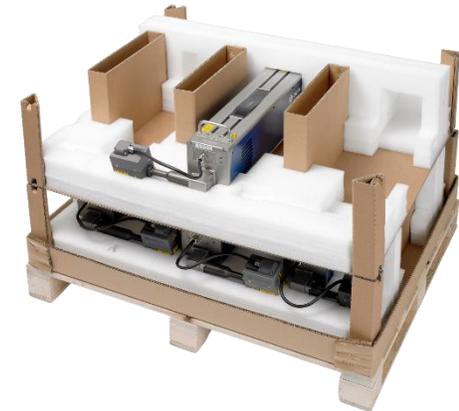




2025 Results



- Executive Summary
- 2025 Results/Cash Flow
- Business Review
 - Packaging Distribution
 - Manufacturing Operations
- Pension Scheme
- Conclusions



Macfarlane Group designs, manufactures & distributes protective packaging to customers across the UK/Europe to:

.....protect their products through the supply chain

.....ensure their products are cost effectively packed, stored and transported

.....reduce their working capital and administration burden

.....optimise their packaging to minimise its environmental impact

How we differentiate:

European coverage with local service

Breadth of product / service offer

Added value customer proposition

Longstanding supplier partnerships

Expertise and focus on protective packaging

Executive Summary

£m	2025 £m	2024 £m	Change
Revenue	300.8	270.4	11%
Adjusted operating profit (AOP) *	19.7	27.4	(28%)
Adjusted profit before tax (APBT) *	15.6	25.0	(38%)

* Before charging amortisation, goodwill impairment and IAS19 past service cost and crediting deferred contingent consideration adjustments.

- Group performance challenged by:
 - Economic headwinds
 - Intensity of trading environment
 - Material increase in operating costs
 - Impact of the incident at Pitreavie
- Balance sheet remains strong, bank facilities committed to November 2028
- Preparing the pension scheme for a buy-in
- Dividend maintained/share buyback programme ongoing
- Profit Recovery Plan underway

Revenue and profit	Revenue ▲ 11%	AOP* ▼ 28%	APBT * ▼ 38%
Returns and balance sheet	Pre-tax ROCE ▼ 7%	Bank debt ▼ £16.2m	Pension surplus ▼ £6.0m
EPS and dividend	Adjusted diluted EPS ▼ 34%	Dividend cover ▼ 1.1x	Dividend per share = 3.66p

* Before charging amortisation, goodwill impairment and IAS19 past service cost and crediting deferred contingent consideration adjustments.



Income Statement

	2025 £m	2024 £m
Revenue	<u>300.8</u>	<u>270.4</u>
Gross Profit	112.2 [37.3%]	105.4 [39.0%]
Operating expenses	<u>(92.5)</u>	<u>(78.0)</u>
Adjusted operating profit	19.7	27.4
Adjustments *	<u>(7.2)</u>	<u>(3.8)</u>
Operating profit	12.5	23.6
Interest	<u>(4.4)</u>	<u>(2.7)</u>
Profit before tax	<u>8.1</u>	<u>20.9</u>
Diluted EPS	3.98p	9.74p
Dividend	3.66p	3.66p
Dividend cover	1.1x	2.7x

* Amortisation, goodwill impairment and IAS19 past service cost charges and deferred contingent consideration credit adjustments.

Income Statement

Alternative Performance Measures £m	Amortisation £m	Goodwill Impairment £m	Deferred Contingent Consideration Adjustments £m	IAS 19 Past Service Cost Adjustment £m	Tax £m	Statutory Measures £m
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Year ending 31 December 2025

AOP *	19.7	(5.2)	(1.6)	1.5	(1.9)	-	12.5	Operating profit
APBT *	15.6	(5.2)	(1.6)	1.2	(1.9)	-	8.1	Profit before tax
Adjusted diluted EPS	7.62p	(3.26)p	(1.03)p	0.76p	(1.22)p	1.11p	3.98p	Diluted EPS

Year ending 31 December 2024

AOP *	27.4	(4.6)	-	0.8	-	-	23.6	Operating profit
APBT *	25.0	(4.6)	-	0.5	-	-	20.9	Profit before tax
Adjusted diluted EPS	11.56p	(2.89)p	-	0.34p	-	0.73p	9.74p	Diluted EPS



Cash Flow

	2025 £m	2024 £m
EBIT	12.5	23.6
DA	18.4	14.6
EBITDA	30.9	38.2
Working Capital	0.7	(1.4)
Interest	(4.5)	(3.1)
Tax	(4.9)	(6.8)
Pension administration costs/past service cost	2.2	0.4
Other movements	0.3	(0.3)
Net cash inflow from operating activities	24.7	27.0
Acquisitions *	(17.3)	(12.1)
Net capital expenditure	(4.5)	(2.9)
Lease obligations	(9.3)	(8.3)
Purchase of own shares	(2.1)	(0.4)
Dividend	(5.8)	(5.7)
Net cash flows from investing/financing activities	(39.0)	(29.4)
Movement in net bank debt	(14.3)	(2.4)

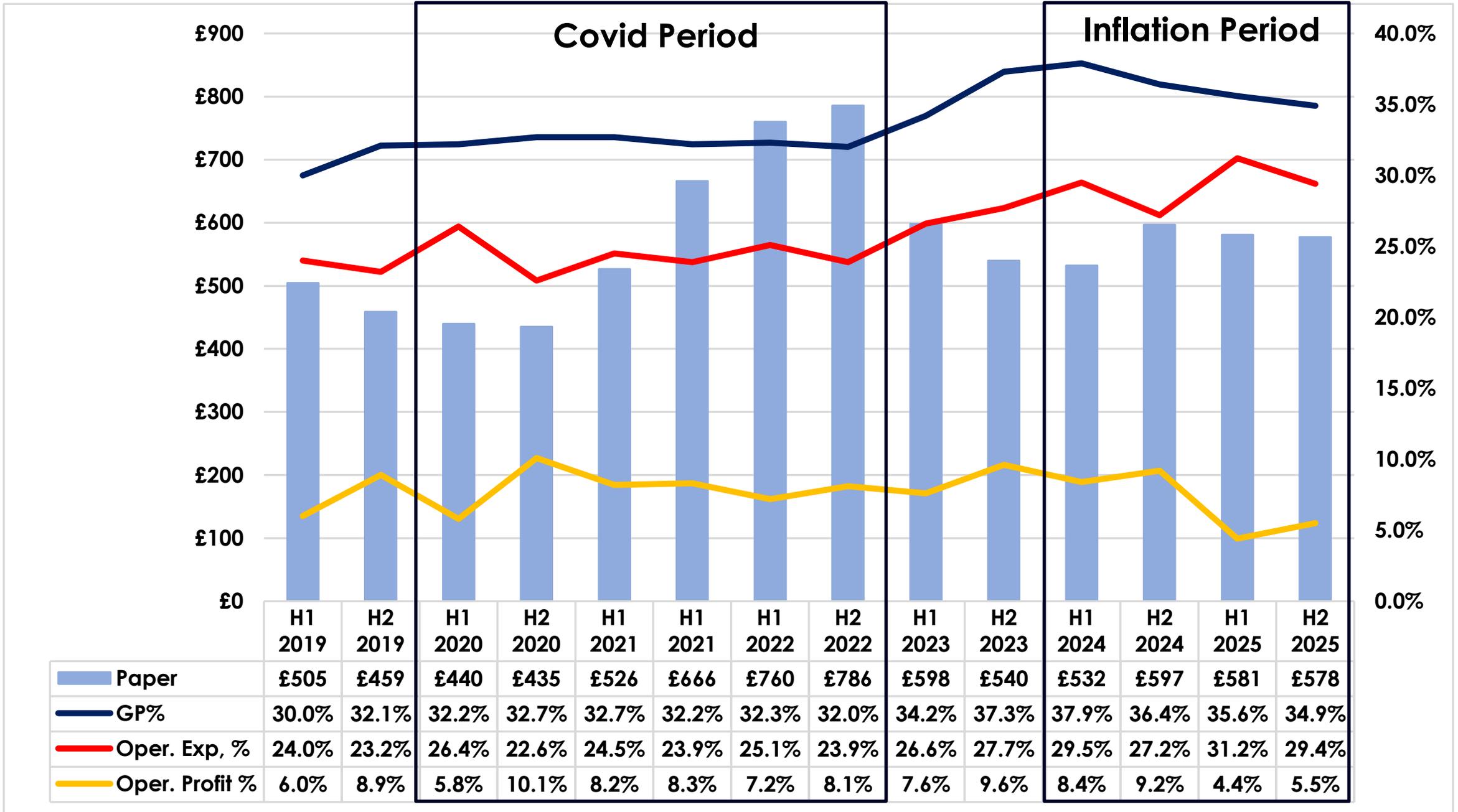
Packaging Distribution

- Marginal increase in revenue versus 2024, with weak customer demand, particularly in retail sector
- New business revenue of £11.9m; 20% lower than 2024
- Strong new business pipeline, but slower decision-making by customers
- Gross Margin lower than the elevated levels of 2024 and stabilising
- Higher operating expenses due to:
 - Increases in National Insurance, National Minimum Wage
 - Property rent increases
 - East Midlands property consolidation incurring dual costs
- Adjusted operating profit margin reduced to 5.0%
- Good NPS score maintained

£m	2025	2024
Revenue	229.2	228.8
Gross margin	80.8 [35.3%]	84.9 [37.1%]
Operating expenses	69.4	64.7
Adjusted operating profit	11.4	20.2
Adjusted operating profit margin	5.0%	8.8%
Net Promoter Score	60	62



Packaging Distribution – Gross Margin Evolution



Packaging Distribution

Operating expenses

	2025		2024	
	£m	% of Revenue	£m	% of Revenue
Employee costs (excl National Insurance)	35.9	15.7%	33.5	14.7%
National Insurance	3.8	1.6%	3.1	1.3%
Property (incl. IFRS 16 adjustments)	11.9	5.2%	11.1	4.9%
Transport (excluding employee costs)	7.4	3.2%	6.8	3.0%
IT	3.0	1.3%	2.8	1.2%
Other	<u>7.4</u>	<u>3.3%</u>	<u>7.4</u>	<u>3.2%</u>
Total operating expenses	<u>69.4</u>	<u>30.3%</u>	<u>64.7</u>	<u>28.3%</u>

Packaging Distribution Priorities for 2026

- Business development to focus on industrial market opportunities where the benefits of our product/service offer can be most effectively demonstrated.
- Introduce a more connected customer proposition combining our Distribution/MDM/European capabilities.
- Operating cost reduction through efficiency programmes in sales, logistics and administration.
- Refine our sourcing model both nationally and locally to reduce input prices.
- Continue to develop a pipeline of high-quality acquisitions in the UK and Europe to be well-positioned to recommence acquisitions from 2027 onwards.
- Maintain our focus on working capital management to facilitate future investment and manage effectively the ongoing risk within the current weak economic environment.

Manufacturing Operations, excluding Pitreavie

- £5.8m revenue growth, £4.5m from Polyformes acquired in July 2024 and £1.3m organic growth
- Good growth from defence, aerospace and space sectors
- 0.6% improvement in gross margin
- Higher operating expenses due to impact of Polyformes and higher National Insurance, National Minimum Wage
- £1.2m improvement in adjusted operating profit
- 0.5% improvement in operating margin

£m	2025	2024
Revenue *	53.3	47.5
Gross margin	23.4 [43.8%]	20.5 [43.2%]
Operating expenses	14.9	13.3
Adjusted operating profit	8.5	7.2
Adjusted operating profit margin	15.9%	15.3%
Sales to Distribution (as % of revenue)	10%	12%

* Including inter-divisional sales to Distribution



Manufacturing Operations- Pitreavie

- Pitreavie acquired in January 2025
- Adjusted operating loss from Pitreavie well below expectations of £1.9m operating profit
 - Impact of weaker demand from customers
 - Tragic incident in October 2025 resulted in:
 - £0.4m of one-off costs, including write-off of equipment
 - reduced operating capacity requiring outsourcing manufacturing to third party suppliers
 - ongoing investigation by the authorities
 - No provision has been recognised in respect of the outcome of that investigation
- Investment of £1.2m in new equipment to restore to full operating capacity in Q2 2026 (pictured)



£m	2025
Revenue *	25.2
Gross margin	8.0 [31.9%]
Operating expenses	8.2
Adjusted operating profit	(0.2)
Adjusted operating profit margin	(0.6)%
Sales to Distribution (as % of revenue)	6%

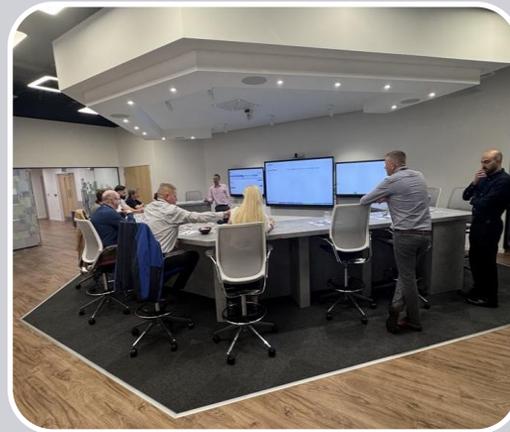
* Including inter-divisional sales to Distribution



Manufacturing Operations Priorities for 2026

- Install and commission new equipment at Pitreavie in Q1 2026 with £1.2m of committed investment to restore the business to full operational capacity in Q2 2026 and commence the recovery back to profit.
- Continue strengthening the relationship with our Packaging Distribution businesses to create both sales and cost synergies.
- Increase momentum of new business growth in target sectors - defence, aerospace and space.
- Achieve both sales and cost synergies through greater connectivity of the manufacturing business units – particularly Polyformes and B&D.





Reducing our Impact

- 36% reduction in absolute carbon emissions since 2019
- Converted the largest truck in our delivery fleet to fully electric
- Over 95% of electricity sourced from renewables
- 230 Carbon tonnes per annum saved utilising lighter trucks
- Scaled up engagement with suppliers on carbon reduction

Supporting our Customers

- 60% increase in Innovation Lab customer engagement
- 12 sustainability events hosted with over 100 customers
- Ongoing support to customers on new environmental regulations
- Retained a customer Net Promoter Score of 60 - well above the B2B average (35)
- New customer website

Our Colleagues & the Community

- Continued roll out of our World Class Sales Training Academy
- Launched our new L & D toolkit and Performance Management framework
- Rolled out training in key areas, including cyber security, diversity and sustainability
- Maintained progress on gender pay gaps

Doing Business the Right Way

- Ranked in the top 10% of businesses globally by EcoVadis
- Improved our CDP carbon disclosure score to management level (B)
- Awarded Cyber Essentials Plus accreditation
- Scaled up ethical assurance on supply chain
- Retained the London Stock Exchange Green Economy Mark

Existing Regulation

Plastic Packaging Tax

Extended Producer Responsibility (EPR)

Digital Markets, Competition and Consumers Act

Regulation anticipated within 12 months

EPR Phase 2 – Modulated Fees based on recyclability

EU Deforestation Regulations

EU Packaging and Packaging Waste Regulations

Future Regulation (2-5 years)

Deposit Return Scheme

EU Empowering Consumers Directive

International Sustainability Reporting Standards

EU Corporate Sustainability Reporting and Due Diligence

Pension Scheme - £m Surplus

£m	2025	2024
Opening surplus	9.6	9.9
Administration costs/interest income	0.3	-
Past service cost adjustment	(1.9)	-
Change in actuarial assumptions <small>(Discount rate ↓ 0.05% to 5.45% (2024 ↑ 1.00%))</small>	(0.9)	6.6
Investment returns	(1.1)	(6.9)
Closing surplus	6.0	9.6

Investments (£m)	2025	2024
Multi-asset Diversified Fund	-	2.9
Securitised Credit Funds	16.2	16.9
Multi-asset Credit Funds	3.0	10.2
Liability-driven Investments	37.2	32.6
Cash	5.8	1.5
Total investments	62.2	64.1
Liabilities (£m)		
Total liabilities	56.2	54.5

- Change in bond yields and inflation offset by LDIs which provide hedge vs. movements
- No company contributions currently required
- Working with trustees and advisers to prepare scheme for buy-in
- As part of this review an adjustment of £1.9m has been assessed to equalise historic liabilities
- Buy-in will be executed if pricing is favourable with minimal cash contributions required from the Company



	Priorities	Approach	2025 Outcomes
1	Management of working capital and investment in capital expenditure to support organic growth	Working capital managed against benchmark number of days. Capital expenditure prioritised (i) essential/ replacement (ii) by investment returns	Working capital investment £(0.7)m Capital expenditure of £4.5m
2	Earnings enhancing acquisitions	Based on investment returns and within a disciplined multiple to EBITDA range	£17.3m acquisition investment: <ul style="list-style-type: none"> • £13.9m on 2025 acquisitions • £3.4m deferred consideration
3	Sustainable and progressive dividend	Based on business performance and appropriate dividend cover	Dividends of £5.8m paid in 2025 (3.66p per share) Dividend cover 1.1 times (Diluted EPS/(Interim 2025 + Proposed Final 2025))
4	Return surplus cash to shareholders	Through share buybacks or enhanced dividends	£2.1m of shares purchased of £4m, 12-month buyback programme which commenced in June 2025



In 2026 we expect :

- market conditions to remain weak
- the competitive environment to remain intense

Focus will be:

- **improving** the performance of **Packaging Distribution**
- **recovering** the **Pitreavie** business back to profitability
- **continuing** the development of our specialist **Manufacturing Operations**

Management priorities for 2026:

- **Focus sales development** in industrial markets
- Improve **operational efficiency through** targeted cost savings
- Refine our sourcing model to **reduce input pricing**
- **Recover Pitreavie performance** through the replacement investment in corrugate production capacity
- Continue to **evaluate opportunities** to grow through acquisition

Effective execution of these priorities will demonstrate the prospects for the Group remain positive

