2026 Interim Results

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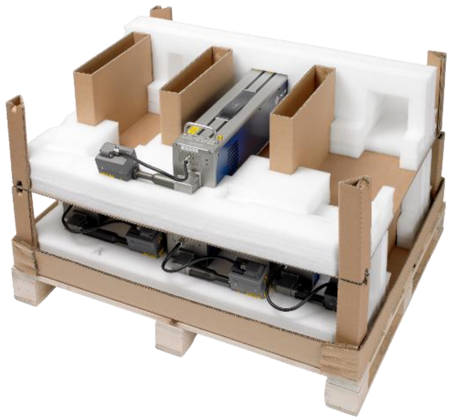

MACFARLANE GROUP

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	**H1 2026 £m**	H1 2025 £m	*Change*
Revenue	**148.9**	146.6	2%
Adjusted operating profit (AOP) *	**9.5**	9.8	(3%)
Adjusted profit before tax (APBT) *	**7.2**	7.9	(9%)

* Before charging/crediting amortisation and deferred contingent consideration adjustments.

- Profit Recovery Plan underway :
  - Packaging Distribution returned to organic profit growth
  - Manufacturing Operations revenue grew and continues to generate attractive returns
  - Pitreavie restored to profitability in Q2 2026
- Impact of events in the Middle East:
  - Significant increase to input prices and higher operating costs
  - Cost inflation effectively managed, maintaining service levels with minimal impact on profitability
- Balance sheet remains strong, bank facilities committed to November 2028
- Pension scheme buy-in transaction complete
- Dividend maintained and new share buyback programme confirmed

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Financial Summary – H1 2026

Revenue and profit	Revenue ▲ 2%	AOP * ▼ 3%	APBT * ▼ 9%
Balance sheet	Bank net debt ▲ £17.9m	EBITDA/Net debt ** ▲ 0.9x	Pension surplus ▼ £5.3m
EPS and dividend	Adjusted diluted EPS ▼ 9%	Dividend cover *** ▼ 3.6x	Dividend per share = 0.96p

* Before charging/crediting amortisation and deferred contingent consideration adjustments
** EBITDA measured pre-IFRS 16 in line with the leverage covenant set by the bank debt providers
*** Adjusted diluted earning per share divided by dividend per share

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Income Statement

	H1 2026 £m	H1 2025 £m
Revenue	**148.9**	146.6
Gross Profit	**56.2 [37.7%]**	55.4 [37.8%]
Operating expenses	**(46.7)**	(45.6)
Adjusted operating profit	**9.5**	9.8
Adjustments *	**(2.4)**	(2.8)
Operating profit	**7.1**	7.0
Interest	**(2.4)**	(2.0)
Profit before tax	**4.7**	5.0
Adjusted Diluted EPS	**3.45p**	3.78p
Dividend	**0.96p**	0.96p
Dividend cover	**3.6X**	3.9x

* Amortisation and deferred contingent consideration adjustments.

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Income Statement

	Alternative Performance Measures £m	Amortisation £m	Deferred Contingent Consideration Adjustments £m	Tax £m	Statutory Measures £m	
Six months to 30 June 2026						
AOP	**9.5**	**(2.4)**	**-**	**-**	**7.1**	**Operating profit**
APBT	**7.2**	**(2.4)**	**(0.1)**	**-**	**4.7**	**Profit before tax**
Adjusted diluted EPS	**3.45p**	**(1.56)p**	**(0.05)p**	**0.38p**	**2.22p**	**Diluted EPS**
Six months to 30 June 2025						
AOP	9.8	(2.6)	(0.2)	-	7.0	Operating profit
APBT	7.9	(2.6)	(0.3)	-	5.0	Profit before tax
Adjusted diluted EPS	3.78p	(1.65)p	(0.21)p	0.40p	2.32p	Diluted EPS

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Cash Flow

	H1 2026 £m	H1 2025 £m
EBIT	**7.1**	7.0
DA	**9.2**	9.0
EBITDA	**16.3**	16.0
Working Capital	**(2.2)**	1.4
Interest	**(2.5)**	(2.1)
Tax	**(1.3)**	(3.2)
Pension administration costs/past service cost	**0.1**	0.1
Other movements	**(0.1)**	0.2
Net cash inflow from operating activities	**10.3**	12.4
Acquisitions *	**-**	(15.1)
Net capital expenditure	**(1.8)**	(1.3)
Lease obligations	**(5.1)**	(4.7)
Purchase of own shares	**(1.0)**	(0.2)
Dividend	**(4.2)**	(4.3)
Net cash flows from investing/financing activities	**(12.1)**	(25.6)
Movement in net bank debt	**(1.8)**	(13.2)

* Including bank borrowings inherited of £4.4m

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Capital Allocation

	Priorities	Approach	Allocation
1	Management of investment in capital expenditure to support organic growth	Capital expenditure prioritised (i) essential/ replacement (ii) by investment returns	c.£3.5m to £5.0m per annum
2	Sustainable and progressive dividend	Based on business performance and appropriate dividend cover	Maintain current dividend levels (c.£5.7m per annum) until cover is restored to >2.5x *
3	Return surplus cash to shareholders	Through share buybacks or enhanced dividends	Expect to complete £4m buyback end Q3 2026 (H2 2026: £0.9m) Commence new £6m buyback programme in October 2026
3	Earnings enhancing acquisitions	Based on investment returns and within a disciplined multiple to EBITDA range	No immediate plans, until valuation improves and profit recovery programme more advanced.

* (Adjusted Diluted EPS/(Interim + Final Dividend)

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Packaging Distribution

- Increase in revenue versus H1 2026
  - Improved new business revenue of £5.1m; 38% increase on H1 2025
  - Successfully recovering higher input costs
- Stable gross margin despite inflationary impact of events in the Middle East
- Operating expenses controlled despite:
  - Inflation in labour costs driven by:
    - Increase in National Insurance,
    - Redundancy costs,
    - 1 April 2026 pay award
  - Higher logistics costs primarily related to increased fuel prices
  - Efficiency programmes reducing headcount – 700 vs 744
- Improved adjusted operating profit margin to 4.6%

£m	**H1 2026**	H1 2025
Revenue	**111.7**	110.4
Gross margin	**40.2 [36.0%]**	39.3 [35.6%]
Operating expenses	**35.1**	34.5
Adjusted operating profit	**5.1**	4.8
Adjusted operating profit margin	**4.6%**	4.3%
Net Promoter Score	**59**	61

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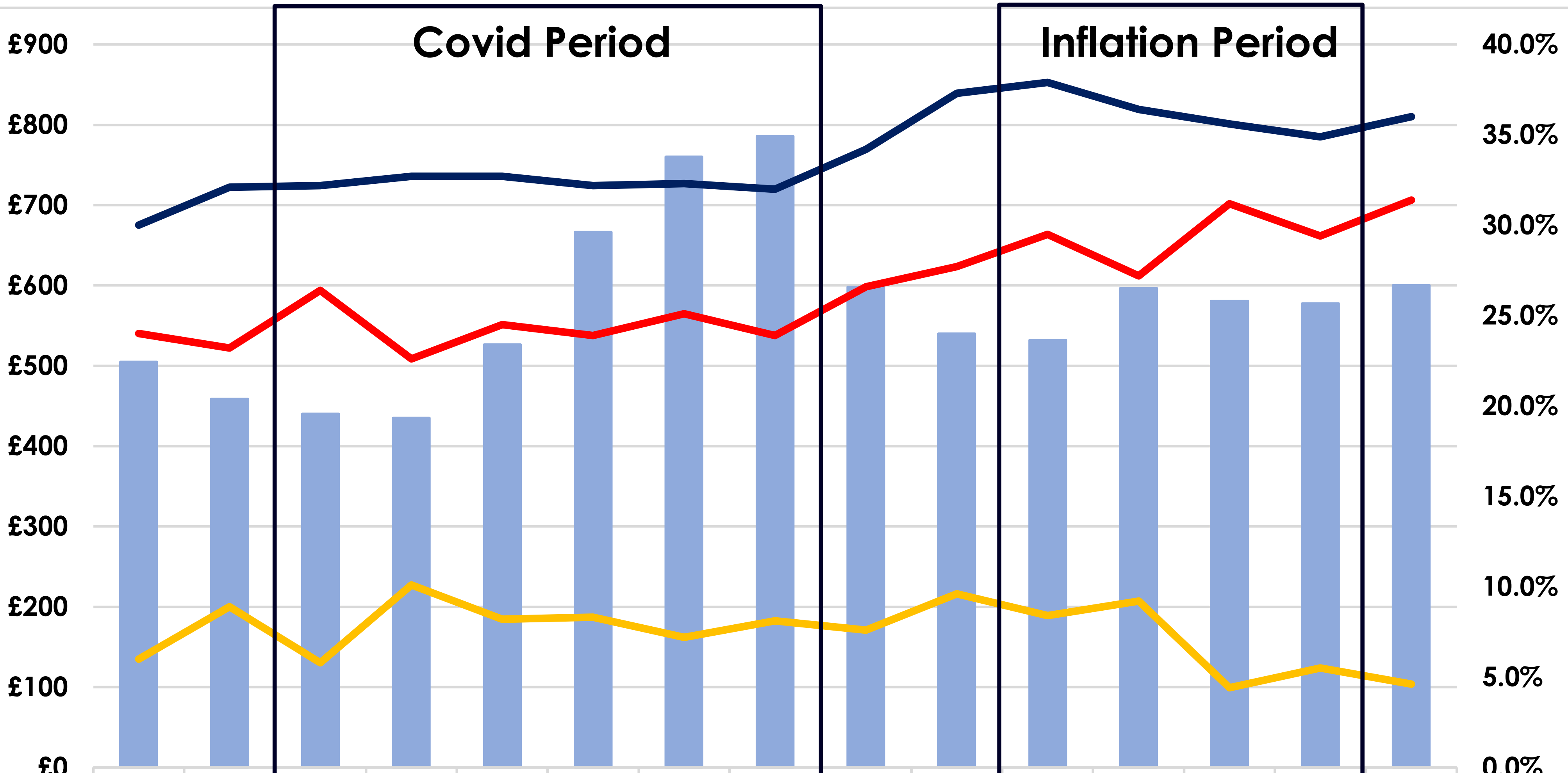
Packaging Distribution – Margin Evolution



	H1 2019	H2 2019	H1 2020	H2 2020	H1 2021	H1 2021	H1 2022	H2 2022	H1 2023	H2 2023	H1 2024	H2 2024	H1 2025	H2 2025	H1 2026
Paper	£505	£459	£440	£435	£526	£666	£760	£786	£598	£540	£532	£597	£581	£578	£600
GP%	30.0%	32.1%	32.2%	32.7%	32.7%	32.2%	32.3%	32.0%	34.2%	37.3%	37.9%	36.4%	35.6%	34.9%	36.0%
Oper. Exp, %	24.0%	23.2%	26.4%	22.6%	24.5%	23.9%	25.1%	23.9%	26.6%	27.7%	29.5%	27.2%	31.2%	29.4%	31.4%
Oper. Profit %	6.0%	8.9%	5.8%	10.1%	8.2%	8.3%	7.2%	8.1%	7.6%	9.6%	8.4%	9.2%	4.4%	5.5%	4.6%

Packaging Distribution
Operating expenses

	H1 2026		H1 2025	
	£m	**% of Revenue**	£m	% of Revenue
Employee costs (excl National Insurance)	**18.4**	***16.5%***	17.8	*16.0%*
National Insurance	**2.0**	***1.8%***	1.7	*1.6%*
Property (incl. IFRS 16 adjustments)	**5.5**	***5.0%***	6.2	*5.6%*
Transport (excluding employee costs)	**3.7**	***3.3%***	3.5	*3.2%*
IT	**1.5**	***1.3%***	1.5	*1.4%*
Other	**4.0**	***3.5%***	3.8	*3.4%*
Total operating expenses	**35.1**	***31.4%***	34.5	*31.2%*

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Packaging Distribution Profit Recovery Plan

KPI	H1 Progress	Medium Term Target	Commentary
Organic Growth	1.2%	2.0%-3.0%	• Sales focus on more resilient and higher margin industrial markets • New Strategic Account Sales Programme • Realise benefits from relaunched web-based solutions offering • Leverage benefit of key differentiators – Innovation Labs and Packaging Optimiser
Gross Margin	36.0%	34.0%-36.0%	• Continue to effectively manage the incremental input costs arising from events in the Middle East • Strengthen our key supplier relationships, both nationally and locally. • Improve pricing disciplines in local/core customer segments
Operating Cost %	31.4%	27.0%-29.0%	• Ensure flow through benefits of H1 2026 cost reduction actions • RDC Best Practice Programmes to improve returns of RDCs below 5% ROS • Achieve benefits from information technology investments • Business simplification to ensure focus on added value activities
Operating Margin	4.6%	7.5%+	

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Manufacturing Operations, excluding Pitreavie

- £1.4m increase in revenue
- Stronger demand from existing customers in defence, aerospace and electronics sectors
- Slight decline in gross margin due to delay in recovery of rising input costs
- Higher operating expenses due to increases in National Insurance, National Minimum Wage and logistics costs
- Adjusted operating profit unchanged vs H1 2025 and adjusted operating margins remain strong

£m	**H1 2026**	H1 2025
Revenue *	**28.0**	26.7
Gross margin	**12.1 [43.2%]**	11.8 [44.2%]
Operating expenses	**7.6**	7.3
Adjusted operating profit	**4.5**	4.5
Adjusted operating profit margin	**16.0%**	16.9%
Sales to Distribution (as % of revenue)	**9%**	10%

* Including inter-divisional sales to Distribution

MACFARLANE PACKAGING DESIGN AND MANUFACTURE

GWPGroup

Barum & Dewar

Suttons PERFORMANCE PACKAGING

Polyformes

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Manufacturing Operations- Pitreavie

- Return to adjusted operating profit in Q2 2026
- Adjusted H1 operating loss due to restricted operating capacity
- Loss minimised by good retention of customers, partnership with Packaging Distribution and support of supply partners
- £1.2m investment in new equipment installed and commissioned during Q1 2026
- No progress to report on investigation into the tragic incident in October 2025 and no provision made at this stage.

£m	H1 2026	H1 2025
Revenue *	**12.6**	12.5
Gross margin	**3.9 [30.7%]**	4.3 [34.3%]
Operating expenses	**4.0**	3.8
Adjusted operating profit	**(0.1)**	0.5
Adjusted operating profit margin	**(0.8%)**	3.6%

* Including inter-divisional sales to Distribution

Pitreavie
Packaging Reimagined

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Pitreavie Profit Recovery Plan

KPI	H1 Progress	Medium Term Target	Commentary
Corrugate Throughput (per annum)	79k per day	100k per day	• Installation of new corrugate equipment in Q1 2026 increases capacity of the corrugate operation in the current shift system
Revenue Growth	2.2%	5.0%	• Target new corrugate and protective packaging business with industrial, energy and food manufacturing customers across Scotand • Continue to maintain high retention of existing customers through manufacturing flexibility and high-quality service • Increase sales of in-house produced corrugate to end customers of the Distribution business in Scotland and the North of England. • Grow the temperature-controlled packaging business through the Macfarlane national distribution network
Gross Margin	30.7%	35.0%	• End of outsourcing of corrugate manufacturing in Q2 2026 will increase the gross margin in H2 2026 to c33%+ • Improved efficiency from the investment in the new corrugate manufacturing equipment • Revised customer profitability model • Development of supply partnerships and sourcing with the wider Macfarlane Group
Operating (Loss)/Profit	£(0.1)m	£2.0m+	

CDP

Reducing our Impact

- 36% reduction in absolute carbon emissions since 2019
- 10 fully electric commercial vehicles
- 95%+ of electricity sourced from renewables
- New solar panels array installed at Polyformes
- Driving carbon efficiencies through the latest fleet innovation

Supporting our Customers

- 270 YTD customer engagements with our Innovation Labs
- 6 sustainability events hosted with over 200 customers
- Supporting customers on new EU environmental regulations (PPWR)
- Retained a rolling customer Net Promoter Score of 60

Our Colleagues & the Community

- Progressed Health and Safety improvement programme
- Maintained our corporate volunteer day and charity fundraising match scheme
- Developed management compliance refresher programme
- Maintained progress on gender pay gaps

Doing Business the Right Way

- Retained London Stock Exchange Green Economy Mark
- Ranked in the top 15% of businesses globally by EcoVadis
- Achieved CDP climate change management level (B)
- Cyber Essentials Plus accreditation

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UK and EU Sustainability Regulatory Environment

Existing Regulation	New Regulation within 2026	Future Regulation 2027 and beyond
Plastic Packaging Tax (April 2022) **Extended Producer Responsibility** (January 2025) Digital Markets, Competition and Consumers Act (January 2025)	**EU Packaging and Packaging Waste Regulations** (August 2026) EU Empowering Consumers Directive (September 2026) EU Deforestation Regulations (December 2026)	International Sustainability Reporting Standards (2027) UK Carbon Border Adjustment (2027) EU Corporate Sustainability Reporting Directive (2029)

Pension Scheme – Buy-in Completed

£m	H1 2026	H1 2025	2025
Opening surplus	**6.0**	9.6	*9.6*
Administration costs/interest income	**-**	0.2	*0.3*
Past service cost adjustment	**-**	-	*(1.9)*
Change in actuarial assumptions (Discount rate unchanged at 5.95% (H1 2025 ↑ 0.45%: 2025 ↑ 0.50%)	**2.6**	0.3	*(0.9)*
Investment returns	**(3.3)**	(0.9)	*(1.1)*
Closing surplus	**5.3**	9.2	*6.0*

Investments (£m)	H1 2026	H1 2025	2025
Multi-asset Diversified Fund	**-**	2.4	*-*
Securitised Credit Funds	**-**	16.6	*16.2*
Multi-asset Credit Funds	**-**	10.3	*3.0*
Liability-driven Investments	**-**	32.6	*37.2*
Insured Assets (post buy-in)	**52.0**	-	*-*
Cash	**5.5**	1.0	*5.8*
Total investments	**57.5**	62.9	*62.2*
Liabilities (£m)			
Total liabilities	**52.2**	53.7	*56.2*

- Buy-in transaction executed on 29 June 2026 fully funded from pension scheme assets.
- As a result, all financial and demographic risks fully insured, excluding post buy-in adjustments.
- Target within two years;
  - to complete post buy-in data reconciliations and adjustments.
  - to have the option to proceed to buy-out and winding up the scheme.
- Anticipated any surplus or deficit at buy-out will be no more than £1 million.

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Conclusions

Market Conditions **-** weak UK economy, impact of Middle East and increasing Environmental Regulation

H1 Progress:

- **Middle East impact** largely being offset
- **Packaging Distribution** performance improvement
- **Pitreavie** Q2 return to profitability
- **Manufacturing Operations** performance stable

Profit Recovery Actions:

- **Focus sales development** in industrial markets
- **Reduce cost base** through targeted cost savings
- **Increase ROS** in lower performing RDCs through Best Practice Programme
- **Improve input pricing** with refined sourcing programme
- **Recover Pitreavie performance** following the restoration of corrugate production capacity

Capital Allocation : **maintain dividends** and **new share buyback programme**

Continue **net debt level** at **c. 1.0x** EBITDA