

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.

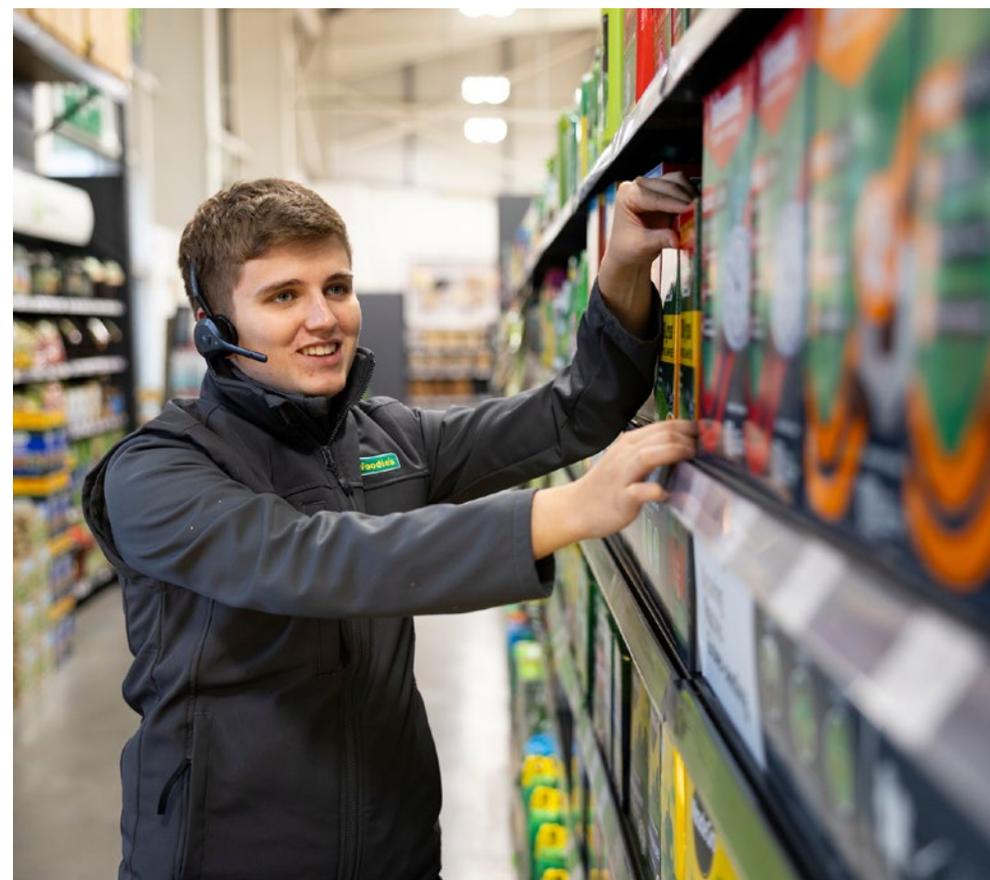
In Great Britain, the near term outlook for the construction market remains subdued following the loss of momentum in the latter part of 2025. While easing inflation and supportive interest rates should help, growth in 2026 is likely to be modest and weighted towards the second half.

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