Grafton Group plc

Annual Report and Accounts 2025

Grafton Group plc
is a European multinational distributor of construction related products and solutions.

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Financial highlights

Financial highlights

Group revenue **+10.4%**
£2.52bn
2024: £2.28bn

Dividend for the year **+2.0%**
37.75p
2024: 37.0p

Adjusted operating profit[i] **+7.1%**
£190.2m
2024: £177.5m

Net cash (before IFRS 16 leases) **+£1.9m**
£274.0m
2024: £272.1m

Adjusted operating profit margin[i] [ii] **-30bps**
7.3%
2024: 7.6%

Adjusted returns on capital employed[i] **+60bps**
10.9%
2024: 10.3%

Free cash flow **-5.6%**
£168.3m
2024: £178.2m

Adjusted earnings per share – basic[i] **+5.1%**
75.4p
2024: 71.8p

(i) The term 'Adjusted' means before exceptional items, amortisation of intangible assets arising on acquisitions and acquisition related items in both years. Other 'Alternative Performance Measures' (APMs) are detailed on pages 191 to 194.

(ii) Before property profit.

Statutory highlights

Statutory operating profit **+14.6%**
£174.8m
2024: £152.6m

Net (debt) **+£8.3m**
(£123.4m)
2024: (£131.7m)

Statutory operating profit margin **+20bps**
6.9%
2024: 6.7%

Statutory earnings per share – basic **+15.4%**
70.3p
2024: 60.9p

Our business at a glance

Grafton Group is a European multinational distributor of construction related products and solutions comprising four geographic segments serving the Island of Ireland, Great Britain, Northern Europe and Iberia. In our home Irish market, we also operate the leading home improvement retailer.

	Island of Ireland	Great Britain	Northern Europe	Iberia
Number of branches/ stores	**122** 2024: 115	**122** 2024: 122	**136** 2024: 140	**93** 2024: 92
Revenue	**£1,071.6m** 2024: £1,016.2m	**£765.4m** 2024: £767.0m	**£469.7m** 2024: £469.3m	**£212.9m** 2024: £29.7m
Adjusted operating profit*	**£111.0m** 2024: £107.5m	**£49.2m** 2024: £46.4m	**£29.6m** 2024: £35.3m	**£13.6m** 2024: £0.3m
Adjusted operating profit margin	**10.4%** 2024: 10.6%	**6.4%** 2024: 6.0%	**6.3%** 2024: 7.5%	**6.4%** 2024: 1.1%
Brands	CHADWICKS LET'S GET IT DONE; Woodie's; MacBlair Your LOCAL Builders' Merchant	selco BUILDERS WAREHOUSE; CPI EuroMix; Leyland The Decorating Experts; StairBox we make stairs...easy; TGLynes®	ISERO; POLVO; IKH	SALVADOR ESCODA

* Before property profit of £5.9m (2024: £4.0m) and central activity costs of £19.1m (2024:£16.0m).

Year in review

February

Woodie's joins A.R.E.N.A. Alliance

In February, Woodie's joined the A.R.E.N.A. Alliance, an international group of leading DIY distributors from Europe and Canada. This partnership provides Woodie's with access to high-quality products at competitive prices, enhancing their product range through collective buying power and expertise.

May

Grafton acquires HSS Hire Ireland

Grafton acquires HSS Hire Ireland, a leading tool and equipment hire specialist operating from eight locations across the Republic of Ireland. The business joined Chadwicks Group, complementing its Sam Hire brand and enabling a full-service national hire offering for projects from DIY to large civil works. The acquisition supports Chadwicks' strategy to broaden its capabilities in adjacent product categories.

June

Anu Ora appointed Chief Executive Officer of IKH

Anu is a highly experienced senior leader with broad expertise in Finland's food retail sector and automotive parts industry. Earlier in her career, she spent 12 years with The Boston Consulting Group, specialising in supply chain and growth strategy across the Nordic region.

July

Chadwicks unveils refurbished Sallynoggin branch

Chadwicks Sallynoggin, Dublin reopens after a major refurbishment, another milestone in its nationwide rebrand and upgrade programme. With over 2,000 new products, specialist centres and a food outlet, the transformation delivers smarter solutions and greater choice for customers across Ireland.

November

Selco introduces permanent price cuts on core building materials

In November, Selco reinforced its commitment to delivering great value for customers by reducing prices on 357 of its most frequently purchased building materials. The new prices, available both in branch and online, are permanent rather than a promotional offer, helping tradespeople manage costs with greater confidence.

December

Leyland SDM opens its 36th Store in Tower Bridge Rd, London

The opening of the new store represents a substantial investment in the area and continues to demonstrate Leyland SDM's ongoing commitment to supporting local tradespeople, DIY enthusiasts and the wider community.

Our main brands

Island of Ireland

Number of branches/stores
122
2024: 115

Revenue **+5.4%**
£1,071.6m
2024: £1,016.2m

2025	**£1,071.6m**
2024	£1,016.2m

Chadwicks Group is Ireland's leading distributor of building materials operating from 64 locations in the Republic of Ireland under the Chadwicks, The Panelling Centre, Davies, Cork Builders Providers, Heiton Steel, Telfords, Proline, Sitetech and HSS Hire Ireland brands.

chadwicksgroup.ie

Woodie's is Ireland's market leading DIY, Home and Garden retailer with 35 stores nationwide and online offering an extensive range of DIY products, paints, lighting, homestyle, housewares, bathroom products and kitchens. Woodie's is also a leading retailer of seasonal categories including gardening and Christmas ranges.

woodies.ie

MacBlair is the leading distributor of building materials in Northern Ireland, trading from 23 locations under the MacBlair, Doorways, Watershed and Wood Floor Warehouse brands.

macblair.com

Great Britain

Number of branches/stores
122
2024: 122

Revenue **-0.2%**
£765.4m
2024: £767.0m

2025	**£765.4m**
2024	£767.0m

Selco is a trade and business only distributor of building materials that operates a retail style self-select format. Trading from 74 branches in Great Britain, including 32 in London, it is primarily focused on trade customers engaged in small residential repair maintenance and improvement (RMI) projects.

selcobw.com

Leyland SDM is one of the most recognisable and trusted decorating and DIY brands in Central London where it distributes paint, tools, ironmongery and accessories from 36 stores.

leylandsdm.co.uk

TG Lynes is a distributor of materials and plant for mechanical services, heating, plumbing and air movement, operating from a distribution centre in Enfield, North London.

tglynes.co.uk

CPI EuroMix is the market leader in dry mortar manufacturing in Great Britain, operating from ten strategically located factories that provide almost national coverage and principally supplies mortar to new housebuilding developments.

cpieuromix.com

StairBox is an industry leading manufacturer and distributor of bespoke wooden staircases and windows operating from a state-of-the-art production facility in Stoke-on-Trent, England, where it also operates under the Wooden Windows brand.

stairbox.com

Our main brands continued

Northern Europe

Number of branches/stores

136

2024: 140

Revenue **+0.1%**

£469.7m

2024: £469.3m

ISERO POLVO

isero.nl polvobv.nl

Our Netherlands business, trading as Isero and Polvo, is the No. 1 specialist distributor of tools, ironmongery and fixings in the Netherlands trading from 121 branches and offering a comprehensive range of quality products to trade professionals supported by an exceptional level of customer service.

IKH

ikh.fi/en

IKH is a leading distributor of workwear and personal protective equipment (PPE), tools, spare parts and accessories in Finland where it distributes its products through a network of independently operated IKH partner stores, third-party distributors and 15 owned-stores.

Iberia

Number of branches/stores

93

2024: 92

Revenue

£212.9m

2024: £29.7m

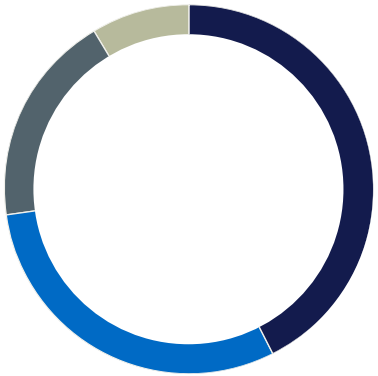
SALVADOR ESCODA

salvadorescoda.com

Salvador Escoda, acquired on 30 October 2024, is one of Spain's leading distributors of air conditioning, ventilation, heating and refrigeration products. Headquartered in Barcelona, with over 50 years of trading history, the business operates from 93 branches and 4 distribution centres covering the whole of Spain.

Group performance

Group revenue by segment

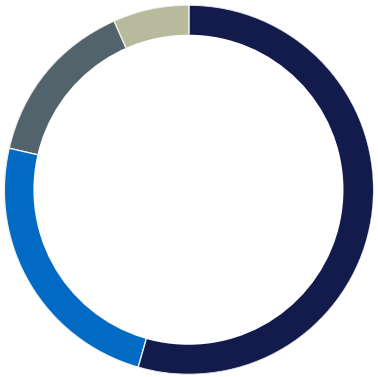


£2.52bn

2024: £2.28bn

- Island of Ireland: 42.5% (2024: 44.5%)
- Great Britain: 30.4% (2024: 33.6%)
- Northern Europe: 18.6% (2024: 20.6%)
- Iberia: 8.5% (2024: 1.3%)**

Adjusted operating profit by sector excluding central activities*



£203.4m

2024: £189.5m

- Island of Ireland: 54.6% (2024: 56.7%)
- Great Britain: 24.2% (2024: 24.5%)
- Northern Europe: 14.6% (2024: 18.6%)
- Iberia: 6.6% (2024: 0.2%)**

* Before central activity costs of £19.1m (2024: £16.0m) and before property profit of £5.9m (2024: £4.0m). Other Alternative Performance Measures (APMs) are detailed on pages 191 to 194.

** Grafton acquired Salvador Escoda on 30 October 2024.

Our purpose and values

Building progress together

Our purpose reflects what we do and what we stand for as a business. It is about our passion for progress, for the benefit of all our stakeholders.

+ Read more on pages 21 and 22

Our Purpose: Building progress together

For our customers:
by delivering a high-quality and efficient service, providing product choice and innovation, and building strong and enduring customer relationships.

For our shareholders:
by focusing on building a strong and resilient business to create sustainable shareholder value.

For our people:
by providing a pathway for colleagues to develop, looking after their safety and wellbeing, providing fair reward and being a great place to work.

For our communities and the environment:
by operating ethically and responsibly, reducing our environmental impact and giving back to our local communities.

For our suppliers:
by building trusted, long-term partnerships focused on mutual growth and joint innovation to drive product quality and sustainability.

Our strategy

Our strategy for growth

Our strategy is based on

Strong market positions:
Building and maintaining a strong portfolio of brands in geographies with long term growth characteristics which are expected to exceed the growth rate of their underlying economies.

Core geographic focus:
our near-term focus is on reinforcing existing market positions while building a pipeline of new geographic opportunities for longer-term growth.

Federated operating model:
clear local accountability, supported by a performance-led management regime and shared Group expertise.

What sets us apart

Geographical diversification:
Our international presence provides greater resilience than a focus on a single country.

Customer focus:
we ensure that our predominantly trade customers get the products and solutions they want, when they want them.

Highly cash generative:
the Group's capacity to turn its profits into free cash flow is an underlying strength.

Financial discipline:
we aim to maintain our investment grade credit rating (max financial leverage of 2.0 Net Debt/EBITDA).

Our structured approach to capital allocation

Our capital allocation priorities are as follows:

1. Strengthening our existing business and investing capital to fund organic growth.
2. Maintaining core dividend at cover of 2-3 times earnings.
3. Funding inorganic growth with a focus on long-term shareholder value creation.
4. Returning surplus capital to shareholders through share buybacks or special dividends.

Our long-term ambition is to be the leading European multinational distributor of construction related products and solutions

Business model

We build value through local strength and expertise combined with Group support

Our operating model

Focus on building materials and construction related products
Our businesses deliver value through regional and national branch networks of market-leading brands. We primarily serve small and medium-sized contractors and installers active in residential repair, maintenance and improvement (RMI) and new-build markets.

Geographic diversity
We operate in four geographical areas: Island of Ireland, Great Britain, Northern Europe and Iberia which provides resilience by reducing dependence on any single location.

Federated structure
We operate a federated structure with clear local accountability overseen by a performance-led management regime, using our core operational skills and knowledge to drive optimal outcomes from each of our operating businesses.

Capital allocation
Disciplined approach to deliver long term value for shareholders and a clear framework for capital allocation.

How we add value

Differentiated local brands
We operate differentiated brands with strong local management teams that have the relevant skills and experience to deliver our strategy.

Service excellence
Commitment to excellence in service for our customers who are primarily trade customers.

Power of the Group
Central subject matter experts and cross-business resources allow us to leverage economies of scale, synergies and expertise to support key initiatives in existing businesses and the development of newly acquired businesses.

Financial discipline and ambition
We target sustainable growth through the cycle to maintain our investment grade credit rating, support our programme of growth and provide sustained shareholder returns.

Outputs

Market leadership
Strengthening our market positions in our existing geographies: Island of Ireland, Great Britain, Northern Europe and Iberia.

Cyclical resilience
Strong financial structure and geographic diversification to mitigate volatility.

Industry leading margins & returns
Supported by operational excellence and disciplined capital allocation.

Financial growth
Achieving growth in earnings per share through organic development, M&A, best practice replication and sound capital allocation.

Investment case

Why invest in Grafton?

Long-term growth potential

- We operate in markets with structural long-term growth potential:
  - Shortage of housing and growing population.
  - Need to improve the existing housing stock and built environment.
  - Need to increase energy efficiency and reduce carbon emissions.

Growth, acquisition and integration capability

- Track record of organic development and continuous improvement.
- Significant experience in acquiring and successfully integrating businesses.
- Proven track record in enhancing and growing acquired businesses.

Delivering value for shareholders throughout the cycle

- Consistent delivery of ROCE > WACC.
- Industry leading operating margins.
- Track record of strong free cash flow generation: over £700 million generated over the last four years.
- Investment grade credit rating giving resilience in case of unexpected events or market downturns.
- A disciplined approach to capital allocation with opportunities to:
  - Invest in existing business and fund organic growth.
  - Grow the dividend whilst maintaining dividend cover at 2-3 times earnings.
  - Fund inorganic growth with a focus on creating long-term shareholder value.
  - Return surplus capital to shareholders.

Resilient business model

- Leading market positions in several European markets providing greater resilience than a single country focus.
- Trusted local brands in each geographic market, tailored to the needs of local customers.
- Federated operating model gives local accountability, supported by a performance-led management regime and shared Group expertise.

Operational strength and expertise

- Strong management teams in each geography to execute the local strategy.
- Highly engaged and experienced colleagues in branches, understanding the needs of the local customer.
- Subject matter experts in key functional areas at the centre to support local teams and a programme to share knowledge and leverage best practice.

Chair's statement

Creating value for our stakeholders

Ian Tyler, Chair

"Grafton's long-term growth ambition is to be the leading European multinational distributor of construction related products and solutions."

Dear Shareholder,

I am pleased to present, on behalf of the Board, Grafton's Annual Report and Accounts for the year ended 31 December 2025.

The Group delivered a resilient performance for the year, with adjusted operating profit slightly ahead of expectations at £190.2m, mostly driven by the first full year contribution of Salvador Escoda in Spain. Our performance for the year reflects the advantage of our diversified operations across our four trading segments: Island of Ireland, Great Britain, Northern Europe and Iberia, which positions us well to leverage growth in the Island of Ireland and Iberia as we prepare for recovery in our weaker performing markets.

Strategy

Grafton's long-term growth ambition is to be the leading European multinational distributor of construction related products and solutions. Our customers are predominantly trade customers and whilst we operate in different geographies and serve many product segments, our customers share many common characteristics and needs, not least the certainty and trust of getting the products and solutions they want, when they want them.

Our objective is to create value for our shareholders by deploying capital and seeking to build our presence in markets and formats in geographies which have long-term growth characteristics which are likely to exceed the rate of growth of their underlying economies based on the expected long-term spend on residential and commercial property improvement, maintenance and development. We recognise that construction markets are cyclical and we try to look beyond the short term to create long-term, enduring value. Our geographic diversity provides greater resilience than a focus on a single country.

We operate a federated structure with clear local accountability overseen by a performance led management regime, using our core operational skills and knowledge to drive optimal outcomes from each of our operating businesses.

Where we look to add value as a Group is in the shared knowledge and expertise which we have in serving our trade customer base. We retain a small number of subject matter experts in key functional areas at the centre of the Group and augment this team with cross-business resources and a programme of knowledge sharing and best practice. This helps to support key initiatives in existing businesses and to assist the development of newly acquired businesses.

We operate in four geographical areas: Island of Ireland, Great Britain, Northern Europe and Iberia and our near-term focus is to strengthen our presence in these existing geographies while building a pipeline of new geographic opportunities for longer-term development. While we remain open to value-creating opportunities, capital deployment will primarily focus on reinforcing existing market positions in the near term.

Capital allocation remains a key priority for the Board. Given the cyclical nature of our industry, we aim to maintain our investment grade credit rating with a maximum financial leverage of around 2 times EBITDA when compared to lease adjusted net debt. The ceiling for financial leverage is considered with due regard to the position in the economic cycle with higher levels of leverage sustainable during an upswing.

Chair's statement continued

Grafton is in a financially strong position; at the end of December 2025 our net cash position was £274.0m and net debt position inclusive of leases was £123.4m, equating to financial leverage of 0.39 times. This strength enables the Group to take advantage of the continuing opportunities to deploy capital to generate future value for shareholders. Furthermore, an underlying strength of Grafton is its capacity to turn its profits into free cash flow. We calculate our free cash flow after we have paid our finance costs, made the lease payments on our property, invested in the replacement capital expenditure we need to make and paid our taxes. Judged against this benchmark, Grafton has generated more than £700m in free cash flow over the last four years.

Within the framework of limiting financial leverage to around 2 times, we allocate capital over the longer term based on the following order of priority:

1. Strengthening our current business and investing capital to fund organic growth;
2. Core dividend at a target coverage ratio of between 2 and 3 times earnings;
3. Funding inorganic growth to generate long-term value for shareholders with such investments assessed against the potential benefits to shareholders of a return of surplus capital; and
4. Returning surplus capital to shareholders through share buybacks or special dividends depending upon the Board's view of their respective relative value to shareholders.

Over the years, the Group has been consistently disciplined in its capital allocation. In 2021, it disposed of a material part of the Group with the sale of the traditional GB merchanting business because the Board did not believe it would deliver either the financial returns or growth prospects to meet Grafton's objectives. Since May 2022, Grafton has reduced its share count by over 20% through share buybacks, deploying £428m of capital to achieve this. Following extensive market review, Grafton entered the fast-growing Spanish air conditioning market in late 2024 with the acquisition of Salvador Escoda. When deciding to make acquisitions, the Board always considers the alternative returns afforded by way of share buybacks and vice versa.

With the current financial position of the Group and its underlying cash generation ability, it retains the capacity to both make acquisitions and return capital to shareholders.

Returns to shareholders

The Board recommends a final dividend for 2025 of 27.00 pence per ordinary share. Subject to shareholder approval, the dividend will be paid on 21 May 2026 to shareholders on the Register of Members at the close of business on 24 April 2026, the record date. Together with the interim dividend of 10.75 pence per share paid on 10 October 2025, this brings the total dividend for the year to 37.75 pence per share, an increase of 2.0% on 2024.

During the year, the Board approved two additional share buyback programmes, returning £56.6m of capital to shareholders. This brings the total cash returned to shareholders over the seven share buyback programmes completed since May 2022 to £428.3m. We have today announced a new buyback programme for £25.0m which will commence on 5 March 2026.

Sustainability

In 2025 we have continued to focus on our material sustainability priorities including health and safety, climate change, supply chain due diligence and diversity. Details of the Group's sustainability strategy, targets, performance, policies and programmes are outlined in the Sustainability Statement on pages 43 to 70.

Board changes

Mrs. Susan Murray and Mr. Vincent Crowley retired from the Board in October 2025 as part of the normal cycle of Board refreshment. On behalf of the Board, I would like to thank Susan and Vincent sincerely for their commitment and dedication throughout their years of service.

We are delighted to have appointed David Dillon and Andrea Gisle Joosen as Non-Executive Directors in May and July 2025 respectively. Andrea assumed the role of Chair of the Remuneration Committee in September 2025. Both David and Andrea bring significant experience and expertise to the Board and I look forward to working with them in the years ahead.

We were also delighted to appoint Dr. Rosheen McGuckian, who has served on the Board since 2019, to the position of Senior Independent Director in October 2025.

Conclusion

The Board's focus for 2026 is on continuing to deliver growth and enhance shareholder value through ongoing investment to strengthen and consolidate our market positions.

I would like to thank all of our colleagues, led by CEO Eric Born and the management teams across the Group, for their continued dedication. The hard work and commitment of all of our colleagues is central to Grafton's success.

I would also like to thank our shareholders for your support throughout the year and I look forward to meeting some of you at this year's AGM which will be held at 10.30am on Friday 15 May 2026 at the IMI Conference Centre, Sandyford Road, Dublin 18.

Ian Tyler
Chair

4 March 2026

Chief Executive Officer's statement

Resilience and strength of our operations

Eric Born, Chief Executive Officer

"The Group's gross margin increased by 50 basis points during 2025, driven by a strong focus on margin management across all businesses."

"We are very encouraged by our strong acquisition pipeline, supported by our highly cash generative business that retained £274m net cash at year-end, and which has supported the return of over £428m to shareholders by way of share buybacks since May 2022."

Delivering profitability ahead of analysts' consensus, despite inflationary pressures and challenging conditions in some of our markets, reflects the successful execution of our strategy of scaling positions across multiple geographies combined with a strong operational focus. We've sustained our focus on margin management, whilst also using our robust balance sheet to invest in strengthening our market positions and our customer proposition. Grafton's resilience in 2025 points to substantial profitability upside as demand recovers in weaker markets and as we scale our presence organically and through complementary acquisitions.

We are very encouraged by our strong acquisition pipeline, supported by our highly cash generative business that retained £274m net cash at year-end, and which has supported the return of over £428m to shareholders by way of share buybacks since May 2022.

We expect continued growth in the Island of Ireland and Iberia however elsewhere market conditions remain mixed. Though market improvement in Great Britain and Northern Europe is expected to be gradual, we remain upbeat on outlook over the medium term based on structural demand tail winds, positive operating leverage and the scalability and efficiency of our businesses as markets normalise.

Business review

Grafton's performance in 2025 highlights the resilience and strength of its cash generative diversified operations, its sustained focus on margin management, and its continued investment in strengthening its market positions, despite weak trading conditions outside the Island of Ireland and Iberia. Trading activity reflected a marked slowdown in the second half in several markets, partially mitigated by tight cost control and the benefit of self-help actions in all geographies.

The Group's cost discipline and investment in its market position over recent years has paved the way for a very positive operating leverage effect as weaker markets recover and incremental sales contribute disproportionately to profitability. We continue to see opportunities for consolidation across our markets and, consistent with our long-term ambition to be the leading multinational distributor of products and solutions to the European construction market, we remain focused on identifying and executing acquisitions to reinforce and increase our market presence.

The Group's gross margin increased by 50 basis points during 2025, driven by a strong focus on margin management across all businesses. This improvement was supported by targeted pricing actions, a strong focus on customer value, procurement efficiencies, and strengthened supplier support.

Chief Executive Officer's statement continued

Grafton has established an experienced senior leadership team to execute the Group's strategy across our geographies. Mario Ballarin was appointed to the new role of CEO Grafton Iberia to lead the advancement of the Group's growth ambitions in the region. Our management teams continue to take decisive actions to mitigate labour and property cost pressures by focusing on productivity improvements, streamlining processes, and implementing efficiency initiatives. The Group is also investing in technology that enables greater operational efficiency, including successful implementations of new ERP systems in both Woodie's and Leyland SDM.

Adjusted operating profit before property profit increased to £184.3m (2024: £173.5m) with the increase driven in large part from the first full year of contribution from Salvador Escoda in Spain. Adjusted operating profit of £190.2m (2024: £177.5m) included property related profits of £5.9m (2024: £4.0m).

We are pleased with the results of our Island of Ireland business which achieved good growth in profitability in 2025 underpinned by year-on-year sales growth across all businesses. Growth in profits was driven by strong performances in both Woodie's and Chadwicks.

Despite a continuing weak RMI market backdrop, especially in the greater London area and slow recovery in the housebuilding sector, our Great Britain business delivered profit growth in the year, albeit from a cyclical low. Targeted commercial actions improved gross margin, offsetting high labour and property costs, despite subdued demand.

Northern Europe saw lower profits due to reduced sales in Finland and inflation driven overhead pressure in both the Netherlands and Finland. The Netherlands started the year strongly but softened in the second half, while Finland continued to face economic and construction sector weakness.

In Iberia, Salvador Escoda has been successfully integrated into the Group during its first full year of ownership. Trading in the year, which was in line with pre-acquisition expectations, contributed revenue of £212.9m and adjusted operating profit of £13.6m. This region provides a strong platform for Grafton to substantially scale our operations there over the next five years, through a combination of organic growth and market consolidation opportunities.

Change to operating segments

During the financial year ended 31 December 2025, the Group has adopted a new reporting structure which better reflects the Group's strategy - the distribution of construction related products and solutions serving geographic markets with scalable formats that can deliver long-term growth for shareholders.

The Group is now organised into four geographical areas: Island of Ireland, Great Britain, Northern Europe and Iberia. Previously Grafton was organised on the basis of: five distribution segments, one retailing segment and one manufacturing segment.

The operating segments are now aligned with these geographical areas and better align with how the Board manages the business, assesses performance and allocates capital and resources for organic and inorganic growth:

- **Island of Ireland** - comprising Chadwicks, Woodie's, MacBlair and MFP (divested 31 May 2025)
- **Great Britain** - comprising Selco, Leyland SDM, TG Lynes, CPI EuroMix and StairBox
- **Northern Europe** - comprising Isero and Polvo in the Netherlands and IKH in Finland
- **Iberia** - comprising Salvador Escoda in Spain

Chief Executive Officer's statement continued

Comparative figures for 2024 have been restated to reflect the new structure. The realignment has no impact on the Group's consolidated financial results.

Dividends and share buybacks

The Board is recommending a full year dividend of 37.75 pence per share, an increase of 2.0% on dividends of 37.00 pence paid for 2024. The final dividend for 2025 is 27.00 pence (2024: 26.50 pence) per ordinary share, an increase of 1.9%. An interim dividend of 10.75 pence per share (2024: 10.50 pence) was paid on 10 October 2025.

The final dividend has been increased at a lower level than the rate of growth in adjusted earnings per share, consistent with the Board's intention to re establish full year dividend cover more firmly within its medium term target range of two to three times adjusted earnings. The total dividend for 2025 of 37.75 pence is covered 2.0 times by adjusted earnings per share of 75.43 pence (2024: 71.78 pence and 1.9 times cover).

The Group's cash outflow on dividends paid during the year was £72.6m (2024: £73.2m). A liability for the final dividend has not been recognised at 31 December 2025 as there was no payment obligation at that date.

The final dividend will be paid on 21 May 2026 to shareholders on the Register of Members at the close of business on 24 April 2026, the record date. The ex-dividend date is 23 April 2026. The final dividend is subject to approval by shareholders at the Annual General Meeting to be held on 15 May 2026.

Reflecting its disciplined approach to capital deployment and supported by its resilient balance sheet and strong cash conversion, Grafton has completed seven share buyback programmes since May 2022. This has returned cash of £428.3m to shareholders through share buybacks reflecting the repurchase of 49.28m ordinary shares at an average price of £8.69 per share. In total, the Group has reduced its share count by 20.5% since the first buyback programme commenced.

Capital allocation decisions remain under the ongoing oversight of the Board, which is committed to a disciplined and balanced approach to the deployment of capital. Reflecting the Group's continuing strong cash generative performance, a new share buyback programme of up to £25.0m is announced today, commencing on 5 March 2026. The Group's robust cash generation provides the flexibility to return capital to shareholders through dividends and share buybacks, while simultaneously maintaining the capacity to pursue an active and growing pipeline of acquisition opportunities.

Progress on sustainability

On pages 43 to 70 we have published our sustainability progress and performance for 2025. This covers the five areas of our strategy: Planet, Customer and Product, People, Community and Ethics.

2025 saw the legislative landscape relating to sustainability change rapidly. Our governance committees including the Board and Executive Sustainability Committee stayed up to date on these developments and have reaffirmed the businesses commitment to sustainability.

We are pleased to demonstrate progress in the following key areas:

Health and safety

- Since 2021, lost time injury frequency rate has reduced by 16.3% and severity rate has reduced by 38.6%. In 2025, we developed an all-colleague reporting system to log safety hazards and concerns in addition to our established incident reporting systems

HR

- Senior leadership appointments to strengthen the management of our businesses and execution of our strategy as follows:
  - Carmen Lothian appointed as Group Chief Human Resources Officer following the retirement of Paula Harvey
  - Nathan Bishop appointed to a new role of Group Chief Information Officer to lead our Technology, AI and Digital strategy
  - Frank Elkins appointed as CEO to lead our businesses in Great Britain
  - Anu Ora appointed as Managing Director to lead our business in Finland
  - Mario Ballarín appointed to the newly created position of Grafton Iberia CEO to lead our expansion in Spain
- Selected a Group-wide talent system which is being rolled out across the Group to support our performance management culture
- Over 750 colleagues participating in government funded training schemes across the Group

Climate change

- 40.3% reduction in absolute market-based Greenhouse Gas emissions in 2025 vs the 2021 base year for scope 1 and 2

Supply chain due diligence

- Launched our EcoVadis supply chain due diligence programme
- 89.5% of suppliers by spend have had the initial risk assessment*

* Spend excludes Salvador Escoda. These suppliers will be uploaded in phase 2 of the programme in 2026 as their sustainability onboarding is completed.

Chief Executive Officer's statement continued

Operational waste
- 99.2% diversion of operational waste from landfill

Community investment
- Over £1.7m donated to charities and good causes through cash, in kind or volunteering, which equates to 0.93% of our adjusted operating profit before property profit for the year, significantly higher than our target of 0.8%

Human rights
- Completed a human rights risk assessment and published our Human Rights Policy

Outlook

Positive trading conditions are expected to continue in the Republic of Ireland ("ROI") and Spain, however, in our other geographies, markets are anticipated to remain challenging in 2026. Whilst the Island of Ireland and Iberia segments performed strongly, meaningful recovery in Great Britain and Northern Europe did not materialise as anticipated in 2025 and the exit rate of activity from 2025 was weaker than expected; consequently, the timing of any improvement in these two segments in the year ahead remains uncertain.

Our experienced management teams will continue to maintain a tight focus on efficiency, cost control and delivering value to customers. Despite moderating momentum through the second half, the outlook for Grafton remains favourable, supported by structural growth drivers, strong market positions across all regions, the recovery potential in Great Britain and Northern Europe, a robust balance sheet and a healthy acquisitions pipeline.

In our Island of Ireland segment, we expect the construction market in the ROI to continue to deliver solid growth, supported by increased public sector capital investment and a favourable economic backdrop, while no significant volume uplift is anticipated in Northern Ireland due to ongoing weakness in the local economy.

We remain vigilant that retail consumer sentiment in the ROI has turned slightly more cautious, with ongoing cost of living concerns contributing to weaker confidence.

In Great Britain, the near term outlook for the construction market remains subdued following the loss of momentum in the latter part of 2025. While easing inflation and supportive interest rates should help, growth in 2026 is likely to be modest and weighted towards the second half.

In Northern Europe, the Dutch construction market is expected to recover gradually in 2026 after growth slowed significantly in the second half of 2025, while in Finland any meaningful construction volume improvement is likely to be delayed until the second half of 2026.

In Iberia, the Spanish construction market is expected to maintain its recovery in 2026, with growth of around 3–4%, supported by sustained housing demand, substantial investment in renewable energy and transport infrastructure, and the accelerating shift toward energy efficient and sustainable building practices.

	Average daily like-for-like revenue change in constant currency	
	Q4 2025	**1 Jan 2026 – 28 Feb 2026**
Island of Ireland	+0.9%	+3.1%
Great Britain	0.0%	(5.7%)
Northern Europe	(2.3%)	+0.8%
Iberia	+4.4%	+4.8%
Total Group	**+0.2%**	**+0.2%**
Iberia pro forma**	+2.6%	

** Like-for-like results are presented on a proforma basis to reflect the performance of Salvador Escoda, which was acquired by the Group on 30 October 2024, as though it had been part of the Group for the entire comparative period.

Group average daily like-for-like revenue in the period from 1 January 2026 to 28 February 2026 was 0.2% ahead of the same period last year. Trading in the early part of the year was impacted by prolonged wet weather across our businesses in the Island of Ireland and Great Britain. However, the Island of Ireland remained ahead of the prior year, supported by softer comparators, following the impact of Storm Éowyn in 2025. Notwithstanding unfavourable weather conditions, the market environment in Great Britain remained challenging. In Northern Europe, the return of winter weather conditions supported strong trading activity in Finland, while trading in the Netherlands was negatively affected by the timing of public holidays. Our business in Iberia performed strongly, with the momentum achieved in 2025 carrying into the new year.

Eric Born
Chief Executive Officer

4 March 2026

Key performance indicators

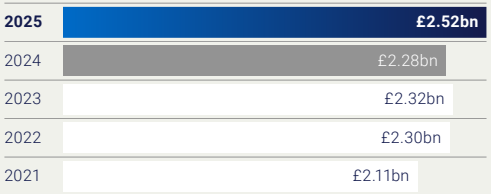
+ Read Alternative Performance Measures definitions on pages 191 to 194

Financial KPIs

The key performance indicators (KPIs) below are used to track performance and increase value for shareholders.

Revenue

£2.52bn

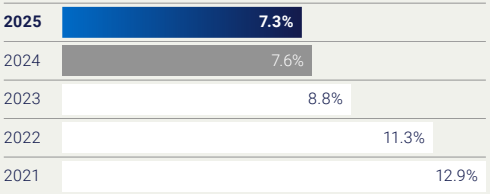


Our progress in 2025
Revenue increased by 10.4% to £2.52bn and increased by 9.6% in constant currency.

Risks
- Macro-economic conditions
- Competition

Adjusted operating profit margin before property profit

7.3%

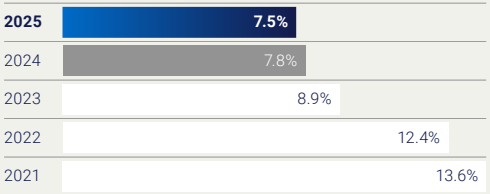


Our progress in 2025
The adjusted operating profit margin before property profit is down 30 bps to 7.3%.

Risks
- Macro-economic conditions
- Competition

Adjusted operating profit margin

7.5%

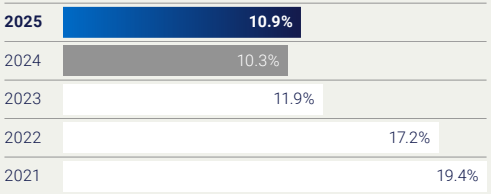


Our progress in 2025
The adjusted operating profit margin is down 30 bps to 7.5% from 7.8% in 2024.

Risks
- Macro-economic conditions
- Competition

Adjusted return on capital employed (ROCE)

10.9%

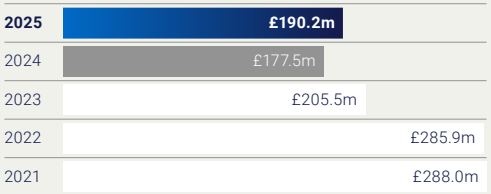


Our progress in 2025
ROCE increased by 60 bps primarily due to the increase in adjusted operating profit.

Risks
- Macro-economic conditions
- Competition

Adjusted operating profit

£190.2m

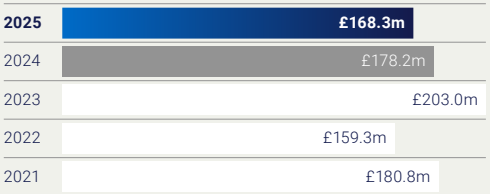


Our progress in 2025
Adjusted operating profit, including property profit, increased by 7.1% to £190.2m.

Risks
- Macro-economic conditions
- Competition

Free cash flow

£168.3m

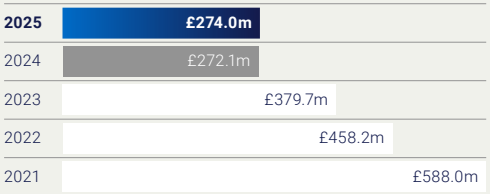


Our progress in 2025
Strong free cash flow of £168.3m which represents an 88% conversion of cash of adjusted operating profit. A decrease of £9.9m from the free cash flow position at the end of 2024.

Risks
- Macro-economic conditions
- Competition

Net cash – before IFRS 16 leases

£274.0m

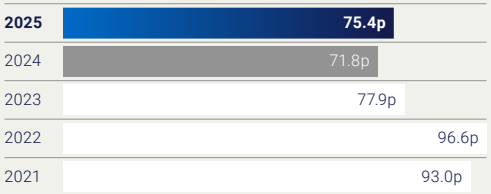


Our progress in 2025
Retained a strong cash position with net cash, before lease liabilities, of £274.0m, an increase of £1.9m from net cash of £272.1m at the end of 2024.

Risks
- Macro-economic conditions
- Competition
- Acquisitions

Adjusted earnings per share

75.4p



Our progress in 2025
Adjusted earnings per share was up 5.1% on prior year as a result of the increase in the adjusted profit after tax and a lower weighted average number of shares in issue from share buybacks in the year.

Risks
- Macro-economic conditions
- Competition

Key performance indicators continued

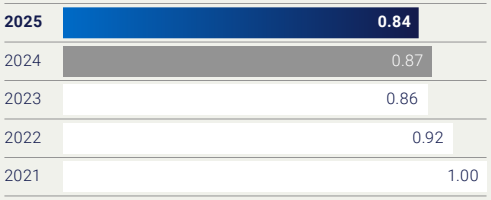
Non-financial KPIs

The non-financial KPIs below are used to measure our commitment to responsible business practices.

Health and safety – keeping people safe

Lost time injury frequency rate (LTIFR) / 100,000 hours worked

0.84



Our aim

We believe nothing we do is so urgent that we cannot do it safely. This belief is fundamental across all our operations to ensure our colleagues, customers and everyone we work with returns home safe and well at the end of each day.

Our progress in 2025

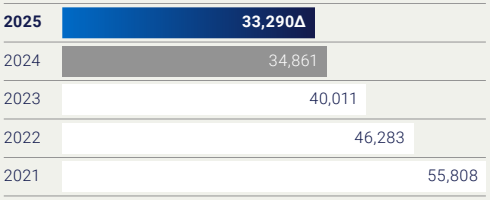
Our focus on the key health and safety priorities around the Group resulted in a continued reduction in lost time injury frequency and severity during the year.

During the period 2021 to 2025, the Lost time injury severity rate (LTISR) has reduced by 38.6% and the LTIFR has reduced by 16.3%.

Environmental – reducing our greenhouse gas emissions

Reduction in market-based Scope 1 & 2 GHG emissions (tCO_2e) since 2021

40.3%



Our aim

Our aim is to run our businesses in an environmentally responsible manner. We aim to protect natural resources, minimise waste and reduce our greenhouse gas emissions.

Our progress in 2025

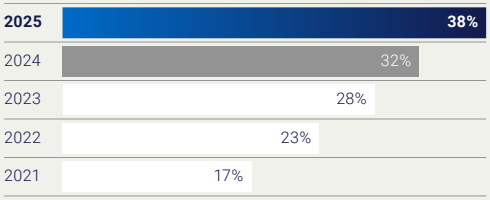
Since the 2021 base year we have reduced Scope 1 and 2 emissions by 40.3% through a variety of initiatives using the market-based calculation methodology. We have also calculated our Scope 3 emissions for 2024 which show a 17.6% reduction against the 2021 base year.

As set out in further detail on page 55, emissions data for 2021 to 2024 has been recalculated and restated in line with the Group's GHG Recalculation Policy.

Diversity and inclusion – being a welcoming, inclusive place to work

Percentage of women in senior management

38%



Our aim

Being a diverse, inclusive and socially conscious business is critical to our future success. Our aim is to ensure that all of our people, regardless of gender, ethnicity, age, disability, religion, socio-economic background or sexual orientation, can reach their full potential and be valued for being themselves.

Our progress in 2025

Despite operating in a traditionally male dominated industry, we continually aim to enhance female representation across the Group. Our commitment to an inclusive workplace is demonstrated through diversity recruitment strategies, expanded benefits for work-life balance and active colleague participation in diversity initiatives. The number of women in senior management across the Group increased to 38% in 2025.

Customer and product - providing safe responsibly sourced products

Supply chain due diligence

EcoVadis programme launched

Our aim

Our aim is to collaborate with our suppliers to secure the consistent supply of products for our customers and to ensure that the principles of our sourcing standards are met. We are also focused on providing responsibly sourced and more sustainable options to our customers and increasing circular economy opportunities.

Our progress in 2025

In 2025 we launched our EcoVadis programme which is a core part of our supplier due diligence process. We launched a training video and carried out training sessions involving 80 commercial colleagues and held monthly drop-in clinics for commercial teams. At the year end, 89.5% of suppliers by spend had undergone initial risk assessment, excluding Salvador Escoda whose suppliers will be uploaded in phase 2 of the programme in 2026 as their sustainability onboarding is completed.

Stakeholder engagement

How we listen and respond to our stakeholders

Engaging with our key stakeholders

Strong stakeholder relationships are essential for long-term success. The Board, Group management and business management teams assess the impact of their decisions on each of their stakeholder groups.

With our federated structure, each of our businesses engages directly with their stakeholders on an ongoing basis. Our governance framework delegates authority to local management supported by an appropriate control environment at Group level, enabling businesses to consider the needs of their own stakeholders in their decision-making.

The Board reviews engagement effectiveness through reports and feedback via our governance structure.

+ Read our governance framework on page 75

What's important to our stakeholders

Our customers

- Availability of a wide range of products and services on time and at competitive prices.
- A safe and efficient on-site experience at convenient branch locations.
- Online capability and ease of access to products.
- Providing responsibly sourced and more sustainable options to customers.

Our colleagues

- A strong sense of purpose and a company that lives by its values.
- A diverse and inclusive work environment, where their overall safety, health and wellbeing is valued.
- A business that does the right thing for people and the environment.
- A culture where people can thrive, with opportunities for training, development and progression.

Our communities and the environment

- Building a successful and sustainable business that respects people and planet.
- Operating our business in a way that respects the environment.
- Supporting local and national causes.
- Making a positive contribution to the communities where we operate.

Our shareholders

- Financial performance and growth that maximises shareholder returns in a responsible way.
- A clearly communicated strategy and business model.
- Appropriate and considered decision making that is in the long-term interests of the Group.

Our suppliers

- An efficient route to market for their products.
- Communication and engagement.
- Feedback on market demand and customer reaction.
- Long-term collaboration to build strong, lasting relationships.

Stakeholder engagement continued

Our approach to engagement	How we engage	Actions in 2025
Customers		
We build strong customer relationships by delivering quality service, embracing innovation, seeking feedback, and adapting to change with digital and sustainable solutions.	• Regular customer engagement to build ongoing relationships. • Continued investment in online platforms and development of online sales capabilities to respond to changing customer requirements. • Investment in branch network for improved customer experience. • Collaboration with buying groups to improve product sourcing and deliver increased value to customers.	• Woodie's partnered with Virtualstock to onboard suppliers faster and launch more products online, expanding customer choice and convenience. • Leyland SDM partnered with TradeKart to offer rapid delivery of decorating and DIY products across London. • Woodie's partnered with the A.R.E.N.A. alliance to strengthen sourcing capabilities, aligned with its commitment to deliver quality and value to customers.
Colleagues		
Our colleague engagement strategy includes structured feedback, open forums, confidential reporting, and regular communication to ensure colleagues feel heard, recognised, and supported in their professional growth.	• Colleague engagement surveys. • Colleague Forum Meetings at larger businesses in the UK and Ireland attended by Non-Executive Directors. • Internal communication platforms, town halls, newsletters, and business unit CEO blogs. • Our SpeakUp reporting service allows for anonymous reporting if colleagues feel unable to discuss a concern with line management.	• Survey results and feedback were shared with management and colleagues to develop action plans for improving engagement and resolving concerns. • Designed a comprehensive Group-wide performance management process and system. • Launch of a new SpeakUp service, improving security and communication between reporters and investigators, which resulted in a 7% increase in SpeakUp reports compared to 2024.
Communities and the environment		
We respect the environment, support local and national initiatives, and contribute to our communities. By responsibly sourcing products and minimising waste in manufacturing, we ensure lasting quality and high environmental standards.	• Local activities at branch level including volunteering, charitable donations and providing employment and work experience opportunities. • Continued progress towards fulfilling our commitment to achieving net-zero greenhouse gas emissions across our value chain by 2050. • Engaging with global standards for responsible sourcing of construction products.	• Over £1.7m donated to charities and good causes in 2025 through cash, in kind or volunteering, significantly exceeding our target of 0.8% of adjusted operating profit. • 40.3% reduction in absolute market-based GHG emissions vs 2021 baseline. • 99.2% waste diverted from landfill. • Achieved EcoVadis Silver Top 15% sustainability rating.
Shareholders		
We recognise the importance of regular dialogue and communication with our shareholders.	• Engagement with shareholders ahead of the AGM. • Regular trading updates on Group performance. • CEO and CFO hosted live analyst and investor presentations after final and half-year results. • Consultation with major shareholders on proposed changes to Directors' Remuneration Policy for 2026.	• All AGM resolutions passed with high level of shareholder approval. • Feedback from Remuneration Policy consultation helped shape the final Policy which will be put to shareholder vote at the 2026 AGM. • The Board commissioned an investor perception study during the year which provided the opportunity for investors to share their perspectives on the Group's strategy, financial position, capital allocation, management and governance.
Suppliers		
We engage suppliers through clear communication, structured assessments, strong compliance and risk management, and by using EcoVadis to drive sustainability, support improvement plans, and encourage investment in low-emission technologies.	• Commercial teams in each business regularly communicate with suppliers both informally and at scheduled review meetings. • Supplier conferences held at the Woodie's and Selco businesses. • EcoVadis programme launched with commercial teams and suppliers.	• Enhanced supplier engagement and supply chain due diligence. • 89.5% of suppliers by spend (excluding Salvador Escoda which will be rolled out in 2026) had undergone initial risk assessment on EcoVadis at the year end.

Our values in action

Our values support our purpose

and help ensure that everything we do is aligned with what we stand for as a Group.

Be brilliant for our customers

Leyland SDM partners with TradeKart for rapid delivery in London
In May, Leyland SDM partnered with TradeKart to offer rapid delivery of decorating and DIY products across London. Customers can now order via the app and receive site deliveries in as little as 30 minutes, boosting convenience and efficiency for tradespeople.

Watershed unveils refurbished luxury bathroom showroom in Coleraine
In October, MacBlair unveiled its refurbished Watershed showroom in Coleraine, featuring 15 luxury bays, a 3D design service, and expert advice. It's the first in a planned branch upgrade programme, blending inspiration, technology, and service for trade and retail customers.

Value our people

Chadwicks sparks conversation with Elephant in the Room campaign
Chadwicks partnered with Elephant in the Room to raise awareness of hidden mental health challenges. Bespoke elephant sculptures, designed by colleagues, toured branches across Ireland, symbolising the personal challenges often faced in silence and encouraging open dialogue.

Free mortgage advice for all UK colleagues
Mortgage Advice Bureau works with Grafton Group in the UK to offer free support to colleagues navigating the mortgage process. Advisers provide tailored guidance and access to exclusive deals from over 90 lenders, helping colleagues make informed decisions about their financial future.

Our values in action continued

Sustainable, trustworthy and responsible

Isero maintains top-level CO_2 Performance Ladder certification

Isero maintained level 5 certification on the Dutch CO_2 Performance Ladder, the highest standard for carbon reduction. Renewed annually since 2017, it reflects Isero's commitment to cutting emissions across its operations and supply chain through transparent reporting and collaboration.

CPI EuroMix colleagues unite behind Safety

EuroMix colleagues took part in interactive Safety Citizenship sessions designed to strengthen safety awareness. Interactive roadshows encouraged colleagues to look out for one another, customers, and the public. Teams nationwide took part in hazard-spotting activities, open discussions and signed safety pledges to promote awareness and safer sites.

Ambitious

Selco celebrates class of 2025 apprentices

In November, Selco celebrated its class of 2025 apprentices, with 50 colleagues completing programmes from Retail and Selling to Leadership and Specialist Skills, including the first-ever Women in Leadership cohort.

Woodie's annual Woscars

In October, Woodie's held its annual 'Woscars' ceremony at Croke Park, a renowned stadium in Dublin, to recognise colleagues and teams from across its 35 stores and the support office.
The event celebrated the hard work that goes into making Woodie's a Great Place to Work.

Entrepreneurial and empowering

StairBox and Wooden Windows join NMBS buying group

In February, StairBox and Wooden Windows joined the NMBS buying group, the UK's leading society for independent builders and merchants. This membership provides access to over 1,250 independent merchants, a cost-effective market route, participation in the UK's largest buying event, and extensive marketing opportunities.

Salvador Escoda specialist training sessions

Salvador Escoda offers free training for installers' guilds and associations across Spain. In 2025, more than 200 professionals attended specialised events on gas regulation, gas detection, and industrial heating in locations throughout the country, gaining valuable insights and practical knowledge from industry experts.

Regional overview

Island of Ireland

Performance

	2025 £'m	2024 £'m	Change*	Constant Currency Change*
Revenue	**1,071.6**	1,016.2	5.4%	4.3%
Adjusted operating profit before property profit	**111.0**	107.5	3.2%	1.8%
Adjusted operating profit margin before property profit	**10.4%**	10.6%	(20bps)	–

* Change represents the movement between 2025 v 2024 and is based on unrounded numbers.

122
Number of branches/stores (2024: 115)

42.5%
Percentage of Group revenue (2024: 44.5%)

54.6%
Percentage of Group adjusted operating profit excluding central activities (2024: 56.7%)

Key brands

Our Island of Ireland segment includes the Chadwicks and Woodie's businesses in the ROI, along with our MacBlair business in Northern Ireland. Chadwicks is a leading distributor of building materials, operating from 64 locations. Woodie's is the market leading DIY, Home and Garden retailer, supported by a network of 35 stores and a growing online platform. Both are complementary businesses that enable the Group to serve the broadest range of customers with construction related products in the ROI. In Northern Ireland, MacBlair is a leading distributor of building materials, operating across 23 branches.

Average daily like-for-like revenue increased by 3.5% in the year underpinned by year-on-year growth across all businesses. Woodie's delivered another year of strong growth, supported by a particularly strong performance in plants and garden products. Growth was driven predominantly by increased transaction volumes, alongside incremental gains in average transaction values. Continued investment in our digital offering, including the successful rollout of a new ERP system in 2025, drove a 30.2% year on year increase in online sales (61% above 2022 levels), with online channels representing almost 5% of total sales for the year. Despite modest growth in the segments of the Irish construction market served by Chadwicks, the business delivered a positive sales performance with particularly strong performance across the hardware, heating and plumbing categories.

ROI's economy provided a supportive backdrop in 2025, with full employment and relatively modest inflation, including energy deflation in the first half of the year, helping to sustain resilient consumer spending. While overall housing completions of just over 36,000 surpassed expectations, this increase was largely driven by apartment construction, and the share of smaller units in the affordable and social housing segments continues to rise. In contrast, smaller-scale developments and medium to large-sized housing schemes, markets that offer a more attractive customer profile for Chadwicks, have continued to decline as a proportion of Ireland's total housing activity. Activity in the commercial sector has begun to recover after several years of decline, and government supported investment in infrastructure continues to grow. However, the ramp up in housing supply remains slower than market demand, constrained by external factors including planning delays, challenges in securing utility connections, and ongoing labour shortages. RMI activity remains subdued as affordability concerns continue to weigh on demand. In Northern Ireland, market conditions remain challenging, with the construction sector delivering modest growth in 2025, primarily due to growth in new housing, from a low base.

Gross margin increased by 20 basis points in the year, driven primarily by the strong performance of Chadwicks, where active commercial management maintained disciplined pricing, secured improved supplier support, and delivered additional supply chain efficiencies.

Overheads were higher than 2024 due to inflationary pressures, led by government mandated wage increases in both jurisdictions and higher national insurance costs in Northern Ireland, alongside broader general cost inflation. All our businesses have continued to focus on productivity improvements by streamlining processes, leveraging technology and proactively managing rostering to help offset the impact of wage inflation.

Adjusted operating profit before property profit increased to £111.0m (2024: £107.5m) and adjusted operating profit margin before property profit was 20 basis points below 2024 at 10.4% reflecting the continued impact of inflationary pressure on overheads.

Regional overview - Island of Ireland continued

While consumer sentiment in the ROI has turned a little more cautious, the medium term growth outlook for the construction sector remains positive supported by consistent government policy and increased investment in housing and infrastructure under the revised €112bn National Development Plan (2026–2030). Solid growth is expected in the overall construction market in the ROI in 2026 supported by a step-up in investment in the public sector capital programme and a generally favourable economic environment. In Northern Ireland, a significant uplift in volumes is not anticipated in 2026 due to the underlying weakness in the local economy.

The integration of HSS Hire Ireland, acquired on 31 May 2025, into Chadwicks continues to progress with the short-term focus on systems integration. HSS Hire Ireland is a tool and equipment hire specialist operating from four branches and four customer distribution centres in the ROI. It offers an extensive range of conventional hire products as well as specialist equipment with a particular focus on powered access machinery. This acquisition aligns with Chadwicks' strategy of consolidating its market position and enhancing its value proposition by broadening its offering to support its long-term growth objectives.

We continue to explore organic and inorganic growth opportunities in the Island of Ireland to complement and strengthen our existing footprint, while also investing in the expansion of our product range and digital platforms to better meet the evolving needs of customers.

The consolidated results for 2025 include five months of trading, representing adjusted operating profit of £1.0m, from the Group's MFP piping business in Ireland prior to its divestment on 31 May 2025 to Wienerberger AG which mainly operates through Pipelife Ireland Solutions Limited. The net profit on the disposal of the MFP business was £8.1m in the year which is reported under 'Exceptional items'. As part of the agreement to sell MFP, Grafton will continue an ongoing trading relationship for the supply of products with Pipelife Ireland Solutions Limited.

Regional overview continued

Great Britain

Performance

	2025 £'m	2024 £'m	Change*
Revenue	**765.4**	767.0	(0.2%)
Adjusted operating profit before property profit	**49.2**	46.4	6.2%
Adjusted operating profit margin before property profit	**6.4%**	6.0%	40bps

* Change represents the movement between 2025 v 2024 and is based on unrounded numbers.

122

Number of branches/stores (2024: 122)

30.4%

Percentage of Group revenue (2024: 33.6%)

24.2%

Percentage of Group adjusted operating profit excluding central activities (2024: 24.5%)

Key brands

Our Great Britain segment comprises both distribution and manufacturing businesses with a predominant geographical exposure to London and the Southeast. Our distribution operations include Selco, the leading trade only builders' merchant focused on the RMI market and operating 74 branches; Leyland SDM, a well known decorating and DIY retailer with 36 London stores; and TG Lynes, a specialist distributor of commercial pipes and fittings based in London. Our manufacturing operations include CPI EuroMix, which supplies dry mortar to national, regional and local housebuilders across Great Britain from ten plants, and StairBox, the market leading manufacturer of bespoke timber staircases as well as wooden windows and doors.

Average daily like for like revenue in Great Britain increased by 0.4% year-on-year, with strong growth in our manufacturing businesses, which benefited from softer comparators, largely offset by a modest decline in our distribution businesses, which represent a greater share of overall sales.

The UK economy began the year with stronger than expected growth but lost momentum in the second quarter as the temporary boost from housing and exports faded and wider uncertainties weighed on confidence. Although the construction market initially showed signs of improvement, conditions weakened from late Q2 and remained subdued into the second half, with the Autumn budget further dampening consumer sentiment. Overall, RMI demand has remained soft, particularly in London and the Southeast, which accounted for 60% of Grafton's Great Britain revenue in the year reflecting persistent weakness in household confidence and finances. With housing starts in London at just 6,000 units in 2025, the weakest level in over 40 years, muted new build activity translated into lower transaction volumes and, consequently, softer RMI demand. The recovery in housebuilding has progressed more slowly than anticipated, as persistent affordability challenges and ongoing macro-economic uncertainty, continued to constrain sales momentum.

Despite subdued volumes and increasing competitive pressures, gross margin in Great Britain increased by 120 basis points during the year, reflecting the effectiveness of our commercial strategy and consistent margin progression across all businesses. Targeted commercial actions, including securing enhanced supplier support and, for example, introducing delivery charges in Selco, more than offset significant cost pressures, particularly those arising from higher labour and property related expenses. Towards the end of the year, Selco initiated headline price cuts across 357 of its most frequently purchased building materials to improve its value proposition which has been well received by our customer base.

Although overheads increased year on year due to inflationary pressures across the cost base, the increase was contained by our tight management of costs. On a like for like basis, overheads rose by 1.8%, reflecting cost reduction initiatives implemented across the businesses and strict controls on discretionary expenditure.

Although still well below the returns we would expect in a normal market, adjusted operating profit before property profit increased to £49.2m (2024: £46.4m) and adjusted operating profit margin before property profit was 40 basis points higher at 6.4% as the improvement in gross margin more than offset higher overheads.

Looking ahead to 2026, the near term outlook for the UK construction market remains subdued following the marked loss of momentum in the latter part of 2025. While inflation is expected to moderate over the year and interest rates are projected to remain supportive, overall growth in the construction market is likely to be modest and weighted towards the second half. Despite current softness in the market, significant pent up demand persists, with industry volumes still well below historical norms. The medium term outlook remains positive, underpinned by Government plans to materially increase new housing delivery in response to population growth and an enduring supply shortfall.

Despite the difficult market environment in recent years, the Group has continued to expand its branch network and invest in refurbishing existing locations, while broadening our product range to better support customers. The UK remains one of Europe's largest construction markets and a region where we have a long track record of successful operations. We remain committed to growing our presence there, pursuing new organic growth opportunities across our existing businesses alongside potential acquisition targets.

Leyland SDM opened a new store on Tower Bridge Road in December 2025 and successfully implemented a new ERP in the second half of the year positioning the business to accelerate its investment in its digital offering for customers.

Frank Elkins, appointed CEO of Selco and Great Britain Distribution in August 2024, assumed operational responsibility for all our businesses, including manufacturing, in Great Britain from December 2025.

Regional overview continued

Northern Europe

Performance

	2025 £'m	2024 £'m	Change*	Constant Currency Change*
Revenue	**469.7**	469.3	0.1%	(1.1%)
Adjusted operating profit	**29.6**	35.3	(16.2%)	(17.2%)
Adjusted operating profit margin	**6.3%**	7.5%	(120bps)	–

* Change represents the movement between 2025 v 2024 and is based on unrounded numbers.

136

Number of branches/stores (2024: 140)

18.6%

Percentage of Group revenue (2024: 20.6%)

14.6%

Percentage of Group adjusted operating profit excluding central activities (2024: 18.6%)

Key brands

ISERO

POLVO

IKH

Our Northern Europe segment comprises our businesses in the Netherlands and Finland. Our business in the Netherlands, which trades under the Isero and Polvo brands across 121 branches, is the market leader in the distribution of ironmongery, personal protective equipment ("PPE"), tools and fixings products. IKH is a leading distributor, based in Finland, of workwear, PPE, tools, and spare parts, with a number two market position in its core tools and PPE segments.

Average daily like-for-like revenue declined by 0.5% in the year, with moderate growth in the Netherlands more than offset by a pronounced decline in Finland. Sales increased in the Netherlands, driven primarily by strong branch sales and growth in national key accounts, in addition to increases in project related sales and modest price increases of circa 1%. After a strong start to the year, momentum in the Netherlands eased as several major construction projects reached completion and the start of new projects was delayed. Sales in Finland declined sharply due to persistently difficult market conditions, unfavourable weather that reduced demand for seasonal products both at the start and end of the year, and temporary operational issues that disrupted the internal supply chain. These internal challenges gradually eased in the second half of the year following decisive management actions.

The market in the Netherlands showed a strong start to 2025, supported by continued signs of recovery; however, momentum slowed in the second half. Despite robust growth in housing transaction volumes, the recovery in annualised housing permits did not materialise, and housing completions in 2025 are expected to show a slight decline relative to 2024. Political uncertainty, stemming from the collapse of the Dutch coalition government and the inconclusive election outcome, continued to weigh on market activity in 2025. In Finland, the economy continues to experience ongoing weakness where the government has implemented austerity measures to address its fiscal deficit. Furthermore, the expected recovery of the construction sector failed to materialise in 2025 as the market continued to decline.

Gross margin increased by 90 basis points in the year, reflecting strong performances in both the Netherlands and Finland. In the Netherlands, active commercial management actions more than offset the adverse mix effect of large construction projects and key accounts accounting for a higher proportion of sales, while gross margin in Finland improved primarily through optimisation of rebates and procurement efficiencies.

Overheads increased year-on-year, reflecting general inflationary pressures, wage inflation arising from industry wide collective labour agreements in the Netherlands and strategic investment to strengthen the management team, and one off costs associated with business improvement projects in Finland.

Adjusted operating profit declined to £29.6m (2024: £35.3m) and adjusted operating profit margin was 120 basis points lower at 6.3% largely reflecting lower sales in Finland and the continued impact of inflationary pressure on overheads across both geographies.

Market conditions in the Netherlands are expected to recover gradually in 2026 after a relatively subdued second half of 2025. The formation of a new minority coalition government is a positive development; however, cross party support will be essential to advance the policy measures required to support the construction sector in the near term. The medium-term outlook in the Netherlands remains positive, supported by a strong project pipeline among major construction contractors and a persistent structural housing shortage, underpinned by continued population growth. The recovery of the construction market in Finland is expected to be further delayed with any meaningful improvement in volumes in 2026 likely to be weighted towards the second half.

A new branch was opened in Harderwijk in 2025, advancing our strategy of targeted expansion into the eastern Netherlands and complementing our strong existing footprint across the west, central, north, and south of the country. Good progress was achieved in the Netherlands in 2025 on a multi year business improvement initiative focused on the operating model and supporting systems, which, once fully implemented, will enhance customer experience, increase efficiency, and reduce cost to serve.

Anu Ora was appointed as the new CEO of IKH with effect from June 2025. Anu is a highly experienced business leader with extensive experience in the food retail sector and the automotive parts distribution industry in Finland. Anu, together with recent appointments strengthening the senior management team, will be focused on further reinforcing and developing IKH's proposition in the marketplace.

Regional overview continued

Iberia

Performance

	2025 £'m	2024* £'m
Revenue	**212.9**	29.7
Adjusted operating profit	**13.6**	0.3
Adjusted operating profit margin	**6.4%**	1.1%

* Salvador Escoda was acquired on 30 October 2024.

93

Number of branches/stores (2024: 92)

8.5%

Percentage of Group revenue (2024: 1.3%)*

6.6%

Percentage of Group adjusted operating profit excluding central activities (2024: 0.2%)*

Key brands

SALVADOR ESCODA

Our Iberia segment comprises Salvador Escoda, a Spanish distributor of Heating, Ventilation and Air Conditioning ("HVAC"), water, and renewable energy solutions serving professional installers across the residential, commercial, and industrial markets, which the Group acquired on 30 October 2024. The business offers a portfolio of more than 100,000 products focused on the HVAC sector, over 90% of which are specialised technical installation items serving installation companies, technicians and small distributors. The business stands out for its extensive private label offering with high quality own brands accounting for approximately 60% of sales in 2025.

Salvador Escoda's operations span 93 branches positioned across Spain, supported by four key distribution centres located in Barcelona, Madrid, Seville and Valencia. Although its network reaches most parts of the country, Salvador Escoda has a particularly strong footprint in Spain's warmer regions, including Catalonia, Valencia, Andalusia and Madrid underpinned by favourable demand dynamics for energy efficient HVAC solutions.

Salvador Escoda reported revenue of £212.9m (2024: £29.7m) and delivered an adjusted operating profit of £13.6m (2024: £0.3m) in 2025 representing an adjusted operating profit margin of 6.4%. The year on year increase reflects the benefit of an additional ten months of trading in 2025 compared with the prior year. Trading to date, under the Group's ownership of the business, has been in line with pre-acquisition expectations.

On a pro forma basis in comparison to prior year, average daily like for like revenue increased by 6.1% compared with 2024, driven by strong growth in the air conditioning, ventilation and refrigeration categories, as well as generally favourable market conditions. Gross margin declined slightly in comparison to prior year, primarily due to competitive pressure across certain product categories and discounting to sell through aged inventory. Overheads were higher, reflecting inflationary pressures, the opening of new branches and additional recruitment to strengthen the management team. Taking all factors together, adjusted operating profit for 2025 was higher than prior year, largely due to the improved sales performance.

The Spanish economy delivered another year of strong expansion in 2025, with GDP expected to grow by approximately 3%, driven by rapid population growth, strong private investment, and continued strength in the tourism sector. The Spanish construction market is forecast to continue its recovery momentum, with growth of around 3–4% anticipated in both 2025 and 2026, supported by sustained housing demand, substantial investment in renewable energy and transport infrastructure, and the accelerating shift towards energy efficient and sustainable building practices. The HVAC sector is set for robust growth, driven by tighter energy efficiency regulations, rising consumer focus on efficiency, the adoption of advanced technologies in retrofit projects, and the impact of climate change increasing temperatures across the Iberian Peninsula.

Salvador Escoda has been successfully integrated into the Group during its first full year of ownership. A comprehensive due diligence process enabled a well structured integration programme, which was positively embraced by local management and strengthened through active collaboration with Group functions and sister businesses. Despite navigating significant change in 2025, the business delivered a stronger trading performance, outperforming the prior year on both a reported and pro forma basis. The investments made in 2025 to strengthen the management team have created a strong foundation for the business to accelerate both organic and inorganic growth in the coming years.

The Group continues to support the local management team in driving organic growth, with new branches opened in Vic in Catalonia and Plasencia in Extremadura in the year. We continued to advance our pipeline of acquisition opportunities across the HVAC sector and adjacent sectors within the highly attractive and fragmented Iberian market. This region provides a strong platform for us to act both as a consolidator and a long term compounding growth business, supporting our ambition to substantially scale our operations over the next five years.

Effective from early January 2026, Mario Ballarín stepped into the role of CEO for our Iberia business, where he will lead the advancement of the Group's growth ambitions in the region. Mario brings extensive experience in driving business performance, acquisitions, and integrations, gained during his time at Bunzl plc, where he most recently served as Managing Director for South and Eastern Europe, the Middle East, and the Nordics.

Financial review

David Arnold, Chief Financial Officer

Overview

The Group's businesses in the Island of Ireland contributed 42.5% (2024: 44.5%) of Group revenue, Great Britain 30.4% (2024: 33.6%), Northern Europe 18.6% (2024: 20.6%) and Iberia 8.5% (2024: 1.3%).

Our geographies broadly had one fewer trading day compared to the same period in the prior year, except for the Netherlands, which had two fewer trading days and Spain which has one day more for the period under ownership.

Revenue

Group revenue was up 10.4% to £2.52bn from £2.28bn in 2024. Group revenue in the like-for-like business increased by 1.3% (£30.1m) on the prior year. The growth in average daily like-for-like revenue was 1.7% compared to prior year.

Incremental revenue from the Salvador Escoda acquisition, which was completed in 2024, increased revenue by £180.1m. The HSS Hire Ireland acquisition, which completed on 31 May 2025, increased revenue by £14.5m.

New branches opened in 2024 and 2025 in The Netherlands (five), Great Britain (three) and Spain (two) contributed incremental revenue of £3.0m in 2025. Business disposals and closed branches reduced revenue by £8.0m in 2025.

Currency translation of revenue in the euro denominated businesses to sterling increased revenue by £17.6m as a stronger euro slightly increased the level of reported results as compared to the prior year. The average Sterling/Euro rate of exchange for the year ended 31 December 2025 was Stg85.68p compared to Stg84.66p for the year ended 31 December 2024.

Adjusted operating profit

Adjusted operating profit of £190.2m was up from £177.5m last year, an increase of £12.7m (7.1%). This result for the year included property profit of £5.9m (2024: £4.0m) which relates to profit on property disposals of £2.8m, a fair value gain of £1.0m on two investment properties in Ireland and an additional fair value gain of £2.1m on one investment property in Great Britain.

Adjusted operating profit before property profit of £184.3m was up from £173.5m last year, an increase of 6.2%. The adjusted operating profit margin before property profit declined by 30 basis points to 7.3%.

Net finance income and expense

The net finance expense was £9.7m which compares to a net finance expense of £0.1m for the year ended 31 December 2024. This incorporates an interest charge of £15.2m (2024: £15.0m) on lease liabilities recognised under IFRS 16. Interest income on cash deposits amounted to £16.0m (2024: £23.4m).

Returns on deposits and account balances decreased in the full year and reflected lower Bank of England and European Central Bank base rates compared to the prior year and lower cash balances following share buybacks, the Group's Spanish acquisition in 2024 and the acquisition of HSS Hire Ireland in 2025.

Interest payable on bank borrowings denominated in euro and US Private Placement Senior Unsecured Notes was £8.5m (2024: £8.3m). This reflects a combination of weaker sterling offset by lower interest rates payable on bank debt as the European Central Bank rates reduced in 2025.

Financial review continued

The net finance expense included a foreign exchange translation loss of £2.4m which compares to a gain of £1.6m in the prior year. The average sterling/euro rate of exchange for the year ended 31 December 2025 was Stg85.68p (31 December 2024: Stg84.66p). The sterling/euro exchange rate at 31 December 2025 was Stg87.26p (31 December 2024: Stg82.92p).

Taxation

The income tax expense of £28.6m (2024: £30.5m) is equivalent to an effective tax rate (before the exceptional profit on disposal) of 18.2% of profit before tax (2024: 20.0%). The rate after including the exceptional profit on disposal is lower at 17.3% (2024: 20.0%). The rate is lower than anticipated at the start of the financial year and reflects the blend of the Group's corporation tax on profits in the five countries where the Group operates and a credit relating to updated estimates of amounts relating to prior years.

Certain items of expenditure charged in arriving at profit before tax, including depreciation on buildings, are not eligible for a tax deduction. This factor increased the rate of tax payable on profits above the headline rates.

Cash flow

Cash generated from operations for the year of £310.3m (2024: £298.3m) was strong and benefitted from a reduction in working capital of £12.0m (2024: reduction of £14.9m). Working capital and inventory is a critical component of our customer proposition; maintaining high levels of stock availability is a key focus for all Grafton's businesses. The reduction in working capital was achieved without compromising availability.

Interest paid in the year amounted to £24.3m (2024: £22.5m) which included interest of £15.2m on IFRS 16 lease liabilities (2024: £15.0m). Taxation paid was £34.2m (2024: £29.0m). Cash flow from operations after the payment of interest and taxation was £251.8m (2024: £246.8m).

The cash outflow on the dividend payment was £72.6m (2024: £73.2m) and £56.6m (2024: £80.9m) was spent on the buyback of shares, excluding transaction costs. The total cash outflow on the dividend payment and buyback of shares was £129.2m (2024: £154.1m), excluding transaction costs.

Free cash flow of £168.3m (2024: £178.2m) was generated in the year which represents a 88% conversion to cash of adjusted operating profit (2024: 100%). The definition of free cash flow is set out in the Alternative Performance Measures but it can be seen that it includes the payment of interest, lease costs, tax and replacement capital expenditure. Over the last four years, the Group has generated £709m of free cash flow which is equivalent to almost 40% of Grafton's market capitalisation as at 31 December 2025 and is a demonstration of the strength of the Group's businesses to turn adjusted operating profit into free cash flow.

Capital expenditure and investment in intangible assets

The Group continued to maintain appropriate control over capital expenditure which amounted to £37.0m (2024: £39.6m). There was also expenditure of £9.2m (2024: £7.3m) on software that is classified as intangible assets.

Asset replacement capital expenditure of £21.5m (2024: £23.9m) compares to the depreciation charge (before IFRS 16) on property, plant and equipment ("PP&E") of £47.1m (2024: £42.8m) and related principally to the replacement of distribution vehicles, replacements/upgrades to plant and machinery, roof repairs, hire assets, forklifts, racking and other assets required to operate the Group's branch network.

The Group incurred development capital expenditure of £15.5m (2024: £15.7m) on a range of organic development initiatives including new branches and branch upgrades and extensions in Woodie's, Chadwicks and also in the Netherlands.

The proceeds received from the disposal of PP&E, properties held for sale and investment properties was £5.3m (2024: £5.7m). The amount spent on capital expenditure and software development, net of the proceeds received on asset disposals, was £40.9m (2024: £41.1m).

Pensions

The Group operates four legacy defined benefit schemes (one in the UK and three in Ireland), all of which are now closed to future accrual. The defined benefit pension schemes had an accounting surplus of £7.6m at the year end, an improvement of £6.3m from a surplus of £1.3m at 31 December 2024.

The deficit on the UK scheme reduced by £5.5m to £3.3m and the surplus on the schemes in Ireland increased by £0.7m to £11.6m.

There was a scheme deficit of £0.7m (31 December 2024: £0.8m) related to the Netherlands business.

Net debt/cash

Net debt (including lease obligations) at 31 December 2025 was £123.4m (31 Dec 2024: £131.7m). Our net cash position, before recognising lease liabilities, was £274.0m (31 Dec 2024: £272.1m).

The Group's policy is to maintain its investment grade credit rating while investing in organic developments and acquisition opportunities. The Group's dividend policy is to maintain cover at between two and three-times earnings.

Liquidity

Grafton was in a very strong financial position at the end of the year with excellent liquidity, net cash before IFRS 16 lease liabilities and a robust balance sheet.

The Group had liquidity of £776.8m at 31 December 2025 (31 December 2024: £776.2m). As shown in the analysis of liquidity on page 193, accessible cash and deposits amounted to £491.8m (31 December 2024: £505.4m) and there were undrawn revolving bank facilities of £285.0m (31 December 2024: £270.8m).

Group revenue

£2.52bn

Adjusted operating profit before property profit

£184.3m

Adjusted operating profit

£190.2m

Free cash flow

£168.3m

Net cash (before IFRS 16 leases)

£274.0m

Adjusted return on capital employed

10.9%

Financial review continued

At 31 December 2025, the Group had bilateral loan facilities of £337.6m (2024: £328.3m) with four relationship banks, which all mature in August 2029 and debt obligations of £139.3m (31 December 2024: £132.3m) from the issue of unsecured senior notes in the US Private Placement market.

The revolving loan facilities of £337.6m were originally put in place in August 2022 for a term of five years to August 2027. The arrangements included two one-year extension options exercisable at the discretion of the Group and the four banks. The second one-year extension option was agreed in July 2024 and these facilities are now repayable in August 2029. This is sustainability linked debt funding and includes an interest rate incentive connected to the achievement of carbon emissions, workforce diversity and community support targets that are fully aligned to the Group's sustainability strategy.

The average maturity of the committed bank facilities and unsecured senior notes was 3.6 years at 31 December 2025 (2024: 4.6 years).

The Group's key financing objective continues to be to ensure that it has the necessary liquidity and resources to support the short, medium and long-term funding requirements of the business. These resources, together with strong cash flow from operations, provide good liquidity and the capacity to fund investment in working capital, routine capital expenditure and development activity including acquisitions.

The Group's gross debt is drawn in euro and provides a hedge against exchange rate risk on euro assets in the businesses in Ireland, the Netherlands, Finland and Spain.

Shareholders' equity

Shareholders' equity increased by £52.5m to £1.65bn at 31 December 2025 from £1.60bn at 31 December 2024. Profit after tax increased shareholders' equity by £136.6m. There was a gain of £40.5m on retranslation of euro denominated net assets to sterling at the year-end rate of exchange. Shareholders' equity was increased for a remeasurement gain (net of tax) of £2.3m on the pension schemes and was reduced for dividends paid of £72.6m and by £56.7m for the buyback of shares. Other changes increased equity by £2.4m.

Return on capital employed

Adjusted Return on Capital Employed increased by 60 basis points to 10.9% (2024: 10.3%).

Principal risks and uncertainties

The principal risks affecting the Group are set out on pages 33 to 38.

David Arnold
Chief Financial Officer

4 March 2026

Risk management

Introduction to risk management

The Directors acknowledge that they have overall responsibility to establish and maintain an effective risk management and internal control framework and for reviewing its effectiveness. The Directors recognise that such a system is designed to manage rather than eliminate risk and can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk management process

Risk management is a key factor in the successful delivery of the Group's strategic objectives.

The Group has established a risk management process, which is closely aligned with the overall strategic development of the Group, to ensure effective and timely identification, reporting and management of risk events that could materially impact upon the achievement of Grafton's strategic objectives and financial targets.

A process for identifying, evaluating and managing significant risks faced by the Group, in accordance with the UK Corporate Governance Code and the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, has been in place throughout the accounting period and up to the date the financial statements were approved.

These risks are reviewed by the Audit and Risk Committee and by the Board, who also consider any emerging risks for inclusion on the Corporate Risk Register (CRR).

Executive management is responsible for implementing strategy and for the continued development of the Group's businesses within the parameters set down by the Board.

The Group's Risk Management Framework is designed to facilitate the development, maintenance, operation, and review of risk management processes that fulfil the Board's corporate governance obligations and support the Group's strategic objectives.

Group Risk Committee

The Group Risk Committee (GRC) is an internal committee comprised of representatives of the Group's businesses and Group Head Office functions. The GRC and executive management are responsible for the oversight of risk management in the Group.

The Committee is chaired by the Group CFO and reports to the Audit and Risk Committee (A&RC).

The GRC met four times during the year to review the risk management processes in the businesses and to oversee the CRR. This included a horizon scanning exercise to identify any new or emerging risks which may impact the Group.

In addition, the GRC performed deep dive reviews of specific risk areas including: information security and data protection; Artificial Intelligence (AI) and digital strategy; risks relating to colleagues; sustainability and the impact of climate change on business operations; and health and safety risk. The results of these exercises were shared with businesses and, where relevant, new mitigating actions were established.

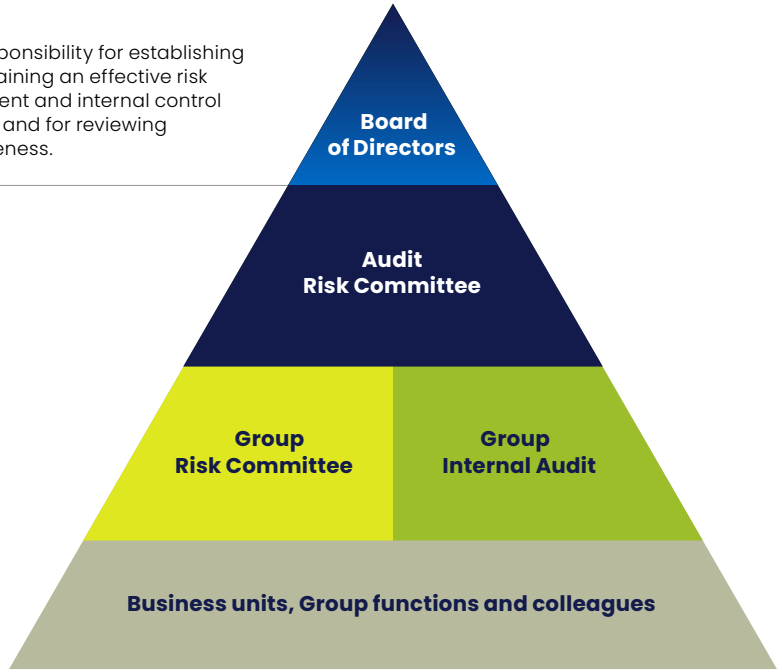
Emerging risks

The Board is required to undertake, under the 2024 UK Corporate Governance Code, a robust assessment of the emerging risks that may impact the Group. In response to this requirement, consideration of emerging risks has been integrated into the Group's risk management practices. Each business unit is required to maintain an individual Business Risk Register (BRR). Changes to BRRs, including any new risks or risks that have increased in severity, are reported and discussed at GRC meetings. As well as the annual Horizon Scanning exercise performed by the GRC, the A&RC performs a review of the CRR each January which includes consideration of any emerging risks.

Identified emerging risks which are not currently considered significant enough to be recognised on the CRR are recorded on a 'watchlist'. Watchlist risks are regularly reviewed by the GRC and A&RC to consider whether they should be promoted to the CRR.

Risk management framework

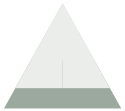
Overall responsibility for establishing and maintaining an effective risk management and internal control framework and for reviewing its effectiveness.



Audit & Risk Committee
Oversees risk management and internal controls by reviewing principal risks on the CRR monitoring emerging risks, receiving risk and control reports from management and auditors, and approving audit plans.

Group Risk Committee
Reviews and updates the CRR, sets risk policies, performs risk deep dives and scans for emerging risks, promotes best practices, initiates Group-wide risk management actions, and monitors business risk registers.

Group Internal Audit
Develops and delivers a risk-based annual audit plan, reviews internal controls and risk management actions, and produces reports on audit findings and progress on activity to complete control improvement actions.



Business units, Group functions and colleagues
Responsible for managing risk, maintaining and monitoring BRRs, identifying and reporting emerging risks, and implementing actions to address audit findings at business unit and functional levels.

Risk management continued

Principal risk assessment

Corporate risk register

The CRR records the Group's material risks, their root causes and key risk indicators, and the actions and controls in place and required to manage each to an acceptable level of risk consistent with the Group's risk appetite.

Risks are assessed and prioritised based on their potential likelihood of materialising in the next three years and their potential impact. This includes consideration of both financial (i.e. profit and cash) and non-financial (e.g. reputation, management effort) impacts. The principal risks facing the Group are set out in detail on pages 33 to 38.

All updates to the CRR are approved by the Group Risk Committee and reported to the Audit and Risk Committee.

The Group also maintains a 'watchlist' of emerging risks and risks that have previously been on the CRR. This is regularly reviewed by the GRC to consider whether any should be promoted to the CRR.

Risk appetite

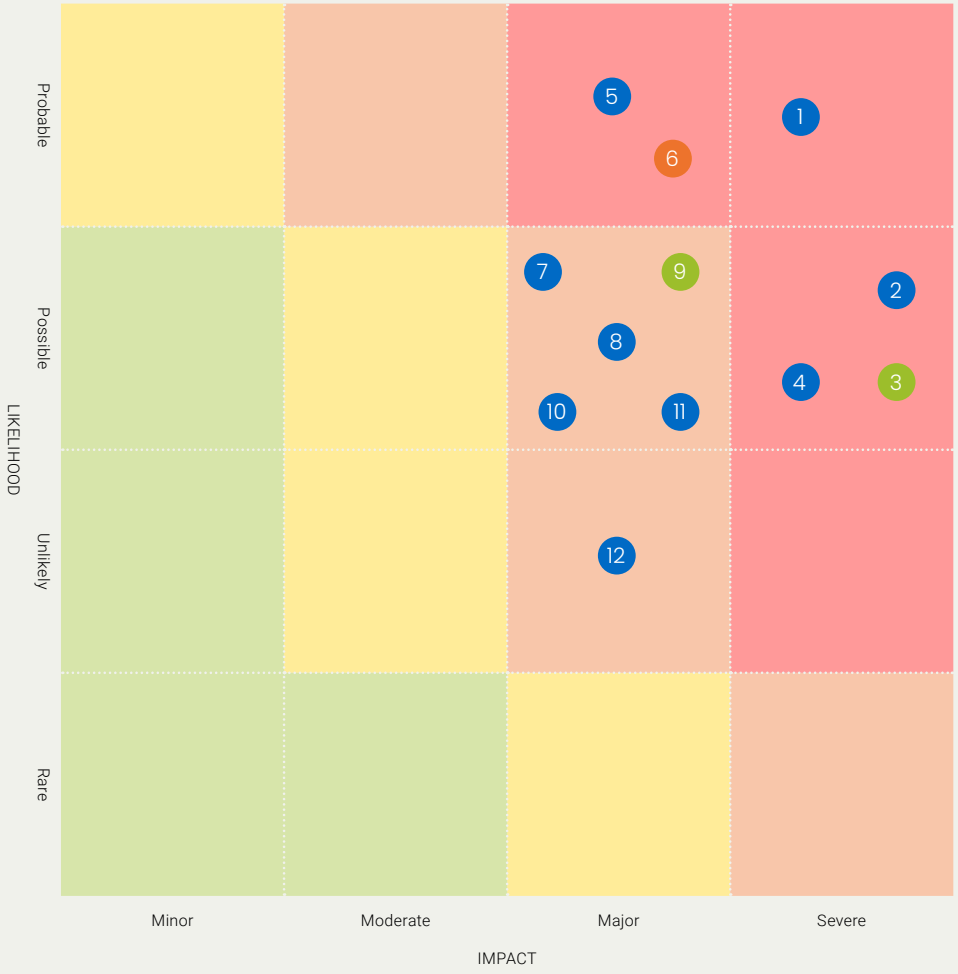
'Risk appetite' describes the amount of risk we are willing, as a Group, to tolerate, accept or pursue in order to achieve our strategic objectives. The Group has defined its risk appetite for each risk on the CRR, including key risk indicators and tolerance levels.

We have a higher (Open) appetite for risks that present us with a clear opportunity for reward. We actively seek out those risks that provide the greatest opportunities, whilst balancing with appropriate mitigating actions, for example, with acquisitions and our AI and digital strategy.

We have a lower (Cautious/Minimalist) appetite for risks that only have negative consequences, particularly when they can impact our colleagues, values, or business model. For example, health and safety, cyber security and internal controls. We aim to eliminate these risks, as much as possible, with our mitigation efforts. The Board regularly reviews their risk appetite for the Group's principal risks and uses this when deciding on risk mitigation strategies.

Principal risk	Risk appetite
1 **Macro-economic conditions**	Open
2 **Cyber security and data protection**	Cautious
3 **Organic growth**	Open/Cautious
4 **Acquisitions**	Open/Cautious
5 **Competition**	Open
6 **Colleagues – retention, recruitment, succession, diversity, wellbeing**	Open
7 **Supply chain**	Cautious
8 **IT systems implementation**	Cautious
9 **AI and digital strategy**	Open/Cautious
10 **Health and safety**	Minimalist/Cautious
11 **Sustainability and climate change**	Cautious
12 **Internal controls, fraud and ethics**	Cautious

Corporate risk register heat map



Key to change in risk assessment

Increased | No change | Decreased | New

Risk management continued
Key risks

The risks identified are those that could have a material adverse effect on the Group's business model, future performance, solvency or liquidity.

These principal risks are incorporated into the modelling activity performed to assess the ability of the Group to continue in operation and meet its liabilities as they fall due for the purposes of the Viability Statement on page 39.

1. Macro-economic conditions

The Group's trading is affected by economic conditions and construction activity across its geographies. Markets are cyclical with demand in part dependent on household discretionary spending on home improvement projects. This can be influenced by factors including interest rates, credit availability, inflation, property values, demographics, employment and GDP. Markets can also be impacted by geopolitical events including international conflict, political stability and government policy.

Risk owner: The Board and business unit management teams

Potential impacts
- A deterioration in economic conditions in Ireland, the UK, the Netherlands, Finland, or Spain could result in lower demand in the Group's businesses and reduced profit levels.

KPIs
- Monitoring of key economic indicators for relevant markets, including GDP growth, unemployment and inflation rates.
- Monthly Management Information Pack tracking trading performance against budget re-forecast and prior year.

Mitigations
- Diverse geographical spread of Group businesses reduces exposure to single markets.
- Annual strategy review by the Board.
- Ongoing monitoring by the Board of Group performance.
- Quarterly Business Reviews by Group management with all business management teams.
- Continuous review of market and geopolitical conditions and indicators to assess investment allocation.
- Use of business viability models to stress test for an economic downturns and cost increases.

Developments in 2025
The Group continues to assess target businesses across Europe to increase its market diversification. Businesses have also employed cost control measures in response to challenging market conditions.

Emerging risks
- Significant uncertainty due to global geopolitical tensions.

2. Cyber security and data protection

Increasing levels of cyber crime represent a threat to the Group's businesses and may lead to business disruption or loss of data. The Group is exposed to the risk of external and internal parties gaining unauthorised access to Group systems and deliberately disrupting its business. Specific risks exist for newly acquired businesses in the Group which may not have a sufficient level of security from Day 1, and where we use third parties for IT services (e.g. cloud facilities) who may not have adequate resilience and recovery plans.

Risk owner: Information Security Steering Committee (ISSC)

Potential impacts
- A cyber attack could result in a disruption to the business with the potential for a material loss of revenue and profitability while systems are being restored.
- Theft or leakage of sensitive or personal data may result in regulatory breach, financial loss and impact the reputation of the Group.

KPIs
- Monitoring of cyber and data security breaches and events.
- ISSC scorecard tracking deployment of security measures including patching, anti-malware software, firewalls, and penetration testing.

Mitigations
- ISSC including Group and business unit IT and information security management meet quarterly to monitor external developments and track compliance with security standards.
- IT security and data protections policies, reinforced through mandatory colleague training, and awareness campaigns. GDPR compliant data processes have been implemented.
- 24/7 monitoring of the Group's network, supported by a third-party.
- Group Security Incident Management Plan with each business having cyber incident response and backup plans which are regularly rehearsed.
- Security assessments performed on all key third-party IT service providers.

Developments in 2025
Delivery of projects to enhance the Group's cyber defence capabilities, including an offensive security program and an improved email security platform.

Information security resources at Group and business levels have been increased to respond to increasing threats and ongoing monitoring of compliance with Group standards. Support is provided to newly acquired businesses, to bring their environments up to this standard.

Emerging risks
- Increasingly sophisticated cyber attacks including the use of AI.

Risk management – Key risks continued

3. Organic growth

The ability of the Group's businesses to grow revenue and profit, through expansion of existing branch networks and exploiting appropriate opportunities to move into new markets, is key to achieving the Group's financial goals. There is also the threat from new business models in the Group's markets and the need to respond to changing customer needs and trends.

Risk owner: The Board, Group senior management and business unit management teams

Potential impacts
- Lack of growth of Group turnover and profit due to lack of appropriate sites for new stores/branches, poor selection of site locations, or inefficient store openings.
- Loss of market share due to failure to respond effectively to new business models and new product or market opportunities.

KPIs
- Monitoring of market share in relevant sectors.
- Evaluation of new store investments and development Capex against Group hurdle rates for operating profit, ROCE and payback.
- Monitoring of daily, weekly and monthly sales and margin performance against budget.

Mitigations
- Comprehensive Quarterly Business Reviews by Group Management.
- Investment in new stores is subject to Business Case and capital expenditure (Capex) approval processes.
- The performance of new stores/branches and returns on development Capex projects are subject to post-investment reports which are reviewed by the Board.
- Lessons learnt from new store/branch openings are shared between businesses.

Developments in 2025
Organic growth risk has been separately recognised on the CRR for the first time.

During 2025 new stores were opened in the Netherlands, Leyland SDM and Salvador Escoda and businesses including Chadwicks, Woodie's, Isero and Selco continued to invest in their stores/branches to ensure they meet and exceed customer expectations.

Emerging risks
- Trends towards modern methods of construction and off-site building.
- Long-term changes in customer needs and expectations.

4. Acquisitions

Growth through acquisition has historically been a key element in the Group's development strategy. The Group may not be able to continue to grow if it is unable to identify attractive targets, execute full and proper due diligence, complete acquisition transactions, integrate the operations of the acquired businesses and realise the anticipated levels of profitability, cash flows and return on invested capital.

Risk owner: The Board, Group senior management and business unit management teams

Potential impacts
- Lack of growth of Group turnover and profit due to lack of appropriate acquisition targets.
- Loss of value due to overpaying for new businesses.
- Under performance, additional cost or excessive management time due to a failure to integrate new businesses effectively.

KPIs
- Group Corporate Development pipeline of acquisition targets.
- Evaluation of acquisition targets against Group hurdle rates for operating profit, ROCE and payback.
- Monitoring of integration activity against 100-day plans and roadmaps.

Mitigations
- Annual Board strategy day reviews and sets criteria for future acquisitions including hurdle rates.
- Group Corporate Development Team and individual businesses actively seeking and engaging with potential acquisition targets consistent with strategic criteria.
- Detailed due diligence, involving specialist third parties where necessary, for all acquisitions.
- Board and Group senior management approval of all acquisitions subject to delegation of authority limits.
- Preparation and management of 100-day integration plans and longer-term governance roadmaps.
- Post-investment reviews of all significant platform and bolt-on acquisitions with identification of lessons learnt and implementation of lessons learned in future acquisitions.

Developments in 2025
The Group has continued to pursue its strategic aim of growth through acquisitions through the purchase of HSS Ireland in the Island of Ireland segment by Chadwicks and the integration of Salvador Escoda in the Iberia segment into the Group's governance and operational framework.

Emerging risks
- Risks from the Group targeting new geographies for its acquisitions.

Risk management – Key risks continued

5. Competition

Grafton faces volume and price competition in its markets. Actions taken by the Group's competitors or new entrants into markets, as well as actions taken by the Group to maintain its own competitiveness, efficiency and reputation for value for money, may exert pressure on product pricing, margins and profitability.

Risk owner: Business unit management teams

Potential impacts
- Loss of market share to competitors and new entrants resulting in lower revenue and profit.
- Lower sales prices to respond to competitor actions resulting in reduced gross margins and operating profits.

KPIs
- Monitoring of market share in relevant sectors.
- External scanning to obtain information of competitors' activities and potential new entrants.
- Monitoring of daily, weekly and monthly sales and margin performance against budget.

Mitigations
- Comprehensive Quarterly Business Reviews by Group Management.
- Businesses monitor pricing developments and take corrective action when necessary.
- Businesses conduct surveys and review feedback from customers and take actions to maintain and improve quality of overall product and customer service proposition.
- Investment by businesses in their distribution networks, existing branches and new businesses and stores/branches.

Developments in 2025
During 2025, the continuation of suppressed consumer demand, particularly in the UK RMI and Finnish construction markets, has meant that competitive pressures have remained high. The Group and its businesses have continued to invest in its sales and distribution network to meet customer needs and acquire bolt-on businesses, such as HSS Hire Ireland, to enhance the customer service proposition.

Emerging risks
- Failure to harness AI technologies to drive efficiencies and generate value could make us less competitive.

6. Colleagues – retention, recruitment, succession, diversity and wellbeing

Attracting and retaining colleagues with the relevant skills and experience and investing in training and development is essential to sustaining existing operations and providing a platform for the growth of the Group. The Group also acknowledges its responsibility towards diversity and inclusion, supporting the wellbeing of its colleagues, and compliance with new and existing employment regulatory requirements.

Risk owner: HR Forum and business unit management teams

Potential impacts
- Disruption to business operations due to loss of key individuals, excessive turnover or demotivated colleagues.
- Impact on growth due to inability to recruit, retain and develop appropriately skilled and diverse colleagues.
- Fines, reputational damage and impact on management time from a breach of HR regulation.

KPIs
- Group HR dashboard monitoring metrics across businesses including turnover rates, vacancy levels and colleague diversity statistics (where allowed by local regulation).
- Results of colleague engagement surveys.
- Monitoring of national salary levels and employment rates.

Mitigations
- Monitoring of HR metrics and resulting actions through Quarterly Business Reviews.
- Group HR Forum, including all business unit HR leads, meets regularly to initiate actions to address common issues and responses to legislative changes, with external advice, if necessary, to ensure compliance.
- Colleague engagement surveys conducted with action plans to address areas of concern.
- Established recruitment, performance management and development processes in each business.
- Succession plans in place for key management roles.
- Colleague forums established in each country, together with wellness and diversity programmes.

Developments in 2025
The Group has successfully reduced its overall level of colleague turnover with targeted actions by specific businesses to improve recruitment and retention. We have increased the net risk level of this risk to recognise the need for the Group to develop its pool of talent to support its growth ambitions. In response to this, and as part of our overall HR digital strategy, we are implementing a new performance management system which will be rolled out across the Group.

Emerging risks
- Changes in society and the workforce and our ability as a business to respond.

Risk management – Key risks continued

7. Supply chain

Product availability is a key factor for all Group businesses and the Group is exposed to the risk of failure to supply by key suppliers, or to international events which may disrupt the supply chain or increase the cost of products sold. The Group recognises its potential exposure to ethical sourcing risks for certain products (e.g. timber) and the ethical behaviour of organisations in its supply chain which may not meet Grafton's expected standards or regulatory requirements. There is also a risk that the Group does not collect all supplier rebates receivable, being a material amount, or that rebates are accounted for incorrectly.

Risk owner: Group Procurement Board and business unit management teams

Potential impacts
- Disruption to business operations due to supplier failure or interruption to the supply chain.
- Loss of revenue and profit, and impact on customers, due lack of availability of key products.
- Fines and reputational damage from unethical sourcing or a regulatory breach.
- Loss of rebate revenue and inaccurate reporting.

KPIs
- Businesses monitor product availability on a weekly basis.
- Supplier performance and viability is monitored.
- Ecovadis system assesses supplier risk.
- Rebate income tracked and accrued monthly.

Mitigations
- Businesses maintain relations with key suppliers and proactively manage instances of supplier shortages and product allocations.
- Where possible, dual sourcing or identification of alternative suppliers for key products.
- Group Procurement Board including business unit procurement leads meets regularly to identify cost and buying practice efficiencies.
- Supplier Code of Conduct issued and the use of EcoVadis to screen and obtain information from key suppliers to confirm compliance with Grafton standards and relevant regulatory requirements.
- Written agreements with suppliers detailing the terms of all rebate arrangements. Finance and procurement teams work closely to validate amounts due from suppliers based on these agreements and quantities purchased.

Developments in 2025

Despite ongoing international events and uncertainty, key product availability has remained high at most of our businesses. The Group has been implementing procedures to meet the requirements of EU regulations, Carbon Border Adjustment Mechanism, the EU Due Diligence Directive and the EU Deforestation Regulation. EcoVadis has been rolled out to all businesses who are engaging with suppliers to improve sourcing standards.

Emerging risks
- Escalating geopolitical tensions including tariffs.
- Additional legislation for ethical sourcing and uncertainty over implementation requirements.

8. IT systems implementation

The Group's businesses are dependent on IT systems and supporting infrastructure to trade. Either the failure of key systems or the inability to compete through not having up-to-date trading platforms could have a serious impact on the business. The Group accepts the risks of upgrading and implementing new IT systems but recognises that these significant projects may result in over-runs incurring additional cost and time, or failure to deliver required specification affecting current business operations, resulting in data loss and impact on reputation.

Risk owner: Group IT and business unit management teams

Potential impacts
- Failure of system implementation to deliver required specification disrupts business operations and impacts on reputation.
- Project over-runs result in additional cost, resources, and management time.

KPIs
- Regular updates to the Board on significant IT projects and their status.
- Steering committees, including representatives from Group functions meet regularly to review project status.

Mitigations
- The Group Project Management Framework sets out the expected standards for significant change projects, including governance and assurance structures, and project and risk management reporting.
- Project business cases are subject to Group CEO and Board approval.
- System changes subject to full user acceptance and end-to-end performance testing.
- Go/No-go and business acceptance criteria defined for each phase of system deployment.
- Group Internal Audit perform reviews of initial project governance and risk management and provide ongoing assurance through attendance at steering committee meetings with Group IT.
- Following implementation, the projects go through a thorough close process which includes a lessons learnt exercise, with the results shared around the Group.

Developments in 2025

During 2025, the Group successfully completed an ERP upgrade project in Woodie's and an ERP replacement in Leyland SDM. A multi-year change programme for the Netherlands, which includes the replacement of its ERP system has continued throughout 2025 with successful deployment of modules covering procurement and central distribution for the Isero business.

A business case for the replacement of the ERP system in IKH in the Northern Europe segment has been approved and it is expected that the implementation project will commence in 2026.

Risk management – Key risks continued

9. AI and digital strategy

The Group recognises the need to have a digital strategy, including an online order and sales capability that meets the needs of current and future customers. There are also risks from the use of new technology, including AI, which may lead to unintended outcomes and impact operations and the Group's reputation.

AI and Robotic Process Automation (RPA) technology presents opportunities for the Group to improve productivity although there is a need for the skills and resources to deliver on these.

Risk owner: Group AI Governance and Advisory Committee and business unit management teams

Potential impacts
- Loss of sales and profit if online sales capability does not match competitors or fails to meet customers' expectations.
- Loss of competitiveness if the Group does not use technology to improve efficiency.
- Loss of reputation and impact on operations if AI is not used in an ethical manner or results in unintended consequences.

KPIs
- Monthly tracking against budget of online revenue and growth.
- Group register of AI use is maintained and monitored by the Group AI Governance and Advisory Committee.

Mitigations
- Businesses have specific digital strategies and improvement plans, with investments reviewed and approved by Group management through the Capex and budget process.
- Monitoring of online sales performance through quarterly business reviews.
- Group AI Governance and Advisory Committee reviews and approves all new AI uses, including confirming compliance with data protection and AI regulations (e.g. EU AI Act). Policies for AI Governance and acceptable use have been issued.
- Investment in training for colleagues on the use of AI.

Developments in 2025
Digital and AI strategy risk has been separately recognised on the CRR for the first time.

The AI Governance and Advisory Committee has been formally established as a sub-committee of the GRC and has formalised the approval process for new uses of AI and other emerging technologies. Businesses have continued to invest in and improve their online offerings and channels and are increasing the use of AI and RPA technology to enhance their operational processes.

Emerging risks
- The significant pace of development of AI and related technologies means that businesses need to invest in solutions and their colleagues so they have the relevant skills and knowledge to use it and ensure it is used in an ethical manner and complies with new regulation.

10. Health and safety

The nature of the Group's operations exposes colleagues and third parties to health and safety risks. This includes at our own branches, stores and sites, where risks include the manual handling of products, slips, trips and falls and incidents involving, product storage and movement, forklift trucks and delivery vehicles. Risks also exist during the delivery of products to customer sites including loading and off-loading.

Risk owner: Board, Group Health & Safety and business unit management teams

Potential impacts
- Loss of life or injury to colleagues, customers and third parties due to unsafe practices.
- Loss of reputation, fines from regulators and impact on operations due to non-compliance with health and safety legislation.

KPIs
- Monthly tracking of Lost Time Incidents Rates, both frequency and severity, at Group and business level.
- Monitoring of results of external inspections and internal compliance audits.
- Colleague engagement survey responses on health and safety at work.

Mitigations
- Health and safety forms part of the agenda at Group Board meetings, Quarterly Business Reviews and business leadership meetings.
- Reporting covering injury frequency rates, lost time, hazard identification, risk management and the cost of accidents and incidents are regularly reviewed by the Board and business management.
- Group minimum health and safety standards have been established and rolled out to businesses.
- Businesses record and report to Group on accidents and near-misses, with lessons learnt shared.
- Colleagues are required to complete health and safety training relevant to their role. Completion is monitored by management.
- Compliance with health and safety regulations is monitored through a combination of external inspections, site reviews by business unit compliance teams and Group internal audits.

Developments in 2025
The focus for 2025 has been on embedding Group minimum health and safety standards across businesses, with particular emphasis on recent acquisitions.

Risk management – Key risks continued

11. Sustainability and climate change

The Group accepts its responsibility to minimise the impact its operations have on the environment and to promote sustainable and ethical business practices amongst its customers, suppliers and colleagues. The Group is also committed to being an inclusive employer and promoting diversity in its workforce.

The Group also recognises the potential financial and operational impact of wider climate change on its business activities, either due to physical risks such as adverse weather events, or transitional risks including changes in regulation affecting operations, our cost base or the products we sell.

Risk owner: Executive Sustainability Committee (ESC)

Potential impacts
- Increased operating costs due to climate and environmental legislation and taxation.
- Potential fines for non-compliance.
- Impact on reputation if climate and sustainability commitments are not met.
- Interruption to operations and additional costs due to physical climate change threats (e.g. flooding of branches, stores and sites, and adverse weather impacting our supply chain).

KPIs
- Quarterly sustainability KPI dashboard which is monitored by the ESC. Includes: reporting against commitments for cutting carbon emissions; diversity targets; community investment; and responsible sourcing.

Mitigations
- A Group Sustainability Strategy is established with progress reported on annually. Businesses have their programmes with activities aligned with Group targets.
- ESC meets regularly to review the quarterly KPI dashboard performance against Group targets, including net-zero commitments.
- Developments in sustainability regulation are monitored by the Group Sustainability Team with advice from external experts where necessary.
- Physical climate change risks and adverse weather events are monitored. Business continuity plans are in place and sites at higher risk of flooding have flood response plans.

Developments in 2025
Businesses have continued to move forward with their sustainability plans and the Group remains on target to meet its net-zero commitments. This includes establishing a sustainability strategy for Salvador Escoda. The Group continues to monitor physical risks to its sites and take action to improve resilience for at-risk locations.

Emerging risks
- Rapidly changing sustainability legislation and reporting requirements.
- Extreme climate conditions and events that may disrupt operations and supply chains.

12. Internal controls, fraud and ethics

The Group is exposed to the risk of failure in financial or operational controls in individual business units, including the failure to prevent or detect fraud. There are also risks to the Group where colleagues, or third parties working in association with Grafton, behave unethically or commit illegal acts.

Risk owner: Group Risk Committee

Potential impacts
- Financial loss, potential fines and impact on the Group's reputation with stakeholders and regulators due to fraud, financial misstatement, internal control failure, or non-compliance with legislation.
- Additional costs of complying with new regulations.

KPIs
- External and internal audit reporting of control deficiencies and progress of remediation actions.
- Reporting on instances of fraud and theft across the Group and SpeakUp reports.

Mitigations
- Group Code of Conduct and Business Ethics and associated policies with mandatory colleague training.
- SpeakUp process established for colleagues and third parties to report concerns.
- Annual conflict of interest declaration process.
- Group Accounting Manual and delegation of authority matrices set out Group and business approval thresholds and requirements.
- Risk management, internal controls and assurance framework including Group Internal Audit and business level branch audit and loss prevention teams.

Developments in 2025
The Group has continued work that commenced in 2023 to comply with the internal control requirements of Provision 29 of the 2024 UK Corporate Governance Code which is effective from 2026. This will establish an annual programme of testing all material financial, operational, compliance and reporting controls including key anti-fraud controls.

The Group has also refreshed its fraud risk assessment as part of its compliance with the UK Economic Crime and Transparency Act.

Emerging risks
- Use of AI to facilitate fraudulent acts.

Viability Statement

The Directors have assessed the viability of the Group over a three-year period to 31 December 2028, taking account of the Group's current position and prospects, the Group's strategy and principal risks and how they are managed as documented on pages 33 to 38. 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 period to 31 December 2028.

Period of viability statement

In accordance with Provision 31 of the UK Corporate Governance Code 2024, the Board has reviewed the length of time to be covered by the Viability Statement, particularly given its primary purpose of providing investors with a view of financial viability that goes beyond the period of the Going Concern Statement. The Directors have determined that the three-year period to 31 December 2028 is an appropriate period over which to provide its viability statement. The Group prepares five-year plans as part of its annual strategy review, however given the inherent uncertainties, the outer two years are more difficult to forecast. These two years are used mainly for scenario planning with the Board placing greater reliance on the initial three-year period.

Approach to assessing viability

In making this statement the Directors have considered the resilience of the Group, taking account of its current position, the principal risks facing the business in severe and reasonable scenarios, and the effectiveness of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks that would realistically be open to them in the circumstances. This assessment has considered the potential impacts of these risks on the business model, future performance, solvency and liquidity over the period with particular consideration given to the Group's debt funding covenants including its interest cover covenant. The Directors have also considered the Group's resilience and management's response to the Covid-19 pandemic as well as the experience from the 2008 Global Financial Crisis.

The principal scenarios considered in the review are those where negative macro-economic and other impacts would be experienced across all of the Group's businesses. These scenarios ranged from depressed economic activity levels in the Group's markets and intense competitive pressures, to more severe cyclical economic downturns. The Group also reviewed and considered the impact of a cyber security denial of service attack on the business which might restrict trading and the operation of the Group's businesses. In addition, the assessment considered a 'reverse' stress test to determine what level of disruption would need to be experienced before a breach of the Group's interest cover funding covenant was unavoidable.

The downside scenarios applied to the strategic plan are summarised in the table below. The reverse stress test shows that a breach of the interest cover covenant would occur on denial of service without any income for a period of four months, and it assumes that the Group's existing surplus cash at 31 December 2025 of £274.0m is invested in acquisitive growth but the Group would still have adequate liquidity.

Whilst we believe the reverse stress test is highly unlikely, the Group would be able to take a number of further mitigating actions including management of working capital, capital expenditure and dividends.

In making their assessment, the Directors have taken account of: (i) the Group's net debt (including lease liabilities) of £123.4m at the end of 2025 (net cash position of £274.0m excluding lease liabilities); (ii) the Group's strong financial position; (iii) headroom and duration of loan facilities currently in place; (iv) key potential mitigating actions of reducing the Group's cost base, capital expenditure and dividend payments; and (v) the Group's ability to generate positive cash inflows in a scenario of falling revenue as working capital invested in the business is reduced. These mitigating actions were tested during the downturn in the Group's businesses from 2008 to 2012 which highlighted the resilience of its business model to a very severe and protracted economic downturn by historic standards.

Severe but plausible downside scenario

Scenario	Severe downturn in market conditions. Temporary suspension of trading.
Link to principal risks	• Macro-economic conditions • Organic growth • Competition • Cyber security and data protection • Pandemic risk*
Level of severity tested	Significant reduction in revenue and gross margin reduced for up to three years offset by cost reductions in each year.
Conclusion	• Net cash position before lease liabilities falls but remains strong. • The Group remains within its banking covenants.

Reverse stress test scenario

Scenario	Temporary suspension of trading for four months. Assumed that Group's surplus cash at 31 December 2025 of £274.0m is invested into acquisitive growth.
Link to principal risks	• Cyber security and data protection • Pandemic risk*
Level of severity tested	Inability to trade for four months during 2027 across all regions without any mitigating income.
Conclusion	• Operating loss in 2027, with a cash outflow. • Group would require a waiver from lenders for the interest cover covenant in 2027 but would be within all covenants in 2028 and 2029.

* Whilst pandemic risk is no longer a principal risk on the corporate risk register having been removed to the watch list during 2023, in light of experience in 2020 and 2021 it is still considered a plausible but unlikely scenario by the Group for the purposes of the viability assessment.

Risk management continued
Task Force on Climate-related Financial Disclosures

Grafton discloses against the Task Force on Climate-related Financial Disclosures (TCFD) framework. Where appropriate to avoid duplication, this disclosure links to information contained in other sections of the report.

Additional TCFD related content is indicated throughout the report with TCFD

Grafton disclosure against the TCFD recommendation

In line with the Listing Rule UKLR 6.6.6 R the table below references where in the 2025 Annual Report we have made the disclosures recommended by the TCFD framework. We have also considered the TCFD supplementary guidance for the materials and buildings sector and the relevance of that to Grafton Group businesses:

Recommendations	Recommended disclosures	Disclosure location
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities.	Pages 67 and 68
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Pages 67 and 68
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Pages 41, 42 and 50
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Page 42
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 42
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	Page 41
	b) Describe the organisation's processes for managing climate-related risks.	Pages 41 and 51 to 53
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Pages 31, 32, 38 and 41
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Pages 51 to 54
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Page 54
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Pages 51 to 54

Risk management – Task Force on Climate-related Financial Disclosures continued

Risk management

Grafton has been formally managing its climate risks and opportunities since 2014, initially with a focus on implementing reductions across Scope 1 and Scope 2 GHG emissions. Since 2020, sustainability and climate have been captured as a high-rated risk in our CRR with assessments of climate-related risks and opportunities being conducted at both Group and business unit level.

The Group maintains a specific Sustainability and Climate Change Risk Register, which is reviewed and updated annually. For this we assess the recurring or one-off impact of climate-related risks using both financial measures, including revenue, profit and cash, and non-financial, including management effort, regulatory compliance and impact on stakeholders. We have set numerical thresholds for each of these metrics to define 'significance'.

We would typically assess the likelihood of business risk materialising in the next three years whereas we monitor the likelihood of risks relating to climate change risks over the short (1-3 years), medium (3-10 years) and long term (over 10 years).

Our assessment of climate risks and opportunities considers a range of scenarios which were identified based on the guidance published by TCFD and the International Panel on Climate Change:

- Rapid decarbonisation – Government-led move to a low-carbon economy in the next 10 years with global temperature rises limited to at or below 1.5°C (RCP 1.9 – 2.6)
- Moderate decarbonisation – Business-led/government supported transition to a lower-carbon economy over the next 5-15 years. Global temperature rises limited to around 2°C (RCP 3.4 – 4.5)
- Limited climate action – Little or no concerted effort to reduce carbon emissions resulting in global temperature rises in excess of 4°C (RCP 6 – 8.5)

The scenarios stated above are used to consider a range of possible outcomes for different climate risks and opportunities at Grafton over the short, medium and long term.

These time horizons have been set taking into account the Group's typical planning approach (annual budget and five-year plan), useful life of inventories (all inventory over two years old and a high proportion aged between one and two years, is fully provided for) and assets (majority of properties are on a short leasehold i.e. < 15 years).

Based on these scenarios, the risks and opportunities to the Group as recorded in the Group Sustainability and Climate Change Risk Register are set out in the table below, with their assessed significance to the Group, the climate scenario under which their impact is greatest and the timeframe over which we expect the risk/opportunity to materialise. The risks and opportunities apply across Grafton's geographies and sectors.

Risk type	TCFD category	Risk description and impact	Significance, scenario & timeframe	Mitigating actions, metrics & targets	Opportunities
Transitional	Policy	Increasing costs of complying with climate change reporting and taxation regulations.	Major <1.5°C Short – medium term	• Measuring impacts of taxation (e.g. CBAM). • Monitoring of potential regulation changes and estimating impacts.	
		Additional transition costs to meet net-zero commitments.	Major >4°C Long term	• Transition plan established with a net-zero target for 2050 (see pages 52 and 53). • Progress against the transition plan is tracked on a quarterly basis.	Commercial advantage from lowering emissions and investment in renewable energy.
	Reputation	Failure to deliver on net-zero targets and sustainability commitments negatively impacts the Group's reputation with investors and other stakeholders.	Moderate >4°C Short – medium term	• Engaging with investor and stakeholders on our emission reduction programme. • Progress against the transition plan and sustainability metrics reported annually.	Positive sustainability positioning and success help attract investment and other commercial opportunities.
	Market	Consumer preferences shift towards circular business models and more sustainable choices for building materials.	Moderate <1.5°C Medium – long term	• Businesses are investigating and trialling different circular economy models. • Engagement with suppliers and monitoring customer trends.	Attract new customers and more revenue by offering more sustainable solutions (including circular economy).
	Technology	Decarbonisation technologies and new building techniques reduces demand for our current product portfolio.	Moderate <1.5°C Medium – long term	• Businesses monitor customer trends and adjust product and service offerings to meet them.	New concepts and business opportunities provide more diverse revenue generating opportunities.
Physical	Business interruption and asset damage (acute/chronic)	Increased costs and lost revenue due to disruption to operations and damage to property and stock as a result of flooding or other adverse weather events.	Major >4°C Short – long term	• Identification of physical threats and at-risk properties. • Mitigation action taken at all properties assessed as High or Very High risk.	
	Supply chain interruption (acute/chronic)	Higher costs due to reduced product supply and reduced revenue generation as a result of weather events impacting availability.	Moderate >4°C Medium – long term	• Businesses monitor supply chain disruptions and have developed contingency plans for higher risk suppliers.	Competitive advantage through resilience planning.

Risk management – Task Force on Climate-related Financial Disclosures continued

Resilience

The Group has some inherent resilience to the impact of climate change given its geographical and market spread but has taken steps to improve its resilience and understanding of its exposure to specific physical and transitional climate change risks:

1. Physical climate change risks

During 2022 an exercise was conducted, with the support of consultants from Marsh, to model the climate change impact on properties across UK, Ireland, Netherlands and Finland geographies. The climate model used current asset location data overlaid by historical and future climate data, under two scenarios:

- Representative Concentration Pathway (RCP) 2.6 (i.e. consistent with a rapid decarbonisation scenario); and
- RCP 8.5 (consistent with a limited climate action scenario).

The exercise identified 44 sites that are currently at a high or very high risk of flooding which increased to 48 sites under RCP 2.6 scenario in 2050, and 63 sites under an RCP 8.5 scenario in 2100. This analysis allowed businesses to focus flood mitigation actions on those at-risk properties including establishing flood emergency response plans and making building alterations to minimise flood damage and protect stock, as well as existing drainage maintenance schemes. Mitigation work at the properties assessed as either high or very high risk of flooding, was completed in 2024.

Since completing this exercise, the Group has continued to monitor its portfolio of properties for any that may become at risk of flooding and take appropriate mitigating action. This includes new properties which come into the Group as part of acquisitions, such as Salvador Escoda in Spain and HSS Hire Ireland, with any history or threat of weather-related physical impacts assessed as part of the due diligence process.

During 2025 the Group experienced a weather-related flood at one of its trading sites. The incident did not result in significant damage or repair costs, and there were no lost trading days as a result of the flooding.

2. Transitional risk – impact of carbon taxation based on Carbon Border Adjustment Mechanism (CBAM) reporting

Using the data reported by EU-based businesses in 2025 for the purposes of the CBAM, we conducted an exercise to estimate the annual CBAM cost to the Group, predominantly iron, steel and aluminium. Whilst the CBAM taxation model had not been confirmed at the time of calculation, we used insights from the EU Emissions Trading System to estimate benchmark data. Overall, we calculated this would have a moderate impact on Group import costs and as CBAM becomes established these costs will become embedded into purchasing decisions and product costs.

3. Transitional risk – costs of carbon neutralisation to achieve net-zero

Based on our Scope 1, 2 and 3 emissions for our base year and net-zero target for 2050, validated by the Science Based Targets initiative, which is supported by the Group's transition plan (see pages 52 and 53) we have estimated the potential cost to neutralise our residual annual emissions in 2050. This has used projections for carbon credits costs in 2050 from the BloombergNEF Long-Term Carbon Credit Supply Outlook 2025 under three scenarios with costs ranging from 69 USD per tonne to 104 USD per tonne. Based on these calculations the risk could be severe which reiterates the importance of effective transition planning.

The Group will continue to assess and estimate the impact of climate change risks to the business as more data becomes available.

Impact on strategy and financial planning

Climate change impacts on the Group's strategic planning in several ways. The Group's sustainability strategy has focused the business on taking steps to reduce GHG emissions whilst also growing activity. This has involved projects to improve the energy efficiency of buildings including LED lighting and solar panel installations, and efforts to reduce vehicle emissions including switching company cars to hybrid and electric vehicles and use of alternative-fuelled commercial vehicles (e.g., compressed natural gas, hydrogenated vegetable oil).

The Group's sustainability strategy has been established recognising increasing investor interest and scrutiny in how companies are tackling climate change. We engaged with shareholders and lenders as part of our ongoing double materiality assessment for the Corporate Sustainability Reporting Directive requirements. Both stakeholder groups were clear that climate change was an important priority for them.

Sustainability and climate change forms part of the evaluation criteria for business investment, this includes evaluating climate change threats to the locations of any proposed acquisitions, which include consideration of lease terms and assessing the impact of capital expenditure on the Group's sustainability strategy prior to approval.

Climate-related issues and potential impacts on business performance and assets are considered as part of the Group's one and five-year planning and performance reviews. GHG targets are embedded in our banking targets and in the long-term incentive targets for senior leaders.

GHG reduction is a key consideration in the capital expenditure process. In developing our proposed targets and transition plan we have started to model the associated financial impacts and potential investment required.

Research and development take place within the supply chain to our distribution businesses, and our commercial teams work with suppliers to identify new product opportunities. In our mortar manufacturing business, the team are investigating improvements that could be made to reduce energy usage in the manufacturing process.

The Group is also conscious of the impact of climate change on the products and services it offers. Businesses maintain dialogue with suppliers and customers to ensure their product offerings follow technical developments and changes in market demand.

A significant portion of Salvador Escoda revenue is from sales of air conditioning units which help businesses and consumers in coping with the impacts of climate change. The acquisition of HSS Hire Ireland during 2025 is one example of the Group's commitment to resource reuse and circular economy business models.

In 2025, our EU-based business units reported against the CBAM reporting requirements. Beginning in 2026, the CBAM will impose a carbon price on high impact goods imported into the EU.

Impact on financial statements

Management have considered the current and potential impact of climate change on the financial statements, this includes the assessment for the three risks set out above. Costs incurred to date associated with projects to mitigate flood risk, improve energy efficiency and reduce carbon emissions have been absorbed within operating expenses and capital expenditure. There has been no material impact on the net realisable value of inventory or the net value of fixed assets in this year's financial statements as a result of climate change. No liabilities requiring provision in the financial statements, have been identified in respect of net-zero commitments and transition planning.

Sustainability Statement

Building the foundations **for a more sustainable future...**

2025 highlights

Health and safety
Since 2021 lost time injury frequency rate has reduced by 16.3% and severity rate has reduced by 38.6%

Greenhouse gas emissions
40.3% reduction in absolute market-based GHG emissions vs 2021 base year

Supply chain due diligence
Launched EcoVadis Programme. 89.5% suppliers by spend undergone initial risk assessment with 15.9% suppliers by spend already completed EcoVadis Rating*

Waste management
99.2% waste diverted from landfill Δ

Talent
Developed Group-wide performance management process and system
More than 750 colleagues participating in government-funded training schemes

Human rights
Completed a human rights risk assessment and published human rights policy

Product safety and quality
Developed Group Principles on Product Safety and Quality

Circular economy
Acquired HSS Hire Ireland, championing the hire market for tools and equipment

Legislation
Prepared for EU Deforestation Regulation (EUDR), Carbon Border Adjustment Mechanism (CBAM) and Construction Products Regulation

Community
Over £1.7m donated to charities and good causes and over £1.0m raised by our colleagues and customers

* Spend excludes Salvador Escoda. These suppliers will be uploaded in phase 2 of the programme in 2026 as their sustainability onboarding is completed.

CEO and CFO Introduction

Navigating a changing ESG landscape

Inside this section

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This 2025 Sustainability Statement is structured using the European Sustainability Reporting Standards (ESRS) as a guide as we prepare to comply with the Corporate Sustainability Reporting Directive (CSRD) as per the legislative timeline. While we have used the ESRS as a guide, this 2025 statement is not compliant with the CSRD.

In 2025, we built upon the significant progress achieved in 2024. Our ongoing commitment remained focused on material ESG topics, including health and safety, climate change, supply chain due diligence and diversity and inclusion.

Given the legislative backdrop in the European Union (EU) the Governance Committees including the Board and Executive Sustainability Committee have discussed important ESG legislation at length. The priority areas have been the EUDR and CBAM given the timescales and resourcing implications.

Although details and implementation dates for the legislations are evolving, we are confident that we have established robust programmes to ensure effective preparation.

Beyond the legislative landscape the Group has remained committed and focused on its sustainability strategy especially health and safety, climate change, supply chain due diligence and diversity and inclusion.

Our business leaders continue to embed health and safety into daily operations and advance our programme through targeted initiatives in our priority risk areas, including vehicle movements, safe deliveries, and the safe storage and handling of products. We are making progress towards our net-zero climate change targets. Our EcoVadis programme has been established and is overseen by our Governance Committees.

Significant improvements have been made in integrating sustainability throughout the organisation. Sustainability is embedded into finance, procurement, HR and risk governance groups. The sustainability structures around the Group have also been strengthened with business units bringing their expertise, insights and ideas together through our newly established Sustainability Forum.

We look forward to the impact that this forum will have as we continue our commitment and activity to build a more sustainable future.

Eric Born
Chief Executive Officer
4 March 2026

David Arnold
Chief Financial Officer
4 March 2026

General disclosures

General disclosures	Notes	Location
Basis for preparation	Report covers the 2025 financial year from 1 January 2025 to 31 December 2025. The scope of the report includes our operations in the Island of Ireland, Great Britain, Northern Europe and Iberia. EY has completed a limited assurance engagement over selected performance data.	The EY assurance statement can be found on page 69 and 70. Information within the scope of this assurance is indicated throughout the report with a Δ
Disclosures in relation to specific circumstances	Any divergence from the scope outlined in the basis for preparation notes above is indicated in the accounting notes presented next to each section.	
The role of the administrative, management and supervisory bodies	Information is presented in the Governance section.	Pages 67, 68 and 75
Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Information is presented in the Governance section.	Pages 67 and 68
Integration of sustainability-related performance in incentive schemes	Information presented in the Remuneration Committee Report.	Pages 87 to 111
Statement on sustainability due diligence	Core elements of our sustainability due diligence process include: • Double materiality assessment • Stakeholder engagement • Risk assessment and management • Governance on sustainability issues • Policies, actions, metrics and targets	 Pages 47 and 48 Pages 19 and 20 Pages 31 to 42, 50, 59, 60 and 67 Pages 67 and 68 Throughout the Sustainability Statement
Risk management and internal controls over sustainability reporting	ESG risk management is integrated into the Group risk management process.	Pages 31 to 42, 50, 59 and 67
Market position, strategy, business model(s) and value chain	Information presented in the Strategic Report and the value chain is presented in the Sustainability Statement.	Pages 3 to 9 and 49
Interests and views of stakeholders	Information presented in the Strategic Report.	Pages 19 and 20
Material impacts, risks and opportunities and their interaction with strategy and business model(s)	Materiality assessment, matrix and impacts, risks and opportunities (IROs) presented in the Sustainability Statement.	Throughout the Sustainability Statement
Description of the processes to identify and assess material impacts, risks and opportunities	Materiality assessment and matrix presented in the Sustainability Statement.	Pages 47 and 48
Disclosure requirements covered by the undertaking's sustainability statements	Disclosures presented throughout the Sustainability Statement.	
Actions and resources in relation to material sustainability matters	Disclosures presented throughout the Sustainability Statement.	
Metrics in relation to material sustainability matters	Disclosures presented throughout the Sustainability Statement.	
Tracking effectiveness of policies and actions through targets	Disclosures presented throughout the Sustainability Statement.	
Task Force on Climate-Related Financial Disclosures	TCFD-related content is clearly indicated throughout the report TCFD.	

Sustainability at Grafton

Grafton's sustainability strategy has five priority areas that address ESG issues that are important to our business, colleagues and customers. The table on page 48 shows how different material impacts link to the five pillars of the Grafton sustainability strategy.

While we are not required to comply with the Corporate Sustainability Reporting Directive (CSRD) for 2025, our reporting is evolving in response to CSRD requirements to make it easier for stakeholders to navigate and to make reporting more comparable.

While European Sustainability Reporting Standard (ESRS) disclosures are referenced, this 2025 statement is not compliant with CSRD requirements.

Our strategy aligns with the eight UN Sustainable Development Goals that we can have the biggest impact on:

Our sustainability strategy is supported by our five priority areas:

Materiality assessment

We carried out a preliminary double materiality assessment in 2023 in partnership with an external consultancy firm to identify our material impacts as well as ensuring that our strategy is focusing on the most important issues.

A double materiality assessment looks at sustainability issues through two lenses, the impact that a business has on society and the environment as well as the financial impact an issue may have on the business's performance.

This methodology aligned with the double materiality guidance published by the European Financial Reporting Advisory Group (EFRAG) in August 2023 taking into account the reporting requirements set out in the European Sustainability Reporting Standards (ESRS).

We carried out extensive stakeholder engagement across customers, colleagues, suppliers, large shareholders, lenders, internal subject matter experts and governance committees. Feedback was scored, weighted and presented in a materiality matrix showing Grafton's most material issues. The matrix was discussed and validated by the Board and then further refined and is presented on page 48.

In 2025 we reviewed and refined the risks and opportunities associated with our most material impact areas and the refined impacts, risks and opportunities (IROs) are presented in each section of the report. We plan to review our materiality assessment to incorporate business changes and the updated EFRAG guidance before we report against the CSRD for the 2027 financial year.*

* Subject to any further legislative changes.

Steps in double materiality assessment

Draft list of issues developed	Extensive research was conducted on Grafton and its peers. Initial consultation was held with key colleagues across the Group and a provisional list of material issues was drafted.
Assess importance of issues to business, society and environment	Surveys were carried out with customers, colleagues and suppliers. Interviews were carried out with large shareholders and lenders. Workshops were held with subject matter experts at Grafton.
Rank impacts	Impacts were assessed using a scale of 1 (very low impact) to 5 (very high impact) and ranked in order of importance.
Assess financial impact	Level of financial impact on business performance, profitability, growth and reputation was assessed using the 1 to 5 scale.
Present impact on matrix	Draft matrix was developed and shared with governance committees.
Validate and refine matrix in governance committees	Following the feedback received, the matrix was refined, issues were grouped, and the final matrix was presented and approved by the Board.
Impacts, risks and opportunities reviewed and refined	In 2025 we conducted a review of the impacts, risks and opportunities, resulting in further refinement. The updates were reviewed and approved by the Executive Sustainability Committee.

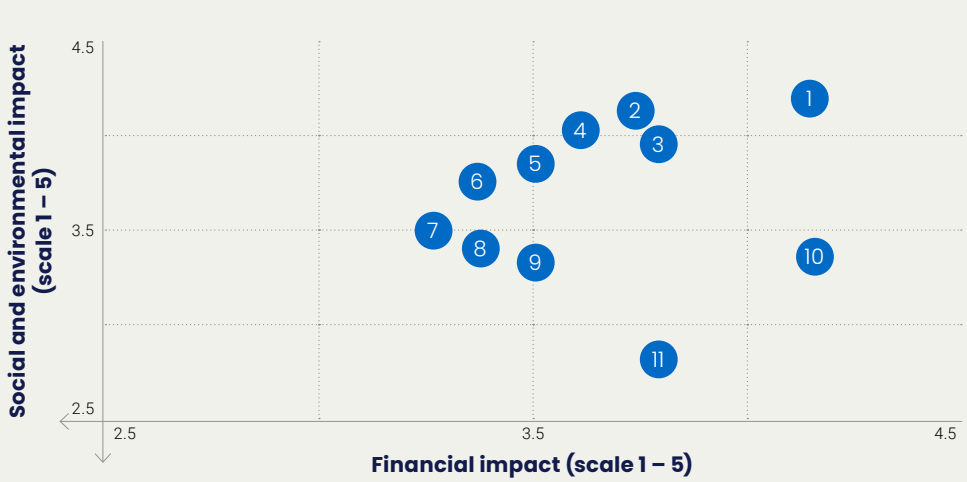
Materiality assessment continued

Our top 11 material impact areas

1. Climate change
2. Equality, equity, diversity & inclusion
3. Product safety & quality
4. Colleague health, safety & wellbeing
5. Responsible sourcing in supply chains
6. Talent & reward
7. Resource use & circular economy
8. Sustainable raw material sourcing
9. Regulatory compliance
10. IT & cyber security
11. Privacy & data security

Materiality matrix

The matrix opposite presents the findings of the double materiality assessment. It displays Grafton's top 11 material impact areas. Impacts were assessed using a 1 to 5 scale. A materiality threshold was applied, impact areas above 2.5 on both axes were deemed material and presented in the matrix.



Linking material impacts to strategy

ESRS reference	ESRS topical issues	Strategy link	Subtopics	Disclosure reference
E1	Climate change	Planet	Climate change	Pages 51 to 55
E5	Resource use & circular economy	Customer & product	Resource use & circular economy	Pages 56 to 58
			Sustainable raw material sourcing	Page 57
S1	Own workforce	People	Equality, equity, diversity & inclusion	Pages 61 and 62
			Colleague health, safety & wellbeing	Pages 63 and 64
			Talent & reward	Pages 62 and 63
			Privacy & data security	Page 68
S2	Workers in the value chain	Customer & product and ethics	Responsible sourcing in supply chains	Page 65
S4	Consumers and end users	Customer & product and ethics	Health & safety*	Pages 63 and 64
			Product safety & quality	Page 66
			Privacy & data security	Page 68
			IT & cyber security	Page 68
G1	Business conduct	Ethics	Regulatory compliance	Pages 67 and 68
			IT & cyber security	Page 68
			Privacy & data security	Page 68

* Whilst customer health and safety was not specifically called out in the top 11 material impact areas our holistic approach to health and safety covers this important stakeholder group so it has been included as an area of disclosure.

Our value chain

Our key business activities, stakeholder groups and value chain steps are set out in the diagram below. We have highlighted the relationships with our material impact areas. Our sustainability programme addressed the full value chain from raw material sourcing, to supply chain due diligence, operational emissions and waste, health and safety and customer engagement.

Upstream

Raw materials and sourcing
1 5 7 8
Extraction, production and refinement of raw materials for products

↓

Third-party manufacturing
3 5 7 9
Third-party manufacturing and development of products for sale

↓

Supply chain management
1 3 5 7 8 9
Supply chain due diligence, assessing risks and acting accordingly. Building long-term supplier relationships

Own operations

Manufacturing
1 2 3 4 6 7 9
Running 11 manufacturing sites for mortar, staircases and windows in Great Britain

↓

Logistics and distribution
1 2 3 4 6
Outbound logistics, inventory management and product compliance

↓

Distribution and retail branches
1 2 4 6 9 10 11
Operating 462 distribution and retail sites as well as online sales operations

Downstream

Sales and marketing
2 3 4 10 11
Sales via branches, digital platforms and direct delivery

↓

Direct customer operations
3 4 7 10 11
On-site delivery, trade credit support and technical support

↓

End customer operations
1 3 4 7 9 10 11
Products delivered and used in building industry including aftersales care and warranty

Stakeholder groups across our value chain

Customers	Colleagues	Communities and the environment	Shareholders	Suppliers

Material impacts

1. Climate change
2. Equality, equity, diversity & inclusion
3. Product safety & quality
4. Colleague health, safety & wellbeing
5. Responsible sourcing in supply chain
6. Talent & reward
7. Resource use & circular economy
8. Sustainable raw material sourcing
9. Regulatory compliance
10. IT & cyber security
11. Privacy & data security

Environmental disclosures

It's estimated that buildings account for 40% of the energy usage across the EU and 36% of GHG emissions, which mainly stem from construction, usage, renovation and demolition. GHG emissions from material extraction, manufacturing of construction products, as well as construction and renovation of buildings are estimated to be 5-12% of GHG emissions TCFD.

As a result, all players in this sector have a responsibility to take action to reduce emissions and source materials responsibly and use them efficiently.

The stakeholder engagement carried out with customers, colleagues, investors, lenders and suppliers for our double materiality analysis showed that climate change and resource use and circular economy are important impact areas.

Environmental disclosures	**E1: Climate change** **E5: Resource use and circular economy**
Strategy linkage	**Planet** **Customer and product**
UN SDG	11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action; 15 Life on land

Key: Risk | Opportunity | Upstream | Own operations | Downstream

Environmental impacts, risks and opportunities TCFD

The table below summarises Grafton's environmental IROs

ESRS Topical issue	Sub-topic	Impact	Value chain	Risks & opportunities
Climate change	**Climate change mitigation**	Scope 1, 2 & 3 GHG emissions.	Own operations, Downstream, Upstream	Transitional costs – investment in mitigation strategies such as energy efficiency, alternative technologies, renewable energy and alternative fuels. Reduction in carbon emissions due to success of transition plan. Financial costs related to carbon taxation.
Resource use and circular economy	**Resource use**	Extraction/harvesting and use of raw materials for manufacturing process including timber and aggregates.	Upstream	Environmental, social, reputational and commercial impacts of unsustainable raw material sourcing.
	Raw material sourcing	Use of raw materials in products for sale to customers notably timber.	Upstream	Failure to meet regulation related to forest-based commodities, notably timber.

Environmental disclosures – E1 Climate change

TCFD

Business activity	Policy/approach	Metrics/targets
Climate Change	Environment Policy	Net-Zero Science Based Target

Actions

Own operations

Actions and plans

This year Grafton has remained focused on implementing initiatives that will reduce our GHG emissions to ensure progress towards our Science Based Targets Initiative targets.

Key decarbonisation levers for Scope 1 and Scope 2 are:

Electricity and energy savings

Grafton has increased its acquired renewable electricity by 4% in 2025 to a total of 92%. Business units continued to implement a range of efficiencies including energy management systems and equipment efficiencies.

This has been alongside our work on electrification of premises, moving away from fossil-fuel sourced heating such as natural gas and heating oil. Grafton continues to install Solar PV arrays across the estate, with ten new installations and the expansion of six existing arrays in 2025.

We produced over 2,800,000kWh of renewable electricity some of which was fed into the local grid.

We have continued to implement recommendations from the Energy Savings Opportunity Scheme which include a range of energy saving initiatives. Grafton will continue to implement initiatives before the next phase of the Scheme.

Vehicle fleet

In 2025, efforts to move to an alternative vehicle fleet continued with the increased uptake in BioCNG, Hydrotreated Vegetable Oil (HVO) and electric vehicles across the fleet.

HVO use in our commercial fleet increased by 22% compared to 2024, saving more than 2,000 tCO_2 e. Our UK-based businesses entered into a shared contract to increase HVO usage most cost-effectively. The transition to an alternatively fuelled vehicle fleet will continue as part of our transition plan, with increased uptake of HVO and move to electric vehicles where feasible across the fleet.

Value chain

Actions and plans

Data availability and accuracy

With over 99% of Grafton's emissions being indirect emissions generated in our value chain, the support of our suppliers and manufacturers will be essential to achieve our targets. Grafton worked to improve its Scope 3 calculation process in 2025 by improving the accuracy of purchasing and associated emissions factors as well as a focus on end of life treatment of products sold and emissions of products in their use phase. In conjunction with supplier engagement, Grafton plans to further improve the accuracy of value chain emissions. The introduction of CBAM to some of the markets within which Grafton operates has improved the accessibility of carbon data provided by our suppliers.

Supplier engagement

Our work with EcoVadis will provide a route to engage with suppliers on their environmental performance including climate change.

We continue to partner with manufacturers to drive investment in low emission technologies and products. This is essential to decrease the emissions from goods we sell to our customers and the emissions the product may produce over its lifetime.

Focused examples

Businesses including Selco and Woodie's have highlighted the importance of the EcoVadis programme through their supplier conferences.

Isero maintained top-level CO_2 Performance Ladder certification in the Netherlands. The business has renewed this annually since 2017, reflecting Isero's commitment to cutting emissions across its operations and supply chain through transparent reporting and collaboration.

Salvador Escoda's air conditioning offer is important to support customers' climate change adaptation programmes. In 2025 Salvador launched a new training programme focused on solar energy, energy efficiency, and reducing carbon emissions. It offers technicians hands-on sessions, real-world examples and practical guidance to help professionals improve system design, performance and sustainable energy use.

Net-Zero Science Based Targets

The Science Based Targets Initiative (SBTi) has validated that the science-based greenhouse gas emissions reductions targets align to the SBTi Corporate Net-Zero Standard.

SBTi has classified Grafton's Scope 1 and 2 target ambition as in line with a 1.5°C trajectory:

Overall net-zero target: Grafton Group plc commits to reach net-zero greenhouse gas emissions across the value chain by 2050.

Near-term targets: Grafton Group plc commits to reduce absolute Scope 1 and 2 GHG emissions 48.5% by 2030 from a 2021 base year. Grafton Group plc also commits to reduce absolute Scope 3 GHG from use of sold products covering sold fossil fuels 42% within the same timeframe. Grafton Group plc further commits to reduce all other absolute Scope 3 GHG emissions 42% within the same timeframe.

Long-term targets: Grafton Group plc commits to reduce absolute Scope 1 and 2 GHG emissions 90% by 2050 from a 2021 base year. Grafton Group plc also commits to reduce absolute Scope 3 GHG emissions 90% within the same timeframe.

Environmental disclosures – E1 Climate change continued

Transition plan TCFD

Grafton's climate transition plan follows the principles of the Transition Plan Taskforce disclosure framework – Ambition, Action, Accountability

Ambition

Foundations

Grafton's targets have been validated by the SBTi and are aligned with the 1.5°C trajectory (page 51). Our double materiality assessment showed that our stakeholders, colleagues, customers and suppliers regard climate change as a priority.

Grafton's business model and value chain are presented on pages 9 and 49. As a distributor and retailer of materials for the building industry there are important changes that will need to take place over the coming 25 years.

To drive the changes that are needed, Grafton will work extensively with suppliers and customers. In the shorter term we will focus on improved data collection, increasing the proportion of suppliers with Science-Based Targets and encouraging more suppliers to set targets with support from EcoVadis.

In the longer term there will be a focus on alternative products, materials and energy usage for products as well as scaling up circular business models where possible.

Key assumptions and external factors

Financial growth

The targets are based on absolute emissions reductions therefore organic business growth will be captured in the emissions reduction trajectory. However, as a business that acquires and divests, we have published a recalculation policy to account for any significant changes in the business (www.graftonplc.com).

Policy developments

All businesses require policy support to enable them to deliver such stretching targets. It will be important that governments continue to drive renewable electricity, support innovations in alternative fuels and phase out high impact products such as natural gas and oil boilers.

Industry innovations and developments

We rely on large industries such as chemicals, steel and cement to provide the products that customers such as builders, DIY enthusiasts and developers need. These large industries have plans in place to reduce their emissions and have been subject to legislation, therefore delivering their ambitions will be an important contributor to Grafton achieving our targets.

Technological advancements

Longer term, technological advancements will be necessary in how buildings are constructed and the technology used to power them as well as in the transport industry for heavy goods. We will work with our supplier partners where possible to trial and promote these technologies, but much of the innovation will take place within our supply chain.

Data improvements

As a business Grafton sells hundreds of thousands of products therefore the calculation of Scope 3 emissions is subject to assumptions. As Grafton improves the monitoring of its emissions and suppliers improve the quality of their data, we will likely need to recalculate our emissions.

In 2025 our base year recalculation to account for key acquisitions and divestments was approved in line with our base year recalculation policy.

Scope 1 & 2 transition plan

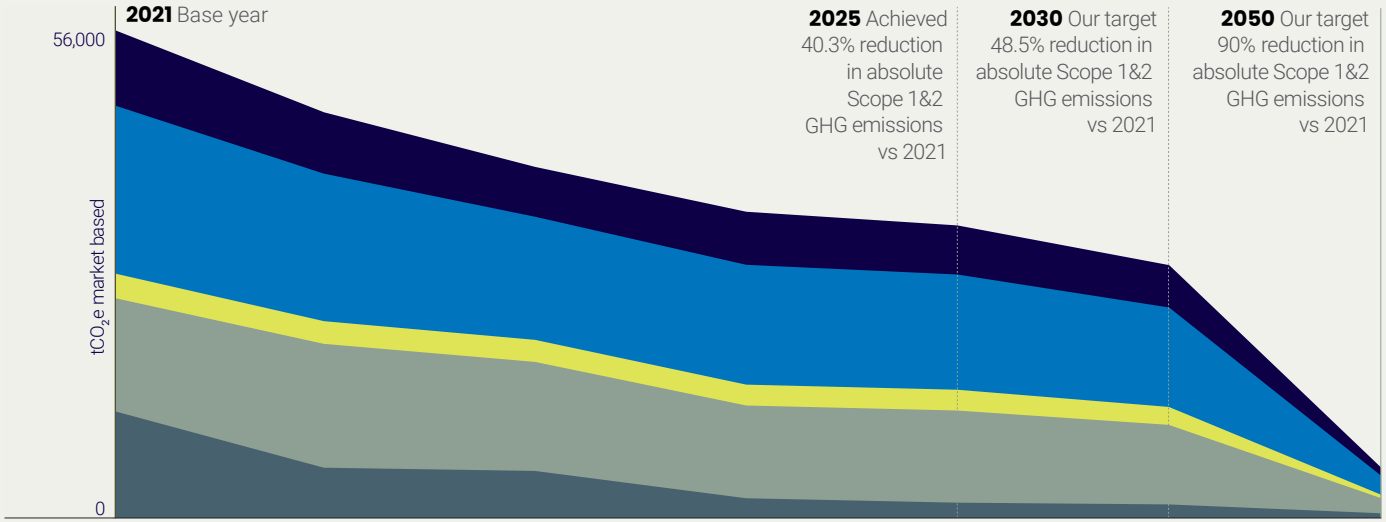
Heating and cooling
Initial focus on increased efficiency and long-term transition to alternative forms of heating.

Commercial vehicles and plant
Phased transition to electric, bio-fuels or other alternative technology in the long term.

Car fleet
Switch to alternative fuels and support this move with the installation of charging points.

LPG
Initial focus on increased efficiency in manufacturing process and long-term working with suppliers to develop technological/efficiency innovations.

Electricity
Move to 100% certified renewable energy and increase solar production capacity for new and existing sites. Continue to improve monitoring of our energy use and increase efficiencies.



Environmental disclosures – E1 Climate change continued

Action

Implementation strategy

The Executive Sustainability Committee ensures that GHG emissions targets are embedded in the business planning and operations of the business. In 2025, the Committee was engaged on the actions needed to meet our targets and approved the recalculation of our base year to account for acquisitions and divestments.

Our priority areas are displayed in the infographics on pages 52 and 53. The actions are separated into Scope 1 and 2, and Scope 3 so that the relevant teams across each business unit can take ownership for the delivery. Grafton includes climate change in the budgeting process to ensure that financial impacts of decisions are effectively quantified.

Engagement strategy

Engagement across Grafton's value chain and especially with suppliers and customers is an essential part of achieving the targets. Suppliers will be required to share detailed data on the products supplied and be encouraged to set science-based targets. Collaboration to bring new products to market will also be key.

Grafton's supply chain due diligence process will be extended to capture more detailed information on GHG emissions.

Grafton collaborates across the industry through groups such as the Builders Merchants Federation and Euro-Mat. These forums provide an opportunity for information and views to be shared with other building materials distributors, suppliers, and leading industry figures. As part of our sustainability strategy, we consult key stakeholders including customers, suppliers, shareholders and lenders. This is used to gain feedback on their priority areas and the actions that they would like to see Grafton taking.

Training of colleagues

The Group sustainability team communicate extensively with colleagues on climate change, targets and reduction strategies. In 2025, training for commercial colleagues has taken place as well as engagement at the Board, Executive Sustainability Committee and individual business unit reviews.

Accountability governance

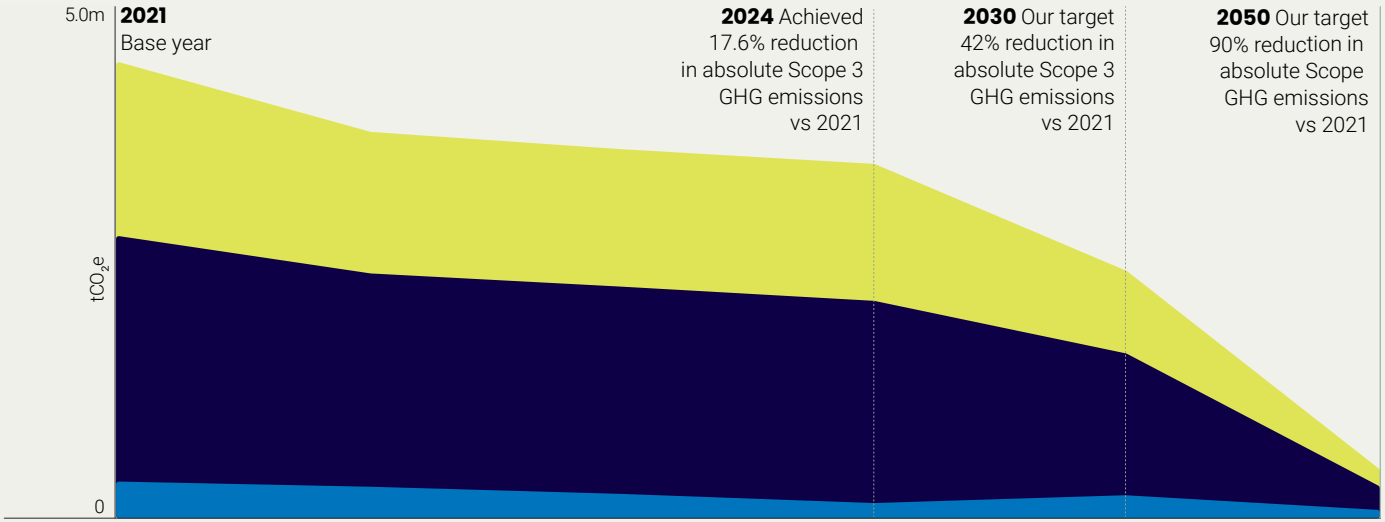
Climate change governance follows the sustainability governance process set out on page 67.

Scope 3 transition plan

Goods for resale
- Increase proportion of products sourced from suppliers with science-based targets.
- Prioritise reductions in categories that make the biggest contributions.
- Collate accurate product level emissions data from Environmental Product Declarations or other Life-Cycle Analysis.
- Increase circular business offering to decouple sales from emissions.

Use of sold products
- Offer alternatives to energy intensive products such as natural gas and oil boilers.
- Improving efficiency of energy using products as well as reducing emissions associated with use through increased renewables in the grid.

Other



Environmental disclosures – E1 Climate change continued

Greenhouse gas emissions reporting TCFD

Scope 1 & 2	Unit	2021 base year	2024	2025	Change on 2024	Change on base year
Scope 1*	tCO_2e	42,380.7	32,427.8	31,453.4	-3.0%	-25.8%
Commercial vehicles	tCO_2e	15,312.8	12,202.3	11,821.6	-3.1%	-22.8%
Gas heating	tCO_2e	7,205.6	5,160.5	5,149.7	-0.2%	-28.5%
Manufacturing (LPG)	tCO_2e	12,982.4	10,648.9	10,579.7	-0.6%	-18.5%
Scope 2 – location-based	tCO_2e	14,868.0	10,820.0	10,010.9	-7.5%	-32.7%
Scope 2 – market-based*	tCO_2e	13,427.2	2,432.9	1,836.8	-24.5%	-86.3%
Electricity	tCO_2e	12,019.1	1,963.4	1,457.2	-25.8%	-87.9%
District heating	tCO_2e	1,408.1	469.5	379.6	-19.2%	-73.0%
Scope 1 & 2 – location-based	tCO_2e	57,248.6	43,247.9	41,464.4 Δ	-4.1%	-27.6%
Scope 1 & 2 – market-based	tCO_2e	55,807.8	34,860.7	33,290.2 Δ	-4.5%	-40.3%
Scope 1 & 2 – market-based intensity**	tCO_2e/£m Revenue	22.3	14.4	13.1	-9.3%	-41.4%

* Major sub-categories of Scope 1 and 2 data presented in the table. Additional contributions from electric vehicles, forklift trucks and fugitive emissions are incorporated in the totals.

** Intensity is calculated using GHG emissions on a like for like basis to align with revenue data.

Scope 3	Unit	2021 base year	2023	2024	Change on 2023	Change on base year
Scope 3	tCO_2e	4,798,277.9	4,051,012.0	3,953,169.1	-2.4%	-17.6%
Goods for resale	tCO_2e	1,399,155.4	1,363,987.6	1,083,806.4	-20.5%	-22.5%
Use of sold products	tCO_2e	2,786,767.9	2,316,163.3	2,677,118.6	15.6%	-3.9%
Other categories	tCO_2e	612,354.7	370,861.1	192,244.1	-48.2%	-68.6%

Energy consumption

	Unit	2024	2025	% of total energy consumption
Energy consumption	Mwh	192,164.1	193,209.2	100.0%
Fossil fuels	Mwh	145,286.8	141,408.6	73.2%
Renewable sources	Mwh	46,877.2	51,800.6	26.8%
Fuel	Mwh	7,207.8	8,795.0	4.6%
Self-generated	Mwh	883.4	1,518.0	0.8%
Acquired	Mwh	38,786.1	41,487.6	21.5%

Environmental disclosures – E1 Climate change continued

Accounting principles GHG emissions

We report our emissions as per the methods set out in the GHG Protocol. Under the GHG Protocol, emissions are categorised into Scope 1, 2, and 3.

We report our emissions in tCO_2 e and on emissions from all entities over which we have operational control. Please see our 'Scope 1 and 2 GHG Criteria' and 'Scope 3 GHG calculation methodology' available at graftonplc.com.

Grafton states that recalculations to the base year may occur given our business model. For more detail, please see 'GHG Recalculation Policy' available at www.graftonplc.com.

Between 2024 and 2025, Grafton completed the acquisitions of HSS Hire Ireland and Salvador Escoda and the divestment of MFP. In line with the GHG Protocol and our operational control approach, emissions associated with these changes have been updated in our Scope 1, Scope 2 and relevant Scope 3 categories from the date on which operational control was obtained or relinquished. As the combined impact of these acquisitions exceeded the materiality threshold defined in our GHG Recalculation Policy, we have undertaken a base year recalculation to ensure comparability of performance over time. Where full-year energy and emissions data was not available, we have applied estimation methodologies consistent with our GHG Calculation Criteria. Integration of both entities into Group-wide emissions management and data systems is ongoing and will further enhance data quality and consistency for future reporting periods.

Scope 1 emissions

Direct GHG emissions from operations. This includes emissions from our vehicle fleet, fugitive emissions, combustion of fuels for heating and manufacturing processes.

Scope 2 emissions

Indirect GHG emissions from electricity, heat and steam, purchased and consumed by Grafton Group. Location-based emissions are based on national grid average emission factors for defined locations. Market-based Scope 2 emissions refer to indirect GHG emissions associated with purchased electricity, heat and steam through procurement of contractual instruments such as Energy Attribute Certificates and Guarantees of Origin from sources such as wind, hydro, solar and biomass. For sites without such contractual agreements and for other Scope 2 energy types in the absence of supplier specific emission factors and/or residual mix emission factors, the national average emission factor has been applied.

Total energy consumption from fossil sources

Primary energy consumption from crude oil petroleum products, and natural gas, as well as consumption of externally purchased secondary non-renewable energy such as electricity, heat, steam and cooling. Energy consumption is based on meter readings and/or invoices. Considering the ESRS requirements, we have widened the scope of the total energy consumption metric to include all entities under operational control, including fuel consumption in leased vehicles.

Total energy consumption from renewable sources

Wood, biogas and externally purchased electricity from renewable sources, such as wind, solar, hydropower, biomass or biogas, as defined in the contractual agreements. Consumption is based on meter readings and/or invoices and complemented with data on renewable energy certificates for each site.

GHG intensity

Total GHG emissions per million net revenue. For the purpose of disclosing GHG emissions intensity (tCO_2e per £m revenue), Grafton Group uses a second set of market-based Scope 2 emission factors to ensure alignment between the emissions data and the financial information presented in each year's Annual Report and Accounts (ARA). While the Group's GHG Recalculation Policy requires restatement of historical emissions when structural changes occur—such as acquisitions or divestments—our financial reporting does not retrospectively restate prior-year turnover for such changes and only reports comparative figures for the previous two years.

To ensure consistency between the numerator (GHG emissions) and denominator (net revenue) in each reported intensity metric, the carbon values used for intensity calculations are aligned to the financial reporting boundaries and turnover figures published in the ARA for that specific reporting year.

This approach ensures that GHG intensity values remain comparable with the financial information reported to shareholders and are consistent with the methodology applied by the Group Finance function. It also ensures that intensity ratios accurately reflect operational performance in the period to which the financial statements relate.

Scope 3 emissions

We report our Scope 3 emissions using the following Scope 3 accounting principles:

- Relevance – Our Scope 3 inventory contains Goods for Resale, Goods Not for Resale, Use of Sold Products, Capital Goods, Operational Waste, Fuel and Energy Related Activities, Upstream Transport and Distribution, Downstream Transport and Distribution, Processing of Sold Goods, Business Travel, Employee Commuting, Downstream Leased Assets, End of Life Treatment.
- Completeness – Our Scope 3 inventory reflects our GHG emissions appropriately. Upstream Leased Assets, Franchises and Investments are not relevant for Grafton and are therefore excluded from the inventory.
- Consistency – We have calculated our Scope 3 emissions for 2021, 2022, 2023 and 2024 with consistent methodologies and reporting boundaries. This lends us to performing trend analysis and monitoring emission reduction progress over time.
- Transparency – Our Scope 3 methodology and assumptions can be found at www.graftonplc.com.
- Accuracy – During the calculation process, source data undergoes quality checks and calculations are reviewed by a third-party consultancy firm to ensure credibility in the end emission analyses.
- The latest data for Scope 3 is 2024 due to the complexity of the calculation.

Environmental disclosures – E5 Resource use and circular economy

Careful resource management is central to our sustainability programme. Our focus areas include operational waste management, packaging, raw material sourcing and circular business models.

Business activity	Policy/approach	Metrics/targets
Operational waste	Environment Policy	• Tonnes operational waste • Operational waste diverted from landfill • Operational waste recycled
Packaging	Approach specific to operational market	• Report packaging data as per regulations
Raw material sourcing: timber	Deforestation Policy	• Timber certified through internationally recognised schemes • Due diligence processes in place in all relevant business units
Manufacturing: raw material use	Deforestation Policy Supplier engagement	• Timber certified through internationally recognised schemes • Restoration plans in place for aggregate sites
Circular business models	Approach specific to each business unit	• Pilot circular business opportunities by 2025 • Promote products to customers with sustainability attributes by 2030

Operational waste

Grafton works with waste management companies to monitor waste, manage it responsibly and look for opportunities to reduce it.

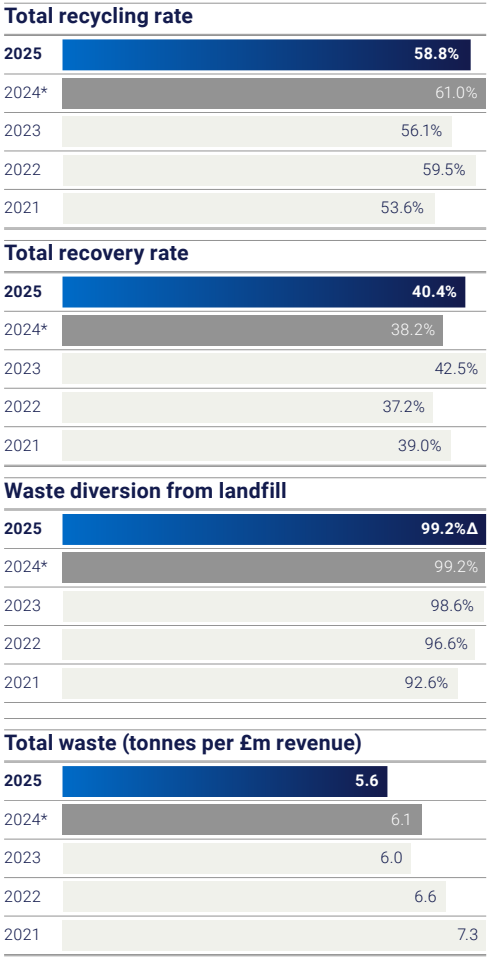
In partnership with our waste management companies, teams work to divert the waste in our own operations from landfill and in 2025 achieved a 99.2% diversion rate Δ. In addition, 58.8% of our operational waste was recycled.

We continue to look for opportunities to replace plastic wrap used to distribute products with recycled alternatives as well as trying to reduce the amount used where possible by using collapsible boxes, moving to cages or strapping products together. However, all alternatives need to be carefully assessed with our colleagues' safety in mind as many of our products are heavy and safety is of the utmost importance.

Accounting principles

Operational waste includes all waste generated in our operations. The data is collated via third-party reports from waste providers detailing disposal methods of waste streams.

Operational waste data



Packaging data

All businesses report packaging data as required by legislation in their country of operation. The biggest change to this system has been taking place in the UK, where business units have continued to report against the existing packaging scheme and plastics tax regulations as well as the new extended producer responsibility system.

Business units have been working closely with suppliers to collect the data required on packaging.

Businesses based in the EU are also preparing for the Packaging and Packaging Waste Regulation which introduces rules and standards related to the packaging put on the market.

* Restated to include data for Salvador Escoda which was acquired in Q4 2024.

Environmental disclosures – E5 Resource use and circular economy continued

Raw material sourcing

Gaining greater traceability of priority raw materials is an important focus. Timber is a key raw material for a number of the distributors within the Group and for StairBox.

The Group Deforestation Policy outlines the legal requirements, responsible sourcing and due diligence guidelines related to purchasing of forest based commodities, timber in particular. This policy is available at www.graftonplc.com.

In 2025 the focus has been on preparing for the EU Deforestation regulation. Identifying products in scope, reaching out to suppliers, planning the IT systems needed to monitor data and establishing the formal due diligence processes required to meet the requirements.

Business units across the Group have been sharing knowledge and best practice and significant work has taken place to monitor the changing requirements of the legislation.

Business units have also continued to promote the certification of the products sold through internationally recognised certification schemes.

Percentage of Selco timber certified to internationally recognised standards in 2025

99.0%

Percentage of StairBox timber certified to internationally recognised standards in 2025

99.6%

Across the Group we have achieved 90.9% of timber certified either with full chain of custody or supplier declared. This is less than our 100% target, but the priority for 2025 has been preparing for the deforestation regulation. We have plans in place to increase this percentage further in 2026.

Raw materials for manufacturing

Our manufacturing businesses produce ready mix and bagged mortar products, bespoke staircases and windows. The manufacturing process is different, but the processes have been developed to minimise wastage, source raw materials responsibly and produce quality products that are made to last.

Mortar manufacture

CPI EuroMix operates ten manufacturing sites across Great Britain sourcing cement, sand and additives from trusted suppliers to produce the product and their manufacturing processes follow the following standards:

- ISO 9001: Quality Management System
- ISO 14001: Environmental Management System
- BES 6001: The Framework Standard for Responsible Sourcing.

Attaining these certificates demonstrate CPI EuroMix's commitment to providing high-quality products using raw materials that are sourced responsibly and following a manufacturing process designed to minimise impact on the environment. CPI EuroMix received an 'Excellent' performance rating for their BES 6001 certification and use this framework when considering new suppliers. CPI EuroMix has been certified against ISO 9001 and ISO 14001 since 2016, and through regular auditing across all locations and regularly reviewing internal management systems maintain high-quality product manufactured responsibly. CPI EuroMix has also worked with their cement suppliers over time to ensure that GHG emissions associated with this raw material are reduced and the sand suppliers have strong restoration plans in place for all extraction sites.

Wooden staircase and window manufacture

StairBox uses state-of-the art technology to design and manufacture made-to-measure products. This ensures that minimal waste is generated in the installation of the product. Their sales teams have extensive training to support customers to design the products to the correct specifications.

StairBox operates a series of quality inspections throughout the manufacturing process, prior to a final full quality sign-off prior to loading and delivery. They have a chain of custody timber sourcing process to ensure that the timber used is responsibly sourced. 99.6 % of StairBox timber is certified by internationally recognised timber certification schemes. The certification process provides confidence that timber sourcing is not contributing to illegal deforestation, that strong labour standards are met.

The chain of custody audit ensures full traceability of all materials from initial source to end user as well as checking policies and procedures.

Environmental disclosures – E5 Resource use and circular economy continued

Circular business models

Our business units are investigating and trialling different circular business models. They fall into a number of categories.

TCFD

1. Products as a service

In May 2025 Grafton completed the acquisition of HSS Hire Ireland. This is a tool and equipment hire specialist operating from four branches and four customer distribution centres in the Republic of Ireland. HSS Hire Ireland offers an extensive range of conventional hire products as well as specialist equipment.

This acquisition builds on our existing rental business models which include Sam Hire in the Republic of Ireland, TG Lynes plant rental service and Selco's partnership with HSS Hire in Great Britain.

2. Sale of spare parts

Spare parts and rental offerings have been central to the IKH business model for over 20 years. Spare parts are offered for tools, large machinery and tractor models. Maintenance and repairs of rental products are performed in-house, maximising the life of each product.

3. Take-back schemes

All of Selco's branches now have a pallet collecting scheme. Pallets from 32 branches along with cardboard and soft plastics are taken to a central distribution centre to be repaired or reused by a third party. For the remainder of the estate, Selco uses another partner organisation that collects, repairs and reuses the pallets. This process ensures that all plastic wrap is recycled rather than sent to landfill. Our Netherlands businesses, Isero and Polvo, have a strong focus on battery recycling and tool repairs. Both businesses have collection points in every branch for customers to take used batteries, which are collected by a third-party and recycled. Polvo offer a service whereby customers can take tools to their local branch to be repaired instead of being taken to landfill.

4. Repair & maintenance

Isero is innovating in the refurbishment space by working with one of their value chain partners on a sanitary ware refurbishment scheme collecting, refurbishing and reselling certain products and working to calculate the associated GHG emissions savings.

Additional environmental disclosures

Water management

Water is not a material issue within Grafton's operations as the branches and manufacturing facilities are not large users of water. However, Grafton is monitoring its water usage to ensure that this resource is used as efficiently as possible.

Biodiversity

There are various initiatives in place across the Group that are designed to address biodiversity as well as other environmental issues. Branches work to support and promote biodiversity at a local level. Chadwicks for example is a member of the All-Ireland Pollinator Plan implemented by the National Biodiversity Data Centre. As part of this membership, biodiversity projects are introduced to stores during refurbishments.

The Group's timber sourcing programme promotes responsibly sourced timber including internationally recognised certification which are tackling deforestation. We have a commitment to work with our aggregate suppliers to ensure that all extraction sites have restoration plans in place. CPI EuroMix has engaged with all of its quarries on this topic.

In 2026 we intend to introduce cleaning materials and other products used in our operations that are 100% bio-degradable.

Pollution

Grafton's manufacturing businesses have policies and procedures in place to monitor, manage and minimise emissions associated with the manufacturing process. CPI EuroMix has 'baghouse' technology on all sites which collects dust, and removes particulate matter and harmful gases from the manufacturing process. StairBox uses a bag filter to collect and store dust in a silo which is regularly maintained.

There are alarms installed to alert the teams in the case of a breach of the limits as well as a response plan in place. For the distribution businesses, air quality management associated with the fleet is important. Selco has invested in CNG fuelled vehicles in metropolitan areas as they emit lower amounts of particulate matter than standard diesel fuelled vehicles.

Grafton EcoVadis rating

SILVER | Top 15%
ecovadis
Sustainability Rating
SEP 2025

For the second year Grafton Group achieved Silver for our EcoVadis ESG ratings assessment which is in the top 15% of responders.

Social disclosures

As a European multinational distributor of construction related products and solutions, we interact with people through our value chain: our colleagues, our suppliers and our customers.

Our colleagues are integral to our success as a business and we are committed to fostering an environment where everyone can thrive. Our people initiatives prioritise safety, wellbeing (including mental wellbeing), inclusivity, and professional development and are supported by comprehensive policies.

Supply chain risk management is a priority for the Group, and we understand the importance of effective management of the social impacts in our supply chain.

Engaging effectively with our customers is essential for the success of our business. We listen to their ideas, concerns and respond to provide the best service we can.

Social disclosures	**S1: Own workforce** **S2: Workers in the value chain** **S4: Consumers and end users**
Strategy linkage	**People** **Customer and product** **Ethics**
UN SDG	3 Good health and well-being; 5 Gender equality; 8 Decent work and economic growth; 10 Reduced inequalities

Social impacts, risks and opportunities

The table below summarises Grafton's social IROs

Key: Risk | Opportunity | Upstream | Own operations | Downstream

ESRS topical issue	Sub-topic	Impact	Value chain	Risk/opportunity
Own workforce	**Equality, equity, diversity and inclusion**	A diverse and inclusive culture with strong colleague engagement results in colleague attraction and retention.	Own operations	Risk: Lack of diversity and inclusion within the workforce, including at senior levels, and a failure to provide equality and equity in the treatment of colleagues with respect to protected characteristics and mental wellbeing, can adversely affect retention and recruitment and may also result in non-compliance with relevant legislation. Opportunity: A diverse and inclusive culture, combined with strong colleague engagement and programmes that support overall wellbeing, including mental wellbeing, will attract potential colleagues and help motivate existing ones.
	Talent	Attracting talent and developing our existing colleagues to drive their careers and deliver business performance.	Own operations	Risk: Inadequate recruitment practices and ineffective training, development, engagement, pay and reward programmes, may result in retention challenges and negatively affect the Group's ability to attract, recruit and retain talent. Opportunity: Clear career pathways, compelling employer brands in our businesses, and robust succession planning across the Group are critical drivers of talent attraction, retention, and sustained business growth.
	Reward	Pay, benefit and reward packages for colleagues.	Own operations	Risk: Lack of competitive pay, comprehensive benefits and fair reward packages, including paying below competitors and offering unequal compensation, can hinder the ability to attract and retain talent and may negatively affect colleagues' mental wellbeing and performance. Opportunity: Offering competitive pay, benefit and reward packages and being transparent on gender pay will result in attraction and retention of top talent and a diverse workforce.
Workers in the value chain	**Responsible sourcing in supply chains**	The working conditions of people through the supply chain and adhering to all associated regulations.	Upstream	Risk: Working with trading partners whose activities result in negative environmental or social impacts. Failure to have in place a strong due diligence process that meets regulations and protects the environment and people through the supply chain.

Social disclosures – Social impacts risks and opportunities continued

ESRS topical issue	Sub-topic	Impact	Value chain	Risk/opportunity
Consumers and end users	**Product safety and quality**	The quality and safety standards of the products we sell impacts our customers and end users and the commercial success of our business.	↓	- Inadequate product safety standards and quality assurance processes could result in the sale of unsafe or poor quality products which may impact reputation, put customers at risk and lead to lost sales.
Own workforce and consumers and end users	**Data privacy and data security**	Loss of colleague and customer data impacts trust and commercial success.	→ ↓	- Poor security and privacy controls over customer and colleague data may lead to data breaches which negatively impact customer and colleague trust and result in colleague retention issues and loss of customers. Failure to comply with data protection regulation.
	Health, safety and wellbeing	Potential accident and injury of colleagues going about their work and customers using our facilities.	→	- Risk of personal injury or loss of life of colleagues, suppliers, customers or members of the public during branch operations (including delivery) due to unsafe working practices. Failure to comply with health and safety regulation. - Insufficient attention to colleague safety and wellbeing, including mental health, may lead to underperformance or retention issues, and an increased risk of regulatory non-compliance.

Social disclosures – S1 Own workforce

The Group Chief Human Resources Officer, along with HR leaders in each business unit, ensure the effective delivery and promotion of colleague initiatives across each of our businesses. The Group-wide HR Forum serves as a platform to collaborate and share best practice, and monitors key metrics to ensure continuous improvement. Unless otherwise stated, our disclosures are applicable to all colleagues across the Group. Certain initiatives and programmes are tailored to meet the requirements of each local operational market.

Business activity	Policy/approach	Metrics/targets
Equality, equity, diversity and inclusion	• Group Equality, Equity, Diversity and Inclusion Policy • Human Rights Policy • SpeakUp Policy	• Alignment with FTSE Women Leaders Review on gender diversity and the Parker Review on ethnic diversity • Percentage increase in the number of females in a defined senior management group • Year-on-year increase in the number of females across all levels in our businesses • Engagement surveys at least every two years • Monitoring equal pay and a robust grading structure
Talent	• Group-wide performance management process and system with talent management capability selected	• Talent metrics in development • Average hours of training per colleague annually which is measured at business unit level
Reward	• Reward incentives across the Group and in business units are designed to drive high performance • Variable pay rewards outstanding achievement and commitment	• Compliance with EU pay transparency legislation • All colleagues receive at least 1% above the local national minimum wage
Colleague health, safety and wellbeing	• Health and Safety Policy, Risk Assessments and Safe Systems of Work • Wellness at Work Policy	• Lost time injury frequency rate • Lost time injury severity rate

Equality, equity, diversity and inclusion

We strive to create a workplace where everyone feels valued, respected, and empowered to contribute. The Board receives regular updates on the progress of our equality and diversity initiatives. Our Group-wide Equality, Equity, Diversity and Inclusion Policy ensures a consistent approach across the entire business. Diversity and inclusion working groups assist our businesses to foster an inclusive culture. Our objective is to maintain a workforce that represents the communities in which we operate.

All our colleagues are expected to support diversity, promote fair and respectful treatment of everyone, challenge unacceptable behaviours and must comply fully with all legislation relating to equality and diversity in their location.

Fair recruitment processes

We have objective and robust processes for recruitment and selection in each of our businesses.

Preventing workplace harassment

Each of our businesses has a Dignity at Work Policy to help colleagues identify potential bullying and harassment and to provide them with resources to address these issues should they arise. In our UK businesses, we have implemented measures to ensure all stakeholders are informed of our policy of zero tolerance on third-party harassment. Many of our businesses have specific women's groups and inclusion networks to ensure that the views of all colleagues are captured and to drive our diversity agenda.

Our businesses support and leverage the expertise of a wide range of organisations focused on increasing equality, diversity and inclusion. Grafton is a signatory to The Social Mobility Pledge, and is also a member of the Valuable 500. CPI EuroMix is a platinum member of Women into Construction which promotes gender equality in construction.

Promoting diversity in leadership

We were very pleased to increase the number of women in senior management from 32% in 2024 to 38% in 2025. This progress reflects our commitment to fostering an inclusive workplace that values diverse perspectives and promotes equal opportunities for all colleagues. We have implemented recruitment strategies to attract a diverse pool of candidates. Additionally, our benefits programmes have been expanded to support work-life balance and overall wellbeing in line with our Wellness at Work Policy. Our inclusion networks and colleague forums offer opportunities for colleagues to actively contribute to our diversity initiatives.

Promoting the inclusion of colleagues with disabilities

We are committed to fostering an inclusive and safe workplace and promoting psychological safety. We make necessary adjustments to our physical environment to support colleagues with disabilities, ensuring that all colleagues can work in a secure and accessible setting. We are committed to ongoing improvement in this area, ensuring that our workplace complies with health and safety regulations and promotes inclusivity and accessibility and overall wellbeing. Initiatives include:

- **Accessibility improvements**: Upgrading our facilities to include automatic doors, and accessible restrooms, ensuring ease of access for colleagues with mobility challenges.
- **Ergonomic workstations**: Customising workstations to meet the specific needs of colleagues with disabilities, promoting comfort and reducing the risk of injury.
- **Assistive technology**: Investing in technologies, on our external websites to support users with visual impairments.

Monitoring equal pay

Monitoring pay rates among colleagues is an important step to ensure that everyone is fairly rewarded for their work and contribution to our business. We continuously review ways to address any differences in pay and work hard to support career development and progression for all colleagues. Our businesses in the UK and Ireland that are in scope for gender pay reporting under local legislation publish their gender pay reports on their websites. In Spain and Finland to comply with local legislation, we submit equity data and plans. The Group also reports gender diversity data under the FTSE Women Leaders Review and ethnic diversity data under the Parker Review. We were pleased to have improved our ranking amongst the FTSE 250 from 90 in 2024 to 57 in the 2025 FTSE Women Leaders Review.

Social disclosures – S1 Own workforce continued

Colleague engagement

The success of our business is closely aligned with our corporate culture and the contribution and commitment of each of our colleagues. We recognise the fundamental importance of colleague engagement and talent management to the future growth of the Group. We seek to ensure that all colleagues are fully engaged in their work and with the workplace. We encourage their active participation in decision-making processes.

Workplace forums, such as works councils and colleague committees, serve as platforms for discussing important work-related matters. These forums allow colleagues to present ideas and questions to business leaders who consider their viewpoints and concerns. The forums aim to foster trust and confidence between colleagues and the business and plays a significant role in our engagement strategy and diversity strategies.

Colleague engagement surveys provide us with valuable insights into colleague satisfaction and sentiment. Colleagues across our business can participate in formal engagement surveys at least once every two years. Survey results are shared with management teams and colleagues, and local action plans are developed to improve engagement. The results and action plans are discussed with business unit management, and turnover and retention rates are continuously monitored. The engagement survey results are also shared with the Board. In 2025 we appointed Gallup as our Group-wide engagement survey partner going forward.

Non-Executive Directors attend colleague forum meetings at larger businesses in the UK and Ireland at least once a year, allowing them to gather the views of colleagues and learn about their businesses directly. The Non-Executive Directors then share this information with the Board, providing a colleague perspective to assist in decision-making and considering the views of this important stakeholder group. Where directors cannot attend due to language barriers, a summary of the discussion is provided.

Grievance process

Formal grievance and disciplinary procedures across all our businesses serve to protect colleagues' interests, ensure workplace grievances are addressed objectively, and deliver effective resolution to colleague concerns. Our aim is to handle grievances promptly and fairly to maintain a positive workplace environment and to prevent issues from escalating. Our SpeakUp reporting service, managed by a third party, allows colleagues to report concerns confidentially and anonymously.

Confidential feedback

All our businesses have grievance and whistleblowing processes, including the SpeakUp reporting service, described in further detail on page 68, ensuring that colleagues have a facility for anonymous reporting and protection against retaliation. SpeakUp reports are documented and reviewed, with an annual summary presented to the Audit and Risk Committee.

Social bargaining, collective bargaining and freedom of association

We respect the right to freedom of association and collective bargaining for all our colleagues and maintain a neutral stance regarding their choices to join or not join a trade union. Colleagues are entitled to representation by trade unions or other elected representatives, in line with local regulations.

Talent

Our businesses manage recruitment, development and talent in a way that is suited to their people and market. To support these programmes in 2025 we developed a Group talent management system which will be implemented across the Group beginning in 2026. This provides a simple uniform system for managing performance, developing our people and following best practice in people management for our colleagues around the Group.

Our businesses continued to develop new and existing colleagues through training and development programmes. Across the Group, more than 750 colleagues are engaged in government-funded training schemes.

Total colleagues

	2025	2024
Total headcount at the year end	**10,001**	10,003
Breakdown by region		
Island of Ireland	**3,634**	3,578
Great Britain	**3,504**	3,571
Northern Europe	**2,064**	2,067
Iberia	**799**	787

Colleagues by contract type

	2025	2024**
Permanent	**96%**	95%
Temporary	**4%**	5%
Full-time	**77%**	77%
Part-time	**22%**	23%
Zero hours colleagues*	**1%**	n/a

* Included for the first time in 2025. Zero hour colleagues defined as employees without a guaranteed minimum number of working hours. Work is offered as needed.

Colleagues by gender

	2025	2024**
Male	**72%**	73%
Female	**28%Δ**	27%

Colleagues by age

	2025	2024**
<30	**20%**	20%
30-50	**46%**	49%
>50	**34%**	31%

** Restated to include data for Salvador Escoda which was acquired in Q4 2024.

Social disclosures – S1 Own workforce continued

Gender distribution in management

	2025		2024	
	Number	**%**	Number	%
Board of Directors				
Female	**3**	**38%**	3	38%
Male	**5**	**62%**	5	62%
Group Management Team				
Female	**2**	**40%**	2	40%
Male	**3**	**60%**	3	60%
Senior Management				
Female	**11**	**38%**	10	32%
Male	**18**	**62%**	21	68%

Accounting principles

The 2024 data, which previously excluded Salvador Escoda, has now been restated to reflect its inclusion following the business joining the Group in the last quarter of 2024.

The data above includes the members of the Board of Directors of Grafton Group plc, the Group Management Team (GMT) and Senior Management as at 31 December 2025 and 31 December 2024.

The membership of the Board and the GMT is set out on pages 72 to 74.

'Senior Management' is the group reported for the purposes of the FTSE Women Leaders Review, which comprises the GMT and their direct reports.

Training and development

We invest in continuous learning and development opportunities for our workforce to enhance skills and career growth and offer equal access to development opportunities, such as apprenticeships, training programmes, mentorship, and career advancement resources. We review our talent and succession plans regularly to address disparities, reinforcing our commitment to ensuring fairness and equality in career progression.

We keep up-to-date records on recruitment, training and promotion that provide a transparent view of opportunities for colleagues and their progression.

Reward

We take a comprehensive approach to pay, benefits and reward to ensure that all colleagues feel valued and motivated. We offer a range of rewards and recognition programmes to celebrate colleague achievements and milestones. We continuously assess the evolving needs of our workforce and regularly update our compensation and benefits policies. Our benefits package includes health insurance, retirement plans, and wellness programmes.

Our policy is that all colleagues receive at least 1% above the local national minimum wage. Our businesses operate either in the UK or the EU, and the countries in which we operate either have a statutory national minimum wage or our colleagues are covered by a collective agreement which determines minimum pay levels for the sector. In countries where there is a statutory national minimum wage, we define the wage benchmark for our colleagues to be national minimum wage +1%.

Implementation of the EU Pay Transparency Directive is progressing across the Group. In Ireland, Woodie's and Chadwicks have completed job evaluations, while Finland has finalised job levelling and initial pay analysis in line with compliance requirements. In Spain, the project commenced in January 2026 with leadership engagement underway, and in the Netherlands, implementation is scheduled for January 2027 following a government deferral. Beyond regulatory compliance, these initiatives are modernising reward practices, strengthening transparency, internal equity, and data-driven decision-making across the Group.

CEO total remuneration metrics

The table on page 108 shows the ratio of the CEO's total remuneration to the lower, median and upper quartile full-time equivalent remuneration of the Group's UK colleagues.

Social protection

We are committed to supporting our colleagues through various life events that may impact their income. Our benefits programmes are designed to provide financial security and peace of mind. We provide safeguards against income loss due to major life events including loss of income due to sickness, unemployment, workplace injury and acquired disability, parental leave and retirement.

All our businesses operate within the EU or the UK and all colleagues are covered by at least the statutory minimum payments for sick pay, redundancy pay, parental leave and redundancy payments. Many of our businesses also provide enhancements to these benefits.

Colleague health and safety

We believe nothing we do is so urgent that we cannot do it safely.

We remain committed to doing everything we can to ensure that our colleagues, customers and business partners return home safe and well each day. We continue to embed health and safety into our everyday business practices at all levels of the Group.

Safety, Health, and Environment (SHE) teams in each of our businesses work together with their senior leadership teams and the Group SHE Director to integrate health and safety planning into all aspects of the business operation. Risk assessments are completed locally in each business with the significant findings and safe systems of work designed to eliminate, reduce, isolate and/or control risks whilst reflecting and integrating with the reality of business operations.

Each business is subject to regular health and safety audits, including branch compliance checks by internal teams in the businesses, external enforcement officer inspections, and higher-level reviews by the Group SHE Director and the Internal Audit and Business Risk team. These measures support and drive a continual health, safety, and wellbeing improvement plan in each business.

We encourage all colleagues to actively contribute to our health and safety agenda by raising concerns, making suggestions and providing feedback on risk assessments and safe systems of work. This is facilitated through a combination of day-to-day management, team meetings, focus groups, our 'Notify' safety management system and the Group Risk Committee.

Unsafe event and near-miss reporting across the Group has increased by 30% from 2021 to 2025 as colleagues at all levels have taken positive steps to report unsafe events or near misses, which allows local management to investigate them before someone is injured, helping us to eliminate or reduce the risk of future injuries.

Social disclosures – S1 Own workforce continued

During 2025 we developed an additional reporting level to encourage all colleagues to tell us about hazards, conditions, concerns or suggestions through the 'Notify' safety management system. Safety Matters will be launched during 2026, with a simple QR code giving all colleagues immediate access to flag a concern or a suggestion and upload a picture. This is intended to further engage and empower all colleagues to own health and safety in their local environment as well as flagging potential issues that may have wider implications across the business or even the Group.

In 2025, ongoing emphasis on the Group's key health and safety priorities contributed to a further reduction in both lost time injury frequency and severity. The individual activities and initiatives in each business are tailored to their individual risks but the key priorities remain focused on the potential for significant injuries:

- Keeping pedestrians safe from moving vehicles and plant;
- The safe handling and storage of products, including safe working at height; and
- Safe customer deliveries.

Ensuring that all colleagues remain actively engaged and involved with key priorities, as well as their respective local initiatives, is essential for supporting our efforts to maintain safety.

Initiatives in 2025 across all businesses included:

- Colleagues in CPI EuroMix and Selco stopped work for a Safety Stand Down and Safety Pause safety discussion with business leaders on various topics including forklift truck operations, storage and handling practices and being a Safety Citizen.
- Chadwicks further developed their 'Yard of the Year' competition to showcase 'what good looks like' and won the Innovation award at the Irish Health & Safety Excellence Awards for their forklift safety observations app. They also successfully completed their second 'Tour de Forks' competition, highlighting forklift operating skills and safe practices in a gamified competitive format.
- Woodie's increased their focus on traffic management plans, fitted Halo perimeter lights on forklift trucks and replaced all aircraft steps with dedicated electric stock pickers to remove the need for carrying products up and down the steps.
- Several Isero departments achieved level 3 accreditation on the Safety Culture Ladder in 2025 and Isero and Polvo continued to convert training on safe systems of work to e-learning programmes. Many businesses in the Group have started converting safe systems of work and training topics into more interactive short films to simplify the messages for colleagues.

In 2025, the Group lost time injury frequency rate (LTIFR) reduced by 3.7% and the lost time injury severity rate (LTISR) reduced by 6.8%.

During the period 2021 to 2025, the LTIFR and LTISR reduced by 16.3% and 38.6% respectively.

Visible felt leadership of health and safety across all levels of supervisors and managers in our businesses will continue to be a fundamental focus in 2026 to promote our commitment to health and safety and to positively recognise colleagues doing the 'right thing' whilst reinforcing the correct behaviours where necessary.

Colleague wellness

We believe in supporting the physical, social, emotional and financial aspects of our colleagues' wellbeing, which includes mental wellbeing.

We recognise that mental health is just as important as physical health. Our leadership team and Board are fully committed to fostering workplaces where colleagues can speak openly about mental health, seek support without fear of stigma and feel confident that their wellbeing matters. We want all our workplaces to encourage open dialogue about mental health supported by awareness, education and everyday conversations.

Our Wellness at Work Policy outlines our strategy and provides a baseline standard across all our businesses. We provide health benefits and sick pay to ensure our colleagues stay fit and are supported during times of mental or physical ill health.

We also offer assistance to colleagues dealing with personal or work-related problems that might affect their job performance, health and wellbeing. This benefit provides confidential support and counselling services to our colleagues.

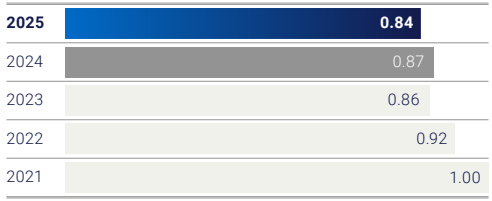
We ensure a safe and pleasant work environment, provide mandatory health and safety and job-specific training, and offer work breaks and holidays, along with free hot and cold refreshments. We offer communal spaces, recognise key life events, and support paid volunteer days and locally approved charities.

We encourage all our businesses to view wellness through a diversity, equality and inclusion lens to ensure we are being equitable and fair with support that can affect colleagues' health and financial outcomes.

Our CEO Mental Wellbeing Statement, which is available on our Group website, www.graftonplc.com, sets out our leadership approach to colleague wellbeing which underpins colleague engagement and is to the benefit of our business and all our stakeholders. It is important that we all show care and respect for each other, support work-life balance and that our businesses provide the tools and resources to support our colleagues.

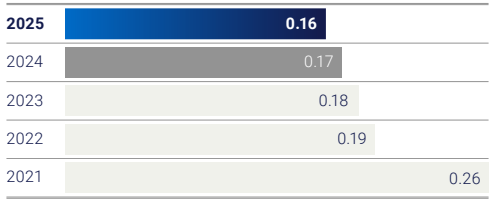
Lost time frequency
Lost time injuries/100,000 hours worked

0.84



Lost time severity
Working days lost/2,000 hours worked

0.16



Accounting principles for health and safety
Health and safety metrics cover all colleagues. Lost time injury frequency rate refers to the number of work-related injuries resulting in lost working days per 100,000 hours worked. Lost time injury severity rate refers to the number of lost working days due to a work-related injury per 2,000 hours worked. Days lost are calculated from the first full day to the last, based on a five-day working week.

Social disclosures – S2 Workers in the value chain

Business activity	Policy/approach	Metrics/targets
Responsible sourcing in the supply chain	Human Rights Policy Supply Chain Due Diligence Policy Supplier Code of Conduct Deforestation Policy	Proportion of suppliers by spend risk assessed on the EcoVadis IQ+ platform Proportion of higher risk suppliers completed ratings assessment

Supply chain risk management is a top priority for the Group, and we understand the importance of effective management of the environmental and social impacts in our supply chain.

Our businesses source products from a range of suppliers including:

- Branded building materials manufacturers
- Branded raw materials suppliers
- Own brand suppliers
- Distributors and agents
- Suppliers engaged through buying groups

Our due diligence process enables us to assess whether our suppliers have effective processes in place to manage their environmental and social impacts, including ensuring fair working conditions for individuals involved in the manufacture of the products we sell. In 2025, we launched our EcoVadis programme with our commercial teams and suppliers.

Policies

The Grafton Group Code of Business Conduct and Ethics outlines the standards expected of colleagues when interacting with suppliers.

The Grafton Group Supplier Code of Conduct defines our requirements for suppliers regarding legislative compliance, human rights, environmental sustainability and business practice. The Code is available in multiple languages and has been published on business unit websites. It has been approved by the Group CEO and Group Procurement Board.

The Codes are reviewed every two years, or sooner if significant changes occur.

In 2025 we published our Human Rights Policy following the completion of our human rights risk assessment. Workers in the supply chain were one of the key groups of people that formed part of this assessment.

Supply chain due diligence

Our due diligence process is designed to identify and mitigate risks within our supply chain. Each of our business units manages their own sourcing process. Businesses in the Group work with EcoVadis on our due diligence process with the Group Sustainability Team overseeing the process and reporting*.

EcoVadis is a globally recognised sustainability rating agency conducting assessments based on international sustainability standards to assess our supply chain partners.

We carried out 16 training sessions involving 80 commercial colleagues, held monthly drop in clinics for commercial teams and launched a training video for commercial colleagues.

At the end of our launch phase of our programme, over 1,750 suppliers were uploaded and risk assessed on the EcoVadis IQ+ platform accounting for 89.5% of 2025 spend**.

Suppliers accounting for 9.72% of total spend** were deemed higher risk and are being engaged to complete an EcoVadis Ratings Assessment or share alternative third-party assessment.

15.9% of suppliers by spend** have completed an EcoVadis Rating. The Ratings assessments take a few months to complete and be verified and scored so we are aiming to increase this percentage in 2026.

In addition to the EcoVadis process, we have established mechanisms in place to identify supply chain concerns. These include supplementary screening checks and the SpeakUp anonymous reporting service, which allows stakeholders to report any concerns confidentially to an independent party with safeguards in place. We also actively encourage open dialogue between suppliers and our commercial teams.

Colleague training and engagement

In 2025 we launched our new due diligence policy and associated process across the Group. We completed training sessions with commercial teams, held drop-in sessions and developed a training video for new commercial team members. From September 2025 we started internal reporting on EcoVadis performance.

Value chain worker engagement

Engagement of value chain workers is a key element of the EcoVadis rating process that higher risk suppliers are assessed against.

Value chain worker channels

Our SpeakUp service is available for all suppliers to share concerns.

Severe human rights abuses

No instances have been reported or identified through the screening process.

Resources invested

Given the importance of supply chain management and due diligence this is an important area of investment.

We invest resources in our risk management and screening platforms, sustainability, procurement, analyst and audit resource in the Group and businesses.

Accounting principles

Supplier information is extracted from the Group Procurement Dashboard. All suppliers that the Group spent over 25,000 Euro with in 2024 were uploaded onto EcoVadis IQ+. EcoVadis risk assess suppliers. Data points are presented based on spend in 2025 reporting period excluding Salvador Escoda who were completing their sustainability onboarding programme in 2025.

* Salvador Escoda suppliers will be uploaded in phase 2 of the programme in 2026 as their sustainability onboarding is completed.
** Spend excludes Salvador Escoda.

Social disclosures – S4 Consumers and end users

Business activity	Policy/approach	Metrics/targets
Product safety and quality	Group Product Safety and Quality Principles	Internal Audit assessment of effective implementation every three years

As a European multinational distributor of construction related products and solutions, ensuring we engage our customers effectively, listen to their ideas and concerns and respond appropriately is critical to our commercial success.

Our customers include:

- SMEs involved in RMI
- Large private sector customers involved in the construction industry
- Public sector organisations
- DIY customers

Our business units engage with customers in a range of different ways such as:

- Customer service teams
- Customer surveys
- Customer insight programmes
- Product return processes
- Face-to-face conversations in branch

These engagements provide valuable insights that inform the development of our customer propositions.

Impact area and disclosure

Product safety and quality

Product safety and quality processes of our manufacturing businesses are incorporated in the resource use and circular economy information on page 57.

In addition, our distribution and retail businesses have approaches tailored to their product and supply mix. These processes include contractual arrangements with suppliers to ensure products meet appropriate standards, product recall processes and procedures should a concern arise, technical manuals covering products specifications, safety and quality standards as well as product testing regimes for certain product categories.

Health and safety of customers in our branches

The Group Health and Safety Policy and approach covers our customers in branch. Further detail on our approach to health and safety is set out on pages 63 and 64.

IT and cyber security, privacy and data security

Our approach to privacy and data security is set out on page 68.

Additional social disclosures

Human Rights

Our human rights framework includes the following elements:

Human Rights Policy

We published a human rights policy in 2025 which covers the Group.

Human Rights Assessment

We conducted a human rights risk assessment in 2025 to evaluate the potential impacts on various stakeholders, including workers in the supply chain, colleagues, customers and communities. The assessment focused on salience by considering the number of people affected, the severity of potential risks, the ability to remediate these risks and the processes in place for managing and monitoring these risks.

Governance

The human rights framework is overseen by the Executive Sustainability Committee who approved the risk assessment and policy.

Management

We have a programme to manage each of our salient issues related to own workforce and suppliers which are covered in other sections of this report.

Tracking progress and communication

Progress against the framework will be assessed annually with details provided in the appropriate sections of our Sustainability Statement and Modern Slavery Statement.

Community

Our businesses operate in a diverse range of communities and many of our colleagues come from these communities. It's incredibly important to act as a good neighbour and use our skills and experience to help those in need.

Colleagues care deeply about supporting community programmes through volunteering, fundraising and donating. As a business we are proud to have contributed over £1.7m to charities and good causes which equates to 0.93% Δ of adjusted operating profit, significantly higher than our target of 0.8%. We also raised over £1.0m through colleague and customer fundraising.

The contribution by the Group to communities is made up of:

- Volunteering time by our colleagues paid for by the business for a host of activities which could include everything from supporting local schools, refurbishing buildings, skills training and fundraising.
- Monetary donations from the business to local community groups, usually voted for by our colleagues. These can take the form of donations and matched funding for colleague fundraising activities.
- In-kind donations which includes materials donated at a local level to support the refurbishment of buildings and services such as marketing, press and print needed to raise awareness of the organisations and issues.

Total donated by Grafton via volunteering, materials, sponsorships and cash donations

>£1.7m

Total donated by customers and colleagues

>£1.0m

Governance disclosures – G1 Business conduct

To deliver our business and sustainability goals we underpin our strategy with robust governance processes, policies and procedures, effective training and awareness, responsible sourcing and responsive management of risks and opportunities.

Governance disclosures	**G1 Business conduct**
Strategy linkage	**Ethics**
UN SDG	5 Gender equality; 8 Decent work and economic growth; 10 Reduced inequalities; 12 Responsible consumption and production; 13 Climate action

Key: Risk | Opportunity | Upstream | Own operations | Downstream

Governance impacts, risks and opportunities

The table below summarises Grafton's governance IROs

ESRS topical issue	Sub-topic	Impact	Value chain	Risk/opportunity
Business conduct	**Bribery and corruption**	Zero tolerance of bribery and corruption essential to meet regulations and operate as a responsible business.	Upstream, Own operations, Downstream	Risk: Bribery and corruption by colleagues or third parties results in financial loss to the business and reputation damage. Failure to comply with anti-corruption regulation.
	IT & cyber security, privacy & data security	Potential breaches of data can impact all stakeholders of the business.	Upstream, Own operations, Downstream	Risk: Risk that external or internal parties will try to gain unauthorised access into Group systems to deliberately disrupt business operations, steal information or commit fraud, resulting in financial loss, impact on the Group's reputation and lead to disruption or breach of privacy for colleagues, customers and suppliers. Failure to comply with data protection regulation.

Governance and business conduct

TCFD

Business activity	Policy/approach	Metrics/targets
Ethical business practices	Bribery and corruption policy	Compliance on ethical business practice training (covers bribery and corruption)

Sustainability governance is integrated into Grafton's overall governance structure as outlined on page 75.

The Board of Directors has ultimate responsibility for sustainability governance. Sustainability was discussed in depth at two Board meetings during the year and an update was shared by the Group CFO at every Board meeting. Topics covered in 2025 included sustainability legislation (in particular deforestation and CBAM), climate change, supply chain due diligence, sustainability legislation, progress, plans and reporting.

The Audit and Risk Committee is responsible for overseeing and monitoring the Group's risk management systems and the steps taken to mitigate key risks, including sustainability and climate change.

The Executive Sustainability Committee (ESC) was established in 2023 to develop and implement the Group's sustainability strategy subject to approval and ultimate oversight by the Board. Its role is to ensure that sustainability considerations are appropriately embedded into the wider business strategy and commercial decision-making process, and that sustainability opportunities and risks have been identified and that measures are scheduled to capitalise on opportunities and mitigate risks.

The ESC comprises the Group CEO, Group CFO and Group Head of Sustainability as well as Group and business leadership. It met three times in 2025.

Sustainability and climate risks and opportunities are assessed and reviewed by the Group Risk Committee (GRC) which is described in further detail on page 31. The GRC evaluates each of the Group's material risks, including health and safety, sustainability and climate change, to confirm that the risk is appropriately described and prioritised, and that the current mitigating controls and actions are sufficient to manage the risk within the Group's appetite.

The Sustainability Working Group is led by the Group's Head of Sustainability and includes functional heads with expertise in property, people, environment and ethics. The Working Group is

Governance disclosures – G1 Business conduct continued

responsible for facilitating actions to help the Group and individual businesses implement the sustainability strategy, and respond to the identified climate risks and opportunities.

The Group Sustainability Strategy and Climate Programme is being implemented by the individual business units. The CEOs of those businesses are responsible for implementing and managing their own sustainability and climate change programme which is consistent with the Group's overall strategy. Each business has formed its own sustainability committee or working group to monitor and manage its sustainability actions. In 2025 we established a Group Sustainability Forum to share ideas and best practice.

The Group Head of Sustainability had regular meetings during the year to discuss progress and share good practice with the teams in the business units.

Share awards to the Group CEO, Group CFO and senior management made in 2025 under the Group's Long Term Incentive Plan included targets relating to GHG emissions reductions (Scope 1 and 2) and gender diversity in leadership.

Ethical business practices

The Group Code of Business Conduct and Ethics, which is available on www.graftonplc.com, reflects our responsibility to uphold high standards of ethics and integrity, and it sets the standard of behaviour which colleagues, contractors, agents and businesses are expected to follow. The Code and associated policies are the subject of mandatory training courses which are accessed by colleagues through the Group's online learning management systems.

Compliance rates are recorded and reported to the Group Risk Committee and Group Internal Audit who perform testing to confirm compliance with key aspects of the Code and Group policies as part of annual reviews. The mandatory training courses are expected to be completed by colleagues within the first three months of joining the Group, and then retaken on a regular basis (either annually or every two years depending on the course).

Overall compliance rates for the completion of mandatory training courses by colleagues across the Group have improved and are either above or approaching the target level of 95%.

Mandatory training compliance rates

	2025	2024*
Business conduct and ethics	94.74%	92.44%
Information security awareness	94.50%	89.23%
Regulatory compliance	95.70%	91.59%

* Excludes Salvador Escoda as these colleagues were onboarded to the training system after the reporting date.

Accounting principles

Colleague compliance with the requirement to complete three online group mandatory training courses is monitored and reported against. The requirement is for new starters to complete the training within three months of joining and then renew as required by the course in question.

The targeted population is colleagues of all Group businesses and Group Head Office at 31 December for each year.

Data is taken from the learning management system of the individual business units and collated at Group. Compliance is expressed as a percentage of total number of colleagues in scope of the course and classed as compliant divided by total number of colleagues in scope of the course. The target for compliance is 95%.

SpeakUp

The Group SpeakUp Policy is available on www.graftonplc.com. Colleagues are encouraged to report any concerns they have to their line manager including anything of an ethical business nature. In addition, the Group has an established whistleblowing process in each of its territories.

The SpeakUp service allows colleagues to report concerns confidentially to an independent party with safeguards in place to ensure cases are investigated fully and prevent retaliation to reporters. Awareness of the process is raised through colleague training, business communications and posters at each of our locations. A link to the reporting website is also included on the Group and individual business unit websites. We also encourage third parties, including customers and suppliers to report any concerns of wrongdoing by businesses or colleagues through the service.

During 2025 the Group transitioned to a new third-party provider for its SpeakUp service. The change has improved the security over reports and investigations, and enabled better engagement between reporters and investigation teams. In 2025 there was a 7% increase in the number of case reports received through the SpeakUp service compared to 2024. 27% of cases were substantiated following investigation and resulted in remedial action including dismissal, disciplinary, retraining and process improvement. The average time taken to investigate and close cases was 20 days from receipt of the report which was within the Group's target of 30 days.

Privacy, data and cyber security

Grafton has continued to build on the progress of previous years in respect of process improvements and investment in information technology to detect and protect our data and systems. Both data protection and information security are key areas of focus, underpinned by comprehensive policies and ongoing awareness campaigns to ensure that all colleagues play their part in keeping information safe and secure. Each business has a cyber attack incident plan setting out the steps to react to and recover from a cyber incident, and regular assessments are carried out to identify and resolve vulnerabilities. These are rehearsed each year.

Key cyber security controls are subject to regular dashboard reporting at a business level which is monitored by the Group's Information Security Steering Committee. During 2025 the Group's information security controls framework was rolled out to Salvador Escoda.

Anti-bribery and corruption

The Group Anti-Bribery and Corruption Policy sets out the Group's zero tolerance approach to all forms of bribery and corruption, and the standards expected of all colleagues. It includes thresholds and approval requirements for the offering and receiving of gifts and hospitality to and from third parties by colleagues. All colleagues are required to complete an annual declaration of independence to confirm whether they have any known conflicts of interest, as defined in the policy. Any declared interests are reviewed by management and HR, with actions to manage or remove conflicts agreed with the colleague. Colleagues are made aware of the policy requirements through mandatory training and awareness videos. Compliance with the policy and the management of potential conflicts of interest is reviewed and tested by Group Internal Audit through annual compliance audits.

The Group conducts regular assessments of fraud, bribery and corruption risks. The most recent assessment was performed in 2025 as part of activities to comply with the UK Economic Crime and Corporate Transparency Act. Colleagues are required to report potential instances of bribery and corruption to management or through the confidential SpeakUp service. All reported matters are disclosed to the Audit and Risk Committee.

Independent practitioner's assurance report

Management of Grafton Group plc

Scope

We have been engaged by Grafton Group plc ("Grafton") to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Grafton's selected performance data and statements (the "Subject Matter") contained in Grafton's (the "Company's") Annual Report for the year ended 31 December 2025 (the "Report").

The Subject Matter includes the following selected performance data, which are also marked with a **Δ** symbol in the Report:

- Greenhouse Gas (GHG) emissions:
  - Scope 1 and Scope 2 (location based) absolute tonnes of carbon dioxide equivalent
  - Scope 1 and Scope 2 (market based) absolute tonnes of carbon dioxide equivalent
- Diversity:
  - % of women in group operations: Total number of female employees in the continuing operations of the Group divided by total number of employees in the continuing operations of the Group expressed as a percentage.
- Contribution to the community:
  - Investment and/or sustainability related fundraising (including colleague time for paid volunteering, sponsorship of community groups, gifts in kind and cash donations, excluding colleague and customer fundraising) as a percentage of adjusted operating profit for the Group.
- Waste:
  - Total tonnes of waste diverted from landfill, divided by the total tonnes of waste generated in operations.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Grafton

In preparing the Subject Matter, Grafton applied the accounting requirements of the World Resources Institute Greenhouse Gas Protocol and Grafton's publicly disclosed criteria that is available on the Grafton website (the "Criteria"). Such Criteria were specifically designed by Grafton to guide the measurement and reporting of the Subject Matter. As a result, the subject matter information may not be suitable for another purpose.

Grafton's responsibilities

Grafton's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)') and *International Standard for Assurance Engagements on Greenhouse Gas Statements* ('ISAE 3410'), and the terms of reference for this engagement as agreed with Grafton on 6 November 2025 and 2 March 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent practitioner's assurance report continued

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Green House Gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with personnel to understand the business and reporting process, as well as the process for collecting, collating, and reporting the Subject Matter during the reporting period
- Checked that the calculation methodologies have been correctly applied in accordance with the Criteria
- Undertook analytical review procedures to support the reasonableness of the data
- Identified and tested assumptions supporting calculations
- Tested, on a sample basis, underlying source information to check the accuracy of the data

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 4 March 2026 for the year ended 31 December 2025, in order for it to be in accordance with the Criteria.

Use of our assurance statement

This report is produced in accordance with the terms of our engagement letter dated 6 November 2025 and 2 March 2026, solely for the purpose of reporting to the directors of Grafton in connection with the Subject Matter for the period ended 31 December 2025.

Those terms permit disclosure on Grafton website, solely for the purpose of Grafton showing that it has obtained an independent assurance report in connection with the Subject Matter.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body, for our work, for this report, or for the conclusions we have formed.

Ernst & Young
Dublin, Ireland
4 March 2026

Chair's introduction

Directors' Report on **Corporate Governance**

Ian Tyler, Chair

Dear Shareholder,

On behalf of the Board, I am pleased to present our Corporate Governance Report for the year ended 31 December 2025. This report summarises our corporate governance framework including how we apply the principles and provisions of the UK Corporate Governance Code ('the Code').

Governance at a glance

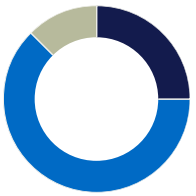
100%
Board meeting attendance

8
Number of Directors at the year end

Board gender diversity

- Male (5)
- Female (3)

Board independence



- Executive (2)
- Non-Executive (5)
- Chair (1)

Board nationality

- UK (4)
- Ireland (2)
- Switzerland (1)
- Sweden (1)

Board activity

The Board balances its agenda to ensure it covers all performance, operations, strategic and governance matters. The typical board agenda includes the following matters:

General matters: minutes, matters arising and reports from the Chairs of the Board Committees, governance, legal and regulatory matters.

Performance and operations: updates on trading, financial performance and operations, along with updates from key Group functions such as Health and Safety, HR, Internal Audit and Risk, Investor Relations and Sustainability.

Corporate development strategy: allocation of capital for organic growth and acquisitions; strategic development of the Group.

Board composition

Grafton has a strong Board that drives strategy, performance and growth of the business. The membership of the Board reflects a diverse range of backgrounds, education, cultures, expertise, perspectives and business experience including Executive and Non-Executive director experience of the distribution sector.

We were delighted to welcome Mr. David Dillon and Ms. Andrea Gisle Joosen to the Board as Non-Executive Directors and we are confident that their combined knowledge and relevant sector experience will be of significant benefit to the Group in the coming years.

In line with the Group's policy, all Directors will retire and seek re-election at the 2026 Annual General Meeting (AGM). As noted in the Nomination Committee Report, each Director continues to perform effectively and has demonstrated a strong commitment to the role and I strongly recommend that each of the Directors going forward is elected/re-elected at the AGM.

The Board is committed to promoting diversity and supports the recommendations of the FTSE Women Leaders Review on gender diversity and the Parker Review on ethnic diversity. Female representation on the Board is 38%. I am pleased to report that the Board meets the Parker Review target of having at least one Director from an ethnically diverse background.

Board Committees

Each of our Committees continued to perform effectively during the year. The reports from each Committee Chair in this Report provide details on the key duties, responsibilities and activities of each Committee during the year.

Board performance review

An internal performance review was completed during the year following an external assessment conducted in 2024. I am pleased to report that the results indicate that the Board and its Committees continue to operate effectively and uphold high standards of governance.

The findings and observations from the internal review are presented on page 80 and will be used to guide and inform the Board's priorities for the current year.

Stakeholder engagement

Creating value and progress for all of our stakeholders is a key aim of Grafton's purpose 'building progress together'. Maintaining strong engagement and clear communication with our stakeholders is therefore an essential part of our activities and our future success.

A summary of how we engage with our various stakeholder groups is set out on pages 19 and 20.

AGM

We look forward to welcoming shareholders to our 2026 AGM which will be held at The Irish Management Institute, Sandyford, Dublin 18 at 10.30am on Friday 15 May 2026.

Ian Tyler
Chair

4 March 2026

Board of Directors

Committee membership key:

- A Audit and Risk Committee
- N Nomination Committee
- R Remuneration Committee
- F Finance Committee
- ◯ Chair

Ian Tyler
Non-Executive Chair

Career
Ian Tyler joined the Board as Non-Executive Director on 1 March 2024 and assumed the role of Chair at the conclusion of the AGM in 2024.

Mr. Tyler was appointed Group Finance Director of Balfour Beatty plc in 1999, Chief Operating Officer in 2002 and Chief Executive in 2005, a role he held until 2013. Mr. Tyler has previously been Chair of Amey UK plc, Vistry Group plc, AWE Management Ltd, Al Noor Hospitals Group plc, Cairn Energy plc and Affinity Water Limited. He is a former Non-Executive Director of BAE Systems plc, Cable & Wireless Communications plc, VT Group plc and Mediclinic International plc.

Current external appointments
Non-Executive Director of Anglo American plc, b.p. plc and Synthomer plc and Chair of BMT Group Ltd, a privately owned design and technical consulting firm.

Board length of service as at 4 March 2026
2.0 years

Eric Born
Chief Executive Officer

Career
Eric Born joined the Group and the Board as Chief Executive Officer on 28 November 2022.

Mr. Born was previously Chief Executive Officer of Swissport International AG, the leading global aviation services provider, and Chief Executive of Wincanton plc, a leading provider of supply chain solutions. He was formerly President, West & South Europe of Gategroup, the global airline catering provider, and prior to that he held a variety of senior roles in the retail sector in Switzerland and the UK.

Mr. Born previously served as Non-Executive Director of Serco Group plc and John Menzies plc.

Current external appointments
None.

Board length of service as at 4 March 2026
3.3 years

David Arnold
Chief Financial Officer

Career
David Arnold joined the Group as Group Chief Financial Officer on 9 September 2013.

Mr. Arnold was Group Finance Director of Enterprise plc, the UK Maintenance and Support Services business, from 2010 to 2013 and was Finance Director of Redrow plc, the house builder, from 2003 to 2010. He previously held senior financial positions with Six Continents plc, the hotels group and Tarmac plc, the building materials company.

Current external appointments
Non-Executive Director of Crest Nicholson Holdings plc, a leading residential housebuilder operating in Southern England and the Midlands.

Board length of service as at 4 March 2026
12.5 years

Rosheen McGuckian
Senior Independent Director

Career
Rosheen McGuckian was appointed to the Board on 1 January 2020 and was appointed Senior Independent Director with effect from 21 October 2025.

Dr. McGuckian is Chief Executive Officer of NTR plc, an unquoted Irish company that acquires, constructs and manages sustainable infrastructure assets.

Immediately prior to joining NTR plc, Dr. McGuckian was Chief Executive Officer of GE Money Ireland, the consumer finance division of General Electric.

Dr. McGuckian previously served as Non-Executive Director of Green REIT plc, the Social Innovation Fund of Ireland, the Irish Aviation Authority and the Strategic Banking Corporation of Ireland.

Current external appointments
Chief Executive Officer of NTR plc; Non-Executive Director of Sicon Limited, the parent company of John Sisk & Son, an international engineering and construction company.

Board length of service as at 4 March 2026
6.2 years

Board of Directors continued

Committee membership key:
- A Audit and Risk Committee
- N Nomination Committee
- R Remuneration Committee
- F Finance Committee
- ◯ Chair

Avis Darzins A N R
Non-Executive Director

Career
Avis Darzins was appointed to the Board on 1 February 2022.

Ms. Darzins is a former Partner at Accenture in London where she worked with many well-known national and international brands in the retail and consumer products sectors.

Ms. Darzins has extensive experience of business change in a variety of sectors including Director of Business Transformation at Sky plc.

Ms. Darzins is a former independent consultant with EY. She served as Non-Executive Director at Moss Bros Group plc until the business was taken private in June 2020.

Current external appointments
Non-Executive Director of Marshalls plc, the UK's leading manufacturer of landscaping products; Non-Executive Director of Safestore Holdings plc, the UK's largest self-storage company; Senior Independent Trustee and Trustee Board member of Barnardo's, the UK's largest children's charity.

Board length of service as at 4 March 2026
4.1 years

Mark Robson A N R
Non-Executive Director

Career
Mark Robson was appointed to the Board on 1 December 2023.

Mr. Robson is a highly experienced former Chief Financial Officer with a board level career in listed companies spanning over two decades and experience, gained at a senior executive level, of the manufacture and distribution of materials to small builders through a national branch network.

Mr. Robson joined the Board of Howden Joinery Group plc as CFO in April 2005 and also served as Deputy CEO for his final six years on the Board until his retirement in December 2021. Prior to joining Howdens, Mr. Robson served for six years as CFO of Delta plc, the international industrials group.

Current external appointments
Non-Executive Director of Morgan Sindall Group plc, a leading UK construction and regeneration group.

Board length of service as at 4 March 2026
2.3 years

David Dillon A N R
Non-Executive Director

Career
David Dillon was appointed to the Board on 12 May 2025.

Mr. Dillon is a highly experienced senior executive with a 25-year career across Europe and the United States at CRH plc, a leading provider of building materials solutions. Mr. Dillon was a member of CRH plc's Executive Committee until the end of 2023, and most recently held the senior leadership positions of President, Europe Lightside & Distribution; President, Strategy & Development; and President, Europe. Prior to CRH, he worked in the airline industry with Aer Lingus Group plc.

Current external appointments
Non-Executive Director of John Paul Construction Limited, a leading contractor operating in Ireland, the UK and mainland Europe; Non-Executive Director of Consolis Group, a European leader in precast concrete solutions; Chair of Kyrie Farm CLG, a charity based in Ireland.

Board length of service as at 4 March 2026
0.8 years

Andrea Gisle Joosen A N R
Non-Executive Director

Career
Andrea Gisle Joosen was appointed to the Board on 1 July 2025.

During her executive career, Ms. Gisle Joosen held numerous leadership roles in the media and technology sectors including as CEO of Boxer Sweden and as Managing Director of Nordics for Panasonic, Chantelle Group and Twentieth Century Fox. She previously chaired Sweden-headquartered Acast AB, Bilprovningen AB and Charge Amps AB, and was a Non-Executive Director at Currys plc, Billerud AB, ICA Gruppen, James Hardie Industries plc and Mr Green & Co.

Current external appointments
Non-Executive Director and Chair of the Remuneration Committee of Viaplay Group AB and Evoke plc; Non-Executive Director of Zühlke, Logent AB, and Stadium AB.

Board length of service as at 4 March 2026
0.7 years

Our Group Management Team

Eric Born
Chief Executive Officer

Career
Eric Born joined the Group and the Board as Chief Executive Officer on 28 November 2022.

+ Read more: See biography on page 72.

David Arnold
Chief Financial Officer

Career
David Arnold joined the Group as Group Chief Financial Officer on 9 September 2013.

+ Read more: See biography on page 72.

Susan Lannigan
General Counsel and Company Secretary

Career
Susan Lannigan joined Grafton in April 2015 and was appointed General Counsel and Company Secretary in July 2024. Susan leads Grafton's legal, company secretarial and communications functions. Susan previously worked as a private practice solicitor and held company secretarial roles in private practice and in the financial services industry.

Carmen Lothian
Group Chief Human Resources Officer

Career
Carmen Lothian joined Grafton in January 2026 as Group Chief Human Resources Officer. Carmen began her professional journey at Deloitte as a tax consultant before moving into industry where she held HR and Transformation senior leadership positions across major UK, US and Irish headquartered organisations.

Stephen Hunter
Group Corporate Development Director

Career
Stephen Hunter joined Grafton on 1 January 2018 after relocating from London to Dublin. Stephen has over 10 years' experience in corporate finance, having previously worked at EY and a boutique corporate finance firm in London. Stephen has been involved with every acquisition since joining Grafton and is also involved in the strategic initiatives across the Group.

Governance framework

The Group's organisational structure is established and overseen by the Board and designed to enable the Group to operate to the highest standard of corporate governance and facilitate effective decision-making.

Board of Directors

The Board is collectively responsible for the long-term success of the Group. Its role is to establish the Group's purpose, values and strategy, to provide leadership and management oversight and to create sustainable value taking account of the interests of all its stakeholder groups. It is also responsible for oversight of the health and safety performance of the Group and for establishing a framework to assess and manage risk, including sustainability and climate risk.

The Board is assisted by Board Committees, each of which is responsible for the matters delegated by the Board and set out in its own Terms of Reference.

Board Committees

Audit and Risk Committee

Responsible for the oversight of the Group's financial reporting and its systems of risk management and internal control and monitoring the effectiveness of the Internal and External audit functions.

+ Read more: Audit and Risk Committee Report page 81.

Remuneration Committee

Responsible for ensuring that Executive Directors are incentivised to successfully implement the Board's strategy and that remuneration is aligned with the interests of shareholders and other stakeholders over the longer term.

+ Read more: Report of the Remuneration Committee page 87.

Nomination Committee

Responsible for reviewing the Board structure and ensuring that it has the necessary balance of skills, experience and diversity to oversee and deliver the Group's strategy.

+ Read more: Report of the Nomination Committee page 84.

Finance Committee

Responsible for considering the financing requirements of the Group, amendments to the terms of existing bank facilities, approval of leases for assets other than property up to a specified level and litigation matters.

Chief Executive Officer

Responsible for the overall management of the business, for proposing and delivering the Group's strategy and implementing and delivering the annual business plan;

Ensuring effective leadership, coordination and performance management of the executive team; and ensuring the identification, enhancement and development of the executive leadership talent pool.

+ Read more: The responsibilities of the Chief Executive Officer are set out on page 78.

Group Risk Committee

+ Read more: The responsibilities of the Group Risk Committee are set out in the Risk Management section on pages 31 and 32.

Group Management Team

Supports the CEO in executive management of the Group.

+ Read more: Members of the GMT are set out on page 74.

Executive Sustainability Committee

Supervises and makes operational decisions in relation to the Group's sustainability activities.

+ Read more: Sustainability Statement page 67.

Senior Leadership Team

Responsible for the operation of the Group's trading businesses and central functions and for implementing the Group's strategic, governance and sustainability programmes.

Directors' Report on Corporate Governance

Compliance with the 2024 UK Corporate Governance Code

Grafton Group plc ('the Company') is incorporated in Ireland and is subject to Irish company law. Its shares are listed on the London Stock Exchange and the Group is subject to the 2024 UK Corporate Governance Code ('the Code') for the 2025 reporting year.

The Company has complied throughout the accounting period with all relevant provisions set out in the Code. This Report describes how the Company applied the principles and met the provisions of the Code during the year.

1. Board leadership and company purpose

Board meetings

The Board met on eight occasions during 2025, including a separate strategy meeting, and the attendance of individual directors at each meeting is set out in the table on page 78. The Board also received updates on developments from management between meetings as appropriate. The Board takes the major decisions as set out in the schedule of matters reserved to it for decision, while allowing management sufficient scope to run the business within a tight reporting framework. The Group has arranged insurance cover up to a specified limit in respect of legal actions against directors and officers.

Board Committees

The Board is assisted by Committees that focus on specific responsibilities as delegated by the Board. The Terms of Reference of the Audit and Risk Committee, Remuneration Committee and Nomination Committee are available on the Group's website. Membership and length of service of Board Committees is shown within each of the Committee reports. Ms. Rebecca McAleavey, Deputy Company Secretary, is Secretary to the Audit and Risk Committee. Ms. Susan Lannigan, Company Secretary, is Secretary to the Remuneration Committee and the Nomination Committee and she also supports the work of the Audit and Risk Committee.

The Finance Committee is chaired by Mr. Eric Born, CEO and also comprises Mr. David Arnold, CFO and Mr. David O'Donoghue, Group Financial Controller. The Committee considers the financing requirements of the Group, considers amendments to the terms of existing bank facilities, approval of leases for assets other than property up to a specified level, and litigation matters.

The Board is briefed on key discussions and decisions by each Committee Chair at the Board meeting following the relevant Committee meeting.

The Disclosure Committee is a Management Committee comprising Mr. Eric Born, CEO and Mr. David Arnold, CFO. The Committee holds meetings as required to ensure the accuracy and timeliness of compliance with the EU Market Abuse Regulation.

Company purpose, values and strategy

A description of the Group's purpose of 'Building Progress Together', along with information about our core values and strategy is available on pages 7 to 10.

Objectives and controls

The Group's strategic objectives are set out on page 8 and a summary of performance against the Group's KPIs is on pages 17 and 18. The Board also receives regular updates across a broad range of internal KPIs and performance metrics.

The Group has a clear risk management framework in place as described on page 31 to identify and manage the key risks to the Group's business.

Engagement

A description of how the Board engages with its stakeholders is set out on pages 19 and 20.

Colleague engagement

The Board has established structures to provide for effective engagement by the Board with the wider workforce. These include confidential colleague feedback surveys, the results of which are reported to the Board, and Non-Executive Director engagement with colleagues through Colleague Forums.

Non-Executive Directors attended meetings of the Colleague Forums with colleagues from the UK and Ireland during the year. The forums discussed a wide range of topics which included training opportunities, wellbeing, diversity and inclusion, enabling Non-Executive Directors to hear colleague feedback at first-hand and to update the Board. The outcome of the meetings and the insights provided helped inform the Board's decision-making.

Business model and risks

The Group's business model is set out on page 9. The Risk Management Report on pages 31 to 42 contains an overview of the principal and emerging risks facing the Group and a description of how they are managed.

Assessing and monitoring culture

The Board recognises the importance of communication and engagement with the wider workforce as a means of assessing and monitoring culture. Colleague Forums held during the year in the UK and Ireland provided opportunities for Directors to meet colleagues and enable their views to be heard at Board level. The Board, via the Audit and Risk Committee, receives and considers whistleblowing reports received on matters raised through SpeakUp, the independent Group-wide confidential reporting service, and through reports and observations from Internal Audit reporting. Colleague engagement is also monitored through engagement survey results.

Shareholder engagement

The Company recognises the importance of regular dialogue and communication with shareholders. Meetings are held with existing and prospective institutional shareholders and the Group's largest shareholder principally after the release of half-yearly and annual results. The Group also issued Trading Updates in January, May, July and November of 2025.

Presentations for analysts and investors were hosted by the CEO and CFO on 6 March 2025 and 4 September 2025 following the announcement of the Final Results for 2024 and the Interim results for 2025 respectively and were made available via live webcast on the Company's website. Recordings of the 2024 Final Results and the 2025 Interim results webcasts are available to view at www.graftonplc.com.

The Group website provides the full text of all announcements including the half-yearly and annual results and investor presentations. As noted above, the Group also issues regular trading updates on the performance of the overall Group and individual business segments. Significant or noteworthy acquisitions are also announced to the market.

While the Chair takes overall responsibility for ensuring that the views of shareholders are communicated to the Board as a whole, contact with major shareholders is primarily maintained through the CEO and the CFO. The Chair and the Senior Independent Director are available to meet with shareholders if they have concerns which have not been resolved through the normal channels of CEO or CFO or where such contacts are not appropriate. The Board receives feedback from investors following meetings with management following the announcement of the Final Results and the Interim Results and also receives analysts' reports on the Group.

In 2025, the Board commissioned an investor perception study which provided the opportunity for investors to share their perspectives on the Group's strategy, financial position, capital allocation, management and governance. The outcome of the study and the insights received will help to inform the Board's discussions on Group strategy development.

Directors' Report on Corporate Governance continued

All shareholders are invited to attend the AGM which provides the opportunity for shareholders to put questions to the Chair, Committee Chairs and Executive Directors and to meet informally with Directors before and after the meeting.

The Company Secretary communicates with shareholders on corporate governance matters as appropriate, particularly in the lead up to the AGM and other shareholder meetings.

The Notice of AGM, which specifies the time, date, place and the business to be transacted, is sent to shareholders at least 21 days before the meeting. The AGM is normally attended by all Directors. All resolutions to be tabled at the 2026 AGM will be decided on a poll in accordance with the Articles of Association of the Company and in line with market practice. In a poll, the votes of shareholders present and voting at the meeting are added to the proxy votes received in advance and the total number of votes for, against and withheld for each resolution are announced. This information is made available on the Company's website following the meeting.

All other general meetings are called Extraordinary General Meetings (EGMs). An EGM called for the passing of a special resolution must be called by at least 21 clear days' notice. Provided shareholders have passed a special resolution at the immediately preceding AGM and the Company allows shareholders to vote by electronic means, an EGM to consider an ordinary resolution may, if the Directors deem it appropriate, be called at 14 clear days' notice. In view of the Group's international shareholder base, it is the Board's policy to give 21 days' notice of EGMs unless the Directors believe that a period of 14 days is merited by the business of the meeting and the circumstances surrounding the business of the meeting.

A quorum for a general meeting of the Company is constituted by two or more shareholders present in person and entitled to vote. The passing of resolutions at a meeting of the Company, other than special resolutions, requires a simple majority. A special resolution requires a majority of at least 75% of the votes cast to be passed.

Shareholders have the right to attend, speak, ask questions and vote at general meetings. In accordance with Irish company law, the Company specifies the record date for the general meeting, by which date shareholders must be registered in the Register of Members of the Company to be entitled to attend. Record dates are specified in the notice of general meeting.

Shareholders may exercise their right to vote by appointing a proxy/proxies, by electronic means or in writing, to vote some or all of their shares. The requirements for the receipt of valid proxy forms are set out in the Notice convening the meeting.

A shareholder, or a group of shareholders, holding at least five per cent of the issued share capital of the Company, has the right to requisition a general meeting. A shareholder, or a group of shareholders, holding at least three per cent of the issued share capital of the Company, has the right to put an item on the agenda of an AGM or to table a draft resolution for inclusion on the agenda of a general meeting, subject to any contrary provision in Irish company law.

Time commitment of the Chair and Non-Executive Directors

The Chair and Non-Executive Directors are required to confirm prior to appointment to the Board that they will have sufficient time available to discharge their responsibilities effectively and that they have no conflicts of interest.

This matter is given very careful consideration by the Nomination Committee and the Board before any appointments are made. Following appointment, the Board considers requests by Directors wishing to undertake new directorships and considers both the time commitment involved and any potential conflicts of interest with their roles as Directors of Grafton.

The Board recognises the benefits of the Chair and Non-Executive Directors having varied and broad experience. It considers investor guidance on this area as part of the annual review of the time commitments of each Director. The Chair and all Non-Executive Directors had a 100% attendance record at all Board Meetings held during the year. Ms. Andrea Gisle Joosen was unavailable for one meeting of the Audit and Risk Commitment due to pre-existing commitment prior to her appointment to the Board. All Directors demonstrated high levels of availability and responsiveness where discussions were required from time to time between Board Meetings. The Board remains confident that the Chair and individual members continue to devote sufficient time to undertake their responsibilities effectively.

No new Directorships were taken on by members of the Board during the year except for the appointment of Ian Tyler as Non-Executive Director of b.p. plc. This proposed appointment was considered and approved in advance by the Board who were satisfied that subject to a reduction in Mr. Tyler's existing mandates, that he continues to devote sufficient time to undertake his responsibilities effectively. Mr. Tyler stepped down as Non-Executive Director and Senior Independent Director of Synthomer plc during 2025.

2026 AGM

The 2026 AGM will be held at the Irish Management Institute (IMI), Sandyford Road, Dublin, D16 X8C3, Ireland at 10.30am on Friday 15 May 2026.

Stakeholder views

The Code provides that the Board should understand the views of the Company's key stakeholders other than shareholders and describe how their interests and the matters set out in section 172 of the UK Companies Act 2006 have been considered in Board discussions and decision-making. An overview of how the Group engages with all of its stakeholders is set out on pages 19 and 20.

Whistleblowing

All colleagues have access to a confidential SpeakUp reporting service which provides an effective channel to raise concerns to an independent third party. The Board, via the Audit and Risk Committee, receives regular reports detailing all reports made through this service and subsequent action taken.

Conflicts of interest

The Board confirms that a system for the declaration of conflicts of interests is in place.

Unresolved concerns

No unresolved concerns about the operation of the Board or the management of the Group were raised by any Director during the year.

Directors' Report on Corporate Governance continued

2. Division of responsibilities

Chair

The Chair was independent on appointment to the role in May 2024. The responsibilities of the Chair, as set out on page 78, are set out in writing and agreed by the Board.

Board balance and division of responsibilities

The Board believes that it has an appropriate balance of Executive and Non-Executive Director representation and it is Board policy that no individual or small group of individuals can dominate its decision-making.

A statement of how the Board operates, including a schedule of the decisions reserved for the Board and those delegated to management, is set out in writing and agreed by the Board. The schedule of matters specifically reserved for Board decision covers:

- Strategic decisions and corporate developments;
- Risk management and internal controls;
- Acquisitions and capital expenditure above agreed thresholds;
- Interim and final dividends and share purchases;
- Changes to the capital structure;
- Tax and treasury management;
- Approval of half-yearly and annual financial statements; and
- Budgets and matters currently or prospectively affecting the Group and its performance.

Effective and efficient functioning of the Board

Directors have full and timely access to all relevant information in an appropriate form. Reports and papers are circulated to Directors in sufficient time to enable them to prepare for Board and Committee meetings. All Directors receive monthly management accounts and reports covering the Group's performance, development proposals and other matters to enable them to review and oversee the performance of the Group on an ongoing basis. Each year the Board typically devotes one of its meetings to strategy and one to the following year's budget. The strategy meeting covers the macro-economic, political and social

Chair

- Leading and managing the business of the Board to provide clear direction and focus for the Group;
- Demonstrating ethical leadership and promoting the highest standards of integrity and probity;
- Demonstrating objective judgement and promoting a culture of openness and debate;
- Setting the agenda and culture in the boardroom;
- Facilitating constructive Board relations;
- Ensuring that members of the Board receive a timely flow of accurate, high-quality and clear information; and
- Ensuring that there is timely and appropriate communication to shareholders.

Chief Executive Officer

- Being accountable to the Board for all authority delegated to executive management;
- Taking overall responsibility for the management of the business;
- Proposing and delivering the Group's strategy;
- Implementing and delivering the annual business plan;
- Effective leadership, coordination and performance management of the executive team;
- Ensuring the identification, enhancement and development of the executive leadership talent pool; and
- Monitoring closely the operating and financial results of the Group against plans and budgets.

Senior Independent Director

- Being available to shareholders who have concerns that cannot be addressed through the Chair, the Chief Executive Officer or the Chief Financial Officer;
- Acting as a sounding board for the Chair;
- Acting as an intermediary for the other Directors when necessary;
- Working with the Chair and other Directors and/or shareholders to resolve significant issues; and
- When called upon, seeking to meet a sufficient range of major shareholders in order to develop a balanced understanding of their views.

The number of Board Meetings and Committee Meetings held during the year and attended by each Director was as follows:

	Board		Audit and Risk		Remuneration		Nomination	
Number of meetings	Total	Attended	Total	Attended	Total	Attended	Total	Attended
I. Tyler	8	8	–	–	–	–	4	4
E. Born	8	8	–	–	–	–	–	–
D. Arnold	8	8	–	–	–	–	–	–
R. McGuckian	8	8	5	5	6	6	4	4
A. Darzins	8	8	5	5	6	6	4	4
M. Robson	8	8	5	5	6	6	4	4
D. Dillon	5	5	2	2	3	3	1	1
A. Gisle Joosen	4	4	2	1	3	3	1	1
Retired members								
S. Murray	7	7	4	4	3	3	3	3
V. Crowley	7	7	4	4	5	5	3	3

Mr. David Dillon was appointed to the Board on 12 May 2025 and member of the Audit and Risk, Remuneration and Nomination Committees on 18 June 2025.

Ms. Andrea Gisle Joosen was appointed to the Board and member of the Audit and Risk, Remuneration and Nomination Committees on 1 July 2025.

Mrs. Susan Murray stepped down as Chair and member of the Remuneration Committee on 2 September 2025.

Mrs. Susan Murray and Mr. Vincent Crowley stepped down from the Board on 21 October 2025.

Directors' Report on Corporate Governance continued

systems, construction market, housing market, business sectors, competitive landscape and challenges and opportunities in existing and prospective countries of operation for the Group. It also covers a review of the existing portfolio of businesses, specialist segments of the distribution market, competitive landscape and possible acquisition opportunities.

All Directors have access to independent professional advice at the Group's expense where necessary to enable them to discharge their responsibilities as Directors.

The Board has access to a Board Handbook comprising a suite of governance documentation setting out key roles and responsibilities, matters reserved for Board decision and delegations of authority. The Board, supported by the Company Secretary, carried out a full review and update of the Governance Handbook during the year.

Independence of Non-Executive Directors

The five Non-Executive Directors, Dr. Rosheen McGuckian, Ms. Avis Darzins, Mr. Mark Robson, Mr. David Dillon and Ms. Andrea Gisle Joosen are considered by the Board to be independent in character and free from any business or other relationship which could materially interfere with the exercise of independent judgement. The Board has determined that each of the Non-Executive Directors fulfilled this requirement and is independent. In reaching that conclusion, the Board considered the principles relating to independence contained in the Code.

Board independence

71% of the Board, excluding the Chair, are Non-Executive Directors whom the Board considers to be independent.

Senior Independent Director

Dr. Rosheen McGuckian succeeded Mrs. Susan Murray as the Senior Independent Director on 21 October 2025 and is available to act as a sounding board for the Chair, and as an intermediary for the other Directors, if necessary. Dr. McGuckian is also available to shareholders who may have concerns that cannot be addressed through the normal channels of Chair, Chief Executive Officer or Chief Financial Officer.

The role of the Senior Independent Director is clearly set out in a document approved by the Board.

Performance of Executive Directors

Non-Executive Directors constructively challenge management proposals and review the performance of the Group. During the year, the Chair and Non-Executives met with and without the Executive Directors present.

Roles and responsibilities

There is a clear division of responsibility between the Chair and the Chief Executive Officer. The responsibilities of each role are clearly documented in schedules approved by the Board.

Company Secretary

The Directors have access to the advice and services of the Company Secretary, Ms. Susan Lannigan, who advises the Board on governance matters. The Company's Articles of Association and Schedule of Matters reserved for the Board provide that the appointment or removal of the Company Secretary is a matter for the full Board.

External commitments

The Board is satisfied that the external commitments of the Chair and the Non-Executive Directors do not conflict in any way with their duties and Commitments to the Company. Executive directors do not hold more than one non-executive role in a FTSE 100 company or other significant appointment.

3. Composition, succession and evaluation

Board appointments procedure and succession planning

The Board's general policy is to keep the overall composition and balance of the Board under review and to manage the orderly succession of Non-Executive Directors without compromising the effectiveness and continuity of the Board and its Committees.

A description of the work of the Nomination Committee and the procedure for appointment of new Directors is set out on pages 84 to 86.

The Board considers senior management succession planning with a view to developing, over the coming years, a strong succession pipeline for key positions up to and including Executive Director level.

Board composition

It is the Group's policy that the Board comprises a majority of Non-Executive Directors. At 31 December 2025, the Board was made up of eight members comprising the Non-Executive Chair, two Executive Directors and five independent Non-Executive Directors.

The Board considers that its size and structure is appropriate to the scale, complexity and geographic spread of its operations and that the number of Non-Executive Directors is considered sufficient to enable the Board and its Committees to operate effectively without excessive reliance on any individual Non-Executive Director. The Board believes that Executive and Non-Executive Directors between them have the necessary skills, knowledge and international business experience, gained from a diverse range of industries and backgrounds, required to manage the Group. The skills, expertise and experience of the Board is used to review strategy, allocate capital, monitor financial performance and consider executive management's response to market developments and operational matters.

The terms and conditions of appointment of Non-Executive Directors, which include the time commitment expected from each Director, are available for inspection by any person at the Company's registered office during normal business hours and prior to the AGM.

The overall composition and balance of the Board is kept under review as outlined in the programme of work undertaken by the Nomination Committee in its report on pages 84 to 86.

Director election/re-election

In accordance with the provisions of the Code, the Board has decided that all Directors should retire at the 2026 AGM and offer themselves for election/re-election.

The Board undertakes a formal annual evaluation of the performance of its Directors and is satisfied that all Directors who are proposed for re-election continue to discharge their obligations as Directors and contribute effectively to the work of the Board and its Committees.

Further details on the Board evaluation are set out on page 80 and in the report of the Nomination Committee on pages 84 to 86.

Chair tenure

Mr. Ian Tyler was appointed to the Board on 1 March 2024 as Non-Executive Director and Chair Designate and assumed the role of Non-Executive Chair on 2 May 2024.

Performance of the Chair and Non-Executive Directors

The Non-Executive Directors, facilitated by the Senior Independent Director, met during the year without the Chair present to appraise his performance. The evaluation of individual Directors involved a meeting between each of them and the Chair.

The Board confirms that each of the Non-Executive and Executive Directors continues to perform effectively and demonstrate a strong commitment to the role.

Directors' Report on Corporate Governance continued

2025 Board performance review

A formal review of the performance of the Board, its Committees and individual Directors is undertaken each year, including an external evaluation every three years. The process is designed to ensure that the effectiveness of the Board is maintained and improved.

An internal performance review was conducted during the year which involved each Director independently completing a questionnaire that covered a range of issues including the effectiveness of the Board and its Committees, strategy and development, internal controls and risk management, monitoring financial and operating performance and shareholder value creation.

The review concluded that the Board and its Committees operate effectively and that each Director contributes to the overall effectiveness and success of the Group. The actions identified from the 2025 performance evaluation related primarily to strategy formulation and articulation, and Board and executive succession planning.

The Chair, along with the Company Secretary, will ensure that areas identified for improvement in the 2025 board evalution will be considered during 2026. In line with the requirements of the Code, the next externally-facilitated performance evaluation of the Board will occur in 2027.

The activity of the Board in 2025 also included consideration of the recommendations made as part of the external performance evaluation which was conducted in 2024. This included ongoing discussion on the evolution of the Group's strategic purpose and strategy development. The Board has also implemented an updated cadence of board meetings with effect from 2026 to include additional time for site visits and engagement with business unit management teams.

4. Audit, risk and internal control

Independence of internal and external audit

The Audit and Risk Committee is responsible for monitoring the integrity of the Group's financial statements and of the external audit process and overseeing the independence and effectiveness of the Internal Audit function and the external auditor.

Fair, balanced and understandable

The assessment of the Company's position and prospects as fair, balanced and understandable is set out in the Statement of Directors' Responsibilities on page 115.

Risk and internal control

The Board confirms that there is a process for identifying, evaluating and managing the key risks faced by the Group. A description of the risk management process and of how the Board identifies the principal and emerging risks facing the Group is set out on pages 31 to 42.

Audit and Risk Committee

The Board has established an Audit and Risk Committee which is comprised of five independent Non-Executive Directors. The Committee has competence relevant to the sector in which the Group operates.

Role and responsibilities of the Audit and Risk Committee

A description of the role and responsibilities of the Audit and Risk Committee is available in the Committee Report on pages 81 to 83. The Terms of Reference of the Committee are available on the Group's website www.graftonplc.com.

A description of the activity of the Committee during the year is available in the Committee Report on pages 81 to 83.

Effectiveness of risk management and internal controls

A description of how the Audit and Risk Committee monitors the effectiveness of the Group's system of risk management and internal control is set out on page 82.

Going concern assessment

The Group's net cash position, before recognising lease liabilities, was £274.0m at 31 December 2025 (31 December 2024: £272.1m). Net debt including lease obligations was £123.4m at 31 December 2025 (2024: £131.7m). The Group had liquidity of £776.8m at 31 December 2025 (2024: £776.2m) of which £491.8m (2024: £505.4m) was held in accessible cash and deposits and £285.0m (2024: £270.8m) in undrawn revolving bank facilities.

No refinancing of debt is due until September 2028, the Group does not have a leverage (net debt/EBITDA) covenant in its financing arrangements and its assets are unsecured.

Having made appropriate enquiries, the Directors have a reasonable expectation that Grafton Group plc, and the Group as a whole, have adequate resources to continue in operational existence for the near future, being at least 12 months from the date of approval of these financial statements. Having reassessed the principal risks, as set out on pages 33 to 38 of the 2025 Annual Report and Accounts and based on expected cashflows and the strong liquidity position of the Group, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its financial statements.

5. Remuneration

The Board has adopted remuneration policies that are considered sufficient to attract, retain and motivate Directors of the quality required to manage the Company successfully whilst ensuring that the performance-related elements of pay are both stretching and rigorously applied.

The Board has established a Remuneration Committee comprising five independent Non-Executive Directors. Details of the Committee's key responsibilities and a description of its work during 2025 are contained in the Report of the Remuneration Committee on Directors' Remuneration on pages 87 to 111.

Audit and Risk Committee Report

Audit and Risk Committee

Dear Shareholder,

I am pleased to present the report of the Audit and Risk Committee for the year ended 31 December 2025.

Mark Robson, Chair of the Audit and Risk Committee

Membership	Length of service*
Mark Robson (Chair)	2.2 years
Rosheen McGuckian	5.8 years
Avis Darzins	3.5 years
David Dillon	0.7 years
Andrea Gisle Joosen	0.7 years

* Committee membership as of 4 March 2026.

Key duties of the Committee

Financial reporting

- Monitoring the integrity of the Group's financial statements and announcements relating to the Group's performance; and
- Advising on whether the Annual Report and accounts, taken as a whole, is fair, balanced and understandable, and whether it provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Risk management and internal control

- Overseeing the effectiveness of the Group's internal control and risk management, including sustainability risks, and the steps taken to mitigate the Group's risks; and
- Reviewing the effectiveness of the Group's internal financial controls.

External auditor

- Monitoring the effectiveness of the external audit process, conducting the tender process and making recommendations to the Board in relation to the appointment, reappointment and removal of the External Auditor; and
- Overseeing the relationship between the Group and the External Auditor including approving the remuneration, terms of engagement and scope of audit.

Internal audit

- Monitoring and reviewing the scope, resourcing, findings and effectiveness of the Group's Internal Audit function.

Governance

- Reporting to the Board on how the Committee has discharged its responsibilities.

The full terms of reference of the Committee can be found on the Group's website www.graftonplc.com.

This report describes how the Committee has fulfilled its responsibilities during the year under its Terms of Reference and under the relevant requirements of the UK Corporate Governance Code (the Code).

The Committee is satisfied that its role and authority include those matters envisaged by the Code that should fall within its remit and that the Board has delegated authority to the Committee to address those tasks for which it has responsibility.

All members of the Committee are determined by the Board to be independent Non-Executive Directors in accordance with provision 10 of the Code. In accordance with the requirements of provision 24 of the Code, the Board considers that I have recent and relevant financial experience as required by the Code. The biographical details on pages 72 and 73 demonstrate that collectively, the members of the Committee have a wide range of financial, treasury, taxation, commercial and business experience that enables the Committee to act very effectively.

Meetings

The Committee met five times during the year and attendance by each Committee member is set out in the table on page 78.

Meetings are attended by the members of the Committee and others who attend by invitation, being principally the CEO, the CFO, the Group Financial Controller, the Company Secretary and the Group Internal Audit and Business Risk Director. Other members of executive management and third-party advisors may be invited to attend to provide insight or expertise in relation to specific matters. The Committee is supported by Ms. Rebecca McAleavey, Deputy Company Secretary, who acts as Secretary to the Committee.

The PwC Group Engagement Leader and other representatives of the External Auditor are also invited to attend Committee meetings to present their reports on the interim results and full year audit. They also present their proposed audit plan to the Committee. The Committee also met privately with the External Auditor without executive management present. No significant concerns were raised during these discussions.

The Chair of the Committee reports to the Board on a regular basis on the work of the Audit and Risk Committee and on its findings and recommendations.

Key areas of activity during 2025

A summary of the key activities of the Committee during the year is set out below:

Financial reporting

The Committee reviewed the 2024 Final Results Announcement, the 2024 Annual Report and the 2025 Interim Results Announcement and concluded that they each presented a fair, balanced and understandable assessment of the position of the Group and its prospects. The Committee recommended the 2024 Final Results Announcement, the 2024 Annual Report and the 2025 Interim Results Announcement to the Board for approval.

As part of these reviews, the Committee considered significant accounting policies, estimates and judgements. The Committee also reviewed the reports of PwC following their audit and interim review including their findings on key areas of judgement and other areas of audit focus. The Committee also considered the significant management letter points on internal controls in the Group's individual businesses identified by PwC during its audit process. The significant issues in relation to the financial statements considered by the Committee and how these were addressed are set out on page 83.

Audit and Risk Committee Report continued

The Committee also reviewed papers on the Viability Statement and Going Concern including assumptions and financial forecasts.

Risk management and internal control

The Board has delegated responsibility to the Committee for monitoring the effectiveness of the Group's system of risk management and internal control, which is set out in further detail in the Risk Management Report on pages 31 to 42. The Committee reviewed the Group's Risk Management Process and the procedures established for identifying, evaluating and managing key risks, which included a review of the status of risk management performance against the objectives set for the year.

The Group Risk Committee provides oversight of the Risk Management process and the Corporate Risk Register. This review includes identifying risks, assessing their likelihood and impact and the effectiveness and adequacy of measures, actions and controls to mitigate these risks. The key risks facing the Group are set out on pages 33 to 38.

The Committee also considered the risks associated with increased levels of cyber crime and the potential to disrupt trading including the loss of data.

The Committee also reviewed the ongoing work of the Group Internal Audit team in preparation for the internal control requirements in the 2024 UK Corporate Governance Code (the Code) which will be effective from 2026.

Effectiveness of material controls

Provision 29 of the Code requires boards to review and declare the effectiveness of risk management and internal controls at the balance sheet date. Grafton will disclose its compliance with Provision 29 in the 2026 Annual Report.

In 2024, the Group launched its Internal Controls Programme. Working with Group Internal Audit, management identified key controls from existing financial reporting and IT control frameworks. These controls were expanded to cover major financial, IT, operational, reporting, and compliance processes, and were aligned with the principal risks facing the Group, which are set out in further detail on pages 33 to 38.

In 2024 and 2025, Group Internal Audit tested key controls across all Group functions and business units to identify areas needing remediation and to assist management in streamlining and classifying controls into material and key.

In 2026, Group Internal Audit will test all material controls, allowing management to address any deficiencies for re-testing before the balance sheet date. A sample of the supporting key controls will also be tested, with full coverage of these to be achieved over a three-year cycle.

For 2025, the Group is required to report under Provision 29 of the 2018 Code. In the Board's and Audit and Risk Committee's view, the ongoing information they receive is sufficient to enable them to review the effectiveness of the Group's system of internal control. The Directors confirm that they have reviewed the effectiveness of the risk management and internal control framework. In particular, during the year the Board has considered the significant risks affecting the business and the way in which these risks are managed, controlled and monitored.

Internal audit

During 2025, the Group Internal Audit and Business Risk Director reported to the Chief Financial Officer and also had direct access to the Chair of the Audit and Risk Committee and its members. The Committee met with the Group Internal Audit and Business Risk Director on five occasions during the year when he presented Internal Audit report findings and recommendations and updated the Committee on the actions taken to implement recommendations. The Committee also met with the Group Internal Audit and Business Risk Director without executive management present. No significant concerns were raised during these discussions.

The scope, authority and responsibility of the Internal Audit function is set out in the Internal Audit Charter which has been approved by the Committee. The Audit and Risk Committee is responsible for approving the internal audit budget and is satisfied that internal audit has the appropriate resources to fulfil its responsibilities.

During the year the Committee also considered and approved the programme of work to be undertaken by the Group's Internal Audit function in 2026.

An external review of the effectiveness of the Internal Audit function was carried out by the Institute of Internal Auditors during 2025 and the results of this review were presented to the Committee in January 2026. The findings of the review were positive and a number of operational and strategic recommendations made will be acted upon. One of which is a change in direct reporting line of the Group Internal Audit and Business Director to the Chair of the Audit and Risk Committee to align with best practice.

External auditor

The Committee reviewed the External Auditor's plan for the 2025 Audit of the Group and approved the remuneration and terms of engagement of the External Auditor. The Committee also considered the quality and effectiveness of the external audit process and the independence and objectivity of the Auditor.

An internal review of the effectiveness of the 2024 Audit was carried out during the year, comprising a feedback questionnaire from the Audit and Risk Committee and from Group and business unit management. The results of this review were presented to the Committee in October 2025 and were positive overall with a number of comments and recommendations made to help inform plans for the 2025 Audit.

In order to ensure the independence of the External Auditor, the Committee received confirmation from the Auditors that they are independent of the Group under the requirements of the Irish Auditing and Accounting Supervisory Authority's Ethical Standards for Auditors (Ireland). The Auditors also confirmed that they were not aware of any relationships between the firm and the Group or between the firm and persons in financial reporting oversight roles in the Group that may affect its independence. The Committee considered and was satisfied that the relationships between the Auditor and the Group including those relating to the provision of non-audit services did not impair the Auditors' judgement or independence.

PwC was appointed Auditor to Grafton with effect from 1 January 2016. In accordance with PwC's independence criteria, the Group Engagement Leader is subject to a five-year rotation policy. Ms. Siobhán Collier has served as Group Engagement Leader since 2021, and will step down following the conclusion of the audit of the Financial Statements for 2025. I would like to thank Ms. Siobhán Collier for her service over the past five years. Mr. Paul Barrie will succeed Ms. Collier and on behalf of the Committee I would like to welcome Mr. Barrie to the role.

External audit tender

A formal tender process was carried out during 2025 for the external audit of the Group's financial statements for the year ended 31 December 2026 and subsequent years. The Committee undertook the process between May and October 2025. The process was conducted in accordance with relevant regulatory standards.

Following an initial screening process by the Committee of a range of potential contenders, an invitation to tender document was issued in May 2025 to two audit firms which the Committee believed have the appropriate international expertise, experience and network to perform the audit of the Group. Each of the firms was given access to a data room and meetings were arranged with the Board, Group and business unit management prior to the firms submitting their written tender proposals.

The Committee evaluated the audit tender documents using a prescribed criteria and oral presentations were made by each of the firms invited to tender. Following the conclusion of this process, on the recommendation of the Committee, the Board approved the reappointment of PwC as auditors to the Group subject to shareholder approval, for a further maximum ten years.

Audit and Risk Committee Report continued

Non-audit services

The External Auditor is permitted to undertake non-audit services that do not conflict with auditor independence, provided the provision of the services does not impair the Auditors' objectivity or conflict with their role as Auditor and subject to having the required skills and competence to provide the services.

The Committee has approved a policy on the provision by the External Auditor of non-audit services. Under this policy the External Auditor will not be engaged for any non-audit services without the approval of the Audit and Risk Committee. The External Auditor is precluded from providing certain services, or from providing any non-audit services that have the potential to compromise its independence or judgement. With the exception of fees incurred in acquired businesses, fees for non-audit services in any financial year are targeted not to represent more than 20% of the audit fee.

The Committee monitors and reviews the nature of non-audit services provided by the External Auditors. The Committee approved the provision of non-audit services by the Auditor during the year, which primarily relate to a review of the Group's condensed consolidated half year financial statements, with associated fees disclosed in Note 3 to the financial statements.

Whistleblowing and fraud

The Group Anti-Fraud and Theft Policy sets out the Group's approach to all forms of fraud and theft, the responsibilities of business unit management in relation to prevention and detection procedures and controls, the appropriate reporting channels and the possible actions which may be taken by the Group in response to suspected fraud or theft. Instances of fraud or theft over a specified threshold are reported to and monitored by the Committee.

The Committee periodically considers reports received on matters raised through SpeakUp, the independent Group-wide confidential reporting service which allows colleagues to report, anonymously if they wish, any concerns they may have regarding certain practices or conduct in their businesses including possible instances of fraud and theft. All concerns raised through this channel and the outcomes of investigations are reported to the Committee. The Committee was satisfied that the procedures in place to allow colleagues to raise matters in a confidential matter operated effectively during the year.

Anti-bribery and corruption

The Group's Code of Business Conduct and Ethics sets out the ethical standards to which all Group employees are expected to adhere. The Code and the Group Anti-Bribery and Corruption Policy set out the core standards and procedures to be observed and provides practical guidance on dealing with bribery risk. All colleagues are required to complete an annual declaration of independence to confirm whether they have any known conflicts of interest, as defined in the policy. Any declared interests are reviewed by management and HR, with actions to manage or remove conflicts agreed with the colleague.

Estimates and judgements

The Committee reviewed in detail the following areas of significant judgement, complexity and estimation in connection with the financial statements for 2025. The Committee considered a report from the external auditors on the audit work undertaken and conclusions reached as set out in their audit report on pages 116 to 125. The Committee also had an in-depth discussion on these matters with the External Auditor.

Valuation of goodwill

Management carried out its annual goodwill impairment analysis at 31 December 2025 and an interim goodwill impairment analysis at 30 September 2025, immediately prior to the Group reorganising its operating segments. The Committee considered both goodwill impairment analyses carried out by management based on value-in-use which involved comparing the recoverable amount and carrying amount of the cash generating units (CGUs). The Committee agreed with the conclusion reached by management that no impairment charge should be recognised in the year.

The review involved discounting the forecasted cash flows of each group of CGUs based on the Group's pre-tax weighted average cost of capital adjusted to reflect issues associated with each group of CGUs and carrying out sensitivity analysis on the key assumptions used in the calculations including cash flow forecasts (revenue growth), terminal growth rate and pre-tax discount rate.

The Committee noted the overall level of headroom in the value-in-use models prepared by management and considered the impact on the headroom of sensitivity analysis on the key assumptions used in the models. The Committee also compared the year-end market capitalisation of the Group to its net asset position and noted that it was higher than the net asset value.

At 30 September the former UK Distribution group of CGUs recoverable amount had limited headroom over its carrying amount and was therefore more sensitive to possible changes in key assumptions. The Committee reviewed the assumptions made by management in the value-in-use model for that group of CGUs and deemed them to be appropriate. Given the sensitivity of the headroom for the former UK Distribution CGU to possible changes in key assumptions, the Committee reviewed the sensitivity analysis in detail and agreed that disclosure should be provided in the financial statements.

The Committee agreed that no reasonably possible change in any of the key assumptions in the 30 September 2025 model for the other former groups of CGUs would cause their carrying amounts to exceed their recoverable amounts at that date. The Committee also agreed that no reasonably possible change in any of the key assumptions in the 31 December 2025 model for the current groups of CGUs would cause their carrying amounts to exceed their recoverable amounts.

Completeness and accuracy of rebate income and valuation of rebate receivables

Supplier rebates represent a significant source of income in the distribution industry and is an area of risk due to the materiality of rebate arrangements, the use of manual calculations, and the estimation involved in determining the year-end receivable amounts. The Committee reviewed the basis used by management for calculating rebate income for the year and rebates receivable at the year end and was satisfied that the accounting treatment adopted was appropriate and that rebates receivable at the year end were recoverable.

In reaching its conclusion, the Committee reviewed information and reports prepared by the Group Internal Audit function which completed reviews during the year across a sample of significant business units with the primary objective of providing independent assurance on the accuracy of rebate receivable balances.

These reviews included reperforming calculations on a sample of rebate income for 2025 with reference to agreements with individual suppliers and reports of purchases made from suppliers. The Committee also considered the value of rebates received after the year end relating to 2025 and the value of rebates received during 2025 relating to 2024.

Valuation of inventory

The Group carries significant levels of inventory and key judgements are made by management in estimating the level of provisioning required for slow moving inventory. In arriving at its conclusion that the level of inventory provisioning was appropriate, the Committee received half year and full year updates from management on stock ageing and provisioning across the Group.

The Committee reviewed the basis for calculating the valuation of rebate attributable to inventory and was satisfied that inventory was appropriately valued and that the Group continued to adopt a prudent approach to inventory provisioning.

As Chair of the Committee, I engaged with the Group CFO, the Group Internal Audit and Business Risk Director and the PwC Group Audit Engagement Leader independently of each other in preparation for Committee meetings and periodically as appropriate.

I will be in attendance at the 2026 Annual General Meeting and will respond to any questions that shareholders may have concerning the activities of the Committee.

Mark Robson
Chair of the Audit and Risk Committee

4 March 2026

Nomination Committee Report

Nomination Committee

Dear Shareholder,

I am pleased to present the report of the Nomination Committee for the year ended 31 December 2025.

Ian Tyler, Chair of the Nomination Committee

Membership	Length of service*
Ian Tyler (Chair)	2.0 years
Rosheen McGuckian	5.8 years
Avis Darzins	3.5 years
Mark Robson	2.2 years
David Dillon	0.7 years
Andrea Gisle Joosen	0.7 years

* Committee membership as of 4 March 2026.

Key duties of the Committee

Succession

- Identifying, and nominating for the approval of the Board, candidates for appointment as Directors and ensuring that there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board;
- Considering the reappointment of Non-Executive Directors at the conclusion of their specified term of office and making recommendations to the Board; and
- Conducting an annual review of succession plans for senior executives across the Group.

Board structure

- Regularly reviewing the structure, size, composition and length of service on the Board and assessing the skills, expertise, knowledge, experience and diversity required by the Board and its Committees and the Group's senior management team.

Diversity

- Ensuring the diversity policy is linked to Group strategy; and
- Prioritising the appointment of women to leadership positions.

Evaluation

- Evaluating the balance of skills, knowledge, experience and diversity of the Board and Board Committees and making recommendations to the Board on any changes.

The full terms of reference of the Committee can be found on the Group's website www.graftonplc.com.

Activities of the Committee during 2025

Introduction

In line with its key duties as set out above, the Committee considered the composition of the Board and its Committees to ensure that it continues to have the necessary skills, expertise, knowledge and diversity at Board and senior management level and it continued to seek to balance the need to refresh the Board while maintaining a team of knowledgeable and experienced Non-Executive Directors.

Board and Committee changes in 2025

As indicated in the 2024 Committee Report, Mrs. Susan Murray and Mr. Vincent Crowley stepped down during 2025 as part of the Board's normal board refreshment process. On behalf of the Committee and the Board, I would like to sincerely thank both Susan and Vincent for their very valuable contributions during their time on the Board.

Following a thorough search process assisted by Russell Reynolds, we were delighted to appoint David Dillon as a Non-Executive Director in May 2025. David has a very distinguished track record in international business with a strong focus on value creation and he brings extensive strategic, financial and leadership skills and highly relevant sector experience to the role.

In July 2025, the Board, on the recommendation of the Committee, was very pleased to appoint Andrea Gisle Joosen as a Non-Executive Director. Andrea is a highly experienced Director who brings deep understanding of international business which is of considerable value to the Board.

Andrea was appointed Chair of the Remuneration Committee of the Company in October 2025.

The Board was also very pleased to appoint Ms. Rosheen McGuckian as Senior Independent Director with effect from 21 October 2025, taking into account her considerable skills and experience as a Non-Executive Director and her knowledge of the Group over her six years on the Board.

Independence of the Board

To ensure that the independence of the Non-Executive Directors is maintained, the Committee keeps the tenure of the Board as a whole under review. The tenure of Non-Executive Directors (including the Chair) on the Board at 31 December 2025 is set out below. The tenure of members of each of the Committees is dealt with in the relevant Committee reports.

Length of service on Board	Number of Non-Executive Directors (as at 31 December 2025)
0-1 years	2
1-2 years	1
2-3 years	1
3-4 years	1
5-6 years	1

The Committee also reviewed the time required to fulfil the roles of Board Chair, Senior Independent Director, Committee Chairs and Non-Executive Director roles and was satisfied that all members of the Board continue to devote appropriate time to their duties and to be effective in their roles.

Election/re-election of Directors

Having considered their individual performances, contributions to the Board, time devoted to their roles and other commitments, the Committee agreed to make a recommendation to the Board that all Directors should go forward for re-election at the 2026 Annual General Meeting (AGM) of the Company.

Board effectiveness and evaluation

The Board conducts an annual evaluation of its own performance and that of its committees and

Nomination Committee Report continued

individual Directors in accordance with the UK Corporate Governance Code (the Code).

In 2025, the evaluation was conducted internally, an external evaluation having been facilitated by Gould Consulting in 2024.

The evaluation found that the Board and its Committees are operating effectively and to a high standard of governance and in compliance with best practice. Recommendations from the review will be addressed during the course of 2026.

Director succession

The Board and the Committee are committed to ensuring that the Board is sufficiently diverse and appropriately balanced. The Committee monitors the balance of the Board to ensure that it has the expertise to lead the Group as it develops and evolves.

Director succession process

1	Background	The Committee makes recommendations to the Board concerning the appointment of Executive and Non-Executive Directors, having considered the blend of skills, experience, track record and diversity deemed appropriate for the role. Appointments also reflect the international nature of the Group and the opportunities and challenges it is likely to encounter in the future.
2	Defining the role	A detailed role specification is developed which identifies the key skills, experience and personal attributes required to create a diverse Board that will drive the future success of the Group. The role specification also addresses the time commitment and the Board's requirements regarding conflicts of interest.
3	Candidate selection	The Committee undertakes a formal, rigorous and transparent procedure when nominating suitable candidates for appointment to the Board. Independent search firms, that have no other connection with the Group, are used to identify candidates that match the role specification developed by the Committee Candidates are identified and selected on merit against objective criteria and with due regard to the benefits of Board diversity.
4	Appointment	Appointments are approved by the Board on the recommendation of the Committee. The terms and conditions of appointment of Non-Executive Directors and the Chair are set out in formal letters of appointment, which also set out the Board's expectations in relation to time commitment and conflicts of interest.
5	Induction	A tailored induction programme is developed for newly appointed Directors which typically involves briefings and meetings with executive and business unit leadership and, where appropriate, external advisors. Site visits to trading businesses and introductions to major stakeholders may also form part of the induction, fostering a practical appreciation of the Group's operations, culture and strategic priorities.

The process undertaken by the Committee in relation to director succession is set out below:

Existing time commitments should be sufficiently clear to accommodate the role and to avoid an actual or perceived risk of over-boarding as defined by the shareholder advisory firms and the more stringent requirements of certain institutional shareholders. In accordance with the Code, Directors must seek the prior approval of the Board in advance of accepting any additional external roles following appointment to the Board. The role specification also makes it clear that any actual or perceived conflicts of interest should be avoided.

The Committee also makes recommendations to the Board concerning the reappointment of Non-Executive Directors at the conclusion of their three-year term and the re-election of Directors at the Annual General Meeting each year. Appointments to the Board are for a three-year period, subject to shareholder approval at each AGM and subject to an annual performance evaluation that is conducted by the Chair of the Board.

Senior management succession

In addition to its work on Board succession, the Committee also considers the leadership needs of the Group and succession planning for senior management roles including the Chief Executive Officer and Chief Financial Officer. The Committee also reviews succession planning below Board level including the pool of talent currently available to succeed in senior roles and the progress made recruiting and developing the next generation of leaders in the Group and its businesses.

The Chief Executive Officer and Group HR Director presented the annual talent and succession plan for management to the Board during the year. This covered the Group's talent strategy and an assessment of the potential of high-performing individuals. As part of this review, the Committee considered the importance of developing a diverse talent pipeline and the current and future skill sets required to help the Group implement its strategy.

Initiatives for high-potential talent to broaden their skill sets and prepare them for future senior roles include participation in leadership and business school training.

Equality, equity, diversity and inclusion

The Board and the Committee are committed to ensuring that the Board is sufficiently diverse and appropriately balanced. The Committee monitors the balance of the Board to ensure that it has the expertise to lead the Group as it develops and evolves.

The Board recognises the benefits of diversity at board and senior management level and across the wider workforce. The Group Equality, Equity, Diversity and Inclusion Policy, which is available on the Group website, sets out the Board's approach to diversity in its broadest sense having regard to experience, age, gender, religious beliefs, sexual orientation, race, ethnicity, disability, nationality, background and culture.

In the context of normal refreshment, the Board's objective is to maintain an appropriate balance of gender and ethnicity on the Board. While the Board will always seek to appoint the most talented and skilled candidates on merit against objective criteria, greater diversity is actively considered when making Board appointments. The composition of the Board has evolved considerably over recent years and the Committee has taken an active role in improving the gender balance and ethnic diversity of the Board.

The Board is mindful of the targets set by the FTSE Women Leaders Review in relation to gender diversity and the Parker Review in relation to ethnic diversity. As at 31 December 2025, three of our eight directors were female (38%) and the Senior Independent Director was female. One Director was from an ethnically diverse background as defined by the Parker Review. On the recommendation of the Committee, the Board has agreed that diversity will continue to be given very careful consideration in shortlisting candidates for appointment to the Board in the future.

The Group also considers diversity in the widest sense when making appointments at all levels in its business and, by setting the tone from the top,

Nomination Committee Report continued

promotes a culture where there are no barriers to everyone achieving their potential and succeeding at the highest levels in Grafton.

We are committed to increasing representation of females in senior leadership positions across the Group. The Group has introduced initiatives to provide career development opportunities for female colleagues including participation in management development programmes, mentoring, coaching and flexible work arrangements.

In line with UKLR 6.6.6 R (10), as at the reference date of 31 December 2025, the composition of the Board and Executive Management was as follows:

Sex/gender representation

	Number of board members	Percentage of the board	Number of senior positions on the board (CE0, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	62%	3	3	60%
Women	3	38%	1	2	40%
Not specified/ prefer not to say	–	–	–	–	–

Ethnicity representation

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	7	87.5%	4	29	100%
Mixed/multiple Ethnic Groups	1	12.5%	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/ Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

The year ahead

Grafton has a strong Board with the appropriate range of skills, experience, backgrounds and diversity to drive its success and with the capacity to support the future growth and development of the Group.

Ian Tyler
Chair of the Nomination Committee

4 March 2026

Remuneration Committee Report

Remuneration Committee

Dear Shareholder,

I am pleased to present my report as Chair of the Remuneration Committee for the year ended 31 December 2025.

Andrea Gisle Joosen, Chair of the Remuneration Committee

Membership	Length of service*
Andrea Gisle Joosen (Chair)	0.7 years
Rosheen McGuckian	5.8 years
Avis Darzins	3.5 years
Mark Robson	2.2 years
David Dillon	0.7 years

* Committee membership as of 4 March 2026.

Key duties of the Committee

- Determining the policy for Executive Director remuneration and for setting remuneration for the Chair, Executive Directors and senior management (being the Group Management Team (GMT) and specified individuals as agreed from time to time by the Committee);
- Reviewing workforce remuneration and related policies and the alignment of incentives and rewards with culture; and
- Reviewing the ongoing appropriateness and relevance of the remuneration policy.

Although not required under the Irish Companies Act 2014, the Remuneration Committee has continued to prepare the Remuneration Report in accordance with the UK regulations governing the disclosure and approval of remuneration of the Directors. The report also complies with the European Union (Shareholders' Rights) Regulations 2020.

The Committee was appreciative of the high level of shareholder approval for the 2024 Annual Report on Remuneration which was supported by 99.4% of votes lodged by proxy ahead of the 2025 AGM.

The current Directors' Remuneration Policy became effective following shareholder approval at the 2023 Annual General Meeting (AGM) and this report details how the Policy was applied in 2025. In line with regulatory requirements, a renewed policy will be put to shareholders at the forthcoming AGM of the Company and further details of changes proposed to the current policy are set out on the following pages along with details of how the new policy will be implemented in 2026.

Our approach to remuneration

The Committee's overall remuneration philosophy has not changed over the year and remains to ensure that Executive Directors are incentivised to successfully implement the Board's strategy and that remuneration is aligned with the interests of shareholders and other stakeholders over the longer term.

The Committee seeks to achieve this by:

- Rewarding Executive Directors fairly and competitively for the delivery of strong performance;
- Taking into account the need to attract, retain and motivate executives of high calibre and to ensure that Executive Directors are provided with an appropriate mix of short-term and long-term incentives;
- Taking a range of factors into account including market practice, the changing nature of the business and markets in which it operates, the performance of the Group, the experience, responsibility and performance of the individual directors concerned and remuneration practices elsewhere in the Group; and
- Setting targets that are stretching with full payout of awards requiring exceptional performance.

Performance for 2025

Grafton delivered a resilient performance in 2025 reflecting the strength of its diversified geographies, its focus on margin management, and its continued investment in strengthening its market positions, despite weak trading conditions outside the Island of Ireland and Iberia. Trading activity reflected a softening of momentum in the second half in several markets, partially offset by tight control of costs and the benefit of self-help actions in all geographies.

The Group's gross margin increased by 50 basis points during 2025, driven by a strong focus on margin management across all businesses. The increase in overheads across the Group in 2025 was partially mitigated by productivity improvements, streamlining processes, and implementing efficiency initiatives.

Adjusted operating profit increased by 7.1% to £190.2m (2024: £177.5m) and adjusted earnings per share increased by 5.1% to 75.4 pence (2024: 71.8 pence).

Remuneration for 2025

Base Salary

The Committee approved a salary increase of 3.5% with effect from 1 January 2025 for the Chief Executive Officer and Chief Financial Officer. When reviewing salary levels, the Committee considered the level of increases implemented across the Group, the performance of the Group, the Chief Executive Officer and the Chief Financial Officer and market data. The salary increase was materially lower than average awards of 4.65% to colleagues across the Group.

Annual bonus

The annual bonus for 2025 was based on two financial performance targets being adjusted operating profit (70%) and free cash flow conversion (30%).

A bonus of 98.4% of basic salary, out of a potential bonus opportunity of 150% of salary, was awarded to the Chief Executive Officer and the Chief Financial Officer. These bonuses represent 65.6% of the maximum potential opportunity. Further detail is set out on page 103. The Committee agreed that the bonus outcome was reflective of the underlying financial performance of the Group for the year and was appropriate in the context of the experience of shareholders and other stakeholders during the year. Therefore, no discretion was applied.

Remuneration Committee Report continued

Vesting of LTIP awards made in 2023

The performance conditions for Long Term Incentive Plan (LTIP) awards granted in March 2023 that covered the performance period of the three years ending on 31 December 2025, were based 50% on growth in Adjusted Earnings per Share (adjusted EPS) and 50% on Total Shareholder Return (TSR) performance versus a comparator group consisting of the members of the London Stock Exchange's FTSE 250 Index excluding investment trusts.

As the Group's TSR was ranked between median and 80th percentile, 60.2% of this half of the award will vest. The other half of the LTIP award was based on the Group's adjusted EPS for the financial year ended 31 December 2025 being in the target range of 89.7 pence to 101.6 pence. In line with the approach determined by the Committee, the Adjusted EPS outcome was calculated based on the number of shares in issue as at the end of 31 December 2022. On this basis, adjusted EPS for 2025 was 63.7 pence excluding property profit. As this was below the threshold of 89.7 pence, this half of the award will not vest.

Based on the foregoing, 30.1% of the total awards granted in 2023 to the Chief Executive Officer and Chief Financial Officer will vest in April 2026.

The Committee agreed that the vesting outcome was reflective of the underlying financial performance of the business and was appropriate in the context of the experience of shareholders and other stakeholders over the three-year vesting period. Therefore, no discretion was applied.

Proposed remuneration policy changes in 2026

The current Remuneration policy was approved at the 2023 AGM and, although not required under company law in Ireland, will be subject to a non-binding shareholder resolution at the 2026 AGM which is consistent with regulations in the UK. The new policy will apply for a three-year period and provide a framework for setting the remuneration of Executive and Non-Executive Directors and the Group's senior management.

We have undertaken a comprehensive review of our Policy to ensure that it fully incentivises management to focus on the delivery of Grafton's strategic growth initiatives to deliver long-term sustainable returns for our shareholders, while ensuring it remains appropriately aligned with the Group's current scale, operational complexity, and future ambitions.

Context to the policy review – business and strategy

During the last policy period, Grafton delivered resilient business performance in a challenging market environment, outperforming national and international building materials distribution peers. We continued our focus on returning value to shareholders, returning cash of £428.3m through share buybacks completed between 9 May 2022 and 7 November 2025, representing 20.5% of the shares in issue when the first buyback programme commenced.

We remained committed to strengthening and growing our existing businesses across our geographically diverse portfolio, using organic growth strategies and targeted acquisitions. The recent bolt-on acquisition of HSS Hire Ireland complements our service offering within the Chadwicks business in the Island of Ireland segment. In October 2024 we entered Spain's highly fragmented distribution market through the platform acquisition of Salvador Escoda, the specialist distributor of air conditioning, ventilation, heating, refrigeration and renewable products.

Looking ahead, our focus is on continuing to strengthen our existing positions in our core markets through organic growth and bolt-on acquisitions. We also plan to accelerate our expansion efforts in the highly attractive fragmented distribution market in Iberia to continue to grow the Group and deliver value for shareholders.

Within this context, the following approach has been established. The proposed changes under the new policy are outlined below and are also summarised in the table on page 91.

Structure

The Committee considered in detail the approach to the current policy, with particular attention to the structure of the Annual Bonus Scheme and LTIP to ensure they remain effective and aligned with the Group's strategic ambitions and challenging market conditions.

The Committee is confident that the current structure of the variable remuneration remains suitable for Grafton. We believe that the combination of the annual bonus and a performance-based long-term incentive plan is most effective approach to motivate executives and promote retention among senior leadership, thereby supporting the delivery of our strategy over the long term and value creation for our shareholders.

The Committee is satisfied that the existing remuneration framework aligns with recognised best practice principles. Annual bonuses are subject to deferral, and the LTIP has a three-year performance period followed by a two-year holding period post-vesting. The current policy also includes minimum shareholding guidelines applicable both during employment and after termination of employment.

Incentive opportunity

Under the new policy, the Committee proposes moderate increases to the maximum award opportunities for the Annual Bonus Scheme and the LTIP. The maximum bonus opportunity under the policy will increase from 150% of salary to 180% of salary. The maximum LTIP award opportunity under the policy will increase from 200% to 250% of salary.

The primary increase in quantum is within the LTIP. The increased potential LTIP award is designed to motivate executives to achieve stretching targets while ensuring strong alignment with shareholder outcomes over the longer term. With the first awards under the new Policy being in 2026, which are subject to a three-year performance period and two-year holding period, Executive Directors will not realise the potential benefit of this award until 2031.

The approach to performance condition target setting for LTIP awards has been revised to reflect the higher award opportunity. Performance condition maximum targets reflect a higher level of stretch than the award made in 2025. This approach ensures that any additional compensation is directly linked to delivery of financial and shareholder returns outperformance, demonstrating our commitment to robust pay-for-performance principles.

Threshold and target performance condition targets will continue to be set to be appropriately stretching levels to incentivise the delivery of core business performance. This approach takes into account ongoing market uncertainty and aims to ensure management remains motivated with achievable goals even in challenging environments.

Although not the primary factor influencing the increases to maximum award opportunities, the Committee also assessed the positioning of the current total compensation for the CEO and CFO against relevant peer groups to ensure that it remained appropriate. The Committee considered market practice from a range of perspectives including:

Remuneration Committee Report continued

- **Market capitalisation:** This peer group comprised companies ranked above and below Grafton based on market capitalisation, predominantly consisting of FTSE 250 constituents. Financial services companies were excluded to ensure comparability.
- **Adjusted market capitalisation:** Grafton is more international and operationally complex than some other companies with a similar market capitalisation, with a significant workforce across multiple regions and revenue that sits towards the upper quartile of the market capitalisation peer group. To reflect this additional complexity, the Committee considered an adjusted market capitalisation group which excluded companies with significantly lower colleague numbers and/or revenue.
- **Revenue:** Companies with revenue similar to Grafton. The peer group comprised companies ranked above and below Grafton based on this revenue metric, including FTSE 100 and 250 companies. Financial services companies were excluded.

The Committee considered that this was a balanced and fair approach to benchmarking. Compared against these groupings, the Committee determined that the overall maximum total compensation as a percentage of salary, particularly for the CEO, was generally towards the lower end of the market competitive range.

Following the proposed increases, the total compensation opportunity remains within the market competitive range, positioned slightly above the median. Taking into account the proposed increase in stretch for the LTIP performance targets the Committee considers this positioning to be appropriate.

The modest increase to the annual bonus maximum for the CEO will also ensure that his annual bonus is fairly positioned compared with peers and that he is appropriately incentivised to deliver consistent annual performance and strategic milestones which support the long-term creation of shareholder value.

Annual bonus deferral

Under the current policy an Executive Director is required to apply 30% of any annual bonus earned after statutory deductions for the purchase of shares in the Group. The shares are then required to be held for two years. The bonus deferral policy will be amended so that once an Executive Director has met the established minimum shareholding guidelines, the obligation to defer a portion of their annual bonus into company shares will no longer apply. The Committee believes that executives who have met the shareholding guidelines are already closely aligned with shareholder interests, making further mandatory deferral unnecessary.

Malus and clawback

Under the new policy, the malus and clawback period will be reduced from six years to three years following the annual bonus payment or LTIP vesting. The current six-year duration surpasses prevailing market standards, which generally fall between two and three years from payment or vesting. Adopting a three-year timeframe aligns with accepted market practices and, in the Committee's view, provides sufficient time to identify any trigger events.

Dividend equivalents

Dividend equivalents will apply for LTIP awards to the extent that they may vest. Under the current policy, participants do not receive dividend equivalents on vested awards, which deviates from typical market practice.

Summary

The approach detailed above is designed to effectively support the retention and sustained motivation of our Executive Directors and senior leaders during a crucial phase of the Group's development and growth. The Committee is confident that the new policy provides a balanced framework, aligning pay with performance so that higher payouts are attainted only for exceptional achievements that exceed more stretching performance targets than previously applied.

The proposed increases to incentive opportunities are proportionate to companies of similar size and complexity and are accompanied by commensurately higher performance expectations to ensure robust pay-for-performance alignment.

The additional policy adjustments outlined above will ensure that the overall package aligns with prevailing market practices, current governance standards, and anticipated future development. This comprehensive approach ensures the ongoing effectiveness and relevance of the new Policy.

Taking into account the above, the Committee believes that the proposed quantum increases represent a reasonable and balanced approach and are essential to retain top executive talent, align executive reward with market best practice, motivate high performance, and ultimately serve the long-term interests of our shareholders.

Remuneration for 2026

Salary

The Committee approved a salary increase of 3.0% with effect from 1 January 2026 for the Chief Executive Officer and the Chief Financial Officer which was lower than the average awards of 3.6% to colleagues in Ireland and the UK.

Pension

The rate of pension contribution is maintained at 9.0% of base salary and is aligned with the rate available to the majority of the UK workforce.

Annual Bonus Scheme

As outlined above, the maximum annual bonus opportunity for the CEO in 2026 will be 180% of salary and 150% of salary for the CFO. In line with the approach in 2025, the 2026 Annual Bonus will be based on adjusted operating profit before property profit (70%) and free cash flow conversion (30%).

Long Term Incentive Plan

LTIP awards for 2026 will be made at 250% of salary to the CEO and 220% of salary for the CFO. Awards will be based on four performance measures: Adjusted EPS pre-property profit for 2028 (35%); TSR relative to the FTSE 250 (excluding investment trusts, financial services, resources and energy) (25%); Average ROCE over the three years of the performance period (35%); and Scope 1 & 2 Greenhouse Gas (GHG) emissions reduction (5%).

We propose minor re-weightings of the performance measures from the 2025 award. Adjusted EPS pre-property profit and average ROCE will increase from 30% to 35%. Relative TSR will reduce from 30% to 25%.

The ESG measure has been refined to focus specifically on carbon reduction (with diversity, equity and inclusion measures removed) with a 5% weighting. This maintains a clear focus on externally verifiable and measurable objectives, reflecting a preference for robust, quantifiable targets over those, which were deemed more volatile and challenging to consistently measure within this framework. We will continue to focus on DEI initiatives and targets across the Group including external reporting under the FTSE Women Leaders Review and Parker Review.

Given the inherent challenges in identifying a suitably comparable peer group for TSR due to Grafton's unique cyclical environment and external market forces, the TSR peer group has been refined to exclude companies in investment trusts, financial services, resources and energy sectors.

The Committee has set a target range for adjusted EPS before property profit for 2028 of between 81.14p at threshold, 88.36p at target and 98.65p at maximum. Performance will be assessed on adjusted EPS for the final year of the performance period, including the impact of acquisitions and share buybacks.

Remuneration Committee Report continued

The Committee believes that this range is aligned with delivery of the Group's strategic and financial objectives and represents an appropriately stretching target. 25% of the award will vest if the lower end of the adjusted EPS target range of 81.14p is achieved. Where adjusted EPS is between the threshold and target point in the range, between 25% and 50% of this part of the award will vest on a straight-line basis. Between the target and the maximum target in the range, between 50% and 100% of this part of the award will vest on a straight-line basis. The target adjusted EPS range for 2028 is equivalent to annual compound growth of 4.0% at threshold, 7.0% at target, and 11.0% at maximum applied to the 2025 base year adjusted EPS excluding property profit and using an underlying 19.5% tax rate which excludes a credit relating to updated estimates of amounts relating to prior years of 72.13p.

The TSR performance condition will continue to be measured against a comparator group consisting of the constituents of the London Stock Exchange's FTSE 250 Index, excluding investment trusts, financial services, resources and energy sectors. In line with previous years, median performance against the peer group will result in threshold payout with performance above the 80th percentile resulting in full payout.

The Committee has set a target range of 10.0% to 11.5% for the three-year period from 2026 to 2028 for Average ROCE. The calculation of ROCE will follow that shown in the Alternative Performance Measures on page 192 which uses the opening and closing year-end balance sheets in the calculation of average capital employed.

The GHG emissions target will be aligned with the SBTi linear pathway to a 48.5% reduction by 2030, measured against a 2021 baseline. The target will be to reduce Scope 1 & 2 GHG emissions by 45.24% by 31 December 2028 against the 2021 base year. The target has been adjusted to be appropriately stretching taking into account the progress made against the 2021 baseline at 31 December 2025.

Under the Group's Science Based Targets Initiative Recalculation Policy, it may be necessary to recalculate and restate the base year following significant structural changes in the Group. The Committee will consider the impact of any such recalculation when assessing the outcome of this performance condition.

Colleague engagement

The Remuneration Committee reviewed workforce remuneration including base pay, benefits and incentives and this was also taken into consideration in deciding the pay of executive directors and senior management.

Members of the Committee attended Colleague Forums during the year in the UK and Ireland. These forums, made up of colleagues from each of our businesses, provided the opportunity for our people to engage with Non-Executive Directors and to have their views heard at Board level.

Shareholder engagement

The Committee is committed to ongoing dialogue with shareholders and institutional advisory bodies on remuneration matters and it welcomes feedback as it helps to inform its decisions. The Committee takes an active interest in voting on Annual General Meeting resolutions on remuneration matters and is pleased with the high level of support received historically for its Annual Reports on Remuneration and for the three-yearly renewal of the Remuneration Policy.

The Committee has actively engaged with major shareholders and investor bodies concerning the proposed changes to the Remuneration Policy. Feedback received during consultations with major shareholders was generally favourable and contributed to refining the final proposals.

I am confident that the proposed policy is aligned with shareholders' interests and will continue to support the delivery of the Group's strategy and the creation of long-term sustainable value for shareholders. I hope that we can rely on your continued support at this year's AGM.

I am available to respond to any questions that shareholders have about the Remuneration Policy, the Annual Report on Remuneration or indeed on any other aspect of the work of the Committee and can be contacted by email at remunerationchair@graftonplc.com.

Andrea Gisle Joosen
Chair of the Remuneration Committee

4 March 2026

Remuneration Policy Report

This part of the Directors' Remuneration Report sets out the Remuneration Policy for the Company and has been prepared in accordance with Schedule 8 to the UK Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), the Companies (Miscellaneous Reporting) Regulations 2018 (the 2018 regulations), the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 (the 2019 regulations) and the disclosure requirements set out in the Listing Rules of the UK Financial Conduct Authority. This report also complies with the European Union (Shareholders' Rights) Regulations 2020 introduced in Ireland in March 2020. The policy has been developed taking into account the principles of the 2024 UK Corporate Governance Code.

This policy will take effect from the 2026 AGM and is intended to apply until the 2029 AGM and covers the financial years 2026, 2027 and 2028.

2026 Remuneration Policy summary

Element	Proposed changes to policy
Annual bonus	• The maximum bonus opportunity under the policy will increase from 150% to 180% of salary. • Executive Directors will be no longer required to allocate 30% of their annual bonus after statutory deductions for the purchase of shares in the Group once the share ownership guideline as outlined in the Policy is satisfied. The 30% allocation will continue to be mandatory until the guideline is fulfilled. This approach will apply to the 2025 annual bonus award.
Long Term Incentives	• The maximum award opportunity under the policy will increase from 200% of base salary to 250% of base salary. • Introduction of dividend equivalents in respect of LTIP awards to the extent that they vest.
All-employee share plans	• The policy description has been revised to include the Grafton Group plc Employee Share Participation Scheme.
Chair and Non-Executive Director fees	• The policy description has been revised to confirm that fees are subject to annual review and now incorporates the additional fee applicable to the Senior Independent Director position.
Malus and Clawback	• Malus and Clawback period shortened from six years to three years.
Other	• Minor wording changes to improve operation, implementation, clarity and alignment with best practice.

Policy review process

Jun	• Comprehensive review of the current policy, including engagement with key stakeholders to identify key priorities. • Benchmarking analysis performed against peer group companies and prevailing market trends. • Assessment of regulatory developments and UK Corporate Governance Code updates.
Sep	• New policy draft prepared for consideration and approval.
Dec	• Committee approval of revised policy and approach to shareholder consultation.
Jan	• Formal consultation process initiated with major shareholders.
Mar	• Committee approval of revised policy in preparation for publication in 2025 Annual Report and Accounts.
May	• Remuneration Policy presented at the AGM for shareholder approval.

Remuneration Policy Report continued

Policy overview

The objective of the Remuneration Policy is to provide remuneration packages for each Executive Director that will:

- Attract, retain and motivate executives of high calibre;
- Ensure that executive management is provided with appropriate incentives to support the delivery of the strategy and encourage enhanced sustainable long-term performance;
- Ensure that the overall package for each Director is linked to the short and longer-term strategic objectives of the Group as well as being aligned with the Company purpose and values; and
- Have a significant proportion of the potential remuneration package paid in equity, which is designed to ensure that executives have a strong alignment with shareholders through high levels of executive share ownership both during and post-employment.

When setting the levels of short-term and long-term variable remuneration and the balance of equity and cash within the package, consideration is given to discouraging unnecessary risk-taking whilst ensuring that performance hurdles are suitably challenging.

In determining the Policy, the Remuneration Committee took into account all factors which it considered necessary, including market practice, the changing nature of the business and markets in which it operates, the performance of the Group, the experience, responsibility and track record of the individuals concerned and remuneration practices elsewhere in the Group.

How the views of shareholders are taken into account

The Committee considered the guidelines issued by bodies representing institutional shareholders and feedback from shareholders on the Group's remuneration policies and practices. It also consulted with our largest shareholders and a number of the shareholder advisor bodies prior to finalising proposed changes to the current Remuneration Policy.

Feedback received during meetings with major shareholders was broadly positive and helped shape the final proposals. The Committee took account of the views expressed and considered refinements to certain aspects of the Policy in response to the consultation process.

When any significant changes are proposed to the Policy in the future, the Committee Chair will look to consult with major shareholders in advance and aim to offer a meeting to discuss proposed changes. The Committee will actively engage with shareholders and give serious consideration to their views including any feedback received prior to and during the Annual General Meeting.

Details of votes cast for and against the resolution to approve the prior year's Remuneration Report and any matters discussed with shareholders during the year are referred to in the Annual Report on Remuneration and in the Chair's Annual Statement.

How the views of employees are taken into account

The Committee is provided with an overview of workforce remuneration each year and this was taken into consideration in deciding the pay of Executive Directors and senior management.

Although the Committee does not directly consult with employees on Directors' remuneration, the Committee does take into consideration the pay and employment conditions of all employees when setting the policy for Directors' remuneration. Salary increases are normally in-line with the general increase for the broader employee population in the Ireland and the UK and pension contributions for Executive Directors were aligned to the level available for the majority of the workforce in the UK. The Committee is also mindful of any changes to the pay and benefit conditions for employees more generally when considering the policy for directors' pay. When determining incentive outcomes for directors, including if discretion should be applied, the Committee will also consider workforce pay and broader incentive outcomes.

Finally, members of the Committee attended Colleague Forums during the year in the UK, and Ireland. Colleague Forums, made up of colleagues from each of our businesses, provide an opportunity for our people to engage with Non-Executive Directors and for their views, including any on remuneration, to be heard at management and Board level.

2026 Remuneration Policy for Directors

The following table summarises the key aspects of the Remuneration Policy for Executive Directors.

Remuneration Policy Report continued

Element, purpose and link to strategy	Operation	Maximum opportunity/limit	Performance targets/comments
Base salary			
To recruit, retain and reward executives of a suitable calibre for the roles and duties required	Salaries of Executive Directors are normally reviewed annually and any changes are normally made effective from 1 January (but may be reviewed and increased at other times). When conducting this review and the level of increase, the Committee considers a range of factors including: • The performance of the Group and the individual; • Market conditions; • The prevailing market rates for similar positions in UK and Irish companies of broadly comparable size and a number of industry specific peers; • The responsibilities and experience of each Executive Director; • The level of salary increases implemented across the Group; and • Other relevant factors.	There is no set maximum, however any increases are normally in-line with the general increase for the broader employee population. Individual adjustments in excess of this may be made at the discretion of the Committee for example: • To recognise an increase in the scale, scope or responsibility of a role; • A significant change in the size and/or scope of the business; • Development of an individual within the role; • Where there has been a significant change in market practice; and • Other exceptional circumstances.	Not applicable.
Benefits			
Provide market competitive benefits	Benefits may include company car, mobile telephone, life assurance, private medical cover and permanent health insurance. The Committee may introduce other benefits if it is considered appropriate to do so. Any reasonable business-related expenses may be reimbursed, including tax thereon. Where an Executive Director is required to relocate to perform their role, appropriate one-off or ongoing benefits may be provided (e.g. housing, schooling etc.).	The value of other benefits is based on the cost to the Company and is not pre-determined.	Not applicable.
Pension			
Provide market competitive benefits	A company contribution to a money purchase pension scheme or provision of a cash allowance in lieu of pension or a combination of both.	Pension contributions for Executive Directors are aligned to the level available for the majority of the wider workforce in the UK.	Not applicable.

Remuneration Policy Report continued

Element, purpose and link to strategy	Operation	Maximum opportunity/limit	Performance targets/comments
Annual bonus			
To encourage and reward delivery of the Group's annual financial and strategic objectives	Bonus payments are determined by the Committee based on performance against the targets. Performance measures and targets are reviewed annually. The bonus is payable in cash. Executive Directors are required to apply 30% of their annual bonus, net of statutory deductions, towards the purchase of shares in the Group until they have met their share ownership guideline. Shares purchased under this requirement are normally subject to a holding period of two years. Clawback applies as set out in the notes to the policy table below.	The maximum award under the Annual Bonus Scheme which may be granted in respect of any financial year is 180% of basic salary. The Committee may, in its discretion, adjust annual bonus payments, if it considers that the outcome does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period, or that such payout level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. When making this judgement the Committee may take into account such factors as it considers relevant.	The majority of the bonus will normally be based on the achievement of appropriate financial measures but may also include an element for non-financial measures including personal performance, ESG and strategic measures. The metrics chosen and their weightings will be set out in the Annual Report on Remuneration. For financial measures, a sliding scale is set by the Committee. No bonus is payable if performance is below a minimum threshold, up to 20% is payable for achieving threshold with full bonus payable for achieving the upper point on the scale.
Long Term Incentives (LTIP)			
To encourage and reward delivery of the Group's strategic objectives; to provide alignment with shareholders through the use of shares and to assist with retention	An Executive Director may be granted an award over shares which vest subject to the achievement of performance conditions. Dividends (or equivalents, including the value of reinvestment) may accrue in respect of share awards to the extent that they vest. Executive Directors are normally required to hold any vested shares (net of tax and other statutory obligations) for two years post-vesting. Executive Directors are expected to retain half of any shares that vest under the LTIP after taking into account any shares sold to pay tax and other statutory obligations until this shareholding is met. Malus and clawback apply as set out in the notes to the table.	The maximum value of awards which may be granted in respect of any financial year is 250% of basic salary. The Committee may, in its discretion, adjust the LTIP vesting outcome, if it considers that the outcome does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period, or that such payout level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. When making this judgement the Committee may take into account such factors as the Committee considers relevant.	LTIP awards vest subject to the achievement of performance targets normally measured over a three-year performance period. The Remuneration Committee sets the performance conditions each year which may include financial and non-financial or share price related metrics for each award taking account of the medium to long-term strategic objectives of the Group. Normally, 25% of a metric will vest if the lower target in the range is achieved. Where the outcome is between the threshold and maximum targets in the range, then between 25% and 100% of this part of the award will normally vest on a straight-line basis. The vesting of shares is also subject to the Committee being satisfied that the overall financial results have been satisfactory in the circumstances over the performance period.

Remuneration Policy Report continued

Element, purpose and link to strategy	Operation	Maximum opportunity/limit	Performance targets/comments
All-employee share plans			
To encourage share ownership and align the interests of employees with shareholders	Executive Directors are entitled to participate in employee share schemes in operation during the period of the policy on the same basis as other colleagues. The Group currently operates the 2021 Approved SAYE Plan for UK colleagues and the Grafton Group plc Employee Share Participation Scheme for Grafton Group plc colleagues in Ireland.	The limits are in line with the limits for other colleagues which are set by the UK/Ireland tax authorities.	Not applicable.
Share ownership guidelines			
To increase the alignment of interests between Executive Directors and shareholders	Executive Directors are expected to build and maintain a holding of Company shares equal to at least 200% of base salary. LTIP awards made that are subject to the two-year holding period will be deemed to be part of an Executive Directors' shareholding. Executive Directors will normally be expected to maintain a minimum shareholding of 200% of salary (or actual shareholding if lower) for the two years after stepping down from the Board. The Committee retains discretion to waive this guideline in exceptional circumstances if it is not considered to be appropriate.	Not applicable.	Not applicable.
Chair and Non-Executive Director fees			
To attract and retain a high-calibre Chair and Non-Executive Directors by offering a market competitive fee level	The Committee is responsible for evaluating and determining the fees payable to the Chair. The Chair and CEO are responsible for evaluating and making recommendations to the Board on fees payable to the Non-Executive Directors within an aggregate limit approved from time to time by shareholders. The Chair is currently paid a single inclusive fee for the role. The policy is to pay Non-Executive Directors a basic fee for membership of the Board and additional fees to the Senior Independent Director and the Chairs of the Remuneration and Audit and Risk Committees to recognise the additional responsibilities and time commitment of these roles. Additional fees may be paid to reflect additional Board or Committee responsibilities or time commitments as appropriate. The level of fees paid to the Chair of the Board and all Non-Executive Directors recognises the time commitment and responsibilities of the role. The Chair and Non-Executive Directors may be reimbursed for travel and accommodation expenses (and any personal tax that may be due on those expenses). The Chair and Non-Executive Directors do not participate in any pension or incentive plans. Additional benefits may be introduced if considered appropriate.	Fees are normally reviewed annually, taking account of any changes in responsibilities and set by reference to independently sourced market data to ensure that they remain in line with market practice.	Not applicable.

Remuneration Policy Report continued

Clawback and malus

Annual bonus

The Annual Bonus Scheme is subject to clawback for three years from the date of payment if:

- The Committee forms the view that the Company materially misstated its financial results for whatever reason and that such misstatement resulted either directly or indirectly in a bonus award vesting to a greater degree than would have been the case had that misstatement not been made;
- The Committee forms the view that in assessing the extent to which any performance condition and or any other condition imposed on any bonus award was based on an error, or on inaccurate or misleading information or assumptions and that such error, information or assumptions resulted either directly or indirectly in a bonus being made to a greater degree than would have been the case had that error not been made;
- The Group or any part of the Group in the reasonable opinion of the Committee, following consultation with the Audit and Risk Committee, suffered a material failure of risk management and where the Committee forms the view that the conduct of a Director contributed to the circumstances leading to such failure;
- A Director is found guilty or pleads guilty to a crime that is related to or damages the business or reputation of any member of the Group;
- There is reasonable evidence of fraud or material dishonesty by a Director that is related to or damages the business or reputation of any member of the Group; or
- A Director is in breach of any applicable restrictions on competition, solicitation or the use of confidential information.

These provisions are applicable to bonus awards granted under this Policy and, at the Committee's discretion, may also extend to bonus awards issued pursuant to previous policies.

Long-term incentives

The Committee has the discretion, in circumstances in which the Committee considers such action is appropriate, to decide at any time prior to the vesting of an award that the Director to whom the award was issued shall be subject to forfeiture or reduction (including by way of imposition of additional conditions) of all or part of an award before it has vested.

The Committee also has the discretion to require the repayment of vested awards (within three years of the date of award vesting) in specified circumstances, including:

- where there is a material misstatement in the Company's financial results and that such misstatement resulted either directly or indirectly in an award vesting to a greater degree than would have been the case had that misstatement not been made;
- where in calculating the number of shares to which an award relates or in determining the performance conditions and/or any other condition imposed on the award or in assessing the extent to which any performance condition and/or any other condition imposed on the award was satisfied such calculation, determination or assessment was based on an error, or on inaccurate or misleading information or assumptions and that such error, information or assumptions resulted either directly or indirectly in that award vesting over a greater number of shares or to a greater degree than would have been the case had that error not been made;
- where it is determined that there has been a material failure of risk management;
- where the conduct of the relevant participant contributed to circumstances leading to an insolvency or corporate failure resulting in the value of the Company's shares being materially reduced;
- where the relevant participant is found guilty of or pleads guilty to a crime that is related to or damages the business or reputation of any member of the Company's group;
- there is reasonable evidence of fraud or material dishonesty by the relevant participant that is related to or damages the business or reputation; and
- breach of any applicable restrictions on competition, solicitation or the use of confidential information.

The LTIP is subject to malus provisions including but not limited to the material misstatement of financial results, a material failure of risk management, serious reputational damage or where a participant contributed to circumstances leading to the Group receiving a notification that it may become subject to any regulatory sanctions.

These provisions apply to LTIP awards that vest following the approval of this Policy.

Annual bonus and LTIP discretions

The Committee will operate the Annual Bonus Scheme and LTIP according to their respective rules and in accordance with the Listing Rules and applicable tax rules. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these plans. These include (but are not limited to) the following (albeit within the level of award restricted as set out in the policy table above):

- Who participates in the plan;
- The timing of grant of awards;
- The size of awards;
- The choice of performance measures and performance target conditions in respect of each annual award (including the setting of financial targets and the selection of a TSR comparator group);
- The determination of vesting, including discretion to override formulaic outcomes;
- Whether malus and/or clawback shall be applied to any award and, if so, to the extent to which they shall apply;
- Discretion relating to the measurement of performance in the event of a change of control or reconstruction;
- Determination of a good leaver status (in addition to other specified categories) for incentive plan purposes based on the rules of the plan;
- Adjustments required in certain circumstances (e.g., in the event of a demerger, special dividend or an alteration to the capital structure of the Company including a capitalisation of reserves or rights issue); and
- The ability to adjust existing performance conditions for exceptional events so that they can still fulfil their original purpose.

Legacy arrangements

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above, where the terms of the payment were agreed: (i) before the Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a director of the Company (or other persons to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company. 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' no later than at the time the award is granted.

Remuneration Policy Report continued

Differences in remuneration policy for Executive Directors compared to other employees

The Committee is made aware of pay structures across the Group when setting the remuneration policy for Executive Directors. The Committee considers the general basic salary increase for the broader employee population when determining the annual salary review for the Executive Directors and the pension is aligned with that offered to the majority of the workforce in the UK.

Overall, the remuneration policy for the Executive Directors is more heavily weighted towards variable pay than for other employees. This ensures that there is a clear link between value created for shareholders and remuneration received by Executive Directors and it recognises that Executive Directors should have the greatest accountability and responsibility for increasing shareholder value.

Approach to recruitment and promotions

The Committee will as a general principle seek to offer a remuneration package to a new Executive Director which can secure the best individual for the role while seeking to pay no more than it believes is necessary to make the appointment.

The remuneration package for a new Director will normally be set in accordance with and subject to the limits set out in the Group's approved policy as set out earlier in this report, subject to such modifications as are set out below.

Salary levels for Executive Directors will be set in accordance with the Policy, taking into account the experience and calibre of the individual and his/her existing remuneration package.

Where it is appropriate to offer a lower salary initially, a series of increases to the desired salary positioning may be made over subsequent years subject to individual performance and development in the role. Benefits will generally be provided in line with the approved policy.

Where necessary the Committee may approve the provision of one-off or ongoing expatriate benefits (e.g. housing, schooling etc.) to facilitate recruitment and ensure that flexibility is retained for the Company to pay for legal fees and other costs incurred by the individual in relation to their appointment. The rate of pension contribution will be aligned to the level available for the majority of the wider workforce at the date of appointment.

The structure of the variable pay element will normally be in accordance with and subject to the limits set out in the Group's approved policy detailed above. Different performance measures may be set initially for the annual bonus in the year an Executive Director joins the Group taking into account the responsibilities of the individual and the point in the financial year that he or she joins the Board.

Subject to the rules of the scheme, an LTIP award may be awarded after joining the Group.

If it is necessary to buy-out incentive pay or benefit arrangements or other contractual terms (which would be forfeited on leaving the previous employer) in the case of an external appointment, this would be provided for taking into account the form (cash or shares), timing and expected value (i.e., likelihood of meeting any existing performance conditions) of the remuneration being forfeited. The general policy is that payment would generally be on a 'like-for-like' basis unless this is considered by the Committee not to be practical or appropriate.

Share awards may be used to the extent permitted under the Group's existing share plans and the Listing Rules where necessary.

In the case of an internal hire, any outstanding variable pay awarded in relation to the previous role will be allowed to pay out according to its terms of grant or adjusted as considered desirable to reflect the new role.

Fees for a new Chair or Non-Executive Director will be set in line with the approved policy.

Service contracts and payments for loss of office

The Committee determines the contractual terms for new Executive Directors, subject to appropriate professional advice to ensure that these reflect best practice.

The Group's policy is that the period of notice for Executive Directors will not exceed 12 months. The employment contracts of the current CEO and the CFO may be terminated on six months' notice by either side. In the event of a Director's departure, the Group's policy on termination is as follows:

- The Group will pay any amounts it is required to make in accordance with or in settlement of a Director's statutory employment rights;
- The Group will seek to ensure that no more is paid than is warranted in each individual case;
- There is no entitlement to bonus paid following notice of termination unless expressly provided for in an Executive Director's employment contract, but the Group reserves the right to pay a bonus for service to the date of cessation of employment. Such bonus would normally be subject to the same performance conditions as the normal bonus and payable at the normal time but may be paid at cessation of employment if determined by the Committee. The Committee may determine that any requirement to defer bonus shall not be applied;
- The Committee also retains the discretion to meet any reasonable legal fees or outplacement costs or cost of a similar nature if deemed necessary; and
- Following service of notice to terminate employment, the Company may place the executive on garden leave. During this time, the executive will continue to receive salary and benefits (or a sum equivalent to) until the termination of employment. An executive would not normally be entitled to a bonus for any period of gardening leave.

A Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct.

If the Group terminates employment in lieu of notice in other circumstances, compensation payable is as provided for in employment contracts which is as follows:

- Eric Born – basic salary together with pension and benefits due for any unexpired period.
- David Arnold – basic salary together with benefits and bonus which would have been payable during the notice period or any unexpired balance thereof. Any bonus payable is subject to performance conditions. Payments may be made in monthly instalments.

The Group may pay salary, benefits and pension only in lieu of notice for a new Director.

The treatment of unvested awards previously granted under the LTIP upon termination will be determined in accordance with the plan rules.

As a general rule, an LTIP award will lapse upon a participant giving or receiving notice of his/her cessation of employment. However, for certain good leaver reasons including death, ill health, injury, disability, redundancy, agreed retirement, their employing company or business being sold out of the Group, or any other reason at the Committee's discretion after taking into account the circumstances prevailing at the time, awards will normally vest on the normal vesting date subject to the satisfaction of performance conditions and, unless the Committee determines, otherwise pro-rating the award to reflect the reduced period of time between the commencement of the performance period and the Executive Director's cessation of employment as a proportion of the total performance period. Alternatively, the Committee can decide that the award will vest on the date of cessation, subject to the extent to which the performance conditions have been satisfied at the date of cessation and, unless the Committee determines otherwise, pro-rated to the date of cessation of employment.

Remuneration Policy Report continued

Non-Executive Directors

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, unless otherwise terminated earlier by and at the discretion of either party upon one month's written notice or otherwise in accordance with the Group's Articles of Association and subject to annual reappointment at the AGM.

The appointment letters for Non-Executive Directors provide that no compensation is payable on termination other than accrued fees and expenses.

Remuneration scenarios for Executive Directors

The Group's normal policy results in a significant portion of remuneration received by Executive Directors being dependent on performance.

The chart below shows how the total pay opportunities for 2026 for Executive Directors vary under four performance scenarios – Minimum, In line with Expectation, Maximum and Maximum plus 50% share price growth.

Assumptions

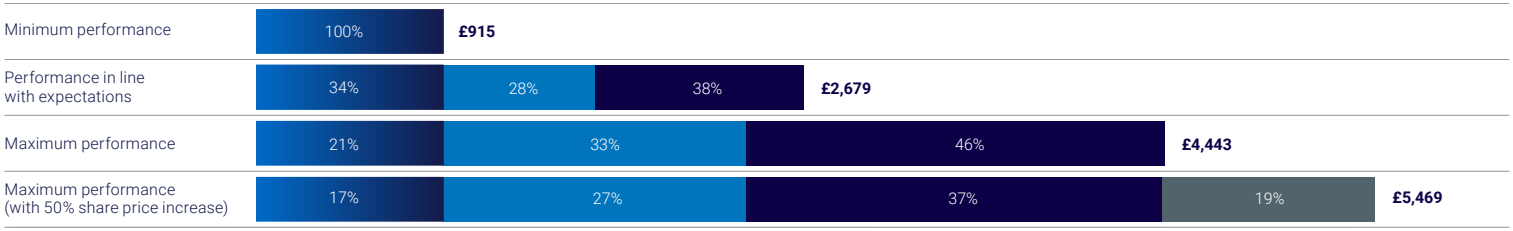
Minimum = fixed pay only (2026 salary, benefits and pension).

In line with expectation (which is not target) = 50% vesting of the annual bonus and LTIP awards.

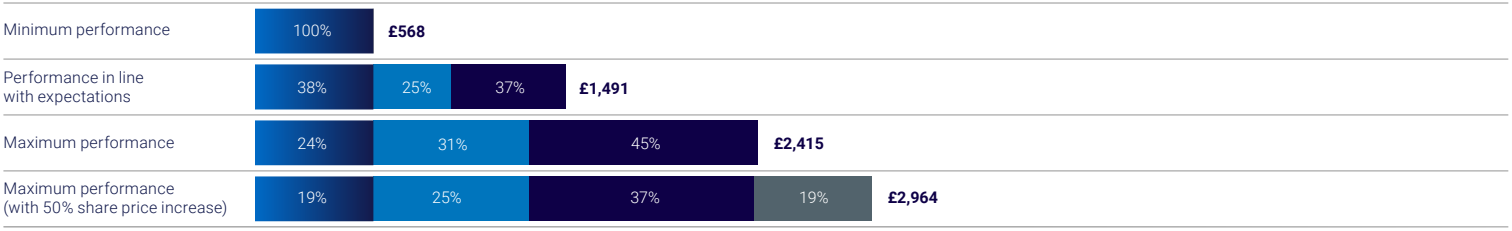
Maximum = 100% vesting of the annual bonus and LTIP awards.

Maximum plus 50% Share Price Growth = 100% vesting of the annual bonus and LTIP awards plus 50% share price growth.

Chief Executive Officer – Eric Born (£'000)



Chief Financial Officer – David Arnold (£'000)



- Fixed
- Annual bonus
- Long-term incentive awards
- Share price growth

Remuneration at a glance

2025 remuneration overview

Remuneration structure

Short term: Base salary + Pension & benefits
Long term: Annual bonus + Long term incentives
= Total remuneration

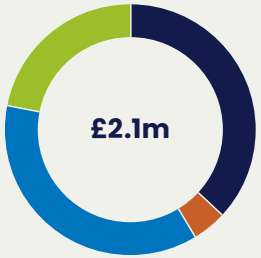
Fixed: Base salary, Pension & benefits
Variable: Annual bonus, Long term incentives

Total remuneration in 2025

- Base salary
- Pension & benefits
- Annual bonus
- Long term incentives

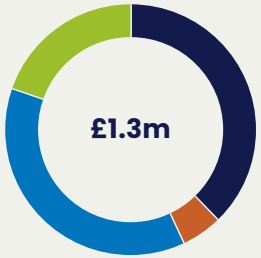
Single total figure

Chief Executive Officer



41.6% Fixed pay
58.4% Variable pay

Chief Financial Officer

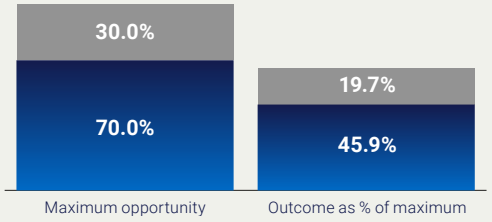


43.2% Fixed pay
56.8% Variable pay

Variable remuneration outcomes in 2025 (CEO and CFO)

Annual bonus 2025

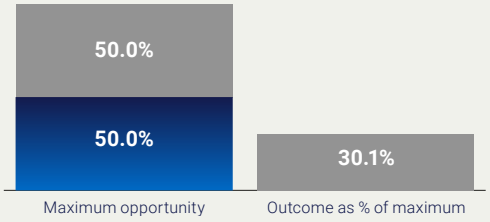
- Operating profit
- Free cash flow



65.6% of maximum opportunity

Long term Incentives

- Adjusted EPS pre-property profit
- Relative TSR



30.1% of maximum opportunity

Share ownership

Annual Report on Remuneration

Although not required under Irish Companies legislation, this report includes the disclosures required by UK legislation contained in Part 3 of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, and the disclosures required by UKLR 6.6.6R of the Listing Rules. The report also complies with the European Union (Shareholders' Rights) Regulations 2020 introduced in Ireland in March 2020.

Membership of the Remuneration Committee

The Committee currently comprises Ms. Andrea Gisle Joosen, Chair, Dr. Rosheen McGuckian, Ms. Avis Darzins, Mr. Mark Robson and Mr. David Dillon all of whom are Non-Executive Directors determined by the Board to be independent.

The Committee members have no personal financial interest, other than as shareholders, in matters to be decided, no potential conflicts of interests arising from cross-directorships and no day-to-day involvement in running the business. The Non-Executive Directors are not eligible for pensions and do not participate in the Group's bonus or share schemes. The Committee's Terms of Reference can be found on the Group website.

Mr. Ian Tyler, Chair, attended meetings of the Committee during 2025 by invitation and participated in discussions. During the year the Committee consulted with the Chief Executive Officer who was invited to attend part of the meetings of the Committee. Ms. Paula Harvey, Group HR Director, was Secretary to the Committee during the year. The Chair of the Committee was assisted in her work by the Company Secretary and the Deputy Company Secretary.

No Director or the Company Secretary or the Group HR Director took part in discussions relating to their own remuneration and/or benefits.

Deloitte LLP ('Deloitte') serves as the Committee's advisor on remuneration matters. During the year, Deloitte provided the Committee with a market practice update on remuneration trends and governance, in addition to advising on the implementation of the remuneration policy for 2025 and other remuneration matters including the new remuneration policy. Fees for these services, charged on a time and materials basis, totalled £163,700.

Deloitte was appointed by the Committee following a competitive tender process. The Committee is satisfied that the Deloitte team advising on remuneration has no connections with Grafton Group plc or its Directors that could impair their independence. Potential conflicts of interest were reviewed, and the Committee deemed the existing safeguards against such conflicts to be appropriate. The Committee is satisfied that all advice received from Deloitte concerning remuneration was objective and independent.

Deloitte is a signatory to the Remuneration Consultants' Code of Conduct, which mandates impartial advice. Deloitte has confirmed to the Committee its compliance with this Code. Deloitte provided other immaterial services to the Group during the year.

Activity during the year

January 2025

- Initial consideration of 2025 Annual Bonus Scheme including structure, measures and targets;
- Initial consideration of 2025 LTIP performance conditions, measures and targets;
- Considered feedback from shareholders regarding implementation of Remuneration Policy in 2025; and
- Annual review of Committee's performance.

March 2025

- Determined Annual Bonus Scheme payments for 2024;
- Determined the extent of vesting of the LTIP awards granted in April 2022;
- Agreed the quantum of 2025 LTIP awards to be granted to Executive Directors, and the GMT including the Company Secretary;
- Agreed the performance conditions measure and targets for the 2025 LTIP awards for Group Management Team (GMT) including the Company Secretary;
- Agreed the 2025 Bonus Scheme structure, measures and targets;
- Reviewed the CEO Pay Ratio with the wider workforce;
- Considered and approved the Report of the Remuneration Committee on Directors' Remuneration; and
- Reviewed and agreed good leaver recommendations in line with LTIP rules.

April 2025

- Grant of awards under SAYE Scheme to UK colleagues.

May 2025

- Update on shareholder voting and feedback on AGM resolution on Annual Report on Remuneration; and
- Considered and agreed process for Remuneration Policy review.

September 2025

- Considered Policy Review matters.

October 2025

- Determined the extent of vesting of the LTIP awards granted in November 2022 to the CEO;
- Reviewed and agreed good leaver recommendations in line with LTIP rules;
- Considered an update from Deloitte on latest executive remuneration trends and corporate governance developments;
- Considered a management proposal on changes to Executive Remuneration;
- Considered Policy review matters;
- Reviewed share allocation and dilution limits;
- Reviewed Executive Directors' shareholdings against Policy; and
- Reviewed and agreed the Committee proposed work schedule for 2026.

December 2025

- Considered Policy review matters and agreed approach to shareholder consultation;
- Considered an update on pay across the Group's workforce;
- Determined 2026 salary increases for Executive Directors and the GMT including the Company Secretary;
- Reviewed and approved a remuneration Proposal for GMT members;
- Considered level of potential Bonus Awards for 2025;
- Considered level of potential vesting of 2023 LTIP awards in 2026;
- Approved a proposal relating to pension contribution rates for businesses in Ireland;
- Approved proposed changes of Remuneration Committee Terms of Reference; and
- Approved 2026 fee increase for Non-Executive Chair.

Annual Report on Remuneration continued

Single total remuneration figure of Directors' remuneration

The following table sets out the total remuneration for Directors for the year ending 31 December 2025 and the prior year.

	Salary/Fees (a)		Bonus (b)		Pension (c)		Other benefits (d)		Long Term Incentive Plan (e)		Total	
	2025 £'000	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000
Executive Directors												
E. Born	**797**	770	**784**	741	**72**	69	**21**	25	**467**	44	**2,141**	1,649
D. Arnold	**485**	468	**477**	376	**44**	42	**24**	22	**249**	82	**1,279**	990
	1,282	1,238	**1,261**	1,117	**116**	111	**45**	47	**716**	126	**3,420**	2,639
Non-Executive Directors												
I. Tyler[(i)]	**250**	175	–	–	–	–	–	–	–	–	**250**	175
R. McGuckian[(ii)]	**69**	61	–	–	–	–	–	–	–	–	**69**	61
A. Darzins	**66**	61	–	–	–	–	–	–	–	–	**66**	61
M. Robson	**80**	68	–	–	–	–	–	–	–	–	**80**	68
D. Dillon[(iii)]	**43**	–	–	–	–	–	–	–	–	–	**43**	–
A. Gisle Joosen[(iv)]	**38**	–	–	–	–	–	–	–	–	–	**38**	–
Retired Non-Executive Directors[(v)]												
S. Murray	**72**	71	–	–	–	–	–	–	–	–	**72**	71
V. Crowley	**54**	61	–	–	–	–	–	–	–	–	**54**	61
M. Roney	–	81	–	–	–	–	–	–	–	–	–	81
P. Hampden Smith	–	24	–	–	–	–	–	–	–	–	–	24
	672	602	–	–	–	–	–	–	–	–	**672**	602
Total Remuneration	**1,954**	1,840	**1,261**	1,117	**116**	111	**45**	47	**716**	126	**4,092**	3,241

(i) Mr. I. Tyler was appointed to the Board on 1 March 2024.
(ii) Dr. R. McGuckian was appointed Senior Independent Director with effect from 22 October 2025 and was entitled to the Senior Independent Director fee from that date.
(iii) Mr. D. Dillon was appointed to the Board on 12 May 2025.
(iv) Ms. A. Gisle Joosen was appointed to the Board on 1 July 2025 and succeeded Mrs. S. Murray as Chair of the Remuneration Committee on 2 September 2025.
(v) Mrs. S. Murray and Mr. V. Crowley stepped down from the Board on 21 October 2025. Mr. M. Roney and Mr. P. Hampden Smith stepped down from the Board on 2 May 2024.

Notes to the Directors' remuneration table:

(a) This is the amount of salaries and fees earned in respect of the financial year. Non-Executive Directors' fees are payable in local currency. Additional fees are payable to the Senior Independent Director and each of the Chairs of the Audit and Risk Committee and the Remuneration Committee. Details of fees paid during 2025 are shown on page 102.
(b) This is the amount of bonus earned in respect of the financial year. The amount payable in respect of 2025 will be paid at the end of March 2026.
(c) This is the amount of contribution payable in respect of the financial year by way of a company contribution to a pension scheme or a taxable payment in lieu of pension made through the payroll.
(d) Benefits comprise permanent health and medical insurance and the provision of a company car or a car allowance.
(e) For the year ended 31 December 2025, this is the value of LTIP awards that will vest in April 2026. The vesting of these awards was subject to performance conditions over the period from 1 January 2023 to 31 December 2025. The value of the awards that will vest is based on the average share price of £9.30 for the three months to 31 December 2025. This represents an increase of £0.43 or 4.8% from the share price of £8.87 at the date of grant. For the year ended 31 December 2024, this is the value of LTIP awards that vested in April/November 2025 which has been updated from that disclosed last year to reflect the share prices of £8.622 and £9.3455 on the dates of vesting. The amounts disclosed in the 2024 report were £46,000 in respect of Mr. E. Born and £94,000 in respect of Mr. D. Arnold.

Comparative figures included in the tables above and on page 102 have been presented on a consistent basis with the current year. Further details on the valuation methodologies applied are set out in notes (a) to (e) above. These valuation methodologies are as required by the Regulations and are different from those applied within the financial statements which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The total expense relating to the Directors recognised within the income statement in respect of the Long Term Incentive Plan (LTIP) is £667,000 (2024: £941,000).

Annual Report on Remuneration continued

The following table sets out the total remuneration for Executive Directors split between fixed and variable pay for the year ending 31 December 2025 and the prior year. Fixed pay includes salary, fees, pension and other benefits. Variable pay includes bonus and LTIP. The remuneration of Non-Executive Directors is all fixed pay.

	Total fixed pay		Total variable pay		Total	
	2025 £'000	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000
Executive Directors						
E. Born	**890**	864	**1,251**	785	**2,141**	1,649
D. Arnold	**553**	532	**726**	458	**1,279**	990
	1,443	1,396	**1,977**	1,243	**3,420**	2,639

Fixed pay in 2025

Salaries

Having taken account of both external market developments and internal Group considerations, the Committee approved in December 2024 a basic salary increase of 3.5% with effect from 1 January 2025 for the Chief Executive Officer and the Chief Financial Officer which was lower than average awards of 4.65% to colleagues across the Group.

	Salary/fees		
	2025 £'000	2024 £'000	**Change**
E. Born	**797**	770	**3.5%**
D. Arnold	**485**	468	**3.5%**

Non-Executive Directors' fees

In December 2024, following a benchmark review of Non-Executive Director fees, to ensure remuneration remained competitive and aligned with companies of similar size and complexity, the Committee approved increases to the basic Non-Executive Director fee and additional fee for Chairs of the Audit and Risk Committee and the Remuneration Committee, effective from 1 January 2025. A supplemental fee for the Senior Independent Director role was introduced from 1 January 2025. The fee paid to Mr. Ian Tyler, Non-Executive Chair, for 2025 was unchanged from 2024.

	2025 £'000/€'000	2024 £'000/€'000	**Change**
Chair's fee	**£250**	£250	**–**
Non-Executive Director basic fee	**£66/€78**	£61/€73	**7.4%**
Additional fees			
Senior Independent Director	**£11/€13**	–	**–**
Audit and Risk Committee Chair	**£14/€17**	£10/€12	**42.6%**
Remuneration Committee Chair	**£14/€17**	£10/€12	**42.6%**

Benefits

	Health and medical insurance £'000	**Provision of a company car/ car allowance £'000**	**Total 2025 taxable benefits £'000**	Total 2024 taxable benefits £'000
E. Born	**11**	**10**	**21**	25
D. Arnold	**7**	**17**	**24**	22

Benefits comprise permanent health and medical insurance and the provision of a company car.

Pension

Pension benefits comprise either a company contribution to an Executive Director's personal pension plan, a company contribution to the Group defined contribution pension scheme or a taxable non-pensionable cash allowance paid through the payroll in lieu of pension benefit.

	2025 Base salary £'000	% of salary	**2025 Pension contribution £'000**	2024 Pension contribution £'000
E. Born	**797**	9.0%	**72**	69
D. Arnold	**485**	9.0%	**44**	42

The rate of pension contribution is maintained at 9.0% of base salary as implemented on 1 January 2023 and is aligned with the contribution rate available to the majority of the UK workforce.

Annual Report on Remuneration continued

Pay for performance

Annual bonus

The maximum bonus opportunity for Mr. Born and Mr. Arnold was 150% of salary respectively. The bonus was based on two financial measures.

The tables below analyse the composition of the bonus opportunity for the year (% of salary) for the CEO and CFO:

	Percentage of basic salary		
	Operating profit	Free cash flow	Maximum bonus payable
E. Born	105%	45%	150%
D. Arnold	105%	45%	150%

Financial targets were set at the beginning of the year by reference to the Group's budget for 2025. The actual targets and performance against those targets are set out in the table below for 2025:

	Threshold (20% payable)	Target (50% payable)	Stretch (100% payable)	Actual	% of Maximum payable
Operating profit (£'000)*	£164,262	£177,580	£190,899	£181,697	65.5%
Free cash flow**	80.00%	85.00%	100.00%	89.75%	65.8%

* Adjusted constant currency operating profit, before property profit which decreased operating profit as reported by £2,613,000.
** Based on free cash flow excluding the impact of property related proceeds, associated gains or losses, and any related taxes.

The operating profit performance condition was based on a sliding scale from 92.5% to 107.5% of the Group's budget for 2025. No bonus was payable if performance was below a minimum threshold of 92.5% of target. The bonus opportunity increased on a straight-line basis up to 100% of the bonus opportunity on achieving 107.5% of target. The free cash flow performance condition was based on a sliding scale from 80% to 100% of budgeted free cash flow with 20% payable at threshold, 50% payable at the budgeted free cash flow of 85% and the full bonus payable at 100%.

The Committee considered the extent to which these targets were achieved and agreed a payment of 98.4% of salary, out of a maximum bonus opportunity of 150% of salary for Mr. Born and Mr. Arnold. These bonuses equate to 65.6% of the maximum opportunity. The Committee agreed that the bonus outcome was reflective of the underlying financial performance of the Group and therefore no discretion was applied.

Long Term Incentive Plan

The Remuneration Committee has the authority to set appropriate criteria for each award. The Committee believes that the LTIP should align management and shareholder interests and assist the Group in the recruitment and retention of senior executives.

LTIP awards with a performance period covering the three years to 31 December 2025

The performance conditions for LTIP awards made to Executive Directors in March 2023 were based on growth in EPS and TSR. Half of the awards to Executive Directors were based on relative TSR versus a comparator group consisting of the constituents of the London Stock Exchange's FTSE 250 Index excluding investment trusts. As the Group's TSR was ranked at between median and 80th percentile, 60.2% of this half of the award will vest. The other half was based on the Group's adjusted EPS for the financial year ended 31 December 2025. The Adjusted EPS outcome was calculated based on the number of shares in issue as at the end of 31 December 2022. On this basis, adjusted EPS for 2025 was 63.7 pence, excluding property profit. As this was below the threshold of 89.7 pence, this half of the award will not vest.

The relevant targets and results for the year were as follows:

	50% TSR relative to a peer group		50% Adjusted EPS	
	Performance ranking required	% of element vesting	Performance required	% of element vesting
Below threshold	Below median	0%	Below 89.7p	0%
Threshold	Median	25%	89.7p	25%
Between threshold and stretch	Median - 80th percentile	25% - 100%	89.7p - 101.6p	25% - 100%
Stretch or above	Above 80th percentile	100%	Above 101.6p	100%
Actual achieved	Ranked 52nd	60.2%	63.7p	0%

Based on the above, 30.1% of the total awards granted to the Chief Financial Officer and Chief Executive Officer will vest in April 2026. The Committee agreed that the vesting outcome was reflective of the underlying financial performance of the business and no discretion was applied.

The following is a summary of the 2023 awards that will vest in April 2026:

Director	Number of shares granted	% of award vesting	Number of shares vesting	Value of shares vesting[1]
E. Born	166,855	30.1%	50,223	£467,074
D. Arnold	88,839	30.1%	26,740	£248,682

1 As these shares do not vest until after 1 April 2026, a deemed share price is used to calculate the value of the vesting. This is taken as the three-month average to 31 December 2025 being £9.30.

LTIP awards granted during the year ended 31 December 2025

The following awards were made during the year ended 31 December 2025:

Director	Date of grant	Number of shares granted	% of base salary	Share price at grant date	Value of award at grant date
E. Born	19 March 2025	182,765	200%	£8.7165	£1,593,071
D. Arnold	19 March 2025	111,212	200%	£8.7165	£969,379

The 2025 awards to Mr. Born and Mr. Arnold are subject to the achievement of the following performance conditions:

Performance condition	Weighting
Relative TSR	**30.0%**
Adjusted EPS pre-property profit	**30.0%**
Average ROCE	**30.0%**
Gender diversity	**5.0%**
Carbon reduction	**5.0%**

Annual Report on Remuneration continued

Financial targets

	30% TSR relative to a peer group		30% Adjusted EPS		30% Average ROCE	
	Ranking	% of element vesting	Performance	% of element vesting	Performance	% of element vesting
Below threshold	Below median	0%	Below 79.1p	0%	Below 10.0%	0%
Threshold	Median	25%	79.1p	25%	10.0%	25%
Between threshold and target	–	–	79.1p-86.1p	25% - 50%	–	–
Between target and stretch	–	–	86.1p-93.6p	50% - 100%	–	–
Between threshold and stretch	Median - 80th percentile	25%-100%	–	–	10.0%-11.0%	25%-100%
Stretch or above	Above 80th percentile	100%	Above 93.6p	100%	11.0%	100%

The TSR comparator group consists of the constituents of the London Stock Exchange's FTSE 250 Index excluding investment trusts.

EPS performance will be assessed on adjusted EPS for the final year of the performance period, including the impact of acquisitions and share buybacks.

ESG targets

	5% gender diversity		5% GHG emissions	
	Performance	% of element vesting	Reduction	% of element vesting
Below threshold	Below 18.75%	0%	Below 40.76%	0%
Threshold	18.75%	25%	40.76%	25%
Between threshold and stretch	18.75%-21.00%	25% - 100%	40.76% - 42.87%	25% - 100%
Stretch or above	Above 21.00%	100%	Above 42.87%	100%

The gender diversity target is based on increasing the number of females within a target group of colleagues being the Group Management Team and direct reports, business leaders and their executive committees, and regional and branch managers or the equivalent general managers in the businesses.

The carbon reduction target is aligned with the SBTi linear pathway to a 48.5% reduction in Greenhouse Gas (GHG) emissions by 2030, measured against a 2021 baseline. The target for the 2025 LTIP award is to reduce Scope 1 & 2 GHG emissions by 42.87% by 31 December 2027 against the 2021 base year.

Under the Group's Science Based Targets Initiative Recalculation Policy, it may be necessary to recalculate and restate the base year following significant structural changes in the Group. The Committee will consider the impact of any such recalculation when assessing the outcome of this performance condition.

In line with best practice and shareholder expectations, the Committee retains discretion to adjust the vesting outcome if it is not considered to be reflective of the underlying financial and/or non-financial performance of the business, the performance of the individual over the performance period or where the outcome is not considered appropriate in the context of the experience of shareholders and other stakeholders.

A holding period of two years will apply to LTIP awards received by Executive Directors that vest, after taking into account any shares sold to pay tax and other statutory obligations in line with the Remuneration Policy. Shares held during the two-year holding period will be deemed to be part of an Executive Director's shareholding, for the purposes of monitoring the shareholding guidelines. The vesting period and the holding period will be five years in total. Clawback provisions apply.

Loss of office payments and payments to past Directors

No loss of office payments or any payments to past Directors were made during the year.

Application of Remuneration Policy in 2026

Salaries

The 2023 Remuneration Policy notes there is no prescribed maximum annual salary increase but the Committee will be guided by the general increases for the broader employee population but on occasion may need to recognise an increase in the scale, scope or responsibility of the role. The Committee approved a salary increase of 3.0% with effect from 1 January 2026 for the CEO and the CFO which was lower than the average awards of 3.6% to colleagues in Ireland and the UK. The following salaries will apply from 1 January 2025:

Director	**2026 Base salary £'000**	2025 Base salary £'000	**% Increase**
E. Born	**820**	797	**3.0%**
D. Arnold	**499**	485	**3.0%**

Chair and Non-Executive Directors' fees

The Chair and Non-Executive Directors' fees are paid in local currency and reviewed annually. The current fee structure for the Chair and Non-Executive Directors is shown below.

Director	**2026 £'000/€'000**	2025 £'000/€'000	**% Increase**
Chair's fee	**£258**	£250	**3.0%**
Non-Executive Director basic fee	**£68/€80**	£66/€78	**3.0%**
Additional fees			
Senior Independent Director	**£11/€13**	£11/€13	**3.0%**
Audit and Risk Committee Chair	**£14/€17**	£14/€17	**3.0%**
Remuneration Committee Chair	**£14/€17**	£14/€17	**3.0%**

A fee increase of 3.0% applied effective 1 January 2026 to the fees payable to the Chair and Non-Executive Directors. This adjustment aligns with the salary increases granted to the CEO and CFO and was lower than the average awards of 3.6% to colleagues in Ireland and the UK.

Annual Report on Remuneration continued

Pension and benefits

Mr. Born and Mr. Arnold will receive taxable pension contributions or a cash allowance in lieu of pension of 9.0% of salary with effect from 1 January 2026 which are aligned to the contribution rate available for the majority of the wider UK workforce.

Annual bonus

As set out in the Report of the Committee on pages 87 to 90, the maximum bonus opportunity for the Chief Executive Officer for 2026 has been increased to 180% of salary. The maximum bonus opportunity for the Chief Financial Officer for 2026 will remain at 150% of salary.

The 2026 annual bonus will continue to be based on adjusted operating profit pre-property profit (70%) and free cash flow conversion (30%). The Committee believes these metrics remain the most appropriate measures to incentivise strong annual financial performance and disciplined cash management. These measures are directly aligned with the Group's key operational priorities and provide clear, objective targets that drive value creation for shareholders while supporting the execution of the Group's strategic objectives.

The measures and weightings for 2026 are shown in the table below.

CEO Bonus based on	% of salary 2025	% of salary 2024
Operating profit	**126.0**	105.0
Free cash flow conversion	**54.0**	45.0
	180.0	150.0

CFO Bonus based on	% of salary 2025	% of salary 2024
Operating profit	**105.0**	105.0
Free cash flow conversion	**45.0**	45.0
	150.0	150.0

The targets are commercially sensitive and therefore will be disclosed in the 2026 Annual Report.

In line with the 2026 Policy, Executive Directors are required to apply 30% of any annual bonus earned after statutory deductions for the purchase of shares in the Group until the share ownership guideline as outlined in the Policy is met. Clawback provisions apply.

Long-term incentives

As detailed in the Report of the Committee on pages 87 to 90, LTIP awards for 2026 will be made at 250% of salary to the CEO and at 220% of salary to the CFO. The increased potential LTIP award is designed to motivate executives to achieve stretching targets, ensuring strong alignment with the shareholder outcomes over the long term. The approach to performance condition target setting for the LTIP has been revised to reflect the enhanced award opportunity.

Vesting will be based on four performance conditions:

Performance condition	Weighting
Relative TSR	**25.0%**
Adjusted EPS pre-property profit	**35.0%**
Average ROCE	**35.0%**
Carbon reduction	**5.0%**

The performance conditions have been subject to modest reweighting from the 2025 award. The weightings for Adjusted EPS before property profit and average ROCE have been increased from 30% to 35% each, reflecting their significance as key performance indicators that are largely within management's influence and central to the delivery of strategy. Relative TSR has been reduced from 30% to 25% to allow for greater emphasis on core financial KPIs. The inclusion of TSR maintains alignment with shareholder interests and recognises the importance of measuring strategic success through share price growth.

The ESG measure has been revised to focus exclusively on carbon reduction, with a 5% weighting. This adjustment reinforces our commitment to carbon reduction as a key component of our strategy and long-term business resilience, while ensuring all objectives remain externally verifiable and measurable. We will continue to focus on DEI initiatives and targets across the Group including external reporting under the FTSE Women Leaders Review and Parker Review.

Relative TSR

The TSR performance condition will continue to be measured against a comparator group consisting of the constituents of the London Stock Exchange's FTSE 250 Index excluding investment trusts. As noted in the Chair's letter, the comparator group has been further refined to remove the financial services, resources and energy sectors that are subject to significantly different market factors to the Group.

Consistent with prior years, achieving median performance relative to the peer group will result in a threshold payout with performance exceeding the 80th percentile resulting in a full payout.

Notwithstanding the achievement of the TSR performance conditions, no shares will vest unless the Committee considers that the overall financial results of the Group have been satisfactory in the circumstances over the performance period.

Adjusted EPS pre-property profit

The Committee agreed that for the LTIP award in 2026, EPS targets will be based on forecast organic growth plus potential growth achievable through acquisitions or share buybacks. EPS performance will be assessed on adjusted EPS for the final year of the performance period, including the impact of acquisitions and share buybacks. This approach aligns with the methodology adopted by the Committee when setting the targets for the LTIP award in 2025.

The Committee has set a target range for Adjusted EPS before property profit for 2028 of between 81.14p at threshold, 88.36p at target and 98.65p at maximum. Performance will be assessed on adjusted EPS for the final year of the performance period, including the impact of acquisitions and share buybacks.

The Committee believes that this range is aligned with delivery of the Group's strategic and financial objectives and represents an appropriately stretching target. 25% of the award will vest if the lower end of the adjusted EPS target range of 81.14p is achieved. Where adjusted EPS is between the threshold and target point in the range, between 25% and 50% of this part of the award will vest on a straight-line basis. Between the target and the maximum target in the range, then between 50% and 100% of this part of the award will vest on a straight-line basis. The target adjusted EPS range for 2028 is equivalent to annual compound growth of 4.0% at threshold, 7.0% at target, and 11.0% at maximum applied to the 2025 base year adjusted EPS excluding property profit and using an underlying 19.5% tax rate which excludes a credit relating to updated estimates of amounts relating to prior years of 72.13p.

Average ROCE

The Committee has set a target range of 10.0% to 11.5% for the three-year period from 2026 to 2028 for Average ROCE. The calculation of ROCE will follow that shown in the Alternative Performance Measures on page 192 which uses the opening and closing year-end balance sheets in the calculation of average capital employed.

Annual Report on Remuneration continued

GHG emissions reduction

The ESG measure has been refined to focus specifically on carbon targets with a 5% weighting. This maintains a clear focus on externally verifiable and measurable objectives.

The carbon reduction target will be aligned with the SBTi linear pathway to a 48.5% reduction of GHG emissions by 2030, measured against a 2021 baseline. The target will be to reduce Scope 1 & 2 GHG emissions by 45.24% by 31 December 2028 against the 2021 base year.

The amount of the award is determined on a straight-line basis as set out in the table adjacent.

Under the Group's Science Based Targets Initiative Recalculation Policy, it may be necessary to recalculate and restate the base year following significant structural changes in the Group. The Committee will consider the impact of any such recalculation when assessing the outcome of this performance condition.

Financial targets

	25% TSR relative to a peer group		35% Adjusted EPS		35% Average ROCE	
	Ranking	% of element vesting	Performance	% of element vesting	Performance	% of element vesting
Below threshold	Below median	0%	Below 81.14p	0%	Below 10.0%	0%
Threshold	Median	25%	81.14p	25%	10.0%	25%
Between threshold and target	–	–	81.14p-88.36p	25% -50%	–	–
Between target and stretch	–	–	88.36p-98.65p	50%-100%	–	–
Between threshold and stretch	Median-80th percentile	25% -100%	–	–	10.0%-11.5%	25%-100%
Stretch or above	Above 80th percentile	100%	Above 98.65p	100%	11.5%	100%

ESG target

	5% GHG emissions reduction	
	Performance	% of element vesting
Below threshold	Below 41.57%	0%
Threshold	41.57%	25%
Between threshold and stretch	41.57%-45.24%	25%-100%
Stretch or above	Above 45.24%	100%

Holding period

A holding period of two years will apply to LTIP awards received by Executive Directors that vest, after taking into account any shares sold to pay tax and other statutory obligations in line with the Remuneration Policy. Shares held during the two-year holding period will be deemed to be part of an Executive Directors' shareholding, for the purposes of monitoring the shareholding guidelines. The vesting period and the holding period will be five years in total.

Relative importance of spend on pay

The following table sets out the percentage change in dividends, share buybacks and overall spend on employee pay in the 2025 financial year compared with the prior year.

	2025 ** **£'000**	2024 £000	% Change
Dividends payable	**72,484***	72,743	(0.4)
Share buybacks	**56,612**	80,923	(30.0)
Employee remuneration costs	**420,801**	365,952	15.0

* Based on shares in issue as at 26 February 2026.

** Includes full impact of Salvador Escoda for 2025.

Annual Report on Remuneration continued

Percentage change in Directors pay

The table below shows the percentage year-on-year change in the value of salary/fees, annual bonus and benefits for all Directors compared to that of the average employee on an annual basis. Change is calculated using unrounded pay figures in local currency. Mr. David Dillon and Ms. Andrea Gisle Joosen were appointed to the Board on 12 May 2025 and 1 July 2025 respectively.

	2025 % change			2024 % change			2023 % change			2022 % change			2021 % change			2020 % change		
	Salary	**Benefits**	**Bonus**	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus
E. Born	**3.5**	(15.7)	**5.8**	4.0	(16.3)	308.1	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
D. Arnold	**3.5**	**10.2**	**27.0**	4.0	(21.3)	308.2	4.4	(5.3)	(56.0)	3.1	3.2	(50.0)	5.1	(32.4)	100.0	(3.0)	(4.9)	(100.0)
I. Tyler	**–**	**–**	**–**	n/a	–	–	n/a	–	–	n/a	–	–	n/a	–	–	n/a	–	–
R. McGuckian[(i)]	**7.4**	**–**	**–**	–	–	–	–	–	–	3.1	–	–	5.3	–	–	n/a	–	–
A. Darzins	**7.4**	**–**	**–**	–	–	–	–	–	–	n/a	–	–	n/a	–	–	n/a	–	–
M. Robson	**12.2**	**–**	**–**	–	–	–	n/a	–	–	n/a	–	–	n/a	–	–	n/a	–	–
D. Dillon	**n/a**	**–**	**–**	n/a	–	–	n/a	–	–	n/a	–	–	n/a	–	–	n/a	–	–
A. Gisle Joosen	**n/a**	**–**	**–**	n/a	–	–	n/a	–	–	n/a	–	–	n/a	–	–	n/a	–	–
Retired directors[(ii)]																		
S. Murray[(iii)]	**27.7**	**–**	**–**	–	–	–	–	–	–	19.6	–	–	5.3	–	–	(4.5)	–	–
V. Crowley	**7.4**	**–**	**–**	–	–	–	–	–	–	3.1	–	–	5.3	–	–	(4.5)	–	–
M. Roney	**–**	**–**	**–**	–	–	–	–	–	–	3.1	–	–	5.3	–	–	(4.5)	–	–
P. Hampden Smith	**–**	**–**	**–**	–	–	–	–	–	–	19.6	–	–	5.3	–	–	(4.5)	–	–
Average employee																		
Salary, benefits and bonus (£)[(iv)]	**4.65***			5.2			4.4			4.0			10.4			(7.3)		

(i) Dr. McGuckian was appointed Senior Independent Director with effect from 22 October 2025 and was entitled to the Senior Independent Director fee of €13,000 per annum from that date.
(ii) Mrs. Murray and Mr. Crowley stepped down from the Board on 21 October 2025. Mr. Roney and Mr. Hampden Smith stepped down from the Board on 2 May 2024.
(iii) Ms. Murray's fee increase was 12.2% excluding the Senior Independent Director fee of £11,000 per annum which was introduced from 1 January 2025.
(iv) Based on the average number of persons employed during the year.

* The weighted average salary increase, excluding adjustments for the national minimum wage, for the general workforce in Ireland and the United Kingdom.

Annual Report on Remuneration continued

CEO pay ratio to the workforce

The table below shows the ratio of the CEO's total remuneration for 2025 and the lower, median and upper quartile full-time equivalent remuneration of the Group's UK employees. The pay ratios for 2024, 2023, 2022, 2021, 2020 and 2019 are also shown for comparison. Grafton has decided to use Option A as it provides the most statistically accurate method for identifying the pay ratios. Option A requires a company to calculate the total full-time equivalent pay and benefits of all its UK employees for the relevant financial year (using the same methodology as for CEO pay) in order to identify and rank the 25th, 50th and 75th percentiles. The total remuneration for employees includes wages and salaries, taxable benefits, bonuses, share-based payments remuneration and pensions.

The period of analysis is between 1 January and 31 December 2025. The total number of UK colleagues included in the 2025 pay ratio analysis was 3,905. The analysis included colleagues employed at 31 December 2025.

	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2019	Option A	93:1	77:1	59:1
2020	Option A	68:1	57:1	44:1
2021	Option A	138:1	120:1	90:1
2022	Option A	35:1	31:1	26:1
2023	Option A	43:1	37:1	30:1
2024*	Option A	66:1	58:1	47:1
2025	Option A	81:1	72:1	59:1

		25th percentile pay ratio		50th percentile pay ratio		75th percentile pay ratio	
Financial year	Method	Total pay and benefits	Total salary	Total pay and benefits	Total salary	Total pay and benefits	Total salary
2025	Option A	£26,538	£25,350	£29,875	£28,560	£36,114	£33,698

For the purpose of calculating the pay ratio, the CEO's remuneration is based on the single figure for 2025 of £2,140,226 which includes all remuneration (salary, pension, benefits and LTIP). Details of colleague bonus payments in respect of 2025 is based on bonuses paid in 2025. This is consistent with the calculation method used in previous years. Consistent with our practice in previous years, next year's report will be updated for bonuses paid to colleagues in respect of 2025. The Committee considers the median pay ratio consistent with the Group's wider policies on employee pay, reward and progression. For example, the Committee reviewed workforce remuneration including base pay, benefits and incentives which was taken into consideration when deciding the pay of Executive Directors and Senior Management. Changes in total remuneration for the CEO are largely as a result of the volatile nature of their variable pay and this is reflected in the variation of the total pay ratio over the period.

* The pay ratio reported for 2024 has been recalculated to be based on colleague bonuses paid in respect of 2024 such that it is on a like-for-like basis to the CEO's single figure calculation.

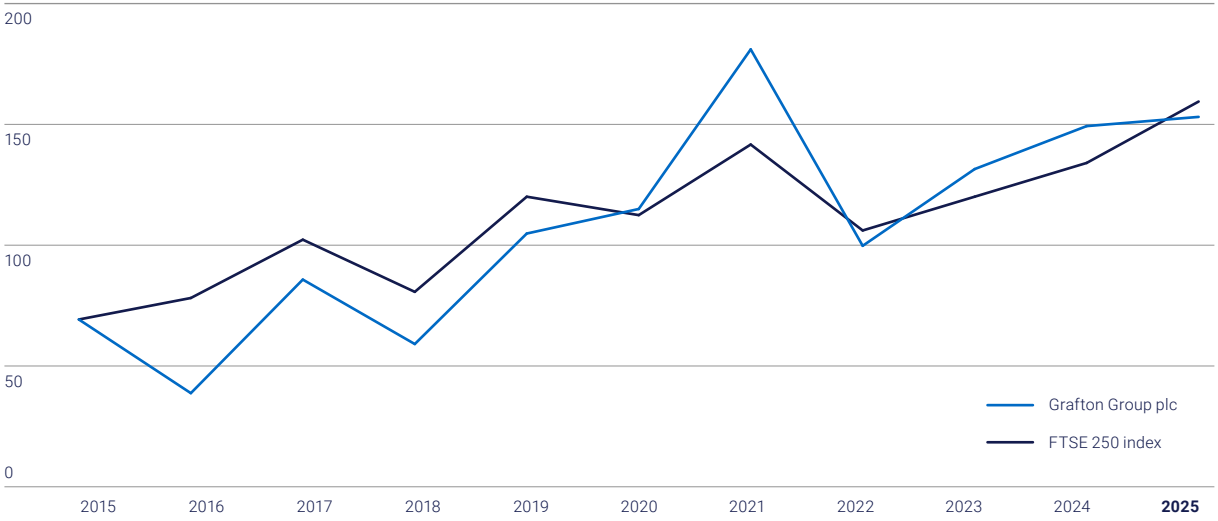
Annual Report on Remuneration continued

Total shareholder return

The graph below compares the TSR performance of Grafton Group plc, assuming dividends are reinvested, with the TSR performance of the FTSE 250 over the period 31 December 2015 to 31 December 2025.

This graph shows the value, by 31 December 2025, of £100 invested in Grafton Group plc on 31 December 2015, compared with the value of £100 invested in the FTSE 250 Index on the same date. This comparator group was chosen on the basis that the Company is a constituent of the index and it includes comparable sized businesses. The other points plotted are the values at intervening financial year ends.

Performance graph and single total figure of remuneration



Single total figure of remuneration

The table below shows the total remuneration figure for the position of CEO over the ten years to 2025.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	**2025**
CEO single total figure of remuneration (£'000)	1,692	1,689	2,211	1,852	1,322	2,876	791*	1,019	1,649	**2,141**
Annual bonus payout relative to maximum	60%	100%	93%	19%	0%	100%	n/a	16%	64%	**66%**
LTIP vesting	50%	26%	72%	95%	30%	100%	n/a	n/a	13%	**30%**

* This is the pro-rated single figure of remuneration for the role of CEO. Mr. E. Born was appointed Chief Executive Officer and joined the Board on 28 November 2022. Mr. G. Slark stepped down from the Board on 31 December 2022. No bonus or LTIP was applicable in 2022.

Annual Report on Remuneration continued

Statement of shareholder voting

The 2024 Annual Report on Remuneration received the following votes from shareholders at the 2025 AGM:

	Total number of votes	% of votes cast
For	114,547,566	99.36
Against	734,972	0.64
Total	115,282,538	100

The number of votes withheld for the Annual Report on Remuneration was 37,101.

The 2023 Directors Remuneration Policy received the following votes from shareholders at the 2023 AGM:

	Total number of votes	% of votes cast
For	133,960,759	97.88
Against	2,896,246	2.12
Total	136,857,005	100

The number of votes withheld for the Remuneration Policy was 2,160.

Directors' and Secretary's interests

The beneficial interests of the Directors in the share capital of the Company were as follows:

Director	**31 December 2025 Grafton Shares***	31 December 2024 Grafton Shares	Unvested LTIP awards**	Unvested SAYE options***
I. Tyler	**1,180**	–	–	–
E. Born	**31,739**	14,330	506,954	2,462
D. Arnold	**157,500**	144,000	283,821	2,462
R. McGuckian	**5,380**	5,380	–	–
A. Darzins	**2,406**	2,406	–	–
M. Robson	**2,500**	2,500	–	–
D. Dillon	**5,000**	–	–	–
A. Gisle Joosen	**–**	–	–	–
Secretary				
S. Lannigan	**6,317**	5,064	25,550	–

* At 31 December 2025 a Grafton Share consists of one Ordinary Share of €0.05 in Grafton Group plc.
** Vesting of these awards is subject to performance conditions and includes awards granted in 2023, 2024 and 2025.
*** Mr. Born and Mr. Arnold each held options to purchase 1,156 shares at the agreed price at the end of the three year period ending on 1 June 2027 and options to purchase 1,306 shares at the agreed price at the end of the three year period ending on 1 June 2028.

The closing price of a Grafton Share on 31 December 2025 was 936.0p (31 December 2024: 959.70p) and the price range during the year was between 1,034.2p and 795.50p (2024: 886.5p and 1,087.0p). There have been no changes in the interests of the Directors and Secretary between 31 December 2025 and the date of this report.

To further align the interests of senior management with those of shareholders, Executive Directors are subject to share ownership guidelines. Executive Directors are required to build a holding of shares in the Company with a minimum value of 200% of their salary. Executive Directors are expected to retain half of any shares that vest under the LTIP after taking into account any shares sold to pay tax and other statutory obligations, until this share ownership requirement is fulfilled. In addition, Executive Directors are required to apply 30% of their annual bonus after statutory deductions for the purchase of shares in the Group until this share ownership requirement is fulfilled.

There is normally a two-year holding period for shares received from LTIP awards that vest. Executive Directors will normally be expected to maintain a minimum shareholding of 200% of salary (or actual shareholding if lower) for the two years after stepping down from the Board, unless the Committee decides otherwise.

Mr. Born held shares at the year end valued at 0.37 times his salary which reflects his relatively recent appointment as a Director. Mr. Arnold held shares at the year end valued at 3.04 times his salary. This is based on the closing price of a Grafton Share on 31 December 2025 of 936.0p.

LTIP awards over 4,656 shares granted in November 2022 vested in December 2025 in favour of Mr. Born. Upon vesting, Mr. Born instructed the Company's share plan administrators to sell 2,200 of these shares immediately to cover tax liabilities and broker commissions, retaining the remaining 2,456 Grafton shares. Mr. Born purchased a total of 14,953 shares during the year, of which 1,253 were acquired through the Grafton Group plc Employee Share Participation Scheme.

During the year, Mr. Arnold purchased 2,867 Grafton shares and received an additional 9,499 shares upon the vesting of the 2022 LTIP.

Annual Report on Remuneration continued

Directors' and Secretary's interests under the Grafton Group plc 2021 Long Term Incentive Plan

The grant of awards over Grafton Shares to the Directors and Secretary under the LTIP are shown below:

	Grant date	Share value applied to award	01-Jan-25	Granted	Lapsed	Shares received	31-Dec-25	Performance period	Vesting date***
E. Born	29 Nov 2022	£9.9325	37,251	–	(32,595)	(4,656)*	–	1 Jan 22-31 Dec 24	29 Nov 2025
	31 March 2023	£8.87	166,855	–	–	–	166,855	1 Jan 23-31 Dec 25	1 April 2026
	20 March 2024	£9.783	157,334	–	–	–	157,334	1 Jan 24-31 Dec 26	21 March 2027
	19 March 2025	£8.7165	–	182,765			182,765	1 Jan 25-31 Dec 27	19 March 2028
			361,440	**182,765**	**(32,595)**	**(4,656)**	**506,954**		
D. Arnold	1 April 2022	£9.9325	75,992	–	(66,493)	(9,499)**	–	1 Jan 22-31Dec 24	1 April 2025
	31 March 2023	£8.87	88,839	–	–	–	88,839	1 Jan 23-31 Dec 25	1 April 2026
	20 March 2024	£9.783	83,770	–	–	–	83,770	1 Jan 24-31 Dec 26	21 March 2027
	19 March 2025	£8.7165	–	111,212	–	–	111,212	1 Jan 25-31 Dec 27	19 March 2028
			248,601	**111,212**	**(66,493)**	**(9,499)**	**283,821**		
S. Lannigan	1 April 2022	£9.9325	2,270	–	(2,270)	–	–	1 Jan 22-31 Dec 24	1 April 2025
	31 March 2023	£8.87	2,741	–	–	–	2,741	1 Jan 23-31 Dec 25	1 April 2026
	20 March 2024	£9.783	2,556	–	–	–	2,556	1 Jan 24-31 Dec 26	21 March 2027
	27 Nov 2024	£9.3535	4,802	–	–	–	4,802	1 Jan 24-31 Dec 26	28 Nov 2027
	19 March 2025	£8.7165	–	15,451	–	–	15,451	1 Jan 25-31 Dec 27	19 March 2028
			12,369	**15,451**	**(2,270)**	–	**25,550**		

* The market price at the date of vesting was £9.3455.
** The market price at the date of vesting was £8.622.
*** This is the earliest date for vesting. The actual date of vesting is subject to approval by the Remuneration Committee.

The Grafton Group plc 2021 Long Term Incentive Plan was approved by shareholders at the Annual General Meeting of the Company held on 28 April 2021 and the first awards made under the Plan were on 17 May 2021.

Andrea Gisle Joosen
Chair of the Remuneration Committee

4 March 2026

Report of the Directors

The Directors present their report to the shareholders together with the audited financial statements for the year ended 31 December 2025.

Group results

Group revenue increased by 10.4% to £2.52bn from £2.28bn in 2024. Statutory operating profit (before the exceptional profit on disposal) was £166.7m (2024: £152.6m). Adjusted operating profit of £190.2m was up 7.1% from £177.5m last year.

Net finance expense was £9.7m (2024: net finance income of £0.1m). The net finance expense incorporates an interest charge of £15.2m (2024: £15.0m) on lease liabilities recognised under IFRS 16.

The income tax expense of £28.6m (2024: £30.5m) is equivalent to an effective tax rate (before the exceptional profit on disposal) of 18.2% of profit before tax (2024: 20.0%). The rate after including the exceptional profit on disposal is lower at 17.3% (2024: 20.0%).

Basic earnings per share was 70.3 pence (2024: 60.9 pence). Adjusted earnings per share was 75.4 pence (2024: 71.8 pence).

The Group and Company financial statements for the year ended 31 December 2025 are set out in detail on pages 115 to 190 and are deemed to be incorporated in this part of the Report of the Directors together with the Supplementary Information on pages 191 to 198.

Dividends

A final dividend for 2024 of 26.50 pence per ordinary share was paid on 15 May 2025 to shareholders on the register of members at the close of business on 22 April 2025.

An interim dividend for 2025 of 10.75 pence per ordinary share was paid on 10 October 2025 to shareholders on the register of members at the close of business on 12 September 2025.

A final dividend for 2025 of 27.00 pence per ordinary share is proposed for approval by shareholders at the AGM on 15 May 2026 and, if approved, will be paid on 21 May 2026 to shareholders on the register of members at the close of business on 24 April 2026, the record date. The ex-dividend date is 23 April 2026.

Review of the business

Shareholders are referred to the Chair's Statement, Chief Executive Officer's Review, Operating Review and Financial Review and all reports and information included in the Strategic Report on pages 2 to 42 which includes a review of operations and the financial performance of the Group for 2025, the outlook for 2026 and the key performance indicators used to assess the performance of the Group. These are deemed to be incorporated in the Report of the Directors.

Cautionary statement

Certain statements made in this Annual Report are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by these forward-looking statements. They appear in a number of places throughout this Annual Report and include statements regarding the intentions, beliefs or current expectations of Directors and senior management concerning, amongst other things, the results of operations, financial conditions, liquidity, prospects, growth rate and potential growth opportunities, potential operating performance improvements, the effects of competition and the strategy of the overall Group and its individual businesses. You should not place undue reliance on forward-looking statements. These forward-looking statements are made as at the date of this Directors' Report. The Company and its Directors expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by law.

The principal risks and uncertainties included on pages 33 to 38 of this Annual Report could cause the Group's results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that the Group is unable to predict at this time or that the Group currently does not expect to have a material adverse effect on its business. These forward-looking statements are made as of the date of this Annual Report.

Board of Directors

Under the Company's Articles of Association, Directors are required to submit themselves to shareholders for election at the Annual General Meeting following their appointment and all Directors are required to submit themselves for re-election at intervals of not more than three years.

However, in line with the provisions contained in the UK Corporate Governance Code, all Directors retired and being eligible offered themselves for re-election at the 2025 Annual General Meeting (AGM). All Directors going forward for re-election were re-elected to the Board on the same day.

The Board has decided that all Directors should retire at the 2026 Annual General Meeting and offer themselves for election/re-election.

Share capital

As at 31 December 2025, the share capital of the Company consists of ordinary shares of euro five cent each in Grafton Group plc. The composition of the Company's share capital is set out in Note 18 on page 155.

The Group has in place a number of employee share schemes, the details of which are set out in the Report of the Remuneration Committee on Directors' Remuneration and in Note 31 to the Group Financial Statements.

Annual General Meeting

The AGM of the Company will be held at the Irish Management Institute (IMI) Sandyford Road, Dublin, D16 X8C3, Ireland at 10.30am on Friday 15 May 2026. The Notice of Meeting for the 2026 AGM will be made available on the Group's website, www.graftonplc.com. The resolutions to be considered at the Annual General Meeting are summarised below.

Financial statements

To receive and consider the Company's financial statements for the year ended 31 December 2025 together with the reports of the Directors and the Auditors.

Final dividend

Shareholders are being asked to declare a final dividend of 27.00 pence per Ordinary Share for the year ended 31 December 2025 payable on 21 May 2026 to the holders of Ordinary Shares on the register of members at close of business on 24 April 2026.

Election/Re-election of Directors

To elect/re-elect all the Directors of the Company.

Continuation in office of auditors

While it is not required under Irish law, an advisory, non-binding resolution is being presented in relation to the continuation of PwC in office as Auditors.

Remuneration of the auditors

As required under Section 381(1)(b) of the Companies Act 2014, a resolution is being presented authorising the Directors to fix the remuneration of the Auditors.

Report of the Remuneration Committee on Directors' remuneration

The Board is proposing to submit the Chair's Annual Statement, and the Annual Report on Remuneration of the Remuneration Committee, as set out on pages 87 to 90 and 99 to 111, to a non-binding advisory vote.

2026 Remuneration Policy

In line with best practice, the Board is proposing to submit a new Remuneration Policy which is set out on pages 91 to 98 to a non-binding advisory vote. It is the Company's intention that this policy will apply until the 2029 AGM unless the Remuneration Committee seeks approval from shareholders to adopt a new policy at an earlier date.

Report of the Directors continued

Notice Period for Extraordinary General Meetings

This resolution will, if adopted, maintain the existing authority in the Articles of Association which permits the Company to convene an extraordinary general meeting on 14 days' notice in writing where the purpose of the meeting is to consider an ordinary resolution. As a matter of policy, the 14 days' notice will only be utilised where the Directors believe that it is merited by the business of the meeting and the circumstances surrounding the business of the Meeting.

Authority to allot relevant securities

Shareholders are being asked to renew the Directors' authority to allot and issue any unissued ordinary share capital of the Company. The total number of shares which the Directors may issue under this authority will be limited to one third of the issued share capital of the Company. The Directors have no present intention to make a share issue other than in respect of employee share schemes.

Disapplication of pre-emption rights

At each Annual General Meeting, the Directors seek authority to disapply statutory pre-emption rights in relation to allotments of shares for cash up to an aggregate nominal value for all allotments and all treasury shares representing five per cent of the nominal value of the issued ordinary share capital of the Company as at the date of the Notice of Annual General Meeting. Under the Articles of Association, shareholders are required to renew this power at each year's Annual General Meeting.

Authority to make market purchases of the Company's own shares

At the 2025 Annual General Meeting, shareholders gave the Company and/or any of its subsidiaries authority to make market purchases of up to 10 per cent of the Company's own shares. Shareholders are being asked to renew this authority.

The Directors consider it appropriate to maintain the flexibility that this authority provides. The Directors monitor the Company's share price and may from time to time exercise this power to make market purchases of the Company's own shares, at price levels which they consider to be in the best interests of the shareholders generally, after taking account of the Company's overall financial position. The minimum price which may be paid for any market purchase of the Company's own shares will be the nominal value of the shares and the maximum price which may be paid will be 105% of the then average market price of the shares.

Authority to reissue treasury shares

Shareholders are being asked to sanction the price range at which any treasury share (that is a share of the Company redeemed or purchased and held by the Company rather than being cancelled) may be re-issued other than on the Stock Exchange. The maximum and minimum prices at which such a share may be reissued are 120% and 95% respectively of the average market price of a share calculated over the five business days immediately preceding the date of such reissue.

The authorities which will be sought at the forthcoming AGM to allot relevant securities, disapply pre-emption rights, purchase the Company's Units and reissue treasury shares will, if granted, expire on the earlier of the date of the Annual General Meeting in 2027 or 15 months after the passing of these resolutions.

Amendment of the Company's Long Term Incentive Plan

Shareholders are being asked to approve an amendment to the Rules of the Grafton Group plc 2021 Long Term Incentive Plan to increase the limit on an individual award from 200% of a person's base salary to 250% of a person's base salary, in line with the proposal in the Remuneration Policy. It is also proposed that the Rules be updated to remove the 5% dilution limit in line with market practice.

Substantial holdings

So far as the Company is aware, the following held shares representing three per cent or more of the ordinary share capital of the Company (excluding treasury shares) at 31 December 2025 and 26 February 2026:

	31 December 2025		26 February 2026	
Name	Holding	%	Holding	%
Mr. Michael Chadwick	21,776,410	11.38	21,776,410	11.38
GLG Partners LP	11,544,495	6.03	11,527,269	6.02
Blackrock, Inc.	11,178,215	5.84	11,542,523	6.03
Dimensional Fund Advisors LP	10,381,584	5.43	10,381,584	5.43
Vanguard Group, Inc.	9,816,265	5.13	9,822,549	5.13
The Capital Group Companies, Inc.	7,650,223	4.00	7,650,223	4.00
abdrn plc	6,003,930	3.14	5,737,811	3.00
JPMorgan Asset Management (UK) Limited	5,681,867	2.97	5,681,867	2.97

Apart from these holdings, the Company has not been notified at 26 February 2026 or at 31 December 2025 of any interest of three per cent or more in its ordinary share capital.

Directors' and Secretary's interests in the share capital of the Company are set out in the Report of the Remuneration Committee on Directors' Remuneration on page 110.

Accounting records

The Directors are responsible for ensuring that adequate accounting records are maintained by the Company as required by Sections 281-285 of the Companies Act, 2014. The Directors believe that they have complied with this requirement by providing adequate resources to maintain proper books and accounting records throughout the Group including the appointment of personnel with appropriate qualifications, experience and expertise. The books and accounting records of the Company are maintained at The Hive, Carmanhall Road, Sandyford Business Park, Sandyford, Dublin 18, Ireland.

Takeover regulations 2006

The capital structure of the Company is detailed in Note 18 to the Group Financial Statements. Details of employee share schemes are set out in Note 31. In the event of a change of control, the vesting/conversion/exercise of share entitlements/options may be accelerated. The Group's borrowing facilities may be required to be repaid in the event of a change of control. The Company's Articles of Association provide that the business of the Company shall be managed by the Directors, who may exercise all such powers of the Company subject to the Companies Act and the Articles of Association. Details of the powers of the Directors in relation to the issuing or buying back by the Company of its shares are set out above. The Company's Memorandum and Articles of Association, which are available on the Company's website, www.graftonplc.com, are deemed to be incorporated in this part of the Report of the Directors.

Corporate governance regulations

As required by company law, the Directors have prepared a Report on Corporate Governance which is set out on pages 71 to 80 and which, for the purposes of Section 1373 of the Companies Act 2014, is deemed to be incorporated in this part of the Report of the Directors. This includes the Report of the Audit and Risk Committee. Details of the capital and employee share schemes are included in Notes 18 and 31 respectively.

Report of the Directors continued

Directors' compliance statement

It is the policy of the Company to comply with its relevant obligations as defined in the Companies Act 2014. The Directors have drawn up a compliance policy statement as defined in section 225(3)(a) of the Companies Act 2014. Arrangements and structures have been put in place that are, in the Directors' opinion, designed to secure a material compliance with the Company's relevant obligations. These arrangements and structures were reviewed by the Company during the financial year. As required by section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for the Company's compliance with its relevant obligations. In discharging their responsibilities under section 225, the Directors relied on the advice of third parties who they believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations.

Principal risks and uncertainties

The Company is required under Irish company law to give a description of the principal risks and uncertainties. These principal risks and uncertainties are set out on pages 33 to 38 and are deemed to be incorporated in this section of the Report of the Directors.

Non-Financial Statement – European Union (disclosure of non-financial and diversity information by certain large undertakings and groups) regulations 2017

The following are deemed to be incorporated in this part of the Report of the Directors:

Reporting requirement	Location of information	Page
Environmental matters	Sustainability Statement – environmental disclosures	43 to 70
	Key performance indicators	18
Social and employee matters	Sustainability Statement – Social disclosures	59 to 66
	Stakeholder engagement	19 and 20
	Note 11 to the Group Financial Statements	147
	Note 6 to the Group Financial Statements	144 and 145
Diversity	Sustainability Statement – Social disclosures	59 to 66
	Key performance indicators	18
	Nomination Committee Report	84 to 86
Human rights	Sustainability Statement – Social disclosures	59 to 66
Anti-bribery and corruption	Sustainability Statement – Governance disclosures	67 and 68
	Audit and Risk Committee Report	81 to 83
Business model	Business model	9
Non-financial KPIs	Key performance indicators	18
	Sustainability statement – Environmental disclosures	50 to 58
Principal risks	Risk management	33 to 38
Financial instruments	Note 21 to the Group Financial Statements	160 to 166

Subsidiaries

The Group's principal operating subsidiary undertakings are set out on page 185.

Political contributions

There were no political contributions which require disclosure under the Electoral Act, 1997.

Events after the balance sheet date

There have been no material events subsequent to 31 December 2025 that would require adjustment to or disclosure in this report.

Auditor

The statutory Auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office in accordance with Section 382 (2) of the Companies Act 2014 and a resolution authorising the Directors to fix their remuneration will be submitted to the Annual General Meeting.

Disclosure of information to statutory auditors

In accordance with the provisions of section 330 of the Companies Act 2014, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2014) of which the statutory Auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information (as defined) and to ensure that the statutory Auditor is aware of such information.

On behalf of the Board.

Eric Born
Director

David Arnold
Director

4 March 2026

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements, in accordance with applicable law and regulations.

Irish law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and have prepared the Company financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 101 Reduced Disclosure Framework and Irish law).

Under company law the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company as at the end of the financial year and of the profit or loss of the Group for the financial year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with IFRS as adopted by the European Union, and as regards the Company, have been prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 101 Reduced Disclosure Framework and Irish law); and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are also required by the Companies Act 2014 and the Listing Rules to include a report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transaction of the Group and Company;
- enable, at any time, the assets, liabilities, and financial position and profit or loss of the Group and Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the provisions of the Companies Act 2014 and enable those financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.graftonplc.com). Legislation in Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibilities Statement as required by the Listing Rules and the UK Corporate Governance Code

Each of the Directors, whose names and functions are listed on pages 72 and 73 of this Annual Report, confirm that, to the best of each person's knowledge and belief:

- the Group financial statements, prepared in accordance with IFRS as adopted by the European Union and the Company financial statements prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 101 Reduced Disclosure Framework and Irish law), as applied in accordance with the provisions of the Companies Act 2014, give a true and fair view of the assets, liabilities, and financial position of the Group and Company at 31 December 2025 and of the profit of the Group for the year then ended;
- the Report of the Directors contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and that a fair description of the principal risks and uncertainties faced by the Group is provided on pages 33 to 38; and
- the Annual Report and Accounts 2025, taken as a whole, provides the information necessary for shareholders to assess the Company's and Group's position and performance, business model and strategy and is fair, balanced and understandable.

On behalf of the Board

Eric Born
Director

David Arnold
Director

4 March 2026

Independent auditors' report to the members of Grafton Group plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Grafton Group plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the group's and the company's assets, liabilities and financial position as at 31 December 2025 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and Irish law); and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report and Accounts 2025 (the "Annual Report"), which comprise:

- the Group and Company Balance Sheets as at 31 December 2025;
- the Group Income Statement and Group Statement of Comprehensive Income for the year then ended;
- the Group Cash Flow Statement for the year then ended;
- the Group and Company Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Independent auditors' report to the members of Grafton Group plc continued

Our audit approach

Overview

Audit scope

- We conducted an audit of the complete financial information of 10 of the group's 17 reporting components across the United Kingdom, Ireland, the Netherlands, Finland and Spain. Certain central functions were audited by the group audit team. In addition, specific audit procedures on certain balances and transactions were also performed at four of the remaining reporting components primarily to ensure appropriate audit coverage. Overall, these accounted for in excess of 90% of the group's revenue, in excess of 85% of the group's profit before tax and in excess of 90% of the group's total assets.

Key audit matters

- Valuation of Goodwill for UK Distribution Group of Cash Generating Units (CGUs) as at 30 September 2025
- Completeness and accuracy of rebate income and valuation of rebate receivables
- Valuation of inventory

Materiality

- Overall group materiality: £7.5 million (2024: £7.4 million) based on c. 5% of profit before tax excluding property profits and exceptional items (2024: c. 5% of profit before tax excluding property profits).
- Overall company materiality: €8.1 million (2024: €8.5 million) based on c. 0.4% of total assets.
- Performance materiality: £5.6 million (2024: £5.5 million) (group) and €6.0 million (2024: €6.3 million) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

Independent auditors' report to the members of Grafton Group plc continued

Key audit matter	How our audit addressed the key audit matter
Valuation of Goodwill for UK Distribution Group of Cash Generating Units (CGUs) as at 30 September 2025 Refer to Note 1 "Summary of Material Accounting Policies", Note 2 "Segment Information", Note 12 "Goodwill" and Note 32 "Accounting Estimates and Judgements". As at 31 December 2025, goodwill amounted to £659.1 million. As set out in Note 2, effective 1 October 2025, the group changed its operating segments to a geographical basis being Island of Ireland, Great Britain, Northern Europe and Iberia. In accordance with IFRS a reorganisation of operating segments that changes the composition of one or more CGUs to which goodwill has been allocated requires that the goodwill be reallocated to the CGUs affected. As set out in Note 12, management had previously identified limited headroom in the former UK Distribution group of CGUs between the value-in-use (VIU) and its carrying amount. There were indicators of impairment in that group of CGUs in advance of the reallocation of goodwill to the enlarged Great Britain group of CGUs and therefore an impairment assessment was performed as at 30 September. The test for impairment of goodwill as at 30 September 2025 was performed using a VIU model as set out in Note 12 to the financial statements, and involved a number of areas of judgement and estimation. In particular determining key assumptions for revenue growth rate and operating margin in the years 2026 to 2030, long-term growth rates used in estimating cash flows for the purposes of calculating a terminal value, and pre-tax discount rates. The cash flows included in the VIU model for the former UK Distribution group of CGUs are those included in management's forecast (as at October 2025) for Q4 of 2025, the Board approved budget for 2026, and management forecasts for 2027 to 2030. The terminal value was calculated using a long-term nominal growth rate in respect of the years after 2030. While management determined there to be no impairment of goodwill, the assessment demonstrated that the headroom of VIU over its carrying value was limited and therefore sensitive to changes in assumptions. We determined the valuation of Goodwill for the former UK Distribution group of CGUs as at 30 September 2025 to be a Key Audit Matter due to: • the complexity and judgement involved; • the limited headroom between the VIU of the former UK Distribution group of CGUs and its carrying amount as at 30 September 2025; and • the changes made to the group's operating segments on 1 October 2025 and corresponding changes to the composition of the groups of CGUs from that date resulting in goodwill of the former UK Distribution group of CGUs being monitored at the level of the enlarged Great Britain group of CGUs. The VIU model for the enlarged Great Britain group of CGUs is less sensitive to changes in assumptions given the higher level of headroom, compared to that for the UK Distribution group of CGUs on a standalone basis before the change.	We agreed the underlying cash flow forecasts included in the VIU model for the former UK Distribution group of CGUs as at 30 September 2025 to the Board approved budget and management forecasts and checked the mathematical accuracy of the model. We considered the reliability of management's forecasting process by considering how actual results compared to budgets and forecasts historically. We critically assessed and challenged management on the key assumptions included in the model, in particular the revenue growth and operating margin assumptions over the period 2026 to 2030. We compared the revenue growth rate assumptions to external economic and industry forecasts. We assessed the appropriateness of forecast operating margins through comparison to actual historic margins achieved and considered current market conditions. We assessed the appropriateness of the forecast long-term growth rate used to calculate terminal value by comparing it to independent sources. With assistance from our in-house valuation experts, we considered the appropriateness of the discount rate applied to the former UK Distribution group of CGUs by determining an acceptable range of discount rates using observable inputs from independent external sources. We performed sensitivity analyses on the impact of changes in key inputs and assumptions on the goodwill impairment assessment for the former UK Distribution group of CGUs, focussing on the revenue growth rates, operating margin assumptions, discount rate and the long-term growth rate assumed by management. Based on the results of these procedures we are satisfied that management's conclusion that no impairment charge was required as at 30 September 2025, is reasonable. We also assessed the appropriateness of the related disclosures within the financial statements.

Independent auditors' report to the members of Grafton Group plc continued

Key audit matter	How our audit addressed the key audit matter
Completeness and accuracy of rebate income and valuation of rebate receivables	
Refer to Note 1 "Summary of Material Accounting Policies", Note 17a "Trade and Other Receivables" and Note 32 "Accounting Estimates and Judgements". The group has entered into rebate arrangements with a significant number of its suppliers. Supplier rebates received and receivable in respect of goods purchased are deducted from cost of sales in the income statement, or the cost of inventory to the extent that those goods remain in inventory at the year end. Due to the nature of the agreements in place, a portion of the group's supplier rebate income recognised during the year is not finalised or received until after the year end. In addition, in certain businesses of the group, the process for calculating rebate income is of a manual nature and involves the use of spreadsheets. We determined this to be a key audit matter as the calculation of supplier rebates recognised in the year and the rebates receivable at 31 December 2025 involves both the use of estimates and manual calculations and is material to the performance and financial position of the group.	We assessed the reasonableness of the estimates made by management in the calculation of rebate income and rebate receivables. We recalculated, on a sample basis, rebate income recognised during the year and year end receivables by reference to supplier agreements and purchases reports. For a sample of suppliers, we independently obtained external confirmation of rebate income and rebates due at 31 December 2025. Where responses were not received, we performed alternative procedures including obtaining rebate agreements and re-computing rebate income and rebate receivables. We also considered the actual results of the collection of rebates during the year, including those relating to the prior year, and after the year end, comparing the amount collected to the related estimated rebates receivable balance. We concluded that the amounts recognised were reasonable. We assessed the appropriateness of the related disclosures within the financial statements.
Valuation of inventory	
Refer to Note 1 "Summary of Material Accounting Policies", Note 16 "Inventories" and Note 32 "Accounting Estimates and Judgements". Inventory, net of provisions at 31 December 2025 amounted to £395.1 million. The inventory provision at 31 December 2025 was £67.8 million. The group holds a significant number of product lines across its branch network in the UK, Ireland, the Netherlands, Finland and Spain. Significant judgement is exercised by management in assessing the level of inventory provision in respect of slow-moving or obsolete inventory. Management assesses the required level of provision based on a model that reflects the age of inventory on hand at year end and other considerations in respect of specific inventory. Where inventory on which rebates have been earned is held at the year end, an appropriate rebate deduction is made from the gross carrying value of that inventory. We determined this to be a key audit matter due to the judgement involved in estimating the inventory provisions across multiple product lines and locations.	We tested the accuracy of inventory ageing reports where they supported the calculation of inventory provisions by selecting a sample of inventory items on hand and testing the aged classification by reference to purchase documentation. We recomputed provisions recorded to assess whether they were in line with group policy. We assessed the appropriateness of group policy by reference to the nature, ageing and level of inventory held at year end. We also obtained an understanding from management of plans to liquidate slower moving inventory and we considered the appropriateness of provisions made. We recalculated on a sample basis the rebates allocated to inventory held at year end, by reference to rebate arrangements applying to those purchases. We concluded that the valuation of inventory was reasonable. We assessed the appropriateness of the related disclosures within the financial statements.

Independent auditors' report to the members of Grafton Group plc continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group financial statements are a consolidation of 17 reporting components across the United Kingdom, Ireland, the Netherlands, Finland and Spain. The group's accounting process is structured around a local finance function for each of the reporting components. These functions maintain their own accounting records and controls and report to the head office finance team in Dublin.

In establishing the scope of the group audit, we identified three reporting components as significant, which in our view required an audit of their complete financial information due to their size and financial significance to the group. A further seven reporting components were selected for an audit of their complete financial information based on their risk characteristics or size and to ensure appropriate audit coverage. Specific audit procedures on certain balances and transactions were performed at four of the remaining reporting components primarily to ensure appropriate audit coverage.

The group audit team performed the audit of certain central functions. These procedures included, amongst others, procedures over post-retirement benefits, business combinations acquisition accounting, valuation of investment properties, the consolidation process and impairment testing of goodwill.

The components subject to an audit of their full financial information, central functions audited by the group audit team, and components subject to specific audit procedures on certain balances and transactions accounted for in excess of 90% of the group's revenue, in excess of 85% of the group's profit before tax and in excess of 90% of the group's total assets. The group audit team was responsible for the scope and direction of the audit process. The group audit team performed the work on four components. PwC ROI and other PwC network firms performed work on nine components and one component was audited by a non-PwC network firm, operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole.

We obtained and considered the detailed findings reports from all component teams. In addition, the group engagement team also reviewed certain audit working papers in a number of component audit files. The group audit team also attended the full scope and specified procedures scope component audit closing meetings with local management by video conference or in person. Separate post audit conference calls were held with a number of component audit teams to discuss their findings. As part of our audit, we made enquiries of management to understand their assessment of the potential impact of climate change risk on the judgements and estimates used in the group's financial statements. Management considers that the impact of climate change does not give rise to a material financial statement impact. We used our knowledge of the group to evaluate management's assessment. In particular, we considered how climate change risks could impact the assumptions made in the forecasts prepared by management. We also considered the consistency of the disclosures in relation to climate change made in the other information within the Annual Report with the financial statements and our knowledge from our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Independent auditors' report to the members of Grafton Group plc continued

	Group financial statements	Company financial statements
Overall materiality	£7.5 million (2024: £7.4 million).	€8.1 million (2024: €8.5 million).
How we determined it	Based on c. 5% of profit before tax excluding property profits and exceptional items (2024: c. 5% of profit before tax excluding property profits).	Based on c. 0.4% of total assets.
Rationale for benchmark applied	We have applied this benchmark as profit before tax is a key accounting benchmark, which is also a key performance indicator for the group. Given the property profit and exceptional items are not related to the ongoing trading activities we have excluded these in determining the benchmark.	We considered total assets to be the most relevant benchmark as the company is primarily an investment holding company that holds investments in subsidiaries and receivables from group companies.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £5.6 million (2024: £5.5 million) for the group audit and €6.0 million (2024: €6.3 million) for the company audit.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £360,000 (group audit) (2024: £350,000) and €405,000 (company audit) (2024: €425,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's budgets and forecasts for the going concern assessment period (being the period of at least twelve months from the date on which the financial statements are authorised for issue) and challenging the key assumptions. In evaluating these forecasts we considered the group's historic performance, its past record of achieving strategic objectives and its forecast financial performance and liquidity for the going concern assessment period.
- We also considered whether the assumptions underlying the budget and forecasts were consistent with related assumptions used in other areas of the entity's business activities, for example in testing for goodwill impairment; assessed liquidity through the going concern assessment period including considering the group's available financing and maturity profile of facilities; tested the mathematical integrity of the budgets and forecasts and reconciled these to Board approved budgets and forecasts; and reperformed management's sensitivity analysis to assess appropriate downside scenarios.

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 or the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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.

Independent auditors' report to the members of Grafton Group plc continued

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's or the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have 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.

We are required to report if the directors' statement relating to going concern in accordance with Rule 6.6.6(3) (a) of the Listing Rules of the UK Financial Conduct Authority is materially inconsistent with our knowledge obtained in the audit. We have nothing to report in respect of this responsibility.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Report of the Directors, we also considered whether the disclosures required by the Companies Act 2014 (excluding the information included in the "Non Financial Statement" as defined by that Act on which we are not required to report) have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors (excluding the information included in the "Non Financial Statement" on which we are not required to report) for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Directors (excluding the information included in the "Non Financial Statement" on which we are not required to report).

Corporate Governance Statement

The Listing Rules and ISAs (Ireland) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code (the "Code") specified for our review. Our additional responsibilities with respect to the Corporate Governance Statement as other information are described in the Reporting on other information section of this report.

Independent auditors' report to the members of Grafton Group plc continued

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, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, 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 that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the audit committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 115, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Grafton Group plc continued

Auditors' 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 auditors' 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 (Ireland) 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.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2014 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journals that adjust revenue and management bias in significant accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Enquiring of senior management (group and operating entities), directors, members of the Audit and Risk Committee and Internal Audit of their assessment of the potential fraud risk and their assessment of controls and any incidences of fraud during the year;
- Evaluating the group's programme and controls designed to address fraud risk;
- Considering remuneration incentive schemes and performance targets for directors and senior management in our assessment of fraud risk;
- Using analytical procedures to identify any unusual or unexpected account balances;
- Assessing whether the judgements regarding key accounting estimates are indicative of a potential bias;
- For all components subject to an audit of their full financial information, identifying journal entries to test based on risk criteria including manual journals posted to adjust revenue, and testing the identified entries;
- Considered the results of reporting from component teams relating to compliance with applicable laws and regulations and procedures performed to address assessed fraud risk;
- Incorporating unpredictability into our audit procedures; and
- Maintaining an appropriate level of professional scepticism throughout the audit process.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://iaasa.ie/wp-content/uploads/docs/media/IAASA/Documents/audit-standards/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditors' report.

Independent auditors' report to the members of Grafton Group plc continued

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the company financial statements to be readily and properly audited.
- The Company Balance Sheet is in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Prior financial year Non Financial Statement

We are required to report if the company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 in respect of the prior financial year. We have nothing to report arising from this responsibility.

Siobhán Collier

for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
4 March 2026

Financial Statements
Group Income Statement

For the year ended 31 December 2025	Notes	2025 £'000	2024 £'000
Revenue	2	**2,519,603**	2,282,252
Operating costs	3	**(2,358,758)**	(2,133,626)
Property profit	4	**5,881**	3,999
Operating profit before exceptional items		**166,726**	152,625
Exceptional items	4	**8,118**	–
Operating profit		**174,844**	152,625
Finance expense	7	**(26,313)**	(25,077)
Finance income	7	**16,618**	24,968
Profit before tax		**165,149**	152,516
Income tax charge	9	**(28,581)**	(30,503)
Profit after tax for the financial year		**136,568**	122,013
Profit attributable to:			
Owners of the Parent		**136,568**	122,013
Earnings per ordinary share – basic	11	**70.28p**	60.89p
Earnings per ordinary share – diluted	11	**70.23p**	60.86p

On behalf of the Board

Eric Born
Director

David Arnold
Director

4 March 2026

Financial Statements
Group Statement of Comprehensive Income

For the year ended 31 December 2025	Notes	2025 £'000	2024 £'000
Profit after tax for the financial year		**136,568**	122,013
Other comprehensive income			
Items that are or may be reclassified subsequently to the income statement			
Currency translation effects:			
– on foreign currency net investments		**40,478**	(33,099)
Fair value movement on cash flow hedges:			
– effective portion of changes in fair value of cash flow hedges		**3**	–
		40,481	(33,099)
Items that will not be reclassified to the income statement			
Remeasurement gain on Group defined benefit pension schemes	30	**3,321**	5,439
Deferred tax on Group defined benefit pension schemes	25	**(1,006)**	(1,081)
		2,315	4,358
Total other comprehensive income/(expense)		**42,796**	(28,741)
Total comprehensive income for the financial year		**179,364**	93,272
Total comprehensive income attributable to:			
Owners of the Company		**179,364**	93,272
Total comprehensive income for the financial year		**179,364**	93,272

On behalf of the Board

Eric Born
Director

David Arnold
Director

4 March 2026

Financial Statements
Group Balance Sheet

As at 31 December 2025	Notes	2025 £'000	2024 £'000
ASSETS			
Non-current assets			
Goodwill	12	**659,107**	634,301
Intangible assets	15	**131,285**	134,911
Property, plant and equipment	13(a)	**371,756**	367,354
Right-of-use asset	13(b)	**366,279**	377,726
Investment properties	13(d)	**36,589**	27,325
Deferred tax assets	25	**7,320**	7,453
Other receivables	17(a)	**10,210**	–
Retirement benefit assets	30	**11,574**	10,932
Other financial assets	14	**128**	125
Total non-current assets		**1,594,248**	1,560,127
Current assets			
Properties held for sale	13(c)	**2,581**	763
Inventories	16	**395,182**	381,803
Trade and other receivables	17(a)	**332,467**	300,020
Lease receivable	17(b)	**–**	98
Derivative financial instruments	20	**3**	–
Fixed-term cash deposits	20	**100,000**	150,000
Cash and cash equivalents (excluding bank overdrafts)	20	**395,764**	359,430
Total current assets		**1,225,997**	1,192,114
Total assets		**2,820,245**	2,752,241
EQUITY			
Equity share capital	18	**6,488**	6,744
Share premium account	18	**225,813**	224,141
Capital redemption reserve	19	**2,814**	2,548
Revaluation reserve	19	**11,861**	12,037
Shares to be issued reserve	19	**6,405**	6,802
Cash flow hedge reserve	19	**(3)**	(6)
Foreign currency translation reserve	19	**82,661**	42,183
Retained earnings		**1,316,572**	1,305,649
Treasury shares held	18	**(3,897)**	(3,897)
Equity attributable to owners of the Parent		**1,648,714**	1,596,201

As at 31 December 2025	Notes	2025 £'000	2024 £'000
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	20	**190,810**	188,372
Lease liabilities	20	**320,223**	331,572
Provisions	23	**12,769**	13,042
Retirement benefit obligations	30	**4,020**	9,591
Deferred tax liabilities	25	**62,879**	62,040
Deferred consideration payable	27	**–**	599
Total non-current liabilities		**590,701**	605,216
Current liabilities			
Interest-bearing loans and borrowings	20	**30,929**	49,000
Lease liabilities	20	**77,185**	72,156
Derivative financial instruments	22	**–**	5
Trade and other payables	24	**448,388**	401,142
Current income tax liabilities		**18,840**	20,138
Deferred consideration payable	27	**1,398**	3,537
Provisions	23	**4,090**	4,846
Total current liabilities		**580,830**	550,824
Total liabilities		**1,171,531**	1,156,040
Total equity and liabilities		**2,820,245**	2,752,241

On behalf of the Board

Eric Born
Director

David Arnold
Director

4 March 2026

Financial Statements
Group Cash Flow Statement

For the year ended 31 December 2025	Notes	2025 £'000	2024 £'000
Profit before taxation		**165,149**	152,516
Finance income	7	**(16,618)**	(24,968)
Finance expense	7	**26,313**	25,077
Operating profit		**174,844**	152,625
Depreciation	13(a)(b)	**125,842**	112,416
Amortisation of intangible assets	15	**25,115**	22,322
Other non-cash items		**(2,406)**	1,308
Share-based payments charge	31	**813**	1,162
Movement in provisions	23	**(2,649)**	(677)
Fair value gains recognised as property profit	13(d)	**(3,087)**	(3,191)
Loss on sale of property, plant and equipment		**65**	570
Property profit		**(2,794)**	(808)
Profit on disposal of Group businesses before disposal costs	27	**(15,077)**	–
(Profit)/loss on derecognition of leases		**(3)**	186
Contributions to pension schemes in excess of IAS 19 charge		**(2,389)**	(2,476)
Decrease in working capital	26	**12,030**	14,868
Cash generated from operations		**310,304**	298,305
Interest paid		**(24,284)**	(22,462)
Income taxes paid	9	**(34,193)**	(29,027)
Cash flows from operating activities		**251,827**	246,816
Investing activities			
Inflows			
Proceeds from sale of property, plant and equipment		**1,716**	1,273
Proceeds from sale of properties held for sale		**3,557**	4,120
Proceeds from sale of Group businesses (net of cash disposed)	27	**6,600**	–
Proceeds from sale of investment properties		**–**	305
Maturity of fixed-term cash deposits		**350,000**	400,000
Interest received		**17,407**	23,441
		379,280	429,139

For the year ended 31 December 2025	Notes	2025 £'000	2024 £'000
Outflows			
Acquisition of subsidiary undertakings (net of cash/overdraft acquired)	27	**(20,862)**	(67,245)
Investment in fixed-term cash deposits		**(300,000)**	(350,000)
Deferred acquisition consideration paid	27	**(2,992)**	(2,145)
Investment in intangible assets – computer software	15	**(9,226)**	(7,275)
Purchase of property, plant and equipment	13(a)	**(36,981)**	(39,571)
		(370,061)	(466,236)
Cash flows from investing activities		**9,219**	(37,097)
Financing activities			
Inflows			
Proceeds from the issue of share capital		**1,682**	283
		1,682	283
Outflows			
Repayment of borrowings		**(19,603)**	(8,156)
Dividends paid	10	**(72,594)**	(73,190)
Treasury shares purchased (share buyback)	18	**(56,725)**	(81,085)
Payment on lease liabilities		**(81,682)**	(71,640)
		(230,604)	(234,071)
Cash flows from financing activities		**(228,922)**	(233,788)
Net increase/(decrease) in cash and cash equivalents		**32,124**	(24,069)
Cash and cash equivalents at 1 January		**351,055**	383,939
Effect of exchange rate fluctuations on cash held		**12,585**	(8,815)
Cash and cash equivalents at the end of the year		**395,764**	351,055
Cash and cash equivalents are broken down as follows:			
Cash at bank and short-term deposits	20	**395,764**	359,430
Bank overdrafts	20	**–**	(8,375)
Cash and cash equivalents at the end of the year		**395,764**	351,055

Financial Statements
Group Statement of Changes in Equity

	Equity share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Shares to be issued reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
Year to 31 December 2025										
At 1 January 2025	**6,744**	**224,141**	**2,548**	**12,037**	**6,802**	**(6)**	**42,183**	**1,305,649**	**(3,897)**	**1,596,201**
Profit after tax for the financial year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**136,568**	**–**	**136,568**
Total other comprehensive income										
Remeasurement gain on pensions (net of tax)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,315**	**–**	**2,315**
Movement in cash flow hedge reserve (net of tax)	**–**	**–**	**–**	**–**	**–**	**3**	**–**	**–**	**–**	**3**
Currency translation effect on foreign currency net investments	**–**	**–**	**–**	**–**	**–**	**–**	**40,478**	**–**	**–**	**40,478**
Total other comprehensive income	**–**	**–**	**–**	**–**	**–**	**3**	**40,478**	**2,315**	**–**	**42,796**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**3**	**40,478**	**138,883**	**–**	**179,364**
Transactions with owners of the Parent recognised directly in equity										
Dividends paid (Note 10)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(72,594)**	**–**	**(72,594)**
Issue of Grafton Units	**10**	**1,672**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,682**
Purchase of treasury shares (Note 18)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(56,725)**	**(56,725)**
Cancellation of treasury shares (Note 18)	**(266)**	**–**	**266**	**–**	**–**	**–**	**–**	**(56,612)**	**56,612**	**–**
Transfer from treasury shares (Note 18)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(113)**	**113**	**–**
Share-based payments charge	**–**	**–**	**–**	**–**	**813**	**–**	**–**	**–**	**–**	**813**
Tax on share-based payments	**–**	**–**	**–**	**–**	**(27)**	**–**	**–**	**–**	**–**	**(27)**
Transfer from shares to be issued reserve	**–**	**–**	**–**	**–**	**(1,183)**	**–**	**–**	**1,183**	**–**	**–**
Transfer from revaluation reserve	**–**	**–**	**–**	**(176)**	**–**	**–**	**–**	**176**	**–**	**–**
	(256)	**1,672**	**266**	**(176)**	**(397)**	**–**	**–**	**(127,960)**	**–**	**(126,851)**
At 31 December 2025	**6,488**	**225,813**	**2,814**	**11,861**	**6,405**	**(3)**	**82,661**	**1,316,572**	**(3,897)**	**1,648,714**

Financial Statements
Group Statement of Changes in Equity continued

	Equity share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Shares to be issued reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
Year to 31 December 2024										
At 1 January 2024	7,094	223,861	2,195	12,186	6,562	(6)	75,282	1,332,992	(4,365)	1,655,801
Profit after tax for the financial year	–	–	–	–	–	–	–	122,013	–	122,013
Total other comprehensive income										
Remeasurement gain on pensions (net of tax)	–	–	–	–	–	–	–	4,358	–	4,358
Movement in cash flow hedge reserve (net of tax)	–	–	–	–	–	–	–	–	–	–
Currency translation effect on foreign currency net investments	–	–	–	–	–	–	(33,099)	–	–	(33,099)
Total other comprehensive expense	–	–	–	–	–	–	(33,099)	4,358	–	(28,741)
Total comprehensive income	–	–	–	–	–	–	(33,099)	126,371	–	93,272
Transactions with owners of the Parent recognised directly in equity										
Dividends paid (Note 10)	–	–	–	–	–	–	–	(73,190)	–	(73,190)
Issue of Grafton Units	3	280	–	–	–	–	–	–	–	283
Purchase of treasury shares (Note 18)	–	–	–	–	–	–	–	–	(81,085)	(81,085)
Cancellation of treasury shares (Note 18)	(353)	–	353	–	–	–	–	(81,391)	81,391	–
Transfer from treasury shares (Note 18)	–	–	–	–	–	–	–	(162)	162	–
Share-based payments charge	–	–	–	–	1,162	–	–	–	–	1,162
Tax on share-based payments	–	–	–	–	(42)	–	–	–	–	(42)
Transfer from shares to be issued reserve	–	–	–	–	(880)	–	–	880	–	–
Transfer from revaluation reserve	–	–	–	(149)	–	–	–	149	–	–
	(350)	280	353	(149)	240	–	–	(153,714)	468	(152,872)
At 31 December 2024	6,744	224,141	2,548	12,037	6,802	(6)	42,183	1,305,649	(3,897)	1,596,201

Financial Statements
Notes to the Group Financial Statements

1. Summary of Material Accounting Policies

General Information

Grafton Group plc ('Grafton' or 'the Group') is a public limited company incorporated in the Republic of Ireland. The registered number is 8149 and registered office address is The Hive, Carmanhall Road, Sandyford Business Park, Dublin 18, D18 Y2C9. The Group is a European multinational distributor of construction related products and solutions comprising four geographic segments serving the Island of Ireland, Great Britain, Northern Europe and Iberia. In our home Irish market, we also operate the leading home improvement retailer.

Statement of Compliance

The consolidated financial statements of Grafton Group plc have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"). The IFRSs applied in these financial statements were those effective for accounting periods ending on 31 December 2025.

New Standards, Amendments and Interpretations

A number of new standards and amendments to standards and interpretations were effective for annual periods beginning after 1 January 2025, and have been applied in preparing these financial statements. The following Standards and Interpretations were effective for the Group and parent company in 2025 but did not have a material effect on the results or financial position of the Group or parent company:

- IAS 21 (Amendments) - The Effects of Changes in Foreign Exchange Rates (Effective 1 January 2025)

New Standards, Amendments and Interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2026, and have not been applied in preparing these financial statements. The following Standards and Interpretations are not yet effective for the Group and parent company:

- IFRS 9/IFRS 7 (Amendments) - Classification and Measurement of Financial Instruments (Effective 1 January 2026)
- Annual improvements to IFRS – Volume 11 (effective 1 January 2026)
- Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity (effective 1 January 2026)
- IFRS 18 Presentation and Disclosure in Financial Statements (Effective 1 January 2027)

The Group is currently assessing how the application of IFRS 18 Presentation and Disclosure in Financial Statements, effective for accounting periods on or after 1 January 2027, will affect the future presentation of the Group's financial statements. While the adoption of IFRS 18 will not affect the totals of the Group's assets, liabilities, equity, income and expenses, there will likely be changes as to how the make-up of these principal categories are presented both in the primary statements and the notes together with additional disclosures around management performance measures. Otherwise, the standards outlined above are not expected to result in a net material change to the Group's or parent company financial statements.

Basis of Preparation

The consolidated Financial Statements are presented in sterling, rounded to the nearest thousand. As set out in the Directors' Report on Corporate Governance, the Directors, having made appropriate enquiries, believe that the Company and the Group as a whole has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Statements have been prepared under the historical cost convention, as modified by the previous revaluation of land and buildings, the measurement at fair value of share-based payments at initial date of award, the measurement at fair value of all derivative financial instruments and the measurement at fair value of investment property. Assets classified as held for sale are stated at the lower of carrying value and fair value less costs to sell. The carrying values of recognised assets and liabilities that are fair value hedged are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The preparation of consolidated financial statements in accordance with IFRS as adopted by the EU requires management to make certain estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expense. Management believes that the estimates and assumptions made are reasonable based on the information available to it at the time that those estimates and assumptions are made. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant in relation to the consolidated financial statements are set out in Note 32 and relate primarily to valuation of inventory, accounting for defined benefit pension schemes, goodwill impairment, rebate income and IFRS 16 "leases".

In preparing the financial statements, the Directors have also considered the current and potential impact of climate change. Costs associated with projects to improve energy efficiency, reduce carbon emissions and to mitigate physical risks on the Group's properties have been absorbed within operating expenses or capital expenditure as appropriate. There has been no material impact on the net realisable value of inventory or the net value of fixed assets in this year's financial statements as a result of climate change. The impact of climate change related incentives in executive director bonuses and interest on bank borrowings has not been material. No liabilities have arisen in respect of net zero commitments as at 31 December 2025.

These considerations did not have a material impact on the financial reporting judgements and estimates in the current year, specifically in the impairment and going concern analysis. The Group's analysis of the impact of climate change continues to evolve with Grafton committed to reducing its carbon impact.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all subsidiaries drawn up to 31 December each year. The financial year end of the Group's subsidiaries are coterminous.

Subsidiaries

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained and they cease to be consolidated from the date on which the Group loses control. The definition of control is when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised gains and income and expenses arising from such transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Financial Statements
Notes to the Group Financial Statements continued

1. Summary of Material Accounting Policies continued

Revenue Recognition

Revenue comprises the fair value of consideration receivable for goods and services supplied to external customers in the ordinary course of the Group's activities and excludes inter-company revenue and value added tax.

In general, revenue is recognised to the extent that the Group has satisfied its performance obligations to the buyer and the buyer has obtained control of the goods or services being transferred. In the case of sales of goods, this generally arises when products have either been delivered to or collected by a customer and there is no unfulfilled obligation that could affect the acceptance of the products. Service revenue comprises tool hire revenue and is recognised over the period of hire.

Revenues are recorded based on the price specified in the sales invoices/contracts net of actual and estimated returns, rebates and any discounts granted and in accordance with the terms of sale. Accumulated experience is used to estimate returns, rebates and discounts using the expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses for which discrete financial information is available, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker, being the Board, who is responsible for allocating resources and assessing performance.

Foreign Currency Translation

Functional and Presentation Currency

The consolidated financial statements are presented in sterling. Items included in the financial statements of each of the Group's entities are measured using its functional currency, being the currency of the primary economic environment in which the entity operates which is primarily euro and sterling. The functional currency of the parent company is euro.

Transactions and Balances

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the relevant functional currency at the rate of exchange ruling at the balance sheet date.

All currency translation differences on monetary assets and liabilities are taken to the income statement except for the effective portion designated as a hedge of a net investment in a foreign operation which is recognised in other comprehensive income.

Foreign Operations

The assets and liabilities of foreign operations, including goodwill arising on consolidation, are translated to sterling at the foreign exchange rates ruling at the balance sheet date. Results and cash flows of subsidiaries which do not have sterling as their functional currency are translated into sterling at average exchange rates for the year and the related balance sheets are translated at the rates of exchange ruling at the balance sheet date.

Foreign exchange movements arising on translation of the net investment in a foreign operation, including those arising on long-term intra-Group loans deemed to be quasi equity in nature, are recognised directly in other comprehensive income, in the currency translation reserve. The portion of exchange gains or losses on foreign currency borrowings or derivatives used to provide a hedge against a net investment in a foreign operation that is designated as a hedge of those investments is recognised directly in other comprehensive income to the extent that they are determined to be effective. The ineffective portion is recognised immediately in the income statement.

Movements since 1 January 2004, the date of transition to IFRS, are recognised in the currency translation reserve and are reclassified to the income statement on disposal of the related business.

Share Capital and Share Premium

The Company's share capital and share premium has been translated from euro into sterling at historic rates of exchange at the dates of transactions.

Exceptional Items and non-recurring Items

The Group has adopted a policy in relation to its income statement which seeks to highlight significant items within the Group's results. Such items may include significant restructuring provisions, profit or loss on disposal or termination of operations, litigation costs and settlements and impairment of assets. Judgement is used by the Group in assessing the particular items which, by virtue of their scale and nature, should be disclosed in the income statement or related notes. Where exceptional items are not significant for separate presentation, they are disclosed as non-recurring items.

Property profit is disclosed as a separate line item on the face of the Income Statement. Property profit arises when the proceeds, less costs to sell, exceed the carrying value of the disposed property. Property profit also includes fair value movements.

Rebate Arrangements

Rebate arrangements are a common component of supplier agreements in the building materials distribution and DIY retail sectors. As part of its on-going business activities, Grafton Group plc entities have entered into such arrangements with a significant number of their suppliers.

Supplier rebates received and receivable in respect of goods which have been sold to the Group's customers are deducted from cost of sales in the income statement. Where goods on which rebate has been earned remain in inventory at the year end, an appropriate rebate deduction is made from the gross balance sheet carrying value of that inventory. The rebate deduction is only released to the income statement when the goods are ultimately sold. At the year end the balance sheet includes a balance representing unpaid amounts receivable from suppliers.

Finance Expense

Finance expense comprises interest payable on borrowings calculated using the effective interest rate method, net foreign exchange losses on monetary items and gains and losses on hedging instruments that are recognised in the income statement. The net finance cost of pension scheme obligations is recognised as a finance expense in the income statement. The interest expense component of lease payments is recognised in the income statement using the effective interest rate method. Where appropriate the fair value adjustment to hedged items that are the subject of a fair value hedge is included as a finance expense or finance income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement as incurred using the effective interest rate method.

Financial Statements
Notes to the Group Financial Statements continued

1. Summary of Material Accounting Policies continued

Finance Income

Finance income comprises interest income on cash and cash equivalents, fixed-term cash deposits, dividend income, gains on the disposal of financial assets, and gains on hedging instruments that are recognised in profit or loss. The net expected return on defined benefit pension scheme plan assets is recognised as finance income in the income statement. Interest income is recognised in the income statement as it accrues using the effective interest rate method.

Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is defined as when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement. The consideration transferred does not include amounts related to the settlement of the pre-existing relationships. Such amounts are generally recognised in the income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

To the extent that settlement of all or any part of consideration for a business combination is deferred, the fair value of the deferred component is determined through discounting the amounts payable to their present value. Any contingent consideration payable is recognised at fair value at the acquisition date. The fair value of contingent consideration at acquisition date is arrived at through discounting the expected payment to present value and is disclosed as a liability within deferred consideration on acquisition of businesses.

If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

A consideration arrangement contingent upon the continuing employment by the selling shareholders, in which the payments are automatically forfeited if employment terminates, is classified as remuneration for post-combination services, in line with IFRS 3.

Goodwill

Goodwill is the excess of the consideration paid over the fair value of the identifiable assets, liabilities and contingent liabilities in a business combination and relates to assets which are not capable of being individually identified and separately recognised.

Goodwill acquired is allocated, at acquisition date, to the groups of Cash Generating Units ("CGUs") expected to benefit from synergies related to the acquisition. Where management reassesses its groups of CGUs, goodwill is reallocated on a relative value basis.

Goodwill is measured at cost less accumulated impairment losses. The CGUs represent the lowest level within the Group at which goodwill is monitored for internal management purposes. These units are no larger than the operating segments determined in accordance with IFRS 8: Operating Segments. Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment exists.

Where the recoverable amount of a CGU is less than the carrying amount, an impairment loss is recognised. Impairment losses arising in respect of goodwill are not reversed once recognised.

Where a business is disposed of from a CGU to which goodwill had been allocated on acquisition, an allocation is made to the disposed business and included in determining the profit or loss arising on disposal. The allocation of goodwill to the disposed business is determined on the basis of the fair value of the disposed business relative to the fair value of the portion of the CGU retained. Fair value of the disposed business is based on the disposal consideration and fair value of the portion of the CGU retained is determined on a value-in-use basis.

Intangible Assets (Computer Software)

Acquired computer software, including computer software which is not an integrated part of an item of computer hardware, is stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost comprises of purchase price and any other directly attributable costs.

Costs relating to the development of computer software are recognised if it meets the following criteria:

- An asset can be separately identified;
- The ability to use the asset can be demonstrated;
- It is probable that the asset created will generate future economic benefits;
- Adequate resources are available to complete the development of the asset;
- The completion and implementation of the asset is technically feasible;
- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- Expenditure attributable to the asset during its development can be measured reliably.

Costs relating to the development of computer software for internal use are capitalised once the recognition criteria outlined above are met.

Computer software is amortised over its expected useful life, which ranges from four to ten years, by charging equal instalments to the income statement from the date the assets are ready for use.

Intangible Assets (other than Goodwill and Computer Software)

An intangible asset, other than goodwill and computer software, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its fair value can be measured. The asset is deemed to be identifiable when it is separable (i.e. capable of being divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability) or when it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

Financial Statements
Notes to the Group Financial Statements continued

1. Summary of Material Accounting Policies continued

Intangible Assets (other than Goodwill and Computer Software) continued

Trade names, customer relationships and technology assets, acquired as part of a business combination, are valued at their fair value at the date control is achieved and are capitalised separately from goodwill if the intangible asset meets the definition of an asset and the fair value can be reliably measured. Brand-related intangible assets are amortised on a straight-line basis over the period of their expected useful economic lives, which ranges from 2 to 20 years. The useful economic life used to amortise intangible assets relates management's estimate of the period over which economic benefit will be derived from the asset.

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying value of intangible assets is reviewed for impairment at each reporting date and is also subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. The Group's freehold properties in Ireland were revalued to fair value in 1998 and are measured on the basis of deemed cost being the revalued amount at the date of that revaluation less accumulated depreciation. The valuations were deemed to be cost for the purposes of transition to IFRS as adopted by the EU.

Property, plant and equipment are depreciated over their useful economic life on a straight-line basis at the following rates:

Freehold buildings	50–100 years
Freehold land	Not depreciated
Leasehold improvements/buildings	Lease term or up to 100 years
Plant and machinery	5–20 years
Motor vehicles	5–10 years
Plant hire equipment	4–10 years

The residual value and useful lives of property, plant and equipment are reviewed and adjusted if appropriate at each balance sheet date.

On disposal of property, plant and equipment, the cost and related accumulated depreciation and impairments are removed from the balance sheet and the net amount, less any proceeds, is taken to the income statement.

The carrying amounts of the Group's property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash generation unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of replacing the item can be reliably measured. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Leases

Identification of Leases

The identification of leases involves judgement as IFRS 16 defines a lease as a contract (or part of a contract) that, for a period of time in exchange for consideration, conveys the right to:

- Control an identified asset;
- Obtain substantially all economic benefits from use of the asset; and
- Direct the use of the asset.

Lease Term

The lease term is the non-cancellable period for which the Group has the right to use an underlying asset together with:

- Periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and
- Periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. This assessment involves the exercise of judgement by the Group.

Initial Measurement of Lease Liability

The lease liability is initially measured at the present value of the lease payments that are payable for the lease term, discounted using the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments);
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees (e.g. if the fair value of the asset at the end of the lease term is below an agreed amount, the lessee would pay to the lessor an amount equal to the difference between the fair value and agreed amount);
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability does not include variable elements which are dependent on external factors, e.g. payments that are based on turnover. Instead, such variable elements are recognised directly in the income statement.

Judgements applied include determining the lease term for those leases with termination or extension options and the discount rate used which is based on incremental borrowing rate. Such judgements could impact the lease term and significantly the resultant lease liability and right-of-use asset recognised.

Where a lease agreement contains a clause to restore the asset to a specified condition i.e. dilapidation costs, the Group recognises a provision for dilapidations under IAS 37 Provisions, Contingent Liabilities and Contingent Assets in its balance sheet.

Initial Measurement of Right-of-Use Asset

The right-of-use asset comprises the amount of the initial measurement of the lease liability, adjusted for:

- Any lease payments made at or before the commencement date, less any lease incentives; and
- Any initial direct costs incurred by the Group.

Financial Statements
Notes to the Group Financial Statements continued

1. Summary of Material Accounting Policies continued

Initial Measurement of Right-of-Use Asset continued

In addition, where the Group subleases a headlease (or part thereof) to a third party and such sublease is deemed by the Group to be a finance sublease, the right-of-use asset relating to sublease is derecognised and a finance lease receivable is recognised.

Subsequent Measurement of Lease Liability

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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); and
- 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.

Subsequent Measurement of Right-of-Use Asset

After initial measurement, the right-of-use assets are measured at cost less accumulated depreciation, adjusted for:

- Any impairment losses in accordance with IAS 36 Impairment of Assets; and
- Any remeasurement of the lease liability.

Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Lease Modifications

A lease modification is a change to the original terms and conditions of the lease. The effective date of the modification is deemed to be the date when both parties agree to a lease modification.

A lease modification is accounted for as a separate lease if:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The consideration for the lease increases by an amount commensurate with the standalone price for the increase in scope of the lease.

If both criteria are met, the Group adopts the accounting policy on the initial recognition and measurement of lease liabilities and right-of-use assets. If a change in the lease terms does not meet the test outlined above, the Group must modify the initially recognised components of the lease contract.

Sublease Accounting

Where the Group acts as a lessor, the sublease is classified as a finance lease or an operating lease. A lease is deemed to be a finance lease where the lease transfers substantially all the risks and rewards incidental to the ownership of the underlying asset. Otherwise, the lease is deemed to be an operating lease.

Where the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The Group assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

If the head lease is not a short-term lease or low-value lease and the sublease is deemed to be a finance lease, the Group recognises a lease liability relating to the head lease but does not recognise a corresponding right-of-use asset. Instead, the Group recognises a finance lease debtor relating to the sublease.

Investment Properties

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Fair value is defined as the price that would be received if the asset was sold in an orderly transaction between market participants based on the asset's highest and best use.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes from owner occupied or held for sale to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in Other Comprehensive Income and presented in the revaluation reserve. Any loss is recognised in profit or loss.

Assets Held for Sale

Non-current assets that are expected to be recovered principally through sale rather than continuing use and meet the IFRS 5 criteria are classified as held for sale. These assets are shown in the balance sheet at the lower of their carrying amount and fair value less any costs to sell. Impairment losses on initial classification as non-current assets held for sale and subsequent gains or losses on remeasurement are recognised in the income statement.

Investments

Investments, other than investments in joint ventures and associates, are stated in the balance sheet at fair value with changes in fair value recognised directly in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit and loss following derecognition of the investment. Dividends from such investments are recognised in the income statement and are reported as non-operating items.

Where investments are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Where it is impracticable to determine fair value in accordance with IFRS 13 Fair Value Measurement, unquoted equity investments are recorded at historical cost and are included within financial assets on this basis in the Group balance sheet. They are assessed for impairment annually.

Financial Statements
Notes to the Group Financial Statements continued

1. Summary of Material Accounting Policies continued

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in, first-out principle and includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Raw materials and purchased finished goods are valued on the basis of purchase cost on a first-in, first-out basis. In the case of manufactured finished goods and work-in-progress, cost includes direct materials, direct labour and attributable overheads based on normal operating capacity and excludes borrowing costs. Net realisable value is the estimated proceeds of sale less all further costs to completion and less all costs to be incurred in marketing, selling and distribution.

Trade and Other Receivables and Payables

Trade and other receivables and payables are stated at amortised cost (less any impairment losses), which approximates to fair value given the short-term nature of these assets and liabilities.

Trade receivables are carried at original invoice amount less an allowance for potentially uncollectable debts. Provision is made using the expected credit loss model which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

Bad debts are written-off in the income statement when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and the commencement of legal proceedings.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and money market instruments which are readily convertible to a known amount of cash. Where money market instruments are categorised as cash equivalents, the related balances have an original maturity of three months or less. Cash balances and bank overdrafts held by the Group are carried at amortised cost. Money market instruments are classified and measured at fair value through profit or loss. The carrying amount of these assets and liabilities approximates to their fair value.

For the purposes of the Group cash flow statement, bank overdrafts are netted against cash and cash equivalents where the overdrafts are repayable on demand and form an integral part of cash management.

Where there is a master netting agreement in place that grants the Group the legal right to set-off and management has intention to settle on a net basis with each bank, bank overdrafts are off-set against cash and cash equivalents. Where off-setting criteria has not been met, bank overdrafts are included within current interest-bearing loans and borrowings in the Group balance sheet.

Derivative Financial Instruments and Hedging Activities

Derivative financial instruments, principally interest rate and currency swaps/forwards, are used in certain circumstances to hedge the Group's exposure to foreign exchange and interest rate risks arising from its financing activities.

Derivative financial instruments are recognised initially at fair value and thereafter are subsequently remeasured at their fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of interest rate and currency swaps/forwards is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest and currency exchange rates and the current creditworthiness of the swapped counterparts.

The method of recognising the resulting gain or loss on remeasurement to fair value depends on whether the derivative is designated as a hedging instrument. Where derivatives are not designated or do not fulfil the criteria for hedge accounting, changes in fair values are reported in the income statement. Where derivatives qualify for hedge accounting, recognition of the resulting gains or losses depends on the nature of the item being hedged. The Group designates certain derivatives for various purposes in hedge relationships in one or more of the following types of relationships:

(i) Fair value hedge: Hedges of the fair value of recognised liabilities;
(ii) Cash flow hedge: Hedges of a particular risk associated with a highly probable forecast transaction; or
(iii) Net investment hedge: Hedges of a net investment in a foreign operation.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of the hedged items.

(i) Fair Value Hedge

Any gain or loss stemming from the remeasurement of the hedging instrument to fair value is reported in the income statement. In addition, any gain or loss on the hedged item which is attributable to the fair value movement in the hedged risk is adjusted against the carrying amount of the hedged item and reflected in the income statement.

Where a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised monetary asset or liability, hedge accounting is not applied and any gain or loss accruing on the hedging instrument is recognised as finance income or expense in the income statement.

If the hedge no longer meets the criteria for hedge accounting, hedge accounting ceases and the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(ii) Cash Flow Hedge

The effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and presented in the cash flow hedge reserve in equity with the ineffective portion being reported as finance expense or income in the income statement. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised in other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. For cash flow hedges, other than those covered by the preceding statements, the associated cumulative gain or loss is removed from other comprehensive income and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

Hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the income statement in the period.

Financial Statements
Notes to the Group Financial Statements continued

1. Summary of Material Accounting Policies continued

(iii) Net Investment Hedge

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within finance income or finance expense. Cumulative gains and losses remain in equity until disposal or partial disposal of the net investment in the foreign operation at which point the related differences are reclassified to the income statement as part of the overall gain or loss on sale.

Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recorded at fair value, net of related transaction costs. After initial recognition, current and non-current interest-bearing loans and borrowings are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Amortised cost includes any issue costs and any discount or premium on settlement. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Provisions

A provision is recognised on a discounted basis when the Group has a present (either legal or constructive) obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount required to settle the obligation. A provision for restructuring is recognised when the Group has approved a restructuring plan and the restructuring has commenced. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the lower of the present value of the expected cost of terminating the contract and the present value of the expected net cost of continuing with the contract.

Retirement Benefit Obligations

Obligations to the defined contribution pension plans are recognised as an expense in the income statement as service is received from the relevant employees. The Group has no legal or constructive obligation to pay further contributions in the event that these plans do not hold sufficient assets to provide retirement benefits.

The Group operates a number of defined benefit pension schemes, all of which have been closed to both new members and future accrual, which require contributions to be made to separately administered funds. The Group's net obligation in respect of defined benefit pension schemes is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan asset is deducted. The discount rate employed in determining the present value of the schemes' liabilities is determined by reference to market yields at the balance sheet date on high-quality corporate bonds for a term consistent with the currency and term of the associated post-employment benefit obligations.

The net surplus or deficit arising in the Group's defined benefit pension schemes are shown within either non-current assets or liabilities on the face of the Group Balance Sheet. The deferred tax impact of pension scheme surpluses and deficits is disclosed separately within deferred tax assets or liabilities as appropriate. The Group recognises actuarial gains and losses immediately in other comprehensive income.

Any increase in the present value of the plans' liabilities expected to arise from employee service during the period is charged to operating profit. The Group determines net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period. Differences between the income recognised based on the discount rate and the actual return on plan assets, together with the effect of changes in the current or prior assumptions underlying the liabilities are recognised in other comprehensive income. When the benefits of a defined benefit plan are improved, the portion of the increased benefit relating to past service by employees is recognised as a past service cost in the income statement at the earlier of the date when the plan amendment occurs and when the related restructuring costs are recognised. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

Share-Based Payment Transactions

The 2011 and 2021 Long Term Incentive Plans ("LTIP") and the SAYE Scheme for UK employees enables employees to acquire shares in the Company subject to the conditions of these schemes. New units are issued to satisfy obligations under the SAYE scheme. Entitlements under the LTIP may be satisfied by the issue of units or by a market purchase of units. The fair value of share entitlements at the grant date is recognised as an employee expense in the income statement over the vesting period with a corresponding increase in equity. The fair value is determined by an external valuer using a binomial model. Share entitlements granted by the Company are subject to certain non-market-based vesting conditions. Non-market-based vesting conditions are not taken into account when estimating the fair value of entitlements as at the grant date. The expense for share entitlements shown in the income statement is adjusted to reflect the number of awards for which the related non-market-based vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related non-market-based vesting conditions at the vesting date. The proceeds received by the Company on the vesting of share entitlements are credited to share capital and share premium when the share entitlements are converted or issued.

Government Grants

Government grants and assistance are recognised at their fair value in the income statement when there is a reasonable assurance that the grant will be received and all attaching conditions have been complied with. When the grant relates to an expense item, it is recognised in operating costs within the income statement over the period necessary to match on a systematic basis to the costs that it is intended to compensate. Where the grant relates to a non-current asset, the value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset.

Income Tax

Income tax in the income statement represents the sum of current tax and deferred tax.

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income.

Financial Statements
Notes to the Group Financial Statements continued

1. Summary of Material Accounting Policies continued

Income Tax continued

Current tax is based on taxable profit and represents the expected tax payable for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes certain items that are not tax deductible including property depreciation. The Group's liability for current tax is calculated using rates that have been enacted or substantially enacted at the balance sheet date. The Group's income tax charge reflects various allowances and reliefs and planning opportunities available in the tax jurisdictions in which the Group operates. The determination of the Group's charge for income tax in the income statement requires estimates to be made, on the basis of professional advice, in relation to certain matters where the ultimate outcome may not be certain and where an extended period may be required before such matters are determined. The amount shown for current taxation reflects tax uncertainties and is based on the Directors' estimate of (i) the most likely amount; or (ii) the expected value of the probable outflow of economic resources that will be required. The estimates for income tax included in the financial statements are considered appropriate but no assurance can be given that the final determination of these matters will not be materially different to the estimates included in the financial statements. Whilst it is possible, the Group does not currently anticipate that any such differences could have a material impact on the income tax provision and profit for the period in which such a determination is made nor does it expect any significant impact on its financial position in the near term. This is based on the Group's knowledge and experience, as well as the profile of the individual components which have been reflected in the current tax liability, the status of the tax audits, enquiries and negotiations in progress at each year end, previous claims and any factors specific to the relevant tax environments.

Deferred tax is provided, using the liability method, on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax assets and liabilities are not recognised for the following temporary differences:

- Goodwill that is not deductible for tax purposes;
- Temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or taxable profit or loss; and
- Temporary differences associated with investments in subsidiaries in which case deferred tax is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit would be available to allow all or part of the deferred tax asset to be utilised.

Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of Share Capital

When share capital recognised as equity is purchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity.

Dividends

Dividends on ordinary shares are recognised as a liability in the Group's financial statements in the period in which they are declared by the Company. In the case of interim dividends, these are considered to be declared when they are paid. In the case of final dividends these are declared when authorised by the shareholders in General Meeting.

Earnings Per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for treasury shares held. Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding adjusted for treasury shares held and for the effects of all dilutive potential ordinary shares related to employee share schemes.

2. Segment Information

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker, being the Board, in order to allocate resources to the segments and to assess their performance.

During the financial year ended 31 December 2025, the Group has adopted a new reporting structure which better reflects the Group's strategy - the distribution of construction related products and solutions serving geographic markets with scalable formats that can deliver long-term growth for shareholders.

The Company is now organised into four geographical areas: Island of Ireland, Great Britain, Northern Europe and Iberia following the move from five distribution segments, one retailing segment and one manufacturing segment in 2024. The operating segments are now aligned with these geographical areas and also align with how the Board now manages the business, assesses performance and allocates capital and resources for organic and inorganic growth:

Island of Ireland	- comprising Chadwicks, Woodie's, MacBlair and MFP (divested 31 May 2025)
Great Britain	- comprising Selco, Leyland SDM, TG Lynes, CPI EuroMix and StairBox
Northern Europe	- comprising Isero and Polvo in The Netherlands and IKH in Finland
Iberia	- comprising Salvador Escoda in Spain

Comparative figures for 2024 have been restated to reflect the new structure. The realignment has no impact on the Group's consolidated financial results.

Information regarding the results of each operating segment is included in this note. Performance is measured based on segment operating profit/(loss) as included in the internal management reports that are reviewed by the Group's Chief Operating Decision Maker. Segment operating profit is used to measure performance as such information is the most relevant in evaluating the results of the Group's segments. No segment is over reliant on any major customer and credit risk is well diversified as disclosed in Note 17. Segment results, assets and liabilities include all items directly attributable to a segment. Segment capital expenditure is the total amount incurred during the period to acquire segment assets that are expected to be used for more than one accounting period.

Financial Statements
Notes to the Group Financial Statements continued

2. Segment Information continued

Group Income Statement

	2025 £'000	2024 Restated £'000
Revenue		
Island of Ireland	**1,071,601**	1,016,230
Great Britain	**765,443**	767,019
Northern Europe	**469,698**	469,339
Iberia	**212,861**	29,664
Total revenue	**2,519,603**	2,282,252
Segmental operating profit before intangible amortisation arising on acquisitions and acquisition related items		
Island of Ireland	**110,968**	107,518
Great Britain	**49,232**	46,359
Northern Europe	**29,625**	35,342
Iberia	**13,592**	322
	203,417	189,541
Reconciliation to consolidated operating profit		
Central activities*	**(19,107)**	(16,011)
	184,310	173,530
Property profit	**5,881**	3,999
Operating profit before exceptional items, intangible amortisation arising on acquisitions and acquisition related items	**190,191**	177,529
Exceptional items	**8,118**	-
Operating profit before intangible amortisation arising on acquisitions and acquisition related items	**198,309**	177,529
Acquisition related items**	**(1,492)**	(4,633)
Amortisation of intangible assets arising on acquisitions	**(21,973)**	(20,271)
Operating profit	**174,844**	152,625
Finance expense	**(26,313)**	(25,077)
Finance income	**16,618**	24,968
Profit before tax	**165,149**	152,516
Income tax expense	**(28,581)**	(30,503)
Profit after tax for the financial year	**136,568**	122,013

* The increase reflects a combination of continued, planned investment in strengthening capabilities and expertise within the Group's head office centre of excellence to support the Group's strategic priorities as well as inflationary increases and higher employee incentive costs.

** Acquisition related items comprise deferred consideration payments relating to the retention of former owners of businesses acquired, transaction costs and expenses, professional fees for new and target acquisitions, adjustments to previously estimated earn outs and customer relationships asset impairment charges.

Revenue by Country

	2025 £'000	2024 £'000
Revenue*		
Ireland**	**953,778**	901,342
United Kingdom	**883,266**	881,907
Netherlands	**345,987**	337,581
Finland	**123,711**	131,758
Spain	**212,861**	29,664
Total revenue	**2,519,603**	2,282,252

* Service revenue, which relates to plant and equipment hire and is recognised over time, amounted to £26.8m for the year (2024: £12.3m).

** Grafton Group plc is domiciled in the Republic of Ireland and the revenues from external customers in Ireland were £953.8m (2024: £901.3m).

The analysis of geographic revenue above is the same whether it is based on location of assets or customers.

Financial Statements
Notes to the Group Financial Statements continued

2. Segment Information continued

Group Balance Sheet

	31 Dec 2025 £'000	31 Dec 2024 Restated £'000
Segment assets		
Island of Ireland	**845,536**	749,660
Great Britain	**795,344**	824,929
Northern Europe	**499,285**	492,245
Iberia	**165,291**	157,467
	2,305,456	2,224,301
Unallocated assets		
Deferred tax assets	**7,320**	7,453
Retirement benefit assets	**11,574**	10,932
Other financial assets	**128**	125
Derivative financial instruments (current)	**3**	-
Fixed-term cash deposits	**100,000**	150,000
Cash and cash equivalents	**395,764**	359,430
Total assets	**2,820,245**	2,752,241

	31 Dec 2025 £'000	31 Dec 2024 Restated £'000
Segment liabilities		
Island of Ireland	**376,764**	354,661
Great Britain	**304,864**	319,059
Northern Europe	**131,636**	110,469
Iberia	**50,789**	42,705
	864,053	826,894
Unallocated liabilities		
Interest bearing loans and borrowings (current and non-current)	**221,739**	237,372
Retirement benefit obligations	**4,020**	9,591
Deferred tax liabilities	**62,879**	62,040
Current income tax liabilities	**18,840**	20,138
Derivative financial instruments (current)	**-**	5
Total liabilities	**1,171,531**	1,156,040

Financial Statements
Notes to the Group Financial Statements continued

2. Segment Information continued

Other segment information

	Year end 31 December									
	Island of Ireland		Great Britain		Northern Europe		Iberia		Group	
	2025 £'000	2024 Restated £'000	2025 £'000	2024 Restated £'000	2025 £'000	2024 Restated £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Goodwill acquired	**7,472**	–	**–**	–	**–**	–	**933**	3,863	**8,405**	3,863
Property, plant & equipment additions	**22,552**	19,133	**9,635**	14,106	**2,764**	6,043	**2,030**	289	**36,981**	39,571
Property, plant & equipment acquired	**9,286**	–	**–**	–	**–**	–	**–**	14,218	**9,286**	14,218
Right-of-use assets additions	**6,404**	2,995	**1,856**	4,552	**8,709**	7,595	**8,919**	12	**25,888**	15,154
Right-of-use assets acquired	**4,045**	–	**–**	–	**–**	–	**–**	24,413	**4,045**	24,413
Investment in intangible assets	**2,753**	2,879	**3,153**	2,226	**3,274**	2,170	**46**	–	**9,226**	7,275
Intangible assets acquired	**5,146**	–	**–**	–	**–**	–	**–**	15,678	**5,146**	15,678
Depreciation on property, plant & equipment	**15,689**	13,959	**22,779**	22,591	**6,024**	5,782	**2,606**	433	**47,098**	42,765
Depreciation on right-of use assets	**21,270**	20,304	**33,944**	32,633	**16,596**	15,698	**6,934**	1,016	**78,744**	69,651
Amortisation of intangible assets	**3,553**	2,135	**6,201**	6,602	**13,387**	13,252	**1,974**	333	**25,115**	22,322

Additional geographic analysis

The following is a geographic analysis of the information presented above, where relevant.

	Republic of Ireland*		UK		Netherlands		Finland		Spain		Group	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Property, plant & equipment additions	**20,909**	16,411	**11,278**	16,828	**2,135**	4,474	**629**	1,569	**2,030**	289	**36,981**	39,571
Property, plant & equipment acquired	**9,286**	–	**–**	–	**–**	–	**–**	–	**–**	14,218	**9,286**	14,218
Right-of-use assets additions	**6,034**	2,127	**2,226**	5,420	**8,360**	7,562	**349**	33	**8,919**	12	**25,888**	15,154
Right-of-use assets acquired	**4,045**	–	**–**	–	**–**	–	**–**	–	**–**	24,413	**4,045**	24,413
Investment in intangible assets	**2,435**	2,050	**3,471**	3,055	**2,995**	2,042	**279**	128	**46**	–	**9,226**	7,275
Intangible assets acquired	**5,146**	–	**–**	–	**–**	–	**–**	–	**–**	15,678	**5,146**	15,678

* Country of domicile

	Republic of Ireland		UK		Netherlands		Finland		Spain		Group	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Segment non-current assets**	**546,264**	610,220	**631,736**	664,154	**215,160**	126,819	**112,306**	84,704	**59,550**	55,818	**1,565,016**	1,541,715
Properties held for sale											**2,581**	763
Inventories											**395,182**	381,803
Trade and other receivables (total)											**342,677**	300,020
Total segment assets											**2,305,456**	2,224,301
Segment liabilities	**348,311**	328,004	**333,317**	345,716	**92,832**	76,064	**38,804**	34,405	**50,789**	42,705	**864,053**	826,894

** Excludes deferred tax assets, retirement benefit assets, non-current other receivables and other financial assets but includes current finance lease receivables.

Financial Statements
Notes to the Group Financial Statements continued

3. Operating Costs and Income

The following have been charged/(credited) in arriving at operating profit:

	2025 Total £'000	2024 Total £'000
(Increase)/decrease in inventories (Note 26)	**(1,046)**	28,574
Purchases and consumables	**1,565,214**	1,407,786
Staff costs before non-recurring items (Note 6)	**420,801**	365,952
Auditors' remuneration – Group and subsidiaries	**1,215**	1,333
Auditors' remuneration – Audit services provided by other firms	**176**	144
Depreciation (Note 13(a))	**47,098**	42,765
Depreciation on right-of-use assets (Note 13(b))	**78,744**	69,651
Lease rentals and other hire charges (Note 13(b))	**3,740**	2,092
Amortisation of intangible assets (Note 15)	**25,115**	22,322
Loss on disposal of property, plant and equipment	**64**	570
Acquisition related costs	**1,492**	4,633
Selling, distribution and administrative expenses	**216,145**	187,804
	2,358,758	2,133,626

The following services were provided by the Group's Auditor:

	2025 £'000	2024 £'000
Audit services		
– Group Auditor – PwC Ireland	**659**	770
– Other network firm – PwC	**492**	539
	1,151	1,309
Other assurance services*		
– Group Auditor – PwC Ireland	**64**	24
– Other network firm – PwC	**–**	–
	64	24
Auditors' remuneration - audit and other assurance services	**1,215**	1,333
Other non-audit services		
– Group Auditor – PwC Ireland	**–**	–
– Other network firm – PwC	**–**	–
	–	–
Tax advisory services		
– Group Auditor – PwC Ireland	**–**	–
– Other network firm – PwC	**–**	–
	–	–
Total (including expenses)		
– Group Auditor – PwC Ireland	**723**	794
– Other network firm – PwC	**492**	539
	1,215	1,333

* Other assurance services primarily relates to the review of the Group's Half Year results.

Financial Statements
Notes to the Group Financial Statements continued

4. Property Profit, Non-Recurring Items and Exceptional Items

Property Profit

The property profit in 2025 of £5.9m relates to profit on property disposals of £2.8m of one UK property, a fair value gain of £1.0m on two investment properties in Ireland and an additional fair value gain of £2.1m on one investment property in Great Britain.

The property profit in 2024 of £4.0m relates to profit on property disposals of £0.8m and a fair value gain of £0.5m on one investment property in Ireland and an additional fair value gain of £2.7m on one investment property in the UK.

Non-Recurring Items

There were no non-recurring items recognised in 2025 or 2024.

Exceptional Items

On 13 February 2025, the Group entered into an agreement, which was subject to approval from the Competition and Consumer Protection Commission (CCPC), for the sale of the MFP business to a subsidiary of Wienerberger AG which mainly operates through Pipelife Ireland Solutions Limited in Ireland. This transaction completed on 31 May 2025. The net profit on the disposal of the MFP business was £8.1m with further details outlined in Note 27.

5. Directors' Remuneration, Pension Entitlements and Interests

	2025 £'000	2024 £'000
Emoluments	**3,376**	3,115
Benefits under Long Term Incentive Plan ("LTIP")*	**716**	126
Total emoluments	**4,092**	3,241
Emoluments above include the following:		
Pension payments/contributions**	**115**	111
	115	111

* For the year ended 31 December 2025, this is the value of LTIP awards that will vest in April 2026. The vesting of these awards was subject to performance conditions over the period from 1 January 2023 to 31 December 2025. The value of the awards is based on the average share price of £9.30 for the three months to 31 December 2025. For the year ended 31 December 2024, this is the value of LTIP awards that vested in April and December 2025. The value of these awards has been updated from that disclosed last year to reflect the share price of £8.622 and £9.3455 on the dates of vesting.

** This is the amount of contribution payable in respect of the financial year by way of a company contribution to a pension scheme or a taxable payment in lieu of pension made through the payroll. This amount is accruing to two directors at 31 December 2025 (2024: two).

Further unaudited information on Directors' remuneration, pension entitlements and interests in shares and share entitlements is presented in the Report of the Remuneration Committee on Directors' Remuneration on pages 87 to 111.

6. Employment

The average number of persons employed during the year by segment was as follows:

	2025 Total	2024* Total
Island of Ireland	**3,178**	3,183
Great Britain	**3,486**	3,505
Northern Europe	**1,877**	1,874
Iberia	**790**	798
Unallocated	**75**	70
	9,406	9,429

* Prior year comparatives have been updated to conform to current year presentation.

The aggregate remuneration costs of employees were:

	2025 Total £'000	2024 Total £'000
Wages and salaries	**359,768**	317,154
Social welfare costs	**48,451**	36,431
Share-based payments charge	**813**	1,162
Defined benefit pension (Note 30)	**240**	128
Defined contribution pension and related costs	**11,529**	11,077
Staff costs charged to operating profit	**420,801**	365,952
Net finance cost on pension scheme obligations (Note 30)	**32**	305
Charged to income statement	**420,833**	366,257
Remeasurement (gain) on pension schemes (Note 30)	**(3,321)**	(5,439)
Total employee benefit cost	**417,512**	360,818

The share-based payments charge was derived on the basis of the Group's expectation of the number of shares likely to vest having regard to the service, the historic performance of the Group over the period since the share entitlements were granted and the forecast performance over the remaining life of share awards.

Total capitalised costs in 2025 were £Nil (2024: £Nil).

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6. Employment continued

Key Management

The cost of key management including Directors is set out in the table below:

	2025	2024
Number of individuals	**13**	13

	2025 £'000	2024 £'000
Short-term employee benefits	**4,148**	3,887
Share-based payment charge	**760**	956
Retirement benefits expense	**167**	163
Charged to operating profit	**5,075**	5,006

7. Finance Expense and Finance Income

	2025 £'000	2024 £'000
Finance expense:		
Interest on bank loans, US senior notes and overdrafts*	**8,531**	8,270
Interest on lease liabilities*	**15,209**	15,026
Net finance cost on pension scheme obligations	**32**	305
Unwinding of discount applicable to deferred consideration (Note 27)	**167**	1,476
Foreign exchange loss	**2,374**	–
	26,313	25,077
Finance income:		
Interest income on bank deposits*	**(16,046)**	(23,355)
Unwinding of discount applicable to contingent receivables (Note 27)	**(572)**	–
Foreign exchange gain	**–**	(1,613)
	(16,618)	(24,968)
Net finance expense recognised in income statement	**9,695**	109

* Net bank and US senior note interest income of £7.5m (2024: £15.1m). Including interest on lease liabilities, net interest expense was £7.7m (2024: £0.1m net interest income).

	2025 £'000	2024 £'000
Amounts relating to items not at fair value through income statement		
– Total finance expense on financial liabilities	**23,740**	23,296
– Total finance income on financial assets	**(16,046)**	(23,355)
Recognised directly in other comprehensive income		
Currency translation effects on foreign currency net investments	**40,478**	(33,099)
Effective portion of changes in fair value of cash flow hedges	**3**	–
	40,481	(33,099)

8. Foreign Currencies

The results and cash flows of the subsidiaries with euro functional currencies have been translated into sterling using the average exchange rate for the year. The balance sheets of subsidiaries with euro functional currencies have been translated into sterling at the rate of exchange ruling at the balance sheet date.

The average sterling/euro rate of exchange for the year ended 31 December 2025 was Stg85.68 pence (2024: Stg84.66 pence). The sterling/euro exchange rate at 31 December 2025 was Stg87.26 pence (2024: Stg82.92 pence).

9. Income Tax

(a) Income tax recognised in income statement

	2025 £'000	2024 £'000
Current tax expense		
Irish corporation tax	**12,692**	13,869
UK and other corporation tax	**16,810**	15,763
Global minimum top-up tax	**1,571**	524
	31,073	30,156
Deferred tax (credit)/expense		
Irish deferred tax relating to the origination and reversal of temporary differences	**(995)**	(52)
Deferred tax expense resulting from change in tax rates	**–**	–
UK and other deferred tax (credit)/expense relating to the origination and reversal of temporary differences	**(1,497)**	399
	(2,492)	347
Total income tax expense in income statement	**28,581**	30,503

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9. Income Tax continued

Taxation

The income tax expense of £28.6m (2024: £30.5m) is equivalent to an effective tax rate (before the exceptional profit on disposal) of 18.2% of profit before tax (2024: 20.0%). The rate after including the exceptional profit on disposal is lower at 17.3% (2024: 20.0%). This is a blended rate of corporation tax on profits in the five jurisdictions where the Group operates. The decrease in the effective rate reflects a higher proportion of profit in Ireland which is taxed at 15.0%, including the Pillar Two top-up tax, and a credit relating to updated estimates of amounts relating to prior years. The tax rate is impacted by the disallowance of a tax deduction for certain overheads including depreciation on property.

Taxation paid in 2025 was £34.2m (2024: £29.0m).

The amount shown for current taxation reflects tax uncertainties and is based on the Directors' estimate of: (i) the most likely amount; or (ii) the expected value, of the probable outflow of economic resources that will be required. As with all estimates, the actual outcome may be different to the current estimate.

(b) Reconciliation of Effective Tax Rate

	2025 £'000	2024 £'000
Profit before tax	**165,149**	152,516
Profit before tax multiplied by the Irish standard rate of tax of 12.5% (2024: 12.5%)	**20,644**	19,065
Effects of:		
Expenses not deductible for tax purposes	**649**	2,627
Differences in effective tax rates on overseas earnings	**7,303**	6,966
Effect of change in tax rates	**–**	–
Items not previously recognised for deferred tax	**1,507**	1,072
Current tax expense related to global minimum top-up tax	**1,571**	524
Other differences	**(3,093)**	249
Total income tax expense in income statement	**28,581**	30,503

(c) Deferred Tax Recognised Directly in Equity/Other Comprehensive Income

	2025 £'000	2024 £'000
Actuarial movement on pension schemes (Note 30)	**1,006**	1,081
Employee share schemes	**27**	42
	1,033	1,123

Deferred income tax liabilities have not been recognised for any taxes that would be payable on the unremitted earnings of certain subsidiaries as it is probable that any temporary differences will not reverse in the foreseeable future.

(d) Pillar Two – Global Minimum Top-Up Tax

The Group is subject to the global minimum top-up tax under Pillar Two tax legislation. Pillar Two legislation has been enacted or substantively enacted in Ireland and several other jurisdictions in which the Group operates effective from 1 January 2024. Under the legislation, the Group is liable to pay a top-up tax for the difference between the Pillar Two effective tax rate per jurisdiction and the 15% minimum rate. Specific adjustments envisaged in the Pillar Two legislation can give rise to different effective tax rates compared to those calculated for IFRS purposes. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and will account for it as a current tax when it is incurred.

The Group has recognised a Pillar Two current tax expense of £1.6m for 2025 (2024: £0.5m) and expects to avail of transitional safe harbour reliefs in respect of a number of its jurisdictions for the financial year. The Group will continue to monitor changes in law and guidance as they apply to Grafton Group plc and its subsidiaries.

10. Dividends

	2025 £'000	2024 £'000
Group		
Final dividend for 2024 of 26.50p per Grafton Unit – paid 15 May 2025	**51,769**	–
Interim dividend for 2025 of 10.75p per Grafton Unit – paid 10 October 2025	**20,825**	–
Final dividend for 2023 of 26.00p per Grafton Unit – paid 9 May 2024	**–**	52,216
Interim dividend for 2024 of 10.50p per Grafton Unit – paid 11 October 2024	**–**	20,974
	72,594	73,190

A final dividend for 2023 of 26.00p per share was paid on 9 May 2024 in the amount of £52.2m.

An interim dividend for 2024 of 10.50p per share was paid on 11 October 2024 in the amount of £21.0m. The final dividend for 2024 of 26.50p per share was paid on 15 May 2025 in the amount of £51.8m.

An interim dividend for 2025 of 10.75p per share was paid on 10 October 2025 in the amount of £20.8m. A final dividend for 2025 of 27.00p per share will be paid to all holders of Grafton Units on the Company's Register of Members at the close of business on 24 April 2026 (the 'Record Date'). The Ex-dividend date is 23 April 2026. The cash consideration will be paid on 21 May 2026. A liability in respect of the final dividend has not been recognised at 31 December 2025, as there was no obligation to pay any dividends at the end of the year.

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11. Earnings Per Share – Group

The computation of basic, diluted and adjusted earnings per share is set out below.

	2025 £'000	2024 £'000
Numerator for basic, adjusted and diluted earnings per share:		
Profit after tax for the financial year	**136,568**	122,013
Numerator for basic and diluted earnings per share	**136,568**	122,013
Profit after tax for the financial year	**136,568**	122,013
Exceptional items	**(8,118)**	–
Amortisation of intangible assets arising on acquisitions	**21,973**	20,271
Tax relating to amortisation of intangible assets arising on acquisitions	**(4,942)**	(4,573)
Acquisition related items	**1,492**	4,633
Unwinding of discount applicable to deferred consideration payable	**167**	1,476
Unwinding of discount applicable to contingent consideration receivable	**(572)**	–
Numerator for adjusted earnings per share	**146,568**	143,820
Denominator for basic and adjusted earnings per share:		
	Number of Grafton Units	Number of Grafton Units
Weighted average number of Grafton Units in issue	**194,316,609**	200,367,922
Dilutive effect of options and awards	**149,206**	101,676
Denominator for diluted earnings per share	**194,465,815**	200,469,598
Earnings per share (pence)		
– Basic	**70.28**	60.89
– Diluted	**70.23**	60.86
Adjusted earnings per share (pence)*		
– Basic	**75.43**	71.78
– Diluted	**75.37**	71.74

* The term "Adjusted" means before exceptional items, amortisation of intangible assets arising on acquisitions, the impact of unwinding acquisition related deferred consideration to present value and acquisition related items.

The weighted average potential employee share entitlements over 666,581 Grafton Units (2024: 677,432) which are currently anti-dilutive are not included in the above calculation for diluted earnings per share and adjusted diluted earnings per share.

12. Goodwill

Cost	2025 £'000	2024 £'000
At 1 January	**634,301**	645,062
Arising on acquisitions (Note 27)	**8,405**	3,863
Translation adjustment	**16,401**	(14,624)
At 31 December	**659,107**	634,301

Cash Generating Units

Goodwill arising as part of a business combination is allocated to groups of Cash Generating Units ("CGUs") or, where appropriate, recognition of a new CGU or group of CGUs. The groups of CGUs represent the lowest level at which goodwill is monitored for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8, Operating Segments.

Goodwill has been allocated to a total of four (2024: six) groups of CGUs as follows, and a reconciliation of the movement in goodwill from 31 December 2024 to 31 December 2025 is presented thereafter.

31 December 2025

	Goodwill 2025 £'000
Island of Ireland	**228,348**
Great Britain	**273,694**
Northern Europe	**152,053**
Iberia	**5,012**
	659,107

31 December 2024

	Goodwill 2024 £'000
Ireland Distribution	158,781
UK Distribution	289,929
Netherlands Distribution	110,374
Finland Distribution	34,117
Spain Distribution	3,835
Manufacturing	37,265
	634,301

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Notes to the Group Financial Statements continued

12. Goodwill continued

Goodwill reallocation

As outlined in Note 2, for the financial year ended 31 December 2025, the Group has adopted a new reporting structure which better reflects the Group's strategy. From 1 October 2025, the Group was organised into four geographical areas or operating segments which align with how the Board now manages the business, assesses performance and allocates capital and resources.

In accordance with IAS 36, a reorganisation of operating segments that changes the composition of one or more CGUs to which goodwill has been allocated requires that the goodwill be reallocated to the CGUs affected. The resulting changes during the year to the allocation of goodwill is summarised below:

	Great Britain £'000	Island of Ireland £'000	Northern Europe £'000	Iberia* £'000	UK Distribution £'000	Ireland Distribution £'000	Netherlands Distribution £'000	Finland Distribution £'000	UK Manufacturing £'000	Total £'000
At 1 January 2025	–	–	–	**3,835**	289,929	158,781	110,374	34,117	37,265	**634,301**
Arising on acquisition (Note 27)	–	–	–	**933**	–	7,472	–	–	–	**8,405**
Reallocated to Island of Ireland	–	**219,753**	–	–	(53,500)	(166,253)	–	–	–	–
Reallocated to Great Britain	**273,694**	–	–	–	(236,429)	–	–	–	(37,265)	–
Reallocated to Northern Europe	–	–	**144,491**	–	–	–	(110,374)	(34,117)	–	–
Translation adjustment	–	**8,595**	**7,562**	**244**	–	–	–	–	–	**16,401**
At 31 December 2025	**273,694**	**228,348**	**152,053**	**5,012**	–	–	–	–	–	**659,107**

* Previously Spain Distribution.

Goodwill Acquired

Goodwill acquired during the year of £7.5m (2024: £3.9m) was allocated to the Island of Ireland group of CGUs (2024: Iberia group of CGUs) and goodwill arising from fair value adjustments on earlier acquisitions in the amount of £0.9m (2024:£nil) was allocated to the Iberia group of CGUs. Goodwill on acquisition reflects the anticipated purchasing and operational synergies to be realised as part of the enlarged Group. Intangible assets which formed part of the acquisition consideration are detailed in Note 15.

Impairment Testing

Goodwill is subject to impairment testing on an annual basis at 31 December and additionally during the year if an indicator of impairment is considered to exist.

At the 30 June 2025 interim reporting date, there were impairment indicators in two of the Group's markets which prompted an impairment test to be carried out on two of the former groups of CGUs - UK Distribution and Finland Distribution. No impairments were noted.

There were impairment indicators in the Group's UK Distribution and Finland Distribution markets in advance of the reallocation of goodwill from the former groups of CGUs to the enlarged Great Britain and Northern Europe groups of CGUs and therefore impairment assessments were performed as at 30 September 2025. No impairments were noted although for the former UK Distribution group of CGUs the recoverable amount had more limited headroom over its carrying amount, therefore it was more sensitive to possible changes in key assumptions.

The annual impairment test was completed as at 31 December 2025 to determine the recoverable amounts of the revised groups of CGUs.

The recoverable amount of each cash generating unit is determined based on value-in-use calculations. The carrying value of each cash generating unit was compared to its estimated value-in-use. There were no impairments during the year (2024: £Nil). Total accumulated impairment losses at 31 December 2025 amounted to £Nil (2024: £Nil).

Value-in-use Calculations

The value-in-use at 30 September 2025 and 31 December 2025 was calculated on the basis of estimated future cash flows discounted to present value. Estimated future cash flows were determined by reference to the budget for 2026 and management forecasts for each of the following years from 2027 to 2030 inclusive. The terminal value was calculated using a long-term nominal growth rate in respect of the years after 2030. The estimates of future cash flows were based on consideration of past experience together with an assessment of the future prospects of each of the businesses within the CGUs. The assumptions used are also referenced against external industry data, where available.

The key assumptions used in the value-in-use calculations are the nominal revenue growth rate, the discount rate and the long-term growth rate. The pre-tax discount rates used were based on the Group's estimated weighted average cost of capital, adjusted to reflect risks associated with each CGU.

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12. Goodwill continued

Significant Goodwill Amounts

A summary of the allocated goodwill and the assumptions (all nominal) relating to the recoverable amounts of these groups of CGUs at 31 December 2025 is shown below:

	Island of Ireland 2025	**Great Britain 2025**	**Northern Europe 2025**	**Iberia 2025**
Goodwill (£'000)	**228,348**	**273,694**	**152,053**	**5,012**
Recoverable amount basis	**Value-in-use**	**Value-in-use**	**Value-in-use**	**Value-in-use**
Revenue growth rate average*	**5.1%**	**6.2%**	**5.7%**	**4.9%**
Long-term growth rate	**2.5%**	**2.5%**	**2.5%**	**2.5%**
Discount rate (pre-tax)	**10.0%**	**12.7%**	**9.7%**	**12.7%**

* CAGR for the years 2026 – 2030.

A summary of the allocated goodwill and the assumptions (all nominal) relating to the recoverable amounts of the groups of CGUs at 31 December 2024 is shown below:

	UK Distribution 2024	Ireland Distribution 2024	Netherlands Distribution 2024	Finland Distribution 2024	UK Manufacturing 2024
Goodwill (£'000)*	289,929	158,781	110,374	34,117	37,265
Recoverable amount basis	Value-in-use	Value-in-use	Value-in-use	Value-in-use	Value-in-use
Revenue growth rate average**	6.2%	3.9%	6.0%	4.9%	9.9%
Long-term growth rate	2.5%	2.5%	2.5%	2.5%	2.5%
Discount rate (pre-tax)	12.7%	9.7%	9.5%	9.8%	12.7%

* The remaining goodwill balance of £3.8m is allocated to the Spain Distribution CGU The goodwill amount of this CGU is not significant.

** CAGR for the years 2025 – 2029.

A summary of the assumptions (all nominal) relating to the recoverable amounts of the UK Distribution group of CGUs and Finland Distribution group of CGUs at 30 September 2025 is shown below:

	UK Distribution 30 September 2025	Finland Distribution 30 September 2025
Recoverable amount basis	Value-in-use	Value-in-use
Revenue growth rate average*	5.7%	5.5%
Long-term growth rate	2.5%	2.5%
Discount rate (pre-tax)	12.9%	9.7%

* CAGR for the years 2026 – 2030.

Sensitivity Analysis

Where impairment assessments have been performed, it is noted that the value-in-use calculations are sensitive to changes in the key assumptions of the revenue growth rate, the discount rate and the long-term growth rate. While management believes that the value-in-use assumptions are appropriate, a sensitivity analysis was performed based on reasonable changes in each of the three key assumptions in each CGU. At 30 September 2025, the former UK Distribution group of CGUs' recoverable amount had limited headroom over its carrying amount. A 160 bps increase in the discount rate would eliminate the headroom that the group of CGU's recoverable amount has over its carrying amount. Similarly, a decrease in the revenue growth rate of 80 bps would eliminate the headroom observed at 30 September 2025.

At 31 December 2025, no reasonably possible change in any of the key assumptions would cause the carrying amount to exceed the recoverable amount in any of the significant groups of CGUs.

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13. Property, Plant and Equipment, Right-of-Use Asset, Properties Held for Sale and Investment Properties

13. (a) Property, Plant and Equipment

	Freehold land and buildings £'000	Leasehold improvements/ buildings £'000	Plant and Machinery* £'000	Motor Vehicles £'000	Total £'000
Year ended 31 December 2025					
Opening net book amount	**155,970**	**55,649**	**128,965**	**26,770**	**367,354**
Additions	**3,369**	**670**	**26,768**	**6,174**	**36,981**
Arising on acquisitions (Note 27)	**–**	**410**	**8,868**	**8**	**9,286**
Disposal of Group businesses (Note 27)	**–**	**–**	**(1,400)**	**–**	**(1,400)**
Disposals	**(85)**	**(423)**	**(869)**	**(404)**	**(1,781)**
Depreciation charge (Note 3)	**(2,962)**	**(9,063)**	**(28,465)**	**(6,608)**	**(47,098)**
Reclassifications	**242**	**1,106**	**(1,211)**	**(137)**	**–**
Reclassification to properties held for sale (Note 13(c))	**(358)**	**–**	**–**	**–**	**(358)**
Reclassification to investment properties (Note 13(d))	**(371)**	**–**	**–**	**–**	**(371)**
Reclassification to intangibles assets (Note 15)**	**–**	**–**	**(1,716)**	**–**	**(1,716)**
Exchange adjustment	**6,110**	**288**	**4,178**	**283**	**10,859**
Closing net book amount	**161,915**	**48,637**	**135,118**	**26,086**	**371,756**
At 31 December 2025					
Cost	**217,329**	**132,211**	**356,105**	**57,561**	**763,206**
Accumulated depreciation & impairment loss	**(55,414)**	**(83,574)**	**(220,987)**	**(31,475)**	**(391,450)**
Net book amount	**161,915**	**48,637**	**135,118**	**26,086**	**371,756**
Year ended 31 December 2024					
Opening net book amount	160,147	61,185	117,499	28,435	367,266
Additions	4,756	3,472	25,893	5,450	39,571
Arising on acquisitions	–	–	14,218	–	14,218
Disposals	–	(47)	(1,453)	(343)	(1,843)
Depreciation charge (Note 3)	(2,888)	(8,723)	(24,638)	(6,516)	(42,765)
Reclassifications	(477)	32	445	–	–
Exchange adjustment	(5,568)	(270)	(2,999)	(256)	(9,093)
Closing net book amount	155,970	55,649	128,965	26,770	367,354
At 31 December 2024					
Cost	206,581	128,264	333,913	57,441	726,199
Accumulated depreciation & impairment loss	(50,611)	(72,615)	(204,948)	(30,671)	(358,845)
Net book amount	155,970	55,649	128,965	26,770	367,354

* This also includes plant hire equipment.
** Computer software amounting to £1.7m have been transferred from property, plant and equipment to intangible assets to reflect the most appropriate asset class for these assets.

The Group's freehold and long leasehold properties located in the Republic of Ireland were professionally valued as at December 1998 by professional valuers in accordance with the Appraisal and Valuation Manual of the Society of Chartered Surveyors. Property acquired/purchased after December 1998 is stated at cost or deemed cost. Previous valuations, which were made on an open market for existing use basis, were deemed to be cost for the purpose of the transition to IFRS as adopted by the EU. The remaining properties, which are located in the United Kingdom, the Netherlands, Finland and Spain, are included at cost less depreciation.

13. (b) Right-of-Use Asset

	Property & Land Leases £'000	Vehicles £'000	Other Assets £'000	Total £'000
Year ended 31 December 2025				
Opening balance at 1 January 2025	**360,947**	**16,404**	**375**	**377,726**
Additions*	**16,489**	**8,586**	**813**	**25,888**
Reclassified to investment properties (Note 13(d))**	**(7,774)**	**–**	**–**	**(7,774)**
Arising on acquisitions (Note 27)	**1,992**	**2,053**	**–**	**4,045**
Depreciation charge (Note 3)	**(71,113)**	**(7,440)**	**(191)**	**(78,744)**
Disposals	**(2,114)**	**(141)**	**–**	**(2,255)**
Remeasurements*	**37,328**	**472**	**87**	**37,887**
Translation adjustment	**8,700**	**779**	**27**	**9,506**
Closing net book amount	**344,455**	**20,713**	**1,111**	**366,279**
Year ended 31 December 2024				
Opening balance at 1 January 2024	389,285	11,488	525	401,298
Additions*	7,387	7,744	23	15,154
Arising on acquisitions	21,214	3,199	–	24,413
Depreciation charge (Note 3)	(63,831)	(5,665)	(155)	(69,651)
Disposals	(509)	(279)	(2)	(790)
Remeasurements*	15,412	522	–	15,934
Translation adjustment	(8,011)	(605)	(16)	(8,632)
Closing net book amount	360,947	16,404	375	377,726

* Right-of-use asset additions relate to new lease contracts entered into during the year and mainly arise due to leases entered into for replacement vehicle leases, new store locations and new lease contracts agreed for existing stores. Right-of-use asset remeasurements have mainly arisen due to the finalisation of rent reviews and the reassessment of extension options available to the Group on a number of property leases that will now be exercised.
** Right-of-use assets amounting to £7.8m have been transferred from right-of -use assets to investment properties to reflect the most appropriate asset class for these assets (relate to right-of-use assets sublet to third parties under operating leases).

Cash flow exposures relating to extension options and termination options, which are not reflected in the measurement of lease liabilities are £Nil (2024: Nil).

The average lease term is 6.6 years (2024: 6.7 years). The average remaining lease term at 31 December 2025 is 3.0 years (2024: 3.2 years).

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13. Property, Plant and Equipment, Right-of-Use Asset, Properties Held for Sale and Investment Properties continued

13. (b) Right-of-Use Asset continued

The amounts recognised in the income statement include:

	2025 Total £'000	2024 Total £'000
Depreciation expense on right-of-use assets (Note 3)	**78,744**	69,651
Interest expense on lease liabilities (Note 7)	**15,209**	15,026
Expense relating to short-term leases (Note 3)	**3,110**	1,415
Expense relating to leases of low-value assets (Note 3)	**266**	287
Expense relating to variable lease payments not included in measurements of lease liability (Note 3)	**364**	390
Income from subleasing right-of-use assets – operating leases	**1,234**	1,078

The total cash outflow for leases amounted to £96.9m (2024: £86.7m). There have been no sale and leaseback transactions in the current year.

The undiscounted lease amounts to be received on an annual basis, in relation to the sublease operating lease income, is £0.4m for year one, £0.4m for year two, £0.3m for year three, £0.1m for years four onwards with total income from subleasing right-of-use assets amounting to £1.4m (2024: £1.8m).

13. (c) Properties Held for Sale

	Carrying Amount £'000
At 1 January 2024	4,291
Disposals	(3,366)
Translation adjustment	(162)
At 31 December 2024	**763**
Disposals	**(763)**
Reclassifications from property, plant & equipment	**358**
Reclassifications from investment properties	**2,223**
At 31 December 2025	**2,581**

During the year, one UK held for sale property was sold. The total number of properties held for sale at 31 December 2025 was three (2024: one). These properties are located in Ireland (two), and the Netherlands (one) (2024: one in UK).

Properties held for sale are not used in the course of business and are available for immediate sale in their present condition subject to terms that are usual and customary for properties of this nature. The individual properties were being actively marketed at the year end and the Group is committed to its plan to sell these properties in an orderly manner.

Properties held for sale are recognised in the balance sheet at the lower of their carrying amount and fair value less disposal costs. Fair value for this purpose is estimated based on comparable market transactions. The carrying value of these properties at 31 December 2025 and 31 December 2024 was equal to or less than fair value less disposal costs and therefore no reduction in the carrying amount is required to be recognised.

The following table shows the valuation techniques used in measuring the fair value of properties held for sale and the significant unobservable inputs used.

Valuation technique	Description of the unobservable inputs used	**Level 3 Fair Value £'000**
Assets valued using comparable market transactions	**Island of Ireland** • Comparable development land prices of £42,500 per acre (2024: £40,450 per acre).	**2,581**
Assets valued using independent valuations	**Island of Ireland** • One property was independently valued by an independent property advisor during 2025 who indicated a valuation of £2.1m (2024: £1.1m).	

13. (d) Investment Properties

	Level 3 Fair Value £'000
At 1 January 2024	24,609
Fair value gains	3,191
Disposals	(251)
Translation adjustment	(224)
At 31 December 2024	**27,325**
Fair value gains	**3,087**
Disposals	**–**
Reclassifications from property, plant & equipment	**371**
Reclassifications from right-of-use assets (see Note 13(b))	**7,774**
Reclassifications to properties held for sale	**(2,223)**
Translation adjustment	**255**
At 31 December 2025	**36,589**

During the year, a fair value gain of £2.1m was recognised on one UK investment property and £1.0m on two Irish properties. During the year, two Irish investment properties were transferred to properties held for sale. Three UK properties were transferred from right-of-use assets to investment properties in the year. The total number of investment properties at 31 December 2025 was 11 (2024: 10) of which nine (2024: six) are located in the UK and two (2024: four) in Ireland. These properties are being held with a view to enhancing their value.

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Notes to the Group Financial Statements continued

13. Property, Plant and Equipment, Right-of-Use Asset, Properties Held for Sale and Investment Properties continued

13.(d) Investment Properties continued

The following is a summary of valuation methods used in relation to the Group's investment properties which are carried at fair value:

At 31 December 2025

	Independent valuations £'000	Comparable market transactions £'000	Present value of future cashflows £'000	2025 Total £'000
Investment Properties				
Great Britain	**24,160**	**375**	**7,774**	**32,309**
Island of Ireland	**2,749**	**1,531**	**-**	**4,280**
Total	**26,909**	**1,906**	**7,774**	**36,589**

At 31 December 2024

	Independent valuations £'000	Comparable market transactions* £'000	2024 Total £'000
Investment Properties			
Great Britain	17,562	4,825	22,387
Island of Ireland	3,312	1,626	4,938
Total	20,874	6,451	27,325

* Comparable market transactions has been represented due to the change in segments, with total amount being the same as prior year.

The following tables show the valuation techniques used in measuring the fair value of investment properties and the significant unobservable inputs used. Where market transactions can be identified, the comparable market transaction method is used in order to determine fair value.

Valuation technique	Description of the unobservable inputs used	Level 3 Fair Value £'000
		1,906
Assets valued using comparable market transactions	**Island of Ireland** • Comparable warehouse market prices of £785 (2024: £746) per square metre. **Great Britain** • Comparable warehouse market price of £350 (2024: £350) per square metre. • Comparable residential market prices of £50,000 (2024: £50,000)	
		26,909
Assets valued using independent valuations	**Island of Ireland** • One property was valued by an independent property advisor during 2025 at £2.7m (2024: £2.2m). **Great Britain** • Four properties were independently valued by an independent property advisor during 2025 who indicated a valuation range of £21.4m to £27.4m (2024: valuation range of £14.6m to £20.6m for three properties). Management determined that the appropriate fair value to recognise in the financial statements is £24.2m. (2024: three properties at £17.6m).*	
	Great Britain	**7,774**
Assets valued using present value of future cashflows	• Three properties were valued at year end by reference to the present value of future cash flows expected to be generated.	
Total		**36,589**

* One of the four properties that was valued independently during 2025 was valued using comparable market transactions in the prior year. The amount of comparable market prices for industrial development land during 2024 was £1.5m. The reason for the change in valuation was an increase in developer interest in similar assets and strengthening of the market for similar properties in the area.

The estimated fair value would increase/(decrease) if comparable market prices per square metre/acre were higher/(lower).

14. Other Financial Assets

	Other Investments £'000
At 1 January 2024	**127**
Translation adjustment	**(2)**
At 31 December 2024	**125**
Translation adjustment	**3**
At 31 December 2025	**128**

Other investments represent sundry equity investments at cost less provision for impairment.

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15. Intangible Assets

	Computer Software £'000	Trade Names £'000	Customer Relationships Technology £'000	Total £'000
Cost				
At 1 January 2024	14,201	40,159	168,280	222,640
Additions	7,275	–	–	7,275
Acquisitions (Note 27)	161	8,259	7,258	15,678
Translation adjustment	(445)	(1,389)	(5,668)	(7,502)
At 1 January 2025	**21,192**	**47,029**	**169,870**	**238,091**
Additions	**9,226**	**–**	**–**	**9,226**
Acquisitions (Note 27)	**16**	**1,514**	**3,616**	**5,146**
Reclassifications from property, plant & equipment (Note 13(a))*	**3,959**	**–**	**–**	**3,959**
Translation adjustment	**793**	**1,943**	**6,630**	**9,366**
At 31 December 2025	**35,186**	**50,486**	**180,116**	**265,788**
Amortisation				
At 1 January 2024	6,231	12,754	64,754	83,739
Charge for the year	2,051	3,999	16,272	22,322
Translation adjustment	(170)	(471)	(2,240)	(2,881)
At 1 January 2025	**8,112**	**16,282**	**78,786**	**103,180**
Charge for the year	**3,142**	**4,764**	**17,209**	**25,115**
Reclassifications from property, plant & equipment (Note 13(a))*	**2,243**	**–**	**–**	**2,243**
Translation adjustment	**294**	**668**	**3,003**	**3,965**
At 31 December 2025	**13,791**	**21,714**	**98,998**	**134,503**
Net book amount				
At 31 December 2025	**21,395**	**28,772**	**81,118**	**131,285**
At 31 December 2024	13,080	30,747	91,084	134,911

* Computer software amounting to £1.7m has been transferred from Property, Plant and Equipment to Intangible Assets to reflect the most appropriate asset class for these assets.

Customer relationships, technology and trade names arise from business combinations (Note 27) and are amortised over their estimated useful lives. The average remaining amortisation period is 6.3 years (2024: 6.3 years).

The amortisation expense of £25.1m (2024: £22.3m) has been charged in operating costs in the income statement. Amortisation of intangibles acquired through business combinations amounted to £22.0m (2024: £20.3m).

16. Inventories

	2025 £'000	2024 £'000
Raw materials	**5,301**	4,426
Finished goods	**600**	2,310
Goods purchased for resale	**389,281**	375,067
	395,182	381,803

The inventory provision at 31 December 2025 was £67.8m (2024: £54.6m).

Movement in Impairment Provision

	2025 £'000	2024 £'000
At 1 January	**54,647**	56,015
Utilised/released during year	**(10,375)**	(5,635)
Additional provision	**21,535**	6,157
Translation adjustment	**1,995**	(1,890)
At 31 December	**67,802**	54,647

17. Trade and Other Receivables and Finance Lease Receivables

17. (a) Trade and Other Receivables

	2025 £'000	2024 £'000
Amounts falling due within one year:		
Trade receivables	**223,721**	204,442
Other receivables	**84,314**	71,996
	308,035	276,438
Prepayments	**24,432**	23,582
	332,467	300,020
Amounts falling due after more than one year:		
Other receivables (Note 27)	**10,210**	–
	342,677	300,020

The carrying amounts of the trade receivables include receivables, in Salvador Escoda, which are subject to a discounting arrangement. Under this arrangement, Salvador Escoda has transferred the relevant receivables to four (2024: five) Spanish banking partners in exchange for cash and is prevented from selling or pledging the receivable. However, Salvador Escoda has retained substantially all of the risks and rewards of ownership through late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in the balance sheet. The amount repayable under the discounting agreement is presented as current liabilities in interest-bearing loans and borrowings.

Financial Statements
Notes to the Group Financial Statements continued

17. Trade and Other Receivables and Finance Lease Receivables continued

The relevant carrying amounts are as follows:

	Carrying Amount	
	2025 £'000	2024 £'000
Transferred receivables	**21,573**	20,281
Interest-bearing loans and borrowings – euro bank credit facilities (Note 20)	**21,573**	20,281

The carrying amount of trade and other receivables represents the maximum credit exposure. Other receivables primarily includes contingent consideration receivable on disposal of group businesses and rebates receivable. Rebates receivable, included in other receivables, amounted to £69.7m (2024: £60.3m).

The maximum exposure to credit risk for trade debtors and other receivables, falling due within one year, at the reporting date by geographic region was as follows:

	Carrying Amount	
	2025 £'000	2024 £'000
Republic of Ireland	**120,479**	96,695
United Kingdom	**76,078**	70,505
Netherlands	**48,099**	46,287
Finland	**14,785**	16,947
Spain	**48,594**	46,004
	308,035	276,438

Credit risk is well diversified over a broad customer base with only a small number of accounts with balances in excess of £100,000 that collectively account for a small proportion of total trade receivables. A number of businesses also have credit insurance policies in place which provide cover for the most significant amounts receivable from customers in the UK and Ireland.

The ageing of total trade and other receivables, under the expected credit loss model, at 31 December 2025 was:

	Gross Value £'000	**Impairment £'000**	**Carrying Amount £'000**	**Weighted Average Loss Rate %**
Not Past Due	**285,731**	**(773)**	**284,958**	**0.3%**
Past Due				
0-30 days	**45,961**	**(360)**	**45,601**	**0.8%**
30-60 days	**9,111**	**(2,906)**	**6,205**	**31.9%**
+60 days	**9,546**	**(3,633)**	**5,913**	**38.1%**
	64,618	**(6,899)**	**57,719**	**10.7%**
	350,349	**(7,672)**	**342,677**	**2.2%**

The ageing of total trade and other receivables, under the expected credit loss model, at 31 December 2024 was:

	Gross Value £'000	Impairment £'000	Carrying Amount £'000	Weighted Average Loss Rate %
Not Past Due	248,655	(1,217)	247,438	0.5%
Past Due				
0-30 days	41,724	(432)	41,292	1.0%
30-60 days	9,529	(3,374)	6,155	35.4%
+60 days	8,210	(3,075)	5,135	37.5%
	59,463	(6,881)	52,582	11.6%
	308,118	(8,098)	300,020	2.6%

Movement in Impairment Provision

	2025 £'000	2024 £'000
At 1 January	**8,098**	9,567
Written-off during the year	**(3,092)**	(3,091)
Additional provision	**2,390**	1,928
Translation adjustment	**276**	(306)
At 31 December	**7,672**	8,098

17. (b) Finance Lease Receivables

Finance lease receivables are presented in the balance sheet as follows:

	2025 £'000	2024 £'000
Lease receivables:		
Lease receivables – falling due within one year	**–**	98
Lease receivables – falling due after more than one year	**–**	–
	–	98

The average remaining lease term is 0.0 years (2024: 1.0 years). The finance income on the finance lease receivable recognised during the year amounted to £Nil (2024: £Nil).

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Notes to the Group Financial Statements continued

18. Share Capital and Share Premium

Group and Company

	2025 £'000	2024 £'000
Authorised:		
Equity shares		
306 million ordinary shares of 5c each (2024: 306 million)	**15,300**	15,300
	15,300	15,300

Year ended 31 December 2025

	Issue Price	Number of Shares	2025 Nominal Value £'000
Issued and fully paid:			
Ordinary shares – nominal value of €0.05			
At 1 January		**197,802,776**	**6,744**
Issued under UK SAYE scheme*		**210,351**	**9**
2021 Long Term Incentive Plan			
April 2022 LTIP Award		**16,512**	**1**
Share Buyback			
Share Buyback – Programme 5		**(171,302)**	**(7)**
Share Buyback – Programme 6		**(3,293,879)**	**(142)**
Share Buyback – Programme 7		**(2,735,984)**	**(117)**
At 31 December		**191,828,474**	**6,488**
Total nominal share capital issued			**6,488**

* Refer to Note 31 which outlines the issue price of the 2024, 2023 and the 2022 SAYE Schemes.

Year ended 31 December 2024

	Issue Price	Number of Shares	2024 Nominal Value £'000
Issued and fully paid:			
Ordinary shares – nominal value of €0.05			
At 1 January		206,060,972	7,094
Issued under UK SAYE scheme*		48,147	2
2021 Long Term Incentive Plan			
April 2021 LTIP Award	Nil	24,686	1
Share Buyback			
Share Buyback – Programme 4		(5,520,921)	(234)
Share Buyback – Programme 5		(2,810,108)	(119)
At 31 December		197,802,776	6,744
Total nominal share capital issued			6,744

* Refer to Note 31 which outlines the issue price of the 2023, 2022 and the 2020 SAYE Schemes.

Share Premium

Group	2025 £'000	2024 £'000
At 1 January	**224,141**	223,861
Premium on issue of shares under UK SAYE scheme	**1,672**	280
At 31 December	**225,813**	224,141

Grafton Units Issued and Cancelled During 2025

The number of Grafton Units issued during the year under the Group's Executive Share Schemes and the UK SAYE scheme was 226,863 (2024: 72,833). Costs relating to the issues were £Nil (2024: £Nil). The number of Grafton units cancelled during the year was 6,201,165 (2024: 8,331,029). The total consideration received, excluding the share buybacks, amounted to £1,682,000 (2024: £283,000).

Grafton Units

As at 31 December 2025 and 31 December 2024, a Grafton Unit comprised one ordinary share of euro five cent in Grafton Group plc.

Ordinary Shares

The holders of ordinary shares are entitled to attend, speak and vote at all General Meetings of the Company.

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Notes to the Group Financial Statements continued

18. Share Capital and Share Premium continued

Simplification of Grafton Unit

The Grafton Unit comprises one ordinary share of euro five cent in Grafton Group plc.

Treasury Shares

The Group holds 500,000 (2024: 500,000) Grafton Units at a cost of £3,897,000 (2024: £3,897,000) as treasury shares. At 31 December 2025, the Group also held Nil shares (2024: Nil shares) purchased but not cancelled as part of the share buyback programme at a cost of £Nil as noted below (2024: £Nil).

Share Buyback Programme

The movement in treasury shares as a result of the buybacks is noted below:

	Purchase of Shares £'000	Transaction Costs £'000	Total Purchase of Shares* £'000	Cancellation of Shares £'000	Transfer from Treasury Shares** £'000	Total Movement £'000
Buyback Programme 1	100,000	284	100,284	(100,000)	(284)	–
LTIP Awards 2022	7,563	16	7,579	(7,563)	(16)	–
Buyback Programme 2	93,316	187	93,503	(93,316)	(187)	–
Buyback Programme 3	50,000	100	50,100	(50,000)	(100)	–
LTIP Awards 2023	3,408	7	3,415	(3,408)	(7)	–
Buyback Programme 4	100,000	198	100,198	(100,000)	(198)	–
Buyback Programme 5	30,000	60	30,060	(30,000)	(60)	–
Buyback Programme 6	30,000	60	30,060	(30,000)	(60)	–
Buyback Programme 7	25,000	50	25,050	(25,000)	(50)	–
Total	**439,287**	**962**	**440,249**	**(439,287)**	**(962)**	**–**

	Purchase of Shares £'000	Transaction Costs £'000	Total Purchase of Shares* £'000	Cancellation of Shares £'000	Transfer from Treasury Shares** £'000	Total Movement £'000
Year ended 31 December 2022	142,609	372	142,981	(141,693)	–	1,288
Year ended 31 December 2023	159,143	315	159,458	(159,591)	(687)	(820)
Year ended 31 December 2024	80,923	162	81,085	(81,391)	(162)	(468)
Year ended 31 December 2025	56,612	113	56,725	(56,612)	(113)	–
Total	**439,287**	**962**	**440,249**	**(439,287)**	**(962)**	**–**

* Including transaction costs.
** At 31 December 2025, the share buyback programmes and the LTIP purchase and cancellation, were fully completed and the related transactions costs have been transferred from treasury shares to retained earnings, totalling £1.0m.

Since the first buyback commenced on 9 May 2022 and up to 31 December 2025, the Group has purchased a total of 49.28 million ordinary shares which represents 20.5% of the issued share capital on the date of commencement. It acquired them at an average price of £8.69 per share.

Excluding the LTIP awards in 2022 and 2023, cash of £428.3m has been returned to shareholders through all completed and ongoing share buybacks up to 31 December 2025.

Buyback Programme 5 (completed on 8 January 2025)

The Board announced a fifth programme, commencing 29 August 2024, to buy back ordinary shares in the Company for an aggregate consideration of up to £30.0m which was to end no later than 31 January 2025, subject to market conditions. At 31 December 2024, the Group had purchased 2,810,108 shares in aggregate for cancellation at a total cost of £28.4m, including transaction costs. These shares were all cancelled by 31 December 2024. In January 2025, the Group purchased a further 171,302 shares in aggregate for cancellation at a further cost of £1.6m, including transaction costs. This programme fully completed on 8 January 2025.

Buyback Programme 6 (commenced 6 March 2025 and completed on 8 July 2025)

The Board announced a sixth programme, commencing 6 March 2025, to buy back ordinary shares in the Company for an aggregate consideration of up to £30.0m which was to end no later than 31 August 2025, subject to market conditions. At 31 December 2025, the Group had purchased 3,293,879 shares in aggregate for cancellation at a total cost of £30.1m, including transaction costs. This programme fully completed on 8 July 2025.

Buyback Programme 7 (commenced 4 September 2025 and completed on 7 November 2025)

The Board announced a seventh programme, commencing 4 September 2025, to buy back ordinary shares in the Company for an aggregate consideration of up to £25.0m which will end no later than 31 January 2026, subject to market conditions. At 31 December 2025, the Group had purchased 2,735,984 shares in aggregate for cancellation at a total cost of £25.1m, including transaction costs. This programme fully completed on 7 November 2025.

19. Group Statement of Changes in Equity

The capital redemption reserve is a legal reserve which arose from the purchase of 'A' ordinary shares, the redemption of redeemable shares in prior years and the buy-back and cancellation of shares.

The revaluation reserve was created as a result of a revaluation of Irish properties in 1998.

The shares to be issued reserve comprises amounts expensed in the income statement in connection with share-based payments, net of transfers to retained earnings on the exercise of share entitlements and the lapsing of such entitlements.

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

The foreign currency translation reserve arises from the currency effect on translation of the investment in subsidiaries with euro functional currencies as adjusted for foreign currency borrowings and derivatives designated as net investment hedges.

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20. Interest-Bearing Loans and Borrowings

	2025 £'000	2024 £'000
Non-current liabilities		
Euro bank loans	**51,499**	56,053
US senior notes	**139,311**	132,319
Total interest-bearing loans and borrowings	**190,810**	188,372
Lease liabilities	**320,223**	331,572
	511,033	519,944
Current liabilities		
Bank overdrafts*	**–**	8,375
Euro bank credit facilities	**30,929**	40,625
Total interest-bearing loans and borrowings	**30,929**	49,000
Lease liabilities	**77,185**	72,156
	108,114	121,156

* Bank overdrafts are included as current liabilities where there are no netting arrangements in place.

The increase in non-current interest bearing loans and borrowings largely reflects a foreign exchange movement on translation of the Group's euro denominated bank loans/US senior notes into sterling at the year end.

The euro bank credit facilities of £30.9m (2024: £40.6m) and bank overdrafts of £Nil (2024: £8.4m) at 31 December 2025 relate to short-term debt in Salvador Escoda in Spain which the Group acquired on 30 October 2024. The Salvador Escoda bank credit facilities of £30.9m include debt related to discounting effects on debtors (£21.5m) and credit facilities covering import lines of credit (£9.4m) with four (2024: five) Spanish banking partners. These short-term credit facilities have no financial covenants or security.

Maturity of financial liabilities

The maturity profile of the Group's interest-bearing financial liabilities (bank debt, bank overdrafts, loan notes and lease liabilities) can be summarised as follows:

	Bank overdrafts/ credit facilities 2025 £'000	Bank loans 2025 £'000	US senior notes 2025 £'000	Lease liabilities 2025 £'000	Total 2025 £'000	Bank overdrafts/ credit facilities 2024 £'000	Bank loans 2024 £'000	US senior notes 2024 £'000	Lease liabilities 2024 £'000	Total 2024 £'000
Due within one year	**30,929**	**–**	**–**	**77,185**	**108,114**	49,000	–	–	72,156	121,156
Between one and two years	**–**	**–**	**–**	**71,969**	**71,969**	–	–	–	67,580	67,580
Between two and three years	**–**	**–**	**69,656**	**62,976**	**132,632**	–	–	–	61,339	61,339
Between three and four years	**–**	**51,499**	**–**	**53,298**	**104,797**	–	–	66,160	53,004	119,164
Between four and five years	**–**	**–**	**69,655**	**43,404**	**113,059**	–	56,053	–	44,930	100,983
After five years	**–**	**–**	**–**	**88,576**	**88,576**	–	–	66,159	104,719	170,878
	30,929	**51,499**	**139,311**	**397,408**	**619,147**	49,000	56,053	132,319	403,728	641,100
Derivatives					**(3)**					5
Gross debt					**619,144**					641,105
Fixed-term cash deposits					**(100,000)**					(150,000)
Cash and cash equivalents					**(395,764)**					(359,430)
Net debt					**123,380**					131,675

Net cash, excluding the impact of leases, amounted to £274.0m (2024: £272.1m).

Financial Statements
Notes to the Group Financial Statements continued

20. Interest-Bearing Loans and Borrowings continued

Borrowing Facilities and US Senior Notes

At 31 December 2025, the Group had bilateral loan facilities of £337.6m (2024: £328.3m) with four relationship banks which all mature in August 2029.

The revolving loan facilities of £337.6m were put in place in August 2022 for a term of five years to August 2027. The arrangements included two one-year extension options exercisable at the discretion of the Group and the four banks. The second one-year extension option was agreed in July 2024 and these facilities are now repayable in August 2029. This is sustainability linked debt funding and includes an incentive connected to the achievement of carbon emissions, workforce diversity and community support targets that are fully aligned to the Group's sustainability strategy.

The Group had an undrawn committed borrowing facility at 31 December 2025 of £285.0m (2024: £270.8m) in respect of which all conditions precedent were met. The Group had liquidity of £776.8m at 31 December 2025 (2024: £776.2m) of which £491.8m (2024: £505.4m) was held in accessible cash and deposits and £285.0m (2024: £270.8m) in undrawn revolving bank facilities.

In September 2018, the Group raised €160m (31 December 2025: £139.6m before costs; 31 December 2024: £132.7m before costs) through an issue of unsecured senior notes in the US Private Placement market with ten and twelve-year maturities at an average fixed annual coupon of 2.5% and used the proceeds received to refinance existing debt. The issue of these notes diversified the Group's sources of funding by re-entering the US Private Placement market, extended the maturity profile of debt and provided greater certainty over the cost of debt for an extended period at attractive rates.

The average maturity of committed bank facilities and unsecured senior notes at 31 December 2025 was 3.6 years (2024: 4.6 years).

The following table indicates the effective interest rates at 31 December 2025 in respect of interest bearing financial assets and financial liabilities and the periods in which they re-price.

	Effective Interest Rate	Total £'000	6 months or less £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Euro deposits	1.81%	156,182	156,182	–	–	–	–
Sterling deposits	3.89%	69,000	69,000	–	–	–	–
Cash at bank	0.00%–3.70%	170,582	170,582	–	–	–	–
Total cash and cash equivalents		395,764	395,764	–	–	–	–
Fixed-term cash deposits:							
Sterling deposits*	4.18%	100,000	100,000	–	–	–	–
Total fixed-term cash deposits		100,000	100,000	–	–	–	–
Floating rate debt:							
Euro loans	3.11%	(51,499)	(51,499)	–	–	–	–
Euro bank credit facilities	2.37%	(30,929)	(30,929)	–	–	–	–
Total floating rate debt		(82,428)	(82,428)	–	–	–	–
Fixed rate debt:							
Lease liabilities	3.99%	(397,408)	(38,846)	(38,339)	(71,969)	(159,678)	(88,576)
US senior notes	2.38%–2.59%	(139,311)	–	–	–	(139,311)	–
Total fixed rate debt		(536,719)	(38,846)	(38,339)	(71,969)	(298,989)	(88,576)
Derivatives		3	3	–	–	–	–
Total net (debt)/cash		(123,380)	374,493	(38,339)	(71,969)	(298,989)	(88,576)

* Fixed-term cash deposits have a maturity date greater than three months at inception but less than three months at the balance sheet date.

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Notes to the Group Financial Statements continued

20. Interest-Bearing Loans and Borrowings continued

The following table indicates the effective interest rates at 31 December 2024 in respect of interest bearing financial assets and financial liabilities and the periods in which they re-price.

	Effective Interest Rate	Total £'000	6 months or less £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Euro deposits	2.79%	110,866	110,866	–	–	–	–
Sterling deposits	4.68%	149,962	149,962	–	–	–	–
Cash at bank	0.00%–4.75%	98,602	98,602	–	–	–	–
Total cash and cash equivalents		359,430	359,430	–	–	–	–
Fixed-term cash deposits:							
Sterling deposits*	4.99%	150,000	150,000	–	–	–	–
Total fixed-term cash deposits		150,000	150,000	–	–	–	–
Floating rate debt:							
Bank overdrafts	3.76%	(8,375)	(8,375)	–	–	–	–
Euro loans	4.20%	(56,053)	(56,053)	–	–	–	–
Euro bank credit facilities	3.05%	(40,625)	(40,625)	–	–	–	–
Total floating rate debt		(105,053)	(105,053)	–	–	–	–
Fixed rate debt:							
Lease liabilities	3.81%	(403,728)	(35,791)	(36,365)	(67,580)	(159,273)	(104,719)
US senior notes	2.38%–2.59%	(132,319)	–	–	–	(66,160)	(66,159)
Total fixed rate debt		(536,047)	(35,791)	(36,365)	(67,580)	(225,433)	(170,878)
Derivatives		(5)	(5)	–	–	–	–
Total net (debt)/cash		(131,675)	368,581	(36,365)	(67,580)	(225,433)	(170,878)

* Fixed-term cash deposits have a maturity date greater than three months at inception but less than three months at the balance sheet date.

Financial Statements
Notes to the Group Financial Statements continued

21. Financial Instruments and Financial Risk

The fair values of financial assets and liabilities together with the carrying amounts shown in the balance sheet are as follows:

At 31 December 2025

	Fair value through OCI £'000	Fair value through P&L £'000	Amortised cost £'000	Total carrying value £'000
Other financial assets*	**128**	**–**	**–**	**128**
Trade and other receivables*	**–**	**–**	**308,035**	**308,035**
Lease receivables*	**–**	**–**	**–**	**–**
Contingent consideration receivable on disposal of businesses (Note 27)	**–**	**12,251**	**–**	**12,251**
Fixed-term cash deposits*	**–**	**–**	**100,000**	**100,000**
Cash and cash equivalents*	**–**	**–**	**395,764**	**395,764**
	128	**12,251**	**803,799**	**816,178**
Foreign currency forwards	**3**	**–**	**–**	**3**
Euro bank loans**	**–**	**–**	**(51,499)**	**(51,499)**
Euro bank credit facilities	**–**	**–**	**(30,929)**	**(30,929)**
Bank overdrafts	**–**	**–**	**–**	**–**
US senior notes**	**–**	**–**	**(139,311)**	**(139,311)**
Lease liabilities*	**–**	**–**	**(397,408)**	**(397,408)**
Trade and other payables*	**–**	**–**	**(399,525)**	**(399,525)**
Deferred consideration payable on acquisition of businesses	**–**	**(1,398)**	**–**	**(1,398)**
	3	**(1,398)**	**(1,018,672)**	**(1,020,067)**

* The Group has not disclosed the fair values of financial instruments such as short-term receivables and payables because their carrying value closely approximates fair value.
** The fair value of euro bank loans was £52.6m and the fair value of US senior notes was £133.6m.

At 31 December 2024

	Fair value through OCI £'000	Fair value through P&L £'000	Amortised cost £'000	Total carrying value £'000
Other financial assets*	125	–	–	125
Trade and other receivables*	–	–	276,438	276,438
Lease receivables*	–	–	98	98
Fixed-term cash deposits*	–	–	150,000	150,000
Cash and cash equivalents*	–	–	359,430	359,430
	125	–	785,966	786,091
Foreign currency forwards	(5)	–	–	(5)
Euro bank loans**	–	–	(56,053)	(56,053)
Euro bank credit facilities	–	–	(40,625)	(40,625)
Bank overdrafts	–	–	(8,375)	(8,375)
US senior notes**	–	–	(132,319)	(132,319)
Lease liabilities*	–	–	(403,728)	(403,728)
Trade and other payables*	–	–	(354,319)	(354,319)
Deferred consideration payable on acquisition of businesses	–	(4,136)	–	(4,136)
	(5)	(4,136)	(995,419)	(999,560)

* The Group has not disclosed the fair values of financial instruments such as short-term receivables and payables because their carrying value closely approximates fair value.
** The fair value of euro bank loans was £57.4m and the fair value of US senior notes was £125.4m.

Fair Value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Set out below is an analysis of financial instruments carried at fair value, by valuation method. The different levels in the fair value hierarchy have been defined as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3: inputs that are not based on observable market data.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

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Notes to the Group Financial Statements continued

21. Financial Instruments and Financial Risk continued

Fair Value continued

Trade and Other Receivables/Trade and Other Payables

- For receivables and payables with a remaining life of less than six months or demand balances, fair value is the amount that is payable contractually less an impairment provision where appropriate.

Deferred Consideration Payable on Acquisition of Businesses

- The fair value of contingent deferred consideration payable is calculated assuming a probability of payout, which will be based on achievement of EBITDA targets, and discounted to present value using market derived discount rates.

Contingent Consideration Receivable on Disposal of Businesses

- Contingent consideration receivable relates to a variable earn-out component following the disposal of a Group business and is based on future purchases by the Group. The fair value is calculated based on historical trading volumes and is discounted to present value using market derived discount rates. The fair value is sensitive to change in the future trading volumes with the former Group business. The derived discount rates and future trading volumes are significant unobservable inputs.

Cash and Cash Equivalents and Fixed Term Cash Deposits

- For cash and cash equivalents, all of which have a remaining maturity of less than three months from the balance sheet date, the carrying amount is a reasonable approximation of fair value. For fixed-term cash deposits, all of which have a maturity date greater than three months at inception but less than three months at the balance sheet date, the carrying amount is a reasonable approximation of fair value. At 31 December 2025, £4.0m of cash (2024: £4.0m) is retained in the event of a default by the Group on a letter of credit. This arrangement can be replaced at any time.

Other Financial Assets

- Certain of the Group's financial assets are comprised of investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Such investments are measured at cost less provision for impairment where appropriate and applicable.

Derivative Instruments (Interest Rate Swaps & Foreign Currency Forwards)

- The fair values of interest rate swaps and foreign currency forwards are calculated as the present value of the estimated future cash flows based on the terms and maturity of each contract and using the spot, forward currency rates and market interest rates as applicable for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty where appropriate.

Interest Bearing Loans and Borrowings

- For floating rate interest bearing loans and borrowings with a contractual repricing date of less than six months, the nominal amount is deemed to reflect fair value. For loans with repricing dates of greater than six months, the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at interest rates effective at the balance sheet date and adjusted for credit spread.

The following table shows the fair values of financial assets and liabilities including their level in the fair value hierarchy.

	2025 Level 2 £'000	**2025 Level 3 £'000**	**2025 Total £'000**
Assets/(liabilities) measured and recognised at fair value			
Other derivative instruments – designated as hedging instruments	**3**	**–**	**3**
Contingent consideration receivable on disposal of businesses	**–**	**12,251**	**12,251**
Deferred consideration payable on acquisition of businesses	**–**	**(1,398)**	**(1,398)**
Liabilities not measured at fair value			
Liabilities at amortised cost			
US senior notes	**(133,644)**	**–**	**(133,644)**

	2024 Level 2 £'000	2024 Level 3 £'000	2024 Total £'000
Liabilities measured and recognised at fair value			
Other derivative instruments – designated as hedging instruments	(5)	–	(5)
Deferred consideration payable on acquisition of businesses	–	(4,136)	(4,136)
Liabilities not measured at fair value			
Liabilities at amortised cost			
US senior notes	(125,397)	–	(125,397)

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Notes to the Group Financial Statements continued

21. Financial Instruments and Financial Risk continued

Fair Value continued

Level 2 Fair Values

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Financial assets and liabilities measured at fair value			
Foreign currency forwards	The fair value of foreign currency forwards is calculated as the present value of the estimated future cashflows based on observable yield curves, spot and forward currency rates	Not applicable	Not applicable
Financial assets and liabilities not held at fair value			
Other financial liabilities*	Discounted cash flows	Not applicable	Not applicable

* Other financial liabilities include Euro bank loans and US senior notes.

Level 3 Fair Values

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Financial assets and liabilities measured at fair value			
Deferred consideration payable	The fair value of deferred consideration payable is calculated assuming a probability of payout, which will be based on achievement of EBITA/EBITDA targets, and discounted to present value using market derived discount rates. The fair value assumes achievement of targets but is sensitive to change in the assessed probability of achieving targets.	EBITA/EBITDA forecasts	Achievement of forecast determines consideration payable.
Contingent consideration receivable	The fair value of contingent consideration receivable is calculated based on historical trading volumes and is discounted to present value using market derived discount rates. The fair value is sensitive to change in the future trading volumes with the former Group business.	The derived discount rates and future trading volumes are significant unobservable inputs.	A higher discount rate and/or lower trading volumes would decrease consideration receivable.

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Notes to the Group Financial Statements continued

21. Financial Instruments and Financial Risk continued

Risk Exposures and Group Treasury Policy

The Group's operations expose it to various financial risks that include credit risk, liquidity risk, currency risk and interest rate risk. The Group's treasury policies, which are regularly reviewed, are designed to reduce financial risk in a cost-efficient way. A limited number of foreign currency spot contracts, foreign exchange swaps, foreign currency forwards and interest rate swaps are undertaken periodically to hedge underlying interest rate, fair value and currency exposures and it is Board policy to manage these risks in a non-speculative manner.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Currency risk; and
- Interest rate risk.

The manner in which the Group is exposed to each of these risks and the risk management policies applied are discussed below. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. The Board and the Audit and Risk Committee have reviewed the process for identifying, evaluating and managing the significant risks affecting the business.

Credit Risk

Credit risk arises from credit granted to customers. Credit risk also arises on cash and cash equivalents, fixed-term cash deposits and derivative financial instruments with banks and financial institutions.

Exposure to credit risk is monitored on an ongoing basis. The Group's exposure to customer credit risk is diversified over a large customer base and the incidence of default by customers is tightly managed by Business Unit credit control teams. Credit insurance is in place, subject to annual renewal, to cover major exposures in the UK and Irish distribution businesses. Credit evaluations are performed regularly. New customers are subject to initial credit checks that include trade and bank references and are generally subject to restricted credit limits prior to developing a credit history.

Due to the established nature of the businesses, a high proportion of customers have long-standing trading relationships with Group companies. These established customers are reviewed regularly for financial strength and the appropriateness of their credit limit.

The Group establishes a provision for impairment that represents its estimate of losses in respect of trade and other receivables. The main components of this provision are a specific loss component that relate to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Cash and short-term bank deposits are invested with a range of banks, all with original maturities of less than three months at 31 December 2025. Fixed-term cash deposits have a maturity date greater than three months at inception but a remaining maturity of less than three months at the balance sheet date.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

The maximum exposure to credit risk at 31 December 2025 and 31 December 2024 was:

	2025 £'000	2024 £'000
Trade and other receivables	**308,035**	276,438
Fixed-term cash deposits	**100,000**	150,000
Cash and cash equivalents	**395,764**	359,430
	803,799	785,868

Additional disclosures in relation to the Group's exposure to credit risk arising from trade and other receivables is set out in Note 17.

The maximum exposure to credit risk for cash and cash equivalents, based on the domicile of the parent bank, at the reporting date was:

	Carrying Amount	
	2025 £'000	2024 £'000
United Kingdom	**173,741**	184,964
Republic of Ireland	**126,636**	92,287
Netherlands	**25,656**	12,048
Finland	**16,194**	15,940
Spain	**3,457**	3,267
France	**50,080**	50,924
	395,764	359,430

The majority of the Group's cash on deposit and cash balances is held with financial institutions that have an upper investment grade credit rating.

	2025 £'000	2024 £'000
Gross amounts of cash and cash equivalents	**472,000**	464,434
Amounts set off in the balance sheet*	**(76,236)**	(105,004)
Net amounts of cash and cash equivalents in the balance sheet	**395,764**	359,430

* The Group has netting arrangements in place with Bank of Ireland and HSBC Bank with cash balances and overdrawn positions being netted.

The maximum exposure to credit risk for fixed-term cash deposits, based on the domicile of the parent bank, at the reporting date was:

	Carrying Amount	
	2025 £'000	2024 £'000
United Kingdom	**100,000**	150,000

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Notes to the Group Financial Statements continued

21. Financial Instruments and Financial Risk continued

Foreign Currency Risk Management

Transactional foreign exchange risk arises from foreign currency transactions, assets and liabilities. Group operations manage foreign exchange trading risks against their functional currencies. The majority of trade conducted by the Group's Irish, Dutch, Finnish and Spanish businesses is in euro. Sterling is the principal currency for the Group's UK businesses. Currency risks are regularly monitored and managed by utilising forward foreign currency contracts as appropriate for settling liabilities arising from the purchase of goods for resale in non-functional currencies. The majority of transactions entered into by Group entities are denominated in functional currencies and no significant level of hedging is required.

A proportion of the Group's net assets are denominated in euro. This is reflected in profit after tax reserves retained in euro denominated trading and finance companies which gives rise to translation differences on conversion to sterling. Borrowings made in a non-functional currency are swapped into a functional currency.

Sensitivity Analysis

A 10% strengthening of the sterling exchange rate against the euro exchange rate at the balance sheet date would have decreased equity and profit after tax by the amount shown below. This assumes that all variables, in particular the results and financial position of each euro functional currency entity and interest rates, remained constant. A 10% weakening of the sterling exchange rate against the euro exchange rate would have an equal and opposite effect on the amounts shown below on the basis that all variables remain constant.

	Equity £'000	Profit after tax £'000
31 December 2025		
10% strengthening of sterling currency against the euro	**(86,456)**	**(8,820)**
31 December 2024		
10% strengthening of sterling currency against the euro	(74,518)	(7,360)

Hedging

The Group has exposure to changes in interest rates on certain debt instruments and can hedge an element of this risk by entering into interest rate swaps. There were £Nil contracts outstanding at 31 December 2025 (2024: £Nil).

Interest Rate Risk

The majority of the Group's ongoing operations are financed from a mixture of cash generated from operations and borrowings. Bank borrowings are initially secured at floating interest rates and interest rate risk is monitored on an ongoing basis. Interest rate swaps are used to manage interest rate risk when considered appropriate having regard to the interest rate environment.

In September 2018, the Group raised €160m (31 December 2025: £139.6m before costs) through an issue of unsecured senior notes in the US Private Placement market with ten and twelve-year maturities at an average fixed annual coupon of 2.5% and used the proceeds received to refinance existing debt. The issue of these notes diversified the Group's sources of funding by re-entering the US Private Placement market, extended the maturity profile of debt and provided greater certainty over the cost of debt for an extended period at attractive rates. The Group is also exposed to interest rate risk on its deposits.

Cash Flow Sensitivity Analysis for Variable Rate Debt Instruments

A reduction of 50 basis points in interest rates at the reporting date would have increased profit before tax and equity by £0.4m (2024: £0.5m) on the basis of the Group's gross debt of £619.1m at 31 December 2025. £82.4m of the gross debt is exposed to variable rates with the interest rate on the US senior notes of £139.3m and the implicit interest rate on lease liabilities of £397.4m is fixed. An increase of 50 basis points, on the same basis, would have an equal and opposite effect.

Capital Management

The capital structure of the Group comprises share capital, reserves and net debt.

The overall approach is to optimise shareholder value by leveraging the balance sheet to an appropriate level having regard to economic and trading conditions in the Group's markets, the level of internal cash generation, credit conditions generally and interest rates payable.

The Group's capital structure is kept under ongoing review and the debt component is actively managed with a view to maintaining diversified sources of funding, significant undrawn facilities and cash deposits.

The Directors monitor the Company's share price and may from time to time exercise their powers to make market purchases of the Company's own shares, at price levels which they consider to be in the best interests of the shareholders generally, after taking account of the Company's overall financial position.

The principal bank covenants are a net debt (excluding leases) to equity ratio limit of 85%, EBITDA interest cover of three times, which excludes interest on lease liabilities, and a minimum shareholders' equity of £1.0bn at 31 December 2025. The US notes covenants, which are tested excluding the impact of leases, are a net debt to equity ratio limit of 85%, EBITDA interest cover of four times and a minimum shareholders' equity of £1.0bn at 31 December 2025.

The Group has complied with these covenants throughout the reporting period. There are no indications that the Group would have difficulties complying with the covenants when they will next be tested as at the 30 June 2026 interim reporting date.

At 31 December 2025 the net debt to equity ratio was 7.5% (2024: 8.2%) as the Group was in a net debt position of £123.4m (2024: net debt of £131.7m). At 31 December 2025 the Group had net cash (before lease liabilities) of £274.0m (2024: £272.1m) and therefore the net debt to equity ratio covenant was not applicable. Shareholders' equity was £1.65bn at 31 December 2025 (2024: £1.60bn). EBITDA for the year was £319.2m (2024: £292.0m) and underlying EBITDA interest cover for 2025 was 41.5 times (2024: not applicable as the Group had net credit interest in the year). For covenant purposes the interest cover for 2025 was not applicable as the Group had net credit interest (excluding lease interest) in the year (2024: not applicable as the Group had net credit interest (excluding lease interest) in the year).

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Notes to the Group Financial Statements continued

21. Financial Instruments and Financial Risk continued

Funding and Liquidity

The Group has cash resources at its disposal through the holding of fixed-term cash deposits of £100.0m (2024: £150.0m) and cash balances of £395.8m at the year end (2024: £359.4m) which together with undrawn bank facilities of £285.0m (2024: £270.8m) and cash flow from operation provides flexibility in financing its operations.

The following are the undiscounted contractual maturities of financial liabilities, including interest payments:

31 December 2025

	Carrying Amount £'000	Contractual Cash Flow* £'000	Within 1 Year £'000	Between 1 and 2 Years £'000	Between 2 and 5 Years £'000	Greater than 5 Years £'000
Non-Derivative Financial Liabilities						
Bank loans	**51,499**	**58,563**	**1,659**	**1,659**	**55,245**	**–**
Bank credit facilities	**30,929**	**31,672**	**31,672**	**–**	**–**	**–**
US senior notes	**139,311**	**152,532**	**3,469**	**3,469**	**145,594**	**–**
Lease liabilities	**397,408**	**460,289**	**90,514**	**82,489**	**177,623**	**109,663**
Trade and other payables (Note 24)	**399,525**	**399,525**	**399,525**	**–**	**–**	**–**
Deferred consideration payable on acquisition of businesses	**1,398**	**1,600**	**1,600**	**–**	**–**	**–**
Derivative Financial Instruments						
Other derivatives	**–**	**–**	**–**	**–**	**–**	**–**
	1,020,070	**1,104,181**	**528,439**	**87,617**	**378,462**	**109,663**

* Includes interest based on the rates in place at 31 December 2025.

31 December 2024

	Carrying Amount £'000	Contractual Cash Flow* £'000	Within 1 Year £'000	Between 1 and 2 Years £'000	Between 2 and 5 Years £'000	Greater than 5 Years £'000
Non-Derivative Financial Liabilities						
Bank loans	56,053	68,699	2,449	2,449	63,801	–
Bank credit facilities	40,625	41,881	41,881	–	–	–
Bank overdrafts	8,375	8,421	8,421	–	–	–
US senior notes	132,319	148,243	3,297	3,297	74,144	67,505
Lease liabilities	403,728	470,076	85,795	79,103	180,336	124,842
Trade and other payables (Note 24)	354,319	354,319	354,319	–	–	–
Deferred consideration payable on acquisition of businesses	4,136	4,503	3,703	800	–	–
Derivative Financial Instruments						
Other derivatives	5	5	5	–	–	–
	999,560	1,096,147	499,870	85,649	318,281	192,347

* Includes interest based on the rates in place at 31 December 2024.

Financial Statements
Notes to the Group Financial Statements continued

21. Financial Instruments and Financial Risk continued

Funding and Liquidity continued

The following table indicates the periods in which cash flows associated with derivatives that are cash flow hedges are expected to occur.

31 December 2025

	Carrying Amount £'000	**Expected Cash Flow £'000**	**6 Months or Less £'000**	**6 to 12 Months £'000**	**1 to 2 Years £'000**	**2 to 3 Years £'000**	**3 to 4 Years £'000**	**4 to 5 Years £'000**
Other derivatives	**3**	**3**	**3**	**–**	**–**	**–**	**–**	**–**

31 December 2024

	Carrying Amount £'000	Expected Cash Flow £'000	6 Months or Less £'000	6 to 12 Months £'000	1 to 2 Years £'000	2 to 3 Years £'000	3 to 4 Years £'000	4 to 5 Years £'000
Other derivatives	(5)	(5)	(5)	–	–	–	–	–

22. Derivatives

	2025 £'000	2024 £'000
Included in current assets and current liabilities:		
Fair value of other derivatives	**3**	(5)

Nature of Derivative Instruments as at 31 December 2025

	Hedge Period	**Nature of hedging instrument**	**Notional payable amount of contracts outstanding £'000**	**Notional receivable amount of contracts outstanding £'000**	**Fair value asset £'000**	**Fair value liability £'000**
Foreign Currency Forwards*	**December 2025 – January 2026**	**Forward purchase of foreign currency liabilities**	**2,151**	**2,151**	**3**	**–**

* The fair value of foreign currency forwards (derivative financial instruments) are shown as current assets of £3,000 in the balance sheet.

Nature of Derivative Instruments as at 31 December 2024

	Hedge Period	Nature of hedging instrument	Notional payable amount of contracts outstanding £'000	Notional receivable amount of contracts outstanding £'000	Fair value asset £'000	Fair value liability £'000
Foreign Currency Forwards*	December 2024 – January 2025	Forward purchase of foreign currency liabilities	1,140	1,140	–	(5)

* The fair value of foreign currency forwards (derivative financial instruments) are shown as current liabilities of £5,000 in the balance sheet.

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23. Provisions

	2025 £'000	2024 £'000
Non-current liabilities		
Insurance provision	**5,305**	6,156
Dilapidations provision	**7,288**	6,181
Other provisions	**176**	705
	12,769	13,042
Current liabilities		
Insurance provision	**1,768**	2,051
Disposal provisions	**1,372**	1,303
Other provisions	**950**	1,492
	4,090	4,846

	Insurance		Dilapidations	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
At 1 January	**8,207**	9,930	**6,181**	4,925
Charge in year	**1,980**	1,883	**927**	1,483
Utilised	**–**	–	**(691)**	(77)
Released	**(773)**	(1,102)	**(69)**	(33)
Acquired (Note 27)	**–**	–	**752**	–
Paid during the year	**(2,743)**	(2,075)	**–**	–
Foreign exchange	**402**	(429)	**188**	(117)
At 31 December	**7,073**	8,207	**7,288**	6,181
Non-current	**5,305**	6,156	**7,288**	6,181
Current	**1,768**	2,051	–	–

	Disposal Provisions		Other Provisions		Total	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000
At 1 January	**1,303**	1,366	**2,197**	3,011	**17,888**	19,232
Charge in year	**–**	–	**732**	–	**3,639**	3,366
Utilised	**–**	–	**–**	(206)	**(691)**	(283)
Released	**–**	–	**(2,012)**	(550)	**(2,854)**	(1,685)
Acquired (Note 27)	**–**	–	**167**	–	**919**	–
Paid during the year	**–**	–	**–**	–	**(2,743)**	(2,075)
Foreign exchange	**69**	(63)	**42**	(58)	**701**	(667)
At 31 December	**1,372**	1,303	**1,126**	2,197	**16,859**	17,888
Non-current	**–**	–	**176**	705	**12,769**	13,042
Current	**1,372**	1,303	**950**	1,492	**4,090**	4,846

Insurance Provision

The insurance provision relates to actual obligations under the self-insurance elements of the Group's overall insurance arrangements which are subject to limits in respect of both individual and aggregate claims. This provision was based on an independent actuarial valuation. The provision principally covers the combined public and employer liability claims for the Group's businesses. The Group has third-party insurance cover above specific limits for individual claims and has an overall maximum aggregate payable for all claims for any one year. Given the nature of employer and public liability claims, the timing of cash outflows can vary significantly. The outflow arising from the payment of claims in 2026 is expected to be at a similar level to 2025. Based on historical experience, it is the Directors best estimate that the balance of claims which are provided for at 31 December 2025 will be paid over a two to six-year period.

The incurred but not reported ("IBNR") element of the insurance provision is classified as non-current as the normal cycle for settlement of such claims is likely to be more than 12 months from the year end.

Claims no longer being challenged by the Group are classified as current liabilities at year end. The Group no longer has an unconditional right to defer payment and it is only the timing of the payment that is uncertain.

Claims in legal process are classified as non-current liabilities at year end as the Group does not control the extent and duration of the legal process.

Dilapidations Provision

The dilapidations provision covers the cost of reinstating certain Group properties at the end of the lease term. This is estimated based on the terms of individual leases which set out the conditions relating to the return of property. The timing of the outflows will match the ending of the relevant leases which range from two to 20 years.

Disposals Provision

The disposal provision covers the future legal costs in relation to the disposal of the Belgium business.

Other Provisions

Other provisions relate to restructuring, pension contributions, legal provisions, deferred consideration and Waste Electrical & Electronic Equipment ("WEEE") provisions. None of these are individually material to require separate disclosure in the financial statements.

24. Trade and Other Payables

	2025 £'000	2024 £'000
Trade payables	**304,180**	264,328
Accruals	**95,345**	89,991
	399,525	354,319
Social welfare	**2,989**	2,443
Employee income tax	**7,458**	6,418
Value added tax	**38,416**	37,962
	448,388	401,142

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25. Deferred Taxation

Recognised Deferred Tax Assets and Liabilities

	Assets 2025 £'000	**Liabilities 2025 £'000**	**Net (assets)/ liabilities 2025 £'000**	Assets 2024 £'000	Liabilities 2024 £'000	Net (assets)/ liabilities 2024 £'000
Property, plant and equipment	**(2,747)**	**37,288**	**34,541**	(2,272)	33,682	31,410
Employee share schemes	**(623)**	**–**	**(623)**	(584)	–	(584)
Other items	**(3,950)**	**1,126**	**(2,824)**	(3,560)	1,071	(2,489)
Intangibles	**–**	**24,029**	**24,029**	–	27,287	27,287
Pension	**–**	**436**	**436**	(1,037)	–	(1,037)
(Assets)/Liabilities	**(7,320)**	**62,879**	**55,559**	(7,453)	62,040	54,587

The increase in the net deferred tax liability reflects a movement in the deferred tax on the pension scheme surplus and an increase in the deferred tax liability in respect of property, plant and equipment offset by a decrease in the deferred liability on intangibles and an increase in the deferred tax asset on other items.

At 31 December 2025, there were unrecognised deferred tax assets in relation to capital losses of £0.6m (31 December 2024: £0.7m), trading losses of £1.6m (31 December 2024: £1.3m) and deductible temporary differences of £5.5m (31 December 2024: £5.2m).

Deferred tax assets were not recognised in respect of certain capital losses as they can only be recovered against certain classes of taxable profits. The Directors believe that it is not probable that such profits will arise in the foreseeable future. The trading losses arose in entities that have incurred losses in recent years and the Directors believe that it is not probable there will be sufficient taxable profits in the relevant entities against which they can be utilised. Separately, the Directors believe that it is not probable the deductible temporary differences will be utilised.

Analysis of Net Deferred Tax (Asset)/Liability – 2025

	Balance 1 Jan 25 £'000	**Recognised in profit or loss £'000**	**Recognised in equity/other comprehensive income £'000**	**Foreign exchange retranslation £'000**	**Arising on acquisitions £'000**	**Disposal of Group businesses £'000**	**Balance 31 Dec 25 £'000**
Property, plant and equipment	**31,410**	**2,388**	**–**	**743**	**–**	**–**	**34,541**
Employee share schemes	**(584)**	**(66)**	**27**	**–**	**–**	**–**	**(623)**
Other items	**(2,489)**	**(397)**	**–**	**109**	**–**	**(47)**	**(2,824)**
Intangibles	**27,287**	**(4,942)**	**–**	**1,043**	**641**	**–**	**24,029**
Pension	**(1,037)**	**525**	**1,006**	**(58)**	**–**	**–**	**436**
	54,587	**(2,492)**	**1,033**	**1,837**	**641**	**(47)**	**55,559**

Analysis of Net Deferred Tax (Asset)/Liability – 2024

	Balance 1 Jan 24 £'000	Recognised in profit or loss £'000	Recognised in equity/other comprehensive income £'000	Foreign exchange retranslation £'000	Arising on acquisitions £'000	Balance 31 Dec 24 £'000
Property, plant and equipment	29,220	2,972	–	(762)	(20)	31,410
Employee share schemes	(883)	257	42	–	–	(584)
Other items	(1,014)	1,180	–	37	(2,692)	(2,489)
Intangibles	28,901	(4,573)	–	(920)	3,879	27,287
Pension	(2,655)	511	1,081	26	–	(1,037)
	53,569	347	1,123	(1,619)	1,167	54,587

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26. Movement in Working Capital

	Inventory £'000	Other receivables £'000	Other payables £'000	Total £'000
At 1 January 2024	361,598	262,763	(400,251)	224,110
Translation adjustment	(11,427)	(8,174)	12,511	(7,090)
Acquisitions (Note 27)	60,206	39,764	(20,520)	79,450
Interest accruals*	–	(87)	(834)	(921)
Movement in 2024	(28,574)	5,754	7,952	(14,868)
At 1 January 2025	**381,803**	**300,020**	**(401,142)**	**280,681**
Translation adjustment	**14,251**	**10,827**	**(14,485)**	**10,593**
Acquisitions (Note 27)	**(605)**	**6,777**	**(5,648)**	**524**
Disposal of Group businesses (Note 27)	**(1,313)**	**(3,593)**	**3,605**	**(1,301)**
Interest accruals*	**–**	**(789)**	**544**	**(245)**
Contingent consideration receivable (Note 27) – current	**–**	**1,039**		**1,039**
Movement in 2025	**1,046**	**18,186**	**(31,262)**	**(12,030)**
At 31 December 2025 (current)	**395,182**	**332,467**	**(448,388)**	**279,261**
Contingent consideration receivable (Note 27) – non-current	**–**	**10,210**	**–**	**10,210**
At 31 December 2025 (current and non-current)	**395,182**	**342,677**	**(448,388)**	**289,471**

* Interest accruals on long-term borrowings are included separately in other payables as accrued interest is paid within 12 months.

27. Acquisition of Subsidiary Undertakings and Businesses, Acquisition Related Liabilities & Disposal of Group Businesses

Acquisition of Subsidiary Undertakings and Businesses

On 31 May 2025, the Group acquired 100% of the issued share capital of HSS Hire Ireland Limited ("HSS Hire Ireland") from HSS Hire Group. HSS Hire Ireland is a tool and equipment hire specialist operating from four branches and four customer distribution centres in the Republic of Ireland, offering an extensive range of conventional hire products as well as specialist equipment with a particular focus on powered access. Grafton operates the HSS Hire Ireland business as part of Chadwicks, its market-leading distribution business in the Republic of Ireland. This transaction is in line with our strategy to strengthen our market positions in existing and adjacent markets and broaden the offering of our Chadwicks business in the Island of Ireland segment.

The fair value of the net assets acquired have been determined on a provisional basis as these have not yet been finally determined by the Group. A measurement period adjustment of £1.7m was recorded to reduce the fair value of property, plant and equipment. Goodwill on the acquisition reflects the anticipated synergies to be realised as part of the enlarged Group.

The fair values of assets and liabilities acquired in 2025, and adjustments to provisional fair value of assets and liabilities from previous acquisitions, are set out below:

	HSS Hire Ireland £'000	Other* £'000	Total £'000
Property, plant and equipment (Note 13a)	**9,286**	**–**	**9,286**
Right-of-use asset (Note 13b)	**4,045**	**–**	**4,045**
Intangible assets – computer software (Note 15)	**16**	**–**	**16**
Intangible assets – trade names (Note 15)	**1,514**	**–**	**1,514**
Intangible assets – customer relationships (Note 15)	**3,616**	**–**	**3,616**
Inventories (Note 26)	**162**	**(767)**	**(605)**
Trade and other receivables (Note 26)**	**6,777**	**–**	**6,777**
Trade and other payables (Note 26)	**(5,648)**	**–**	**(5,648)**
Provisions (Note 23)	**(753)**	**(166)**	**(919)**
Lease liability	**(4,045)**	**–**	**(4,045)**
Corporation tax liability	**(939)**	**–**	**(939)**
Deferred tax liability (Note 25)	**(641)**	**–**	**(641)**
Cash acquired	**3,528**	**–**	**3,528**
Net assets acquired	**16,918**	**(933)**	**15,985**
Goodwill (Note 12)	**7,472**	**933**	**8,405**
Consideration	**24,390**	**–**	**24,390**
Satisfied by:			
Cash paid	**24,390**	**–**	**24,390**
Net cash outflow – arising on acquisitions			
Cash consideration	**24,390**	**–**	**24,390**
Less: cash and cash equivalents acquired	**(3,528)**	**–**	**(3,528)**
	20,862	**–**	**20,862**

* Adjustments totalling £0.9m were made to provisional fair values in the period relating to the acquisition of Salvador Escoda which completed in 2024.
** The fair value of acquired trade receivables is £6.8m. The gross contractual amount for trade receivables due is £7.1m, with a loss allowance of £0.3m recognised on acquisition.

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27. Acquisition of Subsidiary Undertakings and Businesses, Acquisition Related Liabilities & Disposal of Group Businesses continued

The acquisition would have contributed revenue of £26.5m (unaudited) and operating profit of £2.9m (unaudited) in the year ended 31 December 2025 on the assumption that it had been acquired on 1 January. The acquisition completed in 2025 contributed revenues of £14.5m and operating profit of £1.4m for the period from the date of acquisition until the year end.

In 2025, the Group incurred acquisition costs of £1.3m (2024: £3.0m) relating to actual and target acquisitions. These have been included in operating costs in the Group Income Statement.

The fair value of identifiable net assets acquired in 2025 was £16.0m (2024: £60.5m).

	Fair Value £'000	Consideration £'000	Goodwill £'000
Total acquisitions	**15,985**	**24,390**	**8,405**

Any adjustments to provisional fair value of assets and liabilities including recognition of any newly identified assets and liabilities, will be made within 12 months of respective acquisition dates. There were adjustments totalling £0.9m made to provisional fair values in the period relating to the acquisition of Salvador Escoda which completed in 2024.

Acquisition Related Liabilities

Deferred consideration relates to the acquisiton of TA Windows Limited in December 2023 and is payable within three years from the date of acquisition. In addition to this deferred consideration, the Group has an agreement to make further payments to certain selling shareholders who, as part of the agreement, are required to remain in employment with the Group for the deferred period.

Analysis of Deferred Consideration on Acquisition of Businesses

	2025 £'000	2024 £'000
At 1 January	**4,136**	4,890
Paid during the year	**(2,992)**	(2,145)
Unwinding of discount applicable to deferred consideration (Note 7)	**167**	1,476
Translation adjustment	**87**	(85)
	1,398	4,136

	2025 £'000	2024 £'000
Non-current	**–**	599
Current	**1,398**	3,537
	1,398	4,136

Disposal of Group Businesses

On 31 May 2025, the Group disposed of MFP Sales Limited, the Irish-based manufacturer of PVC drainage and roofline products, to Wienerberger AG which mainly operates through Pipelife Ireland Solutions Limited. As a result, the net assets of the Group increased by £8.1m representing an overall profit on disposal after costs of disposal. The profit on the disposal reflects the cash consideration received of £9.2m and deferred cash receivable of £11.2m offset by the net book value of the assets being disposed of £5.4m.

Contingent consideration receivable relates to a variable earn-out component and is based on future purchases by the Group. The fair value is calculated based on historical trading volumes and is discounted to present value using market derived discount rates. The fair value is sensitive to change in the future trading volumes with the former Group business.

The disposal of the business does not meet the definition of a discontinued operation and therefore is not disclosed as such. The consolidated results of 2025 include five months of operating profit from the MFP business amounting to £1.0m (Year to 31 December 2024: £3.8m).

The carrying values of assets and liabilities disposed in 2025 are set out below:

	Total £'000
Property, plant and equipment (Note 13a)	**1,400**
Inventories (Note 26)	**1,313**
Trade and other receivables (Note 26)	**3,593**
Trade and other payables (Note 26)	**(3,605)**
Corporation tax asset	**118**
Deferred tax liability (Note 25)	**(47)**
Cash disposed	**2,588**
Net assets disposed	**5,360**
Cash consideration received	**(9,188)**
Contingent consideration receivable	**(11,249)**
Profit on disposal of Group businesses, before disposal costs	**(15,077)**
Amounts recognised in the year within Exceptional Items (Note 4)	
Gross profit on disposal of Group businesses	**15,077**
Disposal costs*	**(6,959)**
	8,118

* Disposal costs include redundancy and closure costs together with professional and legal fees related to the divestment of the business.

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27. Acquisition of Subsidiary Undertakings and Businesses, Acquisition Related Liabilities & Disposal of Group Businesses continued

Net cash inflow – arising on disposal	
Cash consideration received	**9,188**
Less: cash and cash equivalents disposed	**(2,588)**
	6,600

Analysis of Contingent Consideration Receivable on Disposal of Group Businesses

The following table shows the analysis of contingent consideration receivable on the disposal of businesses, which is disclosed in trade and other receivables:

	2025 £'000
At 1 January	**–**
Contingent consideration receivable recognised on disposal of Group businesses	**11,249**
Unwinding of discount applicable to contingent consideration receivable (Note 7)	**572**
Translation adjustment	**430**
	12,251

	2025 £'000
Non-current	**10,210**
Current	**2,041**
	12,251

28. Reconciliation of Net Cash Flow to Movement in Net (Debt)

	2025 £'000	2024 £'000
Net increase/(decrease) in cash and cash equivalents	**32,124**	(24,069)
Net movement in fixed-term cash deposits	**(50,000)**	(50,000)
Net movement in derivative financial instruments	**8**	–
Bank loans acquired with subsidiaries (Note 27)	**–**	(42,330)
Lease liabilities acquired with subsidiaries (Note 27)	**(4,045)**	(24,413)
Movement in debt and lease financing	**40,250**	49,531
Change in net (debt) resulting from cash flows	**18,337**	(91,281)
Translation adjustment	**(10,042)**	8,869
Movement in net (debt) in the year	**8,295**	(82,412)
Net (debt) at 1 January	**(131,675)**	(49,263)
Net (debt) at 31 December	**(123,380)**	(131,675)

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28. Reconciliation of Net Cash Flow to Movement in Net (Debt) continued

Analysis of Net Debt – 2025

	Balance 1 Jan 25 £'000	Cash flow £'000	Acquisition (Note 27) £'000	Disposals (Note 27) £'000	Non-cash movements £'000	Translation adjustment £'000	Balance 31 Dec 25 £'000
Cash and cash equivalents	**359,430**	**22,676**	**3,528**	**(2,588)**	**–**	**12,718**	**395,764**
Bank overdrafts	**(8,375)**	**8,508**	**–**	**–**	**–**	**(133)**	**–**
Fixed-term cash deposits	**150,000**	**(50,000)**	**–**	**–**	**–**	**–**	**100,000**
Interest bearing loans and borrowings:							
Non-current liabilities	**(188,372)**	**7,409**	**–**	**–**	**–**	**(9,847)**	**(190,810)**
Current liabilities	**(40,625)**	**12,194**	**–**	**–**	**–**	**(2,498)**	**(30,929)**
Total interest-bearing loans and borrowings	**(228,997)**	**19,603**	**–**	**–**	**–**	**(12,345)**	**(221,739)**
Lease liabilities	**(403,728)**	**96,891**	**(4,045)**	**–**	**(76,244)**	**(10,282)**	**(397,408)**
Derivatives – current	**(5)**	**8**	**–**	**–**	**–**	**–**	**3**
Net (debt)	**(131,675)**	**97,686**	**(517)**	**(2,588)**	**(76,244)**	**(10,042)**	**(123,380)**

Analysis of Net Debt – 2024

	Balance 1 Jan 24 £'000	Cash flow £'000	Acquisition (Note 27) £'000	Non-cash movements £'000	Translation adjustment £'000	Balance 31 Dec 24 £'000
Cash and cash equivalents	383,939	(17,275)	1,614	–	(8,848)	359,430
Bank overdrafts	–	(3,867)	(4,541)	–	33	(8,375)
Fixed-term cash deposits	200,000	(50,000)	–	–	–	150,000
Interest bearing loans and borrowings:						
Non-current liabilities	(204,219)	6,704	–	–	9,143	(188,372)
Current liabilities	–	1,452	(42,330)	–	253	(40,625)
Total interest-bearing loans and borrowings	(204,219)	8,156	(42,330)	–	9,396	(228,997)
Lease liabilities	(428,978)	86,666	(24,413)	(45,291)	8,288	(403,728)
Derivatives – current	(5)	–	–	–	–	(5)
Net (debt)	(49,263)	23,680	(69,670)	(45,291)	8,869	(131,675)

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29. Capital Expenditure Commitments

At the year end the following commitments authorised by the Board had not been provided for in the financial statements:

	2025 £'000	2024 £'000
Contracted for	**26,068**	8,362
Not contracted for	**43,352**	52,038
	69,420	60,400

Capital expenditure commitments are analysed by geography in the table below:

	2025 £'000	2024 £'000
UK	**22,028**	26,428
Ireland	**27,323**	22,500
Netherlands	**13,368**	6,533
Finland	**3,667**	2,819
Spain	**3,034**	2,120
	69,420	60,400
Amounts relating to intangibles included above	**9,226**	7,275

30. Pension Commitments

A number of defined benefit and defined contribution pension schemes are operated by the Group and the assets of the schemes are held in separate trustee administered funds.

The actuarial reports are not available for public inspection.

IAS 19 – Employee Benefits

The Group operates three defined benefit schemes in Ireland and one defined benefit scheme in the UK (the "DB Schemes"). All schemes are closed to new entrants and to future accrual.

Two Irish schemes were closed to future accrual of DB benefits in 2023 and one Irish scheme closed to future accrual of DB benefits in 2022. The UK scheme was closed to future accrual of DB benefits in 2020.

An Annuity Buy-In transaction took place on the 12 December 2023 in which the Irish DB schemes fully insured their benefit obligation in respect of pensioners at that date.

The DB Schemes are administered by trusts that are legally separated from the Group. The Trustees of the DB Schemes are required by law to act in the interest of the members of the DB Schemes. The Trustees of the DB Schemes are responsible for the investment policy of the schemes.

Under the DB Schemes, employees are entitled to receive an annual payment on attainment of normal retirement age, which in Ireland is 67 or 68 depending on year of birth and in the UK is age 65 for the majority of benefits. The level of benefit payable depends on length of service. In the case of schemes closed to accrual, it depends on future revaluation from the date members ceased accruing benefits up to retirement. The DB Schemes provide post-retirement pension increases in the UK only and spouse's death in retirement pensions in both Ireland and the UK. No other post-retirement benefits are provided to employees.

The Group also provides other long-term benefits to qualifying employees in the Netherlands which are unfunded and included in the liabilities shown.

Defined Benefit Pension Schemes – Principal Risks

Through its defined benefit pension schemes the Group is exposed to a number of risks the most significant of which are detailed below:

Asset Volatility

Under IFRS the assets of the Group's defined benefit pension schemes are reported at fair value. The majority of the schemes' assets comprise of bonds and investments in diversified growth funds which may fluctuate significantly from one reporting period to the next.

Discount Rates

The discount rates used in calculating the present value of scheme liabilities are determined by reference to market yields at the balance sheet date of high-quality corporate bonds consistent with the currency and term of the retirement benefit obligations. Changes to the discount rates can have a very significant impact on the amount of defined benefit scheme liabilities.

Price Inflation

Some of the Group's pension obligations are inflation linked. Higher price inflation will lead to higher liabilities.

Longevity Risk

In the majority of cases the Group's defined benefit pension schemes provide benefits for life. Increases in life expectancy will therefore give rise to higher liabilities.

The nature of these risks is not materially different across all schemes.

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30. Pension Commitments continued

Financial Assumptions

The financial assumptions used to calculate the retirement benefit liabilities under IAS 19 were as follows:

	At 31 Dec 2025 Irish schemes	**At 31 Dec 2025 UK schemes**	At 31 Dec 2024 Irish schemes	At 31 Dec 2024 UK schemes
Valuation method	**Projected Unit**	**Projected Unit**	Projected Unit	Projected Unit
Rate of increase in salaries	**n/a**	**n/a**	n/a	n/a
Rate of increase of pensions in payment	**–**	**2.70%**	–	3.00%
Rate of revaluation of non-retired member benefits up to retirement	**1.75%-1.85%**	**2.30%**	1.80%-1.85%	2.60%
Discount rate	**4.20%**	**5.50%**	3.45%	5.50%
Inflation rate increase*	**1.80%**	**2.30%/2.80%**	1.85%	2.60%/3.10%

* The inflation assumption shown for the UK is based on both the Consumer Price Index (CPI) and the Retail Price Index (RPI).

The future life expectancy at age 65 for males and females (currently aged 55 and 65), inherent in the mortality tables used for the 2025 and 2024 year end IAS 19 disclosures are as follows:

2025 Mortality (years)		**Ireland**	**UK**	2024 Mortality (years)		Ireland	UK
Future Pensioner aged 65:	**Male**	**22.5**	**21.4**	Future Pensioner aged 65:	Male	22.1	20.9
	Female	**25.0**	**24.6**		Female	24.8	24.4
Current Pensioner aged 65:	**Male**	**22.0**	**20.9**	Current Pensioner aged 65:	Male	21.7	20.5
	Female	**24.3**	**23.9**		Female	24.1	23.8

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30. Pension Commitments continued

Scheme Assets

The assets in these schemes are analysed below:

	%	2025 £'000	%	2024 £'000
UK equities	**1**	**1,770**	1	1,418
Overseas (non-UK) equities	**12**	**20,934**	14	24,943
Government bonds	**28**	**48,679**	29	51,348
Corporate bonds	**7**	**12,264**	7	12,349
Diversified growth funds	**7**	**12,834**	8	14,376
Liability driven investment ("LDI")	**25**	**43,934**	21	37,439
Annuity buy-in	**19**	**32,835**	19	34,384
Cash/money market funds	**1**	**1,070**	1	2,118
	100	**174,320**	100	178,375
Actuarial value of liabilities		**(166,766)**		(177,034)
Asset in the schemes		**7,554**		1,341
Represented by:				
Retirement benefit assets		**11,574**		10,932
Retirement benefit obligations		**(4,020)**		(9,591)
		7,554		1,341

The net pension scheme asset of £7.6m is shown in the Group balance sheet at 31 December 2025 as (i) retirement benefit obligations (non-current liabilities) of £4.0m of which £3.3m relates to a UK scheme and £0.7m to a Euro scheme and (ii) retirement benefit assets (non-current assets) of £11.6m relating to the other Euro schemes.

The net pension scheme asset of £1.3m is shown in the Group balance sheet at 31 December 2024 as (i) retirement benefit obligations (non-current liabilities) of £9.6m of which £8.8m relates to a UK scheme and £0.8m to a Euro scheme and (ii) retirement benefit assets (non-current assets) of £10.9m relating to the other Euro schemes.

The retirement benefit assets have been recognised in accordance with IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' as it has been determined that the Group has an unconditional right to a refund of the surplus assets if the schemes are run off until the last member has left the scheme.

In 2023, the Trustees of the three Irish defined benefit pension schemes purchased annuities from one of Ireland's leading life insurance companies to match the benefits being paid to existing pensioners. Under these contracts, the insurer will reimburse the schemes for payments to these pensioners into the future. These insurance contracts are held by the trustees of the three schemes and represent assets of the schemes. This transaction has reduced the Company's exposure to pension risk by removing the longevity and investment risk associated with this portion of the Company's Defined Benefit liabilities. The value of the liabilities relating to these pensioners will exactly match the value of the associated annuity contracts.

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30. Pension Commitments continued

The actual return on plan assets is set out below:

	2025 £'000	2024 £'000
Return on plan assets excluding interest income	**(6,410)**	(9,753)
Interest income on plan assets	**7,827**	7,151
Actual return on plan assets	**1,417**	(2,602)

Plan assets are comprised as follows:

	2025 Quoted £'000	2025 Unquoted £'000	2025 Total £'000	2024 Quoted £'000	2024 Unquoted £'000	2024 Total £'000
Equity – UK*	**–**	**1,770**	**1,770**	–	1,418	1,418
Equity – Other*	**–**	**20,934**	**20,934**	–	24,943	24,943
Bonds – Government*	**–**	**48,679**	**48,679**	–	51,348	51,348
Bonds – Corporate*	**–**	**12,264**	**12,264**	–	12,349	12,349
Cash/money market funds*	**–**	**1,070**	**1,070**	–	2,118	2,118
Diversified growth funds*	**–**	**12,834**	**12,834**	–	14,376	14,376
Annuity buy-in	**–**	**32,835**	**32,835**	–	34,384	34,384
LDI*	**–**	**43,934**	**43,934**	–	37,439	37,439
Total	**–**	**174,320**	**174,320**	–	178,375	178,375

* Assets are holdings in unitised funds where the underlying assets are liquid/quoted investments.

Sensitivity of Pension Liability to Judgements/Assumptions

Assumption	Change in Assumptions	Impact on Scheme Liabilities
Discount rate	Increase by 0.25%/Decrease by 0.25%	Reduce by 3.0%/Increase by 3.1%
Rate of inflation	Increase by 0.25%	Increase by 1.5%
Life expectancy	Increase by 1 year	Increase by 3.5%

The above sensitivity analysis is derived through changing an individual assumption while holding all other assumptions constant.

Financial Statements
Notes to the Group Financial Statements continued

30. Pension Commitments continued

The following table provides a reconciliation of the scheme assets (at bid value) and the actuarial value of scheme liabilities:

	Year ended 31 December					
	Assets		Liabilities		Net asset/(deficit)	
	2025 £'000	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000
At 1 January	**178,375**	195,104	**(177,034)**	(200,931)	**1,341**	(5,827)
Interest income on plan assets	**7,827**	7,151	**–**	–	**7,827**	7,151
Contributions by employer	**2,629**	2,604	**–**	–	**2,629**	2,604
Benefit payments	**(12,653)**	(11,976)	**12,653**	11,976	**–**	–
Other long-term expense	**–**	–	**(46)**	(91)	**(46)**	(91)
Interest cost on scheme liabilities	**–**	–	**(7,859)**	(7,456)	**(7,859)**	(7,456)
Administration costs	**(194)**	(37)	**–**	–	**(194)**	(37)
Remeasurements						
Actuarial (loss)/gain arising from:						
– experience variations	**–**	–	**(1,095)**	1,369	**(1,095)**	1,369
– financial assumptions	**–**	–	**10,495**	14,637	**10,495**	14,637
– demographic assumptions	**–**	–	**331**	(814)	**331**	(814)
Return on plan assets excluding interest income	**(6,410)**	(9,753)	**–**	–	**(6,410)**	(9,753)
Translation adjustment	**4,746**	(4,718)	**(4,211)**	4,276	**535**	(442)
At 31 December	**174,320**	178,375	**(166,766)**	(177,034)	**7,554**	1,341
Related deferred tax (liability)/asset (net)					**(436)**	1,037
Net pension asset					**7,118**	2,378

Expense Recognised in Income Statement

	2025 £'000	2024 £'000
Other long-term benefit expense	**46**	91
Administration costs	**194**	37
Total operating expense	**240**	128
Net finance costs on pension scheme obligations	**32**	305
Total expense recognised in income statement	**272**	433

Financial Statements
Notes to the Group Financial Statements continued

30. Pension Commitments continued

Recognised Directly in Other Comprehensive Income

	2025 £'000	2024 £'000
Remeasurement gain on pensions	**3,321**	5,439
Deferred tax on pensions	**(1,006)**	(1,081)
	2,315	4,358

In Ireland, the DB schemes are assessed against the Funding Standard (the statutory minimum funding requirement). Funding Proposals were in place for all schemes and these have now ended. As at 31 December 2025, all Irish DB schemes are closed to future accrual. Ongoing funding valuations of the Schemes are required every three years. Funding valuations were completed on 1 January 2025. The recommended contributions to the schemes for the calendar year 2026 were nil as a result of this valuation.

The Irish DB Schemes hold annuity contracts to insure the benefit obligation in respect of their members who were pensioners on 12 December 2023. No other explicit external contracts have been entered into to provide liability matching such as longevity swaps or annuity purchase.

In the UK, the DB schemes are subject to the Statutory Funding Objective under the Pensions Act 2004. Valuations of the DB Schemes are carried out at least once every three years to determine whether or not the Statutory Funding Objectives are met. As part of the process, the Group must agree with the Trustees of the DB Schemes the contributions to be paid to address any shortfalls against the Statutory Funding Objectives. The next valuation for the UK scheme is 31 December 2026.

The contributions expected to be paid to the Group's UK defined benefit schemes in 2026 total approximately £2.5m.

In prior years, where some schemes were open to future accrual, employees paid contributions equal to a percentage of pensionable salary. The percentage payable varied by scheme. Triennial actuarial valuations were carried out to determine the Group's contribution rate required under the schemes.

Average Duration and Scheme Composition

	Ireland		UK	
	2025	2024	2025	2024
Average duration of defined benefit obligation (years)	**14.00**	15.00	**12.00**	12.00

	2025	2024
Active plan participants	**0%**	0%
Deferred plan participants	**48%**	56%
Retirees	**52%**	44%
	100%	100%

31. Share-Based Payments

The Group's employee share schemes are equity settled share-based payments as defined in IFRS 2 Share-Based Payments. The total share-based payments expense for the year charged to the income statement was £0.8m (2024: £1.2m), analysed as follows:

	2025	2024
LTIP	**367**	671
UK SAYE Scheme	**446**	491
	813	1,162

Details of the schemes operated by the Group are set out below:

Long Term Incentive Plan ("LTIP")

The Group's 2011 long-term incentive share scheme expired in April 2021. The Grafton Group plc 2021 Long Term Incentive Plan (the "plan") was approved by shareholders at the AGM of the Company held on 28 April 2021. Details of the plan are set out in the Report of the Remuneration Committee on Directors' Remuneration on pages 87 to 111. Awards over 843,932 Grafton Units were granted under the 2021 Plan on 19 March 2025 (2024: 637,662 on 20 March 2024). In addition, awards over 23,524 and 4,802 Grafton Units were granted under the 2021 Plan on 8 October 2024 and 28 November 2024 respectively.

A summary of the material awards granted on 19 March 2025 and 20 March 2024 is set out below:

Grant date	LTIP 2025 19 March 2025	LTIP 2024 20 March 2024
Share price at date of award	**£8.72**	£9.78
Exercise price	**n/a**	n/a
Number of employees	**66**	58
Number of share awards	**843,932**	637,662
Vesting period	**3 years**	3 years
Expected volatility	**28.6%**	29.2%
Award life	**3 years**	3 years
Expected life	**3 years**	3 years
Risk free rate	**4.03%**	4.07%
Expected dividends expressed as dividend yield	**4.19%**	3.45%
Valuation model – EPS Valuation model – TSR	**Black Scholes/ Monte-Carlo**	Black Scholes/ Monte-Carlo
Fair value of share award – EPS component	**£7.69**	£8.82
Fair value of share award – TSR component	**£3.52**	£5.65

The expected volatility, referred to above, is based on volatility over the last three years. The expected life is equal to the vesting period. The risk free rate of return is the yield on bonds from the Bank of England for a term consistent with the life of the award at the grant date. The fair values of share awards granted under the 2021 Plan were determined taking account of peer group total share return volatility together with the above assumptions.

Financial Statements
Notes to the Group Financial Statements continued

31. Share-Based Payments continued

A reconciliation of all share awards granted under the LTIP is as follows:

	2025 Numbers	2024 Numbers
Outstanding at 1 January	**1,461,055**	1,374,973
Granted in year	**843,932**	665,988
Forfeited and expired	**(699,443)**	(555,220)
Exercised	**(16,512)**	(24,686)
Outstanding at 31 December	**1,589,032**	1,461,055

At 31 December 2025 and 31 December 2024 none of the remaining LTIP awards were exercisable as the conditions for exercise had not been met at the year end.

UK SAYE Scheme

Options over 759,447 (2024: 762,425) Grafton Units were outstanding at 31 December 2025, pursuant to the 2025 and the existing 2024 and 2023 three-year saving contracts under the Grafton Group plc 2021 SAYE Plan at a price of £7.04, £8.02 and £6.83 respectively. These options are normally exercisable within a period of six months after the third anniversary of the savings contract, being June 2028 for the 2025 SAYE scheme, June 2027 for the 2024 SAYE scheme and June 2026 for the 2023 SAYE scheme.

The number of Grafton Units issued during the year under the 2020 SAYE Scheme was Nil (2024: 44,393) and the total consideration received amounted to £Nil (2024: £254,000). Options forfeited in the year were Nil (2024: 14,791).

The number of Grafton Units issued during the year under the 2022 SAYE Scheme was 205,756 (2024: 2,662) and the total consideration received amounted to £1,648,000 (2024: £21,000). Options forfeited in the year were 13,093 (2024: 29,169).

The number of Grafton Units issued during the year under the 2023 SAYE Scheme was 3,086 (2024: 1,092) and the total consideration received amounted to £21,000 (2024: £7,000). Options forfeited in the year were 35,506 (2024: 41,132).

The number of Grafton Units issued during the year under the 2024 SAYE Scheme was 1,494 (2024: Nil) and the total consideration received amounted to £12,000 (2024: £Nil). Options forfeited in the year were 44,008 (2024: 29,441).

The number of Grafton Units issued during the year under the 2025 SAYE Scheme was 15 and the total consideration received amounted to £Nil. Options forfeited in the year were 22,185.

A reconciliation of options granted under the 2022 SAYE, which was under the Grafton Group plc 2021 SAYE Plan, is as follows:

	Numbers	**2025 Option price £**	Numbers	2024 Option price £
Outstanding at 1 January	**218,849**	**7.93**	250,680	7.93
Forfeited	**(13,093)**	**7.93**	(29,169)	7.93
Exercised	**(205,756)**	**7.93**	(2,662)	7.93
Outstanding at 31 December	–		218,849	

A reconciliation of options granted under the 2023 SAYE, which was under the Grafton Group plc 2021 SAYE Plan, is as follows:

	Numbers	**2025 Option price £**	Numbers	2024 Option price £
Outstanding at 1 January	**273,815**	**6.83**	316,039	6.83
Forfeited	**(35,506)**	**6.83**	(41,132)	6.83
Exercised	**(3,086)**	**6.83**	(1,092)	6.83
Outstanding at 31 December	**235,223**		273,815	

A reconciliation of options granted under the 2024 SAYE, which was under the Grafton Group plc 2021 SAYE Plan, is as follows:

	Numbers	**2025 Option price £**	Numbers	2024 Option price £
Outstanding at 1 January	**269,761**	**8.02**	–	–
Granted	**–**	**8.02**	299,202	8.02
Forfeited	**(44,008)**	**8.02**	(29,441)	8.02
Exercised	**(1,494)**	**8.02**	–	8.02
Outstanding at 31 December	**224,259**		269,761	

A reconciliation of options granted under the 2025 SAYE, which was under the Grafton Group plc 2021 SAYE Plan, is as follows:

	Numbers	**2025 Option price £**
Outstanding at 1 January	**–**	**–**
Granted	**322,165**	**7.04**
Forfeited	**(22,185)**	**7.04**
Exercised	**(15)**	**7.04**
Outstanding at 31 December	**299,965**	

There were no SAYE grants in 2021.

The weighted average share price for the period was £9.19 (2024: £9.85).

At 31 December 2025 none of the 2025 or the 2024 UK SAYE shares were exercisable other than as permitted under the applicable Plan rules. The weighted average remaining life is 1.8 years (2024: 1.8 years).

Financial Statements
Notes to the Group Financial Statements continued

32. Accounting Estimates and Judgements

In the opinion of the Directors, the following significant judgement was exercised in the preparation of the financial statements:

Recognition of Surplus on Defined Benefit Pension Schemes

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. The ROI defined benefit schemes are in surplus under IAS 19 valuation methodology as at 31 December 2025. The directors are satisfied that these amounts meet the requirements of recoverability on the basis that paragraph 11 (b) of IFRIC 14 applies, enabling a refund of the surplus assuming the gradual settlement of the scheme liabilities over time until all members have left the scheme, and a surplus of £11.6m (2024: £10.9m) has been recognised.

In the opinion of the Directors, the key sources of estimation uncertainty were as follows:

Goodwill

The Group has capitalised goodwill of £659.1m at 31 December 2025 (2024: £634.3m) as detailed in Note 12. Goodwill is required to be tested for impairment at least annually or more frequently if changes in circumstances or the occurrence of events indicate potential impairment exists. Impairment testing was completed as at 31 December 2025 for all cash generating units and, for two of the cash generating units, as at 30 June 2025 and 30 September 2025. At both dates impairment indicators existed and the 30 September 2025 impairment test was completed just prior to the reallocation of goodwill to new cash generating units on the change to operating segments explained in Note 2. The Group uses value-in-use calculations to determine the recoverable amount of cash generating units containing goodwill. Value-in-use is calculated as the present value of future cash flows. In calculating value-in-use, management estimation is required in forecasting cash flows of the segments and in selecting an appropriate discount rate and the nominal growth rate in perpetuity. In the case of one of the cash generating units, the Directors considered that the headroom of recoverable amount over carrying value was sensitive to changes in those estimates and assumptions, as set out in Note 12.

Retirement Benefit Obligations

The Group operates a number of defined benefit retirement plans which are as set out in Note 30. The Group's total obligation in respect of defined benefit plans is calculated by independent, qualified actuaries and updated at least annually and totals £166.8m at 31 December 2025 (2024: £177.0m). Plan assets at 31 December 2025 amounted to £174.3m (2024: £178.4m) giving a net scheme asset of £7.6m (2024: asset of £1.3m). The size of the obligation is sensitive to actuarial assumptions. The key assumptions are the discount rate, the rate of inflation, life expectancy, pension benefits and rate of salary increases. The sensitivities of the principal assumptions used to measure defined benefit pension scheme obligations are set out in Note 30.

Rebate Income

Rebate arrangements with suppliers are a common feature of trading in the distribution industry and the Group has agreements with individual suppliers related to purchases of goods for resale.

Rebates are accounted for as a deduction from the cost of goods for resale and are recognised in the financial statements based on the amount that has been earned in respect of each individual supplier up to the balance sheet date. Rebates receivable are determined using established methodologies and are only recognised in the income statement where there is an agreement in place with an individual supplier, any related performance conditions have been met and the goods have been sold to a third-party customer.

Rebates receivable from individual suppliers are typically calculated by applying an agreed percentage to the purchase price shown on the supplier invoice for products purchased for resale. A small proportion of rebates receivable are based on volumes purchased with certain supplier agreements providing for a stepped increase in rebates if purchases reach predetermined targets within a specified time period.

The majority of rebate arrangements cover a calendar year which coincides with the financial year of the Group and this reduces the requirement to estimate purchase volumes from suppliers when estimating rebates receivable at the year end. Where estimation is used in the calculation of rebates receivable it is done on a consistent and prudent basis, based upon management's knowledge and experience of the suppliers and historic collection trends.

Rebates are classified in the balance sheet as follows:

Inventories

- The carrying value of inventories at the balance sheet date is reduced to reflect rebates receivable relating to inventory that has not been sold at the balance sheet date.

Trade and Other Receivables

- The amount of rebate receivable at the balance sheet date is classified as other receivables and separately disclosed in Note 17, Trade and Other Receivables.

Trade and Other Payables

- Where the Group has the legal right to set-off rebates receivable against amounts owing to individual suppliers, any rebates receivable at the balance sheet date are netted against amounts payable to these suppliers and the amount, if material, is separately disclosed in Note 24, Trade and Other Payables. There were no amounts offset in this way as at 31 December 2025 or 31 December 2024.

Valuation of Inventory

Inventory comprises raw materials, finished goods and goods purchased for resale. Provisions are made against slow moving, obsolete and damaged inventories for which the net realisable value is estimated to be less than cost. Determining the net realisable value of the wide range of products held in many locations requires estimation to be applied to determine the likely saleability of products and the potential prices that can be achieved. In arriving at any provisions for net realisable value, the Directors take into account the age, condition, quality of the products in stock and recent sales trends. The actual realisable value of inventory may differ from the estimated value on which the provision is based. The Group held provisions in respect of inventory balances at 31 December 2025 amounting to £67.8m (2024: £54.6m).

IFRS 16 "Leases"

Where the Group has an option to extend or terminate a lease, management uses its judgement to determine whether such an option would be reasonably certain to be exercised. Management considers all facts and circumstances, including past practice and costs that would be incurred if an option were to be exercised, to help them determine the lease term. Management have also applied judgements in assessing the discount rate, which are based on the incremental borrowing rate. Such judgements could impact lease terms and associated lease liabilities. The Group availed of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and the guidance in IFRIC 4 will continue to be applied to those leases entered into or modified before 1 January 2019.

Financial Statements
Notes to the Group Financial Statements continued

32. Accounting Estimates and Judgements continued

Valuation of Investment Property

The fair values derived are based on current estimated market values for the properties, being the amount that would be received from a sale of the assets in an orderly transaction between market participants. The valuation of the Group's investment property portfolio is inherently subjective as it requires among other factors, the estimation of the expected rental income in to the future, an assessment of a property's ability to remain attractive to existing and prospective tenants in a changing market and a judgement to be reached on the attractiveness of a building, its location and the surrounding environment. Further detail on the determination of fair value of investment properties is set out in Note 13.

33. Related Party Transactions

The principal related party transactions that require disclosure under IAS 24: Related Party Disclosures relate to subsidiaries, key management personnel and post-employment benefit plans.

Subsidiaries

Sales to and purchases from, together with outstanding payables and receivables to and from, subsidiaries are eliminated in the preparation of the consolidated financial information in accordance with IFRS 10, Consolidated Financial Statements.

Key Management Personnel

The term key management personnel for 2025 refers to the Board of Grafton Group plc and the Group Management Team. The cost of key management personnel is analysed in Note 6 to the Group Financial Statements. The Report of the Remuneration Committee on Directors' Remuneration on pages 87 to 111 provides detailed disclosure ('unaudited') for 2025 and 2024 of salaries, fees, performance-related pay, pension allowance, other benefits and entitlements to awards granted under the Group's 2021 LTIP schemes.

Post-Employment Benefit Plans

Pension commitments to existing and former employees under defined benefit pension scheme arrangements are disclosed in Note 30 to the Group Financial Statements.

34. Events after the Balance Sheet Date

The Board has today announced an eighth share buyback programme, commencing 5 March 2026, to buy back ordinary shares in the Company for an aggregate consideration of up to £25.0m. This buyback programme will end no later than 31 August 2026, subject to market conditions.

There have been no other material events subsequent to 31 December 2025 that would require adjustment to or disclosure in this report.

35. Approval of Financial Statements

The Board of Directors approved the Group Financial Statements on pages 126 to 181 on 4 March 2026.

Financial Statements
Company Balance Sheet

There was a profit after tax of €262.8m (2024: profit of €356.2m) attributable to the parent undertaking for the financial year.

As at 31 December 2025	Notes	2025 €'000	2024 €'000
Fixed assets			
Intangible assets	4(a)	**276**	390
Tangible assets	4(a)	**564**	755
Right-of-use asset	4(b)	**1,256**	1,327
Financial assets	5	**948,485**	948,431
Total fixed assets		**950,581**	950,903
Current assets			
Debtors	6	**995,177**	1,165,899
Cash at bank and in hand		**125,782**	113,731
Total current assets		**1,120,959**	1,279,630
Creditors: amounts falling due within one year	7	**(718,372)**	(991,675)
Net current assets		**402,587**	287,955
Total assets less current liabilities		**1,353,168**	1,238,858
Creditors: amounts falling due after one year	7	**(1,215)**	(1,377)
Net assets		**1,351,953**	1,237,481
Capital and reserves			
Called-up share capital	10	**9,591**	9,890
Share premium account	10	**318,239**	316,287
Capital redemption reserve		**3,501**	3,190
Shares to be issued reserve		**7,861**	8,252
Profit and loss account		**1,018,507**	905,608
Treasury shares held		**(5,746)**	(5,746)
Shareholders' equity		**1,351,953**	1,237,481

On behalf of the Board

Eric Born
Director

David Arnold
Director

4 March 2026

Financial Statements
Company Statement of Changes in Equity

	Equity share capital €'000	Share premium account €'000	Capital redemption reserve €'000	Shares to be issued reserve €'000	Profit and loss account €'000	Treasury shares €'000	Total equity €'000
Year to 31 December 2025							
At 1 January 2025	**9,890**	**316,287**	**3,190**	**8,252**	**905,608**	**(5,746)**	**1,237,481**
Profit after tax for the financial year	**–**	**–**	**–**	**–**	**262,839**	**–**	**262,839**
Total other comprehensive income							
Remeasurement loss on pensions (net of tax)	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**	**–**	**262,839**	**–**	**262,839**
Transactions with owners of the Company recognised directly in equity							
Dividends paid	**–**	**–**	**–**	**–**	**(85,265)**	**–**	**(85,265)**
Issue of Grafton Units	**12**	**1,952**	**–**	**–**	**–**	**–**	**1,964**
Purchase of treasury shares	**–**	**–**	**–**	**–**	**–**	**(66,057)**	**(66,057)**
Cancellation of treasury shares	**(311)**	**–**	**311**	**–**	**(66,057)**	**66,057**	**–**
Share-based payments charge	**–**	**–**	**–**	**991**	**–**	**–**	**991**
Transfer from shares to be issued reserve	**–**	**–**	**–**	**(1,382)**	**1,382**	**–**	**–**
	(299)	**1,952**	**311**	**(391)**	**(149,940)**	**–**	**(148,367)**
At 31 December 2025	**9,591**	**318,239**	**3,501**	**7,861**	**1,018,507**	**(5,746)**	**1,351,953**

	Equity share capital €'000	Share premium account €'000	Capital redemption reserve €'000	Shares to be issued reserve €'000	Profit and loss account €'000	Treasury shares €'000	Total equity €'000
Year to 31 December 2024							
At 1 January 2024	10,303	315,955	2,774	7,983	730,618	(6,285)	1,061,348
Profit after tax for the financial year	–	–	–	–	356,184	–	356,184
Total other comprehensive income							
Remeasurement loss on pensions (net of tax)	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	356,184	–	356,184
Transactions with owners of the Company recognised directly in equity							
Dividends paid	–	–	–	–	(86,146)	–	(86,146)
Issue of Grafton Units	3	332	–	–	–	–	335
Purchase of treasury shares	–	–	–	–	–	(95,549)	(95,549)
Cancellation of treasury shares	(416)		416		(96,088)	96,088	–
Share-based payments charge	–	–	–	1,309	–	–	1,309
Transfer from shares to be issued reserve	–	–	–	(1,040)	1,040	–	–
	(413)	332	416	269	(181,194)	539	(180,051)
At 31 December 2024	9,890	316,287	3,190	8,252	905,608	(5,746)	1,237,481

Financial Statements
Notes to the Company Financial Statements

1. Basis of Preparation

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2014 and Generally Accepted Accounting Practice in the Republic of Ireland (Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)). Note 2 describes the principal accounting policies under FRS 101, which have been applied consistently.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for tangible fixed assets and intangible assets;
- The option to take tangible and intangible assets at deemed cost;
- Disclosures in respect of transactions with wholly-owned subsidiaries;
- Disclosures in respect of financial risk management;
- Disclosure of key management compensation;
- Certain requirements of IAS 1 Presentation of Financial Statements;
- Disclosures required by IFRS 7 Financial Instrument Disclosures;
- Disclosures required by IFRS 13 Fair Value Measurement;
- Certain disclosures required by IFRS 16 Leases; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of Grafton Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosure:

IFRS 2 Share-Based Payments in respect of Group-settled share-based payments.

In accordance with Section 304(2) of the Companies Act 2014, the income statement and related notes of the parent undertaking have not been presented separately in these financial statements.

2. Accounting Policies

Key Accounting Policies which involve Estimates, Assumptions and Judgements

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Financial Assets

Investments in subsidiaries are stated at cost less any accumulated impairment and are reviewed for impairment if there are any indicators that the carrying value may not be recoverable.

Loans Receivable and Payable

Intercompany loans receivable and payable are initially recognised at fair value. These are subsequently measured at amortised cost, less any provision for impairment.

Other Material Accounting Policies

Operating Income and Expense

Operating income and expense arises from the Company's principal activities as a holding company for the Group and are accounted for on an accruals basis.

Foreign Currencies

The functional and presentation currency of the Company is euro. Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date, with a corresponding charge or credit to the profit and loss account.

Share Issue Expenses

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Share-based Payments

The Company has applied the requirements of Section 8 of FRS 101. The accounting policy applicable to share-based payments is addressed in detail on page 138 of the Consolidated Financial Statements.

IFRS 16 Leases

The accounting policy applicable to IFRS 16 leases is addressed in detail on pages 135 and 136 of the Consolidated Financial Statements.

Treasury Shares

Own equity instruments (i.e. Ordinary Shares) acquired by the Company are deducted from equity and presented on the face of the Company Balance Sheet. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's Ordinary Shares.

Dividends

Dividends on Ordinary Shares are recognised as a liability in the Company's Financial Statements in the period in which they are approved by the shareholders of the Company.

Dividend Income

Dividend income is recognised when the right to receive payment is established.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated over their useful economic life on a straight-line basis in line with Group policy as noted in Note 1 to the Consolidated Financial Statements.

Intangible Assets (Computer Software)

Acquired computer software is stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost comprises of purchase price and any other directly attributable costs. Computer software is recognised in line with the criteria as outlined in Note 1 to the Consolidated Financial Statements.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances held for the purpose of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Bank overdrafts are included within creditors falling due within one year in the Company Balance Sheet.

Financial Statements
Notes to the Company Financial Statements continued

3. Statutory and Other Information

The following items have been charged to the Company income statement:

	2025 €'000	2024 €'000
Statutory audit (refer to Note 3 of Group Financial Statements)	**78**	85
Depreciation (Note 4a)	**194**	126
Depreciation on right-of-use assets (Note 4b)	**249**	217
Intangible asset amortisation (Note 4a)	**114**	97
Directors' remuneration	**4,717**	4,794

The interest expense on lease liabilities in the year was €81,000 (2024: €85,000).

The Directors' remuneration is set out in detail in the Report of the Remuneration Committee on Directors' Remuneration on pages 87 to 111.

The average number of persons employed by the Company during the year was 25 (2024: 25).

	2025 €'000	2024 €'000
The aggregate remuneration costs of employees were:		
Wages and salaries	**9,725**	7,148
Social welfare costs	**299**	262
Share-based payments charge	**746**	907
Defined contribution and pension related costs	**152**	388
Charged to operating profit	**10,922**	8,705
Net finance cost on pension scheme obligations	**–**	–
Charged to income statement	**10,922**	8,705
Actuarial loss on pension scheme	**–**	–
Total employee benefit cost	**10,922**	8,705

4. Tangible, Intangible and Right-of-Use Assets

4. (a) Tangible and Intangible Assets

	Plant and Equipment 2025 €'000	Intangible Assets 2025 €'000
Company Cost		
At 1 January	**4,138**	**952**
Additions	**3**	**–**
At 31 December	**4,141**	**952**
Depreciation		
At 1 January	**3,383**	**562**
Charge for year	**194**	**114**
At 31 December	**3,577**	**676**
Net book amount		
At 31 December	**564**	**276**
At 1 January	**755**	**390**

4. (b) Right-of-Use Asset

	Right-of-Use Asset* €'000
Year ended 31 December 2024	
Opening balance at 1 January 2024	1,513
Additions	31
Depreciation charge	(217)
Disposals	–
Remeasurements	–
Closing net book amount	1,327
Year ended 31 December 2025	
Opening balance at 1 January 2025	**1,327**
Additions	**178**
Depreciation charge	**(249)**
Disposals	**–**
Remeasurements	**–**
Closing net book amount	**1,256**

* The lease term remaining as at 31 December 2005 is 2.2 years (2024: 2.3 years).

Financial Statements
Notes to the Company Financial Statements continued

5. Financial Assets

	Other Investments €'000	Investments in subsidiary undertakings €'000	Total €'000
At 1 January 2024	14	948,300	948,314
Capital contribution – share-based payments	–	117	117
At 31 December 2024	**14**	**948,417**	**948,431**
Capital contribution – share-based payments	**–**	**54**	**54**
At 31 December 2025	**14**	**948,471**	**948,485**

Other investments represent sundry equity investments at cost less provision for impairment.

6. Debtors

	2025 €'000	2024 €'000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings^	**989,458**	1,162,046
Current income tax	**884**	406
Deferred tax	**30**	–
Other receivables	**3,687**	1,340
	994,059	1,163,792

^ Amounts owed by subsidiary undertakings are interest free and repayable on demand.

	2025 €'000	2024 €'000
Amounts falling due after one year:		
Other receivables	**1,118**	2,107

7. Creditors

	2025 €'000	2024 €'000
Amounts falling due within one year:		
Trade and other payables	**1,137**	67
Accruals	**11,562**	8,877
Lease liability*	**258**	215
Bank overdraft	**87,217**	100,574
Amounts owed to subsidiary undertakings^	**618,198**	881,942
	718,372	991,675

	2025 €'000	2024 €'000
Amounts falling due after one year:		
Deferred tax	**–**	31
Lease liability*	**1,215**	1,346
	1,215	1,377

* The Company's incremental borrowing rate applied to the lease liability as at 31 December 2025 was 5.2% (2024: 5.3%).

^ Amounts owed to subsidiary undertakings are interest free and repayable on demand.

The maturity analysis of the lease liability is as follows:

	2025 €'000	2024 €'000
Year 1	**258**	215
Year 2	**177**	212
Year 3	**223**	141
Year 4	**206**	191
Year 5	**212**	201
After year 5	**397**	601

Financial Statements
Notes to the Company Financial Statements continued

8. Deferred Taxation

Recognised Deferred Tax (Assets) and Liabilities

	Assets 2025 €'000	**Liabilities 2025 €'000**	**Net (assets)/ liabilities 2025 €'000**	Assets 2024 €'000	Liabilities 2024 €'000	Net (assets)/ liabilities 2024 €'000
Other items	**(30)**	**–**	**(30)**	–	31	31

	Balance 1 Jan 25 €'000	**Recognised in income €'000**	**Recognised in other comprehensive income €'000**	**Foreign exchange retranslation €'000**	**Arising on acquisitions €'000**	**Balance 31 Dec 25 €'000**
Other items	**31**	**(61)**	**–**	**–**	**–**	**(30)**

	Balance 1 Jan 24 €'000	Recognised in income €'000	Recognised in other comprehensive income €'000	Foreign exchange retranslation €'000	Arising on acquisitions €'000	Balance 31 Dec 24 €'000
Other items	16	15	–	–	–	31

9. Pension Commitments

A defined benefit scheme and defined contribution pension schemes are operated by the Company and the assets of the schemes are held in separate trustee administered funds.

The actuarial reports are not available for public inspection.

IAS 19 – Employee Benefits

An actuarial valuation was updated to 31 December 2025 by a qualified independent actuary.

Financial Assumptions

The financial assumptions used to calculate the retirement benefit liabilities under IAS 19 were as follows:

	At 31 Dec 2025 Company scheme	At 31 Dec 2024 Company scheme
Valuation Method	**Projected Unit**	Projected Unit
Rate of increase of pensions in payment	–	–
Discount rate	**4.20%**	3.45%
Inflation rate increase	**1.80%**	1.85%

The Company's obligations to the scheme at the end of 2025 and 2024 were limited to providing a pension to an executive who retired in 2009 on a fixed pension.

	Year ended 31 December					
	Assets		**Liabilities**		**Net asset/(deficit)**	
	2025 €'000	2024 €'000	**2025 €'000**	2024 €'000	**2025 €'000**	2024 €'000
At 1 January	**841**	927	**(841)**	(927)	**–**	–
Interest income on plan assets	**28**	28	**–**	–	**28**	28
Benefit payments	**(76)**	(76)	**76**	76	**–**	–
Interest cost on scheme liabilities	**–**	–	**(28)**	(28)	**(28)**	(28)
Remeasurement (losses)/gains	**(22)**	(38)	**22**	38	**–**	–
At 31 December	**771**	841	**(771)**	(841)	**–**	–
Related deferred tax asset (net)	**–**	–	**–**	–	**–**	–
Net pension liability	**771**	841	**(771)**	(841)	**–**	–

No contributions are expected to be paid to the Company's defined benefit scheme in 2025 (2024: €Nil).

Financial Statements
Notes to the Company Financial Statements continued

10. Share Capital and Share Premium

Details of equity share capital and share premium are set out below and in Note 18 to the Group Financial Statements.

	Issue Price	Number of Shares	2025 Nominal Value €'000	2024 Nominal Value €'000
Issued and fully paid:				
Ordinary shares				
At 1 January		**197,802,776**	**9,890**	10,303
Issued under UK SAYE scheme*		**210,351**	**11**	2
2021 Long Term Incentive Plan				
April 2021 LTIP Awards		**16,512**	**1**	1
Share Buyback				
Share Buyback – Programme 4		**–**	**–**	(276)
Share Buyback – Programme 5		**(171,302)**	**(9)**	(140)
Share Buyback – Programme 6		**(3,293,879)**	**(165)**	–
Share Buyback – Programme 7		**(2,735,984)**	**(137)**	–
Share Buyback – LTIP Awards		**–**	**–**	–
At 31 December		**191,828,474**	**9,591**	9,890
Total nominal share capital issued			**9,591**	9,890

* Refer to Note 31 to the Group Financial Statements which outlines the issue price of the SAYE Schemes.

Share Premium

Company	2025 €'000	2024 €'000
At 1 January	**316,287**	315,955
Premium on issue of shares under UK SAYE scheme	**1,952**	332
At 31 December	**318,239**	316,287

11. Share-Based Payments

Details of Share-Based Payments are set out in Note 31 of the Group Financial Statements.

12. Related Party Transactions

The principal related party transactions that require disclosure under IAS 24: Related Party Disclosures relate to subsidiaries and post-employment benefit plans.

Subsidiaries

The consolidated accounts of the Company and its subsidiaries include the following transactions that have been eliminated on consolidation:

- Management charges made by the Company to its subsidiaries of €10.3m (2024: €8.1m) for the year ended 31 December 2025;
- Loans, which are repayable on demand, were granted to and by the Company to its subsidiaries; and
- Dividend income in the year of €273.4m (2024: €361.8m) was received from Group subsidiary companies.

Post-Employment Benefit Plans

Pension commitments to existing and former employees under defined benefit pension scheme arrangements are disclosed in Note 9 to the Company Financial Statements.

Financial Statements
Notes to the Company Financial Statements continued

13. Principal Operating Subsidiaries

The principal operating subsidiaries operating in Ireland are:

Name of Company	Nature of Business	Registered Office
Chadwicks Group Limited	Building materials distribution	c/o Grafton Group plc, The Hive, Carmanhall Road, Sandyford Business Park, Dublin 18, D18 Y2C9
Woodie's DIY Limited	DIY, home and garden retailing	c/o Grafton Group plc, The Hive, Carmanhall Road, Sandyford Business Park, Dublin 18, D18 Y2C9

The Company owns 100% of the share capital of its principal operating subsidiary undertakings operating in Ireland.

The principal operating subsidiaries operating in the United Kingdom are:

Name of Company	Nature of Business	Registered Office
Macnaughton Blair Limited	Building materials distribution	10 Falcon Road, Belfast, BT12 6RD, Northern Ireland
Selco Trade Centres Limited	Building materials distribution	First Floor, Boundary House, 2 Wythall Green Way, Wythall, Birmingham, United Kingdom, B47 6LW
LSDM Limited	Building materials distribution	Ground Floor, Boundary House, 2 Wythall Green Way, Wythall, Birmingham, United Kingdom, B47 6LW
CPI Mortars Limited	Mortar manufacturing	Ground Floor, Boundary House, 2 Wythall Green Way, Wythall, Birmingham, United Kingdom, B47 6LW
TG Lynes Limited	Building materials distribution	Ground Floor, Boundary House, 2 Wythall Green Way, Wythall, Birmingham, United Kingdom, B47 6LW
AVC (StairBox) Limited	Wooden staircase manufacturing	Ground Floor, Boundary House, 2 Wythall Green Way, Wythall, Birmingham, United Kingdom, B47 6LW

The Company owns 100% of the share capital of its principal subsidiary undertakings operating in the UK.

The principal operating subsidiaries in the Netherlands are:

Name of Company	Nature of Business	Registered Office
Isero B.V.	Ironmongery, tools and fixings distribution	Dirk Verheulweg 3, 2742 JR, Waddinxveen, the Netherlands
Gunters en Meuser B.V.	Ironmongery, tools and fixings distribution	Egelantiersgracht 2-6, 1015 RL Amsterdam, the Netherlands
Polvo B.V.	Ironmongery, tools and fixings distribution	Tradeboulevard 5 a, 4761RL Zevenbergen, the Netherlands
GKL Ventilatie Techniek B.V.	Ventilation systems	Touwbaan 1 H, 2352CZ Leiderdorp

The Company owns 100% of the share capital of its principal subsidiary undertakings operating in the Netherlands.

The principal operating subsidiaries in Finland are:

Name of Company	Nature of Business	Registered Office
IKH Oy	Technical trades distribution	Keskustie 26, 61850 Kauhajoki, Finland
IKH Retail Oy	Technical trades distribution	Keskustie 26, 61850 Kauhajoki, Finland

The Company owns 100% of the share capital of its principal subsidiary undertakings operating in Finland.

The principal operating subsidiary in Spain is:

Name of Company	Nature of Business	Registered Office
Salvador Escoda	HVAC distribution	Carrer de Nàpols, 249, L'Eixample, 08013 Barcelona, Spain

The Company owns 100% of the share capital of its principal subsidiary undertaking operating in Spain.

Financial Statements
Notes to the Company Financial Statements continued

14. Section 357 Guarantees

Each of the following Irish registered subsidiaries of the Company, whose registered office is c/o Grafton Group plc, The Hive, Carmanhall Road, Sandyford Business Park, Dublin 18, D18 Y2C9 (company number: 8149) may avail of the exemption from filing its statutory financial statements for the year ended 31 December 2025 as permitted by section 357 of the Companies Act 2014 and, if any these Irish registered subsidiaries of the Company elects to avail of this exemption, there will be in force an irrevocable guarantee from the Company in respect of all commitments entered into by such wholly-owned subsidiary, including amounts shown as liabilities (within the meaning of section 357 (1) (b) of the Companies Act 2014) in such wholly-owned subsidiary's statutory financial statements for the year ended 31 December 2025:

Athina Limited, Atlantic DIY Limited, Beralt Developments Limited, Cardston Properties Limited, Chadwicks Group Limited, Chadwicks Holdings Limited, Chadwicks Limited, Cheshunt Unlimited Company, Cork Builders Providers Limited, CPI Limited, Daly Brothers (North-East) Limited, Davies Limited, Deltana Limited, Denningco Limited, Eddie's Hardware Limited, F & T Buckley (Holdings) Unlimited Company, Garvey Builders Providers Unlimited Company, Grafton Group European Holdings Limited, Grafton Group Finance plc, Grafton Group Management Services Limited, Grafton Group Investments Unlimited Company, Grafton Group Holdings Unlimited Company, Grafton Group Secretarial Services Limited, Grafton Group Treasury Limited, Haylen Investments Limited, Heiton Buckley Limited, Heiton Group plc, Jarkin Properties Limited, Jarsen Distribution Limited, Lacombe Properties Limited, Market Hardware Unlimited Company, MFP Plastics Limited, Paddy Power (Kilbarry) Unlimited Company, Panelling Centre Limited, Plumbland Limited, Powlett Properties Limited, Resadale Properties Limited, Rooneys Homevalue Limited, Sam Hire Holdings Unlimited Company, Sitetech Building Products Limited, Stettler Properties Limited, Telford Group Limited, Telfords (Portlaoise) Limited, Tiska Limited, Titanium Limited, Topez Limited, W & S Timber Components Unlimited Company, Weeksbury Limited, Woodies DIY (Irl) Limited and Woodie's DIY Limited.

15. Other Guarantees

The Company has declared and assumes joint and several liability for any obligations arising from the legal acts of Grafton Holding Netherlands BV, Isero B.V., Gunters en Meuser B.V., Polvo B.V., Polvo Real Estate B.V., GKL Ventilatie Techniek B.V. and Regts B.V., in accordance with article 2:403 paragraph (f) of the Dutch Civil Code and such declarations will be filed at the Dutch commercial register (Kamer van Koophandel) in accordance with article 2:403 paragraph (g).

The Company has given guarantees in respect of the bank borrowings of subsidiary undertakings which amounted to €220.3m at the balance sheet date. The guarantee is over bank debt of €60.3m and US senior notes of €160.0m. The Company has also guaranteed certain property lease obligations of subsidiary undertakings.

16. Approval of Financial Statements

The Board of Directors approved the Company Financial Statements in respect of the year ended 31 December 2025 on 4 March 2026.

Supplementary Financial Information
Not covered by Independent Auditors' Report

Alternative Performance Measures

Certain financial information set out in these consolidated year-end financial statements is not defined under International Financial Reporting Standards (IFRS). These key Alternative Performance Measures (APMs) represent additional measures in assessing performance and for reporting both internally and to shareholders and other external users. The Group believes that the presentation of these APMs provides useful supplemental information which, when viewed in conjunction with IFRS financial information, provides readers with a more meaningful understanding of the underlying financial and operating performance of the Group.

None of these APMs should be considered as an alternative to financial measures drawn up in accordance with IFRS.

The key APMs of the Group are set out below. As amounts are reflected in £'m some immaterial rounding differences may arise. Numbers that refer to 2024 are available in the 2024 Annual Report.

The term "Adjusted" means before exceptional items, acquisition related items and unwinding of discount applicable to contingent consideration receivable. These items do not relate to the underlying operating performance of the business and therefore to enhance comparability between reporting periods and businesses, management do not take these items into account when assessing the underlying profitability of the Group.

Acquisition related items comprise deferred consideration payments relating to the retention of former owners of businesses acquired, transaction costs and expenses, professional fees for new and target acquisitions, adjustments to previously estimated earn outs, impairment charges related to intangible assets recognised on acquisition of businesses and goodwill impairment charges. Customer relationships, technology and brands amortisation, the impact of unwinding acquisition related deferred consideration to present value and any associated tax are considered by management to form part of the total spend on acquisitions or are non-cash items resulting from acquisitions and therefore are also included as adjusting items.

APM	Description
Adjusted Operating Profit/EBITA	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items, net finance expense and income tax expense.
Adjusted Operating Profit/EBITA Before Property Profit	Profit before profit on the disposal of Group properties, amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items, net finance expense and income tax expense.
Adjusted Operating Profit/EBITA Margin Before Property Profit	Adjusted operating profit/EBITA before property profit as a percentage of revenue.
Adjusted Profit Before Tax	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items and income tax expense. In the current year the definition has been refined to include unwinding of discount applicable to contingent consideration receivable without requiring restatement for prior year as contingent consideration receivable arose during the current year.
Adjusted Profit After Tax	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items and exceptional items but after deducting the income tax expense. In the current year the definition has been refined to include unwinding of discount applicable to contingent consideration receivable without requiring restatement for prior year as contingent consideration receivable arose during the current year.
Average Capital Employed	The average sum of total equity and net debt at each period end.
Capital Turn	Revenue for the previous 12 months divided by average capital employed (where capital employed is the sum of total equity and net debt at each period end).
Constant Currency	Constant currency reporting is used by the Group to eliminate the translational effect of foreign exchange on the Group's results. To arrive at the constant currency change, the results for the prior period are retranslated using the average exchange rates for the current period and compared to the current period reported numbers.
Dividend Cover	Group earnings per share divided by the total dividend per share for the Group.
EBITDA	Earnings before exceptional items, acquisition related items, net finance expense, income tax expense, depreciation and intangible assets amortisation. EBITDA (rolling 12 months) is EBITDA for the previous 12 months.
EBITDA Interest Cover	EBITDA divided by net bank/loan note interest.
Free Cash Conversion	Free cash flow as a percentage of adjusted operating profit.
Free Cash Flow	Cash generated from operations less replacement capital expenditure (net of disposal proceeds), less interest paid (net), income taxes paid, deferred consideration paid and payment of lease liabilities and includes contingent consideration received on the disposal of Group businesses. In the current year the definition has been refined to include contingent consideration received without requiring restatement for prior year as deferred consideration arose during the current year.
Gearing	The Group net (cash)/debt divided by the total equity attributable to owners of the Parent times 100, expressed as a percentage.
Like-for-like Revenue	Like-for-like revenue is a measure of underlying revenue performance for a selected period. Branches contribute to like-for-like revenue once they have been trading for more than twelve months. Acquisitions contribute to like-for-like revenue once they have been part of the Group for more than 12 months. When branches close, or where a business is disposed of, revenue from the date of closure, for a period of 12 months, is excluded from the prior year result.
Liquidity	The Group's accessible cash, including any undrawn revolving bank facilities.

Supplementary Financial Information continued
Not covered by Independent Auditors' Report

APM	Description
Net (Debt)/Cash	Net (debt)/cash comprises current and non-current interest-bearing loans and borrowings, lease liabilities, fixed-term cash deposits, cash and cash equivalents and current and non-current derivative financial instruments (net).
Operating Profit/ EBIT Margin	Profit before net finance expense and income tax expense as a percentage of revenue.
Adjusted Return on Capital Employed	Adjusted operating profit divided by average capital employed (where capital employed is the sum of total equity and net debt at each period end) times 100.
Adjusted Earnings Per Share	A measure of underlying profitability of the Group. Adjusted profit after tax is divided by the weighted average number of Grafton Units in issue, excluding treasury shares.

Adjusted Operating Profit/EBITA Before Property Profit

	2025 £'m	2024 £'m
Revenue	**2,519.6**	2,282.3
Operating profit	**174.8**	152.6
Property (profit)	**(5.9)**	(4.0)
Exceptional items	**(8.1)**	–
Acquisition related items	**1.5**	4.6
Amortisation of intangible assets arising on acquisitions	**22.0**	20.3
Adjusted operating profit/EBITA before property profit	**184.3**	173.5
Adjusted operating profit/EBITA margin before property profit	**7.3%**	7.6%

Operating Profit/EBIT Margin

	2025 £'m	2024 £'m
Revenue	**2,519.6**	2,282.3
Operating profit	**174.8**	152.6
Operating profit/EBIT margin	**6.9%**	6.7%

Adjusted Operating Profit/EBITA & Margin

	2025 £'m	2024 £'m
Operating profit	**174.8**	152.6
Exceptional items	**(8.1)**	–
Acquisition related items	**1.5**	4.6
Amortisation of intangible assets arising on acquisitions	**22.0**	20.3
Adjusted operating profit/EBITA	**190.2**	177.5
Adjusted operating profit/EBITA margin	**7.5%**	7.8%

Adjusted Profit Before Tax

	2025 £'m	2024 £'m
Profit before tax	**165.1**	152.5
Exceptional items	**(8.1)**	–
Acquisition related items	**1.5**	4.6
Amortisation of intangible assets arising on acquisitions	**22.0**	20.3
Unwinding of discount applicable to deferred consideration payable	**0.2**	1.5
Unwinding of discount applicable to contingent consideration receivable	**(0.6)**	–
Adjusted profit before tax	**180.1**	178.9

Adjusted Profit After Tax

	2025 £'m	2024 £'m
Profit after tax for the financial year	**136.6**	122.0
Exceptional items	**(8.1)**	–
Acquisition related items	**1.5**	4.6
Amortisation of intangible assets arising on acquisitions	**22.0**	20.3
Tax on amortisation of intangible assets arising on acquisitions	**(4.9)**	(4.6)
Unwinding of discount applicable to deferred consideration payable	**0.2**	1.5
Unwinding of discount applicable to contingent consideration receivable	**(0.6)**	–
Adjusted profit after tax	**146.6**	143.8

Capital Turn

	2025 £'m	2024 £'m
Revenue	**2,519.6**	2,282.3
Average capital employed	**1,750.0**	1,716.5
Capital turn – times	**1.4**	1.3

Dividend Cover

	2025 £'m	2024 £'m
Group adjusted EPS – basic (pence)	**75.43**	71.78
Group dividend (pence)	**37.75**	37.00
Group dividend cover – times	**2.0**	1.9

Supplementary Financial Information continued
Not covered by Independent Auditors' Report

Reconciliation of Profit to EBITDA

	2025 £'m	2024 £'m
Profit after tax for the financial year	**136.6**	122.0
Exceptional items	**(8.1)**	–
Acquisition related items	**1.5**	4.6
Net finance expense	**9.7**	0.1
Income tax expense	**28.6**	30.5
Depreciation	**125.8**	112.4
Intangible asset amortisation	**25.1**	22.3
EBITDA	**319.2**	292.0

EBITDA Interest Cover

	2025 £'m	2024 £'m
EBITDA	**319.2**	292.0
Net bank/loan note interest including interest on lease liabilities	**7.7**	(0.1)
EBITDA interest cover – times	**41.5**	n/a

EBITDA Interest Cover (excluding interest on lease liabilities)

	2025 £'m	2024 £'m
EBITDA	**319.2**	292.0
Net bank/loan note interest excluding interest on lease liabilities	**(7.5)**	(15.1)
EBITDA interest cover – times	**N/A**	N/A

Free Cash Flow

	2025 £'m	2024 £'m
Cash generated from operations	**310.3**	298.3
Replacement capital expenditure	**(21.5)**	(23.9)
Proceeds on sale of property, plant and equipment	**1.7**	1.3
Proceeds on sale of properties held for sale/investment properties	**3.6**	4.4
Interest received	**17.4**	23.4
Interest paid	**(24.3)**	(22.5)
Payment of lease liabilities	**(81.7)**	(71.6)
Deferred acquisition consideration paid	**(3.0)**	(2.1)
Income taxes paid	**(34.2)**	(29.0)
Free cash flow	**168.3**	178.2

Free Cash Conversion

	2025 £'m	2024 £'m
Free cash flow	**168.3**	178.2
Adjusted operating profit	**190.2**	177.5
Free cash conversion	**88%**	100%

Gearing

	2025 £'m	2024 £'m
Total equity attributable to owners of the Parent	**1,648.7**	1,596.2
Group net debt	**123.4**	131.7
Gearing	**7.5%**	8.2%

Liquidity

	2025 £'m	2024 £'m
Cash and cash equivalents	**395.8**	359.4
Fixed-term cash deposits	**100.0**	150.0
Less: cash held against letter of credit	**(4.0)**	(4.0)
Accessible cash	**491.8**	505.4
Undrawn revolving bank facilities	**285.0**	270.8
Liquidity	**776.8**	776.2

Cash Outflow on Dividends and Share Buyback, excluding transaction costs

	2025 £'m	2024 £'m
Dividend payment	**72.6**	73.2
Purchase of treasury shares, excluding transaction costs	**56.6**	80.9
Exclude LTIP share purchase	**–**	–
Cash outflow on dividends and share buyback, excluding transaction costs	**129.2**	154.1

Supplementary Financial Information continued
Not covered by Independent Auditors' Report

Like-for-like revenue

	2025 £'m	2024 £'m
2024/2023 revenue	**2,282.3**	2,319.2
Organic growth	**22.1**	(52.5)
Organic growth – new branches	**3.0**	5.5
Total organic growth	**25.1**	(47.0)
Acquisitions	**194.6**	47.2
Foreign exchange	**17.6**	(37.1)
2025/2024 revenue	**2,519.6**	2,282.3
Like-for-like movement (organic growth, excluding new branches, as % prior year revenue)	**1.0%**	(2.3%)

Net (Debt)

	2025 £'m	2024 £'m
Cash and cash equivalents	**395.8**	359.4
Bank overdrafts	**–**	(8.4)
Interest-bearing loans (non-current)	**(190.8)**	(188.4)
Interest-bearing loans (current)	**(30.9)**	(40.6)
Lease liabilities (non-current)	**(320.2)**	(331.6)
Lease liabilities (current)	**(77.2)**	(72.2)
Derivatives	**0.0**	(0.0)
Fixed-term cash deposits	**100.0**	150.0
Net (Debt)	**(123.4)**	(131.7)

Net Debt to EBITDA

	2025 £'m	2024 £'m
EBITDA	**319.2**	292.0
Net debt	**123.4**	131.7
Net debt to EBITDA – times	**0.39**	0.45

Adjusted Return on Capital Employed

	2025 £'m	2024 £'m
Operating profit	**174.8**	152.6
Exceptional items	**(8.1)**	–
Acquisition related items	**1.5**	4.6
Amortisation of intangible assets arising on acquisitions	**22.0**	20.3
Adjusted operating profit	**190.2**	177.5
Total equity – current period end	**1,648.7**	1,596.2
Net debt – current period end	**123.4**	131.7
Capital employed – current period end	**1,772.1**	1,727.9
Total equity – prior period end	**1,596.2**	1,655.8
Net debt – prior period end	**131.7**	49.3
Capital employed – prior period end	**1,727.9**	1,705.1
Average capital employed	**1,750.0**	1,716.5
Adjusted return on capital employed	**10.9%**	10.3%

Net cash – Before leases

	2025 £'m	2024 £'m
Net (debt) – after leases	**(123.4)**	(131.7)
Lease liability	**397.4**	403.7
Net cash – before leases	**274.0**	272.1

Technical Guidance for 2026 Financial Year (unaudited)

Interest costs:	c. £14m-£15m but dependent on rate of reduction of interest rates by Central Banks together with impact of corporate development activity
Effective tax rate:	Underlying tax rate of c.19.5% subject to acquisitions and change in assumptions in respect of prior years
Depreciation and asset amortisation (pre-IFRS 16):	c. £50m
Depreciation and amortisation including right-of-use assets (leases) and acquired intangibles:	c. £160m
Gross replacement capital expenditure:	c. £30m–£35m
Organic development capital expenditure:	c. £25m–£30m

Grafton Group plc Financial History – 2005 to 2025

Group Income Statements	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Revenue	**2,519.6**	2,282.3	2,319.2	2,301.5	2,109.9	2,509.1	2,672.3	2,952.7	2,715.8	2,507.3	2,212.0	2,081.7	1,899.8	1,760.8	1,782.5	1,719.4	1,763.8	2,128.5	2,193.3	2,000.0	1,798.1
Operating profit	**184.3**	173.5	204.2	260.5	271.2	190.7	197.9	189.6	160.9	137.1	121.5	110.1	77.2	59.1	47.5	41.5	21.3	92.7	180.4	165.4	146.2
Operating margin %	**7.3%**	7.6%	8.8%	11.3%	12.9%	7.6%	7.4%	6.4%	5.9%	5.5%	5.5%	5.3%	4.1%	3.4%	2.7%	2.4%	1.2%	4.4%	8.2%	8.3%	8.1%
Exceptional items & restructuring (costs)/credit	**8.1**	–	–	–	–	(24.7)	–	(1.9)	–	(19.7)	–	–	2.8	(21.2)	(27.8)	(13.2)	(17.0)	(13.7)	–	–	–
Intangible amortisation on acquisitions & acquisition related items	**(23.5)**	(24.9)	(22.4)	(21.6)	(18.8)	(8.9)	(7.0)	(5.1)	(2.8)	(2.2)	(0.5)	–	–	–	–	–	–	–	–	–	–
Property profit	**5.9**	4.0	1.3	25.4	16.7	2.6	6.9	4.9	2.7	4.9	6.7	–	–	–	–	–	–	–	5.0	25.9	6.6
Net finance (expense)/income	**(9.7)**	(0.1)	0.4	(12.6)	(19.4)	(26.9)	(25.1)	(6.1)	(6.4)	(5.9)	(7.9)	(8.9)	(12.3)	(12.9)	(10.8)	(6.4)	7.8	(28.0)	(24.0)	(21.4)	(21.4)
Profit before taxation	**165.1**	152.5	183.5	251.7	249.8	132.7	172.6	181.3	154.5	114.2	120.3	101.2	67.7	25.0	8.9	21.9	12.1	51.0	161.4	169.9	131.4
Taxation	**(28.6)**	(30.5)	(34.8)	(43.1)	(43.0)	(25.2)	(28.7)	(30.9)	(26.6)	(21.1)	(23.8)	(21.2)	(5.6)	6.6	(6.7)	33.0	(0.2)	(5.1)	(21.0)	(22.0)	(17.8)
Profit after taxation	**136.6**	122.0	148.7	208.6	206.8	107.5	143.9	150.4	127.8	93.1	96.5	80.0	62.1	31.6	2.2	54.9	11.9	45.9	140.4	147.9	113.6

Group Balance Sheets	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Capital employed																					
Goodwill and intangibles	**790.4**	769.2	784.0	789.5	744.1	820.0	761.1	726.0	646.1	610.8	554.2	485.9	481.0	476.2	474.9	479.7	489.3	516.0	448.7	400.3	375.4
Property, plant and equipment and ROU Asset	**738.0**	745.1	768.6	774.5	740.6	999.5	1,023.2	521.6	504.4	461.7	430.1	423.4	413.4	458.3	471.9	489.6	537.1	603.2	516.1	460.8	427.1
Financial assets	**0.1**	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	3.4	3.5	0.2	0.6	0.3	0.2
Net current assets	**257.5**	253.0	204.1	224.7	142.3	100.3	173.6	161.7	136.3	141.5	149.6	112.8	136.5	133.7	121.2	122.2	122.6	193.0	256.9	225.4	207.8
Other net non-current liabilities	**(13.9)**	(39.5)	(51.7)	(52.1)	(46.5)	(97.9)	(61.5)	(59.8)	(49.4)	(52.6)	(31.3)	(40.6)	(23.0)	(85.9)	(58.4)	(22.8)	(56.4)	(69.9)	(35.7)	(35.8)	(52.4)
	1,772.1	1,727.9	1,705.1	1,736.7	1,580.6	1,822.0	1,896.5	1,349.6	1,237.5	1,161.5	1,102.7	981.6	1,008.0	982.5	1,009.7	1,072.1	1,096.1	1,242.5	1,186.6	1,051.0	958.1
Financed as follows:																					
Shareholders' equity	**1,648.7**	1,596.2	1,655.8	1,745.6	1,719.6	1,467.0	1,362.7	1,296.5	1,174.6	1,062.1	985.7	902.3	870.3	813.5	821.0	852.5	809.7	827.6	783.0	681.1	557.7
Non-controlling interest	**–**	–	–	–	–	–	–	–	–	3.1	3.4	4.0	4.0	4.1	–	–	–	–	–	–	–
Net debt/(cash)	**123.4**	131.7	49.3	(8.9)	(139.0)	355.0	533.8	53.1	62.9	96.3	113.6	75.3	133.7	164.9	188.7	219.6	286.4	414.9	403.6	369.9	400.4
	1,772.1	1,727.9	1,705.1	1,736.7	1,580.6	1,822.0	1,896.5	1,349.6	1,237.5	1,161.5	1,102.7	981.6	1,008.0	982.5	1,009.7	1,072.1	1,096.1	1,242.5	1,186.6	1,051.0	958.1

Grafton Group plc Financial History – 2005 to 2025 continued

Group Balance Sheets	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Other Information																					
Net (cash)/debt pre-IFRS 16	**(274.0)**	(272.1)	(379.7)	(458.2)	(588.0)	(181.9)	(7.8)	53.1	62.9	96.3	113.6	75.3	133.7	164.9	188.7	219.6	286.4	414.9	403.6	369.9	400.4
Acquisitions & investments	**20.9**	109.6	27.9	46.0	123.3	47.5	92.6	73.8	40.4	11.9	98.6	33.1	5.9	17.6	11.1	2.1	6.1	22.4	61.0	59.4	326.7
Purchase of fixed assets and investment in intangible assets	**46.2**	46.8	52.8	57.8	43.6	35.2	52.4	73.6	81.4	60.4	51.6	46.9	24.7	23.0	30.6	8.2	11.0	62.6	71.7	84.8	68.8
	67.1	156.4	80.7	103.8	166.9	82.7	145.0	147.4	121.8	72.3	150.2	80.0	30.6	40.6	41.7	10.3	17.1	85.0	132.7	144.2	395.5
Depreciation and intangible amortisation	**151.0**	134.7	126.0	114.6	115.1	121.4	114.8	49.0	43.5	38.1	33.1	32.5	31.5	33.9	37.1	40.1	44.7	45.0	40.4	37.8	34.5

Financial Highlights	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Adjusted EPS (pence)	**75.4**	71.8	77.9	96.6	93.0	56.7	62.8	66.0	54.9	47.7	41.2	34.4	22.3	15.1	13.4	15.9	4.8	25.6	57.7	53.2	46.4
Dividend/share purchase per share (pence)	**37.75**	37.0	36.0	33.0	30.5	14.5	19.0	18.0	15.5	13.8	12.5	10.8	8.5	7.0	6.5	6.0	4.5	11.9	15.1	12.8	10.8
Cash flow per share (pence)	**143.8**	128.1	128.5	138.4	134.5	96.0	108.8	83.9	72.4	64.0	54.9	48.4	39.5	29.9	24.9	44.8	26.6	39.6	74.1	68.4	60.4
Net assets per share (pence)	**861.7**	809.0	805.5	781.4	717.8	613.7	573.0	545.3	495.0	449.5	419.0	387.9	374.4	350.6	354.1	368.5	351.0	359.5	341.2	284.7	234.9
Underlying EBITDA interest cover (times)	**41.5**	n/a	n/a	32.2	18.0	11.9	12.1	48.0	48.4	37.9	27.3	19.4	11.0	8.6	6.4	10.0	5.6	4.5	8.2	10.2	9.4
Dividend/EPS cover	**2.0**	1.9	2.2	2.9	3.0	3.9	3.3	3.7	3.5	3.5	3.3	3.2	2.6	2.2	2.1	2.6	1.1	2.1	3.8	4.2	4.3
Net debt to shareholders' funds	**8%**	8%	3%	(1%)	(8%)	24%	39%	4%	5%	9%	12%	8%	15%	20%	23%	26%	35%	50%	52%	54%	72%
ROCE	**10.9%**	10.3%	11.9%	17.2%	19.4%	10.4%	10.8%	15.0%	13.6%	12.5%	12.2%	11.1%	7.8%	6.1%	4.6%	3.8%	1.8%	7.6%	16.1%	16.5%	18.8%

Corporate Information

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Registrars	MUFG Corporate Markets PO Box 7117, Dublin 2, Ireland Phone: +353 (0)1 553 0050 Email: enquiriesIreland@cm.mpms.mufg.com www.mpms.mufg.com
Solicitors	Arthur Cox, Dublin & Belfast A&L Goodbody, Dublin Squire Patton Boggs, London Allen & Overy, Amsterdam
Bankers	Bank of Ireland HSBC Bank plc ABN AMRO Bank N.V. Barclays Bank plc
Stockbrokers	Goodbody, Dublin Numis Securities Limited (trading as Deutsche Numis), London
Auditors	PricewaterhouseCoopers
Company Registration Number	8149

Financial Calendar 2026

Final Results for 2025	5 March 2026
Annual General Meeting 2026	15 May 2026
Half-Year Results for 2026	3 September 2026

Final Dividend for 2025	
Record date	24 April 2026
Payment date	21 May 2026

Annual General Meeting 2026

The Annual General Meeting of the Company will be held at the Irish Management Institute (IMI), Sandyford Road, Dublin, D16 X8C3, Ireland at 10.30am on Friday, 15 May 2026.

Glossary of Terms

AGM	Annual General Meeting
AI	Artificial Intelligence
APM	Alternative Performance Measure
ARA	Annual Report and Accounts
A&RC	Audit and Risk Committee
BES 6001	Framework Standard for Responsible Sourcing
bps	Basis Points
BRR	Business Risk Register
CBAM	Carbon Border Adjustment Mechanism
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CNG	Compressed Natural Gas
CO_2e	Carbon Dioxide Equivalent
CPI	Consumer Price Index
CRR	Corporate Risk Register
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
DB Schemes	Defined Benefit Schemes
EBITA	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items, net finance expense and income tax expense
EBITDA	Earnings before exceptional items, acquisition related items, net finance expense, income tax expense, depreciation and intangible assets amortisation
EFRAG	European Financial Reporting Advisory Group
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
ESC	Executive Sustainability Committee
ESG	Environmental, Social, Governance
ESRS	European Sustainability Reporting Standards
EUDR	EU Deforestation Regulation
FRS	Financial Reporting Standard
GDPR	EU General Data Protection Regulation
GHG	Greenhouse Gas
GMT	Group Management Team
Grafton	Grafton Group plc
GRC	Group Risk Committee
HVAC	Heating, Ventilation and Air Conditioning
HVO	Hydrogenated Vegetable Oil
IAS	International Accounting Standards
IAASA	Irish Auditing and Accounting Supervisory Authority
IBNR	Incurred But Not Reported
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IR	Investor Relations
ISAs (Ireland)	International Standards on Auditing (Ireland)
ISSC	Information Security Steering Committee
KPI	Key Performance Indicators
LDI	Liability Driven Investment
LPG	Liquefied Petroleum Gas
LTIFR	Lost Time Injury Frequency Rate
LTIP	Long Term Incentive Plan
LTISR	Group Lost Time Injury Severity Rate
OCI	Other Comprehensive Income
PPE	Personal Protective Equipment
PP&E	Property, Plant & Equipment
RCP	Representative Concentration Pathway
Record Date	The date on which holders of Grafton Units must be on the Company's Register of Members at the close of business to be eligible to receive a dividend payment
RMI	Repair, Maintenance and Improvement
RPA	Robotic Process Automation
ROCE	Return on Capital Employed
SBTi	Science Based Targets initiative
SHE	Safety, Health and Environment
SME	Small and Medium sized Enterprise
TCFD	Task Force on Climate-related Financial Disclosures
VIU	Value-In-Use

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