.4	3.6	—	138.1	17.3	187.4
Year ended 28 March 2026						
Opening net book value	28.4	3.6	—	138.1	17.3	187.4
Additions	—	—	—	1.0	51.3	52.3
Acquired through business combinations ¹	284.5	228.7	50.4	12.5	0.4	576.5
Transfers and reclassifications	—	—	—	27.8	(2.6)	25.2
Disposals	—	—	—	(1.7)	—	(1.7)
Amortisation charge	—	(6.4)	(5.1)	(72.9)	—	(84.4)
Exchange difference	(1.1)	—	—	(0.1)	—	(1.2)
Closing net book value	311.8	225.9	45.3	104.7	66.4	754.1
At 28 March 2026						
Cost	424.0	347.4	50.4	1,849.1	98.5	2,769.4
Accumulated amortisation, impairments and disposals	(112.2)	(121.5)	(5.1)	(1,744.4)	(32.1)	(2,015.3)
Net book value	311.8	225.9	45.3	104.7	66.4	754.1



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 Intangible assets continued

Goodwill related to the following assets and groups of cash generating units (CGUs):

	per una £m	Ocado Retail Limited £m	India £m	Sports Edit £m	Other £m	Total Goodwill £m
Net book value at 29 March 2025	16.5	—	6.4	4.8	0.7	28.4
Acquired through business combinations ¹	—	284.5	—	—	—	284.5
Exchange difference	—	—	(1.1)	—	—	(1.1)
Net book value at 28 March 2026	16.5	284.5	5.3	4.8	0.7	311.8

¹ During the year, the Company obtained control of Ocado Retail Limited and it is now consolidated as a subsidiary of the Group, see note 29.

Goodwill impairment testing

Goodwill is not amortised but is tested annually for impairment with the recoverable amount being determined from value in use calculations.

The goodwill balance relates to the goodwill recognised on consolidation of Ocado Retail Limited £284.5m (last year: £nil), per una £16.5m (last year: £16.5m), India £5.3m (last year: £6.4m), Sports Edit £4.8m (last year: £4.8m) and other £0.7m (last year: £0.7m).

The Group holds a 50% interest in Ocado Retail Limited, a company incorporated in the UK. The remaining 50% interest is held by Ocado Group plc. Upon acquisition, Ocado Group plc held certain rights for an initial period of five years, giving Ocado Group plc control of the company. As of 6 April 2025, these rights were surrendered by Ocado Group plc and the rights were passed to Marks & Spencer. As a result, the Directors have assessed that the Group has control over Ocado Retail Limited and it is now consolidated as a subsidiary of the Group. Goodwill for Ocado Retail Limited has been recognised for the first time in the current year based on this change in control. Goodwill is monitored by the Group on a total Ocado segment, for which Ocado Retail Limited accounts for one hundred percent of the recognised goodwill balance.

Goodwill for India is monitored by management at a country level, including the combined retail and wholesale businesses, and has been tested for impairment on that basis.

The cash flows used for the goodwill impairment testing are based on Ocado Retail Limited's latest budget and forecasts covering a five-year period, which have regard to historical performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed cash flows. The cash flows include ongoing capital expenditure required to maintain the current operating model but exclude any growth capital initiatives not committed.

The cash flows used for impairment testing are based on the Group's latest budget and forecast cash flows, with the exception of Ocado Retail Limited, cover a three-year period, which have regard to historical performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed cash flows. The cash flows include ongoing capital expenditure required to maintain the store network, but exclude any growth capital initiatives not committed.

Cash flows beyond this three-year period are extrapolated using a long-term growth rate based on the Group's current view of achievable long-term growth. The Group's current view of achievable long-term growth for Ocado Retail Limited and per una is 2.0% (last year: 2.0%), which is the same as the overall Group long-term growth rate of 2.0% (last year: 2.0%). The Group's current view of achievable long-term growth for India is 6.5% (last year: 5.5%). Long-term growth rates are consistent with external sources of information.

Management estimates discount rates that reflect the current market assessment of the time value of money and the risks specific to each asset or CGU. The pre-tax discount rates are derived from the Group's post-tax weighted average cost of capital ("WACC") which has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). The post-tax WACC is subsequently grossed up to a pre-tax rate and was 12.1% for Ocado Retail Limited, 13.3% for per una (last year: 14.5%) and 17.6% for India (last year: 16.7%).

The immediately quantifiable impacts of climate change and costs expected to be incurred in connection with our net zero commitments, are included within the Group's budget and three-year plan, as well as within the Ocado Retail Limited budget, which have been used to support the impairment reviews, with no material impact on cash flows.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 Intangible assets continued

Goodwill impairment testing continued

Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions, both individually and in combination. Management has considered reasonably possible changes in key assumptions that would cause the carrying amounts of goodwill to exceed the value in use for each asset. For per una and India respectively, there are no reasonably possible changes in key assumptions that would lead to an impairment and the assumptions do not give rise to a key source of estimation uncertainty.

For Ocado Retail Limited, no impairment would be recognised based on reasonably possible changes in key assumptions. Sensitivity analysis has been performed over the following key assumptions cash flow, long-term growth rate, and discount rate assumptions. The following changes, applied individually, would not result in an impairment: a reduction in the forecast gross profit margin of 410 basis points over the five-year forecast period; a reduction in the long-term growth rate of 690 basis points; and an increase in the discount rate of 330 basis points.

Brands

The per una brand is a definite life intangible asset amortised on a straight-line basis over a period of 15 years. The brand intangible was acquired for a cost of £80.0m and has been fully amortised. It is held at a net book value of £nil (last year: £nil).

15 Property, plant and equipment

The Group's property, plant and equipment of £6,409.3m (last year: £5,408.5m) consists of owned assets of £4,389.9m (last year: £3,910.9m) and right-of-use assets of £2,019.4m (last year: £1,497.6m).

Property, plant and equipment – owned

	Land and buildings £m	Fixtures, fittings and equipment £m	Assets in the course of construction £m	Total £m
At 30 March 2024				
Cost	2,852.7	5,709.5	148.8	8,711.0
Accumulated depreciation, impairments and disposals	(843.8)	(4,088.1)	(18.3)	(4,950.2)
Net book value	2,008.9	1,621.4	130.5	3,760.8
Year ended 29 March 2025				
Opening net book value	2,008.9	1,621.4	130.5	3,760.8
Additions	5.1	27.7	457.8	490.6
Transfers and reclassifications	33.9	302.3	(315.1)	21.1
Disposals	(33.8)	(29.8)	—	(63.6)
Impairment reversals	8.5	10.9	—	19.4
Impairment charge	(33.3)	(14.7)	—	(48.0)
Depreciation charge	(7.9)	(257.4)	—	(265.3)
Exchange difference	(2.5)	(1.6)	—	(4.1)
Closing net book value	1,978.9	1,658.8	273.2	3,910.9
At 29 March 2025				
Cost	2,786.4	5,746.8	291.5	8,824.7
Accumulated depreciation, impairments and disposals	(807.5)	(4,088.0)	(18.3)	(4,913.8)
Net book value	1,978.9	1,658.8	273.2	3,910.9



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 Property, plant and equipment continued**Property, plant and equipment – owned** continued

	Land and buildings £m	Fixtures, fittings and equipment £m	Assets in the course of construction £m	Total £m
Year ended 28 March 2026				
Opening net book value	1,978.9	1,658.8	273.2	3,910.9
Additions	4.8	36.3	610.1	651.2
Acquired through business combinations	167.0	67.6	0.2	234.8
Transfers and reclassifications	49.7	480.0	(561.9)	(32.2)
Disposals	(27.1)	(15.3)	—	(42.4)
Impairment reversals	16.1	10.3	—	26.4
Impairment charge	(14.7)	(11.4)	—	(26.1)
Depreciation charge	(55.8)	(281.7)	(0.2)	(337.7)
Exchange difference	4.3	0.1	0.6	5.0
Closing net book value	2,123.2	1,944.7	322.0	4,389.9
At 28 March 2026				
Cost	2,984.1	4,933.1	322.0	8,239.2
Accumulated depreciation, impairments and disposals	(860.9)	(2,988.4)	—	(3,849.3)
Net book value	2,123.2	1,944.7	322.0	4,389.9

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and buildings £m	Fixtures, fittings and equipment £m	Total £m
Right-of-use assets			
At 31 March 2024	1,371.5	57.8	1,429.3
Additions	215.3	44.7	260.0
Transfers and reclassifications	1.5	—	1.5
Disposals	(2.7)	—	(2.7)
Impairment reversals	1.2	3.1	4.3
Impairment charge	(14.9)	(32.1)	(47.0)
Depreciation charge	(141.0)	(1.0)	(142.0)
Exchange difference	(5.8)	—	(5.8)
At 29 March 2025	1,425.1	72.5	1,497.6
Additions	364.7	139.7	504.4
Acquired through business combinations	243.0	89.9	332.9
Transfers and reclassifications	7.0	—	7.0
Disposals	(15.5)	—	(15.5)
Impairment reversals	30.0	—	30.0
Impairment charge	(33.8)	—	(33.8)
Depreciation charge	(230.8)	(66.6)	(297.4)
Exchange difference	(5.8)	—	(5.8)
At 28 March 2026	1,783.9	235.5	2,019.4



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 Property, plant and equipment continued

Impairment of property, plant and equipment and right-of-use assets

For impairment testing purposes, the Group has determined that each store is a separate cash generating unit (CGU), with the exception of Outlets stores, which are considered together as one CGU, and Ocado Retail Limited which is considered to be its own CGU. Click & Collect sales are included in the cash flows of the relevant CGU.

Each CGU is tested for impairment at the balance sheet date if any indicators of impairment and impairment reversal have been identified. Stores identified within the Group's store estate programme are automatically tested for impairment (see note 5).

The value in use of each CGU is calculated based on the Group's latest budget and forecast cash flows, covering a three-year period, which have regard to historical performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed initiatives. The cash flows include ongoing capital expenditure required to maintain the store network, but exclude any growth capital initiatives not committed. Cash flows beyond this three-year period are extrapolated using a long-term growth rate based on management's future expectations, with reference to forecast GDP growth. These growth rates do not exceed the long-term growth rate for the Group's retail businesses in the relevant territory. If the CGU relates to a store which the Group has identified as part of the store estate programme, the value in use calculated has been modified by estimation of the future cash flows up to the point where it is estimated that trade will cease and then estimation of the timing and amount of costs associated with closure detailed fully in note 5.

The immediately quantifiable impacts of climate change and costs expected to be incurred in connection with our net zero commitments are included within the Group's budget and three-year plan which have been used to support the impairment reviews, with no material impact on cash flows. We also expect any potential store refurbishments to be phased over multiple years and therefore any changes required due to climate change would not have a material impact in any given year and the warehouse and support centres are located in areas which we would not expect to be physically impacted by climate change. As a consequence there has been no material impact in the forecast cash flows used for impairment testing.

The key assumptions in the value in use calculations are the growth rates of sales and gross profit margins, changes in the operating cost base, long-term growth rates and the risk-adjusted pre-tax discount rate. The pre-tax discount rates are derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). The pre-tax discount rates range from 8.6% to 17.1% (last year: 8.0% to 19.3%). If the CGU relates to a store which the Group has identified as part of the UK store estate programme, the additional key assumptions in the value-in-use calculations are costs associated with closure, the disposal proceeds from store exits and the timing of the store exits.

Impairments – UK stores excluding the store estate programme

During the year, the Group has recognised an impairment charge of £1.0m and impairment reversals of £1.9m in property, plant and equipment as a result of UK store impairment testing unrelated to the store estate programme (last year: impairment charge of £4.5m and impairment reversals of £2.5m). £1.0m (last year: £4.3m) of the impairment charge was included in underlying expenses, with a £nil impairment charge and a £nil impairment reversal (last year: £0.2m impairment charge and £2.5m impairment reversal) included in adjusting items.

For UK stores, when considering both impairment charges and reversals, cash flows beyond the three-year period are extrapolated using the Group's current view of achievable long-term growth of 2.0%. The rate used to discount the forecast cash flows for UK stores is 12.1% (last year: 13.6%).

The cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and small movements in these assumptions could lead to further impairments. Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions across the UK store portfolio.

Neither an increase or reduction in sales of 5% from the three-year plan in year 3, a 250 basis point increase in the discount rate, a 25 basis point increase or reduction in gross profit margin from year 3 onwards result in a significant change to the impairment charge or impairment reversal, individually or in combination with the other reasonably possible scenarios considered.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 Property, plant and equipment continued

Impairments – store estate programme

During the year, the Group has recognised an impairment charge of £52.0m and impairment reversals of £54.0m relating to the ongoing store estate programme (last year: impairment charge of £90.5m and impairment reversals of £21.1m). These stores were impaired to their value in use recoverable amount of £266.6m, which is their carrying value at year end. The impairment charge relates to the store closure programme and has been recognised within adjusting items (see note 5). Impairment reversals predominantly reflect changes to expected store closure dates and improved trading expectations compared to those assumed at the end of the prior year end.

Where the planned closure date for a store is outside the three-year plan period, no growth rate is applied. The rate used to discount the forecast cash flows for UK stores is 5.85% (last year: 8.0%).

As disclosed in the accounting policies (note 1), the cash flows used within the impairment models for the store estate programme are based on assumptions which are sources of estimation uncertainty and small movements in these assumptions could lead to further impairments. Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions across the store estate programme.

A delay of 12 months in the date of each store exit would result in a decrease in the impairment charge of £22.7m.

Neither an increase or decrease of 5% in planned sales in years 2 and 3 (where relevant), a 250 basis point increase in the discount rate, a 25 basis point reduction in gross profit margin during the period of trading nor a 2% increase in the costs associated with exiting a store would result in a significant increase to the impairment charge, individually or in combination with the other reasonably possible scenarios considered.

Impairments – International stores

During the year the Group recognised an impairment charge of £1.8m (last year: £nil) and impairment reversals of £0.5m (last year: £nil) in International stores as a result of store impairment testing.

Impairments – Ocado Retail Limited

As part of the wider Ocado Retail Limited review of the UK network capacity, an impairment charge of £5.1m (last year: £nil) has been recognised in the year.

16 Other financial assets

	2026 £m	2025 £m
Non-current		
Other investments ¹	42.2	21.3
	42.2	21.3
Current		
Other investments ^{2,3}	12.9	286.5
Unlisted investments	—	3.0
	12.9	289.5

1 Includes £16.1m (last year: £11.5m) of venture capital investments managed by True Capital Limited and £26.1m (last year: £9.8m) of Eurochange RCF figure.

2 Includes £5.9m (last year: £5.3m) of money market deposits held by Marks and Spencer plc in an escrow account.

3 Includes £nil (last year: £274.5m) of money market funds due to mature in >90 days.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17 Trade and other receivables

	2026 £m	2025 £m
Non-current		
Lease receivables – net of provision for impairment	61.5	63.7
Other receivables	25.7	27.1
Loans to related parties (see note 28)	—	100.7
Prepayments	191.8	191.3
	279.0	382.8
Current		
Trade receivables	192.8	140.6
Less: provision for impairment of receivables	(6.2)	(0.9)
Trade receivables – net	186.6	139.7
Lease receivables – net of provision for impairment	2.2	0.4
Other receivables	55.3	39.1
Prepayments	185.6	127.1
Accrued income	97.0	21.2
	526.7	327.5

The directors consider that the carrying amount of trade and other receivables approximates their fair value. The Group's assessment of any expected credit losses is included in note 21(b). Included in accrued income is £24.5m (last year: £9.2m) of accrued supplier income relating to rebates that have been earned but not yet invoiced and £32.7m (last year: £nil) of promotional activity. £41.1m of Ocado Retail Limited supplier income that has been invoiced but not yet settled against future trade creditor balances is included within trade creditors, as there is a right to offset.

The Group entered into finance leasing arrangements as a lessor for surplus office space in the Merchant Square building in London, which is sub-let for the remaining duration of the lease.

The maturity analysis of the Group's lease receivables is as follows:

	2026 £m	2025 £m
Timing of cash flows		
Within one year	7.8	6.1
Between one and two years	7.8	7.8
Between two and three years	7.8	7.8
Between three to four years	9.4	7.8
Between four to five years	9.4	9.4
More than five years	86.7	96.1
Total undiscounted cash flows	128.9	135.0
Effect of discounting	(51.0)	(56.7)
Present value of lease payments receivable	77.9	78.3
Less: provision for impairment of receivables	(14.2)	(14.2)
Net investment in the lease	63.7	64.1

Included within trade and other receivables is £nil (last year: £1.6m) which, due to non-recourse factoring arrangements in place, are held within a 'hold to collect and sell' business model and are measured at FVOCI.

18 Cash and cash equivalents

Cash and cash equivalents are £997.2m (last year: £864.5m). The carrying amount of these assets approximates their fair value.

The effective interest rate on short-term bank deposits is 3.9% (last year: 4.6%). These deposits have an average maturity of 24 days (last year: 23 days).



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19 Trade and other payables

	2026 £m	2025 £m
Current		
Trade payables	1,051.9	796.3
Other payables	519.4	579.3
Social security and other taxes	95.9	83.6
Contract liabilities from gift card sales	234.8	215.1
Accruals	676.6	653.1
Deferred income	57.4	42.9
	2,636.0	2,370.3
Non-current		
Other payables	17.6	1.1
Deferred income	13.0	17.8
	30.6	18.9
Included within current other payables is £nil (last year: £110.1m) of deferred and contingent consideration relating to the acquisition of Gist Limited.		
A contract liability arises in respect of gift cards and voucher schemes as payment has been received for a performance obligation which will be performed at a later point in time.		
	2026 £m	2025 £m
Opening balance	215.1	203.2
Issues	509.0	461.1
Released to the income statement in respect of gift cards and vouchers issued before 29 March 2025	(122.4)	(128.2)
Released to the income statement in respect of gift cards and vouchers issued after 29 March 2025	(366.9)	(321.0)
Closing balance	234.8	215.1

The Group has entered supplier finance arrangements that permit the suppliers to obtain payment from the banks for the amounts billed up to 75 days before the invoice due date subject to a discount dependent upon market interest rates and the outstanding period until the invoice falls due.

The Group repays the banks the full invoice amount on the scheduled payment date as required by the invoice. As the arrangements do not permit the Group to extend finance from the banks by paying them later than the Group would have paid its suppliers, the Group considers amounts payable to the banks should be presented as part of trade and other payables.

As at 28 March 2026, £395.8m (last year: £360.3m) of trade payables were amounts owed under these arrangements. During the year, the maximum facility available at any one time under the arrangements was £598.5m (last year: £533.5m).

	2026 £m	2025 £m
% of trade payables that were amounts owed under supplier finance arrangements	37%	45%
Carrying amount of the financial liabilities that are subject to supplier finance arrangements		
Presented as part of 'Trade payables', including:	395.8	360.3
Trade payables for which suppliers have already received payment from the finance provider	350.5	313.5
Range of payment due dates	Days	Days
For liabilities presented as part of 'Trade payables':		
Liabilities that are part of supplier finance arrangements	28-75	28-75
Comparable trade payables that are not part of supplier finance arrangements	28-75	28-75

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. There were no material non-cash changes in these liabilities.

The Group does not face a significant liquidity risk as a result of its supplier finance arrangements as the arrangements do not result in a change in payment terms for suppliers.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 Borrowings and other financial liabilities

	2026 £m	2025 £m
Current		
Lease liabilities	290.5	228.0
4.75% £400m Medium-Term Notes 2025 ^{1,2}	—	105.7
Interest accrued on Medium-Term Notes	8.2	22.1
	298.7	355.8
Non-current		
Other loans	90.0	—
3.75% £300m Medium-Term Notes 2026 ¹	—	109.2
3.25% £250m Medium-Term Notes 2027 ¹	56.8	249.3
5.125% £300m Medium-Term Notes 2032	298.4	—
7.125% US\$300m Medium-Term Notes 2037 ^{3,4}	252.1	252.0
Revaluation of Medium-Term Notes ⁵	(36.1)	(21.2)
Lease liabilities	2,459.5	1,999.4
	3,120.7	2,588.7
Total	3,419.4	2,944.5

1 These notes are issued under Marks and Spencer plc's £3bn Euro Medium-Term Note programme and all pay interest annually.

2 The Group occasionally enters into interest rate swaps to manage interest rate exposure. At year end, £nil (last year: £0.2m) of fair value adjustment for terminated hedges remains to be amortised over the remaining debt maturity.

3 Interest on these bonds is payable biannually.

4 US\$300m Medium-Term Note exposure swapped to sterling (fixed-to-fixed cross-currency interest rate swaps). Refer to note 21 for further details.

5 Revaluation consists of cumulative foreign exchange gain on revaluation of the 7.125% US\$300m Medium-Term Notes 2037 of £27.5m (last year: £21.2m) and fair value adjustment on the 5.125% £300m Medium-Term Notes 2032 of £8.6m (last year: £nil).

Leases

The Group leases various stores, offices, warehouses and equipment with varying terms, escalation clauses and renewal rights.

The Group has certain leases with lease terms of 12 months or less and leases of assets with low values. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities and the movements during the period.

	2026 £m	2025 £m
Opening lease liabilities	2,227.4	2,211.5
Acquired on consolidation of Ocado Retail Limited	333.8	—
Additions	489.3	261.0
Interest expense relating to lease liabilities	150.8	120.1
Payments	(430.0)	(343.0)
Disposals	(13.5)	(14.6)
Exchange difference	(7.8)	(7.6)
	2,750.0	2,227.4
Current	290.5	228.0
Non-current	2,459.5	1,999.4

The maturity analysis of lease liabilities is disclosed in note 21(a).

Future cash outflows related to the post-break clause period included in the lease liability

The Group holds certain leases that contain break clause options to provide operational flexibility. In accordance with IFRS 16, the Group has calculated the full lease term, beyond break, to represent the reasonably certain lease term (except for those stores identified as part of the store estate programme) within the total £2,750.0m of lease liabilities held on the balance sheet.

The following amounts were recognised in profit or loss:

	2026 £m	2025 £m
Expenses relating to short-term leases	14.5	13.4
Expenses relating to low-value assets	0.1	0.1
Expenses relating to variable consideration	6.1	5.9



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments

Treasury policy

With the exception of Ocado Retail Limited, which operates independently, the Group operates a centralised treasury function to manage the Group's funding requirements and financial risks in line with the Board-approved treasury policies and procedures, and their delegated authorities.

The Group's financial instruments, other than derivatives, comprise borrowings, cash and liquid resources and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations.

The Group treasury function also enters into derivative transactions, principally cross-currency swaps, interest rate swaps and forward currency contracts. The purpose of these transactions is to manage the interest rate and foreign currency risks arising from the Group's operations and financing.

It remains the Group's policy not to hold or issue financial instruments for trading purposes, except where financial constraints necessitate the need to liquidate any outstanding investments. The treasury function is managed as a cost centre and does not engage in speculative trading.

Financial risk management

The principal financial risks faced by the Group are liquidity and funding, counterparty, foreign currency and interest rate risks. The policies and strategies for managing these risks are summarised on the following pages.

(a) Liquidity & funding risk

The risk that the Group could be unable to settle or meet its obligations as they fall due:

- The Group's funding strategy ensures a mix of funding sources offering sufficient headroom, maturity and flexibility, and cost-effectiveness to match the requirements of the Group.
- Marks and Spencer plc is financed by a combination of retained profits, bank borrowings, Medium-Term Notes and committed syndicated bank facilities.
- Operating subsidiaries are financed by a combination of retained profits, bank borrowings and intercompany loans.

The Group has a committed syndicated bank revolving credit facility of £850.0m with a current maturity date of 12 December 2030. 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 for the Marks & Spencer plc Group, excluding Ocado Retail Limited. The covenant is measured biannually. The Group was not in breach of this metric at the reporting date.

The Group also has a number of uncommitted facilities available to it. At year end, these amounted to £25.0m (last year: £25.0m), all of which are due to be reviewed within a year. At the balance sheet date, a sterling equivalent of £nil (last year: £nil) was drawn under the committed facilities and £nil (last year: £nil) was drawn under the uncommitted facilities.

In addition to the existing borrowings, the Group has a Euro Medium-Term Note programme of £3bn, of which £0.4bn (last year: £0.5bn) was in issuance as at the balance sheet date. The initial rate of interest is fixed at the date of issue and the Notes are referred to as fixed rate borrowings throughout the Annual Report as the coupon does not change with movements in benchmark interest rates.

Ocado Retail Limited, a subsidiary of the Group (50% owned by Ocado Group plc), entered into a committed £100m revolving credit facility on 19 February 2026, of which £nil was drawn at 28 March 2026. This replaced the £30m facility entered into on 9 May 2024.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued

(a) Liquidity & funding risk continued

The table below summarises the contractual maturity of the Group's non-derivative financial liabilities and derivatives translated at the year end spot rate, excluding trade payables, other payables and accruals. The carrying value of all trade payables, other payables (excluding contingent consideration payable) and accruals of £2,265.6m (last year: £1,919.7m) is equal to their contractual undiscounted cash flows (see note 19). Contingent consideration (see the fair value hierarchy section within note 21) and deferred consideration of £nil (last year: £110.1m) is expected to become payable within one year and £nil (last year: £nil) between two and five years.

	Other loans £m	Medium-Term Notes £m	Lease liabilities ¹ £m	Total borrowings and other financial liabilities £m	Cash inflow on derivatives ² £m	Cash outflow on derivatives ² £m	Total derivative liabilities £m
Timing of cash flows							
Within one year	—	(143.7)	(291.7)	(435.4)	1,449.1	(1,464.5)	(15.4)
Between one and two years	—	(141.2)	(286.6)	(427.8)	254.3	(261.4)	(7.1)
Between two and five years	—	(310.8)	(614.7)	(925.5)	49.5	(51.1)	(1.6)
More than five years	—	(363.9)	(2,689.7)	(3,053.6)	363.8	(389.2)	(25.4)
Total undiscounted cash flows	—	(959.6)	(3,882.7)	(4,842.3)	2,116.7	(2,166.2)	(49.5)
Effect of discounting	—	242.5	1,655.3	1,897.8			
At 29 March 2025	—	(717.1)	(2,227.4)	(2,944.5)			
Timing of cash flows							
Within one year	—	(25.5)	(365.3)	(390.8)	738.6	(769.1)	(30.5)
Between one and two years	—	(90.2)	(317.7)	(407.9)	66.2	(70.1)	(3.9)
Between two and five years	—	(94.3)	(781.1)	(875.4)	94.3	(100.6)	(6.3)
More than five years	(199.4)	(668.5)	(3,008.1)	(3,876.0)	368.5	(397.8)	(29.3)
Total undiscounted cash flows	(199.4)	(878.5)	(4,472.2)	(5,550.1)	1,267.6	(1,337.6)	(70.0)
Effect of discounting	109.4	299.1	1,722.2	2,130.7			
At 28 March 2026	(90.0)	(579.4)	(2,750.0)	(3,419.4)			

1 Total undiscounted lease payments of £733.2m relating to the period post-break clause, and the earliest contractual lease exit point, are included in lease liabilities. These undiscounted lease payments should be excluded when determining the Group's contractual indebtedness under these leases, where there is a contractual right to break. Furthermore, £76.8m of these payments relate to leases where, following the break clause, the Group will have the ability to exit the lease at any point before the lease expiry with a maximum of six months' notice.

2 Cash inflows and outflows on derivative instruments that require gross settlement (such as cross currency swaps and forward foreign exchange contracts) are disclosed gross. Cash inflows and outflows on derivative instruments that settle on a net basis are disclosed net.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued

(b) Counterparty risk

Counterparty risk exists where the Group can suffer financial loss through the default or non-performance of the counterparties with whom it transacts.

Exposures are managed in accordance with the Group treasury policy which limits the value that can be placed with each approved counterparty to minimise the risk of loss. The minimum long-term rating for all counterparties is long-term Standard & Poor's (S&P)/Moody's A-/A3 (BBB+/Baa1 for committed lending banks). In the event of a rating by one agency being different from the other, the lower rating is used. Limits are reviewed regularly by senior management. The credit risk of these financial instruments is estimated as the fair value of the assets resulting from the contracts.

The table below analyses the Group's short-term investments and derivative assets by credit exposure, excluding bank balances, store cash and cash in transit.

	Credit rating of counterparty								Total £m
	AAA £m	AA+ £m	AA £m	AA- £m	A+ £m	A £m	A- £m	BBB £m	
Cash and cash equivalents ¹	98.0	—	—	111.6	203.2	240.6	0.8	—	654.2
Other investments ²	—	—	—	146.9	49.7	89.9	—	—	286.5
Derivative assets ³	—	—	—	2.4	3.3	1.2	—	0.4	7.3
At 29 March 2025	98.0	—	—	260.9	256.2	331.7	0.8	0.4	948.0
	AAA £m	AA+ £m	AA £m	AA- £m	A+ £m	A £m	AA- £m	BBB £m	Total £m
Cash and cash equivalents ¹	129.7	—	0.1	130.1	290.2	225.7	—	—	775.8
Other investments ²	—	—	—	4.3	5.3	—	3.3	—	12.9
Derivative assets ³	—	—	—	2.6	10.1	3.9	—	1.7	18.3
At 28 March 2026	129.7	—	0.1	137.0	305.6	229.6	3.3	1.7	807.0

1 Includes cash on deposit and money market funds held by various Group entities. Excludes cash in hand and in transit of £221.4m (last year: £210.3m).

2 Relates to money market deposits held by various Group entities.

3 Standard & Poor's equivalent rating shown as reference to the majority credit rating of the counterparty from either Standard & Poor's, Moody's or Fitch where applicable.

The Group has a very low retail credit risk due to transactions principally being of high volume, low value and short maturity.

The maximum exposure to credit risk at the balance sheet date was as follows: trade receivables £192.8m (last year: £140.6m), lease receivables £63.7m (last year: £64.1m), other receivables (including loans to related parties) £81.0m (last year: £166.9m), cash and cash equivalents £997.2m (last year: £864.5m) and derivatives £18.3m (last year: £7.3m).



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued

Impairment of financial assets

The credit risk management practices of the Group include internal review and reporting of the ageing of trade and other receivables by days past due by a centralised accounts receivable function, and grouped by respective contractual revenue stream, along with liaison with the debtors by the credit control function.

The Group applies the IFRS 9 simplified approach in measuring expected credit losses which use a lifetime expected credit loss allowance for all trade receivables and lease receivables.

To measure expected credit losses, trade receivables have been grouped by shared credit risk characteristics along the lines of differing revenue streams such as international franchise, UK franchise, food, corporate and sundry, as well as by geographical location and days past due. In addition to the expected credit losses calculated using a provision matrix, the Group may provide additional provision for the receivables of particular customers if the deterioration of financial position was observed. The Group's trade receivables are of very low credit risk due to transactions being principally of high volume, low value and short maturity. Therefore, it also has very low concentration risk.

The expected loss rates are determined based on the average write-offs as a proportion of average debt over a period of 36 months prior to the reporting date. The historical loss rates are adjusted for current and forward-looking information where significant. The Group considers GDP growth, unemployment, sales growth and bankruptcy rates of the countries in which goods are sold to be the most relevant factors and, where the impact of these is significant, adjusts the historical loss rates based on expected changes in these factors.

Historical experience has indicated that debts aged 180 days or over are generally not recoverable. The Group has incorporated this into the expected loss model through a uniform loss rate for ageing buckets below 180 days dependent on the revenue stream and country and providing for 100% of debt aged more than 180 days past due. Where the Group specifically holds insurance or holds the legal right of offset with debtors which are also creditors, the loss provision is applied only to the extent of the uninsured or net exposure.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there may be no reasonable expectation of recovery include the failure of the debtor to engage in a payment plan, and failure to make contractual payments within 180 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit and subsequent recoveries are credited to the same line item.

	Current £m	Up to 30 days past due £m	31-60 days past due £m	61-90 days past due £m	91-180 days past due £m	181 days or more past due £m	Total £m
29 March 2025							
Gross carrying amount – trade receivables	127.8	5.2	3.3	3.3	1.0	—	140.6
Expected loss rate	0.7%	0.6%	0.1%	0.2%	0.2%	100.0%	0.6%
Lifetime expected credit loss	0.9	—	—	—	—	—	0.9
Net carrying amount	126.9	5.2	3.3	3.3	1.0	—	139.7
	Current £m	Up to 30 days past due £m	31-60 days past due £m	61-90 days past due £m	91-180 days past due £m	181 days or more past due £m	Total £m
28 March 2026							
Gross carrying amount – trade receivables	183.3	5.3	2.3	1.6	0.1	0.2	192.8
Expected loss rate	3.1%	3.2%	4.6%	2.8%	4.7%	100.0%	3.2%
Lifetime expected credit loss	5.6	0.2	0.2	—	—	0.2	6.2
Net carrying amount	177.7	5.1	2.1	1.6	0.1	—	186.6



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued**Impairment of financial assets** continued

The closing loss allowances for trade receivables reconciles to the opening loss allowances as follows:

	2026 £m	2025 £m
Trade receivables expected loss provision		
Opening loss allowance	0.9	1.3
Increase in loss allowance recognised in profit and loss during the year	5.6	—
Receivables written off during the year as uncollectable	(0.3)	(0.4)
Closing loss allowance	6.2	0.9

The closing loss allowances for lease receivables reconciles to the opening loss allowances as follows:

	2026 £m	2025 £m
Lease receivables expected loss provision		
Opening loss allowance	14.2	14.2
Increase in loss allowance recognised in profit and loss during the year	—	—
Closing loss allowance¹	14.2	14.2

¹ Relates to the sub-let of previously closed offices associated with the strategic programme to centralise the Group's London Head Office functions.

The provision for other receivables is highly immaterial (it can be quantified) and therefore no disclosure is provided.

(c) Foreign currency risk

Transactional foreign currency exposure arises primarily from the import of goods sourced from overseas suppliers and also from the export of goods from the UK to overseas subsidiaries. The most significant exposure is to the US dollar, incurred in the sourcing of Fashion, Home & Beauty products from Asia.

Group Treasury hedges these Fashion, Home & Beauty foreign currency exposures principally using forward foreign exchange contracts progressively based on dynamic forecasts from the business. Hedging is generally carried out in the six months before the period when purchase orders are entered into.

Other exposures arising from the export of goods to overseas subsidiaries are also hedged progressively over the course of the year before they are incurred. As at the balance sheet date, the gross notional value in sterling terms of forward foreign exchange sell or buy contracts amounted to £2,145.9m (last year: £2,210.6m) with a weighted average maturity date of seven months (last year: seven months).

Gains and losses in equity on forward foreign exchange contracts designated in cash flow hedge relationships related to stock purchases and sales as at 28 March 2026 will ultimately be reclassified to the income statement at various dates over the following 14 months (last year: 14 months) from the balance sheet date.

The foreign exchange forwards are designated as cash flow hedges of highly probable forecast transactions. Both spot and forward points are designated in the hedge relationship; under IFRS 9 the currency basis spread may be excluded from the hedge relationship and recognised in other comprehensive income – cost of hedging reserve. The Group has considered and elected not to recognise the currency basis spread element in the cost of hedging reserve, owing to the relatively short-dated nature of the hedging instruments. The change in the fair value of the hedging instrument, to the degree effective, is deferred in equity and subsequently either reclassified to profit or loss or removed from equity and included in the initial measurement of the asset or liability. This will be realised in the income statement once the hedged item is sold.

The Group regularly reviews the foreign exchange hedging portfolio to confirm whether the underlying transactions remain highly probable. Any identified instance of over-hedging or ineffectiveness would result in immediate recycling to the income statement.

A change in the timing of a forecast item does not disqualify a hedge relationship nor the assertion of “highly probable” as there remains an economic relationship between the underlying transaction and the derivative.

The foreign exchange forwards are recognised at fair value. The Group has considered and elected to apply credit/debit valuation adjustments. The risks at the reporting date are representative of the financial year.

The Group also holds a number of cross-currency swaps to designate its fixed rate US dollar debt to fixed rate sterling debt. These are reported as cash flow hedges. The change in the fair value of the hedging instrument, to the degree effective, is retained in other comprehensive income, segregated by cost and effect of hedging. Under IFRS 9, the currency basis on the cross-currency swaps is excluded from the hedge designation and recognised in other comprehensive income – cost of hedging reserve. Effectiveness is measured using the hypothetical derivative approach. The contractual terms of the cross-currency swaps include break clauses every five years which allow for the interest rates to be reset (last reset November 2022).

The cross-currency swaps are recognised at fair value. The inclusion of credit risk on cross-currency swaps will cause ineffectiveness of the hedge relationship. The Group has considered and elected to apply credit/debit valuation adjustments, owing to the swaps' relative materiality and longer-dated nature.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued**(c) Foreign currency risk** continued

The Group also hedges foreign currency intercompany loans where these exist. Forward foreign exchange contracts in relation to the hedging of the Group's foreign currency intercompany loans are classified as fair value through profit and loss. The corresponding foreign exchange movement of the intercompany loan balance resulted in a £1.4m gain (last year: £0.6m loss) in the income statement. As at the balance sheet date, the gross notional value of intercompany loan hedges was £131.4m (last year: £114.5m).

After taking into account the hedging derivatives entered into by the Group, the currency and interest rate exposure of the Group's borrowings and other financial liabilities, is set out below:

	2026			2025		
	Fixed rate £m	Floating rate £m	Total £m	Fixed rate £m	Floating rate £m	Total £m
Currency						
Sterling	2,824.7	388.4	3,213.1	2,725.3	—	2,725.3
Euro	137.6	—	137.6	117.7	—	117.7
Rupee	68.4	—	68.4	100.9	—	100.9
Other	0.3	—	0.3	0.6	—	0.6
	3,031.0	388.4	3,419.4	2,944.5	—	2,944.5

As at the balance sheet date and excluding lease liabilities, post-hedging, the GBP and USD fixed rate borrowings are at an average rate of 6.0% (last year: 5.4%) and the weighted average time for which the rate is fixed is ten years (last year: five years).

(d) Interest rate risk

The Group is exposed to interest rate risk in relation to sterling, US dollar and euro variable rate financial assets and liabilities.

The Group's policy is to use derivative contracts where necessary to maintain a mix of fixed and floating rate instruments to manage this interest rate risk. The structure and maturity of these derivatives correspond to the underlying instruments and are accounted for as fair value or cash flow hedges as appropriate.

At the balance sheet date, fixed rate borrowings amounted to £3,031.0m (last year: £2,944.5m) representing the public bond issues and lease liabilities, amounting to 89% (last year: 100%) of the Group's gross borrowings.

The effective interest rates at the balance sheet date were as follows:

	2026 %	2025 %
Committed and uncommitted borrowings	N/A	N/A
Medium-Term Notes	5.5%	5.4%
Other Loans	8.2%	N/A
Leases	4.5%	5.7%



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued**Derivative financial instruments**

The below table illustrates the effects of hedge accounting on the consolidated statement of financial position and consolidated income statement through detailing separately by risk category and each type of hedge the details of the associated hedging instrument and hedged item.

	29 March 2025				
	Current		Cross-currency swaps £m	Non Current	
	Forward foreign exchange contracts £m	Forward foreign exchange contracts £m		Forward foreign exchange contracts £m	Interest rate swaps £m
Hedging risk strategy	Cash flow hedges	FVTPL	Cash flow hedges	Cash flow hedges	Fair value hedges
Notional/currency legs	1,791.6	113.8	252.9	305.2	—
Carrying amount assets	7.2	—	—	0.1	—
Carrying amount (liabilities)	(24.6)	(0.5)	(10.5)	(6.1)	—
Maturity date	to Oct 2025	to Dec 2025	to Dec 2037	to May 2026	—
Hedge ratio	100%	N/A	100%	100%	N/A
Description of hedged item	Highly probable transactional FX exposures	Inter-company loans/deposits	USD fixed rate borrowing	Highly probable transactional FX exposures	GBP fixed rate borrowing
Change in fair value of hedging instrument	23.5	1.1	(8.5)	6.4	—
Change in fair value of hedged item used to determine hedge effectiveness	(23.5)	(1.7)	8.5	(6.4)	—
Weighted average hedge rate for the year	GBP/USD 1.26; GBP/EUR 1.15	—	GBP/USD 1.19	GBP/USD 1.28; GBP/EUR 1.16	—
Net amounts recognised within finance costs in profit and loss	—	(0.6)	—	—	—
Balance on cash flow hedge reserve at 29 March 2025	11.6	—	(8.1)	6.0	—
Balance on cost of hedging reserve at 29 March 2025	—	—	(9.6)	—	—



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued**Derivative financial instruments** continued

	28 March 2026				
	Current		Cross-currency swaps £m	Non Current	
	Forward foreign exchange contracts £m	Forward foreign exchange contracts £m		Forward foreign exchange contracts £m	Interest rate swaps £m
Hedging risk strategy	Cash flow hedges	FVTPL	Cash flow hedges	Cash flow hedges	Fair value hedges
Notional/currency legs	1,744.3	131.4	252.9	270.1	300.0
Carrying amount assets	14.1	0.7	—	3.5	—
Carrying amount (liabilities)	(19.0)	(0.1)	(15.2)	(0.5)	(8.4)
Maturity date	to Sep 2026	to Jul 2026	to Dec 2037	to Jun 2027	to Aug 2032
Hedge ratio	100%	N/A	100%	100%	100%
Description of hedged item	Highly probable transactional FX exposures	Inter-company loans/deposits	USD fixed rate borrowing	Highly probable transactional FX exposures	GBP fixed rate borrowing
Change in fair value of hedging instrument	28.3	1.1	(4.5)	9.0	(8.4)
Change in fair value of hedged item used to determine hedge effectiveness	(28.3)	0.3	4.5	(9.0)	8.5
Weighted average hedge rate for the year	GBP/USD 1.32; GBP/EUR 1.13	—	GBP/USD 1.19	GBP/USD 1.35; GBP/EUR 1.13	—
Amounts recognised within finance costs in profit and loss	—	1.4	—	—	0.1
Balance on cash flow hedge reserve at 28 March 2026	(27.3)	—	(18.9)	24.4	—
Balance on cost of hedging reserve at 28 March 2026	—	—	—	—	—



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued**Derivative financial instruments** continued

	28 March 2026				29 March 2025			
	Notional Value		Fair Value		Notional Value		Fair Value	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Current								
Forward foreign exchange contracts – cash flow hedges	1,093.5	650.8	14.1	(19.0)	596.6	1,195.0	7.2	(24.6)
– FVTPL	124.9	6.6	0.7	(0.1)	1.0	112.8	—	(0.5)
	1,218.4	657.4	14.8	(19.1)	597.6	1,307.8	7.2	(25.1)
Non-current								
Cross-currency swaps – cash flow hedges	—	252.9	—	(15.2)	—	252.9	—	(10.5)
Forward foreign exchange contracts – cash flow hedges	235.3	34.8	3.5	(0.5)	67.5	237.7	0.1	(6.1)
Interest rate swaps – fair value hedges	—	300.0	—	(8.4)	—	—	—	—
	235.3	587.7	3.5	(24.1)	67.5	490.6	0.1	(16.6)

The Group's hedging reserves disclosed in the consolidated statement of changes in equity, relate to the following hedging instruments:

	Cost of hedging CCIRS ¹ £m	Deferred tax £m	Total cost of hedging £m	Hedge reserve FX derivatives £m	Hedge reserve CCIRS £m	Hedge reserve gilt locks £m	Deferred tax £m	Total hedge reserve £m
Opening balance at 31 March 2024	(7.4)	2.0	(5.4)	5.4	6.1	0.1	(3.2)	8.4
Add: Change in fair value of hedging instrument recognised in OCI ²	—	—	—	29.9	(8.5)	—	—	21.4
Add: Costs of hedging deferred and recognised in OCI	(2.2)	—	(2.2)	—	—	—	—	—
Less: Reclassified to the cost of inventory and property, plant and equipment	—	—	—	(17.7)	—	—	—	(17.7)
Less: Reclassified from OCI to profit or loss	—	—	—	—	(5.7)	—	—	(5.7)
Less: Deferred tax	—	0.6	0.6	—	—	—	1.1	1.1
Closing balance at 29 March 2025	(9.6)	2.6	(7.0)	17.6	(8.1)	0.1	(2.1)	7.5
Opening balance at 30 March 2025	(9.6)	2.6	(7.0)	17.6	(8.1)	0.1	(2.1)	7.5
Add: Change in fair value of hedging instrument recognised in OCI	—	—	—	37.5	(4.5)	—	—	33.0
Add: Costs of hedging deferred and recognised in OCI	9.1	—	9.1	—	—	—	—	—
Less: Reclassified to the cost of inventory and property, plant and equipment	—	—	—	(58.0)	—	—	—	(58.0)
Less: Reclassified from OCI to profit or loss	0.5	—	0.5	—	(6.3)	—	—	(6.3)
Less: Deferred tax	—	(2.4)	(2.4)	—	—	—	7.8	7.8
Closing balance at 28 March 2026	—	0.2	0.2	(2.9)	(18.9)	0.1	5.7	(16.0)

1 Cross-currency interest rate swaps.

2 Other comprehensive income.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued

Derivative financial instruments continued

The Group holds a number of cross-currency interest rate swaps to designate its USD to GBP fixed debt. These are reported as cash flow hedges. The ineffective portion recognised in profit or loss that arises from the cash flow hedge amounts to a £nil gain (last year: £nil gain) as the gain on the hedged items was £4.5m (last year: £8.5m loss) and the movement on the hedging instruments was a £4.5m loss (last year: £8.5m gain).

The Group also holds a number of interest rate swaps to designate its GBP fixed debt to floating. These are reported as fair value hedges. The ineffective portion recognised in profit or loss that arises from the fair value hedge amounts to a £0.1m gain (last year: £nil) as the gain on the hedged item was £8.5m (last year: £nil) and the movement on the hedging instruments was a £8.4m loss (last year: £nil).

	2026 £m	2025 £m
Movement in hedged items and hedging instruments		
Net (loss)/gain in fair value of cross-currency interest rate swap	(4.5)	8.5
Net gain/(loss) on hedged items – cash flow hedges	4.5	(8.5)
Net loss in fair value of interest rate swap	(8.4)	—
Net gain on hedged items – fair value hedges	8.5	—
Ineffectiveness	0.1	—

Sensitivity analysis

The table below illustrates the estimated impact on the income statement and equity as a result of market movements in foreign exchange and interest rates in relation to the Group's financial instruments. The directors consider that a 2% +/- (last year: 2%) movement in interest and a 20% +/- (last year: 20%) movement in sterling against the relevant currency represent reasonably possible changes. However, this analysis is for illustrative purposes only. The directors believe that these illustrative assumed movements continue to provide sufficient guidance.

The table excludes financial instruments that expose the Group to interest rate and foreign exchange risk where such a risk is fully hedged with another financial instrument. Also excluded are trade receivables and payables as these are either sterling denominated or the foreign exchange risk is hedged.

Interest rates The impact in the income statement due to changes in interest rates reflects the effect on the Group's floating rate debt and cash balances as at the balance sheet date. The impact in equity reflects the fair value movement in relation to the Group's cross-currency swaps.

Foreign exchange The impact from foreign exchange movements reflects the change in the fair value of the Group's transactional foreign exchange cash flow hedges at the balance sheet date. The equity impact shown for foreign exchange sensitivity relates to derivatives. This value is expected to be materially offset by the re-translation of the related transactional exposures.

	2% decrease in interest rates £m	2% increase in interest rates £m	20% weakening in sterling £m	20% strengthening in sterling £m
At 29 March 2025				
Impact on income statement: (loss)/gain	(18.1)	18.1	—	—
Impact on other comprehensive income: (loss)/gain	0.2	(4.9)	337.7	(337.7)
At 28 March 2026				
Impact on income statement: (loss)/gain	(9.3)	9.3	—	—
Impact on other comprehensive income: (loss)/gain	2.4	(2.0)	328.7	(328.7)

Offsetting of financial assets and liabilities

The following tables set out the financial assets and financial liabilities which are subject to offsetting, enforceable master netting arrangements and similar agreements. Amounts which are set off against financial assets and liabilities in the Group's balance sheet are set out below. For trade and other receivables and trade and other payables, amounts not offset in the balance sheet, but which could be offset under certain circumstances, are also set out. To reconcile the amount shown in the tables below to the Statement of Financial Position, items which are not subject to offsetting should be included.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued**Offsetting of financial assets and liabilities** continued

	Gross financial assets/ (liabilities) £m	Gross financial (liabilities)/ assets set off £m	Net financial assets/ (liabilities) per statement of financial position £m	Related amounts not set off in the statement of financial position £m	Net £m
At 29 March 2025					
Trade and other receivables	27.0	(24.3)	2.7	—	2.7
Derivative financial assets	7.3	—	7.3	(6.8)	0.5
	34.3	(24.3)	10.0	(6.8)	3.2
Trade and other payables	(416.3)	24.3	(392.0)	—	(392.0)
Derivative financial liabilities	(41.7)	—	(41.7)	6.8	(34.9)
	(458.0)	24.3	(433.7)	6.8	(426.9)
	Gross financial assets/ (liabilities) £m	Gross financial (liabilities)/ assets set off £m	Net financial assets/ (liabilities) per statement of financial position £m	Related amounts not set off in the statement of financial position £m	Net £m
At 28 March 2026					
Trade and other receivables	38.8	(32.0)	6.8	—	6.8
Derivative financial assets	18.3	—	18.3	(15.8)	2.5
	57.1	(32.0)	25.1	(15.8)	9.3
Trade and other payables	(462.3)	32.0	(430.3)	—	(430.3)
Derivative financial liabilities	(43.2)	—	(43.2)	15.8	(27.4)
	(505.5)	32.0	(473.5)	15.8	(457.7)

Amounts which do not meet the criteria for offsetting on the balance sheet, but could be settled net in certain circumstances, principally relate to derivative transactions under International Swaps and Derivatives Association agreements where each party has the option to settle amounts on a net basis in the event of default of the other party.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: not traded in an active market but the fair values are based on quoted market prices or alternative pricing sources with reasonable levels of price transparency. The Group's level 2 financial instruments include interest rate and foreign exchange derivatives. Fair value is calculated using discounted cash flow methodology, future cash flows are estimated based on forward exchange rates and interest rates (from observable market curves) and contract rates, discounted at a rate that reflects the credit risk of the various counterparties for those with a long maturity.
- Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At the end of the reporting period, the Group held the following financial instruments at fair value:

	2026				2025			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets measured at fair value								
Financial assets at fair value through profit or loss (FVTPL)								
– derivatives held at FVTPL	—	0.7	—	0.7	—	—	—	—
– other investments ¹	—	39.0	16.1	55.1	274.5	21.7	14.6	310.8
Derivatives used for hedging	—	17.6	—	17.6	—	7.3	—	7.3
Liabilities measured at fair value								
Financial liabilities at fair value through profit or loss								
– derivatives held at FVTPL	—	(0.1)	—	(0.1)	—	(0.5)	—	(0.5)
– Gist contingent consideration ²	—	—	—	—	—	—	(25.6)	(25.6)
Derivatives used for hedging	—	(43.1)	—	(43.1)	—	(41.2)	—	(41.2)

There were no transfers between the levels of the fair value hierarchy during the period. There were also no changes made to any of the valuation techniques during the period.

1 Within level 1 other investments is £nil (last year: £274.5m) of money market deposits held by various Group entities. Within Level 2 other investments the Group holds £26.1m of funding provided to Eurochange in respect of foreign exchange services (last year: £9.8m), and £12.9m of cash held in escrow and other short-term investments (last year: £12.0m). Within Level 3 other investments, the Group holds £16.1m of venture capital investments, managed by True Capital Limited, measured at FVTPL (last year: £11.6m) (see note 16) which are Level 3 instruments. The fair value of these investments has been determined in accordance with the International Private Equity and Venture Capital (IPEV) Valuation Guidelines. Where investments are either recently acquired or there have been recent funding rounds with third parties, the primary input when determining the valuation is the latest transaction price.

2 As part of the investment in Gist Limited, the Group agreed to pay the former owners of Gist Limited additional consideration of up to £25.0m plus interest when freehold properties were disposed of under certain conditions. There was no minimum amount payable. The Group had the ability to retain the properties should it wish to do so, in which case the full amount of £25.0m plus interest would be payable on the third anniversary of completion. The full amount was paid during the year and there is no further balance due.

The Marks & Spencer UK Pension Scheme holds a number of financial instruments which make up the pension asset of £5,142.9m (last year: £5,327.3m). Level 1 and Level 2 financial assets measured at fair value through other comprehensive income amounted to £1,800.3m (last year: £1,789.2m). Additionally, the scheme assets include £3,342.6m (last year: £3,538.1m) of Level 3 financial assets. See note 11 for information on the Group's retirement benefits.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued

Fair value hierarchy continued

The following table represents the changes in Level 3 instruments held by the Pension Schemes:

	2026 £m	2025 £m
Opening balance	3,538.1	4,034.6
Fair value gain/(loss) recognised in other comprehensive income	183.9	53.8
Other movements recognised in profit or loss	—	(48.5)
Cash withdrawals	(379.4)	(501.8)
Closing balance	3,342.6	3,538.1

Fair value of financial instruments

With the exception of the Group's fixed rate bond debt and the Partnership liability to the Marks & Spencer UK Pension Scheme (note 12), there were no material differences between the carrying value of non-derivative financial assets and financial liabilities and their fair values as at the balance sheet date.

The carrying value of the Group's fixed rate bond debt (Level 1 equivalent) was £579.4m (last year: £717.1m); the fair value of this debt was £598.6m (last year: £727.7m) which has been calculated using quoted market prices and includes accrued interest. The carrying value of the Partnership liability to the Marks & Spencer UK Pension Scheme (Level 2 equivalent) is £nil (last year: £nil) and the fair value of this liability is £nil (last year: £nil).

Capital policy

The Group's objectives when managing capital are to fund investment in the transformation and deliver financial performance at an investment grade level, to safeguard its ability to continue as a going concern in order to provide optimal returns for shareholders and to maintain an efficient capital structure to reduce the cost of capital.

In doing so, the Group's strategy is to sustain a capital structure that supports an investment grade credit rating and to retain appropriate levels of liquidity headroom to ensure financial stability and flexibility. To achieve this strategy, the Group regularly monitors key credit metrics such as the gearing ratio, cash flow to net debt and fixed charge cover to maintain this position. In addition, the Group ensures a combination of appropriate committed short-term liquidity headroom with a diverse and balanced long-term debt maturity profile which avoids creating a significant re-financing risk in any one financial period. As at the balance sheet date, the Group's average debt maturity profile was eight years (last year: five years). During the year Moody's maintained its credit rating for M&S at Baa3. Standard and Poor's maintained its rating at BBB-. Both agencies have a stable outlook for the rating.

To manage its capital structure, the Group considers the appropriate level of dividends paid to shareholders and options to return capital to shareholders, issue new shares or sell assets to reduce debt.

22 Provisions

	Property £m	Restructuring £m	Other £m	Total £m
At 31 March 2024	110.0	30.5	11.2	151.7
Provided in the year – charged to profit or loss	22.0	16.8	8.4	47.2
Provided in the year – charged to property, plant & equipment	46.1	—	—	46.1
Released in the year	(38.6)	(13.3)	(5.5)	(57.4)
Utilised during the year	(6.5)	(14.6)	(1.6)	(22.7)
Discount rate unwind	6.4	—	—	6.4
At 29 March 2025	139.4	19.4	12.5	171.3

Analysed as:

Current	25.1
Non-current	146.2

	Property £m	Restructuring £m	Other £m	Total £m
At 30 March 2025	139.4	19.4	12.5	171.3
Acquired through business combinations	20.7	—	13.0	33.7
Provided in the year – charged to profit or loss	43.4	5.8	15.7	64.9
Provided in the year – charged to property, plant & equipment	19.8	—	—	19.8
Released in the year	(39.0)	(13.0)	(8.9)	(60.9)
Utilised during the year	(6.2)	(8.9)	(5.5)	(20.6)
Discount rate unwind	9.2	—	—	9.2
Transfer	—	—	(7.6)	(7.6)
At 28 March 2026	187.3	3.3	19.2	209.8
Analysed as:				
Current				42.1
Non-current				167.7



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22 Provisions continued

Property provisions relate primarily to obligations such as dilapidations, arising as a result of the closure of stores as part of the store estate strategic programme. These provisions are expected to be utilised over the period to the end of each specific lease (up to 10 years).

Restructuring provisions relate primarily to the retail store restructuring costs announced pre-year end.

Other provisions relate primarily to corporate provisions in the normal course of business.

Provisions related to adjusting items were £147.9m at 28 March 2026 (last year: £141.6m), with a net release in the year of £7.3m (last year: £12.8m release) (see note 5).

23 Deferred tax

Deferred tax is provided under the balance sheet liability method using the tax rate at which the balances are expected to unwind of 25% (last year: 25%) for UK differences and local tax rates for overseas differences. Details of the changes to the UK corporation tax rate and the impact on the Group are described in note 7.

The movements in deferred tax assets and liabilities (after the offsetting of balances within the same jurisdiction as permitted by IAS 12 – ‘Income Taxes’) during the year are shown below.

Deferred tax assets/(liabilities)

	Land and buildings temporary differences £m	Capital allowances in excess of depreciation £m	Pension temporary differences £m	IFRS 16 adjustment £m	Intangible fixed assets £m	Losses £m	Other short-term temporary differences £m	Total UK deferred tax £m	Overseas deferred tax £m	Total £m
At 31 March 2024 (Restated)	(228.7)	(80.1)	(39.7)	(14.8)	—	—	44.0	(319.3)	5.7	(313.6)
(Charged)/credited to income statement	5.5	(63.8)	0.3	(7.1)	—	—	5.2	(59.9)	2.9	(57.0)
(Charged)/credited to equity/other comprehensive income	—	—	70.2	—	—	—	(4.1)	66.1	(0.5)	65.6
At 29 March 2025 (Restated)	(223.2)	(143.9)	30.8	(21.9)	—	—	45.1	(313.1)	8.1	(305.0)
Credited/(charged) to income statement	14.8	(93.9)	0.1	(3.6)	2.7	(1.6)	(6.9)	(88.4)	0.9	(87.5)
Credited/(charged) to equity/other comprehensive income	—	—	(2.2)	—	—	—	(16.8)	(19.0)	(1.7)	(20.7)
Movement arising from the acquisition of business combinations	—	(38.3)	—	(12.2)	(69.8)	72.0	2.3	(46.0)	—	(46.0)
At 28 March 2026	(208.4)	(276.1)	28.7	(37.7)	(67.1)	70.4	23.7	(466.5)	7.3	(459.2)

Deferred tax has been restated in the comparative information. See Note 1 for further details.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23 Deferred tax continued

Deferred tax assets/(liabilities) continued

The following is the analysis of the deferred tax balances after offset:

	2026 £m	2025 (Restated) £m	2024 (Restated) £m
Deferred tax assets	13.3	13.9	11.7
Deferred tax liabilities	(472.5)	(318.9)	(325.3)

Other short-term temporary differences included a deferred tax asset of £24.1m (last year: £40.9m) in respect of employee share options and a deferred tax liability £5.0m (last year: deferred tax asset £0.4m) in relation to financial instruments.

The deferred tax liability on land and buildings temporary differences is reduced by the benefit of capital losses with a gross value of £154.8m (last year: £189.2m) and a tax value of £38.7m (last year: £47.3m). The gross carried forward capital losses are £396.1m (last year: £394.0m) with a tax value of £99.0m (last year: £98.5m) and are inclusive of the gross £154.8m of losses used to reduce the deferred tax liability on land and buildings.

Due to uncertainty over their future use, no benefit has been recognised in respect of trading losses carried forward in overseas jurisdictions with a gross value of £6.1m (last year: £5.6m) and a tax value of £1.6m (last year: £1.5m).

No deferred tax is recognised in respect of undistributed earnings of overseas subsidiaries and joint ventures with a gross value of £51.1m (last year: £50.0m) unless a material liability is expected to arise on distribution of these earnings under applicable tax legislation. There is a potential tax liability in respect of undistributed earnings of £4.7m (last year: £4.7m); however, this has not been recognised on the basis the distribution can be controlled by the Group, and it is probable that the temporary difference will not reverse in the foreseeable future.

24 Ordinary share capital

	2026		2025	
	Ordinary shares of £0.01 each		Ordinary shares of £0.01 each	
	Shares	£m	Shares	£m
Issued and fully paid				
At start of year	2,055,200,170	20.6	2,040,355,823	20.5
Shares issued in respect of employee share option schemes	10,308,429	0.1	14,844,347	0.1
At end of year	2,065,508,599	20.7	2,055,200,170	20.6

Issue of new shares

A total of 10,308,429 (last year: 14,844,347) ordinary shares having a nominal value of £0.1m (last year: £0.1m) were allotted during the year under the terms of the Company's share schemes which are described in note 13 of the Group financial statements.

The aggregate consideration received was £12.0m (last year: £15.8m).

25 Contingencies and commitments

A. Capital commitments

	2026 £m	2025 £m
Commitments in respect of properties in the course of construction	495.7	359.7
Software capital commitments	17.5	9.2
	513.2	368.9

During 2021/22, the Group committed to invest up to £25.0m, over a three-year period to 2024/25, in an innovation and consumer growth fund managed by True Capital Limited. This period was extended to 2026/27 during the year 2023/24. The fund can drawdown amounts at any time over the five-year period to make specific investments. At 28 March 2026, the Group had invested £17.7m (last year: £12.9m) of this commitment, which is held as a non-current other investment and measured at fair value through profit or loss (see note 16).

B. Other material contracts

See note 12 for details on the Partnership arrangement with the Marks & Spencer UK Pension Scheme.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26 Analysis of cash flows given in the statement of cash flows**Cash flows from operating activities**

	2026 £m	2025 £m
Profit on ordinary activities after taxation	236.2	291.9
Income tax expense	128.4	219.9
Finance costs	217.1	177.2
Finance income	(45.0)	(64.7)
Operating profit	536.7	624.3
Share of results of Ocado Retail Limited	—	28.7
Share of results in other joint ventures	(0.4)	(0.5)
Increase in inventories	(79.3)	(73.3)
Decrease/(Increase) in receivables	39.0	(33.7)
(Decrease)/Increase in payables	(113.6)	68.4
Depreciation, amortisation, impairments and disposals	650.7	542.6
Non-cash share-based payment expense	38.8	52.4
Non-cash pension expense	5.5	5.6
Defined benefit pension funding	(45.3)	(0.4)
Adjusting items net cash outflows ^{1,2}	(130.7)	(25.6)
Adjusting items M&S Bank ³	—	(27.4)
Adjusting items within operating profit	281.7	360.2
Cash generated from operations	1,183.1	1,521.3

1 Excludes £23.5m (last year: £19.0m) of surrender payments included within repayment of lease liabilities in the consolidated statement of cash flows relating to leases within the store estate programme.

2 Adjusting items net cash outflows relate to costs associated with the cyber incident, to strategic programme costs associated with the Store estate, Digital and Technology transformation, and UK logistics.

3 Last year end adjusting items M&S Bank relates to one-off fees paid to M&S Bank under the new Relationship Agreement which will be recognised as a reduction to income over the term of the contract.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 Analysis of net debt

A. Reconciliation of movement in net debt

	At 31 March 2024 £m	Cash flows excluding interest £m	Cash flows relating to interest £m	Changes in fair values £m	Acquired through business combination £m	Lease additions and remeasure- ments £m	Exchange and other non-cash movements £m	At 29 March 2025 (Restated) ¹ £m
Net debt								
Cash and cash equivalents (see note 18)	1,022.4	(50.2)	(106.5)	—	—	—	(1.2)	864.5
Net cash per statement of cash flows	1,022.4	(50.2)	(106.5)	—	—	—	(1.2)	864.5
Other financial assets (see note 16)	12.3	287.0	—	—	—	—	—	299.3
Liabilities from financing activities								
Medium-Term Notes (see note 20)	(921.7)	187.8	45.6	—	—	—	(28.8)	(717.1)
Lease liabilities (see note 20)	(2,211.5)	258.6	103.4	—	—	(261.0)	(116.9)	(2,227.4)
Partnership liability to the Marks & Spencer UK Pension Scheme (see note 12)	(81.9)	40.0	0.5	—	—	—	41.4	—
Derivatives held to hedge Medium-Term Notes	(21.6)	—	—	11.1	—	—	—	(10.5)
Liabilities from financing activities	(3,236.7)	486.4	149.5	11.1	—	(261.0)	(104.3)	(2,955.0)
Less: Cash flows related to interest and derivative instruments	36.2	—	(43.0)	(11.1)	—	—	29.3	11.4
Net debt	(2,165.8)	723.2	—	—	—	(261.0)	(76.2)	(1,779.8)

¹ Due to a change in the Group's definition of net debt, the comparative amounts have been restated. See the Glossary for more information.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 Analysis of net debt continued

A. Reconciliation of movement in net debt continued

	At 30 March 2025 (Restated) £m	Cash flows excluding interest £m	Cash flows relating to interest ¹ £m	Changes in fair values £m	Acquired through business combination £m	Lease additions and remeasure- ments £m	Exchange and other non-cash movements £m	At 28 March 2026 £m
Net debt								
Cash and cash equivalents (see note 18)	864.5	214.8	(147.8)	—	68.2	—	(2.5)	997.2
Net cash per statement of cash flows	864.5	214.8	(147.8)	—	68.2	—	(2.5)	997.2
Other financial assets (see note 16)¹	299.3	(260.3)	—	—	—	—	—	39.0
Liabilities from financing activities								
Medium-Term Notes (see note 20)	(717.1)	108.0	45.7	—	—	—	(16.0)	(579.4)
Other loans (see note 20)	—	—	—	—	(90.0)	—	—	(90.0)
Lease liabilities (see note 20)	(2,227.4)	317.5	136.0	—	(333.8)	(489.3)	(153.0)	(2,750.0)
Derivatives held to hedge Medium-Term Notes	(10.5)	—	—	4.5	—	—	(9.2)	(15.2)
Liabilities from financing activities	(2,955.0)	425.5	181.7	4.5	(423.8)	(489.3)	(178.2)	(3,434.6)
Less: Cash flows related to interest and derivative instruments	11.4	—	(33.9)	(4.5)	—	—	13.6	(13.4)
Net debt	(1,779.8)	380.0	—	—	(355.6)	(489.3)	(167.1)	(2,411.8)

¹ Includes other financial assets that contractually mature within 12 months of £26.1m (last year £9.8m).

B. Reconciliation of net debt to statement of financial position

	2026 £m	2025 (Restated) ¹ £m
Statement of financial position and related notes		
Cash and cash equivalents (see note 18)	997.2	864.5
Other financial assets (see note 16)	39.0	299.3
Medium-Term Notes – excluding impact of foreign exchange (see note 20)	(616.2)	(738.3)
Lease liabilities (see note 20)	(2,750.0)	(2,227.4)
Other loans	(90.0)	—
	(2,420.0)	(1,801.9)
Interest payable included within related borrowing and the Partnership liability to the Marks & Spencer UK Pension Scheme	8.2	22.1
Net debt	(2,411.8)	(1,779.8)

¹ Due to a change in the Group's definition of net debt, the comparative amounts have been restated. See the Glossary for more information.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

28 Related party transactions

A. Subsidiaries

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Company and its subsidiaries are disclosed in the Company's separate financial statements. All transactions are made on an arm's length basis.

B. Joint ventures and associates

Ocado Group

The following transactions were carried out with Ocado Group on behalf of Ocado Retail limited, a subsidiary of the group:

Loan from Ocado Group to Ocado Retail Limited

	2026 £m	2025 £m
Opening balance	—	—
Loan acquired on consolidation of Ocado Retail Limited	100.9	—
Interest charged	7.6	—
Closing balance	108.5	—

The loan matures during 2039/40 and accrues interest at Sterling Overnight Index Average (SONIA) plus an applicable margin.

Management fees

	2026 £m	2025 £m
Management fees	203.3	—

Included within trade and other receivables is a balance of £14.0m (last year: £nil) owed by Ocado Group. Included within trade and other payables is a balance of £65.0m (last year: £nil) owed to Ocado Group.

Ocado Retail Limited

The following transactions were carried out with Ocado Retail Limited in prior periods when the company was an associate of the Group:

Loan to Ocado Retail Limited

	2026 £m	2025 £m
Opening balance	—	92.2
Interest charged	—	8.5
Closing balance	—	100.7

The loan matures during 2039/40 and accrues interest at Sterling Overnight Index Average (SONIA) plus an applicable margin.

Sales and purchases of goods and services

	2026 £m	2025 £m
Sales of goods and services	—	62.2

Nobody's Child Limited

Nobody's Child Limited became an associate of the Group in November 2021.

During the year, the Group made purchases of goods amounting to £8.9m (last year: £9.7m)

At 28 March 2026, there was a balance of £nil included within other financial assets (last year: £3.0m) owed from Nobody's Child Limited, since the conversion of the convertible loan note in April 2025.

C. Marks & Spencer UK Pension Scheme

Details of other transactions and balances held with the Marks & Spencer UK Pension Scheme are set out in notes 11 and 12.

D. Key management compensation

The Group has determined that the key management personnel constitute the Board and the members of the Executive Committee.

	2026 £m	2025 £m
Salaries and short-term benefits	8.5	14.9
Pension costs	0.5	0.4
Share-based payments	9.7	20.9
Total	18.7	36.2



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

29 Business combination

On 6 April 2025, in line with expectations, the Group obtained control of Ocado Retail Limited. There was no change in economic interest of both shareholders in Ocado Retail Limited, nor any consideration paid by the Group, as a result of this change.

The Group has gained control of an investment previously accounted for as an associate, which has been accounted for as a business combination using the acquisition method of accounting, at the 'consolidation date', in accordance with IFRS 3: Business Combinations and consequently the Ocado Retail Limited assets acquired, and liabilities assumed, have been recorded by the Group at fair value.

	As at 6 April 2025 £m
Fair value of identifiable net assets	
Intangible assets: brand	228.7
Intangible assets: customer relationships	50.4
Intangible assets: other	12.9
Property, plant and equipment – owned	234.8
Property, plant and equipment – right-of-use assets ¹	333.0
Inventories	85.7
Trade and other receivables ²	116.7
Cash and cash equivalents	68.2
Trade and other payables	(261.6)
Borrowings and other financial liabilities ¹	(422.8)
Provisions	(33.8)
Deferred tax liabilities	(46.0)
	366.2
Goodwill	
Fair value of pre-existing interest in Ocado Retail Limited	385.0
Fair value of identifiable net assets	(366.2)
Non-controlling interest, based on their proportionate share of the acquired net assets	177.3
Loss on settlement of pre-existing relationship	(17.7)
Settlement of pre-existing relationship	106.1
	284.5

1 The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable or unfavourable terms of the lease relative to market terms.

2 The fair value of trade and other receivables is considered equivalent to the gross contractual amount and the Group expects to collect substantially all of these.

Net cash inflow arising on acquisition relates to cash and cash equivalents acquired.

The goodwill primarily reflects the value of future new customers. None of the goodwill is expected to be deductible for tax purposes.

See note 2 for the contribution Ocado Retail Limited has made to the Group since the acquisition date. If the acquisition had occurred on 30 March 2025, Group revenue and profit would not be materially different.

Settlement of pre-existing relationships

At the consolidation date, the Group and Ocado Retail Limited had two pre-existing relationships: a long-term supply contract under which the Group supplied Ocado Retail Limited with certain products at agreed contract rates; and a shareholder loan provided by the Group to Ocado Retail Limited (see note 28).

These pre-existing relationships were effectively settled at the consolidation date and were accounted for separately from the business combination under IFRS 3. Any pre-existing balances were eliminated on consolidation, with the balances derecognised from the Group's balance sheet and excluded from the fair value of Ocado Retail Limited's net assets acquired.

The long-term supply contract was effectively terminated at the consolidation date. The Group has attributed £17.7m of the notional consideration to the settlement of that pre-existing relationship. The fair value of the settlement has been determined based on an assessment of the difference between current market rates and the rates previously agreed in the lower cost legacy supply contract. The charge has been recognised within adjusting items (see note 5).

30 Contingent assets

As at 28 March 2026, the Company has no contingent assets. Previously, the Group was seeking damages from an independent third party following their involvement in anti-competitive behaviour that adversely impacted the Group. The Group expected to receive an amount from the claim (either in settlement or from the legal proceedings), a position that was reinforced by court judgements in similar claims. Last year, net income of £20.5m was recognised in settlement of the damages action (see note 5).



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 Contingent liabilities

The Group is, from time to time, subject to various claims, legal proceedings or fines. We would not, ordinarily, expect any such matter to have a material adverse effect on the Group's financial position or performance and, accordingly, no provision has been made as at year end.

On 22 April 2025, M&S announced it had been managing a cyber incident. The Group engaged external cyber security experts and the relevant authorities, including reporting to the National Cyber Security Centre and the UK's Information Commissioner's Office. As at 19 May 2026 M&S continues to cooperate with the investigations of the ICO and other relevant regulators.

32 Subsequent events

Subsequent to the balance sheet date, the Group has monitored trade performance, internal actions, as well as other relevant external factors (such as changes in any of the Government restrictions). No material changes in key estimates and judgements have been identified as adjusting post balance sheet events. There have been no material non-adjusting events since 28 March 2026.



COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	As at 28 March 2026 £m	As at 29 March 2025 £m
Assets			
Non-current assets			
Investments in subsidiary undertakings	C6	9,870.6	9,830.7
Total assets		9,870.6	9,830.7
Liabilities			
Current liabilities			
Amounts owed to subsidiary undertakings		2,447.9	2,462.7
Total liabilities		2,447.9	2,462.7
Net assets		7,422.7	7,368.0
Equity			
Ordinary share capital	C7	20.7	20.6
Share premium account	C7	994.6	982.7
Capital redemption reserve		2,680.4	2,680.4
Merger reserve	C7	1,397.3	1,397.3
Retained earnings		2,329.7	2,287.0
Total equity		7,422.7	7,368.0

The Company's profit for the year was £79.8m (last year: loss of £151.3m).

The financial statements were approved by the Board and authorised for issue on 19 May 2026. The financial statements also comprise the notes C1 to C7.

Stuart Machin
Chief Executive Officer

Alison Dolan
Chief Financial Officer

Registered number: 04256886
Marks and Spencer Group plc



COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Ordinary share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Retained earnings £m	Total £m
At 31 March 2024	20.5	967.0	2,680.4	1,397.3	2,455.8	7,521.0
Loss for the year	—	—	—	—	(151.3)	(151.3)
Dividends	—	—	—	—	(60.5)	(60.5)
Capital contribution for share-based payments	—	—	—	—	43.0	43.0
Shares issued on exercise of employee share options	0.1	15.7	—	—	—	15.8
At 29 March 2025	20.6	982.7	2,680.4	1,397.3	2,287.0	7,368.0
At 30 March 2025	20.6	982.7	2,680.4	1,397.3	2,287.0	7,368.0
Profit for the year	—	—	—	—	79.8	79.8
Dividends	—	—	—	—	(77.0)	(77.0)
Capital contribution for share-based payments	—	—	—	—	39.9	39.9
Shares issued on exercise of employee share options	0.1	11.9	—	—	—	12.0
At 28 March 2026	20.7	994.6	2,680.4	1,397.3	2,329.7	7,422.7

COMPANY STATEMENT OF CASH FLOWS

	52 weeks ended 28 March 2026 £m	52 weeks ended 29 March 2025 £m
Cash flow from investing activities		
Dividends received	79.8	65.6
Net cash generated from investing activities	79.8	65.6
Cash flows from financing activities		
Shares issued on exercise of employee share options	12.0	15.8
Repayment of intercompany loan	(14.8)	(20.9)
Equity dividends paid	(77.0)	(60.5)
Net cash used in financing activities	(79.8)	(65.6)
Net cash inflow from activities	—	—
Cash and cash equivalents at beginning and end of year	—	—



NOTES TO THE COMPANY FINANCIAL STATEMENTS

C1 Accounting policies

General information

Marks and Spencer Group plc (the Company) is a public limited company domiciled and incorporated in England and Wales under the Companies Act 2006. The address of the Company's registered office is Waterside House, 35 North Wharf Road, London W2 1NW, United Kingdom.

The principal activities of the Company and the nature of the Company's operations is as a holding entity.

These financial statements are presented in sterling, which is the Company's functional currency, and are rounded to the nearest hundred thousand.

The Company's accounting policies are the same as those set out in note 1 of the Group financial statements, except as noted below.

Investments in subsidiaries are stated at cost less provisions for impairment, where appropriate. The Company grants share-based payments to the employees of subsidiary companies. Each period, the fair value of the employee services received by the subsidiary as a capital contribution from the Company is reflected as an addition to investments in subsidiaries.

Loans from other Group undertakings and all other payables are initially recorded at fair value, which is generally the proceeds received. They are then subsequently carried at amortised cost. The loans are non-interest bearing and repayable on demand.

In accordance with the exemption allowed by Section 408(3) of the Companies Act 2006, the Company has not presented its own income statement or statement of comprehensive income.

Key sources of estimation uncertainty

Impairment of investments in subsidiary undertakings

The carrying value of the investment in subsidiary undertakings is reviewed for impairment or impairment reversal on an annual basis. The recoverable amount is determined based on value in use which requires the determination of appropriate assumptions (which are sources of estimation uncertainty) in relation to the cash flows over the three-year strategic plan period, the long-term growth rate to be applied beyond this three-year period and the risk-adjusted pre-tax discount rate used to discount the assumed cash flows to present value.

Estimation uncertainty arises due to changing economic and market factors, the channel shift from stores to online, increasing technological advancement and the Group's ongoing strategic transformation programmes. See note C6 for further details on the assumptions and associated sensitivities.

The Company's financial risk is managed as part of the Group's strategy and policies as discussed in note 21 of the Group financial statements.

C2 Employees

The Company had no employees during the current or prior year. Directors received emoluments in respect of their services to the Company during the year of £1,353,063 (last year: £1,341,240). The Company did not operate any pension schemes during the current or preceding year. For further information see the Remuneration Report.

C3 Auditor's remuneration

Auditor's remuneration in respect of the Company's annual audit has been borne by its subsidiary Marks and Spencer plc and has been disclosed on a consolidated basis in the Company's consolidated financial statements as required by Section 494(4)(a) of the Companies Act 2006.

C4 Dividends

	2026 per share	2025 per share	2026 £m	2025 £m
Dividends on equity ordinary shares				
Paid final dividend	2.6p	2.0p	52.4	40.2
Paid interim dividend	1.2p	1.0p	24.6	20.3
	3.8p	3.0p	77.0	60.5

The directors have approved a final dividend of 3.0p per share (last year: 2.6p per share), which, in line with the requirements of IAS 10 Events after the Reporting Period, has not been recognised within these results. This final dividend of c.£62.0m (last year: £52.4m) will be paid on 10 July 2026 to shareholders whose names are on the Register of Members at the close of business on 5 June 2026. The ordinary shares will be quoted ex dividend on 4 June 2026.

A dividend reinvestment plan (DRIP) is available to shareholders who would prefer to invest their dividends in the shares of the Company. For those shareholders electing to receive the DRIP, the last date for receipt of a new election is 19 June 2026.

C5 Related party transactions

During the year, the Company received a dividend of £79.8m (last year: £65.6m) and decreased its loan from Marks and Spencer plc by £14.8m (last year: £20.9m). The outstanding balance was £2,447.9m (last year: £2,462.7m) and is non-interest bearing. There were no other related party transactions.



NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C6 Investments

A. Investments in subsidiary undertakings

	2026 £m	2025 £m
Beginning of the year	9,830.7	10,004.6
Contributions to subsidiary undertakings relating to share-based payments	39.9	43.0
Impairment charge	—	(216.9)
End of year	9,870.6	9,830.7

Shares in subsidiary undertakings represent the Company's investment in Marks and Spencer plc, Marks and Spencer Holdings Limited and Marks and Spencer (A2B) Limited.

Impairment of investments in subsidiary undertakings

Investment in Marks and Spencer plc

The Company evaluates its investments in subsidiary undertakings annually for any indicators of impairment or impairment reversal. The Company considers the relationship between its market capitalisation and the carrying value of its investments, among other factors, when reviewing for indicators of impairment. As at 28 March 2026, the market capitalisation of the Group was below the carrying value of its investment in Marks and Spencer plc of £9,478.4m, indicating a potential impairment, despite strong Group performance.

The recoverable amount of the investment in Marks and Spencer plc has been determined based on a value in use calculation. The Company has updated its assumptions as at 28 March 2026, reflecting the latest budget and forecast cash flows covering a three-year period. The pre-tax discount rate of 12.1% (last year: 13.5%) was derived from the Group's weighted average cost of capital, the inputs of which include a country risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). The long-term growth rate of 2.0% (last year: 2.0%), was based on inflation forecasts by recognised bodies with reference to rates used within the retail industry.

The outcome of the value in use calculation supports the carrying value of the investment in subsidiary undertakings, with a headroom of £5,213.3m. The Company has determined that the recoverable amount of its investment in Marks and Spencer plc is £12,241.7m and as a result no impairment has been recognised.

Sensitivity analysis

As disclosed in the accounting policies note C1, the cash flows used within the value in use model, the long-term growth rate and the discount rate are sources of estimation uncertainty. Management has performed a sensitivity analysis on the key assumptions and using reasonably possible changes would result in the following impacts:

Sensitivity area	Sensitivity tested	Headroom	Reduction in headroom
Cash flows	10% reduction	£3,806.8m	£1,406.5m
Long-term growth rate	50 basis point decrease	£4,651.1m	£562.2m
Discount rate	250 basis point increase	£2,498.8m	£2,714.5m

In the event that all three were to happen simultaneously, the resulting headroom would be £1,048.2m.



NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C6 Investments continued**A. Investments in subsidiary undertakings continued****Investment in Marks and Spencer Holdings Limited**

Marks and Spencer Holdings Limited holds the investment in Ocado Retail Limited. In the prior year, the impairment of Ocado Retail Limited recognised in the Group financial statements (see note 5) was considered to be an indicator of impairment for the Company's investment in Marks and Spencer Holdings Limited.

Accordingly, in the prior year the recoverable amount of the investment in Marks and Spencer Holdings Limited was assessed based on the fair value of the subsidiary, determined with reference to its net asset value and adjusted to reflect the impairment recognised in respect of its investment in Ocado Retail Limited. The recoverable amount was determined to be £389.4m and, as a result, an impairment of £216.9m was recognised in the prior year.

In the current year, no indicators of impairment have been identified in respect of the investment in Marks and Spencer Holdings Limited and, accordingly, no further impairment has been recognised.

B. Related undertakings

In accordance with Section 409 of the Companies Act 2006, a full list of related undertakings, the country of incorporation and the effective percentage of equity owned, as at 28 March 2026 is disclosed below. All undertakings are indirectly owned by the Company unless otherwise stated and are consolidated within the financial statements of the Group.

Subsidiary and other related undertakings registered in the UK⁽ⁱ⁾

Name	Share class	Proportion of shares held (%)
Founders Factory Retail Limited	£0.0001 ordinary	0.004
Registered office: Founders Factory (Level 7) Arundel Street Building, 180 Strand, 2 Arundel Street, London WC2R 3DA	(25.001% of total capital) £0.0001 preferred	100
	(74.999% of total capital)	
Hedge End Park Limited	£1 ordinary A	—
Registered office: 33 Charterhouse Street, London EC1M 6HA	(50% of total capital) £1 ordinary B	100
	(50% of total capital)	
Marks and Spencer Pension Trust Limited⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	£1 ordinary A	100
	£1 ordinary B	—
	£1 ordinary C	—

Name	Share class	Proportion of shares held (%)
Marks and Spencer plc⁽ⁱⁱⁱ⁾	£0.25 ordinary	100
Marks and Spencer Scottish Limited Partnership^(iv)	Partnership interest	100
Registered office: 75-85 High Street, Perth PH1 5TJ		
Ocado Retail Limited		
Registered office: Apollo Court 2 Bishop Square, Hatfield Business Park, Hatfield, Hertfordshire AL10 9NE	£0.01 ordinary	50
Amethyst Leasing (Holdings) Limited^(v)	£1 ordinary	100
M & S Limited^(v)	£1 ordinary	100
Marks and Spencer Pearl (1) Limited^(v)	£1 ordinary	100
Manford (Textiles) Limited^(v)	£1 ordinary	100
Marks and Sparks Limited^(v)	£1 ordinary	100
Marks and Spencer (Northern Ireland) Limited^(v)	£1 ordinary	100
Registered office: Merchant Square, 20-22 Wellington Place, Belfast BT1 6GE		
Marks and Spencer Property Developments Limited	£1 ordinary	100
	£0.01 ordinary	—
Nobody's Child Limited	(65.987% of total capital)	
Registered office: Ground Floor, 10-14 White Lion Street, London N1 9PD	£0.01 Preference	100
	(34.013% of total capital)	
St. Michael (Textiles) Limited^(v)	£1 ordinary	100
Marks & Spencer Outlet Limited^(v)	£1 ordinary	100



NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C6 Investments continued

B. Related undertakings continued

UK registered subsidiaries exempt from audit

The following UK subsidiaries will take advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the year ended 28 March 2026. Unless otherwise stated, the undertakings listed below are registered at Waterside House, 35 North Wharf Road, London, W2 1NW, United Kingdom, and have a single class of ordinary share with a nominal value of £1. All undertakings are indirectly owned by the Company unless otherwise stated.

Name	Proportion of shares held (%)	Company Number
Amethyst Leasing (Properties) Limited	100	4246934
Busyexport Limited	100	4411320
Marks and Spencer (Initial LP) Limited⁽ⁱⁱⁱ⁾	100	SC315365
Registered office: 2 Semple Street, Edinburgh EH3 8BL		
Marks and Spencer (Property Ventures) Limited	100	5502513
Marks and Spencer 2005 (Brooklands Store) Limited	100	5502608
Marks and Spencer 2005 (Chester Store) Limited	100	5502542
Marks and Spencer 2005 (Fife Road Kingston Store) Limited	100	5502598
Marks and Spencer 2005 (Glasgow Sauchiehall Store) Limited	100	5502546
Marks and Spencer 2005 (Hedge End Store) Limited	100	5502538
Marks and Spencer 2005 (Kensington Store) Limited	100	5502478
Marks and Spencer 2005 (Kingston-on-Thames Satellite Store) Limited	100	5502523
Marks and Spencer 2005 (Kingston-on-Thames Store) Limited	100	5502520
Marks & Spencer Simply Foods Limited	100	4739922
Marks and Spencer (Property Investments) Limited	100	5502582
Marks and Spencer Chester Limited	100	5174129
Marks and Spencer France Limited	100	5502548
Marks and Spencer International Holdings Limited	100	2615081
Marks and Spencer (Investment Holdings) Limited	100	13587353
Marks and Spencer (A2B) Limited⁽ⁱⁱⁱ⁾	100	14228803

Name	Proportion of shares held (%)	Company Number
Marks & Spencer Company Archive CIC^(vi)	N/A	7377510
Marks and Spencer 2005 (Parman House Kingston Store) Limited	100	5502588
Marks and Spencer 2005 (Pudsey Store) Limited	100	5502544
Marks and Spencer 2005 (Warrington Gemini Store) Limited	100	5502502
Marks and Spencer Holdings Limited⁽ⁱⁱⁱ⁾	100	11845975
Marks and Spencer Investments	100	4903061
Marks and Spencer Property Holdings Limited	100	2100781
Ruby Properties (Cumbernauld) Limited	100	4922798
Ruby Properties (Thornclyffe) Limited	100	4716110
Ruby Properties (Tunbridge) Limited	100	4716032
Simply Food (Property Investments)	100	5502543
Simply Food (Property Ventures) Limited	100	2239799
Marks and Spencer (Bradford) Limited	100	10011863
Marks and Spencer (Jaeger) Limited	100	13098074
Marks and Spencer Pearl (Daventry) Limited	100	14267865
Gist Limited	100	502669
St. Michael Finance Limited	100	1339700
The Sports Edit Limited^(vii)	100	9331295

The Company will guarantee the debts and liabilities of the above UK subsidiary undertakings at the balance sheet date of £123.8m in accordance with Section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

- (i) All companies registered at Waterside House, 35 North Wharf Road, London, W2 1NW, United Kingdom, unless otherwise stated.
- (ii) In accordance with the Articles of Association of Marks and Spencer Pension Trust Limited, the holders of B and C ordinary shares are both directors of that company.
- (iii) Interest held directly by Marks and Spencer Group plc.
- (iv) Marks and Spencer (Initial LP) Limited and Marks and Spencer Pension Trust Limited are the limited partners; Marks and Spencer plc is the General Partner.
- (v) Dormant entities.
- (vi) No share capital, as the company is limited by guarantee. Marks and Spencer plc is the sole member.
- (vii) Share capital made up of £0.01 ordinary shares.



NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C6 Investments continued

B. Related undertakings continued

International subsidiary undertakings⁽ⁱ⁾

Name	Registered address	Country	Share class	Proportion of shares held by subsidiary (%)
Marks and Spencer (Australia) Pty Limited⁽ⁱⁱ⁾	Minter Ellison, Governor Macquarie Tower, Level 40, 1 Farrer Place, Sydney NSW 2000, Australia	Australia	AUD 2 ordinary	100
Marks and Spencer (Shanghai) Limited	Unit 03-05A 16/F, Eco City 1788, 1788 West Nan Jing Road, Shanghai, China	China	USD NPV	100
Marks and Spencer Czech Republic a.s.	Václavské náměstí 793/36 Nové Město, 110 00 Prague 1, Czech Republic	Czech Republic	CZK 1,000 ordinary	100
			CZK 100,000 ordinary	100
			CZK 1,000,000 ordinary	100
Marks and Spencer Services S.R.O.	Václavské náměstí 793/36 Nové Město, 110 00 Prague 1, Czech Republic	Czech Republic	CZK NPV	100
Marks and Spencer Greece Single Member SA⁽ⁱⁱⁱ⁾	33-35 Ermou Street, Athens 10563, Greece	Greece	€3 ordinary	100
			€3 preference	100
Ignazia Limited	Heritage Hall, Le Marchant Street, St Peter Port GY1 4JH, Guernsey	Guernsey	£1 ordinary	100
Teranis Limited	Heritage Hall, Le Marchant Street, St Peter Port GY1 4JH, Guernsey	Guernsey	£1 ordinary	100

Name	Registered address	Country	Share class	Proportion of shares held by subsidiary (%)
M.S. General Insurance L.P.	Heritage Hall, Le Marchant Street, St Peter Port GY1 4JH, Guernsey	Guernsey	Partnership interest	100
Marks and Spencer (Hong Kong) Investments Limited	Suites 807-13, 8/F, South Tower, World Finance Centre, Harbour City, Kowloon, Hong Kong	Hong Kong	No Par Value ordinary	100
Marks and Spencer (India) pvt Limited	Plot No 64, 2nd Floor, Holly Hocks, Sector 44, Gurgaon – 122 002, Haryana, India	India	INR 10 ordinary	100
			INR 10 Class A (14.619% of total capital)	51
Marks and Spencer Reliance India pvt Ltd	4th Floor, Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai, 400 002, India	India	INR 10 Class B (43.544% of total capital)	100
			INR 5 Class C ^(iv) (41.837% of total capital)	—
Marks and Spencer (Ireland) Limited	24/27 Mary Street, Co. Dublin, Dublin 1 D01 YE83, Ireland	Ireland	€1.25 ordinary	100
Marks and Spencer Pensions Trust (Ireland) Company Limited By Guarantee	24/27 Mary St., Dublin 1, Dublin D01 YE83, Ireland	Ireland	N/A ^(v)	—
Marks and Spencer (Nederland) B.V.	Basisweg 10, 1043 AP, Amsterdam, Netherlands	Netherlands	€450 ordinary	100
Marks and Spencer B.V.	Basisweg 10, 1043 AP, Amsterdam, Netherlands	Netherlands	€100 ordinary	100



NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C6 Investments continued**B. Related undertakings** continued**International subsidiary undertakings⁽ⁱ⁾** continued

Name	Registered address	Country	Share class	Proportion of shares held by subsidiary (%)
Marks & Spencer (Portugal) Lda.	Avenida da Liberdade 249, 8º, 1250-143, Lisbon, Portugal	Portugal	€1 ordinary	100
Marks and Spencer (Singapore) Investments Pte. Ltd.	77 Robinson Road, #13-00 Robinson 77, Singapore 068896, Singapore	Singapore	SGD NPV	100
Marks and Spencer (SA) (Pty) Limited⁽ⁱⁱ⁾	Woolworths House, 93 Longmarket Street, Cape Town 8001, South Africa	South Africa	ZAR 2 ordinary	100
Marks and Spencer Clothing Textile Trading J.S.C.	Havalani Karsisi Istanbul Dunya Ticaret Merkezi A3 Blok, Kat:11 Yesilkoy, Bakirkoy, Istanbul Turkey	Turkey	TRL 25.00 ordinary	100
Gist Distribution Limited	24-27 Mary Street, Dublin 1, Dublin, Ireland	Ireland	€1 ordinary	100

NOTE: A number of the companies listed are legacy companies which no longer serve any operational purpose.

- (i) The shares of all international subsidiary undertakings are held by companies within the Group other than the Company (Marks and Spencer Group plc).
- (ii) Dormant entities.
- (iii) On 31 March 2025, Marks and Spencer Marinopoulos Greece SA changed name to Marks and Spencer Greece Single Member SA.
- (iv) INR 5 class C shares 100% owned by JV partner.
- (v) No share capital as the company is limited by guarantee.

C7 Share capital and other reserves**Issue of new shares**

A total of 10,308,429 (last year: 14,844,347) ordinary shares having a nominal value of £0.1m (last year: £0.1m) were allotted during the year under the terms of the Company's share schemes which are described in note 13 of the Group financial statements. The aggregate consideration received was £12.0m (last year: £15.8m).

Merger reserve

The Company's merger reserve was created as part of a Group reorganisation that occurred in 2001/02 and has an economic relationship to the Company's investment in Marks and Spencer plc. Between 2019/20 and 2022/23 an amount equal to the original merger reserve balance of £1,397.3m was transferred from the merger reserve to retained earnings as that amount had become a realised profit in accordance with TECH 02/17. Following the reversal of impairment recognised in 2023/24, an amount equal to the original merger reserve balance of £1,397.3m was transferred from retained earnings to the merger reserve, in accordance with TECH 02/17.



GROUP FINANCIAL RECORD

	2026 52 weeks £m	2025 52 weeks £m	2024 52 weeks £m	2023 52 weeks £m	2022 52 weeks £m
Income statement					
Revenue^{1,2}					
Fashion, Home & Beauty	3,826.1	4,145.9	4,022.2	3,842.2	3,308.3
Food	9,710.8	9,085.7	8,298.8	7,348.1	6,639.6
International	543.3	585.2	719.1	741.0	937.2
Ocado	3,193.4	—	—	—	—
Revenue	17,273.6	13,816.8	13,040.1	11,931.3	10,885.1
Adjusted operating profit/(loss)^{1,3}					
Fashion, Home & Beauty	213.4	478.0	437.5	365.9	330.7
Food	444.5	491.8	388.4	222.9	277.8
Ocado	15.2	(28.7)	(37.3)	(29.5)	13.9
Other	106.2	7.5	2.2	(0.5)	13.0
International	39.1	35.9	47.8	67.8	73.6
Total adjusted operating profit	818.4	984.5	838.6	626.6	709.0
Adjusting items included in operating profit	(281.7)	(360.2)	(124.4)	(111.5)	(136.8)
Total operating profit	536.7	624.3	714.2	515.1	572.2
Net interest payable	(161.7)	(109.0)	(122.2)	(173.3)	(199.3)
Adjusting items included in net finance costs	(10.4)	(3.5)	80.5	133.9	18.8
Net finance costs	(172.1)	(112.5)	(41.7)	(39.4)	(180.5)
Adjusted non-controlling interests	14.7	5.6	—	—	—
M&S Group adjusted profit before tax⁴	671.4	881.1	716.4	626.6	509.7
Profit/(loss) on ordinary activities before taxation	364.6	511.8	672.5	475.7	391.7
Income tax expense	(128.4)	(219.9)	(247.3)	(111.2)	(180.3)
Profit after taxation	236.2	291.9	425.2	364.5	211.4



GROUP FINANCIAL RECORD CONTINUED

		2026 52 weeks £m	2025 52 weeks £m	2024 52 weeks £m	2023 52 weeks £m	2022 52 weeks £m
Basic earnings per share ¹	Basic earnings/Weighted average ordinary shares in issue	12.7p	14.6p	21.9p	18.5p	10.7p
Adjusted basic earnings per share ¹	Adjusted basic earnings/Weighted average ordinary shares in issue	23.8p	31.9p	24.6p	16.9p	16.2p
Dividend per share declared in respect of the year		4.2p	3.6p	3.0p	—	—
Dividend cover	Adjusted earnings per share/Dividend per share	5.7x	8.9x	8.2x	—	—
Retail fixed charge cover	Operating profit before depreciation/Fixed charges	3.7x	6.7x	5.1x	3.7x	3.5x
Statement of financial position						
Net assets ⁵ (£m)		3,222.9	2,831.9	2,710.6	2,561.3	2,664.3
Net debt ^{6,7} (£m)		2,411.8	1,779.8	2,165.8	2,637.2	2,698.8
Capital expenditure (£m)		624.0	578.2	396.1	402.8	300.2
Stores and space						
UK & ROI stores ^{2,3}		1,119	1,101	1,084	1,087	1,035
UK & ROI selling space (m sq ft) ^{2,3}		17.20	17.19	17.30	17.30	16.70
International stores ^{2,3}		345	381	408	380	452
International selling space (m sq ft) ^{2,3}		3.44	3.82	3.90	3.80	5.00
Staffing (full-time equivalent)						
UK & ROI		48,207	47,863	49,023	48,657	42,550
International		3,197	3,392	3,616	3,435	4,558

1 Based on continuing operations.

2 FY 2024/25 revenue has been restated to move Channel Islands from International to Fashion, Home & Beauty and Food and US chain Target sales from Food to International.

3 FY 2024/25 operating profit has been restated to move Channel Islands from International to Fashion, Home & Beauty and Food and US chain Target sales from Food to International.

4 FY 2024/25 has been restated to reflect the M&S Group adjusted profit before tax. Refer to the Glossary for a complete definition.

5 Deferred tax has been restated in the comparative information. See note 1 for further details.

6 Excludes accrued interest.

7 FY 2024/25 net debt has been restated to include the Eurochange revolving credit facility (RCF) in line with our revised definition of net debt – see the Glossary for details.



GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES

The Group tracks a number of alternative performance measures in managing its business, which are not defined or specified under the requirements of IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS.

The Group believes that these alternative performance measures, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These alternative performance measures are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Some of these alternative performance measures are also used for the purpose of setting remuneration targets.

These alternative performance measures should be viewed as supplemental to, but not as a substitute for, measures presented in the consolidated financial information relating to the Group, which are prepared in accordance with IFRS. The Group believes that these alternative performance measures are useful indicators of its performance. However, they may not be comparable with similarly titled measures reported by other companies due to differences in the way they are calculated.

Alternative performance measure (APM)	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose																																												
Income statement measures																																															
Sales ^{1,2}	Revenue	Consignment sales	Sales include the gross value of consignment sales (excluding VAT). Where third-party branded goods are sold on a consignment basis, only the commission receivable is included in statutory revenue. This measure has been introduced given the Group's focus on launching and growing third-party brands and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.																																												
Fashion, Home & Beauty store/ Fashion, Home & Beauty online sales ¹	None	Not applicable	The growth in revenues on a year-on-year basis is a good indicator of the performance of the stores and online channels.																																												
			<table border="1"> <thead> <tr> <th></th> <th>2025/26 £m</th> <th>2024/25¹ £m</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Fashion, Home & Beauty</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Store sales²</td> <td>2,749.8</td> <td>2,813.9</td> <td>(2.3)</td> </tr> <tr> <td>Consignment sales</td> <td>(18.1)</td> <td>(16.9)</td> <td></td> </tr> <tr> <td><i>Store revenue</i></td> <td>2,731.7</td> <td>2,797.0</td> <td>(2.3)</td> </tr> <tr> <td>Online sales²</td> <td>1,165.7</td> <td>1,429.5</td> <td>(18.4)</td> </tr> <tr> <td>Consignment sales</td> <td>(71.3)</td> <td>(80.6)</td> <td></td> </tr> <tr> <td><i>Online revenue</i></td> <td>1,094.4</td> <td>1,348.9</td> <td>(18.9)</td> </tr> <tr> <td>Fashion, Home & Beauty sales</td> <td>3,915.5</td> <td>4,243.4</td> <td>(7.7)</td> </tr> <tr> <td>Consignment sales</td> <td>(89.4)</td> <td>(97.5)</td> <td></td> </tr> <tr> <td>Total Fashion, Home & Beauty revenue</td> <td>3,826.1</td> <td>4,145.9</td> <td>(7.7)</td> </tr> </tbody> </table>		2025/26 £m	2024/25 ¹ £m	%	Fashion, Home & Beauty				Store sales ²	2,749.8	2,813.9	(2.3)	Consignment sales	(18.1)	(16.9)		<i>Store revenue</i>	2,731.7	2,797.0	(2.3)	Online sales ²	1,165.7	1,429.5	(18.4)	Consignment sales	(71.3)	(80.6)		<i>Online revenue</i>	1,094.4	1,348.9	(18.9)	Fashion, Home & Beauty sales	3,915.5	4,243.4	(7.7)	Consignment sales	(89.4)	(97.5)		Total Fashion, Home & Beauty revenue	3,826.1	4,145.9	(7.7)
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Total Fashion, Home & Beauty revenue	3,826.1	4,145.9	(7.7)																																												

1 2024/25 sales have been restated to move the Channel Islands from International to Fashion, Home & Beauty and Food.

2 Fashion, Home & Beauty store sales excludes revenue from 'shop your way' and Click & Collect, which are included in Fashion, Home & Beauty online sales.

There is no material difference between sales and revenue for International.



GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Alternative performance measure (APM)	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose				
Food sales ¹	None	Not applicable	The growth in revenues on a year-on-year basis is a good indicator of the performance of the segment. From FY26, Food sales are adjusted for consignment sales to calculate food revenue.				
					2025/26	2024/25 ¹	%
					£m	£m	
				Food			
				Sales	9,719.3	9,085.7	7.0
			Consignment sale	(8.5)	—	—	
			Total Food revenue	9,710.8	9,085.7	6.9	
<p>1 2024/25 sales have been restated to move the Channel Islands from International to Fashion, Home & Beauty and Food and Target sales from Food to International.</p>							
Like-for-like sales growth ¹	Movement in revenue per the income statement Revenue from non-retail businesses	Revenue from non-like-for-like stores Consignment sales	The period-on-period change in sales (excluding VAT) from stores which have been trading and where there has been no significant change (greater than 10%) in footage for at least 52 weeks and online sales. The measure is used widely in the retail industry as an indicator of sales performance. It excludes the impact of new stores, closed stores, stores with significant footage change and non-retail businesses such as supply chain services.				
					2025/26	2024/25 ¹	%
					£m	£m	
				<i>Food</i>			
				Like-for-like	9,260.8	8,682.9	6.7
				Net new space ²	458.5	402.8	
				Total Food sales	9,719.3	9,085.7	7.0
				<i>Fashion, Home & Beauty</i>			
				Like-for-like	3,813.3	4,123.4	(7.5)
				Net new space	102.2	120.0	
Total Fashion, Home & Beauty sales	3,915.5	4,243.4	(7.7)				
<p>1 2024/25 sales have been restated to move the Channel Islands from International to Fashion, Home & Beauty and Food and Target sales from Food to International.</p> <p>2 Food net new space includes Gist third party revenue.</p>							
M&S.com sales/ online sales ¹	None	Not applicable	Total sales through the Group's online platforms. These sales are reported within the relevant Fashion, Home & Beauty, Food and International segment results. The growth in sales on a year-on-year basis is a good indicator of the performance of the online channel and is a measure used within the Group's incentive plans. Refer to the Remuneration Report for an explanation of why this measure is used within incentive plans.				
Fashion, Home & Beauty online sales excluding furniture ¹	None	Not applicable	Total online sales for Fashion, Home & Beauty excluding the furniture categories' sales. This measure has been introduced to enable a comparable indicator of the performance of the online channel as it excludes the impact of furniture sales following the Group's withdrawal from its two-person furniture delivery operation (see note 5).				



GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Alternative performance measure (APM)	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose																				
Sales growth at constant currency ¹	None	Not applicable	The period-on-period change in sales retranslating the previous year sales at the average actual periodic exchange rates used in the current financial year. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the period-on-period reported results.																				
			<table border="1"> <thead> <tr> <th></th> <th>2025/26 £m</th> <th>2024/25¹ £m</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>International sales</td> <td></td> <td></td> <td></td> </tr> <tr> <td>At constant currency</td> <td>543.3</td> <td>576.3</td> <td>(5.7)</td> </tr> <tr> <td>Impact of FX retranslation</td> <td>—</td> <td>8.9</td> <td></td> </tr> <tr> <td>At reported currency</td> <td>543.3</td> <td>585.2</td> <td>(7.2)</td> </tr> </tbody> </table>		2025/26 £m	2024/25 ¹ £m	%	International sales				At constant currency	543.3	576.3	(5.7)	Impact of FX retranslation	—	8.9		At reported currency	543.3	585.2	(7.2)
	2025/26 £m	2024/25 ¹ £m	%																				
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			¹ 2024/25 sales have been restated to move Channel Islands from International to Fashion, Home & Beauty and Food and Target sales from Food to International.																				
Sales excluding Ocado Retail	Revenue	Ocado sales (see note 2) Consignment sales	Sales excluding Ocado Retail excludes any sales attributable to Ocado in the year. This measure has been introduced following the consolidation of Ocado Retail Limited and provides alternative relevant information to allow greater comparability in the first year of consolidating Ocado Retail Limited.																				
Adjusting items	None	Not applicable	Those items which the Group excludes from its adjusted profit metrics in order to present a further measure of the Group's performance. Each of these items, costs or incomes, is considered to be significant in nature and/or quantum or are consistent with items treated as adjusting in prior periods. Excluding these items from profit metrics provides readers with helpful additional information on the performance of the business across periods because it is consistent with how the business performance is planned by, and reported to, the Board and the Executive Committee.																				
M&S Group adjusted profit before tax	Profit before tax	Adjusting items (see note 5) Adjusted Non-Controlling Interest	<p>M&S Group adjusted profit before tax includes only the Group's share of the profits before tax and adjusting items of companies in which the Group has a controlling interest. This measure has been introduced following the consolidation of Ocado Retail Limited and replaces the previous 'Profit before tax and adjusting items' measure. This excludes non-controlling interests in Ocado Retail Limited, India and The Sports Edit. The Group considers this presentation provides alternative relevant information and allows greater comparability in the first year of consolidating Ocado Retail Limited. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.</p> <p>Numbers presented for 2025/26 and 2024/25 represent the new APM measure 'M&S Group adjusted profit before tax', where 2023/24 or 2022/23 numbers are shown these are on the old Profit before tax and adjusting items performance measure relevant to those years.</p>																				
Adjusted non-controlling interest	Profit attributable to non-controlling interests	Adjusting items attributable to non-controlling interests (see note 5) Tax charge attributable to non-controlling interests	Adjusted non-controlling interest is calculated as the profit before tax and adjusting items attributable to non-controlling interests. This enables the Group to calculate M&S Group adjusted profit before tax.																				
			<table border="1"> <thead> <tr> <th></th> <th>2025/26 £m</th> <th>2024/25 £m</th> </tr> </thead> <tbody> <tr> <td>Total NCI</td> <td>(23.2)</td> <td>(3.8)</td> </tr> <tr> <td>NCI Adjusting Items</td> <td>11.6</td> <td>—</td> </tr> <tr> <td>Tax credit</td> <td>(3.1)</td> <td>(1.8)</td> </tr> <tr> <td>Adjusted non-controlling interest (before tax)</td> <td>(14.7)</td> <td>(5.6)</td> </tr> </tbody> </table>		2025/26 £m	2024/25 £m	Total NCI	(23.2)	(3.8)	NCI Adjusting Items	11.6	—	Tax credit	(3.1)	(1.8)	Adjusted non-controlling interest (before tax)	(14.7)	(5.6)					
	2025/26 £m	2024/25 £m																					
Total NCI	(23.2)	(3.8)																					
NCI Adjusting Items	11.6	—																					
Tax credit	(3.1)	(1.8)																					
Adjusted non-controlling interest (before tax)	(14.7)	(5.6)																					



GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Alternative performance measure (APM)	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Adjusted operating profit Operating profit before adjusting items	Operating profit	Adjusting items (See note 5)	Operating profit before the impact of adjusting items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.
Adjusted operating margin Operating margin before adjusting items	None	Not applicable	Adjusted operating profit as a percentage of sales.
Finance income before adjusting items	Finance income	Adjusting items (See note 5)	Finance income before the impact of adjusting items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.
Finance costs before adjusting items	Finance costs	Adjusting items (See note 5)	Finance costs before the impact of adjusting items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.
Net interest payable on leases	Finance income/costs	Finance income/costs (See note 6)	The net of interest income on subleases and interest payable on lease liabilities. This measure has been introduced as it allows the Board and Executive Committee to assess the impact of IFRS 16: Leases.
Net financial interest	Finance income/costs	Finance income/costs (See note 6)	Calculated as net finance costs, excluding interest on leases and adjusting items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.
EBIT before adjusting items	EBIT ³	Adjusting items (See note 5)	Calculated as profit before the impact of adjusting items, net finance costs and tax as disclosed on the face of the consolidated income statement. This measure is used in calculating the return on capital employed for the Group.
Ocado Retail Limited Adjusted EBITDA	EBIT ³	Not applicable	Calculated as Ocado Retail Limited earnings before interest, taxation, depreciation, amortisation, impairment and adjusting items.
Adjusted basic earnings per share	Earnings per share	Adjusting items (See note 5)	Profit after tax attributable to owners of the parent and before the impact of adjusting items, divided by the weighted average number of ordinary shares in issue during the financial year. This is a measure used within the Group's incentive plans. Refer to the Remuneration Report for an explanation of why this measure is used.
Adjusted diluted earnings per share	Diluted earnings per share	Adjusting items (See note 5)	Profit after tax attributable to owners of the parent and before the impact of adjusting items, divided by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of any potentially dilutive options.



GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Alternative performance measure (APM)	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Effective tax rate before adjusting items	Effective tax rate	Adjusting items and their tax impact (See note 5 and note 7)	Total income tax charge for the Group excluding the tax impact of adjusting items divided by the profit before tax and adjusting items. This measure is an indicator of the ongoing tax rate for the Group.
Balance sheet measures			
Net debt	None	Reconciliation of net debt (see note 27)	<p>Net debt comprises total borrowings (bank and bonds net of accrued interest and lease liabilities), the spot foreign exchange component of net derivative financial instruments that hedge the debt and the Scottish Limited Partnership liability to the Marks and Spencer UK Pension Scheme less cash, cash equivalents and other financial assets that contractually mature in less than 12 months. Net debt does not include contingent consideration as it is conditional upon future events which are not yet certain at the balance sheet date.</p> <p>During the period, the Group revised its definition of net debt to provide a more accurate measure of its financial position. Previously, net debt comprised total borrowings (bank and bonds net of accrued interest and lease liabilities), the spot foreign exchange component of net derivative financial instruments that hedge the debt, and the Scottish Limited Partnership liability to the Marks and Spencer UK Pension Scheme, less cash, cash equivalents, and unlisted and short-term investments.</p> <p>Under the new definition, net debt comprises the same components but deducts other financial assets that contractually mature in less than 12 months. This change reflects the Group's view that such assets are readily available to offset debt obligations.</p> <p>As a result of this change, the Eurochange revolving credit facility (RCF) is now included within net debt. This facility circulates weekly and is considered continuously available, providing a more reliable representation of the Group's net debt position. The restatement reduced reported net debt for the year ended 29 March 2025 from £1,789.6m to £1,779.8m.</p> <p>This measure is a good indication of the strength of the Group's balance sheet position and is widely used by credit rating agencies.</p>
Net funds/(debt) excluding lease liabilities	None	Reconciliation of net debt (see note 27) Lease liabilities (see note 20)	Calculated as net debt less lease liabilities. This measure is a good indication of the strength of the Group's balance sheet position and is widely used by credit rating agencies.
Cash flow measures			
Free cash flow from operations	Operating profit	See Financial Review	Calculated as operating profit less adjusting items within operating profit, depreciation and amortisation before adjusting items, cash lease payments excluding lease surrenders, working capital, defined benefit scheme pension funding, capex and disposals, financial interest, taxation, employee-related share transactions, share of (profit)/loss from associate, adjusting items in cash flow and loans to associates.
Free cash flow	Operating profit	See Financial Review	Calculated as free cash flow from operations less acquisitions, investments and divestments. This measure shows the cash generated by the Group during the year that is available for returning to shareholders and is used within the Group's incentive plans.



GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Alternative performance measure (APM)	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose	
Free cash flow after shareholder returns	Operating profit	See Financial Review	Calculated as free cash flow less dividends paid. This measure shows the cash retained by the Group in the year.	
Other measures				
Capital expenditure	None	Not applicable	Calculated as the purchase of property, plant and equipment, investment property and intangible assets during the year, less proceeds from asset disposals excluding any assets acquired or disposed of as part of a business combination or through an investment in an associate.	
Adjusted return on capital employed (ROCE)	None	Not applicable	Calculated as being adjusted operating profit divided by the average of opening and closing capital employed. The measures used in this calculation are set out below:	
			2025/26 £m	
			2024/25 £m	
		Operating profit	536.7	624.3
		Adjusting items included in operating profit (see note 5)	281.7	360.2
		Adjusted operating profit	818.4	984.5
		Net assets	3,222.9	2,831.9
		Add back:		
		Partnership liability to the Marks & Spencer UK Pension Scheme	—	—
		Deferred tax liabilities	472.5	318.9
		Non-current borrowings and other financial liabilities	3,120.7	2,588.7
		Retirement benefit deficit	79.2	122.7
		Current tax liabilities	1.2	1.2
		Derivative financial instruments	24.9	34.4
		Less:		
		Investment property	(11.0)	(11.2)
		Retirement benefit assets	—	—
		Current tax assets	(58.5)	(71.1)
		Deferred tax assets	(13.3)	(13.9)
		Net operating assets	6,838.6	5,801.6
		Add back: Provisions related to adjusting items	147.9	141.6
		Capital employed	6,986.5	5,943.2
		Average capital employed	6,464.8	5,991.9
		ROCE %	12.7%	16.4%
		This measure is used within the Group's incentive plans. Refer to the Remuneration Report for an explanation of why this measure is used within incentive plans.		

1 Food and International segments have been restated to move revenue related to sales from Target from Food to International.

2 Channel Islands have been removed from the International segment and split between the Fashion, Home & Beauty and Food segments.

3 EBIT is not defined within IFRS but is a widely accepted profit measure being earnings before interest and tax.



Notice of Annual General Meeting 2026

Tuesday 7 July 2026 at 11am

Held at, and broadcast from:
Waterside House
35 North Wharf Road
London W2 1NW

This document is important and requires your immediate attention

If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you reside elsewhere, another appropriately authorised financial adviser. If you have sold or otherwise transferred all your shares in the Company, please forward this document and accompanying documents (except any personalised form of proxy, if applicable) to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.



→ Use the QR code to watch our Notice of Meeting video guide.

KEY INFORMATION

Business of the meeting

The Annual General Meeting ('AGM') is your opportunity to hear from the Board, and your engagement both in advance and on the day is important to us. During the meeting, the Board will share an update on the Company's strategy and performance over the past year and present the resolutions as set out in this Notice of AGM for your consideration and vote. We're pleased to welcome back journalist and author Anita Anand, who will once again serve as your shareholder advocate to ensure your voice is heard.

The formal Notice and an explanation of each of the resolutions to be voted on at the AGM are set out on pages 193 to 200.

AGM arrangements

The 2026 AGM will be a digitally-enabled meeting held at, and broadcast from, M&S' Waterside House Support Centre at 11am on Tuesday 7 July 2026.

The Board is committed to leading on shareholder engagement and continues to view a digitally-enabled meeting as the most effective way for directors to connect with the widest range of shareholders. Engagement has increased since we adopted a digital approach, and we look forward to your participation again this year.

You are invited to engage with the AGM electronically via our dedicated Lumi AGM website: <https://meetings.lumiconnect.com/100-348-343-158>. Your questions and voting instructions can be submitted on this website, both during the meeting and in advance. Details on how to join the meeting electronically and submit votes and questions can be found on the following pages.

If you wish to attend the AGM in person as part of our studio audience, please register your intention to do so in advance to help us manage capacity on the day. Please email privateshareholders@marks-and-spencer.com, providing your full name and Shareholder Reference Number ('SRN'), or nominee holding details, as applicable. Further details on joining in person are on page 192.

Voting and questions

We encourage all shareholders to vote online and pre-submit questions in advance of the AGM, so your views can be heard by the Board even if you are unable to join us on the day. There are several options available to you for submitting these, including video recorded questions to be played back during the meeting. Methods of voting and submitting questions are on pages 191 and 192.

Engagement throughout the year

If you would like to share your views on the business and hear more from our leadership team throughout the year, **applications to be part of our 2026/27 Shareholder Panel are now open**. The panel, which meets two to three times a year, is mainly digital to allow members to join from wherever they are located. Register your interest by emailing privateshareholders@marks-and-spencer.com before 31 July 2026. After the closing date for applications, the panel will be selected at random and successful applicants will be contacted by email.

How to engage

Your engagement at our 2026 AGM is important to us. You can:

- Vote on our resolutions in advance and on the day.
- Submit your questions to the Board via the Lumi website or by email.
- Watch the AGM broadcast live on the Lumi website or after the meeting on our corporate website.

Joining us online?

Locate your **SRN** and **PIN** on your Notice of Availability and check you can log on to the Lumi AGM website at <https://meetings.lumiconnect.com/100-348-343-158>.

Joining us in person?

Pre-register no later than **11am on 3 July 2026** by emailing privateshareholders@marks-and-spencer.com, providing your full name and SRN or nominee holding details, as applicable.



ENGAGING IN ADVANCE

Timings

You now have a month-long window to engage with us ahead of the meeting:

Date

10am Monday 1 June 2026	Lumi AGM website open. Opportunity to pre-submit votes and questions.
11am Friday 3 July 2026	Voting and questions pre-submission window closes.

Logging in

The Lumi AGM website can be accessed using most well-known internet browsers such as Edge, Chrome, Firefox and Safari on a PC, laptop or internet-enabled device such as a tablet or smartphone.

➔ Follow this link <https://meetings.lumiconnect.com/100-348-343-158> or scan the QR code below to log in.

You will be prompted to enter your Shareholder Reference Number ('SRN') and PIN, both of which can be found on your Notice of Availability or Voting Card sent by post.

Duly appointed proxies or corporate representatives should refer to note 21 for details of how to obtain their unique username and password to join the meeting.



➔ Click here to access the Lumi website.

Voting

You can submit your voting instructions before the meeting via:

1. the Lumi AGM website;
2. Equiniti's Shareview website;
3. CREST or Proximity electronic proxy appointment platforms; or
4. completing and returning a paper proxy form.

➔ You can find the resolutions and explanatory notes on pages 193 to 198.

To cast your vote on the Lumi website, select the 'Voting' tab then click the option that corresponds with the way you wish to vote: 'For', 'Against' or 'Withheld'. Simply select a different option if the wrong choice is selected.

Please note that a vote Withheld is not a vote in law and will not be counted in the calculation of votes For and Against each resolution.

Votes cast in advance using any of the above methods must be received by **11am on Friday 3 July 2026**.



➔ Click here to watch a video on how to navigate the Lumi website.

Asking questions

Questions for the Board can be submitted before 11am on Friday 3 July 2026 via:

1. the 'Messaging' feature on the Lumi AGM website;
2. email to AGMquestionsubmission@marks-and-spencer.com; or
3. recorded video message submitted to the email above. Please ensure recordings last no longer than one minute.

By submitting a video question, you consent to your video being played during the AGM broadcast. Please note, the AGM recording will also be made publicly available on our corporate website after the meeting.

Support

If you experience any issues or cannot find your SRN please contact Equiniti by emailing hybrid.help@equiniti.com quoting your full name and address. Mailboxes are monitored 9am to 5pm Monday to Friday (excluding public holidays in England and Wales).

Paper proxy forms are available from Equiniti on request; you can call our shareholder helpline on **0345 609 0810** or use any of Equiniti's alternative contact details listed on page 201.



JOINING ON THE DAY

Timings

Date

10am on 7 July 2026	Meeting registration and question submission opens.
11am	AGM begins.
Until approx. 1pm	<p>The AGM will last for approximately two hours and will consist of:</p> <ul style="list-style-type: none"> • An introduction from the Chairman. • Presentations from the Executive team. • Opportunity for Q&A with Board members. • Voting on resolutions, once the poll is declared open.
Following the meeting (as soon as practicable)	<ul style="list-style-type: none"> • Results of the poll will be released to the London Stock Exchange. • The meeting will be available to watch on our corporate website: corporate.marksandspencer.com. • Summarised shareholder questions and answers will be published on the corporate website.

Joining online

You can watch the broadcast live, vote and ask questions by logging on to the Lumi AGM website from **10am on 7 July 2026**.



➔ Follow this link <https://meetings.lumiconnect.com/100-348-343-158> or scan the QR code and input your SRN and PIN to log in.

Joining in person

If you are joining us on the day, please help us manage capacity by registering in advance. Email privateshareholders@marks-and-spencer.com with your name and SRN.

The meeting will be held at our Waterside House Support Centre which is well served by public transport: Waterside House, 35 North Wharf Road, London W2 1NW. Scan the QR code below for our Google Maps location.

As the meeting will be broadcast live, shareholders in attendance may be included in the broadcast available on our website following the meeting. By attending the meeting, you are consenting to being filmed.

Seats in our studio audience are limited and therefore only registered shareholders, proxies or corporate representatives will be admitted to the meeting. If you have any specific accessibility requirements, please include these in your pre-registration email, so appropriate arrangements can be made.



➔ Click here to access map.



Voting

Voting on all resolutions will be by way of a poll. The voting options will appear on screen after the resolutions have been proposed.

To vote online, select the 'Voting' tab then click the option that corresponds with the way you would like to vote as detailed on page 191. If you wish to cancel your 'live' vote, press 'Cancel'.

Please note that an active internet connection is required to cast your vote successfully when the Chairman commences polling on the resolutions. It is the responsibility of shareholders to ensure connectivity for the duration of the meeting.

To vote in person: polling cards will be available on request for shareholders attending the meeting in person.

➔ You can find the resolutions and explanatory notes on pages 193 to 198.

➔ Click here to watch a video on how to navigate the Lumi website.



Asking questions

Online: you are able to submit questions live during the meeting on the Lumi website by clicking on the 'Messaging' tab.

In person: you will have the opportunity to submit a question upon arrival and registration at Waterside House.

Where a number of questions are received covering the same topic, Anita Anand, our shareholder advocate, will group these to address as many subjects as possible.



EXPLANATORY NOTES TO THE RESOLUTIONS

1. To receive the report and accounts

The Board asks that shareholders receive the Annual Report and Financial Statements for the 52 weeks ended 28 March 2026.

2. Approval of the Directors' Remuneration Report

The Directors' Remuneration Report (excluding the Directors' Remuneration Policy), sets out the pay and benefits received by each of the directors for the year ended 28 March 2026. In line with legislation, this vote is advisory and the directors' entitlement to remuneration is not conditional on it.

3. Approval of the Directors' Remuneration Policy

The Directors' Remuneration Policy (the 'Policy') can be found on pages 71 to 80 of the Annual Report. It sets out the Company's policy on remuneration and potential payments to directors going forward. The Policy must be approved by shareholders (by means of a separate resolution) at least once every three years. The current Policy was approved by shareholders at the AGM in 2023 and is therefore due for renewal. The Policy for which we are seeking your approval this year is largely unchanged from that approved by shareholders in 2023. The key changes to the Policy are shown on page 71 of the Annual Report. Once the Policy is approved, the Company will not be able to make a remuneration payment to a current or future director or a payment for loss of office to a current or past director unless that payment is consistent with the Policy or has been approved by a resolution of the members of the Company.

4. Final dividend

The Board proposes a final dividend of 3.0p per share for the year ended 28 March 2026. If approved, the recommended final dividend will be paid on 10 July 2026 to all shareholders who were on the Register of Members at the close of business on 5 June 2026.

5–13. Election of directors

The directors believe that the Board continues to maintain an appropriate balance of knowledge and skills and that all the Non-Executive Directors are independent in character and judgement. This follows a process of evaluation as part of the Board's performance review, which confirms that each director makes an effective and valuable contribution to the Board and demonstrates commitment to the role (including making sufficient time available for Board and Committee meetings and other duties as required). More information can be found on pages 50 to 52 and 55 to 57 of the Annual Report.

Roger Burnley and Sean Doyle joined the Board as Non-Executive Directors on 1 December 2025. Roger brings with him extensive experience in the food retail industry and supply chain transformation. Sean brings strong leadership and operating skills from the complex and challenging airline industry, also representing an iconic British brand.

In accordance with the UK Corporate Governance Code, all directors will stand for election or re-election, as relevant, at the AGM this year. Biographies are available on pages 51 to 52 of the Annual Report, with further details available on our website, [corporate.marksandspencer.com](https://www.corporate.marksandspencer.com). It is the Board's view that the directors' biographies illustrate why each of their contributions are, and continue to be, important to the Company's long-term sustainable success.

14–15. Appointment and remuneration of auditor

On the recommendation of the Audit & Risk Committee, the Board proposes in resolution 14 that Deloitte LLP be reappointed as auditor of the Company. Resolution 15 proposes that the Audit & Risk Committee be authorised to determine the level of the auditor's remuneration.

16. Authority to make political donations

The Company's policy is that it does not, directly or through any subsidiary, make what are commonly regarded as donations to any political party. The authorities being requested from shareholders are not designed to change this. However, the Companies Act 2006 (the 'Act') defines political donations very broadly and, as a result, covers activities that form part of normal relationships and which are accepted as a way of engaging with stakeholders and opinion formers to ensure the Company's issues and concerns are considered and addressed. Activities of this nature are not designed to support any political party or influence public support for a particular party and would not be thought of as political donations in the ordinary sense of those words. Shareholder approval is being sought on a precautionary basis only.

The resolution, if passed, will renew the directors' authority until the conclusion of the AGM in 2027 or on 1 October 2027, whichever is sooner, to make donations and incur expenditure which might otherwise be caught by the terms of the Act, up to an aggregate amount of £50,000 for the Company and for subsidiary companies.



EXPLANATORY NOTES TO THE RESOLUTIONS CONTINUED

17. Renewal of the powers of the Board to allot shares

Paragraph (A) of this resolution 17 would give the directors the authority to allot ordinary shares of the Company up to an aggregate nominal amount equal to £6,887,609.21 (representing 688,760,921 ordinary shares of £0.01 each). This amount represents approximately one-third (33.33%) of the Company's issued ordinary share capital as at 19 May 2026, the latest practicable date before the publication of this Notice.

In line with guidance issued by the Investment Association, paragraph (B) of this resolution would give the directors authority to allot ordinary shares in connection with a pre-emptive offer in favour of ordinary shareholders up to an aggregate nominal amount equal to £13,775,218.42 (representing 1,377,521,842 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (A) of this resolution. This amount (before any reduction) represents approximately two-thirds (66.66%) of the Company's issued ordinary share capital as at 19 May 2026, the latest practicable date before the publication of this Notice.

The authorities sought under paragraphs (A) and (B) of this resolution will expire at the conclusion of the AGM in 2027 or on 1 October 2027, whichever is sooner. The directors have no present intention to exercise either of the authorities sought under this resolution; however, the Board wishes to ensure that the Company has maximum flexibility in managing the Group's capital resources. As at the date of this Notice, no shares are held by the Company in treasury.

18–19. Authority to disapply pre-emption rights

Resolutions 18 and 19 are proposed as special resolutions. If the directors wish to allot new shares or other equity securities or sell treasury shares for cash (other than in connection with an employee share scheme), company law requires that these shares are first offered to shareholders in proportion to their existing holdings.

At last year's AGM, two separate special resolutions were passed, in line with institutional shareholder guidelines. These empowered the directors to allot equity securities for cash without first offering them to existing shareholders in proportion to their existing holdings. It is proposed that these authorities be renewed, in line with institutional shareholder guidelines, including the Statement of Principles on Disapplying Pre-Emption Rights issued by the Pre-Emption Group in November 2022 (the 'Statement of Principles'). While there is no current intention to make use of these authorities, the Board believes it is in the best interests of shareholders for the directors to have the flexibility to take advantage of these authorities if required.

If approved, resolution 18, which follows the Pre-Emption Group's template resolution, will authorise the directors, in accordance with the Statement of Principles, to issue shares in connection with pre-emptive offers (paragraph (A) of the resolution), and otherwise to issue shares and/or sell treasury shares for cash:

- 1) under paragraph (B) of the resolution, up to an aggregate nominal amount of £2,066,282.76 (representing 206,628,276 ordinary shares), being approximately 10% of the Company's issued ordinary share capital as at 19 May 2026 (the latest practicable date before the publication of this Notice); and
- 2) under paragraph (C) of the resolution, up to an additional aggregate amount equal to 20% of any allotment under paragraph (B) of the resolution, for the purposes of making a follow-on offer to existing shareholders as described in the Statement of Principles. The maximum additional nominal amount that could be issued under paragraph (C) of the resolution (based on the authority under paragraph (B) being used in full) is £413,256.55 (representing approximately 2% of the Company's issued ordinary share capital as at 19 May 2026).

The total maximum nominal amount of equity securities to which resolution 18 relates is £2,479,539.31 (representing approximately 12% of the Company's issued ordinary share capital as at 19 May 2026).

The purpose of resolution 19, which also follows the Pre-Emption Group's template resolution and reflects the Statement of Principles, is to authorise the directors to allot new shares and other equity securities pursuant to the allotment authority given by resolution 17, and/or sell treasury shares for cash, without first being required to offer such securities to existing shareholders:

- 1) under paragraph (A) of the resolution, up to a further nominal amount of £2,066,282.76 (representing 206,628,276 ordinary shares), being approximately 10% of the Company's issued ordinary share capital as at 19 May 2026 (the latest practicable date before the publication of this Notice), to be used only in connection with an acquisition or specified capital investment of a kind contemplated by the Statement of Principles, and which is announced contemporaneously with the allotment, or which has taken place in the preceding 12-month period and is disclosed in the announcement of the issue; and
- 2) under paragraph (B) of the resolution, up to an additional aggregate amount equal to 20% of any allotment under paragraph (A) of the resolution, for the purposes of making a follow-on offer to existing shareholders as described in the Statement of Principles. The maximum additional nominal amount that could be issued under paragraph (B) of the resolution (based on the authority under paragraph (A) being used in full) is £413,256.55 (representing approximately 2% of the Company's issued ordinary share capital as at 19 May 2026).

The total maximum nominal amount of equity securities to which resolution 19 relates is £2,479,539.31 (representing approximately 12% of the Company's issued ordinary share capital as at 19 May 2026).



EXPLANATORY NOTES TO THE RESOLUTIONS CONTINUED

18–19. Authority to disapply pre-emption rights continued

The authority granted by resolution 19 would be in addition to the general authority to disapply pre-emption rights under resolution 18. The maximum nominal value of equity securities that could be allotted if both authorities were used would be £4,959,078.62, which represents approximately 24% of the Company's issued ordinary share capital as at 19 May 2026, being the latest practicable date before the publication of this Notice.

The Board confirms, should it exercise the authorities granted by resolutions 18 or 19, it intends to follow best practice as regards their use, including: (i) following the shareholder protections in Part 2B of the Statement of Principles; and (ii) in respect of any follow-on offer, following the expected features set out in paragraph 3 of Part 2B of the Statement of Principles.

The directors have no current intention to allot shares except in connection with employee share schemes. These authorities will expire at the conclusion of the AGM in 2027 or on 1 October 2027, whichever is sooner.

20. Authority for the Company to purchase its own shares

Authority is sought for the Company to purchase up to 10% of its issued ordinary shares, renewing the authority granted by the shareholders at previous AGMs.

The directors have no present intention of exercising the authority to purchase the Company's own shares; however, this authority would provide them with the flexibility to do so in the future, if the prevailing market conditions made such purchases in the best interests of shareholders generally.

Ordinary shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. It remains the Company's intention to cancel any shares it buys back rather than hold them in treasury. The Company currently holds no shares in treasury. The resolution specifies the minimum and maximum prices which may be paid for any ordinary shares purchased under this authority, reflecting the requirements of the UK Listing Rules.

The Company has options outstanding over 34,421,283 ordinary shares, representing 1.67% of the Company's issued ordinary share capital as at 19 May 2026, the latest practicable date before the publication of this Notice.

If the existing authority given at the 2025 AGM and the authority now being sought by this special resolution were to be fully used, these options would represent 1.85% of the Company's ordinary share capital in issue at that date.

21. Notice of general meetings

In accordance with the Act, the notice period for general meetings (other than the AGM) is 21 clear days' notice unless the Company:

- i. has gained shareholder approval for the holding of general meetings on 14 clear days' notice by passing a special resolution at the most recent AGM; and
- ii. offers the facility for all shareholders to vote by electronic means.

The Company would like to preserve its ability to call general meetings (other than the AGM) on 14 clear days' notice. This shorter notice period would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole.

Special resolution 21 seeks such approval and, should this resolution be approved, it will remain valid until the end of the next AGM. This is the same authority as was sought and granted at last year's AGM.

Recommendation

Your directors believe that the proposals described in resolutions 1–21 are in the best interests of the Company and its shareholders as a whole, and recommend you give them your support by voting in favour of each of them, as they intend to in respect of their own beneficial shareholdings.



NOTICE OF MEETING

Notice is given that the Annual General Meeting of Marks and Spencer Group plc (the 'Company') will be held at, and broadcast from, Waterside House, 35 North Wharf Road, London W2 1NW, in accordance with the information provided on page 192, on Tuesday 7 July 2026 at 11am (the 'AGM') for the purposes set out below.

Resolutions 1 to 17 will be proposed as ordinary resolutions, and resolutions 18 to 21 will be proposed as special resolutions.

1. To receive the Annual Report and Financial Statements for the 52 weeks ended 28 March 2026.
2. To approve the Directors' Remuneration Report for the year ended 28 March 2026, as set out on pages 66 to 92 of the Annual Report (excluding the Directors' Remuneration Policy on pages 71 to 80).
3. To approve the Directors' Remuneration Policy as set out on pages 71 to 80 of the Annual Report.
4. To declare a final dividend for the year ended 28 March 2026 of 3.0p per ordinary share, payable on 10 July 2026 to shareholders on the Register of Members as at the close of business on 5 June 2026.

To re-elect the following directors who are seeking annual re-election in accordance with the UK Corporate Governance Code:

5. Archie Norman
6. Stuart Machin
7. Alison Dolan
8. Fiona Dawson
9. Evelyn Bourke
10. Tamara Ingram
11. Sapna Sood

To elect the following directors appointed to the Board since the last Annual General Meeting:

12. Roger Burnley
13. Sean Doyle
14. To resolve that Deloitte LLP be, and is hereby, reappointed as auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
15. To resolve that the Audit & Risk Committee determine the remuneration of the auditor on behalf of the Board.

16. Political donations

To resolve that, in accordance with Section 366 of the Companies Act 2006, the Company, and any company which, at any time during the period for which this resolution has effect, is a subsidiary of the Company, be authorised to:

- (A) make political donations to political parties and/or independent election candidates, not exceeding £50,000 in total;
- (B) make political donations to political organisations, other than political parties, not exceeding £50,000 in total; and
- (C) incur political expenditure not exceeding £50,000 in total;

provided that the aggregate amount of any such donations and expenditure shall not exceed £50,000 during the period beginning with the date of the passing of this resolution and ending at the conclusion of the AGM to be held in 2027; or on 1 October 2027, whichever is sooner.

For the purpose of this resolution, the terms 'political donations', 'political parties', 'independent election candidates', 'political organisations' and 'political expenditure' have the meanings set out in Sections 363 to 365 of the Companies Act 2006.

17. Directors' authority to allot shares

To resolve that the directors are authorised under Section 551 of the Companies Act 2006 generally and unconditionally to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

- (A) up to a nominal amount of £6,887,609.21 (such amount to be reduced by any allotments or grants made under paragraph (B) below in excess of such sum); and
- (B) comprising equity securities (as defined in Section 560(1) of the Companies Act 2006) up to a nominal amount of £13,775,218.42 (such amount to be reduced by any allotments made under paragraph (A) above) in connection with a pre-emptive offer:
 - i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - ii. to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary;

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

The authorities conferred on the directors to allot securities under paragraphs (A) and (B) will expire at the conclusion of the AGM of the Company to be held in 2027 or on 1 October 2027, whichever is sooner, unless previously revoked or varied by the Company, and such authority shall extend to the making before such expiry of an offer or an agreement that would or might require relevant securities to be allotted after such expiry, and the directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred hereby had not expired.



NOTICE OF MEETING CONTINUED

18. General disapplication of pre-emption rights

To resolve as a special resolution that, subject to the passing of resolution 17, the directors be empowered to allot equity securities (as defined in Section 560(1) of the Companies Act 2006) for cash under the authority given by that resolution 17 (set out in this Notice of Meeting), and/or to sell ordinary shares held by the Company as treasury shares for cash, as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, provided that such authority be limited:

- (A) to the allotment of equity securities and/or sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities:
- i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - ii. to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary;

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (B) in the case of the authority granted under paragraph (A) of resolution 17 and/or in the case of any sale of treasury shares, to the allotment of equity securities and/or sale of treasury shares (otherwise than under paragraph (A) above) up to a nominal amount of £2,066,282.76; and
- (C) to the allotment of equity securities and/or sale of treasury shares (otherwise than under paragraph (A) or paragraph (B) above) up to a nominal amount equal to 20% of any allotment of equity securities and/or sale of treasury shares from time to time under paragraph (B) above, such authority to be

used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice of Meeting,

and shall expire at the conclusion of the AGM to be held in 2027 or on 1 October 2027, whichever is sooner (unless previously revoked or varied by the Company in general meeting), provided that the Company may before that date make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after the authority ends and the directors may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the authority had not ended.

19. Additional disapplication of pre-emption rights

To resolve as a special resolution that, subject to the passing of resolution 17, the directors be empowered in addition to any authority granted under resolution 18 to allot equity securities (as defined in Section 560(1) of the Companies Act 2006) for cash under the authority given by that resolution 17 (set out in this Notice of Meeting) and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, provided that such authority be limited:

- (A) to the allotment of equity securities and/or sale of treasury shares up to a nominal amount of £2,066,282.76, such authority to be used only for the purposes of financing (or refinancing, if the authority is to be used within 12 months after the original transaction) a transaction which the directors of the Company determine to be either an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice of Meeting; and

- (B) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares made under paragraph (A) above, such authority to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice of Meeting,

and shall expire at the conclusion of the AGM to be held in 2027 or on 1 October 2027, whichever is sooner (unless previously revoked or varied by the Company in general meeting) provided that the Company may before that date make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after the authority ends and the directors may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the authority had not ended.

20. Company's authority to purchase its own shares

To resolve as a special resolution that the Company is authorised for the purposes of Section 701 of the Companies Act 2006 to make one or more market purchases (as defined in Section 693(4) of the Companies Act 2006) of its ordinary shares of £0.01 each, such power to be limited:

- (A) to a maximum number of 206,628,276 ordinary shares; and
- (B) by the condition that the minimum price which may be paid for an ordinary share is £0.01 and the maximum price which may be paid for an ordinary share is the highest of:
- i. an amount equal to 105% of the average market value of an ordinary share for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and



NOTICE OF MEETING CONTINUED

- ii. the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out;

in each case, exclusive of expenses, such power to apply until the end of the AGM to be held in 2027 or until 1 October 2027, whichever is sooner, but in each case so that the Company may enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after the power ends and the Company may purchase ordinary shares pursuant to any such contract as if the power had not ended.

21. Calling of general meetings on 14 days' notice

To resolve as a special resolution that a general meeting other than the Annual General Meeting may be called on no fewer than 14 clear days' notice.

By order of the Board

Nick Folland

General Counsel & Company Secretary

London, 19 May 2026

Registered office: Waterside House, 35 North Wharf Road, London W2 1NW. Registered in England and Wales. No. 4256886

Notes

1. Biographies of the directors seeking election (or re-election) are in the Annual Report on pages 51 to 52, including their membership of the principal Board Committees, with further details available on our website, corporate.marksandspencer.com. The notice periods of the current directors are set out in the Directors' Remuneration Report on pages 90 and 92.
2. Registered shareholders: members are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the AGM. Members may appoint more than one proxy in relation to the AGM, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. To request one or more paper proxy forms (to appoint more than one proxy), please contact our shareholder helpline on +44 (0)345 609 0810. Please indicate the number of shares in relation to which each proxy is authorised to act in the box below the proxy holder's name. Please also indicate if the instruction is one of multiple instructions being given, and if a proxy is being appointed for less than your full entitlement, please enter the number of shares in relation to which each such proxy is entitled to act in the box below the relevant proxy holder's name. The proxy form assumes you wish to vote on all your shares in the same way. To vote only part of your holding or to vote some shares one way and some another, please contact the shareholder helpline. All proxy forms must be signed and should be returned together.
3. If you would like to submit your vote electronically in advance of the AGM, you can do so by accessing the Lumi website, <https://meetings.lumiconnect.com/100-348-343-158>. Instructions are available on page 191 of this Notice. Alternatively, you can submit your instruction by visiting shareview.co.uk. All advance proxy votes, regardless of how they are cast, are to be returned by 11am on Friday 3 July 2026. If you return paper and electronic instructions, those received last by the Registrar before 11am on Friday 3 July 2026 will take precedence. Electronic

communication facilities are available to all shareholders and those that use them will not be disadvantaged.

4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior).
5. Votes submitted in advance of the meeting using the Lumi website will constitute an instruction to appoint the Chairman of the meeting as proxy. The shares covered by the instruction will be voted as directed by the shareholder in respect of the resolutions referred to in this Notice of Meeting at the meeting and at any adjournment of it.
6. To be valid, any proxy form or other instrument appointing a proxy delivered by post or by hand (during normal business hours only) must be received at Equiniti, Highdown House, Yeoman Way, Worthing, West Sussex BN99 6DA, no later than 11am on Friday 3 July 2026.
7. The appointment of a proxy electronically, the return of a completed paper proxy form, other such instrument or any CREST/Proxymity proxy instruction (as described on the following page) will not prevent a shareholder from attending and voting at the meeting if they wish to do so. You must inform the Company's Registrar in writing of any termination of the authority of a proxy.
8. Indirect shareholders: any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between them and the shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.



NOTICE OF MEETING CONTINUED

Notes continued

9. The statements of the rights of shareholders in relation to the appointment of proxies in paragraphs 2 to 7 do not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
10. Nominated Persons are reminded they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.
11. To be entitled to join the meeting, submit questions and vote (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be entered on the Register of Members of the Company by **6.30pm on Friday 3 July 2026** (or, in the event of any adjournment, 6.30pm on the date which is two working days prior to the adjourned meeting). Changes to the Register of Members after the relevant deadline will be disregarded in determining the rights of any person to join, submit questions and vote at the meeting.
12. The following documents are available for inspection at an agreed time at the Company's registered office: Waterside House, 35 North Wharf Road, London W2 1NW. Email **company.secretary@marks-and-spencer.com** during normal business hours on any weekday (excluding public holidays).
 - i. Copies of the Executive Directors' service contracts.
 - ii. Copies of the Non-Executive Directors' letters of appointment.
 - iii. Copies of Directors' Deeds of Indemnity.
 - iv. A copy of the Company's Articles of Association.

Copies of these documents will be available at the AGM upon request, both online and in person, from 10am on the morning of the AGM until the meeting's conclusion.
13. Shareholders are advised that, unless otherwise specified, the telephone numbers, website and email addresses set out in this Notice or proxy forms are not to be used for the purpose of serving information or documents on the Company, including in relation to proceedings at the Company's AGM.
14. As at 19 May 2026 (the latest practicable date before the publication of this Notice), the Company's issued share capital consists of 2,066,282,763 ordinary shares carrying one vote each. No shares are held in treasury. Therefore, the total voting rights in the Company as at 19 May 2026 are 2,066,282,763.
15. CREST members who wish to appoint a proxy/proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment thereof by using the procedures described in the CREST Manual (available via **euroclear.com**). CREST personal members or other CREST-sponsored members, and those CREST members who have appointed a service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
16. For a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST proxy instruction') must be properly authenticated in accordance with Euroclear UK and International Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Equiniti (ID RA19) by 11am on Friday 3 July 2026. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
17. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
18. The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
19. If you are an institutional investor, you may be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please go to **proximity.io**. Your proxy must be lodged by 11am on Friday 3 July 2026 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proximity's associated terms and conditions, which will govern the electronic appointment of your proxy.
20. Any corporation that is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, provided they do not do so in relation to the same shares.



NOTICE OF MEETING CONTINUED

Notes continued

21. Duly appointed proxies or corporate representatives should contact the Company's Registrar, Equiniti, before **11am on Monday 6 July 2026** by emailing **hybrid.help@equiniti.com**, for their unique username and password to join the meeting. Please ensure a valid proxy appointment has been made by no later than the voting deadline of 11am on Friday 3 July 2026. Mailboxes are monitored 9am to 5pm Monday to Friday (excluding public holidays in England and Wales).
22. Under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
- i. the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or
 - ii. any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Section 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business that may be dealt with at the AGM includes any statement that the Company has been required to publish on a website under Section 527 of the Companies Act 2006.

23. Any member joining the meeting has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the meeting but no answer need be given if:
- i. to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - ii. the answer has already been given on a website in the form of an answer to a question; or
 - iii. it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

We will not permit behaviour interfering with anyone's safety and comfort, or the meeting's orderly conduct. Guests will be admitted at the Company's discretion.

24. A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found at **corporate.marksandspencer.com**.



SHAREHOLDER INFORMATION

Analysis of share register

Ordinary shares

As at 28 March 2026, the Company had 105,259 registered holders of ordinary shares. Their shareholdings are analysed below. It should be noted that many of our private investors hold their shares through nominee companies; therefore, the actual number of shares held privately will be higher than indicated below.

Range of shareholding	Number of shareholders	Percentage of total shareholders	Number of ordinary shares	Percentage of issued share capital
1-500	56,814	53.98	10,350,244	0.50
501-1,000	18,796	17.86	13,978,588	0.68
1,001-2,000	14,646	13.91	20,822,040	1.01
2,001-5,000	10,331	9.81	31,551,648	1.53
5,001-10,000	2,714	2.58	18,553,315	0.90
10,001-100,000	1,399	1.33	33,528,453	1.62
100,001-1,000,000	355	0.34	127,657,742	6.18
1,000,001-Highest	204	0.19	1,809,066,569	87.58
Total	105,259	100	2,065,508,599	100

Category of shareholder	Number of shareholders	Percentage of total shareholders	Number of ordinary shares	Percentage of issued share capital
Private	103,778	98.59	114,412,664	5.54
Institutional and corporate	1,481	1.41	1,951,095,935	94.46
Total	105,259	100	2,065,508,599	100

Useful contacts

Marks and Spencer Group plc

Registered office

Waterside House, 35 North Wharf Road, London W2 1NW
Telephone: +44 (0)20 7935 4422
Registered in England and Wales (No. 4256886)

General queries

Customer queries: +44 (0)333 014 8555
Shareholder queries: +44 (0)345 609 0810
Or email: chairman@marks-and-spencer.com

Registrar/shareholder queries

Equiniti Limited, Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH
Telephone: +44 (0)345 609 0810 (please use the country code when contacting from outside the UK).
Online: help.shareview.co.uk (from here, you will be able to securely email Equiniti with your enquiry).

Students

Please note, students are advised to source information from our website.

Additional documents

An interactive version of our Annual Report is available online at corporate.marksandspencer.com/annualreport2026.

Additionally, the Annual Report (which contains the Strategic Report) is available for download in PDF format at corporate.marksandspencer.com/annualreport2026.

2026/27 financial calendar and key dates

4 June 2026	Ex-dividend date, final dividend
5 June 2026	Record date to be eligible for final dividend
7 July 2026	Annual General Meeting (11am)
10 July 2026	Final dividend payment date
4 November 2026*	Half Year Results†
8 January 2027*	Results, Christmas Trading Update†

† Those who have registered for electronic communication or news alerts at corporate.marksandspencer.com will receive notification by email when this is available.

* Provisional dates.



Shareholder queries

The Company's Share Register is maintained by our Registrar, Equiniti. Shareholders with queries relating to their shareholding should contact Equiniti directly using one of the methods listed on pages 191 and 201 or by visiting shareview.co.uk. For more general queries, shareholders should consult the Investors section of our corporate website corporate.marksandspencer.com/investors.

Managing your shares online

Shareholders can manage their holdings online by registering with Shareview, a secure online platform provided by Equiniti. Registration is a straightforward process and allows shareholders to:

- Sign up for electronic shareholder communications.
- Receive trading updates and other electronic-only broadcasts by the Company via email.
- View all of their shareholdings in one place.
- Update their records following a change of address.
- Have dividends paid into their bank account.
- Vote in advance of the Company's general meetings.

M&S encourages shareholders to sign up for electronic communications as the Company has found this creates a more engaged shareholder base. The reduction in printing costs and paper usage also makes a valuable contribution to our Plan A commitments.

To find out more information about the services offered by Shareview and to register, please visit shareview.co.uk.

Dividends

Subject to the relevant Board and shareholder approvals, dividends are paid in January and July each year. Shareholders who receive their dividend payments directly into their bank accounts will receive an Annual Dividend Confirmation in January, covering both dividend payments made during the tax year.

Shareholder Panel

Established in 2016, our Shareholder Panel provides an opportunity for private shareholders to hear more about how we're reshaping M&S and to share views on the business. The panel meets two to three times a year, mainly digitally but occasionally in person. We try to refresh the panel each year so we can provide the opportunity to as many shareholders as possible.

Applications to be part of the panel for 2026/27 are open; register your interest by emailing privateshareholders@marks-and-spencer.com before 31 July 2026.

ShareGift

If you have a very small shareholding that is uneconomic to sell, you may want to consider donating it to ShareGift (registered charity no. 1052686), a charity that specialises in the donation of small, unwanted shareholdings to good causes. You can find out more by visiting sharegift.org or by calling +44 (0)20 7930 3737.

Shareholder security

We are aware that some shareholders have received unsolicited and suspicious phone calls received from purported 'brokers' who offer to buy their shares at a price far in excess of their market value. It is unlikely that firms authorised by the Financial Conduct Authority (FCA) will contact you with offers like this; these are likely part of a scam, commonly referred to as a 'boiler room'. The callers obtain your details from publicly available sources of information, including the Company's Share Register, and can be extremely persistent and persuasive.

Shareholders are cautioned to be wary of any unsolicited advice, offers to buy shares at a discount, or sell your shares at a premium, or requests to complete confidentiality agreements with the callers. **Remember, if it sounds too good to be true, it probably is!**

We encourage shareholders to read the FCA's guidance on how to avoid scams at fca.org.uk/consumers/protect-yourself-scams.

AGM

The 2026 AGM will be a digitally-enabled meeting held at, and broadcast from, M&S' Waterside House Support Centre at 11am on Tuesday 7 July 2026. Shareholders are invited to engage with the AGM electronically via the Lumi AGM platform, which can be accessed by logging on to <https://meetings.lumiconnect.com/100-348-343-158>. On this website, questions and voting instructions can be submitted both during the meeting and in advance. Details on how to join the meeting electronically and submit votes and questions can be found on pages 190 to 192.

If a shareholder wishes to attend in person as part of our studio audience, we ask that they register their intention to do so in advance, to help manage capacity on the day. Details of how to register attendance can be found on page 192.

The meeting will also be available to view online after the event at corporate.marksandspencer.com/investors.

M&S reserves the right to retain and use footage or stills for any purpose, including Annual Reports, marketing materials and other publications.



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