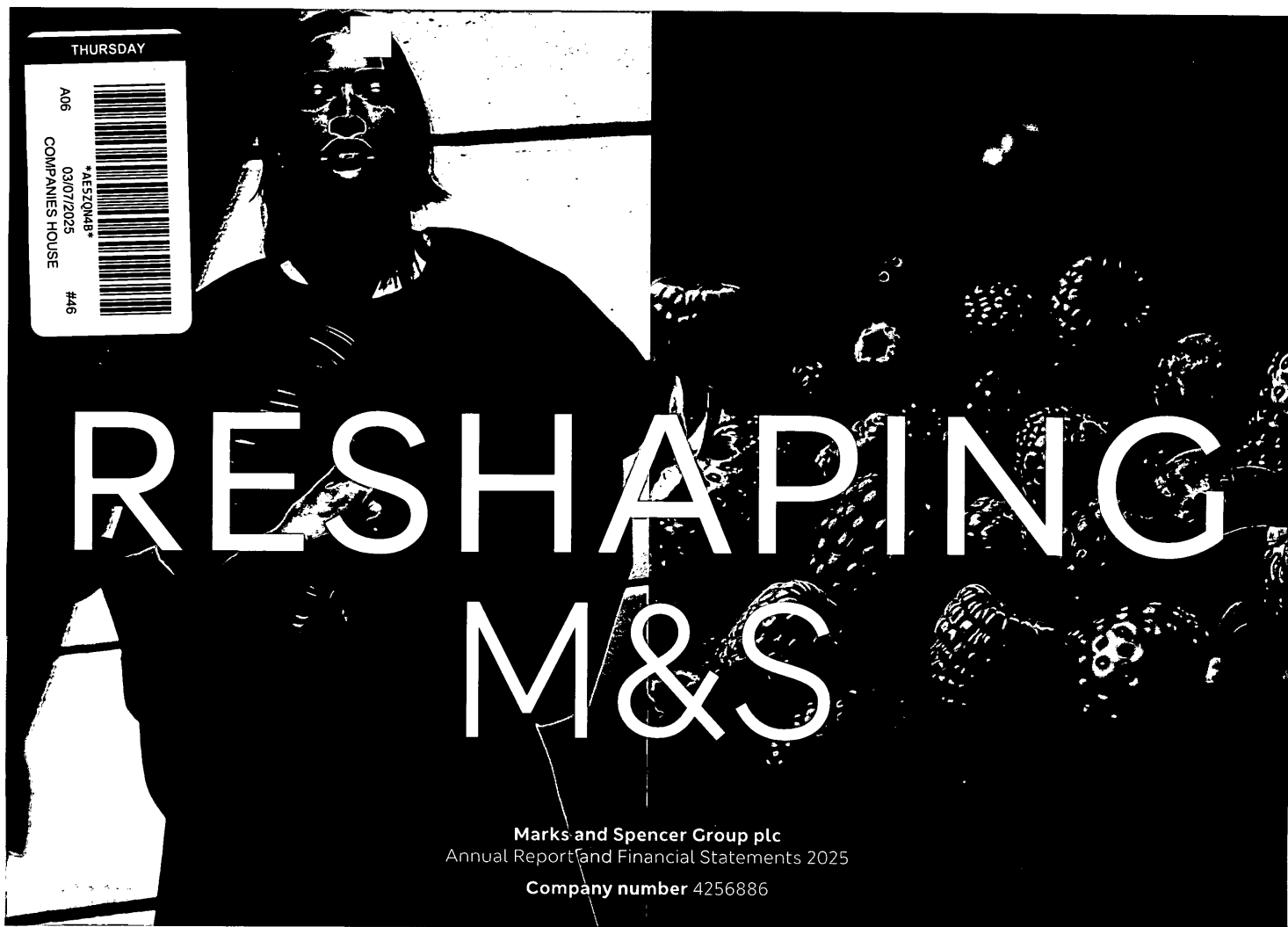




Marks and Spencer Group plc
Annual Report and Financial Statements 2025
Company number 4256886

OUR VISION

To be the most trusted retailer, doing the right thing for our customers, with quality products at the heart of everything we do.



OUR PURPOSE

To bring the magic of M&S, through exceptional quality, value, service and innovation to every customer.
Whenever, wherever and however they want to shop with us.



OUR STRATEGIC PRIORITIES

Create exceptional products	Drive profitable sales growth	Deliver target operating margins
Build the M&S we need to be		

➡ See Strategic Progress on pages 12 to 21.



OUR BEHAVIOURS



➡ See People and Culture on pages 32 to 35.

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Optimising our Annual Report and Accounts

This year, we have made several changes to optimise our Annual Report and Accounts for online viewing in response to evolving shareholder preferences. In the last decade, there has been a 60% increase in the number of shareholders signed up for e-communications.



For the best experience, view online at corporate.marksandspencer.com/annualreport2025.

Alternative performance measures

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

We have included a glossary on pages 194 to 199 which provides a comprehensive list of APMs that we use, including an explanation of how they are calculated, how we use them and how they can be reconciled to a statutory measure where relevant.

HIGHLIGHTS OF THE YEAR

Strong financial and strategic progress in 2024/25 as M&S continues to Reshape for Growth.

Financial

Group revenue

£13.8bn

23/24: +6%



Net funds excluding lease liabilities

£437.8m

23/24: +858%



Adjusted basic earnings per share

31.9p

23/24: +29.7%



Group profit before tax and adjusting items

£875.5m

23/24: +22.2%



Group profit before tax

£511.8m

23/24: -23.9%



Basic earnings per share

14.6p

23/24: -33.3%



Strategic

Food: volume growth

6.7%

23/24: +1.5%



Fashion, Home & Beauty: market share

10.5%

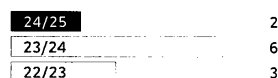
23/24: +5%



New Full Line stores

2

23/24: 6



New Food stores

8

23/24: N/A



App percentage of online orders

54%

23/24: +22.7%



Raised for Young Minds

£2.7m

23/24: +59%



CHAIRMAN'S LETTER

Dear Shareholder

The business world today rarely moves in straight lines and just as you think life has become more predictable, events have a way of upending the best performing team and bringing us all back to the ground.

At the time of writing, the business has been pre-occupied with handling the aftermath of the cyber incident that affected us after the year end. Although the impact is significant and will endure for some weeks, or even months, I am confident that, in the fullness of time, M&S will recover the formidable momentum in trading performance we demonstrated in the last year and bounce back better and stronger.

During the last three weeks the Executive team has been steadfast in responding to the attack which has been all absorbing and the Board has been fully informed and engaged. As a result the 2024-25 results, the main subject of this report, seem to be very historic. However, they are important not just because they show a third year of improvement in overall sales, market share, profit and cash flow but also because they demonstrate the momentum and potential in the "reshaping" strategy as it takes hold.

Our strategy, which was born of the turnaround plans launched some years ago, is now built around "Reshaping for Growth". In a business with growth in profit and no financial debt it is hard, even for an impatient Chairman, to argue that we are still in turnaround mode. However, it is important that the "spirit of the turnaround" remains with us and that is why Stuart Machin has coined the phrase "positively dissatisfied". It is our objective to drive the pace of change to build the business for growth and success now and in the next 100 years.

Our confidence in the programme derives from the fact that there is so much in our two main businesses that still requires investment and change: legacy systems; a supply chain in both Food and Fashion, Home & Beauty which is well below industry leading standards and in some cases inefficient; an improved online performance

but one which is not best in class in the way we trade, take orders or fulfil for customers. All that represents potential for the future and, because of the strength of our trading and cash flow, we are now able to increase our investment rate.

In both main businesses what we have demonstrated is the power of product. Where we have launched stylish quality fashion at great value the customer response has been strong and our Food business is now innovating great food with increasing focus on health and freshness. In a retail industry where innovation has slowed, we are investing heavily in our new formats and the management team, talent and culture is strengthening all the time.

We operate a highly engaged Board model and I am grateful to all Board members for their contribution. Jeremy Townsend, who stepped in as Finance Director three years ago, is now leaving with our great thanks. He brought calmness and strength to the finance function and is succeeded by Alison Dolan who joined us early in the year.

I am confident that in a year's time the cyber incident will prove to have been a bump in the road along the path to growth, even if it does not feel like that today. However, coming on top of a very strong trading year it has stretched the sinews of the management team and we have seen an extraordinary response from our colleagues in the Support Centre, in our logistics centres and particularly in our stores.

I particularly want to recognise the efforts of our front-line colleagues; for the third year in a row, M&S has made a record investment – £95m – in store colleague pay.

Our thanks go to them all and to our customers, shareholders, suppliers and partners for whose support we are very grateful.

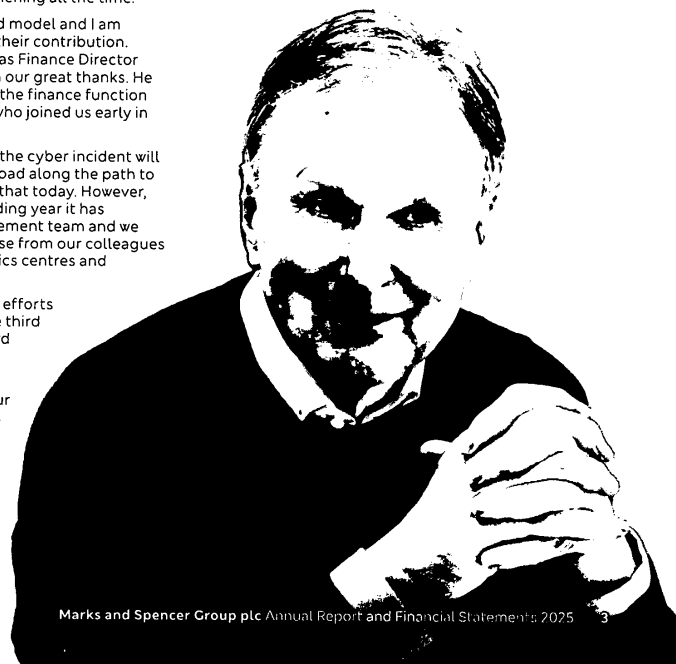
Yours sincerely

Archie Norman
Chairman

“It is important that the “spirit of the turnaround” remains with us.



Use the QR code to watch Archie's video



CHIEF EXECUTIVE'S REVIEW

Three years ago, we introduced our “Reshaping M&S for Growth” plan with the objective of protecting the magic of M&S and modernising the rest. Executing that strategy has delivered a third consecutive year of growth in sales and market share, profit and improving return on capital. Disciplined capital allocation and a much stronger balance sheet have put M&S on a robust financial footing, increasing resilience and creating capacity for future growth. M&S has net funds of over £400m and we are in our best financial health for nearly 30 years.

Our Food business had another strong year as more customers chose to fill their trolleys with M&S food, more often. Our continuous investment in quality, value and innovation is paying off. We've outperformed the market over the past three years and I'm confident we will continue the momentum and grow a bigger, fresher Food business.

In Fashion, Home & Beauty, our authoritative lead in quality and value perception and much improved style credentials has broadened appeal and grown market share. This renewed strength in product gives us the foundation to drive future growth through transforming our end-to-end supply chain and accelerating online. Consistent market outperformance over the past three years demonstrates the improvements we've made and I'm confident that with focused execution, we can deliver our plan.

Overall, last year was another year of strong performance, and there are so many opportunities still ahead of us. As outlined at last year's Capital Markets Day, we will continue our plan to invest in our key growth areas: Store rotation, supply chain and technology.



We started the new financial year as we finished the last, with sales growth ahead of budget across both businesses. Over the last few weeks, we have been managing a highly sophisticated and targeted cyber-attack which has led to a limited period of disruption. We have tackled this head on with incredible spirit, teamwork and deep sense of responsibility as we prioritised serving our customers.

It has been challenging, but it is a moment in time, and we are now focused on recovery, with the aim of exiting this period a much stronger business. There is no change to our strategy and our longer term plans to reshape M&S for growth and if anything, the incident allows us to accelerate the pace of change as we draw a line and move on.

Over the last 140 years, M&S has overcome many challenges – testament to the longevity of this brand. This incident is a bump in the road, and we will come out of this in better shape and continue our plan to reshape M&S for customers, colleagues and shareholders.

I would like to thank all of our colleagues and supplier partners for their hard work and dedication and, importantly thank our customers. They have been unwavering in their support, and we are incredibly grateful for their patience and trust in M&S.

Stuart Machin
Chief Executive Officer



“

Disciplined capital allocation and a much stronger balance sheet have put M&S on a robust financial footing, increasing resilience and creating capacity for future growth.

Stuart Machin
Chief Executive Officer



➞ Hear more from Stuart on
our financial and strategic
performance here.

OUR MARKETS

HOW M&S IS RESPONDING TO THE CONSUMER ENVIRONMENT

FOCUS ON VALUE

What's the trend?

- Cost-of-living pressures continue to be front of mind for customers which means there is a focus on value. Our Customer Pulse survey shows that customers are most worried about rising energy bills (80%), the cost of groceries (78%), Council Tax (76%) and higher water bills (69%).
- However, customers want to make sure they are getting the best quality for the best price. 95% of the Collective – a community of 43,000 M&S Food customers – told us that getting 'good value from the products I choose' is more important than 'choosing the cheapest product'.
- This year, there has been a shift towards consumers choosing to eat at home more often. In January, eating out in pubs and restaurants fell by 2.1% year-on-year while sales of food being consumed at home has increased.

How is M&S responding?

- M&S is committed to investing in trusted value and reducing promotions as part of our 'right price first time' promise to customers.
- In Food, prices were 'dropped and locked' on key shopping list items such as salmon fillets and fresh soups and 'Remarksable Value' lines such as potatoes and tinned tomatoes. This helped to increase customer value perceptions of M&S to a 10-year high in an increasingly promotional market.
- The popularity of 'Dine In' has increased as more customers have looked to obtain restaurant quality meals at home. This year, we relaunched our Castropub range, and introduced the first retail partnership with Tom Kerridge as part of the transformation. Sales grew by 15% with Tom Kerridge lines delivering 7% of sales growth.
- In January, we announced a 20% reduction on over 100 products from the 'everyday essentials' Kidswear range. We know families want the confidence that products are good value but also are made well and made to last.
- For the fourth year in a row, we protected the price of our market leading quality school uniform. Every item is designed to be durable and pass the 'hand-me-down' quality test, and we also offer an extended 100-day returns period on school uniform.

OUR MARKETS CONTINUED

HEALTH & WELLBEING

What's the trend?

- Health and wellbeing is high on the agenda for customers with mental health becoming a growing priority for many families. Research from Mind reveals that one in five children and young people experience a mental health problem each year.
- Healthy diet continues to be important to many with four out of five of the Collective saying that they are 'trying to maintain a balanced diet in order to be healthy'.
- Customers are also more frequently making choices to address certain aspects of their health, with trends from gut health to high protein continuing to drive interest. Over half (55%) of the Collective said they have awareness of eating to increase brain health.
- The trend of being increasingly more active prevails as more people are aiming to be more physically active more often. Almost one in four of the Collective said they have been active in the past seven days, while 41% of M&S customers said that fitness is a cornerstone of their daily life.

How is M&S responding?

- We are committed to making it easier for customers to make healthier choices in ways that work best for them and their families. We lead the grocery market for health perceptions.
- Our headline partnership with YoungMinds, the leading mental health charity for young people, has continued to raise awareness and much needed funds for those struggling with their mental health. Since the launch of the partnership in October 2023, M&S has raised £4.4m.
- In January, we launched the M&S Brain Food range developed in partnership with the British Nutrition Foundation. The range includes 13 lines offering six key brain health supporting nutrients that people lack in their diets and has proven popular with customers with 115,000 Brain Food Brain Balls being sold in January alone.
- In Fashion, Home & Beauty, we have welcomed new brands including Reebok and Puma to 'The Sports Edit' on M&S' platform this year, offering customers greater choice in performance footwear and athleisure.

MORE SUSTAINABLE CHOICES

What's the trend?

- Making more sustainable choices is increasingly important to customers. 78% of UK consumers consider sustainability an important factor in their purchasing decisions.
- Our quarterly ESG Reputation Tracker – a survey of 20,000 consumers to understand their views of ESG trends and perceptions of retailers in response to those trends – shows us that animal welfare, sustainable sourcing and reducing waste continue to be the most important ESG issues for customers.
- Customers are increasingly placing greater value on animal welfare, with 85% of adults expressing trust in UK farmers. Notably, 74% value animal welfare in food production, up from 57% in 2023.
- Reducing food waste is a growing priority for customers. 84% of UK consumers say reducing food waste is important to them, with many citing rising food prices as a reason for cutting waste.

How is M&S responding?

- Our vision is to be the most trusted retailer, doing the right thing for our customers, with quality products at the heart of everything we do. Having strong sustainability credentials plays a key role in helping to drive our quality perceptions and our quarterly ESG Reputation Tracker shows that M&S leads the market in terms of ESG trust with consumers.
- This year, we donated the equivalent of 30m meals in surplus food through our partnership with Neighbourly, reaching the milestone of donating the equivalent of 100m meals over the last decade. The partnership has supported 4.7m people across the UK.
- In August, we launched our online repair service in partnership with tailoring and repairs specialists SOJO. Feedback from customers who have used our service so far shows that 82% would not have worn the item if they had not had it repaired, and 55% would've thrown the item away or given it to charity.
- We go to great lengths to source and make our products with care. We have been a partner of Better Cotton since 2009, and all the cotton used in our clothing is 100% responsibly sourced. All cotton used in our Spring Summer 25 collection used fully traceable cotton for the first time.
- In March, our M&S Select Farm standards were recognised as leading the way by 'The Business Benchmark on Farm Animal Welfare'.

OUR BUSINESS MODEL

WHAT MAKES US M&S?

M&S is a leading British retailer, bringing exceptional quality, value, service and innovation to our 32m customers, whenever, wherever and however they want to shop with us. Our vision is to be the most trusted retailer, doing the right thing for our customers, with quality products at the heart of everything we do.

Exceptional products, trusted brand

M&S offers exceptional quality own-brand products at value customers can trust. Innovation is at the heart of the design and development of products, which are sourced with care, through longstanding trusted supplier partners. In Food, quality and value perceptions are at their highest in a decade and we have maintained our leading position for quality and value in Fashion with style perceptions continuing to rise.

Closer to customers

32m customers shopped with M&S this year with 96% of the UK population living within 25 minutes of an M&S store. At the heart of a culture that is sleeves rolled up is a focus on getting closer to customers so we can continuously improve our products and deliver brilliant service. M&S has been voted the UK's best brand (source: YouGov) for the past three years and that is something we never take for granted.

Closer to colleagues

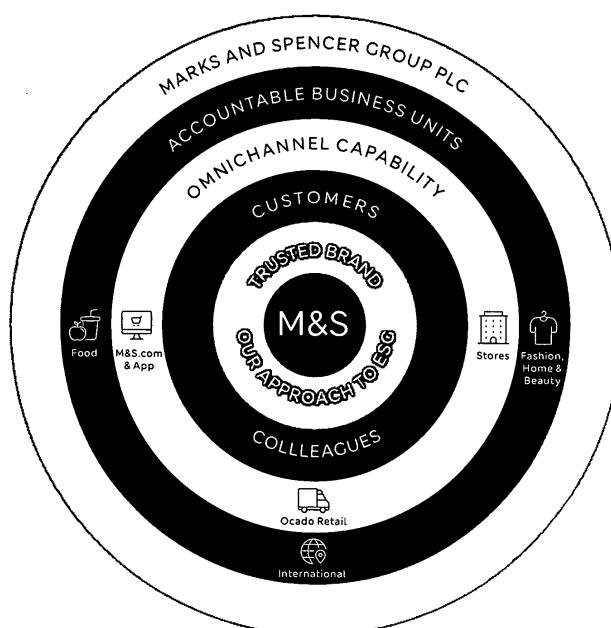
Our 63,000 colleagues all have a role to play in reshaping M&S and delivering for our customers. They bring extraordinary passion for the business and extensive technical expertise in areas such as sourcing, design, product development and data & technology. Read more on how we are driving a high performance culture on pages 32 to 35.

Omnichannel capability

M&S has 1,053 UK-owned and franchise stores, connected to our network of digital shopping channels, including our Fashion, Home & Beauty website and app, with 34% of sales now through online channels. M&S also has a 50% investment in Ocado Retail, which has grown faster than the market in value and volume for the last 17 consecutive four weekly periods. The business also has a presence in 32 international markets.

Strong supplier and partner relationships

As an own-brand retailer, our strong strategic partnerships with suppliers are essential to delivering quality, value, style and innovation for our customers. Our long-term, differentiated partnerships support investment in more sustainable solutions and give specialised capabilities.



Creating value for all stakeholders

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

③ Read more about our Strategic Progress on pages 12 to 21.

③ Read more about our approach to ESG in our corporate.marksandspencer.com/ESGreport2025.

STAKEHOLDER ENGAGEMENT

CUSTOMERS

Why they are important to us

If we serve our customers well, we serve our shareholders well. Our vision is to be the most trusted retailer, doing the right thing for our customers, with quality products at the heart of everything we do.

What we heard and how we responded

Closer to customers

Getting closer to customers is a core feature of the transformation of our business. One way we do this is through regular focus groups; Executive Committee members run quarterly customer listening groups. During the year, these have included:

- **Food customer focus groups.** Our Food leadership team took part in small group discussions with some of our family shoppers in August. Customers shared their love of our ready meals and Dine In options for making their lives easier whilst still offering something healthy for their children, but also shared that our Dine In portion sizes aren't always suitable for them. We've now introduced a family Stir Fry Dine In, as this was one of the most popular offers amongst this group.

- **Fashion, Home & Beauty customer focus groups.** Live focus groups for Womenswear and Menswear were held, where customers shared their opinions on product and shopping experience improvements. We also held 'Insight Fest' in June 2024, a full day dedicated to customers. Over 200 colleagues attended sessions, which included a variety of nationwide customer focus groups as well as live interviews with customers in store about the Summer collection. In Womenswear, customers told us they were looking for some more 'stand out' occasionwear, which resulted in the launch of our 'RSVP' collection this coming summer.

The Collective

This year, we sent around 200 surveys to 'The Collective', our online community of 43,000 M&S Food customers. These surveys covered general customer mindset and specific input on category changes. The feedback has shaped our future strategy, including creating targeted marketing plans, guiding major category transformations in Frozen and Deli, and influencing other projects such as the range of turkeys we stock at Christmas, branding for our Roast and Ritual coffee, and benefits for our Sparks' parent hood' baby club.



COLLEAGUES

Why they are important to us

Retail is a people business. That's why we're driving a high-performance culture that is closer to colleagues and closer to customers. Every one of our 63,000 colleagues has a role to play in transforming M&S.

What we heard and how we responded

Simple for stores

We are at the beginning of this programme but it is a big area of focus. Store leaders told us we needed to simplify communication, and we have responded by continuing to utilise tools through our partnership with WorkJam, a communication and engagement platform. It has enabled us to target communication to specific positions in stores, sending tasks direct to the right colleagues, saving valuable management time. It's also been beneficial for sharing product engagement. We launched a 'Let's Sell' page across both Food and Fashion, Home & Beauty to better share product information with colleagues. Short videos are used to highlight product features and benefits, helping colleagues bring this to life for customers in store.

Straight to Stuart

Now in its third year, the Straight to Stuart scheme, which gives colleagues the opportunity to share ideas direct with the CEO, saw more than 6,500 submitted this year. Around 100 of these ideas have been progressed to make M&S a better place to shop for our customers, and a better place to work for our colleagues. One idea submitted from a colleague in our Newport store led to the launch of a range of knickers for people living with stomas.



Christmas Elfing

As part of building a culture where everyone is sleeves rolled up, closer to customers and closer to colleagues, Support Centre colleagues now spend at least seven days each year working in store. The Support Centre delivered unprecedented support to stores this year, completing nearly 12,000 shifts and over 93,000 hours over Christmas – a 95% increase from last year. Based on last year's feedback from stores that support wasn't available during the busiest times, we condensed support days to focus on key trading days, ensuring assistance was provided when it was most needed.

📖 Read more on colleague engagement in our People and Culture section on pages 32 to 35.

c.93k

hours worked in stores by Support Centre colleagues over Christmas

STAKEHOLDER ENGAGEMENT CONTINUED

SHAREHOLDERS

Why they are important to us

Continuous engagement with both our institutional and private shareholders builds trust and secures their investment and support. With our large private shareholder base, we run a tailored engagement programme to ensure our decisions reflect their views.

What we heard and how we responded

AGM

We are committed to leading on shareholder engagement and continue to believe a digitally-enabled meeting is the best way for directors to interact with the broadest range of shareholders. Since adopting a digital approach in 2019, we have seen engagement levels increase by 200%. Listening to shareholder feedback helped shape the digital-first, hybrid format of our 2024 meeting. 40 shareholders attended in person while 1,806 engaged digitally with positive feedback received on the viewing experience. Details about our 2025 AGM can be found in the Notice of Meeting on pages 200 to 216.

Optimising our Annual Report

In the last decade, the number of shareholders signed up for e-communications has increased by 60%. In 2023/24 98% of our shareholders received the report digitally versus 2% who received a print copy. To optimise our Annual Report and Accounts for online viewing, this year we have taken a digital-first approach, including moving to landscape orientation, integrating video and improving navigation.

200

institutional investors engaged

Engagement with institutional funds

During the year members of our Board and Investor Relations team met over 200 institutional funds, engaging with investors who we estimate represent close to 40% of our issued share capital. This year, institutions told us long-term growth remains their top priority, with recognition that further investment in store rotation, supply chain and technology is required to enable future growth plans. Having strengthened our balance sheet and continued to reduce net debt in the first half of the year, an interim dividend of 1p per share was paid in January 2025. The Board is recommending a final dividend of 2.6p per share, subject to shareholder approval at the AGM. Read more on page 204.

Capital Markets Event

Our Capital Markets Event ('CME'), held in November 2024, gave investors the opportunity to hear direct from our leaders in greater depth about the progress made so far in our transformation and our priorities moving forward. A new feature of this year's event was a 'trade fair' breakout session, where 16 members of the wider leadership team were available to answer more detailed questions on topics ranging from ESG to supply chain. This year, 70 investors attended in person with the webcast having now seen over 900 views.



Use the QR code to watch the CME.

SUPPLIERS

Why they are important to us

As an own-brand retailer, our suppliers are essential to making sure we deliver high-quality products at trusted value for our customers. These long-term strategic partnerships allow us to invest in sustainable solutions and drive greater innovation. Our success is closely tied to the performance and reliability of our suppliers.

What we heard and how we responded

Fashion, Home & Beauty Supplier Summit

Following the success of our 2023 Supplier Summit, we invited 20 of our key strategic partners back to London in October 2024 for a follow-up summit. In the three months leading up to the event, we collaborated closely with suppliers on projects addressing digital transformation, improving lead times, ethical purchasing practices, net zero goals and sustainability, and driving innovation. During the event, supplier partners presented their solutions and ideas, reinforcing our partnership and commitment to long-term success.

International social projects

Enhancing the livelihoods of people and communities in our supply chain is a key priority for M&S. Following feedback from our Key Supplier Summit in October 2024, we updated our ethical policies and supplier guidelines and provided internal buyer training. We also implemented social projects focusing on women, including financial literacy training in Cambodia and Vietnam, gender equality programmes in Bangladesh and Cambodia, strengthening maternity rights in Bangladesh, and providing education opportunities to girls in New Delhi.



Food supplier briefings

We held two supplier briefings in June and September 2024. Suppliers were invited to hear about M&S' priorities for the year ahead in June, with the September briefing focusing on peak delivery. Trusted value, innovation, availability and quality were the key themes of discussion. These priorities guided our collaborative efforts throughout the year, aiming to achieve mutually beneficial volume growth.

20

international suppliers attended our FH&B Supplier Summit

STAKEHOLDER ENGAGEMENT CONTINUED

PARTNERS

Why they are important to us

The ambition for International is to build a global omnichannel business, which brings the magic of M&S to customers around the world. Our franchise and joint venture partners play a critical role in our strategy, bringing invaluable market expertise.

What we heard and how we responded

Partner selling events

Our selling events for Womenswear, Menswear, Lingerie and Kidswear, held three times a year at our merchandising labs in White City and Stratford, have consistently seen great engagement. These in-person events have facilitated numerous face-to-face discussions, where senior leaders present business strategies and upcoming seasonal campaigns. This year, our first in-person Food event received excellent feedback from partners. As a result, we have made these twice a year, and with product tastings and hearing more about what sets M&S apart, partners are being bolder in buying a wider selection of foods and buying into innovation.

5

franchise partner colleagues hosted at our London Support Centre

International exchange programme

In February 2025, we hosted five franchise partner colleagues at our Support Centre in London. The goal was to provide our partners with valuable insights from the UK business and give the International team the opportunity to gain local knowledge about key markets. During their visit, our franchise partners shared their perspectives, helping us to identify areas for improvement. They also had the opportunity to connect with customers and colleagues in UK stores, fostering closer relationships and enhancing collaboration.

Global strategic partner meeting

In March 2025, we hosted our first partner meeting with our strategic franchise, wholesale and marketplace partners. Held in Dubai, this enabled all attending to see the M&S stores in Dubai. The meeting was to lay out our International Reset for Growth – with the CEO and leadership team sharing insights on our transformation journey, and opportunities for our International business.

Food convenience partner conference

Our biannual Food Convenience Partner Conference helps underpin our convenience franchise partner strategy. To align with our new retail operations programme, 'One Best Way', which is delivering availability and productivity benefits in Company-owned stores, partners were invited to retail immersion events to support their in-store strategy. Our conference helped deliver trade plans, clarifying sale priorities and providing focus areas for partnership stores. This year's support and guidance helped deliver over £100m additional sales year on year, further creating an opportunity to drive down cost for partners.



COMMUNITIES

Why they are important to us

M&S serves 32m customers, has 63,000 colleagues and operates in 32 international markets. Therefore, we need to make sure we have a positive impact on the communities we serve.

What we heard and how we responded

YoungMinds

In October 2023, we launched our new headline charity partnership with YoungMinds, the UK's leading mental health charity for young people. Since the launch, M&S has raised £4.4m, enabling YoungMinds to support young people and the adults in their lives. With M&S donations, YoungMinds has improved the performance of its Helpline services, increasing its phone call answer rate and visits to the parents and carers section of the website. More information on our partnership can be found on our website.

Go to corporate.marksandspencer.com/media/marksandspencer-youngminds.

Leading lingerie campaigns for charity

M&S teamed up with Olympic champion Sir Chris Hoy and Prostate Cancer UK to encourage more men to check their risk of prostate cancer. As the UK market leader in men's underwear, M&S leveraged the support of its customers and colleagues to spark a nationwide conversation, prompting over 180,000 men to complete the online risk checker. With £4 donated per pack of men's Autograph underwear, a total of £155,000 was raised for Prostate Cancer UK during the campaign.

Additionally, during the year our Lingerie team used insights from Breast Cancer Now (BCN) in its designs. BCN's biannual insight report shared scientific advancements and experiences from individuals directly affected, helping to shape our product design for the post-surgery range and bra fit service.



M&S Archive

M&S Archive, based in Leeds where our business began, shares our unique heritage with a wide range of customers and communities, and this year responded to more customer enquiries and provided free online access to more archive resources than ever before. Through ongoing engagement with schools and focused teacher consultation, the Archive met the need for workshops to support children and young people with special educational needs and disabilities (SEND) by creating a new suite of learning workshops. Pilot sessions earned glowing feedback from students and teachers alike, so these specially designed sessions are now available to more SEND groups.

£4.4m

raised for YoungMinds

S.172 Statement

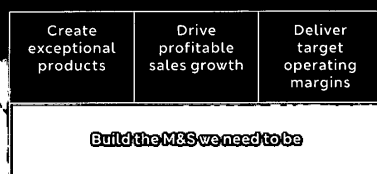
The directors confirm that, during the year, they have acted in good faith in a way that best promotes the success of M&S for the benefit of shareholders as a whole. In doing so, they have had regard for the interests of all M&S stakeholders, while preserving M&S' reputation and ensuring our long-term sustainability. Read our complete S.172 Statement on pages 68 to 70.

STRATEGIC PROGRESS

RESHAPING FOR GROWTH

At the October 2022 Capital Markets Day, we set out the strategy of reshaping M&S to deliver faster growth and higher returns. Our objectives included growing market share in both UK businesses by 1% by 2027/28 and targeting operating margins of over 4% in Food and 10% in Fashion, Home & Beauty, supported by structural cost reductions of over £500m, disciplined capital allocation and investment within an envelope of £500-£600m per annum.

Our strategic priorities



Over the last three years, consistent execution has delivered growth in sales, market share, margins, and return on capital. As a result, the business has reduced net debt by c.£900m and reinstated a dividend for shareholders. M&S is in its best financial health for nearly 30 years.

This strong balance sheet enables us to continue to invest to Reshape M&S, with capital expenditure of c.£600m-£650m planned for the current year, net of disposals. We have generated strong returns from our store investments and are increasing the pace of store rotation. The acquisition of Gist and changes to the Fashion, Home & Beauty supply chain provide the foundations to modernise the network and create capacity for growth. Last year we started a multi-year plan to upgrade our technology foundations and increase digital capability. We are accelerating this plan, making use of the recent disruption to reach our target state more quickly.

Our strategy remains the same – to protect the magic of M&S, while modernising the rest.

Creating exceptional products

We aim to be the most trusted retailer, with quality products at the heart of everything we do. M&S Food is broadening its appeal by delivering a consistent drumbeat of innovation and quality upgrades, while continuing to invest in trusted value. We continue to progress towards being a 'shopping list retailer', focused on families, with the soul of a fresh market.

Fashion, Home & Beauty's commercial model of buying more deeply into core lines, elevating quality, and increasing style is resonating, attracting new customers. Market share of both volume and value has increased in both businesses, although opportunities remain for future growth in underpenetrated categories and in Home & Beauty.

Driving profitable sales growth

Store rotation and renewal aims to create 420 bigger, fresher Food stores and a more productive group of 180 Full Line stores, with half of the estate expected to be in the renewal format by 2027/28. Returns on new and renewed stores have been above our hurdle rates overall, trading ahead of plan for three consecutive years. The pace of new openings is being increased, securing sales growth for the long term.

Online growth ambitions aim to increase the M&S.com share of Fashion, Home & Beauty sales from 34% to 50% in the medium term. Online sales growth accelerated in

2024/25 as marketing was rebalanced towards our social channels and top tier partner brands were launched online. Improvements to the website also supported increased customer frequency. Our focus now turns to improving the online offer, and experience, transforming Fashion, Home & Beauty into a fully omnichannel business with best-in-class delivery and returns.

International has store presence in 29 countries through a series of strategic partnerships, which offer the potential for global growth in the medium term. Recent trading challenges, particularly in India, are being addressed under new leadership. The International reset focuses on capital light growth, using the infrastructure of our franchise partners in established markets, working with leading online marketplaces, and identifying opportunities in wholesale. This year, investment in trusted value is planned and new commercial arrangements will be established to drive volume.

Ocado Retail's combination of M&S product and broad choice supported by automated fulfilment, offers the potential for a profitable route to market for online grocery in the medium term. In 2024/25 active customer growth and sales accelerated as Ocado Retail invested in value and improved delivery service. However, the drop through to profitability was disappointing. The near-term focus includes improving the customer shopping experience and optimising existing fulfilment centres to deliver increased profitability and cash flow, before considering investment in additional capacity. From 2025/26, the results of Ocado Retail will be consolidated into M&S Group reporting as technical control of the 50/50 joint venture passes to M&S.

Delivering target operating margins

Over the past three years the combination of driving profitable sales growth through volume and structural cost reductions across stores, the support centre and the supply chain has enabled M&S to improve profitability and has delivered operating margins of 5.4% in Food and 11.2% in Fashion, Home & Beauty, ahead of our targets. This in turn has allowed the businesses to reinvest in quality and value, further driving volume growth.

Structural cost reductions of c.£300m have been made over the past three years, with £120m being delivered in 2024/25. More than half of last year's savings were generated in stores, through investment in technology and improvement in store processes.

STRATEGIC PROGRESS CONTINUED

Food supply chain volumes have increased more than 11% over the past three years putting pressure on operations. This is being addressed through in-store processes, the completion of forecasting, ordering and allocation systems and partnering with strategic suppliers. The acquisition of Gist has also delivered improved logistics service and a contribution of more than £60m to profit which provides the foundations for a long-term investment to modernise the network and create efficient capacity for growth. This year will see the first steps with construction of a new depot near Bristol.

Fashion, Home & Beauty's supply chain transformation programme is still in its early stages, having taken initial steps to consolidate the supply base and deliver cost savings from investment in new warehouse capacity. Under John Lyttle's leadership, there will be increased focus on restructuring the end-to-end operation, which includes the adoption of a new merchandise and range management system, increased automation in the logistics network to support more profitable online growth, and improving the resilience and flexibility of the supply base.

Continued simplification of store operations and the support centre plus investments in automation and efficiency provide scope for further cost savings.

Building the M&S we need to be

Reshaping M&S is underpinned by three programmes which aim to create a high-performance customer-centric culture, enable better decisions and service through strong digital and technology foundations and deliver value to shareholders through investment in growth, combined with disciplined capital allocation.

We are creating a highly talented team who are close to customers and front-line colleagues, taking accountability for delivery and continuous improvement. This includes identifying high-potential colleagues for leadership development taking on bigger or broader roles in the future. However there remains more to do to simplify processes and reduce tasks for stores, to enable better customer service.

In 2023, a strategic review of digital and technology was initiated, which identified that although there had been significant investment in digital applications and data development, work was required to improve the tech stack, reduce reliance on outsourcing and to integrate better into the business areas. In early 2024, Rachel Higham was recruited to lead Digital & Technology as a member of the Executive Committee. At the Capital Markets Day, we outlined the need for investment in upgrading technology infrastructure which has over time increased running costs and made processes complex and inefficient.

In the light of the recent cyber incident, we are using the disruption to bring forward investment, rephrasing the original programme, accelerating plans to upgrade infrastructure and network connectivity, store and colleague technology, and supply chain systems. This will reduce the inter-dependency of systems and improve operational resilience. Our overall aim remains the same, to improve technology foundations, simplify infrastructure and applications, to increase resilience further, and lower technology run costs.

Strong balance sheet and growing dividend

Our disciplined capital allocation and investment framework prioritises investment in growth, alongside free cash flow. Over the past three years the generation of free cash flow, reduction in gross and net debt and delivery of improved return on capital has in turn led to an upgraded credit rating from both S&P and Moody's.

A strong balance sheet enables additional investment and we are increasing capital expenditure net of disposals to c.£600m-£650m in 2025/26, of which £200m-£250m will be invested in further improving technology infrastructure, planned store maintenance and upgrades to the logistics fleet and network. Growth and cost-out investment is expected to be £400m-£450m, which includes increased new store openings and supply chain capacity. Investment will also be made in the new Fashion, Home & Beauty planning platform which connects all activities from buying to replenishment to deliver our customers an improved and personalised shopping experience.

The improved performance and balance sheet give us confidence in the prospects for medium-term growth, and we are announcing an increase in the dividend of 20%. This results in a proposed final dividend of 2.6 pence and a full year dividend of 3.6 pence for 2024/25. We expect the interim dividend for 2025/26 to be one third of the prior year total. A strong balance sheet, cash flow performance, and dividend cover allow for growth of returns to shareholders in the medium term.

Update on cyber incident

As set out in the Company's announcements on 22 and 26 April and 13 May 2025, M&S has been the subject of a sophisticated cyber incident. We reacted swiftly to contain the threat, working alongside external cyber security experts to protect our data and systems. This included mobilising our established Business Continuity and incident management plans which are underpinned by an experienced crisis and incident management team. Since the incident, protecting our customers and the business has been our main priority and at the same time we have been progressively restoring our networks and systems including the rebuilding of certain applications and file systems where they were not recoverable. This work is ongoing.

In addition to restoring networks and systems, we are accelerating the Digital & Technology transformation plans, set out in our Capital Markets Day of November 2024 to reinforce our cyber defences and provide greater resilience in the event of a subsequent attack.

Our estimate of the impact of the incident is very much ongoing, however, based on our latest assessment of the expected financial consequences, our current expectation is an impact on Group profit of around £300m for 2025/26, which will be reduced through management of costs, insurance and other trading actions.

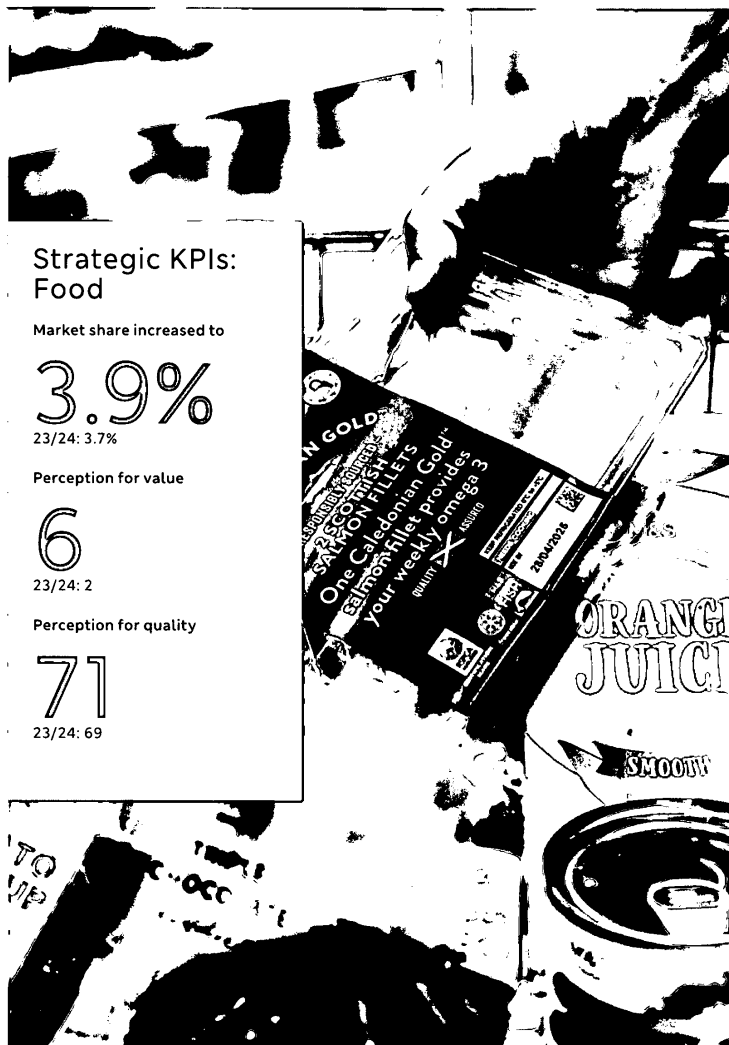
As previously announced, we have engaged a number of specialist organisations to help us respond to the incident and to assist with system restoration, as well as with wider network security. We expect to recognise sizeable costs relating to the incident presented separately as an adjusting item within with 28 March 2026 results.

STRATEGIC PROGRESS CONTINUED

Food

SUSTAINS VOLUME GROWTH WITH CONSISTENT INVESTMENT IN QUALITY, VALUE AND INNOVATION

Food sales increased 8.7% with like-for-like growth of 8.6%, driven by UK volume growth of 6.7%, with strong growth in core categories. Market share was up 27bps to 3.9% for the 52 weeks to 23 March 2025. Adjusted operating profit margin increased to 5.4% from 4.7% due to sustained volume growth, and with cost reduction initiatives largely offsetting operating cost inflation.



STRATEGIC PROGRESS CONTINUED

Building a shopping list retailer

- Prices were 'dropped and locked' on key shopping list items such as salmon fillets and fresh soups and Remarkable Value lines such as potatoes and tinned tomatoes. This helped to increase customer perception of M&S value for money to a ten year high, in an increasingly promotional market.
- Product quality was upgraded on over 1,000 lines such as Indian meals, Gastro and Pizza as partners invested in improved capabilities, widening the M&S quality premium to peers. Sales of 'Dine-In' meals also grew, as customers increasingly see M&S as an alternative to eating out.
- More than 1,400 new lines were launched, creating a consistent drumbeat of innovation during the year, driving increased customer interest and frequency. 'Viral' product hits have included pistachio crème, lemon hot cross buns and in-store bakery cookies.
- As a result, larger basket shops grew 13% as customers chose M&S for more of their everyday shopping.

New stores generating returns ahead of hurdle rates

- During 2024/25 six Food stores and two Foodhalls in Full Line stores opened. These averaged c.15,000 sq ft, enabling more customers to shop the full range. In a strong year, Food sales outperformed target by c.20%.
- Nine new renewal stores and one extension traded ahead of target, with renewal stores including Chancery Lane and Fosse Park. Food sales in Chancery Lane were up c.35% on previous levels.
- A further nine Food stores and two extensions are planned for 2025/26, including Fulham, Putney and Clapham.

Developing a trading model which sustains growth

UK Food volumes have grown 11% over the past three years, putting pressure on operations. This is being addressed through a series of changes to create a more modern, cost-effective flow of product.

- Long-term supplier agreements are being implemented across partner sites, with the aim to increase this in 2025/26. This protects the 'magic' of M&S Food enabling investment in upgrading capacity, while generating savings which can be re-invested in quality and value.
- The roll out of the new forecasting and ordering system was completed. This helps to better match supply to variable demand, although there is further opportunity for improvement.
- The 'One Best Way' retail operations programme is helping to improve productivity, reducing stock file errors and making the new forecasting system more effective.
- Capacity constraints mean that many stores do not receive their deliveries from the most efficient site. To support growth, work is underway on a new multi-temperature depot in Bristol and to identify a site for a new national distribution centre.



STRATEGIC PROGRESS CONTINUED

Fashion, Home & Beauty

BECOMING A DESTINATION FOR QUALITY, VALUE AND STYLE

Fashion, Home & Beauty sales increased 3.5%, with LFL sales up 4.4%. Sales grew 4.7%, adjusted for the exit of furniture in 2024. Market share was up 57 bps to 10.5% for the 52 weeks to 30 March 2025. Adjusted operating profit margin was above target at 11.2% compared with 10.7% last year, as investments in digital and technology were partly offset by improved sourcing and cost savings.

Strategic KPIs: Fashion, Home & Beauty

Market share increased to

10.5%

23/24: 10.0%

Perception for style

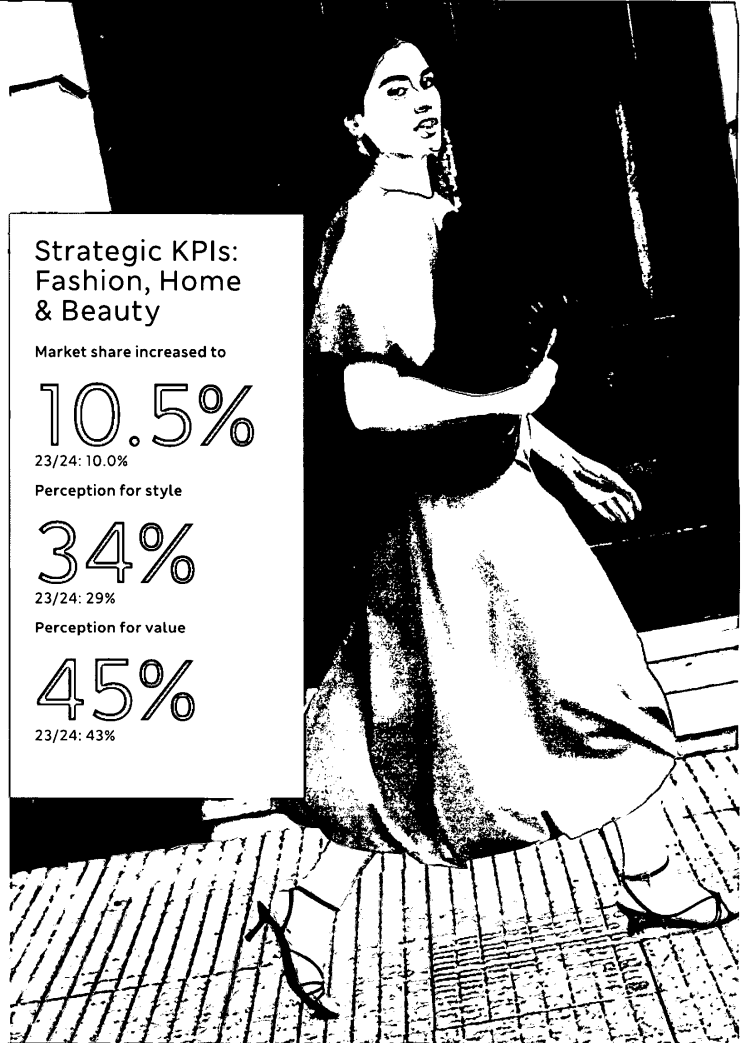
34%

23/24: 29%

Perception for value

45%

23/24: 43%



STRATEGIC PROGRESS CONTINUED

Increased style driving broader appeal

- Perceptions of quality and value increased further and remain market leading. M&S is now ranked second for style compared with sixth in 2022.
- Women's and men's grew in categories such as jeans, knitwear and tops with strong seasonal campaigns and collaborations helping to drive style perceptions.
- Autograph sales grew 47% as customers invested in higher quality, versatile products at the top end of the range. Men's Autograph sales of c.£200m compare with just £50m three years ago.
- In a declining kidswear market, there was growth in baby and market share growth in kids casual. A 'first price, right price' approach is being implemented, removing promotions and offering competitive prices on everyday essentials.
- Home saw good growth in collaborations such as Kelly Hoppen, and beauty grew own brand fragrance sales. Both offer significant potential for long-term growth and are being refocused under new leadership.

Early improvements to online but further improvement required

- Online sales, adjusted for the exit of furniture represented 34% of sales. Growth was driven by active customer growth of 9% to 10.2m, as marketing was refocused towards brand and social channels.
- Improvements to the offer included upgraded imagery, navigation and availability in smaller sizes.
- Partner brand fashion sales online increased 42%. Recent top tier brand additions have included Hush, Tommy Hilfiger and Calvin Klein. The overall brands business exceeded £200m sales for the first time in 2024/25.
- There remains a lot more to do to create a market-leading online business. Further work is needed in planning, ranging, in-store selling, delivery and fulfilment to drive online towards an ambition of 50% of Fashion, Home & Beauty sales in the medium term.

New Full Line stores generating returns ahead of hurdle rates

- During 2024/25 two new Full Line stores at Dundee and Washington Galleries opened with their Fashion, Home & Beauty sales trading 15% ahead of plan. Fosse Park was extended during the year, with Fashion, Home & Beauty trading up 20% versus last year.
- The Battersea Fashion only trial store opened in December 2024, generating strong customer and partner interest and will provide inspiration for future renewal stores, including The Pantheon on Oxford Street.
- Two Full Line flagships are planned for 2025/26. They are the relocation of Bath and the opening of Bristol Cabot Circus.

Increasing focus on operational efficiency

- As product appeal increases in Fashion, Home & Beauty, the business remains constrained by its legacy supply chain and outdated processes with the programme to modernise the supply chain in its very early stages. John Lyttle will increase the focus on execution in 2025/26.
- Creating long-term sourcing partnerships. This will enable investment in capacity and capability for future growth and help capitalise on emerging opportunities to find new sources of supply.
 - Implementing a new planning platform to link all buying activities from budgeting to replenishment, removing duplicative manual activities.
 - Investing in efficient storage and automation in the logistics network. This will increase capacity to serve online orders, improve service and reduce costs.
 - A focus on better in-store processes, identifying and removing unnecessary tasks to mitigate the impact of increased costs in a flat market for store sales.

STRATEGIC PROGRESS CONTINUED

International

RESETTING AND REFOCUSING FOR GROWTH

The ambition for International is to build a global omnichannel business, which brings the magic of M&S to customers around the world. Utilising the expertise and infrastructure of strategic franchise partners in established markets, working with leading marketplaces to drive online growth, and securing new opportunities in wholesale.



STRATEGIC PROGRESS CONTINUED

Sales were down 7.1% at constant currency, although performance started to improve in the second half. Owned sales were down 8.0% driven by weak trading in India. Franchise sales were down 5.2% driven by partner de-stocking in Fashion, Home & Beauty, although this was partly offset by growth in Food.

Operating profit before adjusting items was slightly down versus last year at £46.3m (margin 7.0%) from £47.8m (2023/24: 6.6%), with an improved result in the second half.

Future growth potential through investment in value and expanded partnerships

- The joint venture in India is being reset under new leadership, shifting to a full price trading approach and starting to reduce costs.
- Initial investment in trusted value in owned markets has generated encouraging results. In the coming months, this will be expanded into franchise markets, alongside updated commercial terms and operating principles.
- We aim to grow the marketplace business in Europe using partners established fulfilment capabilities to improve customer service.



STRATEGIC PROGRESS CONTINUED

Ocado Retail

DELIVERS STRONG VOLUME GROWTH, LOSSES REDUCED IN THE YEAR

During 2024/25 M&S accounted for its share of results in the joint venture as an associate interest. From 2025/26 Ocado Retail Limited will be consolidated in the results of M&S in accordance with the joint venture agreement and will align with the year-end accounting period of M&S. These results therefore cover the 52 weeks to 6 April 2025 and include an M&S Group share of adjusted loss of £28.7m.



STRATEGIC PROGRESS CONTINUED

To aid future comparability, all commentary below relates to the 12-month period ended 30 March 2025.

- Revenue increased 15.5% to £2.8bn, with orders up 15.2%, supported by growth in active customers and increased frequency. Average selling price was broadly level, as Ocado Retail invested in value through 'Big Price Drops' and the Ocado Price Promise.
- M&S sales volumes increased 20.2% and were 30.3% of total Ocado volumes (2023/24: 29.0%). M&S sales participation was c.50% in fresh categories such as produce and poultry.
- The overall result continued to be constrained by high service delivery costs and continuing lease and technology fees for the old Hatfield site. There remains substantial opportunity for improved customer fulfilment centre (CFC) productivity.

In the year ahead, there will be increased focus on improving delivery efficiency and maximising capacity utilisation of the existing network, which is critical to improving productivity and profitability before investing in new capacity. This includes migration to the Ocado Smart Platform (OSP) solution across e-commerce, last-mile, supply chain, customer hub and trading systems.



OUR KEY PERFORMANCE INDICATORS

Group revenue

£13.8bn

23/24: +6.0%



Group statutory revenue was £13.8bn, an increase of 6% vs 2023/24. This was driven by Food sales up 8.7% and Fashion, Home & Beauty sales up 3.5%.

Adjusted return on capital employed (adjusted ROCE)

16.4%

23/24: +16.3%



Adjusted return on capital employed increased to 16.4%, up 16.3% vs 2023/24.

Group profit before tax and adjusting items

£875.5m

23/24: +22.2%



Group profit before tax and adjusting items was £875.5m, up 22.2% vs 2023/24.

Group profit before tax

£511.8m

23/24: -23.9%



Group profit before tax was £511.8m, down 23.9% on 2023/24.

Adjusted basic earnings per share (EPS)

31.9p

23/24: +29.7%



Adjusted basic earnings per share was 31.9p due to higher adjusted profit year on year.

Basic earnings per share

14.6p

23/24: -33.3%

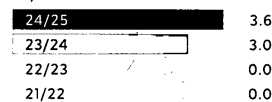


Basic earnings per share was 14.6p.

Dividend per share declared in respect of the year

3.6p

23/24: +20%



The improved performance and balance sheet results in a proposed final dividend of 2.6p and a full year dividend of 3.6p for 2024/25.

Free cash flow from operations

£443.3m

23/24: +1.3%



The business generated free cash flow from operations of £443.3m, a year-on-year increase of £5.5m.

FINANCIAL REVIEW

52 weeks ended	29 Mar 25 £m	30 Mar 24 Restated £m ¹	Change vs 23/24 %
Group statutory revenue	13,816.8	13,040.1	6.0
Group sales	13,914.3	13,109.3	6.1
Food	9,021.0	8,298.8	8.7
Fashion, Home & Beauty	4,235.3	4,091.4	3.5
International	658.0	719.1	(8.5)
Group operating profit before adjusting items	984.5	838.6	17.4
Food	484.1	388.4	24.6
Fashion, Home & Beauty	475.3	437.5	8.6
International	46.3	47.8	(3.1)
Share of result in Ocado Retail Limited ²	(28.7)	(37.3)	23.1
M&S Financial Services / Other	7.5	2.2	n/a
Net interest payable on lease liabilities	(110.2)	(110.5)	0.3
Net financial interest	1.2	(11.7)	n/a
Profit before tax and adjusting items	875.5	716.4	22.2
Adjusting items	(363.7)	(43.9)	n/a
Profit before tax	511.8	672.5	(23.9)
Profit after tax	291.9	425.2	(31.3)
Adjusted basic earnings per share	31.9p	24.6p	29.7
Basic earnings per share	14.6p	21.9p	(33.3)
Dividend per share	3.6p	3.0p	20.0
Net debt	(1,789.6)	(2,165.8)	n/a
Net funds excluding lease liabilities	437.8	45.7	n/a
Group capex and disposals	(458.6)	(423.2)	8.4
Free cash flow from operations	443.3	437.8	n/a
Adjusted return on capital employed	16.4%	14.1%	2.3pts

1 Results of Republic of Ireland (ROI) have been reclassified from the International segment to be reported within Food and Fashion, Home & Beauty.

2 Share of result in Ocado Retail Limited relates to the 57 weeks to 6th of April 2025.

There are a number of non-CAAP measures and alternative profit measures (APMs) discussed within this announcement, and a glossary and reconciliation to statutory measures is provided at the end of this report. Adjusted results are consistent with how business performance is measured internally and presented to aid comparability of performance. Refer to the adjusting items table on page 27 for further details.



“
Delivery of sustained and consistent free cash flow provided balance sheet capacity, combined with further improvement to return on capital employed from our key strategic investments.

Jeremy Townsend
Chief Financial Officer



Use the QR
code to watch
Jeremy's video.

FINANCIAL REVIEW CONTINUED

Group results

Group sales were £13,914.3m. This was an increase of 6.1% versus 2023/24, driven by Food sales up 8.7% and Fashion, Home & Beauty sales up 3.5%. Statutory revenue in the period was £13,816.8m, an increase of 6.0% versus 2023/24.

The Group generated profit before tax and adjusting items of £875.5m compared with £716.4m in the prior year. The results of Republic of Ireland (ROI) have been reclassified from the International segment to be reported within Food and Fashion, Home & Beauty and the prior year restated.

Adjusting items were a net charge of £363.7m, compared with £43.9m in the prior year. The net charge in the period primarily consists of an impairment charge of £248.5m recognised in relation to the value of the investment in Ocado Retail, costs relating to the UK store rotation plans, and the M&S Financial Services transformation, partially offset by a credit relating to a legal settlement.

As a result, the Group generated a statutory profit before tax of £511.8m, compared with £672.5m in the prior year.

Adjusted basic EPS was 31.9p, up 29.7% on 2023/24 reflecting higher adjusted profit in the period. Basic EPS was 14.6p, down 33.3% on 2023/24, reflecting reduced profit in the period.

A final dividend of 2.6p per share has been declared, payable on 4 July 2025.

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

Food – UK and ROI

Food sales increased 8.7%, with like-for-like sales up 8.6%, driven by volume growth in core categories, continued quality upgrades, and weekly innovation. Sales growth in Q1 and Q4 was adversely impacted by the absence of Easter during 2024/25.

Change vs 23/24 %	Q1	Q2	Q3	Q4	FY
Food	5.6	10.6	8.7	10.0	8.7
Food like-for-like sales	4.7	10.3	8.9	10.6	8.6

M&S Food has an online grocery presence with Ocado Retail. Ocado Retail's sales to customers are reported by Ocado Group and are not included within these numbers.

52 weeks ended	29 Mar 25	30 Mar 24	Change vs 2023/24 %
UK Transactions, m (average/week)	10.5	9.7	8.2
UK Basket value inc VAT (£)	16.2	15.9	1.9

Sales growth was driven by volume growth as the number of transactions and frequency of shop increased. UK basket value was up, with the number of larger basket shops up 13%.

52 weeks ended	29 Mar 25 £m	30 Mar 24 £m	Change vs 2023/24 %
Sales	9,021.0	8,298.8	8.7
Operating profit before adjusting items	484.1	388.4	24.6
Adjusted operating margin	5.4%	4.7%	69 bps

Operating profit before adjusting items was £484.1m compared with £388.4m in 2023/24, with an adjusted operating margin of 5.4% versus 4.7% last year.

Gross margin decreased 0.1% pts as investment in value and quality was largely offset by cost reductions from sourcing programmes.

Operating costs increased 5.4%, which was lower than sales growth of 8.7%, resulting in operational cost leverage of 0.8% pts.

Operating cost increases in the year related to:

- Retail investment in colleague pay and in store services, partly offset by structural cost savings
- Supply chain investment in colleague pay and costs associated to additional volumes offset by structural cost savings and efficiencies
- Increased investment in core infrastructure in digital and technology
- Central costs were broadly level on the year

Operating profit margin before adjusting items	%
2023/24	4.7
Gross margin	(0.1)
Retail costs	0.5
Logistics	—
Digital & Technology	(0.1)
Central costs	0.4
2024/25	5.4

FINANCIAL REVIEW CONTINUED

Fashion, Home & Beauty – UK and ROI

UK and ROI Fashion, Home & Beauty sales increased 3.5%, with like-for-like sales up 4.4%. Strong Q2 and Q4 sales were driven by seasonal campaign performance, supported by investment in improved customer experience online.

Change vs 23/24 %	Q1	Q2	Q3	Q4	FY
Fashion, Home & Beauty sales ¹	1.3	8.1	1.0	4.7	3.5
Fashion, Home & Beauty like-for-like sales	1.4	9.3	1.9	5.9	4.4
Fashion, Home & Beauty online sales	5.8	16.5	6.1	7.3	8.8
Fashion, Home & Beauty store sales	(0.7)	4.2	(1.5)	3.4	1.0
<i>Fashion, Home & Beauty statutory revenue</i>	<i>953.7</i>	<i>1,029.8</i>	<i>1,274.8</i>	<i>879.5</i>	<i>4,137.8</i>

¹ 'Sales' are statutory revenue plus the gross value of consignment sales ex. VAT.

To enable greater insight into these movements, further detail is provided on the performance of each channel in the UK.

Online

52 weeks ended	29 Mar 25	30 Mar 24	Change vs 2023/24 %
Active customers (m) ¹	10.2	9.4	8.5
Frequency ²	3.8	3.5	8.6
Transactions (m)	38.5	33.2	16.0
Average Basket value (£) ³	60.7	60.9	(0.3)
Returns Rate (%) ⁴	33.8	31.3	2.5% pts

¹ Active customers is the count of unique customers who transacted online in the last 52 weeks.

² Frequency is the count of purchasing transactions divided by customers.

³ Prior year average basket value has been restated to reflect alternative source data as a result of cookie compliance tracking.

⁴ Returns rate represents returns on dispatch sales.

Online sales were driven by customer growth and increased frequency as we invested in upgrading the website experience and increased brand and social marketing. This was partly offset by increased returns reflecting continued growth in trend-led products and partner brands.

Stores

52 weeks ended	29 Mar 25	30 Mar 24	Change vs 2023/24 %
Transactions, m (average/week)	1.8	1.8	—
Average basket value inc. VAT pre returns (£)	39.5	39.2	0.8

Fashion, Home & Beauty store sales increased in a declining market, with good growth in retail parks and shopping centres, supported by three new stores opened in 2024/25: Dundee, Washington Galleries and Battersea.

Total Fashion, Home & Beauty

52 weeks ended	29 Mar 25 £m	30 Mar 24 £m	Change vs 2023/24 %
Sales	4,235.3	4,091.4	3.5
Operating profit before adjusting items	475.3	437.5	8.6
Adjusted operating margin	11.2%	10.7%	53 bps

Operating profit before adjusting items was £475.3m compared with £437.5m in 2023/24, with an adjusted operating margin of 11.2% compared with 10.7% last year.

Gross margin increased 1.2% pts, driven by better buying and currency-related gains, which more than offset supplier labour cost headwinds.

Operating costs increased 5.1%, which was higher than sales growth of 3.5%, resulting in operating cost deleverage of 0.7% pts.

Operating cost increases in the year related to:

- Logistics costs associated with growth in online orders
- Investment in core infrastructure in digital and technology
- Increased central costs in marketing, website improvements and transformation

Conversely, retail costs decreased in the year as investment in colleague pay was offset by cost savings.

Operating profit margin before adjusting items	%
2023/24	10.7
Gross margin	1.2
Retail costs	0.8
Logistics	(0.2)
Digital & Technology	(0.6)
Central costs	(0.7)
2024/25	11.2

FINANCIAL REVIEW CONTINUED

Total Fashion, Home & Beauty continued

Within these results, store margin increased 1.3% pts to 13.1% while online margin declined 0.8% pts to 7.5%, reflecting the investment in online and customer experience.

International

International sales decreased by 8.5% (7.1% at constant currency). This was driven by lower Fashion, Home & Beauty shipments following actions taken to reduce stock levels by franchise partners and ongoing challenging trading conditions in owned stores in India.

Adjusted operating profit declined due to the reduction in sales, partially offset by improved cost control in owned markets in H2.

52 weeks ended	29 Mar 25 £m	30 Mar 24 £m	Change vs 2023/24 %	Change vs 2023/24 CC %
International				
Sales	658.0	719.1	(8.5)	(7.1)
Operating profit before adjusting items	46.3	47.8	(3.1)	(2.0)
Adjusted operating margin	7.0%	6.6%	39 bps	37 bps

Ocado Retail Limited

The Group holds a 50% interest in Ocado Retail Limited (Ocado Retail). The remaining 50% interest is held by Ocado Group Plc (Ocado Group). Results for Ocado Retail are currently reported by Ocado Group and are not consolidated in this release.

From 2025/26 Ocado Retail Limited will be consolidated in the results of M&S in accordance with the joint venture agreement and align with the year-end accounting period of M&S. These results therefore relate to the 57 weeks to 6 April 2025 and include an M&S Group share of adjusted loss of £28.7m.

There will be no change in the economic interest of both shareholders in Ocado Retail Limited, or any consideration paid by the Group, as a result of the change.

Revenue increased by £621.6m in the 57 weeks to 6 April 2025. This was driven by active customer growth and higher frequency, whilst average selling price remained broadly level.

	57 weeks ended 6 Apr 25 £m	53 weeks ended 3 Mar 24 £m	Change vs 2023/24 £m
Revenue	3,091.9	2,470.3	621.6
Adjusted EBITDA	62.0	26.8	35.2
Adjusting items ¹	(20.8)	(61.1)	40.3
Depreciation and amortisation	(65.6)	(61.2)	(4.4)
Operating loss	(24.4)	(95.5)	71.1
Net interest charge	(37.0)	(30.3)	(6.7)
Taxation	—	(7.9)	7.9
Loss after tax	(61.4)	(133.7)	72.3
M&S 50% share of loss after tax	(30.7)	(67.0)	36.3
Reported in M&S Group adjusted profit before tax	(28.7)	(37.3)	8.6
Reported in M&S Group adjusting items	(2.0)	(29.7)	27.7

¹ Adjusting items are defined within the Ocado Group Plc Annual Report and Accounts 2024.

Adjusted EBITDA increase was driven by revenue growth ahead of operational costs, partly offset by lower gross margin.

Adjusting items primarily relate to Ocado Retail's transition to the OSP platform. There is a £4.0m charge relating to the ceasing of operations at Hatfield which is reported as an adjusting item in M&S Group's share of Ocado Retail results.

Net interest charge increased, partly reflecting a higher interest expense on loans from shareholders, of which the M&S share is reported in the Group's finance income (£8.5m in 2024/25, £6.0m in 2023/24).

Last year there was a tax charge of £7.9m, driven by the write-off of a deferred tax asset.

Overall Ocado Retail reported a loss after tax of £61.4m. M&S group share was a loss of £30.7m, which is reported in M&S Group profit before tax.

M&S Financial Services

M&S Financial Services generated a profit before adjusting items of £7.0m (H1: £8.2m), this full year performance compares with £2.2m in 2023/24. Profit reduced in the second half reflecting the one-off costs as we transfer our Travel Money business from HSBC to Eurochange.

Details of the M&S Bank transformation and insurance mis-selling provisions can be found in adjusting items.

FINANCIAL REVIEW CONTINUED

Net finance cost

52 weeks ended	29 Mar 25 £m	30 Mar 24 £m	Change vs 2023/24 £m
Interest payable	(45.9)	(53.3)	7.4
Interest income	54.9	52.3	2.6
Net interest receivable/(payable)	9.0	(1.0)	10.0
Unwind of discount on Scottish Limited Partnership liability	(1.4)	(4.1)	2.7
Unwind of discount on provisions	(6.4)	(6.6)	0.2
Net financial interest	1.2	(11.7)	12.9
Net interest payable on lease liabilities	(110.2)	(110.5)	0.3
Net finance cost before adjusting items	(109.0)	(122.2)	13.2
Adjusting items included in net finance cost	(3.5)	80.5	(84.0)
Net finance cost	(112.5)	(41.7)	(70.8)

Net finance cost before adjusting items decreased £13.2m to £109.0m. This was driven by reduced interest payable as a result of the repurchase of medium-term notes and increased interest income on cash and current financial assets.

Adjusting items within net finance costs decreased primarily due to last year's remeasurement of Ocado Retail Limited contingent consideration and reduced net pension finance income.

Group profit before tax and adjusting items

Group profit before tax and adjusting items was £875.5m, up 22.2% on 2023/24. The profit increase was primarily due to growth in the Food and Fashion, Home & Beauty businesses with reduced share of group losses in Ocado Retail.

Group profit before tax

Group profit before tax was £511.8m, down 23.9% on 2023/24. This includes a net charge for adjusting items of £363.7m (2023/24: charge of £43.9m).

Adjusting items

The Group makes certain adjustments to statutory profit measures in order to derive alternative performance measures (APMs) that provide stakeholders with additional helpful information and aid comparability of the performance of the business. For further detail on these (charges)/gains and the Group's policy for adjusting items, please see notes 1 and 5 in the financial statements. These (charges)/gains are reported as adjusting items on the basis that they are significant in quantum in current or future years and aid comparability from one period to the next.

52 weeks ended	29 Mar 25 £m	30 Mar 24 £m	Change vs 2023/24 £m
Included in share of result of associate – Ocado Retail Limited	(14.9)	(42.6)	27.7
Amortisation and fair value adjustments arising as part of the investment in Ocado Retail Limited	(12.9)	(12.9)	—
Ocado Retail Limited – UK network capacity review	(2.0)	(29.7)	27.7
Included in operating profit	(345.3)	(81.8)	(263.5)
Strategic programmes – Store estate	(84.4)	(93.0)	8.6
Strategic programmes – International reset	(20.6)	—	(20.6)
Strategic programmes – Digital & Technology transformation	(10.2)	—	(10.2)
Strategic programmes – Organisation	—	(3.5)	3.5
Strategic programmes – UK Logistics	—	5.3	(5.3)
Strategic programmes – Furniture simplification	11.1	(18.3)	29.4
Store impairments, impairment reversals and other property charges	2.3	35.1	(32.8)
Impairment of investment in Ocado Retail Limited	(248.5)	—	(248.5)
M&S Bank transformation and insurance mis-selling provisions	(15.5)	(7.0)	(8.5)
Acquisition of Cist Limited	—	(0.4)	0.4
Legal Settlement	20.5	—	20.5
Included in net finance income/(costs)	(3.5)	80.5	(84.0)
Pension net finance income	4.1	24.0	(19.9)
Remeasurement of Ocado Retail Limited contingent consideration	—	64.7	(64.7)
Net finance costs incurred in relation to Cist Limited deferred and contingent consideration	(7.6)	(8.2)	0.6
Adjustments to profit before tax	(363.7)	(43.9)	(319.8)

Adjusting items recognised were a net charge of £363.7m. These include:

A non-cash charge of £12.9m with respect to the amortisation of intangible assets acquired on the purchase of our share in Ocado Retail.

A charge of £2.0m included within the share of result in associate. This reflects the group share of costs relating to the ceasing of operations at Ocado Retail's Hatfield CFC and wider network review.

FINANCIAL REVIEW CONTINUED

Adjusting items continued

A charge of £84.4m in relation to store estate rotation plans. This reflects the revised view of store exit routes, assumptions, estimated closure costs, charges relating to the impairment of buildings, fixtures and fittings, and accelerated depreciation.

A charge of £20.6m in relation to one-off charges related to contractual obligations due to the closure of European distribution centres, and the write off of certain assets no longer required.

As part of the strategic programme to reset our Digital & Technology operating model, a charge of £10.2m was incurred in the period, primarily relating to consultancy costs and related structural changes.

A net credit of £11.1m has been recognised associated with the exit of the two-person furniture delivery operation. The credit mainly reflects the settlement of the contractual obligations with suppliers and the profit on disposal of a distribution centre.

A non-cash net credit of £2.3m in relation to store impairment reversals, driven by revised future cash flow projections in relation to the carrying value of stores.

Ahead of the expected consolidation of Ocado Retail Limited in 2025/26, and in accordance with the relevant accounting standards, the Group performed a valuation exercise of Ocado Retail in the second half of the year, which triggered a full impairment test of the Group's existing investment. This resulted in an impairment charge of £248.5m, which has been recognised in relation to the value of the investment.

A charge of £15.5m in relation to M&S Bank transformation and insurance mis-selling provisions, predominately relating to the settlement of the deficit which had been recognised by M&S Bank. Total programme costs to date are £20.5m and under the terms of the new agreement, material charges are expected over the next six years.

The Group received a net credit of £20.5m as part of a legal settlement in relation to damages received from an independent third party following its involvement in anti-competitive behaviour that adversely impacted the Group.

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

Taxation

The effective tax rate on profit before tax and adjusting items was 26.7% (2023/24: 33.2%). This was higher than the UK statutory tax rate, primarily due to the impact of non-deductible Ocado JV Losses.

The effective tax rate on statutory profit before tax was 43.0% (2023/24: 36.8%). This is higher than the effective tax rate on profit before adjusting items due to the impact of non-taxable adjusting items such as impairments.

Earnings per share

Basic earnings per share was 14.6p (2023/24: 21.9p), due to lower profit in the year and an increase in the effective tax rate. Adjusted basic earnings per share was 31.9p (2023/24: 24.6p) due to higher adjusted profit and a reduced effective tax rate on profit before adjusting items.

The weighted average number of ordinary shares in issue during the period was 2,021.9m (2023/24: 1,973.2m), with the weighted average number of diluted ordinary shares 2,110.7m (2023/24: 2,075.9m).

Cash flow

	29 Mar 25 £m	30 Mar 24 Restated £m ¹	Change vs 2023/24 £m
Operating profit	624.3	714.2	(89.9)
Adjusting items within operating profit	360.2	124.4	235.8
Operating profit before adjusting items	984.5	838.6	145.9
Depreciation, amortisation, impairments and disposals	542.6	526.3	16.3
Cash lease payments	(343.0)	(321.4)	(21.6)
Working capital	(38.6)	77.2	(115.8)
Non-cash pension expense	5.6	5.3	0.3
Defined benefit scheme pension funding	(0.4)	(0.4)	—
Capex and disposals	(458.6)	(423.2)	(35.4)
Financial interest	(2.6)	(31.2)	28.6
Taxation	(208.3)	(191.2)	(17.1)
Employee-related share transactions	(13.1)	22.2	(35.3)
Share of result from Associate	28.7	37.3	(8.6)
Loans to Associates	—	(62.0)	62.0
Share of results in other joint ventures	(0.5)	0.3	(0.8)
Adjusting items in cash flow	(53.0)	(40.0)	(13.0)
Free cash flow from operations	443.3	437.8	5.5

FINANCIAL REVIEW CONTINUED

Cash flow continued

	29 Mar 25 £m	30 Mar 24 Restated £m ¹	Change vs 2023/24 £m
Lease Surrender Payments	(19.0)	(24.1)	5.1
Transactions with non-controlling interest	(2.6)	—	(2.6)
Acquisitions, investments, and divestments	(11.9)	(2.6)	(9.3)
Free cash flow	409.8	411.1	(1.3)
Dividends paid	(60.5)	(19.6)	(40.9)
Free cash flow after shareholder returns	349.3	391.5	(42.2)
Opening net funds excluding lease liabilities	45.7	(355.6)	401.3
Free cash flow after shareholder returns	349.3	391.5	(42.2)
Exchange and other non-cash movements excluding leases	42.8	9.8	33.0
Closing net funds excluding lease liabilities	437.8	45.7	392.1
Opening net debt	(2,165.8)	(2,637.2)	471.4
Free cash flow after shareholder returns	349.3	391.5	(42.2)
Decrease in lease obligations	258.6	243.5	15.1
New Lease commitments and remeasurements	(261.0)	(176.0)	(85.0)
Exchange and other non-cash movements	29.3	12.4	16.9
Closing net debt	(1,789.6)	(2,165.8)	376.2

¹ Lease Surrender Payments have been reclassified in 2024/25 as an adjustment to Free Cash Flow.

The business generated free cash flow from operations of £443.3m, a year-on-year increase of £5.5m.

Growth in operating profit before adjusting items was offset by a planned working capital outflow and increased capex net of disposals.

The working capital outflow was partly driven by a change of payment terms in Fashion, Home & Beauty from 90 to 75 days at the end of the prior year. Increased Food inventory was offset by growth in payables, partly due to Easter timing.

The reduction in financial interest paid was driven by the repurchase of medium-term notes. Taxation increased due to higher profit before adjusting items in the year. Loans to associates reflect reduced funding requirements for Ocado Retail Limited.

Adjusting items in cash flow include a £25.0m fee relating to a change in arrangements between M&S and HSBC UK for financial services, £20.6m relates to the store estate strategy, £6.4m relates to Furniture simplification, and £4.9m relates to Fashion, Home & Beauty network improvements. These were partly offset by £22.0m received relating to a legal settlement.

Dividends paid reflect the final dividend paid for 2023/24 and the interim dividend for 2024/25.

The Group generated free cash flow after shareholder returns, resulting in a further increase in net funds excluding lease liabilities and a reduction in net debt.

Movement in Exchange and other non-cash movements excluding leases relates to the change in recognition of the Scottish Limited Partnership liability.

Capital expenditure

	29 Mar 25 £m	30 Mar 24 Restated £m ¹	Change vs 2023/24 £m
52 weeks ended			
Store renewal	118.8	51.5	67.3
New stores	125.8	77.4	48.4
Property maintenance	114.0	99.1	14.9
Supply chain	95.3	69.3	26.0
Digital & Technology	104.7	80.8	23.9
International	7.4	12.4	(5.0)
ROI	11.1	5.6	5.5
Financial services	1.1	—	1.1
Capital expenditure before property disposals	578.2	396.1	182.1
Property disposals	(48.3)	(6.1)	(42.2)
Capital expenditure	529.9	390.0	139.9
Movement in capital accruals and other items	(71.3)	33.2	(104.5)
Capex and disposals as per cash flow	458.6	423.2	35.4

¹ International has been restated as no longer includes ROI.

FINANCIAL REVIEW CONTINUED

Capital expenditure continued

Group capital expenditure before property disposals increased £182.1m to £578.2m due to increased investment in store renewal and new stores, supply chain and digital & technology.

Store renewal investment was driven by flagship renewals opened in the year at Cribbs Causeway, Gemini and Tamworth. Spend on new stores was driven by the opening of two Full Line stores at Dundee, Washington Galleries and the extension of Fosse Park which launched in October.

Supply chain expenditure reflects investment in expanding Fashion, Home & Beauty fulfilment capabilities, as well as replacement of vehicles and handling equipment.

Digital and technology includes technology replacement, network upgrades, and continued investment in website and app development.

Net debt

Group net debt decreased £376.2m since last year driven by the generation of free cash flow and the change in recognition of the Scottish Limited Partnership liability (see note 12 in the financial statements).

The composition of Group net debt is as follows:

52 weeks ended	29 Mar 25 £m	30 Mar 24 £m ¹	Change vs 2023/24 £m
Cash and cash equivalents ¹	864.5	1,022.4	(157.9)
Current financial assets and other ¹	290.4	26.9	263.5
Medium-Term Notes	(717.1)	(921.7)	204.6
Partnership liability	—	(81.9)	81.9
Net funds excluding lease liabilities	437.8	45.7	392.1
Lease liabilities	(2,227.4)	(2,211.5)	(15.9)
Group net debt	(1,789.6)	(2,165.8)	376.2

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

The Medium-Term Notes include four bonds, with maturities out to 2037, and the associated accrued interest. During the period part of 2025 and 2026 bonds were repurchased totalling £190.3m. The USD 300m 2037 bond is valued by reference to the embedded exchange rate in the associated cross currency swaps. The full breakdown of maturities is as follows:

Bond and maturity date	Value £m
Jun 2025, GBP	105.5
May 2026, GBP	109.4
Jul 2027, GBP	250.0
Dec 2037, USD	252.9
Unamortised bond costs and effects of fair value hedges	(1.7)
Total principal value	716.1
Interest and FX revaluation	1.0
Total carrying value	717.1

Lease Liabilities	29 Mar 25 £m	30 Mar 24 Restated £m ¹	Change vs 2023/24 £m	Average lease length to break ²
Full Line stores	(841.7)	(860.1)	18.4	c. 16 years
Food stores	(701.4)	(682.2)	(19.2)	c. 10 years
Offices, warehouses, ROI and other	(518.5)	(514.9)	(3.6)	
International	(165.8)	(154.3)	(11.5)	
Total lease liability	(2,227.4)	(2,211.5)	(15.9)	

¹ Restated owing to ROI moving out of international.

² Liability-weighted average lease length to break.

New lease commitments and remeasurements in the period were £261.0m, largely relating to UK lease additions including new stores and UK property liability remeasurements, which was more than offset by capital lease repayments.

Full Line store lease liabilities include £149.3m relating to stores identified as part of the store estate strategic programme. The average lease lengths on full line stores is skewed by nine particularly long leases. Excluding these nine leases, the average term to break of leases outside the programme is c.14 years. Food store lease liabilities include £49.5m relating to stores identified as part of the store estate strategic programme.

FINANCIAL REVIEW CONTINUED

Pension

At 29 March 2025, the IAS 19 net retirement benefit deficit was £122.7m (2023/24: £77.2m surplus). There has been a decrease of £199.9m since prior year largely driven by changes to member mortality experience and the change in recognition of the Scottish Limited Partnership.

The most recent actuarial valuation of the UK DB Pension Scheme was carried out as at 31 March 2024 and showed a funding surplus of £288m. This is a reduction compared to the previous position at 31 March 2021 (funding surplus of £687m), primarily due to net investment experience.

The IAS 19 net retirement deficit differs from the actuarial valuation primarily due to the difference in discount rate applied.

The Company and Trustee have confirmed, in line with the current funding arrangement, that no further contributions will be required to fund past service because of this valuation, other than those contractually committed under the existing Marks and Spencer Scottish Limited Partnership arrangements.

Marks and Spencer Scottish Limited Partnership

Marks and Spencer plc is a general partner of the Marks and Spencer Scottish Limited Partnership, with the UK DB Pension Scheme, which is a limited partner.

The Partnership holds £1.3bn (2023/24: £1.3bn) of properties at book value which have been leased back to Marks and Spencer plc.

In February 2025 the Group and the UK DB Pension Scheme Trustee agreed to a change to the Partners' entitlements to distributions from the partnership. The first limited partnership interest and second limited Partnership interest were replaced by a third limited partnership interest.

The new third partnership interest (also held by the UK DB Pension Scheme), entitles the Pension Scheme to receive £45.0m in June 2025 and June 2026, and £55.0m in June 2027 and June 2028. From June 2029 to June 2035 the Pension Scheme is entitled to receive either £55.0m or £nil, depending on the funding level of the Pension Scheme as at the latest reporting date. Under certain circumstances these amounts may be retained in the Partnership, with the distribution determined by the future funding position of the pension scheme.

Liquidity

At 29 March 2025, the Group had liquidity of £1,739.5m (last year: £1,897.4m), comprising cash and cash equivalents of £864.5m, an undrawn committed syndicated bank revolving credit facility (RCF) of £850.0m (set to mature in June 2027), and undrawn uncommitted facilities amounting to £25.0m.

The Group continues to maintain a robust balance sheet providing it with sufficient access to liquidity, through a combination of cash and committed facilities, to meet its needs in the short and medium-term.

Dividend

With the Group generating a further improvement in operating performance, balance sheet and credit metrics, a final dividend of 2.6p per share has been declared. This will be payable on 4 July 2025 to shareholders on the register of members as at close of business on 30 May 2025.

Statement of financial position

Net assets were £2,951.4m at the period end. The profit made in the period and the reduction in borrowings resulted in an overall increase in net assets of 4.3% since prior year.

PEOPLE AND CULTURE

Our behaviours

We get out there and ask questions, curious and keen to get **close to customers, close to colleagues.**

We say it, we do it. We're bold with our decisions, and ambitious for growth. We're hands on, sleeves rolled up, and we get the job done.

We tell it as it is. We're honest and straight talking. We're informal and conversational. No dramas.

We disrupt and innovate. We're tough on performance, learn from others to get better every day, and **we always aim higher.**

A high-performance culture is critical to the next phase of our transformation and every one of our 63,000 colleagues has a role to play in delivering it.

The aim is to create a culture that is closer to customers and closer to colleagues and constantly raising the bar. While we have made progress this year, there's still so much more to do to build the culture we need to reshape M&S for growth.

Creating a high-performing M&S

Rewarding our front-line colleagues

Our vision is to be the most trusted retailer, and to do that, we also need to be the most trusted employer. For the third year in a row, M&S has made a record investment – £95m – in UK retail pay. Customer Assistant's pay increased to £12.60 per hour (and £13.85 in London), in line with the Real Living Wage, effective from 1 April 2025. Since 2022, we have invested more than £285m in our retail pay, with standard hourly rates increasing by over 26%, more than double the rate of inflation. For the third year, we also awarded our front-line colleagues an M&S e-gift card in recognition of their contribution during our peak period over Christmas. We also provide a wide range of benefits which, when combined with the new hourly pay rate, could be worth up to £15.40 an hour. These benefits include an uncapped industry leading 20% colleague discount, pension contributions up to 12% of salary and 26 weeks maternity/adoption leave at full pay.

We work selflessly. We put M&S first to make the right calls for our customers and shareholders, so we all win together.

We're financially disciplined. We make the right choices with our money to **spend wise, save well.**

PEOPLE AND CULTURE CONTINUED

Robust goal setting

Putting better processes in place so every colleague has clear and measurable goals – which are essential to driving a high-performance culture – has been a priority over the past three years. This year, we set shared objectives across M&S which focus on customers, stores, business transformation and growth. To ensure performance is more regularly reviewed, we have introduced quarterly check-ins across the business. This more regular drumbeat also provides clearer touchpoints to support development and ensures underperformance is addressed sooner. In the September 2024 Pulse survey, 86% of colleagues agreed 'I'm clear about what is expected of me in my role', and 79% agreed 'In my team, we always aim higher'.

Upskilling leaders and line managers

Line managers have a critical role to play in driving the next phase of our transformation. Investing in our line managers has been a clear focus this year and we have taken steps to reset what it means to be a line manager at M&S. To drive accountability, consistency and raise the bar on performance, we introduced a specific objective for every line manager on driving the quality, engagement and performance of their team. We also launched Raise the Bar, an intervention to set a benchmark for all 6,000+ line managers across M&S, so there is clarity on expectations around giving actionable feedback and proactive management of poor performance. There is much more to do in this space but we are beginning to build a stronger foundation.

Embedding our behaviours

Following the introduction of our behaviours in 2023/24, the focus this year has been on hardwiring them across the business, including through recruitment and performance management, and making them part of how we communicate through our brand guidelines. Through the Pulse survey, we are now measuring our progress against the behaviours across the business, with leaders required to build action plans to address areas of concern.

Closer to colleagues and closer to customers

Getting even closer to customers

At the heart of a culture that's sleeves rolled up and hands on is our Closer to Customers programme which brings Store Support Centre colleagues closer to the front line. Now in its third year, the programme has been expanded so that every colleague joining the business starts their career with M&S in stores. Every newly hired leader now spends their first four weeks working in store, while new starters to our Support Centre spend three days in their first week with the business in store. Feedback has been incredibly positive with new joiners developing an accelerated understanding of the challenges and opportunities facing the business and the role they can play in driving change.

All colleagues spend seven days per year working in stores. In 2024/25, more than 4,000 Support Centre colleagues spent over 200,000 hours working in stores, breaking down barriers and driving better collaboration. Following feedback from stores, we encouraged Support Centre colleagues to align Closer to Customer days to critical trading periods. Support Centre colleagues spent over 93,000 hours supporting 596 stores over Christmas, helping to serve, sell and fill while getting closer to our customers and colleagues.

Simplifying processes for stores

For a long time, our stores have been overburdened with reports and tasks, taking up time that should be spent serving our customers. This year, there has been considerable focus on reducing complexity for our stores. One example of this is simplifying store KPIs from 24 to six clearer, more actionable measures.

We also introduced Live from the Floor calls between Store Support Centre colleagues and our stores. Each week, Store Managers and Regional Managers give their feedback directly to the Support Centre colleagues responsible for addressing their issues to drive better communication and quicker outcomes.

Engaging colleagues through BIG

At the heart of colleague engagement is our elected M&S colleague representative network, BIG. This year, BIG has played an instrumental role in defining our retail pay strategy and supporting efforts to 'Raise the Bar' on performance as part of the wider cultural reset across the business. This year, the National BIG leadership team met with over 600 store BIG teams, hearing first-hand from our colleagues and strengthening the network across the business.

To keep leadership informed on how colleagues are feeling, the National BIG Chair meets with Stuart and the National BIG reps from across stores, Castle Donington and Support Centres every six weeks, and the Board and the Executive Committee every quarter. Stuart also now meets directly with Support Centre BIG reps twice a year, to give the opportunity for Support Centre colleague views to be shared directly with the CEO.

Evolving 'The Pulse' engagement survey

The Pulse colleague engagement survey gives every colleague the opportunity to tell us how they feel and helps us to better track our progress towards building a high-performance culture. Following its launch in January 2024, focus this year has been on evolving the survey to better measure colleague perceptions around our behaviours and transformation. The March 2025 survey saw a net promoter score (NPS) of 76% – a 12% year-on-year increase – in response to the statement 'I would recommend M&S as a great place to work' with a participation rate of almost 80%, up from 60% in September 2024. Focus is now on maintaining this momentum. Leaders are asked to review Pulse results and share action plans with teams within three weeks of the results being published, ensuring we are continuously facing into the areas of opportunity and addressing issues quickly.

PEOPLE AND CULTURE CONTINUED

Closer to colleagues and closer to customers continued

Encouraging two-way communication

Through our Straight to Stuart suggestion scheme, every colleague at M&S has the opportunity to put forward their ideas to improve the business and drive positive change. Since launching in May 2022, colleagues have submitted over 20,000 ideas, with many of these implemented to make M&S a better place to shop for our customers and a better place to work for our colleagues. This year, more than 6,500 ideas were submitted. One idea that received a 'yes' was the suggestion of M&S being the first retailer to offer a dedicated range of knickers for people living with stomas. Created in partnership with Colostomy UK, the range launched in August and has sold 21,000 units. The news was shared on our colleague channels and was our most engaged with post of the year.

We hosted a Straight to Stuart LIVE event this year, focused on improving our security and asset protection measures, hosted by Stuart Machin, Sacha Berendji, Operations Director, and Jayne Wall, Director of Central Operations, at our Security Operations Centre in Northampton. Colleagues submitted over 120 ideas for how we can make improvements with around 1,000 colleagues viewing the event live.

To give colleagues the opportunity to ask their questions directly of the leadership team, we host townhalls three times a year to align with the announcement of our financial results. This year, colleagues submitted over 100 questions, with every question asked receiving an answer – either during the session or as a follow-up. All Executive Committee (ExCo) members also have as one of their objectives taking part in at least four colleague and customer listening groups, with sessions this year including one taking place in Ireland and another in our Paddington Store Support Centre.

Raising the bar on talent

Improving hiring practices

To make sure we hire the best talent to support the future growth of M&S, there has been a focus this year on improving hiring practices. A new foundational module was launched to set the standard for hiring managers with more than 1,300 managers in our Support Centre now trained on the new approach. This training will form the foundation for continuous improvement in the year ahead with plans for the roll-out of better assessment tools and technology to further enhance hiring processes.

Investing in future leaders

To build a strong pipeline of future leaders, we have a clear rhythm of reviewing talent from across the business. The Fast Track programme, launched in September 2023, was established to support the highest potential colleagues and accelerate their progress through the business. An initial 43 colleagues were identified to join the programme which focuses on supporting development and preparing colleagues for the next stage of their career. 65% have now progressed into a bigger or broader role. In January 2025, a further 41 colleagues joined the programme, and further development is a priority for the year ahead as we continue to invest in nurturing talent in our stores, distribution centres and Support Centres.

To fuel the future talent pipeline, we continued to run our leadership development programmes BUILD and EVOLVE. 320 high-potential colleagues completed an M&S Future Leaders programme this year, with 30% from ethnic minorities and 72% being women.

A place where everyone can be themselves and be their best

Improving diversity in recruitment

The retail industry is an engine of social mobility and M&S is committed to helping young people furthest from work into employment. This year, we celebrated 20 years of our employability programme Marks & Start, managed in partnership with The King's Trust, and supported a further 603 young people through the programme with 88% of young people who completed their placements leading to paid employment opportunities. The programme brings diverse talent and thinking into M&S with 30% of participants this year from ethnic minorities and 29% having a declared disability.

Developing talent from minority backgrounds

We are committed to creating a more diverse, equitable and inclusive M&S. Last year, we launched EMERGE, a trial development programme aimed at encouraging greater representation of ethnic minorities on our future leader programmes. 37 colleagues completed the programme this year, with 14 of those on the programme being Team Managers in our stores. Since launching, we have seen an increase in representation of ethnic minorities on our future leader programmes. However, there have been a number of learnings since the launch which are being taken forward to improve the programme from next year.

PEOPLE AND CULTURE CONTINUED

Driving inclusion through engagement

With over 11,000 members from across the business, our colleague inclusion networks have an important role to play in helping us to drive a more inclusive workplace for all colleagues.

Improvements to the governance of the networks, increased sponsorship from senior leaders and investment in network chairs have supported their growth this year.

This year, key achievements of the networks include signing the Miscarriage Association's pregnancy loss

pledge as part of our commitment to being a leading employer for women in retail, improving learning resources on key topics including menopause, neurodiversity, unconscious bias, allyship and racial inequality, and working with the Careers Transition Partnership and the Ministry of Defence to promote career opportunities at M&S to Armed Forces personnel.

We have received external recognition for our progress this year, including as a top performer in the FTSE Women Leaders Review and as a top faith-friendly FTSE 100 workplace according to the 2025 UK REDI Monitor.

Looking ahead

The year ahead will be focused on driving a talent strategy that will help further fuel future growth, further accelerating change to streamline processes for our stores so they can focus on serving our customers, and simplifying organisational structures in our Support Centres to drive a high-performing workforce. There will also be greater emphasis on holding leaders to account for driving culture change, through performance objectives and progress reviews in Business Boards and working more closely with BIC to make sure the voice of colleagues is represented in decision-making.

Colleague representation measurements

Total employees

2024/25		
● Female	43,411	
● Male	20,082	
2023/24		
● Female	44,822	
● Male	21,026	

Gender balance of senior leaders**

2024/25		
● Female	56%	
● Male	44%	
2023/24		
● Female	50%	
● Male	50%	

Colleague engagement (The Pulse survey)

76%

23/24: 64%

NPS score March 2025 – percentage of those who agree or strongly agree with the statement 'I would recommend M&S as a great place to work' with a participation rate of almost 80%, up from 60% in September 2024.

Senior managers* from ethnic minorities

4.9%

2023/24: 4.3%

* Senior managers are measured using our internal reward levels, being those who have the biggest influence and responsibility in driving and delivering the Group's strategy.

ⓘ Read more in our Nomination Committee Report on pages 72 to 73.

** Senior leaders are the 'senior management' of the Company and includes ExCo and ExCo direct reports, but excludes Board members. The gender breakdown of the Board is 60% female and 40% male.

ⓘ Read more on ExCo and Board director gender data on page 61.

Gender pay gap

12.2%

23/24: 12.6%

Figure provided is mean pay gap. We are committed to driving equal opportunities. Our focus is on continuing to make M&S a great place to work for women and while we are ahead of the national average, we know there is more to do in this space.

ⓘ Read more in our Remuneration Report on page 88.

ESG REVIEW

At M&S, we've always built trust by doing the right thing for our colleagues, customers, and the communities we serve.

This commitment has been at the heart of our business for over 140 years and continues to be just as important today. Our actions are guided by our vision to be the most trusted retailer, doing the right thing for our customers, with exceptional quality products at the heart of everything we do.

Underpinning this vision is our ESG strategy which we call Plan A. Not only does it help guide us in our approach to being responsible, it also means our customers can trust us to do the right thing.

There is a clear governance framework in place to support delivery of our strategy. The Executive Committee (ExCo), led by the CEO, is accountable for setting and delivering the strategy, with individual directors accountable for delivery within their areas, and the Corporate Affairs Director accountable for overall delivery of the programme. The ESG Committee provides a strategic oversight role in challenging strategy and supporting delivery plans. The ESG Business Forum, a cross-functional group of senior leaders and subject matter experts across M&S, plays a key role in tracking ESG progress against targets, supporting the accountability and decision-making functions of the ExCo and ESG Committee.

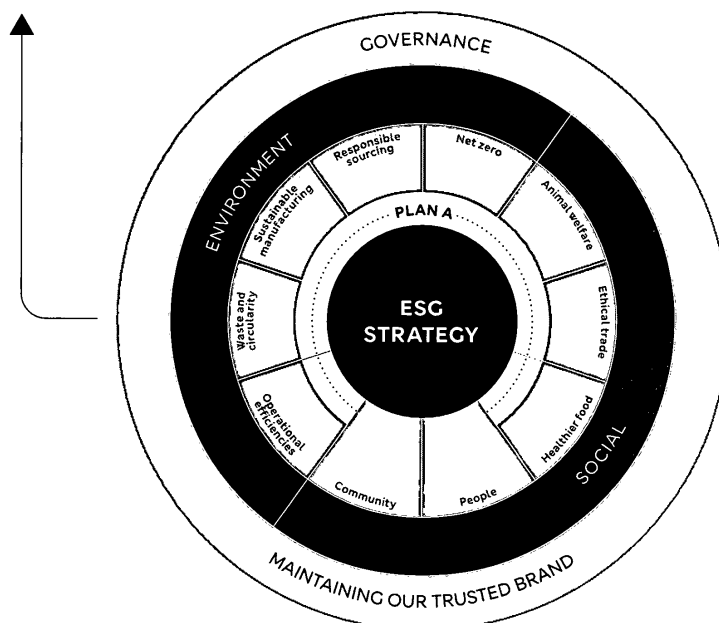
More broadly, effective and robust governance underpins how we do business. We expect every colleague to play their part through living our behaviour to 'act selflessly' – always acting in the best long-term interests of M&S and respecting their colleagues and our customers so we can win together – and by doing the right thing through compliance with our policies and standards.

🔗 Read more about our approach to ESG in our ESG Report corporate.marksandspencer.com/ESGreport2025.

Our strategic priorities are supported and enhanced by our ESG strategy.



**PLAN A.
BECAUSE
THERE IS
NO PLAN B.**



ESG REVIEW CONTINUED

ESG highlights of the year

£4.4m raised for YoungMinds since the beginning of the partnership in 2023	148.1m pieces of plastic removed from our packaging portfolio this year	33% reduction in Scope 1 and Scope 2 emissions vs 2016/17 baseline	101.1m meals donated through our partnership with Neighbourly since 2015	100% of cotton used in clothing products from more responsible sources	69% of the Remarksable range designated as 'Eat Well'
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ESG progress overview

Environment

Issue	Metric	Target	Assessment of progress
Net zero	Total location-based Scope 1 and Scope 2 GHG emissions.*	Reduce absolute Scope 1 and 2 GHG emissions 55% by 2029/30 from a 2016/17 base year.	✓
	Total Scope 3 GHG emissions.	Energy and Industry – reduce absolute Scope 3 GHG emissions 42% by 2029/30 from a 2022/23 base year. FLAG – reduce absolute Scope 3 FLAG GHG emissions 30.3% by 2029/30 from a 2022/23 base year.	✓
	RSPO Certified Sustainable Palm Oil with Segregated status (% of all palm oil).	100% by 2025/26.	✓
Responsible sourcing	Soy sourced from verified deforestation and conversion-free (vDCF) supply chains (% of total direct and indirect soy).	100% by 2025/26.	✓
	Cotton used in Fashion, Home & Beauty products from more responsible sources (% of all cotton used).	100% by 2025/26.	✓
	Polyester used in Fashion, Home & Beauty products from verified recycled sources (% of all polyester used).**	100% by 2025/26.	✓
Waste and circularity	Number of individual pieces of plastic (units) that have been removed from the M&S own-brand packaging portfolio.	Remove 1bn units by the end of 2027/28 from 2016/17.	✓
	Food waste.*	50% reduction by 2029/30 (vs 2016/17 base year).	⊖
	Food not sold that was fit for human consumption which was redistributed to charities, community organisations or colleagues.	100% by 2025/26.	⊖
	Operational waste to landfill.	Maintain 0%.	✓

⊕ Read more on our SBTi targets on page 50.

Social

Issue	Metric	Target	Assessment of progress
Animal welfare	Ranking among retailers, with highest number of species within M&S Food product range adhering to RSPCA Assured certification.	Maintain #1 position.	✓
People	Senior leaders who are female.	50% by 2025/26.	✓
Community	Funds raised for YoungMinds.	£5m by 2026/27 from 2023/24.	✓

* Limited assurance provided by Deloitte.

** This data is subject to a discrete assurance process linked to our financing and is scheduled to be published in autumn 2025; see page 163.

⊗ Target missed ⊖ Behind ✓ On track or achieved



TCFD

This section outlines how M&S has complied with the requirements of UKLR 6.6.6R (8) by including climate-related financial disclosures consistent with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and recommended disclosures. Our disclosure also complies with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

TCFD disclosures index

TCFD pillars	TCFD recommendation	Consistency status	Reference
Governance	A) Describe the board's oversight of climate-related risks and opportunities.	✔	➡ Read more on page 39-40.
	B) Describe management's role in assessing and managing climate-related risks and opportunities.	✔	➡ Read more on page 39-40.
Strategy	A) Describe the climate-related risks and opportunities the organisation has identified over the near, medium, and long term.	✔	➡ Read more on pages 41-46.
	B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	✔	➡ Read more on page 42-46.
	C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	✔	➡ Read more on pages 46-48.
Risk management	A) Describe the organisation's processes for identifying and assessing climate-related risks.	✔	➡ Read more on page 41.
	B) Describe the organisation's processes for managing climate-related risks.	✔	➡ Read more on pages 52-53 in Risk Management.
	C) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	✔	➡ Read more on page 41.
Metrics and targets	A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	✔	➡ Read more on page 48.
	B) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks.	✔	➡ Read more on pages 48-49.
	C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	✔	➡ Read more on page 50. ➡ Read more in our ESC Report.

✔ Consistent ➡ Partially consistent

Last year, M&S highlighted the focus areas for the 2024/25 year; progress against these is outlined below.

2024/25 action	Progress update
Re-submit our targets to the Science Based Target Initiative (SBTi)	Following updated guidance from the SBTi for businesses with FLAG emissions (stemming from Forestry, Land or Agriculture), we have updated our Scope 3 targets this year. The Scope 3 base year has also been updated to reflect better data. These updated targets are used throughout this disclosure.
Work towards plan for transition in line with TPT¹ guidance	An internal transition plan has been drafted in line with the TPT guidance. Key elements of this plan are included within this TCFD Report, particularly in Strategy B.

¹ Transition Plan Taskforce: <https://transitiontaskforce.net/>

TCFD CONTINUED

Governance

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

The Board holds ultimate accountability for risk management and our ESG framework. This encompasses the climate-related risks and opportunities that affect our operations including physical and transitional climate risks. The Audit & Risk Committee is tasked with overseeing these risks, conducting biannual reviews of principal risks, including those associated with climate change and environmental stewardship.

Key elements of our risk management and ESG framework include:

- The Board establishes the risk appetite for essential business areas, incorporating ESG considerations.
- The Audit & Risk Committee receives biannual updates from the leadership team responsible for ESG oversight, including performance metrics that align with our risk appetite.
- The ESG Committee plays a crucial role in managing ESG matters. This Committee convenes at least quarterly and is responsible for:
 - Ensuring alignment between the Company's ESG purpose, business strategy and customer proposition.
 - Assessing the effectiveness of our ESG strategy and governance, including climate-related issues.
 - Monitoring progress against established targets through quarterly ESG reports.
 - Overseeing risk mitigation activities related to climate risks.
 - Supporting the overall risk management framework by reviewing ESG-related risks and providing recommendations to the Audit & Risk Committee.

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

For a detailed overview of our risk management processes and governance please see pages 52 to 53. More information about the Audit & Risk Committee's responsibilities can be found in the governance structure on page 40.

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

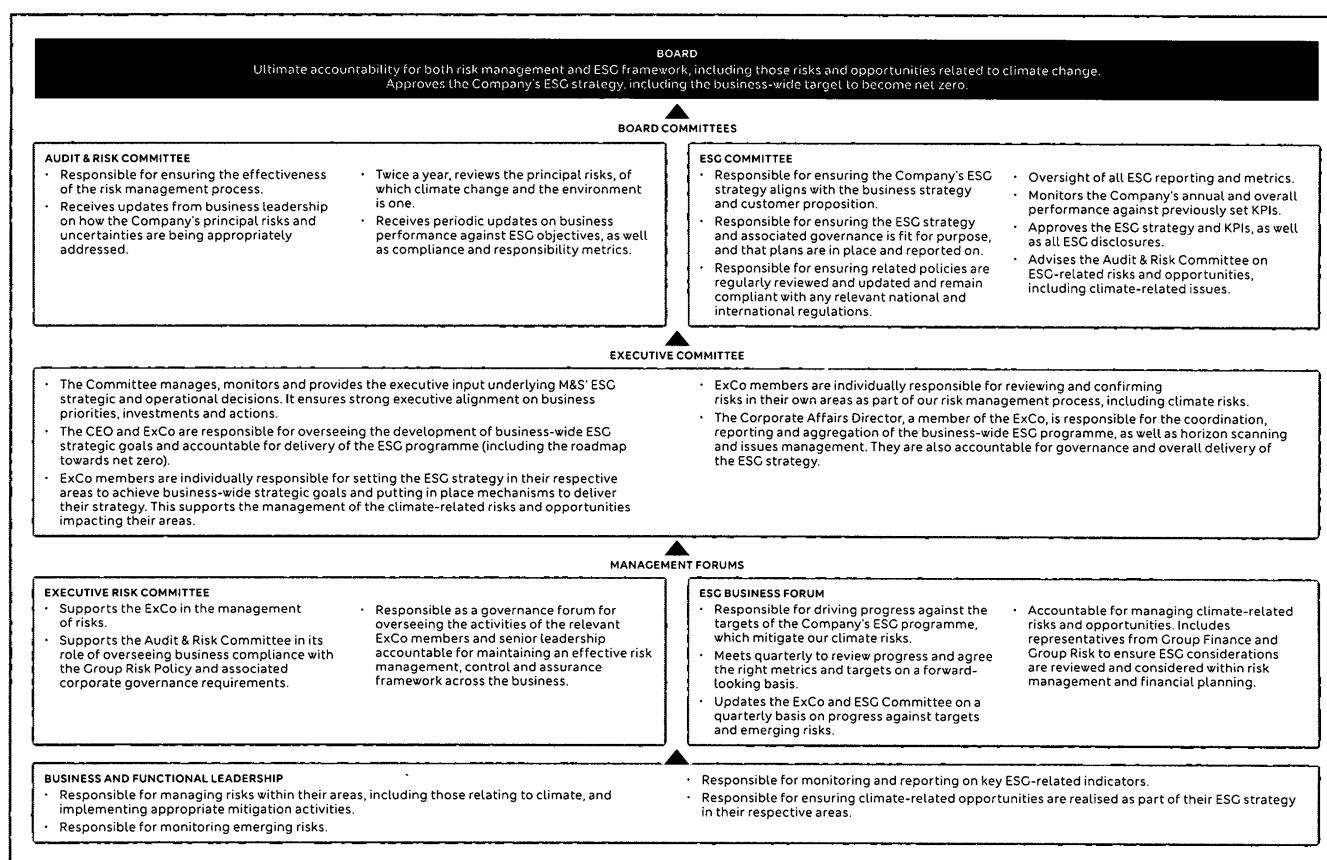
As detailed in our risk management process (see pages 52-53), climate risks, including emerging areas, are integrated into each business and functional risk review. Business units assess the capital expenditure needed for projects that address near term climate-related risks during the annual budgeting process.

- Executive Committee (ExCo) members are responsible for reviewing and confirming risks in their areas, as well as evaluating the Group's principal risks and uncertainties at the half year and year end. This ensures that significant risks are effectively monitored and managed throughout the year.
- The Executive Risk Committee, comprising a subset of ExCo members, has also been established to support with oversight of ongoing risk and control, identify potential emerging issues and monitor overall adherence to expected standards.
- The ESG Business Forum, chaired by the Corporate Affairs Director, includes business leaders accountable for ESG issues. The Forum manages climate-related risks and opportunities, driving progress against our ESG targets. Key updates on ESG trends, including climate change, are shared with the Forum by the Corporate Affairs team. The Forum meets quarterly, with summaries shared with both the ExCo and the ESG Committee (see governance structure on page 40 for details).



TCFD CONTINUED

Governance structure



TCFD CONTINUED

Risk management

M&S' process for identifying, assessing and managing climate risk, and how this is integrated into overall risk management (TCFD risk management A, B and C)

The identification, assessment, and management of climate-related risks are integrated into our overall Group risk management process. Climate risks are evaluated using consistent criteria applied across all risks. A detailed description of our risk management framework can be found on pages 52 to 53.

In this process, each accountable business and function assesses the potential consequences of climate risks, referencing the TCFD Guidance Tables A1.1 and A1.2. Specifically, they:

- Analyse the impact of current and emerging climate-related issues on their strategies, both in the near-term and long-term.
- Leverage stakeholder insights to gauge the size and scope of climate risks in alignment with our Group risk assessment criteria.
- Prioritise risks based on materiality and time horizon.
- Evaluate the effectiveness of existing mitigating controls.
- Designate a risk owner for each identified risk.
- Engage relevant leadership teams for further insight and accountability.

The output of this is then reported onto a central system to collate each business function's core risks, mitigating controls and actions, which includes climate risks. The detail on specific climate risks is in Table 1 which can be found on pages 42 to 44.

At the Group level, the ESG Business Forum provides oversight by consolidating insights on various risks and promoting transparency regarding progress against our priorities.

Before our half year risk review, the Forum conducted a dedicated session focused on ESG risks. Following each meeting, the ExCo receives updates to ensure informed decision-making and alignment with our strategic objectives.

At the Board level, governance of this process is overseen by the ESG and Audit & Risk Committees. Climate change and the environment remain a principal risk for the business, as detailed on page 58.

Strategy

Identified climate-related risks and opportunities (TCFD strategy A)

We continue to monitor our climate-related risks and opportunities. We consider both physical and transition risks and opportunities and how we manage these over the near, medium and long term. The following definitions of these time horizons were used for the purposes of identifying and managing climate risks and opportunities. They were informed by the Paris Agreement, which influences global policy responses, the UNFCCC data on physical risks and our own Company's science-based targets.

Time horizons

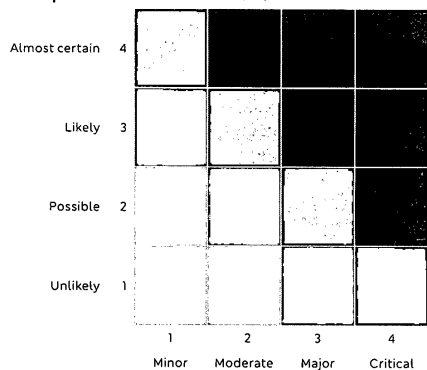
● Near	<3 years	Aligned to our risk management and financial planning processes.
● Medium	3-10 years	Captures transition risks and opportunities, linked to both our near term science-based targets and the emerging risks included in our risk management disclosure.
● Long	10+ years	Captures physical risks and opportunities over the long-term. Linked to our long term net zero goals and the emerging risks included in our risk management disclosure.

The business determines the severity of a risk by considering two factors: the likelihood of the risk materialising in a given timeframe and the potential impact(s) such as financial, reputational, operational or regulatory. A combination of these two factors provides an overall risk severity score of either 'minor', 'moderate', 'major' or 'critical' which helps us to determine the materiality of a risk.

Processes used to determine which risks and opportunities could have a material financial impact on the organisation

As part of the risk management process, we biannually review climate risks and opportunities over the near, medium and long term to consider any key changes and additions, and ensure relevance.

Group risk assessment criteria



A summary of climate-related risks and opportunities in line with TCFD Guidance Table A1.1 and A1.2 can be found in Table 1. Given the relevancy to the organisation, M&S splits risks by sector, aligned to the P&L, rather than geography.

TCFD CONTINUED

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

Strategy continued

Impact of climate-related risks and opportunities on our businesses, strategy, and financial planning (TCFD strategy B)

In addition to summarising the risks and opportunities identified in Strategy A), Table 1 outlines the business response. Relevant targets and metrics are mapped to the impact areas to highlight how resilience is built into the business strategy.

Table 1: Business-wide risk and opportunity summary

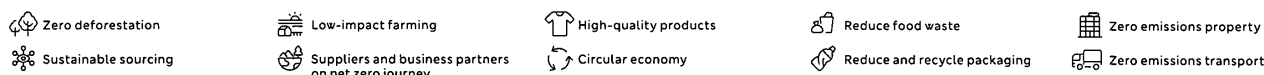
Risk/opportunity	Sector	Time horizon	Potential financial impact on the business	Business response ²	Priority areas	Targets
1 Current and new environmental compliance including legislation and tax Transition risk: Policy and legislation	Group wide/ Agriculture/ Food/Fashion, Home & Beauty/ Property/Fleet	N M L	Q Increase in operating costs to manage environmental compliance such as carbon tax. <i>Summary of relevant quantitative scenario analysis which looked at the impact across different sectors (Food, Fashion, Home & Beauty and Property) can be found in Strategy C).</i> Increase in capital expenditure required to address emissions areas in M&S owned assets such as refrigeration, energy consumption and diesel fleet. <i>Capital expenditure on LED lighting, store controls upgrades, voltage optimisation, fridge doors, electric vehicles and other areas are included within the Group's budget and three year plan which have been used to support impairment reviews found in page 159 of the financial statements.</i>	Group - Working towards the 2029/30 science-based targets, which guides the business setting process for relevant ESG targets as part of the business transformation. Supply chain - Built net zero as a consideration into the sourcing strategy for Food and Fashion, Home & Beauty. - Identified the suppliers with the greatest impact on emissions in the supply chain as a key focus for engagement and measured impact through Higg Index and Manufacture 2030. Our operations - Capital investment through proactive asset replacement which is integrated into the three-year financial plan to phase out our F-gas refrigeration systems. New store specifications include being 100% electric, with full LED lighting in Foodhalls.	        	55% reduction in absolute Scope 1 and 2 emissions by 2029/30 from 2016/17 base year. - Updated Scope 3 target based on SBTi guidance – see page 50 for specific targets.
2 Ability to keep pace with customer trends and behaviours as we see an increase in consumer preferences towards more sustainable product choices Transition risk: Market and reputation Opportunity: Products and services	Food/Fashion, Home & Beauty	N M	N Revenue opportunity from climate conscious customers who want to choose low-carbon products. Revenue loss if we don't keep pace with customer trends and develop suitable low-carbon product offerings. <i>Whilst we have considered quantifying this risk, we're not disclosing a financial impact as there's no clear methodology or set of assumptions that would lead to a meaningful financial quantification.</i>	Our products - Quarterly review of shoppers' sustainability preferences and perceptions through our Brand Reputation Tracker. - Ongoing investment in innovation and new product and proposition development to ensure we develop suitable low-carbon products to maximise customer preferences. - In Food, we continue to maintain at least 50% of food sales from fruit and vegetables, vegetarian and vegan products. - In Fashion, Home & Beauty, we continue to focus on alternative raw materials and explore circular solutions for customers; however, this has been identified as a medium-term opportunity and therefore not currently built in revenue.	  	100% of cotton used in Fashion, Home & Beauty (FH&B) products from more sustainable sources by 2025/26 (% of all cotton used). 100% of polyester used in FH&B products from more sustainable sources by 2025/26 (% of all polyester used). 100% of MMCF used in FH&B products from more sustainable sources by 2025/26 (% of all MMCF used).

² More information on specific programmes can be found in our ESG Report.

TCFD CONTINUED

Risk/opportunity	Sector	Time horizon	Potential financial impact on the business	Business response ²	Priority areas	Targets
3 Availability of low carbon technological solutions and infrastructure to support low carbon activities for example low and zero carbon fleet options Transition risk: Technology	Group wide/ Property/Fleet	M	O Increase in capital and operational expenditure required to source the necessary low-carbon technology and infrastructure to achieve our net zero goals. Potential impact of £30-40m if not mitigated.	Group - Developing the roadmap to achieve science aligned 2029/30 target, and focusing on proactively managing the need for new low-carbon technological solutions and infrastructure to support our journey to net zero. Our operations - Trialling a new Air Source Heat Pump in store to achieve full heat decarbonisation. - Running c. 80 bio-compressed natural gas (bio-CNG) vehicles and 5 battery electric HCVs as part of our Food and Fashion, Home & Beauty fleet.	 	- Updated Scope 3 target based on SBTi guidance – see page 50 for specific targets. 55% reduction in absolute Scope 1 and 2 emissions by 2029/30 from 2016/17 base year.
4 Energy efficiency and resilience in our operations and supply chain Transition risk: Market Opportunity: Resource efficiency and energy source	Group wide/ Property/ Food/Fashion, Home & Beauty	M	O Increased cost in our supply chain caused by rising energy costs if energy efficiency or greener solutions are put in place. Potential impact of £nil-£10m if not mitigated. Reduction in operational costs if energy consumption is effectively managed. Opportunity to reduce reliance of grid electricity by facilitating on-site renewable energy generation.	Supply chain - Working with suppliers to reduce energy consumption and move to renewable energy. Examples include our participation in the Carbon Leadership Programme and our six key asks from Food suppliers. Our operations - Continuing to integrate energy efficiency measures such as doors on fridges and trial solutions such as Jet Seal. This is an airflow management system designed to reduce cold air escape from fridge cases, to lower energy consumption.	   	- Updated Scope 3 target based on SBTi guidance – see page 50 for specific targets. 55% reduction in absolute Scope 1 and 2 emissions by 2029/30 from 2016/17 base year.
5 Failure to meet our public climate change commitments Transition risk: Reputation	Group wide	M L	N Reputational impact of failure to meet our net zero targets leads to lower sales and makes it harder to attract and retain customers and colleagues. <i>Whilst we have considered quantifying this risk, we're not disclosing a financial impact as there's no clear methodology or set of assumptions that would lead to a meaningful financial quantification.</i>	Group - Net zero goal has been incorporated into the strategic pillars of our business transformation with a set of clear metrics for accountable business owners. - Quarterly updates on our climate targets at our ESG Business Forum, which then feeds into updates to the ExCo and ESG Committee. See page 40 for more information on our governance structure. - Continue supporting innovation with suppliers and partners on reducing emissions through the Plan A Accelerator Fund.		- Updated Scope 3 target based on SBTi guidance – see page 50 for specific targets. 55% reduction in absolute Scope 1 and 2 emissions by 2029/30 from 2016/17 base year.

² More information on specific programmes can be found in our ESG Report.



TCFD CONTINUED

Quantified
 Immaterial
 No meaningful quantification
 Near term (<3 years)
 Medium term (3-10 years)
 Long term (>10 years)

Strategy continued

Table 1: Business-wide risk and opportunity summary continued

Risk/opportunity	Sector	Time horizon	Potential financial impact on the business	Business response ²	Priority areas	Targets
6 Reliance on third parties, local Government and broader infrastructure to achieve our mitigation actions Transition risk: Market Opportunity: Policy	Group wide	M L	N Increase capital and operational expenditure required to meet our net zero goals, e.g. increased cost in renewable energy procurement if grid decarbonisation is not delivered. <i>Whilst we have considered quantifying this risk, we are not disclosing a financial impact as there is no clear methodology or set of assumptions that would lead to a meaningful financial quantification.</i>	Group - Collaborate closely with the industry to ensure we are working towards the same goals such as the Business Retail Consortium (BRC) and (Institute of Grocery Distribution (IGD). - Proactively engage with Government to ensure that broader policy and infrastructure will support the retail industry on decarbonisation.		
7 Failure to meet the requirements of our franchise partners based on the impact of climate change on our supply chain Transition risk: Reputation Physical risk: Acute and chronic	International	M L	N Reputational impact due to failure to meet the requirements of our partners. Loss of revenue from not being able to provide necessary stock to partners. <i>Whilst we have considered quantifying this risk, we are not disclosing a financial impact as there is no clear methodology or set of assumptions that would lead to a meaningful financial quantification.</i>	Our operations Apply learnings from both the invasion in Ukraine and the Red Sea disruption as to how the business is able to adapt the supply chain to ensure we are able to meet partner requirements, irrespective of the cause of the disruption.		- Updated Scope 3 target based on SBTi guidance - see page 50 for specific targets. 55% reduction in absolute Scope 1 and 2 emissions by 2029/30 from 2016/17 base year.
8 Volatility in the supply of raw materials caused by the impact of climate change Physical risk: Acute and chronic	Agriculture/ Food/Fashion, Home & Beauty	N M L	I Increase in sourcing costs based on supply chain disruption caused by increased likelihood of extreme weather. Summary of relevant quantitative scenario analysis can be found in Strategy C. Loss of revenue if we are not able to source specific products due to the impact of physical climate risks.	Our products - Starting to track financial impact of climate change on fresh produce to identify hotspots and the impact on business. - Strengthened our focus on supporting producers as they transition to net zero. Putting a greater emphasis on resilience in our standards and partnerships, such as Fairtrade. - Increased focus on regenerative agriculture, through our Farming with Nature programme and work with Better Cotton.	 	- Maintain 100% Fairtrade certified tea and coffee (% of all M&S tea and coffee products). 100% of cotton used in FH&B products from more sustainable sources by 25/26 (% of all cotton used).
9 Managing infrastructure and operations (both owned and supply chain) in extreme weather Physical risk: Acute	Group wide/ Property/Fleet	N M L	I Loss of revenue from increased likelihood of extreme weather events (e.g., flooding or extreme temperatures) leading to closures of shops, distribution centres and key transport hubs. Summary of relevant quantitative scenario analysis can be found in Strategy C.	Our operations To support with the management of extreme weather events in stores, distribution centres and key transport hubs such as Chittagong port, Bangladesh, we have robust business continuity procedures in place.	 	

² More information on specific programmes can be found in our ESG Report.

TCFD CONTINUED

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

We continue to utilise the financial model for the business' carbon reduction initiatives that was developed in 2023/24. By doing so, spend associated with certain projects linked to climate-related risks and opportunities is incorporated into the 2025/26 budget and three-year financial planning process, both approved by the Board. We have done so by including the capital expenditure required to manage the impact of our climate-related risks in our operations and the profit impact from climate-linked products and services, for example, capital investment in the store estate to improve energy efficiency. This financial planning process forms the cash flow projections within our going concern and impairment assessments (see page 159 for more details).

Transition planning

This year, we have updated Scope 3 science-based targets in line with new guidance from the SBTi for businesses with FLAG emissions.

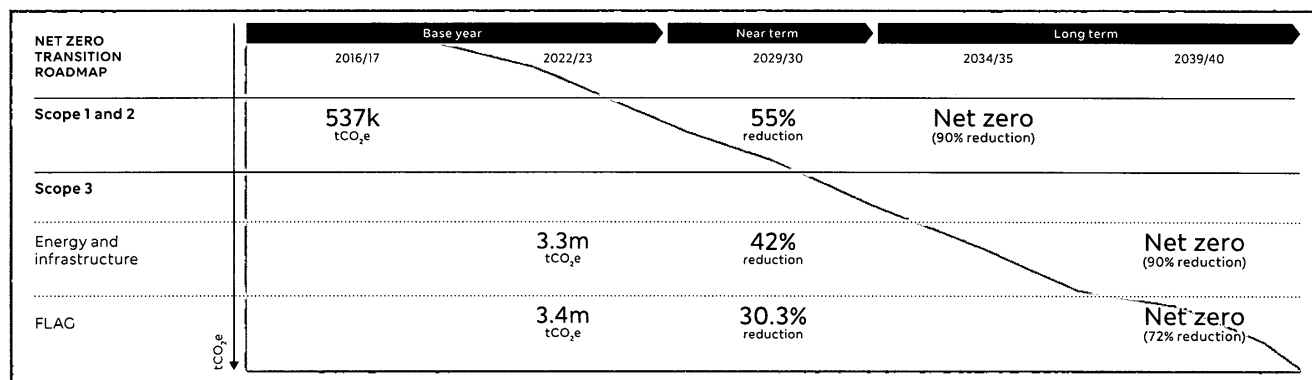
FLAG emissions refer to emissions related to Forests, Land, and Agriculture, while non-FLAG emissions (also called Energy and Industry emissions) encompass all other fossil-based emissions from a company. We are required to break down the Scope 3 target: a FLAG target for land-based emissions and a non-FLAG target for emissions from Energy and Industry sectors. Scope 1 and 2 targets remain the same.

Over the past few years we have sought to improve the accuracy and specificity of our Scope 3 emissions through better representation of our business model, industry specific data and increasing supplier level data. Therefore, in addition to updating targets in line with the FLAG guidance, we have also taken the opportunity to update the base year from 2016/17 to 2022/23 for these targets to reflect this change. We acknowledge that our new Scope 3 base year number has evolved from previously reported figures, primarily due to a transition in our reporting methodology moving from category level to product specific data in our Food business, and an expansion in the scope of our goods not for resale inventory.

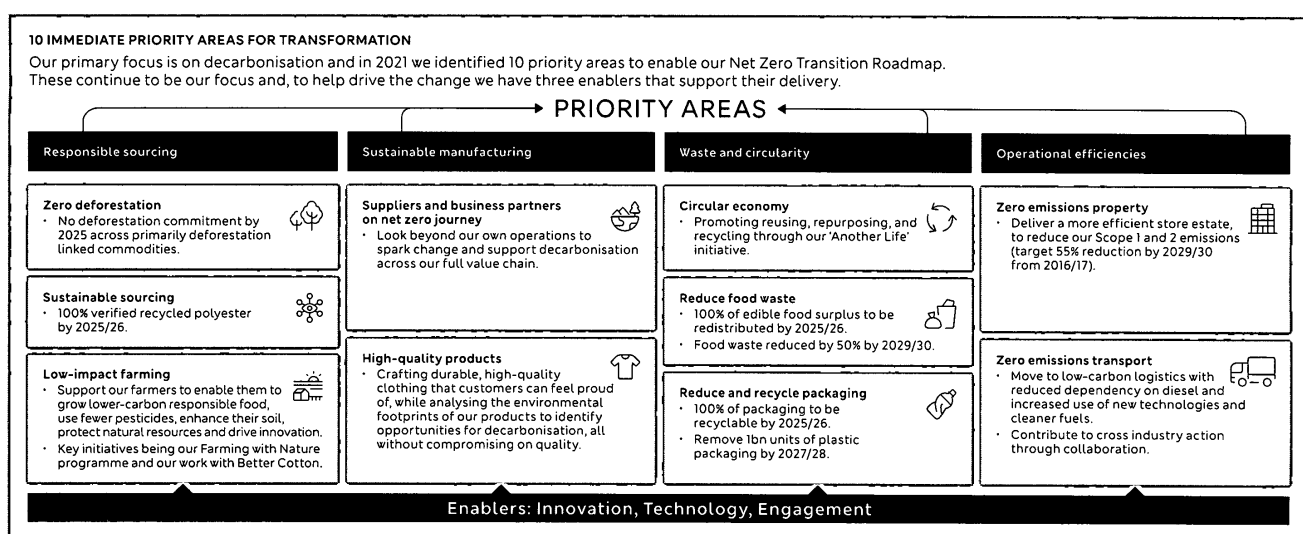
Due to these changes, we will no longer be reporting against the 2025/26 1.9m tonne reduction target. The next reporting milestone for the business' total Group emissions will be against the updated near term 2029/30 targets.

Importantly, these updated targets do not change the overall ambition to transition to net zero by 2040 across our value chain, an ambition still underpinned by the business' Net Zero Transition Roadmap. The 2034/35 and 2039/40 long-term emissions reduction targets are aligned to climate science and the SBTi net-zero standard, and to achieve net zero any residual emissions will have to be permanently neutralised. Once the emission reductions outlined have been achieved, carbon removals will be used to neutralise these residual emissions. By focusing first on reducing emissions and then on removals, we're taking a comprehensive approach to reaching net zero.

③ More information on our performance against our Net Zero Transition Roadmap can be found in our ESG Report.



TCFD CONTINUED



The resilience of our strategy, taking into consideration different climate-related scenarios (TCFD strategy C)

Quantitative scenario analysis

Quantitative scenario analysis is a valuable tool to help understand the potential impact of risks and opportunities identified by the business. As there have been no significant changes to both the business and climate risks and opportunities, we have updated scenario analysis on four areas of the business previously analysed: Property, Fleet, Protein and Cotton.

These areas were selected following a materiality assessment which considered the potential climate-related impact and the impact on financial performance to M&S, whilst ensuring fair and balanced reporting across the accountable businesses. The analysis looked at the impact of two plausible future states. We chose to use a low-carbon transition scenario (average global temperature increases of 1.5°C due to climate change by 2100) and a physical climate impact scenario (average global temperature increases of 4°C due to climate change by 2100). These scenarios were chosen to show the impact of both a high level of transition risk (1.5°C pathway), assuming the implementation of a carbon tax, and physical risk (4°C pathway), assuming low levels of Government intervention leading to more frequent and impactful weather events.

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

Financial impact	
Minor	<1% on sale and PBT
	1-3% impact on sales
Moderate	1-5% impact on PBT
	3-5% impact on sales
Major	5-10% impact on PBT
	>5% impact on sales
Critical	>10% impact on PBT

TCFD CONTINUED

Key to quantification of impact:

A Critical
 B Major
 C Moderate
 D Minor

Table 2: Quantitative scenario analysis summary

Area	Scope	Risk/opportunity category (as identified in Table 1)	Risk modelled	Impact of climate risk on our organisation's financial performance in 2030, assuming no mitigation actions	Quantification of impact	Targets in place to manage these risks
Property	UK property estate (including Gist properties)	Current and new environmental compliance including legislation and tax.	Carbon tax on Scope 1 and 2 emissions	Potential operating profit impact of £20m to £30m	C	55% reduction in absolute Scope 1 and 2 emissions by 2030 from 2016/17 base year.
		Managing infrastructure and operations (both owned and supply chain) in extreme weather.	Flood risk	Immaterial	D	N/A
Fleet	UK fleet (including Gist)	Current and new environmental compliance including legislation and tax.	Carbon tax on Scope 1 and 2 emissions	Potential operating profit impact of £15m to £25m	C	55% reduction in absolute Scope 1 and 2 emissions by 2030 from 2016/17 base year.
Protein	UK and Ireland sourced beef, lamb, pork, chicken and turkey products	Current and new environmental compliance including legislation and tax.	Carbon tax on agricultural emissions (to the farm gate)	Potential operating profit impact of £35m to £50m	B C	Updated Scope 3 target based on SBTi FLAG guidance – see page 50 for specific targets.
		Volatility in the supply of raw materials caused by the impact of climate change.	Extreme weather events and chronic climate change impact on agricultural production	Immaterial	D	N/A
Cotton	Globally sourced raw material used in our clothing	Current and new environmental compliance including legislation and tax.	Carbon tax on agricultural (seed to farm gate) and manufacturing (all steps in cotton production) emissions	Potential operating profit impact of £45m to £60m	B	Updated Scope 3 target based on SBTi FLAG guidance – see page 50 for specific targets. 100% of cotton used in Fashion, Home & Beauty (FH&B) products from more sustainable sources by 2025/26 (% of all cotton used).
		Volatility in the supply of raw materials caused by the impact of climate change.	Extreme weather events and chronic climate change impact on agricultural production	Immaterial	D	N/A

TCFD CONTINUED

Strategy continued

The resilience of our strategy, taking into consideration different climate-related scenarios (TCFD strategy C) continued

Business resilience

The scenario analysis identified that the transition risk associated with the introduction of a carbon tax in 2030 remains a material risk, with a potential operating profit impact across Property, Fleet, Protein and Cotton of between £115m and £165m assuming no mitigation. This risk highlights the need for continued effort to work towards our 2029/30 emissions reduction targets, with a focus on emissions in our value chain, which make up 95% of total emissions.

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

To support the requirement for greater collaboration, research and development, the 'Plan A Accelerator Fund' provided funding to 10 projects in 2024/25, that have the potential to reduce emissions in our supply chain. These actions will play a role in strengthening the resilience of the organisation's strategy to the climate-related risks and opportunities identified in the near term. More information on the projects can be found in our ESG Report.

While the physical risks identified in the scenario analysis are quantified as immaterial, we are aware fresh produce supply is especially vulnerable to unpredictable weather patterns and extreme weather events. In the Food business work has continued to identify root causation, vulnerable hotspots and the impact on the business when we have to use contingency sourcing, to ensure we can identify if physical climate risk is an emerging material risk. This year, we have implemented a system update to better capture this data so that moving forward we can review trends in financial reporting.

Metrics and targets

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

Within the 10 priority areas that enable our Net Zero Transition Roadmap, highlighted on page 46, are related targets and metrics. More details on performance against these targets can be found in our ESG Report. All related ESG metrics and targets linked to our climate-related risks and opportunities are also highlighted in our Strategy section in Table 1. While we consider other climate-related metrics and targets, our focus remains on our GHG emissions metrics, which feed into the near and long-term emissions reduction targets that are aligned to the UN ambition to limit global warming to 1.5°C.

An internal price of carbon per tonne has been calculated, based on in-flight emissions reduction initiatives. This gives an indication of the potential cost of future emissions reduction initiatives to achieve the targets. Looking ahead, a mechanic for embedding a carbon price into investment appraisal across the business will be explored.

The Remuneration Committee's view remains the same regarding the inclusion of ESG-related measures in the Performance Share Plan (PSP). As ESG and climate commitments are embedded in our business operations, they are already reflected in the achievement of our existing bank of PSP strategic measures, so the Committee agreed that inclusion of a separate ESG measure would not further our Plan A ambition. This will remain under consideration in future years.

Scope 1, 2 and 3 greenhouse gas emissions (TCFD metrics and targets B)

Scope 1 and 2

Scope 1 and 2 carbon emissions, reported in line with the Greenhouse Gas (GHG) Protocol, result mainly from operating our logistics fleet and powering stores, offices and warehouses. The table on page 49 outlines the 2024/25 Scope 1 and 2 emissions, reported in line with the Streamlined Energy and Carbon Reporting requirements. Across the business, we capture the data and calculate these emissions on technology platform Sphera, and this data has limited assurance by Deloitte. This year, we are reporting no change in our Scope 1 and 2 emissions. More information can be found in our ESG Report.

Scope 3

This year, we updated the business' carbon inventory as part of the resubmission of our science-based targets to the SBTi. The improved inventory continues to evolve with a greater amount of supplier-specific data within the most material Scope 3 category, Purchased goods and services. We have also moved to a different data reporting methodology for our Food footprint, focusing on product carbon footprints.

We have continued collaborations with the following industry partners to measure our product footprint and access more supplier data so we can have a better understanding of the emissions hotspots:

- **Higg Index** – a suite of tools that provides a standard measurement of supply chain sustainability across Fashion and Home.
- **Manufacture 2030** – a cross-industry platform for Tier 1 Food supplier partners, to share site-specific environmental data with grocery retail partners. This helps to reduce the reporting burden and prioritise where action should be taken to reduce emissions.
- **Mondra** – a data insights platform for calculating product carbon footprinting that uses M&S recipe information and secondary emissions data.

TCFD CONTINUED

Data from Mondra has fed into Food 2023/24 Scope 3 emissions. With Fashion, Home & Beauty, we have worked with third party, South Pole, to update the inventory for 2023/24, utilising data from the Higg Index.

The chart to the right discloses the updated 2023/24 Scope 3 emissions data, which has been calculated in line with the GHG Protocol. To report more accurate Scope 3 emissions and be able to bring in supplier-specific data, we continue to report a year in arrears.

This year, we are reporting an increase in Scope 3 emissions of 0.4m tCO₂e, compared to our Scope 3 2022/23 base year. This increase has come from volume growth in our Food business and an expansion in the scope of our goods not for resale inventory. Through our process of SBTi revalidation, we have accounted for growth in our plans to achieve our targets and are confident in the programmes we have in place. More information can be found on page 50 (TCFD Metrics and Targets C).

🔗 More detail on this can be found in our ESG Report.

Streamlined Energy and Carbon Reporting

Energy consumption (GWh)

	2024/25	2023/24*	% change
UK Operations	1,362	1,382	-1%
International Operations	78	78	0%
Group	1,440	1,460	-1%

* Performance for last year has been re-stated to reflect data accuracy improvements.

Energy efficiency initiatives

- Removed natural gas from our standardised specification replacing it with fully electric heating and have implemented this in four stores.
- Continued to introduce fridge doors which can provide an energy saving of up to 30%. These are now in place in 59 stores.
- Transitioning the logistics fleet to lower-emission alternatives. This year a further 85 lower-emission vehicles have been introduced – a combination of compressed natural gas (bio-CNG) and battery electric vehicles.
- Optimised the efficiency of the Fashion, Home & Beauty logistics fleet by increasing the number of double deck trailers operating in the network by a further 44, introducing aerodynamic air deflectors to new bio-CNG vehicles and moving containers inbound from port to distribution centres via rail.

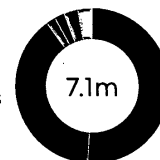
Greenhouse gas emissions (000 tonnes CO₂e)

	2024/25	2023/24*	% change
Scope 1 emissions	210	206	2%
of which UK	207	203	2%
Scope 2 emissions (location based)	151	155	-3%
of which UK	116	120	-4%
Total location-based Scope 1 and 2 emissions	361	362	0%
of which UK	322	323	0%
CHG intensity per 1,000 sq ft of sales floor	19	18	4%
Scope 2 emissions (market based)	175	234	-25%
Total market-based Scope 1 and 2 emissions	385	440	-12%
of which UK	351	407	-14%

* Performance for last year has been re-stated to reflect data accuracy and methodology improvements.

SCOPE 3 EMISSIONS 2023/24 (tCO₂e)

- Purchased goods & services – FLAG (Category 1) 51%
- Purchased goods & services – E&I (Category 1) 39%
- Capital goods (Category 2) 2%
- Fuel and energy related activities (Category 3) 2%
- Upstream transportation and distribution (Category 4) 3%
- Other categories 3%



TCFD CONTINUED

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

In 2022, the SBTi approved the business' near term science-based targets. However, since then the data and regulatory landscape has significantly evolved, including updated guidance for emissions linked to Forest, Land and Agriculture (FLAG). It has therefore been necessary for us to review and update these targets in accordance with the new guidance.

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

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

Overall net zero target

- M&S commits to reach net zero greenhouse gas emissions across the value chain by FY2040.

Near-term targets

- Energy & Industry: M&S commits to reduce absolute Scope 1 and 2 GHG emissions 55% by FY2030 from a FY2017 base year.* M&S also commits to reduce absolute Scope 3 GHG emissions 42% by FY2030 from a FY2023 base year.*
- FLAG: M&S commits to reduce absolute Scope 3 FLAG GHG emissions 30.3% by FY2030 from a FY2023 base year.**

- M&S commits to no deforestation across its primary deforestation-linked commodities, with a target date of December 31, 2025.

Long-term targets

- Energy & Industry: M&S commits to reduce absolute Scope 1 and 2 GHG emissions 90% by FY2035 from a FY2017 base year.* M&S also commits to reduce absolute Scope 3 GHG emissions 90% by FY2040 from a FY2023 base year.*
- FLAG: M&S commits to reduce absolute Scope 3 FLAG GHG emissions 72% by FY2040 from a FY2023 base year.**

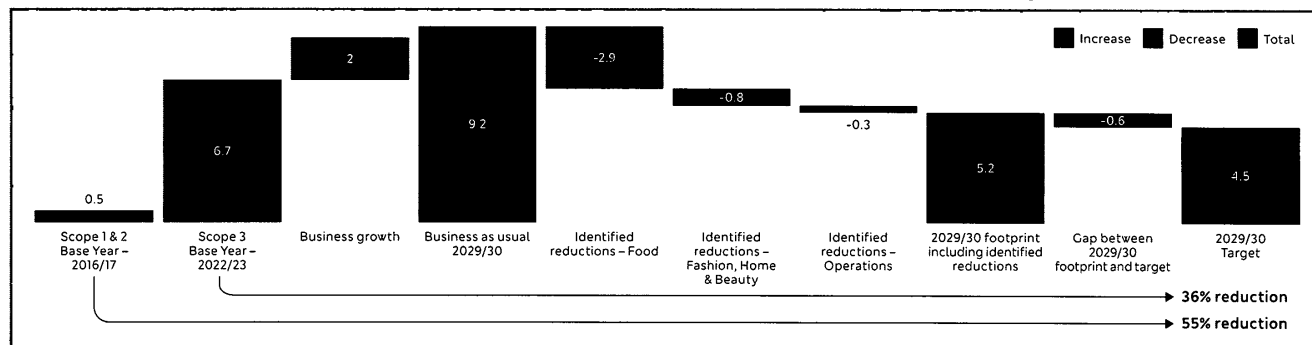
Given the change of our base year to 2022/23, we have streamlined our near term targets, focusing on the approved near term targets (2029/30). As part of the revalidation process, we have updated the glidepath to meet these near term targets and have identified 86% of the reductions required. We will continue to identify work required to meet the gap.

Our ESG Report outlines all of the targets used to manage our ESG performance, including those relevant to managing the business' climate-related risks and opportunities.

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

Emissions reduction pathway (mtCO₂e)

We have line of sight to 86% reduction. Our priority areas as outlined on page 46 inform our emissions reduction pathway to our 2029/30 target.



NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The table below identifies where information can be found on our commitment to, and management of, colleagues, communities, the environment, human rights, and anti-bribery and corruption in the last 12 months as required by Sections 414CA and 414CB of the Companies Act 2006.

- Policies on these matters can be found at corporate.marksandspencer.com.
- Our business model can be found on page 8.
- Non-financial key performance indicators can be found on pages 2, 14, 16, 35 and 37.

Reporting requirement	Policies, documents and reports which outline our approach	More information and outcomes	Page numbers
Colleagues	Code of Conduct Inclusion, Diversity & Equal Opportunities Policy People Principles	Stakeholder Engagement	9 to 11
		People and Culture	32 to 35
		Board and Senior Management Diversity	61
		S.172 Statement	68 to 70
		Nomination Committee Report	72 to 73
Environmental matters	Climate and Energy Policy Food Waste Policy Product Packaging Policy	TCFD Report	38 to 50
		S.172 Statement	68 to 70
		ESG Report 2025	
Communities and social matters	Charity Partnership and Fundraising Policy Trading Standards and Consumer Protection Policy Food & Product Safety and Integrity Policy Farm Animal Health & Welfare Policy Responsible Marketing Principles Laws that Protect Grocery Suppliers (GSCOP) Policy Supply Chain and Responsible Sourcing Policy	Stakeholder Engagement	9 to 11
		ESG Committee Report	74 to 75
		ESG Report 2025	
		Grocery Supply Code of Practice (GSCOP) Compliance Report	
Human rights	Modern Slavery Statement Human Rights Policy Code of Conduct M&S Global Sourcing Principles Child Labour Procedure M&S Grievance Procedure for Food and Fashion, Home & Beauty Supply Chains	ESG Committee Report	74 to 75
		ESG Report 2025	
Anti-bribery and anti-corruption	Anti-Bribery and Corruption Policy Code of Conduct	Other Disclosures	104 to 109
Principal risks	Group Risk Management Policy	Risk Management Framework	52 to 53
		Overview of Principal Risks and Uncertainties	54 to 58
		TCFD Report	38 to 50

RISK MANAGEMENT

STRUCTURED APPROACH TO RISK MANAGEMENT

We continue to maintain a structured approach to risk management, mindful that evolution and refinement are needed to adapt to an ever-changing environment.

Our risk management process allows the business to maintain an appropriate risk culture that supports business operations and assists the Board in complying with its obligations under the Corporate Governance Code.

Our framework

The Audit & Risk Committee, under delegated authority from the Board, is accountable for overseeing the effectiveness of risk management. This includes identification of the principal risks facing M&S, monitoring compliance with the Risk Management Policy and periodically reviewing risk appetite.

The Executive Risk Committee, comprising a subset of Executive Committee members, has also been established to support with oversight of ongoing risk and control, identify potential emerging issues and monitor overall adherence to expected standards.

Core risk management accountabilities remain aligned to the M&S operating model, with each business and function responsible for the identification, tracking and management of specific risks. These include a wide variety of changes and uncertainties that may impact our business, colleagues, customers and third-parties.

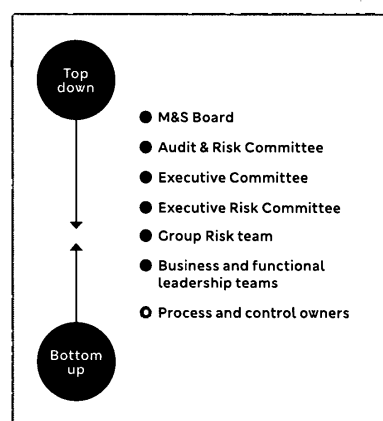
In addition, where appropriate, cross-business risk management is supported by specific committees and similar oversight forums, including safety, ESC, cyber-security and data privacy.

These activities are facilitated by the Group Risk team, part of the broader Internal Audit & Risk function, who work with the accountable business leadership teams to monitor how we identify key risks and maintain appropriate standards of control.

Our top-down and bottom-up governance approach supports this process which is set out on the following page. Our process is subject to periodic review and challenge with the business and functional leadership teams and the Executive Committee as part of our interim and year-end reporting activities. Following this, the principal risks and uncertainties are submitted to the Audit & Risk Committee for review and agreement prior to being recommended to the Board for approval.

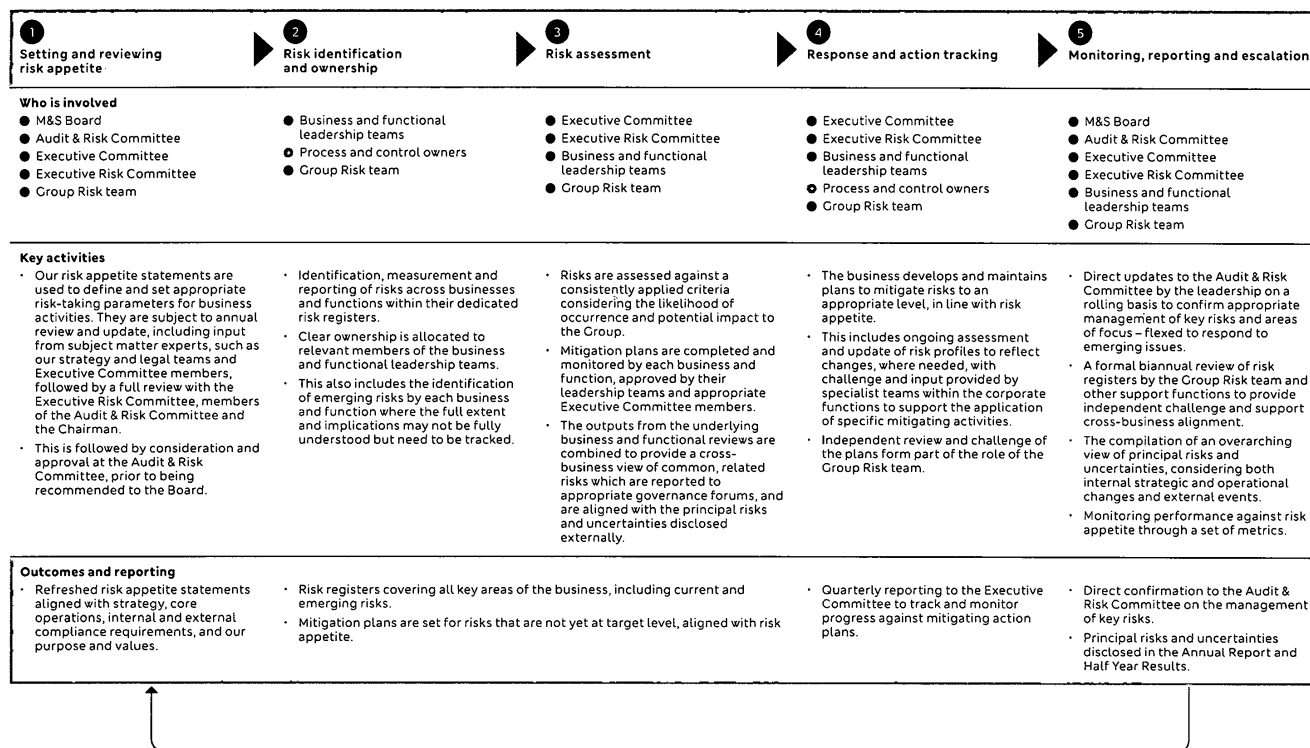
The principal risks and uncertainties also help inform the Group's long-term viability assessment.

M&S risk governance structure



RISK MANAGEMENT CONTINUED

Our risk management process



PRINCIPAL RISKS AND UNCERTAINTIES

MANAGING OUR PRINCIPAL RISKS

Our principal risks and uncertainties have been assessed in accordance with the risk framework and methodology outlined on the previous page.

They also align with our strategic priorities to show where they may impact the achievement of our long-term business objectives. The linkage is shown at the top of each risk on the following pages, which map to the below key.



Risk trajectory:
 Stable Increasing Decreasing Evolving

Monitoring our emerging risks

Our risk profile will continue to evolve as a result of future events and uncertainties. At present, emerging risks that we are currently monitoring are intrinsically linked to our principal risks, for example further changes in corporate governance requirements, significant changes in UK policy and regulation, global geo-political issues or environmental matters.

External

An uncertain environment

1 2 3 4

The business continues to operate in an uncertain environment, impacted by a suite of potentially challenging factors which could individually, or in aggregate, negatively impact our performance. Some of the factors currently being considered are noted below:

External factors	Risk details
Geo-political environment	- domestic policy changes and Government intervention; and - the consequences of global socio-political tensions and fragility, including cross-border policy changes, growing tensions in bi-lateral international relations and ongoing military conflicts including the Middle East and Ukraine.
Cost pressures	- changes in the cost of goods; - supplier resilience risks as they respond to wage inflation, changes in commodity prices and other input costs; and - the impact of climate events on the availability of goods.
Financial markets uncertainty	- the potential risk of global recession; - foreign exchange movements; - volatility of the global financial system; and - changes in interest rates.
Impact of increased regulation	managing the cost and operational impact of increased regulation in areas such as recycling, packaging and healthy eating.
Supply chain disruption	- disruption to supply of materials and products as a result of geo-political issues, such as tariffs, cyber-related events or conflicts; - significant isolated events, such as catastrophic infrastructure failures, that have a knock-on impact at a global level; - the consequences of extreme weather events; and - the impact of animal disease or other epidemics.
Health, wellbeing and consumer behaviour	- lifestyle changes in consumer behaviour, including: - increased demand for healthier foods and activewear; - circularity of clothing; and - the growth of new disruptors in the market.
Mitigations - A strong and varied senior leadership team to focus and respond to a wide range of demands. - Enhanced risk processes such as strengthening the Executive Risk Committee remit. - Three-year plan, capital allocation and budgeting processes aligned to our strategic objectives which are reviewed and flexed to respond to external uncertainty. - Formal operating reviews through Business Boards enabling executive oversight and governance. - Well-established business continuity and incident management processes in place. - Disciplined focus on consumer trends to align cost, range, trusted value and availability. - Structured supplier engagement to anticipate and support management of business-critical issues.	
Oversight by the Board and Executive Committee .	

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Strategic

Business transformation 1 2 3 4	
Ongoing business transformation is dependent on our ability to prioritise capital spend and resources to accelerate and successfully implement the suite of ongoing strategic projects. Delays or deferrals of transformation activity could impact the delivery of our medium and longer term growth ambitions. Significant change activities that underpin our strategy are noted below:	
Strategic pillars	Transformation activities
Build the M&S we need to be	enhancing our technology infrastructure, underlying systems and digital capabilities.
Drive profitable sales growth	- accelerating the modernisation of our UK store estate. - delivering a compelling online and omnichannel experience.
Deliver target operating margins	- modernising our supply chain and logistics operations. - transitioning to a simpler and more cost-effective structure.
Create exceptional products	investing in innovation and protection of intellectual property to continue maintaining brand differentiation and relevance.
While each initiative is individually significant and has its own set of inherent risks, the aggregate impact of simultaneously delivering these challenging projects creates further risks to successful implementation, such as timeliness of delivery, cost management and the achievement of returns.	
Mitigations - Delivery plans are in place with leadership-led governance structures. - Programme delivery principles applied for core projects, with clear accountabilities and milestones. - Appropriate skills and capabilities, including external support, sourced for delivering specialist projects. - Leadership reporting, including benefits tracking in line with spend targets and value outcomes. - Periodic reporting on key business and functional initiatives to the Board and to the Audit & Risk Committee. - Business board monitoring and oversight. - Targeted programme assurance activities.	
Oversight by Executive Committee and, where appropriate, supporting sub-committees.	

Link to our strategic priorities:

- 1 Create exceptional products 2 Drive profitable sales growth
3 Deliver target operating margins 4 Build the M&S we need to be

Risk trajectory:

- ➔ Stable ⬆ Increasing ⬇ Decreasing ⬆ Evolving

Disruption

Business resilience 1 1 4
A major operational or resilience failure at a key business location, such as one of our distribution centres or sourcing locations, could result in business interruption. More broadly, an inability to effectively respond to large, disruptive external events like extreme weather or infrastructure failures could also impact our performance.
Context Our business remains exposed to a broad range of externally driven events and economic uncertainties that continue to evolve. This includes: - a major incident within our supply chain or logistics operations, including our dedicated warehouses and distribution centres in the UK or overseas, or at support facilities; - disruption at a sourcing location or key suppliers where we have built critical dependency, caused by events such as a natural disaster or civil unrest; - significant incidents or long-term resilience issues at key third-parties impacting our operations, such as cyber-incidents; - a major issue impacting one or more of our significant franchise partnerships, either domestically or internationally; - widespread health events impacting people and/or animals; and - prolonged industrial action in the UK or abroad.
Mitigations - An established Business Continuity (BC) framework underpinned by an experienced team and incident management processes. - Risk-based BC assurance programme and plans that evolve in response to new threats for stores, sourcing offices, warehouses and IT sites. - Validation of critical supplier BC arrangements. - Periodic testing of plans for key scenarios, with support from third-parties where needed. - A digital platform to support the BC governance programme. - Active engagement with external organisations, such as the Retail BC Association and the National Counter Terrorism Information Exchange.
Oversight by Business Continuity Committee, Executive Committee and, where appropriate, supporting sub-committees.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Disruption continued

Information security	114
A significant or wide-reaching data breach or cyber incident, as we have experienced, either directly, at a key investment or third-party, could result in a loss of information and operational disruption impacting our customers, colleagues or the business, and a loss of confidence in M&S. This could adversely impact our reputation, result in legal exposure, and potentially cause business disruption if rapid remediation and reset is not possible. Context The sophistication and frequency of cyber incidents continue to increase, highlighting the information security threat to businesses. This continues to be intensified by the threat of cyber incidents linked to current global uncertainties. The profile of information security and the overall threat landscape for all businesses are changing as a result of: • using data more extensively; • introducing new technology and digital solutions; • hybrid working models; and • use of cloud-based storage systems. Our use of third-parties for services and/or hosting data also exposes us to risks from vulnerabilities in their cyber and data controls. Mitigations • Information security and data protection policies with mandatory training for colleagues. • A dedicated information security function, with multi-disciplinary specialists, 24-hour Security Operations Centre and active monitoring of our threat environment, including the use of AI. • Incident management plans. • Prioritised investment in response to the overall increase in security events. • Focused security assurance around critical aspects of our operations model and significant change activities. • Risk-based cyber-security assurance programme, including assessment of controls in overseas locations and security obligations included in third-party contracts. • Alignment of fraud risk management activities with information security planning. Oversight by Cyber-Security Steering Committee and Data Protection Committee.	

Link to our strategic priorities:

- 1

Create exceptional products
- 2

Drive profitable sales growth
- 3

Deliver target operating margins
- 4

Build the M&S we need to be

Risk trajectory:

- Stable
- Increasing
- Decreasing
- Evolving

Critical third-parties

Joint ventures, including Ocado Retail, and franchise	24
The successful long-term performance of any joint venture is inherently complex due to several factors, including the ownership and/or operational structure and the need to align different perspectives. Similarly, the success of our franchise operations is dependent on our ability to work effectively with both domestic and international partners. Context Joint Ventures (JVs) • The value of our investment in Ocado Retail Limited (ORL), achievement of our multi-channel food strategy, protection of our brand and delivery of anticipated trading performance are dependent on maintaining strong strategic and operational relationships with both ORL and Ocado Group. • Similarly, although on a smaller scale, the performance of our Indian JV, M&S Reliance (MSR), will be influenced by our ability to maintain strategic alignment and harmonised ways of working with Reliance Industries. Franchise • Achieving growth in both our domestic and international markets relies on maintaining effective working relationships with our franchise partners, protecting our brand and delivering appropriate returns for both parties. Mitigations • M&S nominated directors form part of the JV boards at ORL and MSR. • Joint approval of strategic and investment plans directing the growth of the business. • Appropriately aligned operational and people structures, for example: - a dedicated M&S Ocado team to coordinate sourcing, product development, ranging, customer data and marketing; and - oversight from our International leadership team. • Monitoring of internal audit processes at JVs by the Audit & Risk Committee. • Franchise growth strategy aligned with the three-year plan and joint business plans with partners. • Assurance programmes covering key risks, such as food safety, across franchise stores in the UK and internationally. • Annual confirmation from franchise partners on compliance with key requirements. Oversight by Ocado Retail Board and Audit Committee, M&S Reliance Board and Audit Committee, Food Safety Committee and Group Safety Committee.	

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

People

Culture, talent and capability

The success of the business is dependent upon being able to attract, retain and develop the right talent, skills and capabilities. To do this we maintain a clear focus on:

- driving a high-performance culture;
- meeting the financial and wellbeing expectations of our colleagues;
- effectively managing labour cost pressures; and
- working collaboratively with our Business Involvement Group and unions.

Any shortfall in executing against these objectives could impact the delivery of core operational activities and the longer-term strategy, including aspects of our transformation programme.

Context

We employ over 63,000 talented and passionate individuals, making us an attractive brand for current and future colleagues. However, continued focus is needed on:

- maintaining a high-performance culture amidst significant changes;
- managing our investment in competitive pay and benefits for colleagues, alongside the impact of increasing costs of employment;
- balancing our investment in colleague development and skills for future success with other business priorities;
- navigating a tight labour market in key areas such as technology, digital and artificial intelligence; and
- adapting to changing colleague expectations and ensuring cultural alignment in areas like sustainability, diversity, and ethical values.

Mitigations

- Continued investment in reward that is externally benchmarked.
- Investment in internal and external talent to strengthen capability in key roles, develop future leaders and drive internal career progression, including an established framework to support performance, development, progression and succession plans.
- Delivery of improvements in core people management systems and processes to drive consistency and improve decision-making.
- Embedding consistent standards across the business on assessing, promoting and hiring leaders.
- Continued focus on driving digital literacy and capability building.
- A well-established Business Involvement Group which is actively involved in business-wide colleague engagement and representation at Board meetings.
- Active monitoring of gender, ethnicity, disability and age profiles.
- Store-centric culture, with senior leadership and support centre colleagues spending time in stores.
- Ongoing colleague engagement surveys.

Oversight by **Executive Committee**.

Link to our strategic priorities:

- 1 Create exceptional products
- 2 Drive profitable sales growth
- 3 Deliver target operating margins
- 4 Build the M&S we need to be

Risk trajectory:

- ➔ Stable
- ➔ Increasing
- ➔ Decreasing
- ➔ Evolving

Compliance and responsibility

Product safety and integrity

A failure to prevent and/or effectively respond to a major food or product safety incident, or to maintain product integrity, could impact customer confidence in our brand and business performance.

Context

Ensuring the safety of our products, including food and all other product categories, is crucial for our business. We need to manage potential risks to customer health and safety and protect consumer confidence and trust by maintaining effective internal processes within our core business, at our suppliers and franchisees.

In addition, we remain focused on how external pressures on the food, fashion, home and beauty industries could affect the availability, quality, provenance and integrity of our products. These pressures include:

- cost pressures including the wider impact of tariffs;
- animal disease;
- the impact of geo-political events on the availability of products;
- climate-related events; and
- cross-border regulatory divergence.

Mitigations

- Safety policy and compliance standards, terms of trade and product safety specifications are in place, with clear accountabilitys set.
- Suite of mandatory training for colleagues to complete, as appropriate to roles.
- Qualified and experienced food and product technology teams.
- Established governance, assurance and risk management processes to monitor and support the safety and integrity of our products, such as:
 - risk-based store, supplier and warehouse audit programmes in place, including at our franchise partners; and
 - monitoring of product quality and customer complaints with corrective actions implemented where required.
- Regular engagement with expert bodies to understand and respond to changes in safety standards.
- Specific provisions in third-party brand contracts.

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

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Compliance and responsibility continued

Corporate compliance     
A failure to deliver consistently against an increasingly demanding set of legal and regulatory obligations or broader corporate responsibility commitments could undermine our reputation as a responsible retailer. The consequences include a loss of trust by customers, investors and other stakeholders, and/or legal exposure or regulatory sanctions which could negatively impact our ability to operate and/or cause financial losses and harm. Context The increasing number of legal and regulatory requirements is putting pressure on businesses across the industry, impacting the cost of compliance and operational efficiency. This includes: - responding to regulatory changes, such as those impacting packaging or corporate governance standards more generally; - dealing with diverging regulations across countries, especially in the EU; and - navigating external economic challenges, which heighten the risk of mishandling ethical and social responsibilities, especially through supply chains. Non-compliance may result in fines, criminal prosecution for M&S and/or colleagues, litigation, requiring investment to rectify breaches, disruption or cessation of business activity, as well as impacting our brand and reputation. Mitigations - Code of Conduct in place, underpinned by policies and procedures in core areas. - Mandatory training programmes for areas such as safety, information security, competition law, data privacy and anti-bribery and corruption. - Established in-house Legal team with dedicated subject-area leaders and regulatory expertise, supported by external advisers where necessary. - Mandatory Global Sourcing Principles set and shared with our supply base and other third-parties. - Dedicated Group Data Protection Officers team and a network of Data Compliance Managers. - Assurance and monitoring systems covering legal, regulatory, ethical and social considerations. - A confidential reporting line allowing colleagues and other stakeholders to report concerns. - Worker voice programme in the Food business and transparency initiatives within Fashion, Home & Beauty. - Active monitoring of customer feedback and public sentiment on compliance and responsibility. - Proactive engagement with regulators, legislators, trade bodies and policy makers. Oversight by the Board, Executive Committee, ESG Committee, Group Safety Committee, Food Safety Committee and Data Protection Committee.

Link to our strategic priorities:

-  Create exceptional products
  Drive profitable sales growth
 Deliver target operating margins
  Build the M&S we need to be

Risk trajectory:

-  Stable
  Increasing
  Decreasing
  Evolving

Climate change and the environment    
There is increasing focus and pressure from carbon-conscious stakeholders for the business to operate in a more environmentally sound and sustainable manner. A failure to take appropriate action to reduce the environmental impact of our business and progress towards our science-based targets, linked to our directly controlled operations and externally within our supply chain, as well as effectively manage the consequences of climate-related risks could impact our brand, future trading performance and other business costs, including financing. Context We need to monitor and manage the physical impact of climate change and extreme weather events to reduce its effects on our business. This includes the: - availability of raw materials and food products; - locations where we source and operate; - condition of our buildings; and - infrastructure required to move product to stores and customers. Future performance will depend on our ability to transition to a low-carbon economy by: - balancing business decisions with environmental responsibility and regulations; - adapting to growth in the circular economy, waste reduction, low-carbon products, sustainable and recycled fabrics; and - responding to new regulatory measures while effectively managing the associated costs. Mitigations - Established Plan A programme with clear accountabilities in each area of the business. - Science-based targets agreed by the Board and validated by the SBTi (Science Based Targets initiative). - Established policies and standards covering product and raw material standards, clothing quality and environment impact – also shared with suppliers. - Awareness training in place for colleagues. - Established assurance processes. - Experienced ESG team members, with experts embedded in key areas of the business. - An established forum to oversee the delivery of our carbon commitments and ESG risks. - Engagement and planning with partners and suppliers to support their decarbonising activities. - Proactive engagement with Government bodies and industry experts. Oversight by ESG Committee.

OUR APPROACH TO ASSESSING LONG-TERM VIABILITY

The UK Corporate Governance Code requires us to issue a 'viability statement' declaring whether we believe the Group can continue to operate and meet its liabilities, considering its current position and principal risks. The overriding aim is to encourage directors to focus on the longer-term and be more actively involved in risk management and internal controls. In assessing viability, the Board considered several key factors, including our business model (see page 8), our strategy (see pages 12 to 21), our approach to risk management (see pages 52 to 53) and our principal risks and uncertainties (see pages 54 to 58).

The Board is required to assess the Group's viability over a period greater than 12 months, and in keeping with the way that the Board views the development of our business over the long-term, a period of three years is considered appropriate for business planning, measuring performance and remunerating at a senior level. This three-year period aligns to the Group's annual strategic review exercise conducted within the business and reviewed by the Board and captures a large proportion of the Group's investment into its ongoing transformation programme as well as the maturity of its June 2025, May 2026, July 2027 and December 2027 bonds.

The Group continues to maintain a robust financial position with available liquidity of £1.7bn, including cash and cash equivalents of £864.5m and access to a committed revolving credit facility (RCF) of £850.0m which expires in June 2027. The facility contains a financial covenant, being the ratio of earnings before interest, tax, depreciation and amortisation; to net interest and depreciation on right-of-use assets under IFRS 16. The covenant is measured semi-annually.

For the purpose of assessing the Group's viability, the Board identified that, although all of the principal risks detailed on pages 54 to 58 could have an impact on Group performance, the following risks pose the greatest threat to the business model, future performance, solvency and liquidity of the Group and are therefore the most important to the assessment of the viability of the Group:

- An uncertain environment.
- Business transformation.
- Joint ventures, including Ocado Retail and franchise.
- Culture, talent and capability.

In assessing viability, the Board considered the position presented in its approved budget and three-year plan. The process adopted to prepare the financial model for assessing the viability of the Group involved collaborative input from several functions across the business to model a severe but plausible downside scenario.

The severe but plausible downside scenario includes the following assumptions:

- There will be a period of economic recession in 2025/26, resulting in a reduction in sales growth of 2.0-4.0% across all three business units compared to the budget and three-year plan.
- A delay on transformation benefits results in incremental sales expected from the transformation declining by 7.5%, 15% and 30% respectively across the three-year period.
- Ocado Retail Limited experiences limited customer demand, with a 5.0% reduction in volume growth each year across the three-year period compared to the budget and three-year plan.

The Board has also considered the potential impact of changes to environmental factors which may affect the business model and performance in the future. As set out in the Task Force on Climate-related Financial Disclosures (TCFD) section on pages 38 to 50, no material impact on the Group's financial performance is considered to exist in the short-term.

The impact of the severe but plausible downside scenario has been reviewed against the Group's projected cash flow position and financial covenant over the three-year viability period. In the event of this scenario materialising, mitigating actions would be available, including, but not limited to, deferring or cancelling discretionary spend (including discretionary bonuses), reducing returns to shareholders and reducing capital expenditure.

As a result, even under this scenario, which the Board considers reflects a plausible, but remote, outcome, the Group would continue to have sufficient liquidity and headroom on its existing facilities and meet the measurement criteria against the revolving credit facility financial covenant. The Audit & Risk Committee reviews the output of the viability assessment in advance of final evaluation by the Board. The Board has also satisfied

itself that it has the evidence necessary to support the statement in terms of the effectiveness of the internal control environment in place to mitigate risk.

Reverse stress testing has also been applied to the model to determine the decline in profitability that the Group could absorb before exhausting the Group's total liquidity. Such a scenario, and the sequence of events which could lead to it, is considered to be extremely remote, as it requires EBITDA reductions of more than 30% per annum over the three-year assessment period compared to the budget and three-year plan before total liquidity is exhausted. Further, it only includes very limited mitigations, comprising the removal of bonus, utilisation of centrally held contingency, removal of dividends and a modest reduction in growth capex. While the occurrence of one or more of the principal risks has the potential to affect future performance, none of them are considered likely either individually or collectively to give rise to a trading deterioration of the magnitude indicated by the reverse stress testing and to threaten the viability of the Group over the three-year assessment period.

Having reviewed the current performance, forecasts, debt servicing requirements, total facilities and current liquidity, the Board expects the Group to have adequate resources to continue in operation, meet its liabilities as they fall due, retain sufficient available cash across all three years of the assessment period and not breach the covenant under the revolving credit facility. The Board therefore expects the Group will remain commercially viable and the Viability Statement can be found on page 108.



Stuart Machin
Chief Executive Officer
20 May 2025

CHAIRMAN'S GOVERNANCE OVERVIEW



“The Board has played a crucial role in holding management to account; ensuring decisions have been rigorously tested.

Archie Norman
Chairman



Use the QR code to watch Archie's video.

As we continue to invest in our transformation, the Board has played a crucial role in holding management to account; ensuring decisions made have been rigorously tested and are focused on delivering improved sales, profit and market share across our businesses.

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

Board changes

Board succession has been a focus this year. In May 2024, Andrew Fisher announced his departure from the Board after nearly nine years. Fiona Dawson succeeded him as Senior Independent Director and Chair of the Remuneration Committee. In January 2025, Alison Dolan joined the Board as Chief Financial Officer after an extensive search, with Jeremy Townsend remaining in post until May 2025 to ensure a seamless handover. More information on Board changes on pages 72 to 73.

Transformation

Our strategy is dependent on three critical enablers: building a high-performance culture; transforming the digital experience for customers and our technology infrastructure; and disciplined capital investment and allocation. All of these have been recurring topics of discussion for the Board this year. More information on our activities and key decisions on pages 66 to 67.

Dividend

We announced in May 2025 that we propose to pay a final dividend of 2.6p per share. This, combined with the interim dividend paid in January 2025, means the Company will have paid a total dividend of 3.6p for 2024/25.

Digital-first Annual Report

This year's Annual Report is in landscape, enhancing online accessibility and reflecting our commitment to a digital-first approach. This shift in format allows for more interactive and engaging content, including more integrated videos and links than ever before, making it easier for shareholders to find key information quickly.

UK Corporate Governance Code

The UK Corporate Governance Code 2018 (the Code), which is available to view on the Financial Reporting Council's website, is the standard against which we measured ourselves in 2024/25.

The Board confirms that M&S complied with the provisions set out in the Code for the period under review. Details on how we applied the Code's principles and how governance operates at M&S have been summarised throughout this Governance section and elsewhere in this Annual Report as detailed below.

1. Board Leadership and Company Purpose	Page(s)
A. Effective board	62-65
B. Purpose, values and culture	8-11, 32-35
C. Governance framework	64-65
D. Stakeholder engagement	9-11, 68-70, 87
E. Workforce policies and practices	32-35
2. Division of Responsibilities	
F. Role of chair	64
G. Independence	73
H. External commitments and conflicts of interest	62-63
I. Board resources	64-65
3. Composition, Succession and Evaluation	
J. Appointment to the board	72-73
K. Board skills, experience and knowledge	61-63
L. Annual board evaluation	71
4. Audit, Risk and Internal Control	
M. External auditor and internal auditor	81-83
N. Fair, balanced and understandable review	80
O. Internal financial controls and risk management	76-81
5. Remuneration	
P. Linking remuneration to purpose and strategy	84-86, 89-90, 92-96
Q. Remuneration policy review	89-90, 103
R. Performance outcomes in 2024/25	85-86, 91-97

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

CHAIRMAN'S GOVERNANCE OVERVIEW CONTINUED

Key highlights

Total dividend for
2024/25

3.6p

Closer to customer
hours worked

206,472

Female directors

60%

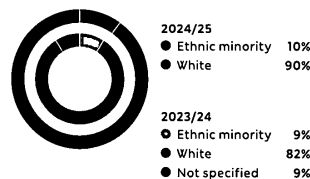
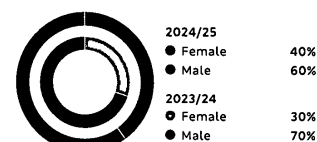
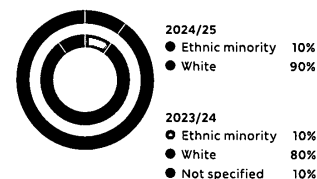
Board tenure (as at year end)

Archie Norman	7 years 7 months
Stuart Machin	2 years 11 months
Alison Dolan	3 months
Evelyn Bourke	4 years 2 months
Fiona Dawson, CBE	3 years 11 months
Ronan Dunne	2 years 8 months
Tamara Ingram, OBE	4 years 10 months
Justin King, CBE	6 years 3 months
Cheryl Potter	2 years 1 month
Sapna Sood	4 years 10 months

Board gender



Board ethnicity

Executive Committee gender
(as at publication date)Executive Committee ethnicity
(as at publication date)

Skills and experience of the Board

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

Link to strategic priorities

1 Create exceptional products 2 Drive profitable sales growth 3 Deliver target operating margins 4a Build the M&S we need to be

○ General Counsel & Company Secretary

OUR BOARD

Chair and Executive Directors



Archie Norman
Chairman

(N R)

Appointed:
September 2017

Current appointments:

- Chairman of Signal AI.
- Chairman of Global Counsel.
- Senior Independent Director of Bridgepoint Group plc.
- Chairman of M Group.

Prior experience:

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

Meeting attendance:

Board (11/11)
Nomination Committee (5/5)
Audit & Risk Committee (5/5)*
Remuneration Committee (4/4)
ESG Committee (6/6)*

Committee key: **(A)** Audit & Risk **(E)** ESG **(N)** Nomination **(R)** Remuneration **(C)** Committee Chair



Stuart Machin
Chief Executive Officer

(N)

Appointed:
May 2022

Current appointments:

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

Prior experience:

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

Meeting attendance:

Board (11/11)
Audit & Risk Committee (4/5)*
Remuneration Committee (4/4)*



Alison Dolan
Incoming Chief Financial Officer

(N)

Appointed:
January 2025

Current appointments:

- Non-Executive Director of Pearson plc.

Prior experience:

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

Meeting attendance:

Board (2/2)
Audit & Risk Committee (1/1)*



Fiona Dawson
Senior Independent Director

(R N)

Appointed:
May 2021

Current appointments:

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

Prior experience:

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

Meeting attendance:

Board (11/11)
Nomination Committee (5/5)
Remuneration Committee (4/4)

Ⓢ More information on the Board's skillset can be found on page 61.



Evelyn Bourke
Non-Executive Director

(A N)

Appointed:
February 2021

Current appointments:

- Non-Executive Director of Admiral plc.
- Senior Independent Director of AJ Bell plc.
- Chair of the UK Board of GenesisCare and Non-Executive Director of GenesisCare Cayman.

Prior experience:

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

Meeting attendance:

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



Tamara Ingram
Non-Executive Director

(E R N)

Appointed:
June 2020

Current appointments:

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

Prior experience:

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

Meeting attendance:

Board (10/11)**
Nomination Committee (4/5)**
Remuneration Committee (3/4)**
ESG Committee (6/6)

OUR BOARD CONTINUED

Non-Executive Directors



Justin King
Non-Executive Director

A N

Appointed:
January 2019

Current appointments:

- Chair of Allwyn Entertainment Limited.
- Chair of Dexters Group.
- Chair of OVO Energy.

Prior experience:

- CEO of Sainsbury's.
- Head of Food at M&S.
- Over 40 years' experience in large retail operations and transformations, with various positions at Asda, Häagen-Dazs, PepsiCo and Mars.

Meeting attendance:

Board (11/11)

Nomination Committee (5/5)

Audit & Risk Committee (5/5)



Sapna Sood
Non-Executive Director

E N

Appointed:
June 2020

Current appointments:

- President, Adecco APAC.
- Advisory Board member of Imperial College Business School.

Prior experience:

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

Meeting attendance:

Board (9/11)**

Nomination Committee (2/5)**

ESC Committee (4/6)**



Cheryl Potter
Non-Executive Director

E N

Appointed:
March 2023

Current appointments:

- Non-Executive Director of Best Secret.
- Board member (former chair) of Level 20, a not-for-profit focused on getting more women into senior investing roles in the private equity industry.
- Founding Patron of The Prince's Trust Women Supporting Women scheme.

Prior experience:

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

Meeting attendance:

Board (11/11)

Nomination Committee (4/5)**

ESC Committee (6/6)



Ronan Dunne
Non-Executive Director

A N

Appointed:
August 2022

Current appointments:

- Non-Executive Chair of Six Nations Rugby.
- Trustee of the John King Brain Tumour Foundation.
- Non-Executive Chair of Kore Labs Limited.

Prior experience:

- Extensive international experience in the digital telecoms industry, as CEO of Verizon Consumer Group and CEO of Telefónica UK (O2).
- Financial expertise having previously held Chief Financial Officer roles.
- Led businesses through technological and people transformation.

Meeting attendance:

Board (11/11)

Nomination Committee (5/5)

Audit & Risk Committee (5/5)*

Senior leadership



Nick Folland
General Counsel & Company Secretary

Appointed:
February 2019

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

Meeting attendance:

Board (10/11)*

Audit & Risk Committee (5/5)*

Remuneration Committee (4/4)*



Jeremy Townsend
Outgoing Chief Financial Officer

Appointed:
November 2022

Jeremy brings a wealth of financial leadership experience having held senior financial and non-executive roles across several public companies, most recently as the Group CFO of Rentokil Initial plc.

Meeting attendance:

Board (11/11)*

Audit & Risk Committee (5/5)*

Remuneration Committee (3/4)*

* Attended by standing invite.

** Unable to attend due to prior business commitments.

^ Has recent and relevant financial experience.



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

OUR GOVERNANCE FRAMEWORK

Our governance framework enables agile and effective decision-making, while ensuring the Group has established and robust governance practices in place.

Board of Directors

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

Board roles

Our Board is comprised of the following:

- Chairman
- Chief Executive Officer
- Chief Financial Officer
- Senior Independent Director
- Non-Executive Directors

③ A full breakdown of the Board's roles and responsibilities is available at corporate.marksandspencer.com/about-us/corporate-governance.

Board Committees

The Board delegates certain matters to its four main Committees. The Committee Chairs regularly update the Board on their respective Committee's activities. More information on meeting attendance, Committee members, their skills and experience can be found on pages 61 to 63. The full terms of reference for each Committee can be found on our website.



③ See Board Committee roles on page 65.

Executive Committee

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

Senior Management Forums

Our Senior Management Forums support specific business needs or strategic priorities, meeting as and when required. Decision-making is delegated to them by the Group's delegation of authority or Board approved terms of reference.

These include:

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

Business Boards

Our Business Boards oversee the day-to-day running of the Group's key business units. They manage, monitor and provide executive input to support strategic and operational decision-making, and the delivery of transformation projects.

These include:

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

OUR GOVERNANCE FRAMEWORK CONTINUED

Board Committees

Nomination Committee

- Reviews Board and Committee structure, composition and diversity.
- Monitors the Company's leadership and succession needs, keeping under review the skills and experience of the Board to ensure these remain suited to the successful execution of our strategy.
- Oversees the process for nomination, induction and evaluation of directors.

📖 Read more on pages 72 to 73.

Audit & Risk Committee

- Monitors the integrity of the financial statements, reviewing the significant financial reporting judgements within them.
- Maintains an appropriate relationship with the external auditor.
- Reviews the internal audit programme and effectiveness of the Internal Audit & Risk function.
- Reviews and assesses the Group's risk framework, and systems of internal control.

📖 Read more on pages 76 to 83.

ESG Committee

- Ensures the Group's ESG strategy is aligned to the Company's strategy and remains fit for the future.
- Reviews the effectiveness and successful delivery of the ESG strategy and targets.
- Considers and recommends all ESG-related reporting for the Board's approval.
- Advises the Audit & Risk Committee on ESG-related risks, including climate-connected risks.

📖 Read more on pages 74 to 75.

Remuneration Committee

- Responsible for remuneration policy, performance-related pay schemes and share-based incentive plans, ensuring practices are designed to support and promote the long-term success of the Company and delivery of its strategy.
- Reviews Chairman, executive and senior management remuneration frameworks in the context of our culture and wider workforce remuneration.

📖 Read more on pages 84 to 103.

Executive Committee



Stuart Machin
Chief Executive
Officer



Alison Dolan
Incoming Chief
Financial Officer



📖 Biographies for all ExCo members are available at corporate.marksandspencer.com/about-us/our-leadership.



John Lyttle
Managing Director
of Fashion, Home &
Beauty



Alex Freudmann
Managing Director
of Food



Sacha Berendji
Operations
Director



Mark Lemming
Managing Director
of International



Rachel Higham
Chief Digital and
Technology Officer



Victoria McKenzie-Gould
Corporate Affairs
Director



Sarah Findlater
People Director



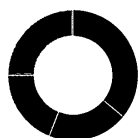
Nick Folland
General Counsel &
Company Secretary

BOARD ACTIVITIES

The following pages set out the Board's key areas of focus during the year.

Breakdown of Board activities

Meeting agendas, agreed in advance by the Chairman, CEO and Company Secretary, combine a balance of regular standing items as outlined below:



- Strategy and transformation 36%
- Deep dives 20%
- Executive updates 19%
- Governance and Committee reports 25%

● Strategy and transformation

During these updates, the Board considers key areas of strategy and progress made towards delivery of the plan to Reshape for Growth, advising on direction of travel and areas of focus. This year, the Board used these sessions to challenge management to accelerate the pace of change.

● Deep dives

Senior leadership and business unit heads present deep dive sessions on areas of importance and focus, giving the Board an opportunity to provide feedback and guidance.

● Executive updates

Executive directors provide high-level operational and financial updates, summarising the key challenges and actions taken during the month, and a look forward to priorities for the coming period. These include consideration of headwinds and macroeconomic events facing the business, and any necessary responses.

● Governance and Committee reports

The General Counsel & Company Secretary provides a summary of the legal activities from the period, along with any upcoming changes to law or regulation. Contracts for approval beyond the Board-approved delegated authorities are presented for consideration, as well as year-end statutory reporting for publication. Committee Chairs also present regular updates on their Committee meetings, highlighting any decisions and key issues for the Board's attention.

➔ Read more on how the Board fulfils its duty under Section 172 of the Companies Act 2006 in these activities on pages 68 to 70.

April

Deep dive: the Food Network Strategy and the importance of investing in distribution centres fit for the future.

3 4

Approval: c. £2.9m of funding for the eFREIGHT 2030 Electric Vehicle grant. This enabled the purchase of up to five electric HGVs for the Fashion, Home & Beauty fleet, helping to deliver our net zero commitments.

3 4

June

Event: Away Day to examine the strategic issues facing the business and consider how to accelerate the pace of change.

- Ensuring the benefits of the Fashion, Home & Beauty end-to-end transformation programme are delivered.
- Building a sustainable and resilient supply base that is capable of supporting Food's growth ambitions.
- Setting out a plan to deliver the Fashion, Home & Beauty Online growth ambitions.
- Defining the role of third-party brands at M&S.

1 2 3 4

2024

May

Announcement: publication of 2023/24 Full Year Results.

Discussion: learnings from the Castle Donington technology outage, including improvements to our business continuity plans.

2 4

Approval: £190m bond buyback exercise completed, optimising the balance sheet.

4

Announcement: appointment of Alison Dolan as incoming CFO.

Link to our strategic priorities:

- 1 Create exceptional products
- 2 Drive profitable sales growth
- 3 Deliver target operating margins
- 4 Build the M&S we need to be

BOARD ACTIVITIES CONTINUED

September

Approval: restructuring of M&S' pension funding obligations, delivering £120m in-year cash savings, as well as ongoing reductions in annual funding commitments.

4

Deep dive: how to maximise customer benefits through the Sparks transformation programme to drive shopper loyalty.

1 2 4

Deep dive: first impressions from the new Chief Digital and Technology Officer and plans to modernise M&S' legacy technology systems.

3 4

November

Announcement: publication of the 2024/25 Half Year Results.

Discussion: impact of the Government's Autumn 2024 Budget, particularly the increase in National Insurance contributions.

Event: Capital Markets Event to provide institutional investors and analysts with updates on execution of the Reshaping for Growth strategy.

Approval: first phase of the Food Network Plan – to progress with identifying a site for a new national distribution centre.

3 4

January

Announcement: publication of the 2024/25 Christmas Trading Results.

Approval: one-off investment in the Digital & Technology Evolution Programme worth £324m to reshape M&S' core technology foundations.

3 4

Event: Strategy Away Day to discuss and challenge progress and reprioritise areas of focus, particularly in light of headwinds facing the business:

- Progress made to structurally lower our cost base and key initiatives for each business area to drive further efficiencies.
- Assessing the updated Fashion, Home & Beauty Online growth plan.

1 2 3 4

2025

July

Event: Annual General Meeting 2024.

Deep dive: first impressions from the new Managing Director of International on the business and detailed plans to reset for growth.

2

Link to our strategic priorities:

- 1 Create exceptional products
- 2 Drive profitable sales growth
- 3 Deliver target operating margins
- 4 Build the M&S we need to be

October

Discussion: driving a high-performance culture and the best ways of embedding this change.

4

Deep dive: updates on progress made against the three-year plan and preparing for the next wave of growth:

- **Food:** the importance of 'fortress' factory plans in supporting volume growth aspirations.
- **Fashion, Home & Beauty:** ensuring third-party brands sit well within M&S' customer proposition.
- **International:** resetting partnership models to support improved performance in local markets.
- **Retail:** simplifying operations and embedding the high-performance culture in stores.
- **D&T:** addressing the business' technology needs in a methodical way.
- **Plan A:** assessing the impact of the ORL consolidation on sustainability reporting.

1 2 3 4

December

Deep dive: first impressions from the new Director of Lingerie on strength of the proposition and areas for improvement.

1

Deep dive: National Business Involvement Group (BIG) Chair shared colleague views on the cultural shift and simplifying ways of working. Responses to feedback received were implemented during the year.

4

March

Deep dive: consideration of our 2025/26 budget, including how best to navigate cost headwinds resulting from macro factors without it damaging or undermining our transformation.

3 4

Discussion: dividend policy and maintaining a balance between internal and external priorities.

4

S.172 STATEMENT

The directors thoughtfully consider the varied priorities of each stakeholder when making decisions, working to promote and protect M&S' long-term success and reputation. This responsibility is set out in Section 172(1) (a) to (f) of the Companies Act 2006 (s.172).

This statement outlines how the Board has had regard to the matters detailed in s.172, including highlights from two key Board decisions made this year.

How the directors fulfil their s.172 duty

Diverse set of skills, knowledge and experience

- The Board's diverse skills and experience enable informed decision-making that promotes long-term success while considering stakeholder needs.
- More detail on Board composition, including the skills and experience of our directors, can be found on pages 61 to 63.

Board information and monitoring

- The Board receives detailed papers and updates from management which are challenged and debated to consider differing stakeholder views.
- Progress updates from management allow the Board to review and adjust plans as situations evolve.
- A summary of the Board's activities this year can be found on pages 66 to 67.

Board discussion

- Directors constructively challenge and contribute to discussions, offering perspectives, advice and strategic guidance.
- More information can be found on pages 66 to 67 and 71.

Strategic direction and culture

- The Board sets the strategic direction, values and culture of the Company, ensuring stakeholder considerations are central to decision-making.
- More information on culture is on pages 32 to 35, and more detail on our strategy is on pages 12 to 21.

Stakeholder engagement

- Engagement helps directors understand stakeholder needs and make informed decisions.
- Highlights of stakeholder engagement that has taken place this year can be found on pages 9 to 11.
- Examples of our Non-Executive Directors' engagement activities with various stakeholders during the year can be found on page 70.

Alongside the key decisions outlined, the table below highlights other sections of this report which explain how the directors have had regard to s.172 factors.

S.172 factor	Further information can be found on
(a) The likely consequences of any decisions in the long-term	Our Business Model: page 8 Strategic Progress: pages 12-21
(b) Interests of employees	Our Business Model: page 8 Stakeholder Engagement: page 9 People and Culture: pages 32-35 Remuneration Committee Report: pages 84-103
(c) Fostering the company's business relationships with suppliers, customers and others	Our Markets: pages 6-7 Our Business Model: page 8 Stakeholder Engagement: pages 9-11 Strategic Progress: pages 12-21
(d) Impact of operations on the community and environment	Our Business Model: page 8 Stakeholder Engagement: page 11 Strategic Progress: pages 12-21 ESG Review: pages 36-37 TCFD: pages 38-50 ESG Committee Report: pages 74-75 corporate.marksandspencer.com/ESGreport2025
(e) Maintaining a reputation for high standards of business conduct	Our Business Model: page 8 TCFD: pages 38-50 Non-Financial and Sustainability Information Statement: page 51 Risk Management: pages 52-58 Audit & Risk Committee Report: pages 76-83
(f) Acting fairly between members of the company	Our Business Model: page 8 Stakeholder Engagement: page 10 Strategic Progress: pages 12-21 Remuneration Committee Report: pages 84-103

S.172 STATEMENT CONTINUED

Managing cost headwinds and investing for the future

1 2 3 4 5 6

While many hoped for a more stable UK economy in 2024/25, our operating costs are on track to significantly increase, principally driven by external factors: increases to employer NI contributions; FX headwinds; and slowing of store-based retail demand. This has added complexity to our short- and long-term planning, particularly as stakeholders have differing priorities, and therefore the costs and implications needed careful consideration by the Board when reviewing the budget for 2025/26.

Pay is a key priority for colleagues and is particularly important in the current environment, as increases to the National Living Wage lag behind inflation. Inflation has also driven cost increases in our supply base. Shareholders may expect these cost increases to be offset through price action. However, this conflicts with our strategy to provide customers with value and quality and would likely constrain volume growth; a key pillar of the strategy. Additionally, customers are impacted by inflation and wage stagnation, affecting consumer confidence and discretionary spending.

Concurrent with these wider macroeconomic influences and cost increases, large-scale transformation projects, both emerging and ongoing, are needed to support M&S' long-term ambitions.

While these investments may impact short-term returns to shareholders, they are expected to deliver long-term future value:

- Investing in our supply chain is critical to support growth aspirations and meet our sustainability and Plan A goals. In Fashion, Home & Beauty, ensuring efficient storage and automation in the network is a focus of the ongoing end-to-end transformation programme. This will increase our capacity to serve online orders, improve service and reduce costs. In Food, modernising our supply chain will create efficient capacity to meet our ambition of becoming a shopping list retailer. Investment will ensure we can get the right products to the right stores at the right time for customers.
- Accelerating our store rotation programme provides improved experiences for customers and colleagues. Focus remains on expediting new sites, growing our pipeline and executing our renewal strategy. The programme will also reduce energy usage, helping to deliver our long-term ESG commitments. Returns on new and renewed stores have been above our hurdle rates overall, trading ahead of plan for three consecutive years.



- Modernising our Digital & Technology infrastructure is a focus for us. At the Capital Markets Event in November 2024, we outlined the need for investment to upgrade our technology infrastructure which has increased running costs and made processes complex and inefficient. In January 2025 the Board approved an investment to deliver this over three years. In light of the recent cyber incident, we are making use of the disruption to bring forward this investment in infrastructure and network connectivity, store and colleague technology, and supply chain systems. Our overall aims remain the same; to improve technology foundations, remove legacy infrastructure

and applications to increase resilience and reduce risk, lower technology run costs and increase investment in growth.

These projects are necessary to build the M&S we need to be for long-term success and enhanced shareholder value.

Outcome

The Board therefore carefully balanced these competing needs in the 2025/26 budget, ensuring current economic challenges can be navigated while continuing to build foundations for sustainable transformation and long-term growth.

Key to stakeholder groups:

1 Customers 2 Colleagues 3 Shareholders 4 Suppliers 5 Partners 6 Communities

S.172 STATEMENT CONTINUED

High-performance culture

1 2 3 4 5

We are at the beginning of a new M&S, embedding a culture of sustained high performance. This year, the Board considered how to shape and define what a high-performance culture means at M&S, and how to embed this and ensure clarity for colleagues.

The cultural reset aims to strengthen the relationship between colleagues and customers, ensuring customers are central to everything we do. By being closer to customers, colleagues are able to listen first-hand and respond swiftly to their needs and preferences; ultimately enhancing shopper satisfaction and loyalty in the long-term. The reset also emphasises the importance of staying connected with suppliers and partners. Having ears to the ground in all aspects of our business allows us to deliver value and success for shareholders.



To embed this new high-performance and customer-centric culture, the Board listened to feedback through the Business Involvement Group, the colleague engagement programme, and surveys. Our People Director, Sarah Findlater, also spent three months as manager of the Brooklands store, sharing observations with the Board on her return. Feedback overall highlighted the importance of supporting store colleagues to spend more time with customers.

Outcome

As a result, a new Director of Store Operations role was created to ensure a direct connection between stores and each business area, giving store operations a stronger voice in decision-making.

The Board also supported the launch of a new communication channel on WorkJam, and the introduction of weekly emails from the Director of Store Operations. These 'Voice of our Stores' updates communicate the issues colleagues are experiencing on the shop floor direct to the support centre so quick fixes can be identified. The aim being to make it easier for colleagues to spend their time serving customers.

While the reset will not be delivered overnight, the Board believes this will support our people to deliver our strategy successfully, and is essential for M&S' sustained long-term success.

More information on our culture can be found on pages 32 to 35.

NED engagement activities

June

Newcastle stores: directors visited the Newcastle, Metro Centre and Washington Galleries stores for:

- A shopping 'exercise' to review stock availability.
- Listening group sessions to hear store colleagues' experiences of working for M&S.
- An informal dinner with 14 local Store Managers to hear first hand from the front line about running our stores.

Supplier dinner: 16 suppliers attended to share experiences of working with M&S.

Colleague voice: directors visited the Pantheon store with the National BIG Chair.

August/September

Supplier meeting: Evelyn Bourke visited a number of supplier farms, including Hemyock, Swanhams and Irwin Farms.

January

ESG visit: members of the ESG Committee visited our Castle Donington logistics site to consider packaging and carbon in the Fashion, Home & Beauty supply chain.

Distribution centre visit: Fiona Dawson, Tamara Ingram and Cheryl Potter visited the Swindon Distribution Centre to discuss network strategy.

Birmingham stores: directors visited the Bullring and Sears Solihull stores, taking part in exercises to experience productivity challenges first hand.

Store Manager dinner: the Board discussed costs and productivity with 12 local Store Managers.

February

Supplier meeting: Evelyn and Alison Dolan visited Park Cakes, one of our key dessert suppliers.

Franchise partner visit: Tamara and Sapna Sood visited the new Battersea Fashion, Home & Beauty store with Al-Futtaim Group.

March

Sourcing and partners: Evelyn and Alison travelled to meet with partners in Sri Lanka and Bangalore.

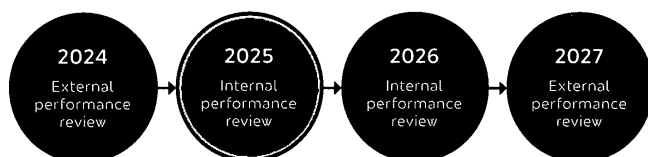
BOARD REVIEW

Following last year's externally facilitated review, undertaken by Global Future Partners, the Board conducted an internal review of its effectiveness this year, led by the Chairman and supported by the General Counsel & Company Secretary. The process involved discussions with directors, allowing them to consider areas where they identified improvements could be made.

The review covered the following areas:

- **Board:** composition, expertise, dynamics, time management, stakeholder focus and strategic oversight.
- **Committees:** effectiveness of how the Committees operate, their agendas and composition.
- **Chairman:** relationships and communication with the Board and ExCo, meeting management, and shareholder interactions.
- **Individuals:** time management, preparedness at meetings, relationships, knowledge, experience and overall contributions.

Board review cycle



Time commitments

The Board acknowledges the importance of directors having enough time to perform effectively. After reviewing their external commitments, it concluded each director has sufficient time for the Company. Their contributions to Board discussions reflect the time spent on M&S matters outside of meetings, and they are often available for unscheduled activities as needed.

Details of Non-Executive Director (NED) engagement activities can be found on page 70. These clearly demonstrate the additional time directors have dedicated to understanding stakeholder views.

Board tenure

As part of the review process, each director's tenure and independence was considered. No tenure exceeds the recommended nine years, and it was concluded that each NED remains independent.

Details of directors' tenure can be found on page 61.

Progress made against 2024/25 actions

Progress made on the actions identified in last year's review is outlined below.

Action	Progress
The Chairman to lead a Board discussion on evolving meeting rhythms and focus areas for the next phase of the M&S journey, including the appropriate weight of operations versus strategic focus.	Meeting cadence and topic weightings were reviewed when setting the agenda and timings for 2025/26. To refocus on trading, the Board's January meeting will be a shorter update call focused on Christmas results, while future strategy away days have been scheduled to avoid conflicting with peak trading periods.
Following external meetings, the M&S Board to conduct discussions to process and integrate learnings with key ExCo members participating.	Having a regular cadence of external speakers has continued to be insightful for Board members, and has shaped discussions throughout the year.
To simplify and integrate performance reporting for the Board.	Carried out a review of papers and cascaded to management improved and simplified ways of reporting.
The Chairman to ensure the Nomination Committee is focused on addressing impending succession needs.	The Nomination Committee played a pivotal role addressing succession needs, recommending to the Board the appointments of Alison Dolan as CFO, and Fiona Dawson as SID and Remuneration Committee Chair. More detail on pages 72 and 73.
To preserve and enhance Board performance, NEDs to create individual development plans, supplemented with coaching where appropriate.	During the year, directors have strengthened their relationships with key stakeholders and gained deeper insights into the core operations of the business. Highlights of NED engagement activities can be found on page 70.

Review insights and action plan for 2025/26

The review found that directors continued to be highly engaged and involved with the business this year. The Board and its Committees worked effectively to provide oversight and constructive challenge, with a focus on the business' key strategic, multi-year transformation programmes.

Based on the review, some of the actions to be implemented next year are:

- Consider the Board's composition, shifting focus from short-term succession needs to a longer-term view, evolving the Board's expertise for the business' future strategic priorities.
- Guide ExCo as it establishes itself with new members, offering constructive challenge and feedback as necessary to support its development, as well as its delivery of the strategy and transformation programmes.
- NEDs to maintain their high levels of engagement, strengthening relationships with key stakeholders across the business to stay attuned to their changing needs.

NOMINATION COMMITTEE REPORT



“

The Committee's role is vital to building the M&S we need to be.

Archie Norman
Chair of the Nomination Committee

Where to find out more

Membership

- ③ Details of Committee members and their attendance at all meetings can be found on pages 62 to 63.
- ③ Information on the skills and experience of all Committee members can be found on pages 61 to 63.

Responsibilities

- ③ The role and responsibilities of the Committee can be found on pages 64 to 65.
- ③ The full Terms of Reference for the Committee can be found at corporate.marksandspencer.com.

Effectiveness

- ③ Details of the Committee's annual performance review can be found on page 71.

Year in review

Board succession has been a key focus for the Committee this year, with a number of changes having taken place. Following an extensive search process, in May 2024 we announced the appointment of Alison Dolan as Chief Financial Officer, who joined the Board in January 2025; more detail below. The succession plan included Jeremy Townsend remaining in post until May 2025 to allow for a smooth transition. We are grateful to Jeremy for his support and dedication; he's left the business in strong financial health.

We also announced in May 2024 Andrew Fisher would be stepping down from the Board in July 2024 after a tenure of nearly nine years. Fiona Dawson replaced him as Senior Independent Director (SID) and Chair of the Remuneration Committee. More information on page 73.

We are at the beginning of a new M&S, embedding a high-performance, customer-centric culture. Ensuring we have the right talent in place is key to accelerating the pace of our transformation, and the Committee's role is therefore vital to building the M&S we need to be.

On the Committee's agenda in 2024/25

CFO appointment

The search process to appoint a new CFO initially began in December 2022 following the departure of Eoin Tonge. While this first resulted in the interim appointment of Jeremy Townsend, a rigorous recruitment process was carried out to appoint a permanent successor, as detailed below.

Appointment and onboarding process

1 Skills review Review of the current expertise and experience of the Board to identify areas where the Board could benefit from additional knowledge and input. Gurnek Bains of Global Future Partners provided the Committee with input when shaping the brief, based on his observations of the Board during the 2023/24 external evaluation process. Given the current phase of M&S' transformation, the Committee agreed the ideal candidate would be a skilled CFO of a UK listed company with a technology background.	2 Identification of candidates Engaged executive search firm Russell Reynolds Associates* (RRA), providing it with the detailed candidate brief. Diverse longlist of candidates produced and carefully considered by the Committee, leading to creation of a shortlist. * RRA has no connection to the Company or its directors.	3 Interviews Members of the Committee met with shortlisted candidates, assessing their alignment to the original brief and to M&S' culture, values and behaviours. This resulted in the identification of two finalists. Both were assessed by Global Future Partners to assist the Committee in reaching a decision, providing an independent view of their cultural fit with M&S and the Board.	4 Appointment The Committee agreed Alison Dolan was the best candidate, possessing the necessary skills and experience required for the next phase of M&S' transformation. Alison's appointment as CFO was recommended to the Board and announced in May 2024.
5 Induction Alison joined the Board in January 2025 and has undergone a thorough induction programme including: i. Closer to customer days in a variety of stores across the country. ii. Visits to M&S distribution centres, including Castle Donington, Bradford and Ollerton. iii. Spending time in key international markets with local teams and partners, including in India and Ireland. iv. Visits to key suppliers. v. Introductory meetings with the Board, ExCo and other members of the senior leadership team. vi. Meetings with key external stakeholders including our external audit partner at Deloitte, brokers, and external advisers. vii. Detailed handover process working alongside Jeremy Townsend before his departure in May 2025.			

NOMINATION COMMITTEE REPORT CONTINUED

Succession planning

Board

To help the Committee regularly review the composition, structure and diversity of the Board, a skills matrix is kept under regular review (on page 61). Skills are identified and aligned with the Company's strategic priorities to ensure Board members have the necessary expertise to support the execution of M&S' long-term strategy. It is also used when considering future appointments, helping to highlight areas where the Board could benefit from additional expertise, as explained in the CFO appointment process on page 72.

Board tenure and independence is reviewed annually as part of the Board review process (more detail on page 71) and is considered by the Committee in succession planning. As identified in last year's report, Andrew Fisher had served on the Board for nearly nine years and planning was underway to find suitable replacements for his roles as SID and Chair of the Remuneration Committee. Planning began with the appointment of Fiona Dawson to the Remuneration Committee in January 2023. Having served on our Remuneration Committee for over 12 months when Andrew stepped down in July 2024, and given her remuneration experience from other non-executive positions, it was agreed she was the most appropriate person to succeed him as Chair of the Remuneration Committee. When Andrew retired from the Board, the Committee also agreed that Fiona's thorough understanding of M&S and her position as a trusted colleague placed her well to support the Chairman in leading the Board. The Committee therefore recommended Fiona as the most suitable person to be appointed as SID.

Executive Committee (ExCo)

ExCo and senior management succession remains a key responsibility of the Committee. Planning was strengthened during the year to ensure each ExCo role has a clear succession plan in place. This also extended to our top 150 senior management roles, where we have set succession targets to drive accountability within each business area, supported by regular succession reviews.

As part of a planned succession, in February 2025 we announced a number of leadership changes to deliver the next phase of our Fashion, Home & Beauty transformation. Among them, John Lyttle, formerly CEO of Boohoo Group, joined M&S in March 2025 as Managing Director of Fashion, Home & Beauty. John has extensive retail and transformation experience, spending five years at Boohoo and, prior to this, nine years at Primark as COO. Richard Price left M&S in April 2025 after a handover period to pursue a portfolio career; he goes with our thanks, leaving the Fashion, Home & Beauty business on a much stronger footing with improved product.

Diversity, equity and inclusion

The Board's Diversity and Inclusion Policy, which extends to its Committees, sets out objectives aligned with the FCA Listing Rules, the FTSE Women Leaders Review, and the Parker Review, helping to support the development of a diverse pipeline. The Committee is tasked with ensuring these objectives meet regulatory standards and good practice, as well as monitoring progress in achieving them. As at 29 March 2025, the Board met each of the targets as set under UKLR 6.6.6R (9).

Board Diversity & Inclusion Policy objectives	Implementation	Progress
Maintaining a continuous level of at least 40% female directors on the M&S Group plc Board.	Succession planning sessions assess the Board's skills and experience to ensure alignment with our long-term strategy. Independent executive search firms are engaged to ensure director appointments consider a diverse pool of candidates.	Ahead of our target at financial year-end and up to the date of this report, with 60% female representation.
Appointing a female director to at least one of the senior Board positions (Chair, CEO, SID, CFO).	Consideration of this topic is part of the Board and ExCo succession planning process, as well as in the development of our internal talent pipeline.	The Committee considered the achievement of this objective when assessing successors for the SID and CFO, leading to the appointments of Fiona Dawson and Alison Dolan.
Maintaining at least one director from an ethnic minority background on the Board.	Succession planning sessions assess the Board's skills and experience to ensure alignment with our long-term strategy. Independent executive search firms are engaged to ensure director appointments consider a diverse pool of candidates.	Target met with one Board member identifying as being from an ethnic minority background.
Assisting the development of a pipeline of high-calibre candidates by encouraging a diverse range of senior individuals within the business to take on additional responsibilities and roles to gain valuable board experience.	The Company has a number of initiatives in place to help strengthen our diverse pipeline of leadership candidates. In the year, we expanded our high-potential development programmes to increase diversity and include more talent from stores. Over the past year, 320 high-potential colleagues completed an M&S Future Leaders programme, of which 72% were female and 30% were from ethnic minorities.	M&S has committed to achieving 50% female representation amongst senior leaders and 12% ethnic minority representation amongst senior managers by 2027 (both as defined in the People and Culture section on page 35). The current diversity of these populations is 56% and 4.9% respectively. We recognise we still need to make progress and are dedicated to improving the ethnic diversity of our talent pipeline. More information can be found in the People and Culture section on pages 34 to 35.

⑨ Gender identity and ethnicity data required to be disclosed in accordance with UKLR 6.6.6R (10) can be found on page 105.

⑨ The Board and ExCo's gender and ethnicity data can be found in the Chairman's Governance Overview on page 61.

ESG COMMITTEE REPORT



“Despite increasing focus on regulatory changes, we have not lost sight of delivering the ESG strategy.”

Tamara Ingram
Chair of the ESG Committee

Where to find out more	
Membership	
③ Details of Committee members and their attendance at all meetings can be found on pages 62 to 63.	
③ Information on the skills and experience of all Committee members can be found on pages 61 to 63.	
Responsibilities	
③ The role and responsibilities of the Committee can be found on pages 64 to 65.	
③ The full Terms of Reference for the Committee can be found at corporate.marksandspencer.com .	
Effectiveness	
③ Details of the Committee's annual performance review can be found on page 71.	

Year in review

The Committee continued to provide strategic oversight of the Company's ESG strategy and its delivery, as well as how the business continues to bring sustainability to the forefront with customers through Plan A. In anticipation of upcoming changes to the ESG regulatory landscape, we focused on ensuring readiness for new regulations. These included the Corporate Sustainability Reporting Directive (CSRD), albeit a possible delay to its introduction was announced towards the end of the financial year. Efforts centred around enhancing data collection rigour and increasing visibility and transparency across our entire supply chain, to improve the robustness of our reporting.

Despite the increased focus on preparing for regulatory changes, we have not lost sight of key initiatives to deliver the ESG strategy. We have ensured these initiatives remain aligned with the Company's overarching transformation, so that ESG contributes to our overall goals. This includes staying vigilant to changing customer attitudes and embedding ESG at the core of our store rotation programme to secure a sustainable future. More information on the initiatives we implemented during the year can be found on the following pages.

On the Committee's agenda in 2024/25

The timeline below provides an overview of Committee discussions during the year, with more detailed information summarised over the following pages.

● April 2024 Updates: - Ethical and responsible sourcing. - Climate disclosure and targets. ● May 2024 Approvals: 2024 ESG Report. - ESG-related content in the 2024 Annual Report, including Task Force on Climate-related Financial Disclosures. 2024 Modern Slavery Statement. ● July 2024 Updates: - Plan A brand building. - Fashion, Home & Beauty circular business models. Approval: 2024/25 ESG targets.	● September 2024 Updates: - ESG regulatory landscape. - Property: carbon Scope 1 and 2. - Review of Q1 target performance. - ESG risk review. ● January 2025 Updates: - ESG brand building. - Supply chain, including water, raw materials and biodiversity. - Review of Q2 target performance. Approval: - Updated Committee Terms of Reference. ● March 2025 Updates: - Social matters including ethical trade, people and community. - Carbon targets. Approval: - Group Deforestation Commitment.
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Environmental

The Committee considered and challenged management updates on key initiatives to support the delivery of Plan A, as well as progress made against sustainability targets.

Net zero

The Committee reviewed the glidepath for net zero to ensure alignment with the three-year plan. It also reviewed quarterly performance and maintained oversight of the Plan A Accelerator Fund tracking carbon reduction initiatives. More information on the Accelerator Fund can be found on page 48.

Scopes 1 and 2

Logistics
The Committee spent time reviewing our supply chain operations, including the opportunities and challenges to reaching our net zero targets, as well as use of plastic from supplier to store. To see the efforts to reduce plastic use first hand, Tamara Ingram and Cheryl Potter visited the Fashion, Home & Beauty distribution centre in Castle Donington.

ESG COMMITTEE REPORT CONTINUED

They explored how we're cutting down on plastic packaging and hangers at different stages of the customer journey and saw the progress made. They were also updated on potential future investments in alternative fuel sources for our transport. More information on our carbon emissions can be found in our TCFD report on pages 38 to 50.

Property and Retail

The Committee maintained its oversight of sustainability measures in the store renewal programme. These included investments in energy efficiency solutions for legacy stores, such as trials of long-term alternatives to natural gas boilers. More information on our store renewal programme can be found on pages 12, 15 and 69.

Scope 3

Fashion, Home & Beauty

The Committee received regular insight into Fashion, Home & Beauty's commitment to circularity, including its 'Another Life' clothing reuse and repair scheme in partnership with SOJO, Oxfam and HANDLE. In November, this was expanded with the launch of Bloom x HANDLE, an initiative making wide tooth combs from recycled product packaging, available to purchase in store. More information on waste and circularity can be found on pages 7, 37, 42 and 46.

Food

Sourcing raw materials is a critical area where we can make an impact on both people and the planet. This year, we conducted a comprehensive risk assessment of our top 50 raw materials, shaping our sourcing plan to prioritise those with the highest risks to drive positive change in our supply chains. Palm oil, soy, cocoa, tea, coffee, and timber were all identified as priorities because of the environmental and social challenges associated with them. These include deforestation, land-use change, and worker exploitation. By addressing these issues, we aim to protect the environment, empower local communities, and reduce social inequalities. This is most visible in our tea and coffee sourcing, which is all Fairtrade-certified, ensuring fair pay and sustainable practices for farmers and producers. In 2024, we launched the Cup of Ambition™ fund in our UK cafés, empowering tea and coffee producers to invest in their communities. More information on our raw material sourcing can be found on pages 42, 46 to 47.

Social

During the year, the Committee reviewed its Terms of Reference to ensure its role and responsibilities remain current and aligned to best practice. Approved in January 2025, the new terms enhance the Committee's focus on social matters.

In March 2025, the Committee was updated by the leadership team on a number of social topics:

- **Ethical trade:** management presented updates on the Company's approach. In Fashion, Home & Beauty, this included increased transparency of Tier 1 suppliers (now disclosed on the public platform, Open Supply Hub), the launch of a Tier 2 ethical compliance policy, and collaboration with top Tier 1 suppliers for monitoring. Climate resilience, particularly heat stress, emerged as a new issue and is being carefully monitored. The Food team has also pioneered an 'audit plus' programme at scale through the worker voice programme, covering the UK and ROI supply base. This initiative allows M&S to hear directly from workers, helping to identify cultural and engagement issues that could indicate or lead to human rights concerns. More information on ethical trade can be found in our ESG Report.
- **Our people:** the Committee received updates on several key issues, including: progress in achieving gender balance in senior roles; a reduction in the gender pay gap due to increased female leadership; and the success of our partnership with The King's Trust, which provided 600 employment opportunities this year, enhancing workforce diversity. However, we acknowledged that further efforts are needed to increase diverse representation at a leadership level to meet our ethnicity goals. More information about our people and culture can be found on pages 32 to 35.
- **Community:** colleagues and customers have told us that supporting young people's mental health is important to them. This led to launch of our headline charity partnership with YoungMinds in 2023/24. Since then, colleagues and customers have taken part in activities to support the charity, resulting in over £4.4m being raised, supporting 4.4m people. More information about our partnership with YoungMinds can be found on page 11.

Governance and reporting responsibilities

Ensuring preparedness for changing ESG regulation was a focal point of the Committee's discussions. In readiness, our external auditor, Deloitte, provided the Committee with a detailed overview of the upcoming changes, including from CSRD. Discussion centred on the significant impact these will have on ESG reporting, and the risk of increasing compliance activities diverting resources away from initiatives aimed at delivering our Plan A strategy. One outcome from the session was the recommendation that management develop an ESG reporting database to assist with the verification of all metrics and claims. This framework is now used for all ESG-related reporting.

The Committee has developed a closer relationship with the Audit & Risk Committee due to the increase in overlapping responsibilities. This was reflected in the annual Terms of Reference review, which formalised the Committee's role in advising the Audit & Risk Committee on all ESG-related risks and opportunities.

Despite the European Commission's update to CSRD on 26 February 2025, which is likely to postpone reporting requirements by two years and make them less rigorous, the Committee will remain focused on ensuring the robustness of the Company's ESG reporting.

Bringing Plan A to life

The Committee regularly reviewed the ESG brand reputation tracker and management plans for bringing Plan A to life.

AUDIT & RISK COMMITTEE REPORT



“We acted as a crucial point of oversight and support.

Evelyn Bourke
Chair of the Audit & Risk Committee

Where to find out more

**Membership**

- ④ Details of Committee members and their attendance at all meetings can be found on pages 62 to 63. Where required, the Committee meets without management present at the start and end of meetings.
- ④ Information on the skills and experience of all Committee members can be found on pages 61 to 63.

Responsibilities

- ④ The role and responsibilities of the Committee can be found on pages 64 to 65.
- ④ The full Terms of Reference for the Committee can be found at corporate.marksandspencer.com.

Effectiveness

- ④ Details of the Committee's annual performance review can be found on page 71.

Year in review

The Committee's core duties remained unchanged and we followed our usual cadence of activities to ensure the effectiveness of our financial reporting, risk management and internal controls framework (an overview is on pages 77 and 78). We continued to act as a crucial point of oversight and support, challenging senior leaders on how risk assessment and management activities are embedded in the day-to-day; to that end, we established an Executive Risk Committee. We encouraged this new management forum to drive a cultural focus on risk, particularly in relation to the business' ongoing transformation. With a series of significant change programmes underway and in development, our steer has been to embed risk and governance at the heart of programmes from the outset. An example of this, as detailed below, was the comprehensive risk review of the Digital & Technology function and the design of the Evolution Programme

resetting M&S' technology foundations; improving our risk environment was firmly embedded as an objective in the programme's architecture.

Another area of focus this year has been guiding the business' approach to long-awaited governance changes, particularly the enhanced reporting requirements brought about by the UK Corporate Governance Code's revised Provision 29. We monitored readiness activities, hearing updates on the effectiveness of existing controls and suggesting areas that could be improved. More information on page 78.

We also ran a competitive audit tender process which resulted in the decision to recommend the reappointment of Deloitte. As well as considering upcoming regulatory changes, we focused on how technology can be used to provide insights and support the efficiency of the audit process. More information on page 82.

On the Committee's agenda in 2024/25**Digital & Technology (D&T)**

Under new leadership, the D&T function has a renewed focus on ensuring the effectiveness of risk management processes and controls. Rachel Higham shared with the Committee her first impressions following appointment as Chief Digital and Technology Officer, and set out a detailed Evolution Programme. A comprehensive risk maturity assessment has been undertaken and the Committee received regular updates on progress being made. This work is also establishing a risk management environment to support our transformation programme.

Cyber-security

With the ever-increasing sophistication and frequency of cyber-related events, and M&S' increased use of new technology and digital solutions, cyber-security was a key topic on the agenda, discussed at each of the Committee's five meetings. As part of the overarching D&T risk maturity review, the Committee assessed the effectiveness of the Group's cyber risk management activities, including via an externally facilitated 'red team' exercise. This tested the maturity and robustness of M&S' systems and processes and their ability to withstand business disruption. The processes tested were those in place to protect customer data, Food logistics via Gist and the systems at Castle Donington.

In its review, the Committee emphasised the need for effective oversight of activities to improve the framework, and monitored follow up activities throughout the year.

Throughout April 2025, members of the Committee have been in regular formal and informal communication with management and Deloitte as the cyber incident emerged. With reference to the 2024/25 financial statements, the Committee has understood the steps taken by management to ensure the integrity and completeness of the 2024/25 financial records, to be satisfied that the financial statements give a true and fair view of the financial performance and position of the Group. This has included specific focus on the effectiveness of the internal control environment during the period and additional controls put in place over the preparation of the financial statements post incident.

Joint ventures (JV)

Alongside monitoring the progress of the Ocado Retail Limited (ORL) consolidation workstreams (more on page 80), the Committee focused on strengthening the governance, risk and control framework of M&S' India JV. Management identified a number of immediate and medium-term actions aimed at aligning the business with M&S' expectations and standards. Members of the Board, ExCo and senior leadership team, including the MD of International, CFO, and Head of Internal Audit & Risk, have been in country to conduct reviews and provide on-the-ground advice and support to local teams. At each meeting, the Committee received updates on different aspects of the India reset, providing support and independent challenge.

AUDIT & RISK COMMITTEE REPORT CONTINUED

2024

May

- Year-end approvals including:
 - 2024 Annual Report and Accounts and Full Year Results announcement.
 - Long-term viability assessment process.
 - 2024 ESG Report and regulatory ESG content disclosed within the Annual Report.
 - GSCOP Compliance Report.
 - Modern Slavery Statement.
- Discussion: initial view of proposed process changes in response to the new UK Corporate Governance Code (see more on page 78) and formation of an Executive Risk Committee (ERC).
- Discussion: progress update on the external audit tender process (see more on page 82).
- Reviewed the Principal Risks and Uncertainties (PRU) and Group risk appetite.
- Reviewed Deloitte's External Auditor Full Year report.
- Discussion: Internal Audit & Risk (IA&R) report including consideration of the improving risk and controls framework maturity and areas to monitor such as technology (see more on page 76).
- Considered the results of the external auditor effectiveness review.
- Executive risk updates:
 - Retail: island of Ireland risks and opportunities with a particular focus on colleague relations, supply chain transformation, and the regulatory environment.
 - Operations: financial and customer impact of the issues experienced by Castle Donington following a software update to the warehouse management system.
 - Cyber-security: results from the cyber-security 'red team' exercise.

September

- Agreed M&S' approach to UK Corporate Governance Code changes and considered the business' definition of 'materiality' for controls.
- Governance approvals including:
 - Group Fraud Policy.
 - ERC Terms of Reference.
 - Revised Group Risk Management Policy.
- Considered assurance for the sustainability KPIs linked to Marks and Spencer plc's revolving credit facility.
- IA&R updates including:
 - Results from suppliers' food safety and integrity controls testing.
 - Consideration of the upcoming review of the Gifts & Hospitality Policy and fraud risk management activities.
- Discussion: enhanced tax controls particularly surrounding deferred tax on land and buildings.
- Audit tender process: decision following audit firm presentations to the selection panel.
- Executive risk updates:
 - Fashion, Home & Beauty sourcing: assessment of M&S' exposure to recent disruption in Bangladesh, the risks and impact on the business and mitigation plans.
 - D&T: mid-year risk update and first impressions from the new Chief Digital and Technology Officer (more on page 76).
 - International: deep dive on the India JV's risk management, controls and governance reset.
 - JV partners: risk and control update from ORL's CFO and General Counsel including preparations for the consolidation switch, business continuity and cyber-security.

October

- Approved the Half Year Results announcement.
- IA&R report including the half year review of the risk and controls framework.
- Discussion: half year PRU assessment including a look ahead to year end and any changes to the business' risk profile.
- Governance approvals:
 - Bribery risk assessment.
 - Committee Terms of Reference updated to reflect UK Corporate Governance Code changes and the FRC's Minimum Standard for Audit Committees.
- Reviewed Deloitte's External Auditor reports:
 - Half Year report.
 - Full Year planning report.
- Executive risk updates:
 - Food: review of animal welfare and accreditation, and supplier base and network capacity (more on page 15).
 - Food logistics: Gist risk assessment including site capacity, health, safety and wellbeing, and a review of the critical cyber-security remediation activities undertaken following the red team exercise.
 - Data protection: M&S' data protection framework maturity level, protection of customer data given the growing threat of cyber-attacks and the role of culture in data management and compliance.

AUDIT & RISK COMMITTEE REPORT CONTINUED

2025

January

- Reviewed and approved:
 - Group Tax Strategy.
 - Assurance approach for 2024/25 ESG data.
- IA&R delivery update since September on ongoing audits including:
 - Progress made in improving Cist's driver and vehicle management compliance and internal assurance process.
 - Actions agreed to enhance leadership focus on product safety metrics.
 - Results of the externally facilitated Group Treasury function review.
- Reviewed Deloitte's External Auditor interim report.
- Executive risk updates:
 - Fashion, Home & Beauty:** consideration of the Bangladesh sourcing de-risking strategy.
 - ESG:** approach to assurance and reporting against the Corporate Sustainability Reporting Directive and Task Force on Climate-related Financial Disclosures.
 - Financial Services:** end-to-end business review of risks following restructuring of the business unit and HSBC agreement.
 - Sparks programme:** effect of the loyalty transformation on the business' risk profile, particularly fraud and cyber risks. Discussions on the need for controls and systems to be appropriately robust.
 - People:** initial steps taken to assess and manage changes brought by Government announcements and emerging employee relations legislation.

March

- Reviewed the IA&R report which included:
 - Approval of the IA&R 2025/26 draft plan.
 - Refreshed Group risk appetite statements.
 - Year-end consideration of PRUs for the Annual Report.
- Discussion: Ocado Retail consolidation readiness workstreams; valuation of investment triggered by the accounting standards.
- First look at the Annual Report proposed content and schedule.
- Approach to assessing the effectiveness of the External Auditor.
- Reviewed the performance of Group Treasury across the year.
- Executive risk updates:
 - Fashion, Home & Beauty:** review of the revised risk register covering areas of movement such as cost headwinds, including FX and inflation, freight volatility and geopolitical impacts.
 - D&T:** year-end risk update and pace of execution of the function's Evolution Programme workstreams.
 - Cyber-security:** progress update on work done to address findings from the 'red team' exercise.

Provision 29 readiness activities

A recurring item for the Committee has been the business' readiness activities relating to changes brought by the new UK Corporate Governance Code (the Code), specifically the approach and roadmap to achieve compliance with the new Provision 29. Initial phases included taking stock of the current risk and controls framework and finalising the Group's definition of 'materiality'. Management provided the Committee with activity updates throughout the year:

- Steering group set up:** members of the Group Finance, Finance Change & Control, Internal Audit & Risk and Digital & Technology teams meet monthly to drive M&S' response and readiness activities with regular progress updates provided to the Committee.
- Gap analysis:** review of the business' current risk and control frameworks to determine where these can be leveraged or where enhancements are needed to meet the requirements of the Code.
- Risk management maturity workstream:** to develop the maturity of risk management processes in targeted areas, including non-financial reporting, technology, joint ventures and continuing to embed a fraud risk management framework.
- Establishment of the Executive Risk Committee:** a sub-committee of ExCo to drive focus on risk management and lead the business-wide approach to compliance with corporate governance changes.
- Definition of 'materiality' for controls:** proposed approach agreed by the Committee, to be kept under review.

AUDIT & RISK COMMITTEE REPORT CONTINUED

Significant issues

The Committee has assessed whether suitable accounting policies have been adopted this year and whether management has made appropriate judgements and estimates.

Throughout the year, the Finance team has worked to ensure the business is transparent and provides the required level of disclosure regarding significant issues considered by the Committee in relation to the financial statements, as well as how these issues were addressed.

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

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

Presentation of the financial statements

The Committee gave consideration to the presentation of the financial statements and, in particular, the use of alternative performance measures and the presentation of adjusting items in accordance with the Group accounting policy. This policy states that adjustments are only made to reported profit before tax where income and charges are significant in value and/or nature. The Committee received detailed reports from management outlining the judgements applied in relation to the disclosure of adjusting items. In the current year, management has included in this category: the implementation and execution of strategic programmes; net charges associated with the acquisition of Gist; impairment reversals and write-offs of the carrying value of stores and other property charges; charges relating to the M&S Bank transformation and insurance mis-selling provisions; charges relating to the ORL – UK network capacity review; Impairment of investment in Ocado Retail Limited and legal settlement and pension net finance income.

③ See note 5 on page 141.

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

The Committee has considered the assessments made in relation to the accounting associated with the Group's store estate strategy. The Committee received detailed reports from management outlining the accounting treatment of the relevant charges and reversals, including impairment, accelerated depreciation, dilapidations, redundancy and onerous lease costs (including void periods). The Committee has reviewed the basis for the key assumptions used in the estimation of charges/ reversals (most notably in relation to the costs associated with property exit/sublet costs, the sale proceeds expected to be recovered on exit, where relevant, and the cash flows to be generated by each cash-generating unit in the period to closure). The Committee has challenged management and is satisfied that the assumptions made are appropriate. The Committee is also satisfied that appropriate costs and associated provisions have been recognised in the current financial year.

③ See notes 1, 5, 15 and 22 on pages 128, 141, 157 and 174 respectively.

Impairment of tangible assets

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

③ See notes 1, 5 and 15 on pages 128, 141 and 157-159 respectively.

Going concern and viability statement

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

The Committee has also reviewed the Group's reverse stress test that was applied to the model. The Committee has reviewed this with management and is satisfied that this is appropriate in supporting the Group as a Going Concern.

In addition, the Committee received regular updates on the steps taken by management regarding liquidity, including the successful extension of its revolving credit facility, which is now set to run until June 2027.

The Committee is satisfied that these measures have reduced liquidity risk.

③ See note 1 on page 128.

Retirement benefits

Following the decrease from a pension surplus to deficit during the year, the Committee has reviewed the actuarial assumptions such as discount rate, inflation rate, expected return of scheme assets and mortality which determine the pension cost and the UK defined benefit scheme valuation and has concluded that they are appropriate. The assumptions have been disclosed in the Financial Statements.

③ See note 11 on page 147.

AUDIT & RISK COMMITTEE REPORT CONTINUED

Significant issues continued

Valuation of Marks and Spencer Group plc company only investment

Marks and Spencer Group plc holds investments in Group companies which are reviewed annually for impairment. Management has prepared an impairment review based on estimated value in use of the Group. A full reversal of the impairment charges recorded in prior years has previously been made (see note C6 on page 187). The Committee has reviewed management papers outlining the key assumptions used in calculating the value in use and is satisfied that these are appropriate.

Valuation of ORL investment

As at March 2024/25 the Group's investment in ORL was accounted for as an associate (see note 29 on page 180). Ahead of consolidation and in accordance with the relevant accounting standards, the Group performed a valuation exercise of ORL, which triggered a full impairment test of the Group's existing investment in ORL. As a result of this exercise a significant impairment of the investment was recorded – see Note 5 and 29 on pages 141 and 180 respectively). The Committee has reviewed management papers outlining the key assumptions used in management's valuation and is satisfied that these are appropriate.

ORL consolidation – acquisition accounting and valuation of assets and liabilities

In April 2025 after the year end, as expected, following a change in the rights held by the shareholders, control of ORL passed on 6 April 2025 when Ocado Group relinquished certain rights granted under the terms of the original transaction. As a result of this change, the Group's investment in ORL, as well as the results of ORL will be accounted for as a subsidiary and consolidated from April 2025. The change in control has been accounted for under IFRS 3 as a Business combination with a provisional balance sheet presented in Note 30 to the financial statements and recorded as a post balance sheet event. The Committee has considered the judgements and assessments made in completing the acquisition accounting. This has included understanding the assumptions used in fair valuing the assets and liabilities acquired, as well as those included in the calculation of settlement of the Group's pre-existing relationship with ORL. The Committee is comfortable with the accounting for the transaction and judgements applied.

Fair, balanced and understandable assessment

The Committee carried out a thorough assessment to advise the Board on whether it considers the 2025 Annual Report to be fair, balanced and understandable. The Committee considered how the report had been prepared, reflecting on the criteria recommended by the Financial Reporting Council.

A working group was formed, comprising key content owners including: Corporate Communications, Company Secretariat, Group Finance, ESG, Executive Reward, Internal Audit & Risk, and Investor Relations.

The Chairman, CEO and CFO provided input and agreed on key elements to be included, setting the tone and balance of the report.

Content owners shared drafts for review by the Chairman, CEO, CFO, Committee Chairs and General Counsel & Company Secretary, and incorporated any comments.

The working group was specifically challenged to ensure the writing style was consistent, concise, avoiding boilerplate language, and presenting required disclosures in a clear, easily understandable manner for the reader.

Sections were shared between content owners to ensure consistent messaging across the report.

Members of the Disclosure & Oversight Committee, with input from Group Finance and content owners, read the Strategic and Directors' Reports considering whether the narrative was reflective of the information being presented in the financial statements.

The External Auditor reviewed the report as a whole at various stages of the drafting process, with feedback and recommendations incorporated.

Content owners completed a final round of reviews of all sections, considering the overall content and narrative of the report.

The Committee reviewed a full draft of the report, identifying areas that could be further simplified. The draft was then amended to incorporate feedback ahead of final review and approval.

Following its review, the Committee recommended the 2025 Annual Report to the Board, advising that it considered the report to be fair, balanced and understandable, providing shareholders with the necessary information to assess the Group's position, performance, business model and strategy.

AUDIT & RISK COMMITTEE REPORT CONTINUED

Internal control environment

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

Risk management

The Committee's accountability for overseeing the effectiveness of our risk management process includes determining the Group's risk appetite (for Board approval) and monitoring how the business actively manages risks and mitigations in accordance with it. An overview of the risk management process can be found on pages 52 to 53.

Framework of internal controls

Alongside our risk management processes, key components of the Group's internal controls environment include:

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

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

At each meeting, the Committee is updated by business leadership on its risk management, internal control and assurance activities. The updates received this year are detailed on pages 77 and 78.

Internal Audit & Risk (IA&R) function

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

The Committee approves an Internal Audit Plan annually. The plan is structured to align with the Group's strategic priorities and key risks and is developed by the IA&R function with input from management. The plan is reviewed periodically throughout the year to confirm it remains relevant for new and emerging circumstances, both internal and external. The findings and actions from IA&R reviews are agreed with the relevant business area, communicated to the Committee and tracked through to completion. Internal audits undertaken during the year are detailed on pages 77 and 78.

The Committee considered the IA&R function's effectiveness in May 2025, agreeing its leadership, structure and available resources are appropriate and remain effective.

Effectiveness

The Committee considered whether the Group's framework of internal controls operated effectively throughout the financial year 2024/25. Instances where the effectiveness of internal controls were deemed to be insufficient were discussed during the year, either by the Committee or the Board, and the resulting improvement plans were monitored. The Committee also considered the controls findings raised in the Independent Auditor's Report on pages 110 to 121.

In April 2025, the Board was made aware of a cyber incident impacting the business and the steps taken by management to protect our systems, our customers and our data. Members of the Committee have been in regular formal and informal communication with management and Deloitte since the incident.

With specific reference to the 2024/25 financial statements, the Committee has considered the impact of the incident on its review of the effectiveness of the Group's systems of internal control during the year. With the incident occurring after the balance sheet date and confirmed as a non-adjusting post balance sheet event (see Note 32 page 182), nothing has come to the Committee's attention following discussions with management and the Company's advisers to give rise to any concerns over the effectiveness of the internal control environment during the 2024/25 financial year. We will report on the control environment and incident response in next year's Annual Report.

AUDIT & RISK COMMITTEE REPORT CONTINUED

External Auditor

Audit firm	Deloitte LLP
Date appointed	2014 (recommended for reappointment at the 2025 AGM)
Lead audit partner	Jane Whitlock (in post since the start of the 2024/25 audit)
Non-audit fee ratio	0.175:1 (for the year ended 29 March 2025)

Audit tender process

As noted in last year's Annual Report, the Group was required to conduct an external auditor tender for the financial year ending 31 March 2027. The Committee ran a competitive process during the year in accordance with relevant regulatory and governance requirements, including the Financial Reporting Council's Minimum Standard for Audit Committees.

2024

January – May

The Committee approved the timetable and informally approached and met with prospective audit firms, including the 'Big Four' and two 'challenger' firms.

Two firms, including the existing auditor, Deloitte, responded to our initial informal approaches, confirming their intention to participate.

A Selection Panel was established comprising voting and non-voting members:

- Committee members (voting): Evelyn Bourke, Ronan Dunne and Justin King.
- Senior finance leadership (non-voting): CFO, Director of Group Finance, Group Financial Controller and Head of Internal Audit & Risk.

June

The Request for Proposal (RFP) was issued to participating firms and they were given access to a data room. 'Introduction to M&S Finance' sessions were held between senior management and audit partners.

The Committee agreed the evaluation criteria and scoring approach. Firms were to be assessed on:

- Team.
- Audit approach.
- Transition/implementation.
- Technology.
- Regulatory change.
- Approach to RFP.

July – August

Management meetings were conducted with the two participating firms, with members of the Finance, Internal Audit & Risk, ESC and Systems teams in attendance, including the CFO, Director of Group Finance and Group Financial Controller.

Meetings were also held with both audit firms and the Committee Chair and CEO.

Both firms demonstrated their audit technology capabilities and how these could support the audit process.

September

Final proposals were presented to the Selection Panel. Following deliberation, the Committee concluded it would recommend the reappointment of Deloitte as statutory auditor. In reaching this decision, the Selection Panel had considered Deloitte's:

- Engagement with the RFP and audit approach tailored to M&S.
- Market leading and evolving technology proposition, including investment in AI to drive efficiencies and provide management with real-time insights.
- Introductions to the proposed new lead partner and refreshed team, bringing newness to the audit process while maintaining continuity with their knowledge of the business, including the issues and challenges facing us now and into the future.

October

The Board approved the reappointment of Deloitte as statutory auditor, subject to shareholder approval at the 2025 AGM.

AUDIT & RISK COMMITTEE REPORT CONTINUED

Effectiveness

The Committee monitors the effectiveness of the external auditor continuously throughout the year. Committee members have the opportunity after each meeting to meet with the lead audit partner without management present. This provides opportunities for open conversations and allows the Committee to assess whether the external auditor has appropriately challenged management's analysis. The external auditor provided the Committee with a planning report ahead of the 2024/25 audit, giving Committee members the opportunity to comment and input.

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

As reported in the previous year, the audit partner transitioned from Richard Muschamp to Jane Whitlock. Management agreed that the audit partner and team have a good understanding of our business, our sector, and the risk environment in which we operate.

Management views their engagement as productive and positive overall, noting that early engagement on key accounting judgements continues to be appreciated. This has been particularly valuable in relation to the consolidation of Ocado Retail Limited and the asset valuation assessment triggered by the consolidation; the consideration of the accounting treatment for the Scottish Limited Partnership's restructure; and the appropriate treatment for the store estate programme.

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

Non-audit fees

To safeguard the independence and objectivity of the external auditor, the Committee has an Auditor Engagement Policy, reviewed annually and available at corporate.marksandspencer.com.

The Committee is satisfied the Company was compliant during the year with both the UK Corporate Governance Code and the Financial Reporting Council's Ethical and Auditing Standards in respect of the scope and maximum permitted level of fees incurred for non-audit services provided by Deloitte. Where non-audit work is performed by Deloitte, both the Company and Deloitte ensure adherence to robust processes to prevent the auditor's objectivity and independence from being compromised.

All non-audit work performed by Deloitte with fees in excess of £50,000 was put to the Committee for prior consideration and approval. For non-audit work, where fees were below £50,000, approval was obtained from the CFO and the Committee notified of all work falling within this threshold. A full breakdown of the total fees paid, and details on the non-audit services provided by Deloitte, can be found in note 4 to the financial statements on page 140.

The non-audit fees to audit fees ratio for the financial year ended 29 March 2025 was 0.175:1, compared with the previous year's ratio of 0.13:1. The total non-audit fees paid to Deloitte for the year were £0.5m. The majority of these fees relate to assurance services provided during the year. No additional recurring or one-off non-audit services were provided during the year.

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

REMUNERATION COMMITTEE REPORT



“Our Remuneration Policy supports our high-performance culture; our reward outcomes reflect our strong growth and value creation.”

Fiona Dawson
Chair of the Remuneration Committee

Where to find out more

Membership

- ③ Details of Committee members and their attendance at all meetings can be found on pages 62 to 63.
- ③ Information on the skills and experience of all Committee members can be found on pages 61 to 63.

Responsibilities

- ③ The role and responsibilities of the Committee can be found on pages 64 to 65.
- ③ The Committee's full Terms of Reference and compliance with the Code can be found at corporate.marksandspencer.com.

Effectiveness

- ③ Details of the Committee's annual performance review can be found on page 71.

Year in review

M&S' strategy of reshaping for growth is starting to have impact. This year we have achieved strong financial results and improved trading performance, while continuing to deliver returns to shareholders through the re-introduction of dividends over the last 18 months.

The Remuneration Committee is focused on making sure our Remuneration Policy and practices support the delivery of M&S' strategy as well as driving a high-performance culture.

Our reward principles are to invest in lower-paid colleagues first (as demonstrated by our investment in UK retail colleague pay), link pay to performance, and differentiate awards based on individual contribution. Overall, we ensure reward packages are competitive enough to attract and retain colleagues throughout the organisation.

In light of our continuing growth, at the start of the year, the Committee followed a rigorous process to ensure performance targets set for 2024/25 were appropriately stretching, considering the forecast for the year, and to ensure alignment with shareholders' interests.

As outlined on pages 22 to 31, we have delivered Group profit before tax and adjusting items of £875.5m, despite the challenging external environment and cost and economic headwinds. Strong volume and value performance has led to growth in market share in both Food and Fashion, Home & Beauty. Aligned with this performance are the incentive outcomes for the year. The Committee carefully assessed the outcomes to make sure they reflected the underlying performance of the Company, while taking account of the external environment, stakeholder views and wider workforce pay. It also considered the recent cyber incident and concluded no adjustments were needed to the 2024/25 incentive outcomes but recognised it would need to re-visit the matter in the context of the 2025/26 remuneration outcomes.

On the Committee's agenda in 2024/25

The Committee's agenda followed its usual cadence of activities this year, with time divided between the following areas:

- Pay arrangements
- Annual Bonus Scheme
- Long-term incentives
- Governance and external market



Key decisions in the year

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

- £95m investment in pay for our UK retail colleagues. Customer Assistants' pay increased by 5% to £12.60, and £13.85 in London, in line with the Real Living Wage.
- Over 3,400 colleagues benefited from our strong share price performance over the last three years by being members of our 2021 ShareSave scheme, which matured in February 2025. On average colleagues received a gain of £2,216.
- Executive pay decisions were made in the context of the broader workforce pay. The CEO pay increase of 2% is below the 5% awarded to Customer Assistants and the salaried pay review budget of 3%.
- The strong profit performance over the last year and the delivery of individual objectives resulted in a 2024/25 Annual Bonus Scheme (ABS) outturn of 97% of maximum for the CEO. The CFO participated in the profit element only, resulting in an outcome of 70% of maximum (pro-rated for her period of employment).

REMUNERATION COMMITTEE REPORT CONTINUED

- The 2022 Performance Share Plan (PSP) vested at 90% of maximum for the CEO, reflecting improved performance over the last three years on a number of key financial and strategic measures. The Committee assessed the relevant performance criteria and agreed to scale back the vesting of the store staff to cost ratio measure (see page 95). After this adjustment, the Committee determined the overall outcome reflected the underlying performance of the Company.
- The current shareholder-approved Recruitment Policy was applied when setting the remuneration package of Alison Dolan on appointment as CFO.
- Continued discipline when applying the remuneration framework to senior leadership changes, while balancing the need to attract the talent required to continue reshaping M&S for growth.

Pay arrangements

When determining the appropriateness of the senior remuneration framework, and in particular salary increases, the Committee considered wider workforce pay and the broader external context. During the year, the Committee discussed and approved (where relevant):

- The hourly rate of Customer Assistants, given the increase in the National Living Wage and Real Living Wage and the additional cost of employment taxes. The Committee was very supportive of management's continued approach of investing in our lower-paid retail colleagues, who are integral to the Company's success by providing a great experience for our customers.
- The overall spend on the pay review and the allocation approach for salaried and management colleagues. In particular, differentiated pay increases on performance ratings for those colleagues not in the Annual Bonus Scheme to support our high-performance culture.
- An increase of 2% in the CEO's pay, effective from 1 July 2025. The Committee determined an increase was appropriate at a level lower than pay increases across the business considering the CEO's overall remuneration. The increase for Customer Assistants was 5%, and the salaried pay review budget was 3%.
- The remuneration package, and buyout arrangements, for the recruitment of Alison Dolan as CFO was within the shareholder-approved Recruitment Policy. See page 100 for more details.
- The talent and succession pipeline along with remuneration packages for other senior leadership changes.

Annual Bonus Scheme (ABS)

The Committee carefully considers the targets that are set for the ABS to ensure they are stretching, both for the financial element and for individual objectives. It also reviews performance outcomes, taking into account the broader context, stakeholder views and to ensure the underlying performance of the business is reflected. Each year the Committee considers if any adjustments are required or discretion needs to be applied.

2024/25 ABS outcome

- The Company delivered strong Group profit before tax and adjusting items (adjusted PBT) of £875.5m. As a result, the profit target, which makes up 70% of the bonus award for Executive Directors, was met in full.
- The other 30% of the award was based on individual objectives, linked to the delivery of M&S' transformation. The Committee thoroughly assessed the extent to which the individual objectives were achieved. It determined an outcome of 27% out of 30% for the CEO, resulting in an overall bonus outcome of 97% of maximum. The Committee determined Alison would only receive the part of her bonus relating to the financial performance of the business as she only worked for three months of the financial year, resulting in an overall bonus outcome of 70% of maximum (then pro-rated for her period of employment).
- In the context of strong business performance and wider stakeholder experience, the Committee was satisfied that outturns were appropriate, and no application of discretion was required. See pages 92 to 93 for more details.
- In addition, the Committee reviewed the total bonus expenditure and was updated on the performance management process across the business to ensure individuals were appropriately rewarded.

2025/26 ABS design

The Committee reviewed the scheme design, operation and targets for the 2025/26 ABS. The Committee agreed performance should continue to be measured against adjusted PBT (70%) and individual objectives (30%), believing this remains appropriate when considering the continuing drive to reshape M&S for growth. It also agreed that the maximum opportunity under the scheme should remain at 200% of base salary. More details can be found on pages 93 to 94.

Long-term incentives

The Committee assessed the achievement of objectives and corresponding vesting level of the 2022 PSP awards, alongside approving the grant of the 2025 PSP awards to ensure appropriate alignment between driving exceptional performance and retaining talent.

2022 PSP outcome

- The Committee reviewed performance against the 2022 PSP metrics, reflecting the Company's adjusted earnings per share (EPS), adjusted return on capital employed (ROCE), the Company's relative total shareholder return (TSR) performance and the delivery of the strategic objectives. It determined a vesting outcome of 90% of maximum. The Committee considered the appropriateness of applying discretion to the vesting outcomes. The store staff cost to sales ratio target is underpinned by a requirement that there is no significant increase in central headcount over the period. The Committee considered the impact of additional central costs and, for the third year, it determined the store staff cost to sales ratio metric should be reduced by 50% and this is reflected in the vesting outcome above.

REMUNERATION COMMITTEE REPORT CONTINUED

On the Committee's agenda in 2024/25 continued

Long-term incentives continued

2025 PSP design

- The Committee reviewed the scheme design, performance metrics and award levels for the 2025 PSP. The Committee agreed the 2025 PSP should retain the same financial measures: 30% adjusted EPS, 30% adjusted ROCE, 20% relative TSR and the remaining 20% will continue to be subject to a basket of three strategic measures.
- The Committee intends to grant 2025 PSP awards of 250% of salary to the CEO and CFO in July 2025. Given the cyber incident, it is reviewing the performance metrics and targets for the 2025 PSP and these will be disclosed before the end of the year. See page 95 for more details.
- New share plan rules will be put to shareholders for approval at the 2025 AGM. The only material change is the removal of the 5% in 10-year dilution limit in line with the updated guidance from the Investment Association.

Governance and external market

As well as the annual approval of the Directors' Remuneration Report, and review of the Committee's performance and Terms of Reference, the Committee also considered various internal and external factors impacting colleagues and pay, including:

- Pay and benefits across the Group, including noting the pay review for hourly paid Customer Assistants. The Committee also considered colleague views. BIG plays a critical role in this and collects feedback and views on pay packages, bonus allocations and ShareSave. The BIG Chair attends a Remuneration Committee meeting annually. Further details are on page 33.
- External market practice. The Committee is supported by its remuneration adviser, PwC.
- Regulatory updates and evolving investor guidance and expectations, including the Code and guidelines published by investor bodies.
- The Committee actively engages with shareholders and considers any feedback on remuneration matters.
- During 2025, the Committee will undertake a full review of its Remuneration Policy, in advance of putting a new Policy to shareholders at the 2026 AGM. As part of the review, we will engage with our major shareholders.

⑨ See Figure 1, on pages 89 and 90, for further details on how the Directors' Remuneration Policy will be implemented in 2025/26.

The Policy, schemes and practices referred to in the Remuneration Committee overview on page 65 are designed to support our strategy and promote the long-term success of M&S, while following the below principles.

Clarity

Remuneration arrangements are transparent and promote effective engagement with shareholders and the workforce.

Simplicity

Remuneration structures are uncomplicated, and their rationale and operation are easy to understand.

Risk

Ensure that reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.

Predictability

The range of possible values of rewards to Executive Directors is identified and explained at the time of approving the Policy.

Proportionality

The link between individual awards, the delivery of strategy and the long-term performance of the Company is clear. Outcomes should not reward poor performance.

Alignment with culture

Incentive schemes that drive behaviours consistent with M&S' purpose, values and strategy.

REMUNERATION IN CONTEXT

Colleague engagement

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

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

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

Examples of colleague engagement can be found throughout this Annual Report, but particularly on pages 9 and 32 to 35.

Colleague reward

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

From April 2025, the rate for M&S Customer Assistants increased by 5% to £12.60 nationally, and £13.85 in London. This represents an investment of £95m in retail pay, bringing the total investment to more than £285m over the last three years. Over the same period, pay has increased by over 26%, more than double the rate of inflation over the same period. For the third year, colleagues who are not eligible for a bonus received an M&S e-gift card in recognition of their contribution to our peak period over Christmas.

For salaried colleagues, effective July 2025, the salary pay review budget is 3%.

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

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

Share ownership across our colleagues

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

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

In February 2025, our 2021 ShareSave scheme matured. Over 3,400 colleagues, the majority of whom were Customer Assistants, participated in the scheme. On average the typical saving was £80 per month and, factoring in the discounted option price and share price growth at maturity, the average gain was £2,216.

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

Consideration of shareholder views

The Committee, led by the Committee Chair, annually engages with investors ahead of our AGM, to answer remuneration queries and provide additional context for decisions. This typically starts in written format, with a meeting for further discussion.

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

CEO pay ratio

Given that the majority of our workforce are store based, with a significant number of part-time colleagues, calculating a full-time equivalent rate is complex. Consequently, we have revised our methodology this year from Option A to Option B. Under the legislation this methodology means that we use gender pay gap data, which is readily available, to identify the 25th, 50th and 75th percentile of UK colleagues using the 5 April 2024 snapshot date. A full-time equivalent total pay figure is then derived using the single figure methodology for the three colleagues. To ensure these are representative colleagues, we have also analysed the total pay of colleagues adjacent to the three colleagues.

We have compared last year's outcomes under methodologies A and B, and the change does not lead to a material difference in the results.

REMUNERATION IN CONTEXT CONTINUED

CEO pay ratio continued

For the CEO pay ratio, we have used the CEO's total pay as detailed in Figure 3 on page 91. The CEO's remuneration package includes a significant variable component to align outcomes to Company performance. Therefore, the pay ratio can fluctuate year to year based on business performance and incentive outcomes. The increase in the pay ratio this year is attributed to strong performance, which has elevated the bonus and PSP outturns. Additionally, the total pay figure incorporates a significant proportion of share price appreciation, as explained on page 91.

Year	Methodology	25th percentile ratio	50th percentile ratio	75th percentile ratio
2025	Option B	294:1	261:1	252:1
2024	Option A	216:1	198:1	166:1
2023	Option A	131:1	120:1	102:1
2022	Option A	128:1	117:1	99:1
2021	Option A	55:1	50:1	42:1
2020	Option A	64:1	59:1	51:1

The Remuneration Committee considers the pay ratios alongside other reference points. It believes the median pay ratio this year aligns with our pay, reward and progression policies for UK colleagues, reflecting our pay for performance philosophy.

The table below outlines the base salary and total pay and benefits for the CEO and the 25th, 50th and 75th percentile colleagues.

Pay data	Salary £000	Total pay and benefits £000	Salary £000	Total pay and benefits £000
	2023/24	2023/24	2024/25	2024/25
CEO remuneration	818	5,092 ¹	843	7,084²
UK colleague 25th percentile	22	24	24	24
UK colleague 50th percentile	24	26	25	27
UK colleague 75th percentile	29	31	27	28

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

² As detailed in Figure 3 on page 91, £6,189,144 of the CEO's total package is from variable pay. Half of his 2024/25 bonus is deferred into shares for three years. Shares that vest under the PSP are subject to a two-year post vest holding period. The increase in M&S' share price over the period from when the PSP was granted in July 2022 to the end of March 2025 has had significant impact on the value of the 2022 PSP. £2,695,938 of the CEO's total pay is attributable to share price increase. This reflects the Company's strong growth over the last three years and is aligned to the shareholder experience.

Gender pay gap

The M&S UK median pay gap is 5.5% (down from 6.2% last year), and the mean gap is 12.2% (down from 12.6% last year). We pay our colleagues according to their role, regardless of their gender. For example, all Customer Assistants are paid the same hourly base rate. However, more men earn additional premiums causing a positive gender pay gap.

A more diverse, equitable and inclusive M&S is a critical enabler of the higher-performance customer-centric culture that we're aiming for. Creating an environment where everyone can thrive and contribute to the success of M&S is the aim of our diversity, equity and inclusion (DE&I) strategy, and with 70% of our workforce being women, we continue to focus on both the representation and experience of women in our business.

Representation of women is strong at all levels of the business, and importantly in our talent pipelines too. We have built stronger rigour around our hiring, talent and performance routines to ensure women have equal access to development and progression opportunities. Women account for over 50% of our senior leaders, over 50% of our store leadership teams and 70% of colleagues on internal development programmes. We also have no disparity in performance and talent ratings between men and women.

We have an ongoing ambition to be the leading employer for women in retail. Early progress included improved support for those taking and returning from family leave, better flexible working options, and increased awareness and support for women's health and life changes, with a particular focus on menopause. We've built on this recently, with continued commitment to support in significant moments – demonstrated by our signing of the Miscarriage Association's Pregnancy Loss Pledge.

Our colleague inclusion networks have continued to drive greater impact, with both the Gender Equality and Menopause Networks launching initiatives including mentoring circles, role modelling and networking events and awareness raising activity aimed to reduce stigma and promote allyship.

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

SUMMARY OF REMUNERATION POLICY

Our current Directors' Remuneration Policy, which was approved by shareholders on 4 July 2023, is summarised in the table below. The full Policy can be found on pages 108 to 115 of the 2023 Annual Report, available on our corporate website. The Policy is designed to attract, retain and motivate our leaders within a framework aligned to our shareholders' interests and designed to promote the long-term success of M&S.

At the 2026 ACM we will be seeking shareholder support and approval for a new Remuneration Policy. During the coming year, the Committee will be reviewing the Policy to ensure any new Policy continues to support and drive the overall business strategy, while considering the overall M&S remuneration framework and the external regulatory environment.

Figure 1: Summary of Policy and implementation in 2025/26

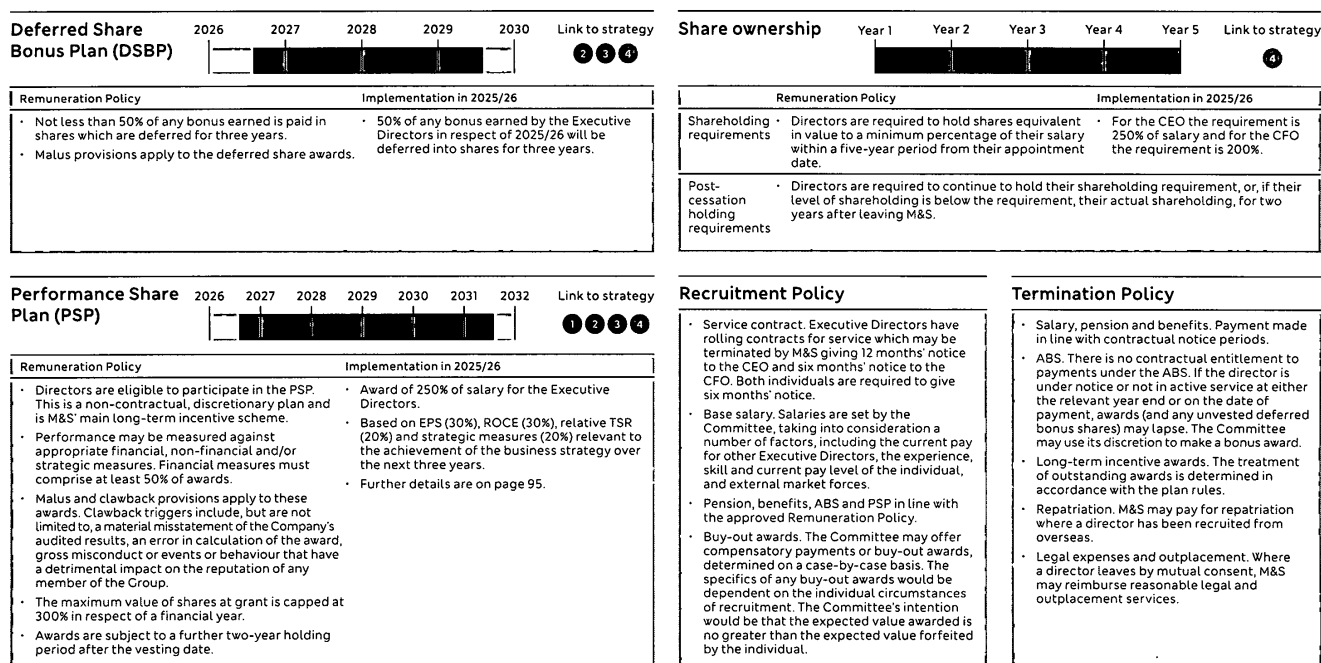
Fixed pay	2025	2026	2027	2028	2029	2030	
Annual Bonus Scheme (ABS)	2025	2026	2027	2028	2029	2030	Link to strategy
							2 3 4
Cash bonus	2025	2026	2027	2028	2029	2030	
Remuneration Policy	Implementation in 2025/26						
Salary	- Salaries are payable in cash and are reviewed annually by considering a number of factors, including external market data, historical increases and salary review principles applied to the rest of the business. 2% increase for the CEO, below that of the wider workforce. No increase for the CFO as her salary was set on appointment. - Further salary details are on page 92.						
Pension	- Directors may participate in the Your M&S Pension Saving Plan (a defined contribution arrangement), on the same terms as all other colleagues: where the employee contributes 6% of salary, the maximum employer contribution is 12% of salary. - An alternative cash payment in lieu of pension payment is available (capped at 5% of salary). - The CEO and CFO are members of the Your M&S Pension Savings Plan. The CEO contributes 3% of his salary and the CFO 6% of her salary into the scheme, and the Company contributes 6% and 12% respectively. - Further pension benefit details are on page 92.						
Benefits	- As with all colleagues, directors are offered benefits including colleague discount, salary sacrifice schemes and participation in all-employee share schemes. - No change versus implementation in 2024/25. - Further benefit details are on page 92.						
Remuneration Policy	Implementation in 2025/26						
Annual Bonus Scheme (ABS)	- Directors participate in this non-contractual, discretionary scheme. Performance is measured against one-year financial and individual performance targets linked with delivery of the business plan. - At least half of awards are measured against financial measures, which typically include Group profit before tax and adjusting items. - Corporate and individual elements may be earned independently. No part of the individual objectives may be earned unless a threshold level of PBT has been achieved, after which up to 40% of the maximum may be payable for the achievement of individual objectives. - Total maximum annual potential of up to 200% of salary for each director. - The Committee retains the right to exercise discretion, both upwards and downwards, to ensure that the level of award is appropriate. - Cash bonus payments are subject to two-year clawback provisions. Clawback applies in circumstances such as, but not limited to, a material misstatement of the Company's audited results, an error in calculation of the award, gross misconduct, or events or behaviour that have a detrimental impact on the reputation of any member of the Group.						
Cash bonus	- Executive Directors' maximum bonus opportunity is 200% of salary. 70% will be measured against PBT and 30% will be payable for the achievement of individual objectives. Targets will be disclosed retrospectively for reasons of commercial sensitivity.						

Link to our strategic priorities:

- 1 Create exceptional products 2 Drive profitable sales growth 3 Deliver target operating margins 4 Build the M&S we need to be

SUMMARY OF REMUNERATION POLICY CONTINUED

Figure 1: Summary of Policy and implementation in 2025/26 continued



Link to our strategic priorities:

- 1 Create exceptional products 2 Drive profitable sales growth 3 Deliver target operating margins 4 Build the M&S we need to be

REMUNERATION REPORT

Executive Directors' remuneration

Each year, the Remuneration Committee reviews the current senior remuneration framework. It assesses whether the existing incentive arrangements remain appropriate in the context of the business strategy, fulfil current external guidelines and are aligned with a range of internal factors, including the pay arrangements and policies throughout the rest of the business.

In its discussions, the Committee aims to ensure not only that the remuneration framework is aligned to the delivery of business priorities, but also that targets are appropriately challenging and outcomes fairly reflect the performance of the business and individuals.

A significant proportion of the performance measures used in the incentive schemes are integrated with M&S' KPIs and strategic priorities detailed in the Strategic Report, as illustrated on pages 2, 12, 13 and 22.

Figure 2 summarises the remuneration decisions and outturns for the CEO during the reported financial year within the senior remuneration framework. Further details of payments made during the year are set out in the table below (Figure 3) and later in this report. The increase in M&S' share price over the period from when the PSP was granted in July 2022 to the end of March 2025 has had significant impact on the value of the 2022 PSP. £2,695,938 of the CEO's total pay is attributable to share price increase. This reflects the Company's strong growth over the last three years and is aligned to the shareholder experience.

Figure 2: CEO remuneration structure 2024/25

Fixed pay	+	Annual bonus	+	PSP	=	Total pay for 2024/25
Base salary		200% of salary maximum bonus opportunity (with 50% deferral)		250% of salary awarded in 2022		Total payments are 92% of maximum potential
Benefits		Measured against Group PBT before adjusting items and individual performance		Measured against adjusted EPS, adjusted ROCE, relative TSR and strategic measures		
Pension benefits						
3% salary increase effective 1 July 2024		Outcome is 97% of maximum bonus opportunity		90% of award vested		

➔ Read more on page 93.

➔ Read more on page 95.

Figure 3: Total single figure remuneration (audited)

Director	Year	Salary £000	Benefits £000	Pension benefit £000	Total bonus £000	Total PSP vested ¹ £000	Other ² £000	Total pay £000	Total fixed pay £000	Total variable pay £000	% of total pay generated by share price appreciation
Stuart Machin	2024/25	843	0	51	1,635	4,555	0	7,084	894	6,190	38%
	2023/24	818	0	90	1,570	2,614	0	5,092	908	4,184	24%
Alison Dolan (from 6 January 2025)	2024/25	143	0	6	201	—	2,032	2,382	149	2,233	N/A
	2023/24	—	—	—	—	—	—	—	—	—	—
Katie Bickerstaffe ³ (until 10 July 2024)	2024/25	216	0	11	0	2,847	0	3,074	227	2,847	55%
	2023/24	767	46	38	1,304	2,614	0	4,769	851	3,918	26%

¹ The PSP vesting values for 2024/25 are based on a share price of £3.49 (the average share price from 30 December 2024 to 29 March 2025). The 2023/24 values have been restated based on the share price of £2.89 at time of PSP vesting and to include the 2p dividend paid in July 2024.

² In line with the approved Recruitment Policy, £714,840 of this figure relates to Alison Dolan's 2024 Rightmove annual bonus that she forfeited on resigning; 40% will be paid as cash and 60% will be deferred in shares until March 2027. £1,317,340 reflects the face value of share awards granted

to compensate her, on a fair value basis, for Rightmove share awards forfeited. The fair value was calculated to take account of the original performance period and the estimated satisfaction of the performance conditions of the original awards. The vesting timelines are in line with the time horizons of the original awards.

³ Katie Bickerstaffe did not participate in the 2024/25 ABS.

REMUNERATION REPORT CONTINUED

Salaries

When reviewing salary levels, the Committee takes into account a number of internal and external factors, including Company performance during the year, external market data, historical increases made to the individual and, to ensure a consistent approach, the salary review principles applied to the rest of the business.

For salaries effective July 2025, the Committee has awarded an increase of 2% to Stuart Machin and his new salary will be £865,694. This is below the 5% awarded to Customer Assistants and below the salaried pay review budget of 3%. Other senior management received a 2% increase.

The next annual salary review for the Executive Directors will be July 2026. The table below details the Executive Directors' salaries as at 1 July 2024 (or date of appointment) and salaries which will take effect from 1 July 2025.

Figure 4: Salaries

	Annual salary as of 1 July 2024 £000	Annual salary as of 1 July 2025 £000	Change in salary % increase
Stuart Machin	848.7	865.7	2%
Alison Dolan¹	600.0	600.0	0%

¹ Alison Dolan joined on 6 January 2025; her next annual salary review will be July 2026.

Benefits (audited)

The Remuneration Policy permits that each Executive Director may receive a car or cash allowance as well as being offered the benefit of a driver. Neither Stuart Machin nor Alison Dolan receives a car or cash allowance.

In line with all other colleagues, Executive Directors receive colleague discount and life assurance and are eligible to participate in salary sacrifice schemes such as Cycle2Work.

Pension benefits (audited)

Stuart Machin and Alison Dolan are both members of the Your M&S Pension Savings Plan. During the year, the CEO contributed 3% and the CFO contributed 6% of salary into the scheme, and the Company matched these with contributions of 6% and 12% respectively. The maximum level of contribution offered by M&S to all other colleagues is 12%.

The value of the Company's contribution in the year for Stuart and Alison is shown in the single figure table (Figure 3) on the previous page.

Deferred annual bonus (audited)

Currently 50% of any bonus award is compulsorily deferred into a conditional share award. These awards vest after three years, subject to continued employment as well as malus provisions. Consistent with the reporting requirements, the face value shown in the table below relates to the total number of shares granted in July 2024.

Figure 5: DSBP awards made in respect of 2023/24

	Basis of award	Face value of award £000	End of deferral period
Stuart Machin	50% of bonus	£785	05/07/2027
Katie Bickerstaffe	50% of bonus	£652	05/07/2027

¹ The share price used to calculate the number of shares was £2.89, being the average share price between 26 June 2024 and 2 July 2024.

ABS 2024/25 (audited)

Annual performance for the year was measured against pre-determined PBT (70%) and individual performance (30%) targets. PBT is used as a core bonus determinant, being an important measure of overall performance, and is consistent with how business performance is assessed internally by the Board and the Executive Committee.

The adjusted PBT outturn for the year of £875.5m was above the stretch target of £842m, resulting in a maximum payout under the PBT element of the bonus. This reflects the strong performance of M&S, against stretching targets set at the start of the year.

Individual performance was measured against a scorecard of individual measures set against the areas of delivery of the transformation plan that were deemed most critical to the future success of M&S. Individual performance was measured independently of PBT performance and no individual element could be earned until a minimum level of PBT was achieved.

The Committee assessed the CEO's individual objectives and determined an award of 27% for Stuart, resulting in an overall bonus achievement of 97% of maximum opportunity. The CFO worked three months of the financial year during which she spent time learning the business and getting closer to customers in stores. The Committee determined she would receive the part of her bonus relating to the financial performance of the business only, resulting in an overall outcome of 70% of maximum (then pro-rated for her period of employment).

The Committee determined that the total awards were appropriate in the context of several factors. These included M&S' overall financial performance, the individual's performance, and the level of bonus payable elsewhere in the business.

Figures 6 and 7 set out the extent to which the CEO achieved his individual objectives (worth up to 30% of the bonus opportunity) and achievement against adjusted PBT targets (up to a maximum 70% of the bonus opportunity). Total awards shown directly correspond to the figure included in the single figure table (Figure 3) on page 91.

REMUNERATION REPORT CONTINUED

Figure 6: Individual objectives (audited)

Stuart Machin	Continue leadership and governance of Executive Committee and development of a high-performing leadership team. Continuation of regular cadence with Executive Committee; regular discussion topics included financial performance, health, safety and security, cyber-security and internal audit and risk. Regular updates on building a high-performance culture, talent and succession planning and driving shareholder value. Review of progress against key transformation priorities and overall strategy. Further discussions on capital allocation and business case approvals. In addition, continuation of monthly operating boards with individual ExCo members on performance, controls and governance, approvals and strategic priorities. Through careful succession planning, evolved the Executive Committee by recruiting Alison Dolan as CFO and John Lyttle as Fashion, Home & Beauty Managing Director. Continued use of external coach to support ExCo development. Continue to restructure the cost base, delivering a permanent reduction. Delivered structural cost out savings over £120m in-year and as a result, increased cost savings FY28 target from £400m to £500m. Completed the exit of 'bulky' furniture business, realising double digit savings. Simplified roles in the Support Centre and in stores. Commencement of broader programme reviewing end-to-end processes as part of 'Structural Cost Out' programme. Accelerate the supply chain strategies across Food and Fashion, Home & Beauty. In Food, completed the roll out of Relex 'Forecasting, Ordering and Allocation' systems with all categories rolled out. As part of our 'Fortress Factory' programme, five long-term contracts were signed with supplier partners. Continued rollout of store operations 'One Best Way' programme to the East and West divisions. Announced plans to open a new 390k square foot distribution centre in Bristol as part of the plan to modernise the Food logistics network and create capacity for growth. In Fashion, Home and Beauty, increase in Castle Donington 'hanging' capacity and commencement of the automated Click and Collect build as part of modernisation programme. Rationalised logistics network through 'bulky' furniture exit. Deliver a revised Data, Digital & Technology strategy. A comprehensive five-year Data, Digital and Technology plan ('Evolution' plan) is now in place, outlining key elements such as timing, resource requirements, capital allocation, and partner support. Rachel Higham, the Chief Digital and Technology Officer, has successfully integrated into the organisation and Executive Committee. In addition, the Digital and Technology leadership team has evolved with new experienced hires across both Digital and Technology foundations. There has also been increased focus on investing in technology infrastructure, including network upgrades across the business (stores, distribution centres and Support Centres). Additionally, a new payroll system was successfully implemented and migrated on plan. Improve the online Fashion, Home & Beauty performance. Online sales grew +8.8% and UK volumes grew +10%. Online market share (Kantar, 52 weeks) increased from 7.1% to 7.9%; an improvement of 80 basis points. This performance was supported by a series of enhancements to improve the customer experience, including updates to the website and App, more engaging product display pages, improved visual options, and higher quality photography and video content. Further experiential upgrades such as the introduction of the 'Frequently Bought Together' feature, Style Tips and a Men's Suiting Guide, further enhanced the shopping experience. Additionally, digital marketing investment was increased by 79%, helping to drive greater visibility and engagement. As part of the strategy to accelerate online growth, external support was brought in to conduct a thorough review of the strategy and operating model to ensure we were set up for future growth.
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Stuart Machin	Role model and embed the M&S purpose, vision and behaviours across the business. As part of developing a high-performance culture, set clear and specific business objectives that were cascaded throughout the business, with progress reviewed monthly through the monthly operating boards. Reinforced our vision, purpose, and behaviours across all internal and external communications, with a continued focus on the 'Closer to Customers, Closer to Colleagues' programme. As part of this initiative, Support Centre colleagues dedicated over 200,000 hours supporting more than 700 stores nationwide. Company engagement survey results reflected positive momentum, with overall scores improving by 12% and participation rising by 20%, including a notable increase in perceptions of clarity of purpose.
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Figure 7: ABS 2024/25 outturns (audited)

	Adjusted PBT (70%)		Individual (30%)	Total award		
	Targets/performance outturn ¹		Performance outturn	Achievement		
Director	Min £780m	Max £842m		% of max	% of salary	£000
Stuart Machin	70% of max opportunity	£875.5m	27% of max opportunity	97%	194%	1,635
Alison Dolan	70% of max opportunity	£875.5m	0% of max opportunity	70%	140%	201

1 0% of bonus was payable for adjusted PBT of £780m, 50% payable at £800m and 100% payable at £842m.

DSBP awards in respect of 2024/25

Currently, 50% of any bonus award is compulsorily deferred into a conditional share award. These awards vest after three years, subject to continued employment as well as malus provisions. Half of the value shown for 2024/25 bonus payments in the single figure table (Figure 3) will be deferred in shares.

ABS for 2025/26

During the year, the Committee reviewed the 2025/26 scheme, considering the next phase of growth together with bonus arrangements elsewhere in the business.

The Committee was satisfied that the structure of the ABS, as approved by shareholders at the 2023 AGM (and unchanged from 2024/25), remains appropriate. Subject to the achievement of stretching targets, set in line with the 2025/26 business plan, the scheme provides for a competitive bonus opportunity with a strong focus on stretching PBT performance.

The Executive Directors are eligible to receive a bonus award of up to 200% of salary.

Performance will be focused on Group PBT before adjusting items (70%). The remaining 30% will be measured against a scorecard of individual objectives, identified as the measurable key priorities required to drive the continued growth of M&S. Individual performance will again be measured independently of PBT performance; no individual element may be earned until a threshold level of PBT is achieved.

REMUNERATION REPORT CONTINUED

ABS for 2025/26 continued

The performance targets have yet to be set and the individual objectives for the 2025/26 scheme are deemed by the Board to be too commercially sensitive to disclose in this report but where possible, they will be disclosed next year.

The Committee, in its absolute discretion, may use its judgement to adjust outcomes to ensure any awards made reflect overall business and individual performance during the year. Any discretion applied will be justified and clearly disclosed.

Performance Share Plan (PSP)**PSP awards made in 2024/25 (audited)**

Ahead of grants being made, the Committee reviewed the long-term incentive framework at M&S, assessing the extent to which it remained suitable. After consideration, it was decided that the current structural arrangements remained appropriate. The 2024 PSP award was based on adjusted EPS (30%), adjusted ROCE (30%), relative TSR (20%) and 20% based on strategic transformation goals relevant to the achievement of the business strategy over the next three years. Detailed targets can be seen in Figure 8.

TSR is measured against a bespoke group of 12 companies taken from the FTSE 350 General and Food & Drug Retailers indices, reviewed prior to grant to ensure the constituents remain appropriately aligned to M&S' business operations. These companies are listed in Figure 9.

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

For the 2024 PSP, a grant of 250% of salary for the CEO was approved by the Committee and was made on 3 July 2024. Following her appointment the CFO was granted a 2024 PSP, to compensate for a 2024 Rightmove PSP that was forfeited on resigning. The face value of her M&S PSP replicated the face value of her Rightmove award that she forfeited.

In line with policy, awards will vest three years after the date of grant, to the extent their performance conditions are met, and must then be held for a further two years. Clawback provisions apply during this holding period. For financial measures, 20% of awards will vest for threshold performance, increasing to 100% on a straight-line basis between threshold and maximum performance. For strategic measures, no element of this award shall vest if the targets are not achieved. This supports the Committee's view that delivery of these strategic measures is critical; payment for achievement below the target would not be appropriate.

Figure 8: Performance conditions for PSP awards made in 2024/25 (audited)

2024 award measures	Weighting	Threshold	Details
			Maximum
Adjusted EPS in 2026/27 (p)	30%	30.5p	39.5p
Adjusted ROCE in 2026/27 (%)	30%	15.9%	18.4%
Relative TSR	20%	Median	Upper quartile
Strategic measures	20%	M&S.com growth	
		Food like-for-like sales	
		Operating cost to sales ratio	

Figure 9: TSR comparator group 2024/25 awards

• ASOS	• Frasers	• N Brown Group ¹
• B&M European	• JD Sports Fashion	• Next
• Currys	• J Sainsbury	• Tesco
• Dunelm Group	• Kingfisher	• WHSmith

¹ N Brown Group was in the TSR comparator group when the awards were granted in July 2024. It subsequently delisted in February 2025 and will be removed from the comparator group.

Figure 10: PSP awards made in 2024/25 (audited)

	Basis of award % of salary	Threshold level of vesting	Face value of award £000 ¹	End of performance period	Vesting date
Stuart Machin	250%	20%	2,060	27/03/2027	05/07/2027
Alison Dolan²	131%	20%	785	27/03/2027	05/07/2027

¹ The face value of the awards granted was calculated by multiplying the average share price on the five dealing days prior to the date of grant by the number of shares awarded. For the CEO's award, the share price used was £2.89, being the average share price between 26 June and 2 July 2024. For the CFO's award, the share price used was £3.30, being the average share price between 17 and 21 March 2025.

² 131% of salary based on the forfeited award of £785,150 divided by the CFO's salary on appointment of £600,000.

³ PSP grants were made as a conditional share award.

REMUNERATION REPORT CONTINUED

Figure 11: PSP awards vesting in relation to 2024/25 (audited)

For directors in receipt of PSP awards granted in 2022, the awards will vest in July 2025, based on three-year performance over the period to 29 March 2025. For threshold performance, 20% of the 2022 award would vest, increasing to 100% on a straight-line basis between threshold and maximum performance.

Despite achieving the store staff cost to sales ratio target, this measure is also underpinned by a requirement of no significant increase in central headcount over the period. The Committee considered the impact of additional central costs and determined that the vesting outcome of this strategic measure should be reduced by 50%. Otherwise, performance was assessed and the Committee determined that 90% of the total award will vest. The Committee reviewed this level of vesting and the resulting value of awards against the wider business performance over the period and determined this level of payment was appropriate. No further discretion was applied to the formulaic vesting outcome and the Committee was also satisfied that there were no windfall gains.

Details of performance against the specific targets set are shown in the table below. The total vesting values shown in Figure 12 directly correspond to the figure included in the single figure table (Figure 3) on page 91.

Target and weighting	Final year adjusted EPS (p)	Final year adjusted ROCE (%)	TSR (relative ranking)	Strategic measures			Overall vesting
				M&S.com growth	Food like-for-like sales	Store staff cost: Sales ratio	
Threshold performance	18p	11.5%	Median	N/A	N/A	N/A	
Maximum performance	27p	14.0%	Upper quartile	15.0%	1.5%	10.3%	
Actual performance achieved	31.9p	16.4%	Above upper quartile	6.5%	8.5%	9.7%	
Percentage of maximum achieved	30%	30%	20%	0%	6.7%	3.3%	90%

Figure 12: Value of PSP awards vesting in relation to 2024/25 (audited)

	Number of shares granted	Outcome achieved %	Face value at the time of grant £000 ¹	At the end of performance period (29 March 2025)		
				Value of share price appreciation £000 ²	Dividend equivalents accrued during the performance period £000	PSP total £000
Stuart Machin	1,432,562	90%	£1,800	£2,696	£59	£4,555

1 Calculated using the grant price of £1.39.

2 Calculated using the difference between the grant price of £1.39 and the average share price from 30 December 2024 to 29 March 2025 of £3.49.

PSP awards to be made in 2025/26

During the year, the Committee reviewed the long-term incentive framework at M&S, assessing the extent to which it remained suitable. The 2025 PSP will maintain the measures used for the 2024 PSP awards – 30% adjusted EPS, 30% adjusted ROCE, 20% relative TSR and 20% strategic measures.

The Committee believes in the importance of strategically-aligned incentives so that Executive Directors are motivated to deliver the M&S reshaping for growth strategy. The Committee's aim is to ensure realistic and sustainable targets to support the delivery of such growth. As a result of the recent cyber incident, the Committee agreed to delay setting the targets for the 2025 awards and these will be disclosed before the end of the year.

Following careful consideration and discussion on the need to incentivise the most senior leaders of M&S and reward truly exceptional performance, the Committee approved a 250% of salary award for the Executive Directors in 2025. The Committee will review and reconfirm this decision immediately prior to grant to ensure this remains appropriate, particularly in light of share price performance.

REMUNERATION REPORT CONTINUED

Figure 13: Directors' shareholdings (audited)

The table below sets out the total number of shares held by each Executive Director serving on the Board during the period to 29 March 2025.

There have been no changes in the current directors' interests in shares or options granted by the Company and its subsidiaries between the end of the financial year and 20 May 2025. No director had an interest in any of the Company's subsidiaries at the statutory end of the year.

	Shares owned outright ¹	With performance conditions	Without performance conditions	
		PSP ²	DSBP ³	RSP ⁴
Stuart Machin	1,212,766	3,218,596	1,013,307	—
Alison Dolan	Nil	237,996	Nil	399,313

1 Includes shares owned by connected persons.

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

3 Awards under the DSBP relate to half of the annual bonus earned in respect of 2021/22, 2022/23 and 2023/24, deferred into shares for three years.

4 Alison Dolan's RSP awards were granted as replacement share awards to compensate for awards that she forfeited on resigning from Rightmove.

5 The figures in the table above include dividend equivalents that are accrued on share awards.

Figure 14: Shareholding requirements including post-cessation (audited)

All Executive Directors are required to build a holding of shares equivalent in value to a minimum percentage of their salary within a five-year period from their appointment date. For the CEO this requirement is 250% of salary and for the CFO the requirement is 200%. A similar requirement of 100% of salary currently applies to members of the Executive Committee.

The chart below shows the extent to which each Executive Director has met their target shareholding as at 29 March 2025. For Stuart Machin, his shareholding requirement is measured from his date of appointment as CEO.

For the purposes of the requirements, the net number of unvested share awards not subject to performance conditions is included and is reflected in the chart below. The Committee continues to keep shareholding requirement guidelines and actual director shareholdings under review and will take appropriate action should it consider it necessary.

To support the Committee's intention to drive long-term, sustainable decision-making for the benefit of M&S and our shareholders, and in line with the Code changes and the Investment Association's guidelines, in 2020 the Committee approved the extension of shareholding guidelines to beyond the time at which an Executive Director leaves M&S. Directors are required to maintain their minimum shareholding requirement, or, if their level of shareholding is below this, their actual shareholding, for two years after leaving M&S. The Committee has approved all vesting awards from 2020 grants onwards to be held in a nominee vehicle to ensure the successful operation of this policy.

For the purposes of this calculation, an average share price is used to reduce the impact of share price volatility on the results. The average share price for the year was £3.35, with resultant shareholdings illustrated in the chart below.



REMUNERATION REPORT CONTINUED

Figure 15: Executive Directors' interests in the Company's share schemes (audited)

	Maximum receivable at 1 April 2024	Awarded during the year	Exercised during the year ¹	Lapsed during the year	Dividend equivalents accrued	Maximum receivable at 29 March 2025
Stuart Machin						
PSP	3,480,085	712,408	904,657	100,519	31,279	3,218,596
DSBP	734,272	271,572	—	—	7,463	1,013,307
RSP	401,716	—	404,365	—	2,649	—
SAYE	—	—	—	—	—	—
Total	4,616,073	983,980	1,309,022	100,519	41,391	4,231,903
Alison Dolan						
PSP	—	237,996	—	—	—	237,996
DSBP	—	—	—	—	—	—
RSP	—	399,313	—	—	—	399,313
SAYE	—	—	—	—	—	—
Total	—	637,309	—	—	—	637,309
Katie Bickerstaffe						
PSP	3,324,992	—	904,657	1,209,339	25,122	1,236,118
DSBP	697,058	225,426	—	335,257	6,134	593,361
RSP	501,908	—	505,219	—	3,311	—
SAYE	4,535	—	—	4,535	—	—
Total	4,528,493	225,426	1,409,876	1,549,131	34,567	1,829,479

¹ The share price on the date of vesting for the PSP and RSP awards was £2.89.

² Katie Bickerstaffe's outstanding share awards were pro-rated for time to 10 July 2024.

Employee share schemes**All-employee share schemes (audited)**

Executive Directors may participate in ShareSave, the Company SAYE scheme, and ShareBuy, the Company's SIP, on the same basis as all other eligible colleagues. Further details of the schemes are set out in note 13 of the financial statements on pages 153 to 154.

Dilution of share capital by employee share plans

Awards granted under the Company's SAYE scheme and discretionary share plans can be met by the issue of new shares when the options are exercised or through market purchase shares. The Company monitors the number of shares issued under these schemes and their impact on dilution limits.

Figure 16: All share plans

(As at 29 March 2025)

**Figure 17: Executive share plans**

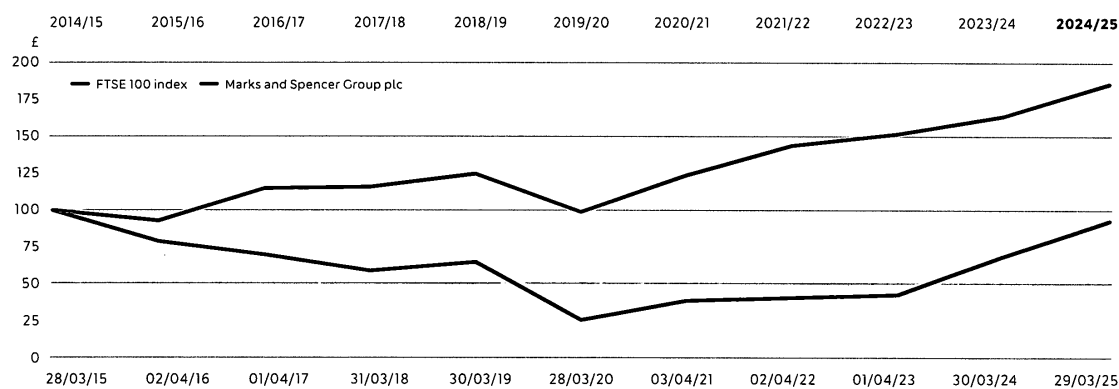
(As at 29 March 2025)



REMUNERATION REPORT CONTINUED

Figure 18: Performance and CEO remuneration comparison

This graph illustrates the Company's performance against the FTSE 100 over the past 10 years. M&S re-entered the FTSE 100 Index on 18 September 2023. The calculation of TSR is in accordance with the relevant remuneration regulations. The table below the TSR chart sets out the remuneration data for directors undertaking the role of CEO during each of the last 10 financial years.



CEO		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
CEO single figure (£000)	Stuart Machin	—	—	—	—	—	—	—	—	2,708	5,092	7,084
	Steve Rowe	—	—	1,642	1,123	1,517	1,205	1,068	2,630	156	—	—
	Marc Bolland	2,015	—	—	—	—	—	—	—	—	—	—
Annual bonus payment (% of maximum)	Stuart Machin	—	—	—	—	—	—	—	—	81.1%	96%	97%
	Steve Rowe	—	—	36.98%	0.00%	0.00%	0.00%	0.00%	95.0%	—	—	—
	Marc Bolland	31.9%	—	—	—	—	—	—	—	—	—	—
PSP vesting (% of maximum)	Stuart Machin	—	—	—	—	—	—	—	—	51.0%	90%	90%
	Steve Rowe	—	—	0.00%	8.20%	34.0%	11.20%	0.00%	0.00%	51.0%	—	—
	Marc Bolland	4.80%	—	—	—	—	—	—	—	—	—	—

REMUNERATION REPORT CONTINUED

Figure 19: Percentage change in directors' remuneration

	2024/25			2023/24			2022/23			2021/22			2020/21		
	% change 2023/24-2024/25			% change 2022/23-2023/24			% change 2021/22-2022/23			% change 2020/21-2021/22			% change 2019/20-2020/21		
	Base salary/fees	Benefits	Annual bonus	Base salary/fees	Benefits	Annual bonus	Base salary/fees	Benefits	Annual bonus	Base salary/fees	Benefits	Annual bonus	Base salary/fees	Benefits	Annual bonus
Stuart Machin	3%	-43%	4%	3%	12.5%	21%	—	—	—	—	—	—	—	—	—
Alison Dolan	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Archie Norman	3%	100%	—	3%	—	—	3%	-100%	—	1%	100%	—	0%	-74%	—
Justin King	3%	-100%	—	3%	—	—	3%	—	—	1%	—	—	0%	—	—
Tamara Ingram	3%	—	—	3%	—	—	3%	—	—	1%	—	—	0%	—	—
Sapna Sood	3%	—	—	3%	—	—	3%	—	—	1%	—	—	0%	—	—
Evelyn Bourke	3%	—	—	3%	—	—	3%	-100%	—	1%	—	—	—	—	—
Fiona Dawson	3%	—	—	3%	—	—	3%	—	—	1%	—	—	—	—	—
Ronan Dunne	3%	—	—	3%	—	—	—	—	—	—	—	—	—	—	—
Cheryl Potter	3%	—	—	3%	—	—	—	—	—	—	—	—	—	—	—
UK M&S colleagues (average FTE)	9.4%	9.8%	5.5%	8.5%	17%	23%	6%	0%	-6%	2%	—	100%	0%	0%	—

1 See Figure 3 on page 91 for details of Executive Director remuneration which support the percentage changes above.

2 See Figure 22 on page 101 for details of Non-Executive Director remuneration which support the percentage changes above.

3 The change in benefit is blank where the benefit value was zero in the prior year as there is no figure to compare to.

4 No changes were made to benefits during the year.

REMUNERATION REPORT CONTINUED

Figure 20: Relative importance of spend on pay

The table below illustrates the Company's expenditure on total pay for all colleagues and distributions to shareholders by way of dividend payments and share buyback. Total colleague pay is the total pay for all Group colleagues. Group PBT before adjusting items has been used as a comparison, as this is the key financial metric that the Board considers when assessing Company performance.

	2023/24 £m	2024/25 £m	% change
Total colleague pay	2,040.1	2,168.6	6.3%
Total returns to shareholders	19.6	60.5	208.7%
Group PBT before adjusting items	716.4	875.5	22.2%

1 Group PBT before adjusting items as disclosed on page 2.

Figure 21: Service agreements

In line with our Policy, directors have rolling contracts which may be terminated by the Company or the director giving notice as detailed in the table below:

	Date of appointment	Notice period
Stuart Machin	25/05/2022	12 months/6 months
Alison Dolan	06/01/2025	6 months/6 months

Directors appointed to the Board

Alison Dolan joined the Board on 6 January 2025 as CFO. Her remuneration upon appointment, and her replacement share awards, were in line with the approved Recruitment Policy. Details of RSPs are set out below. She was appointed on an annual salary of £600,000; her incentive arrangements and benefits are aligned to that of an Executive Director.

Alison received replacement share awards under the 2024 PSP (see page 94) and RSP awards to compensate her for share awards forfeited by leaving Rightmove. The fair value of these conditional share awards was calculated taking account of the original period and estimated satisfaction of any performance conditions of the original awards.

		Face value of award £000	Vesting date
Alison Dolan	RSP award	790	07/07/2025
	RSP award	527	23/03/2026

1 The share price used to calculate the awards was £3.30, being the average share price between 17 and 21 March 2025.

2 Dividend equivalents will be paid on the vesting date based on the number of vested shares.

It was agreed that Alison would be compensated for the loss of her 2024 Rightmove annual bonus, at a value no greater than she would have received had she not resigned her position to join M&S. As detailed in the single figure table (see Figure 3 on page 91), Alison received £714,840 to compensate for her 2024 bonus. Under the terms of the buyout, and reflecting the Rightmove structure, 40% of the award was paid in cash, and 60% has been deferred in shares until March 2027.

Payments for loss of office 2024/25 (audited)

There were no payments for loss of office.

Payments to past directors during 2024/25 (audited)

As reported last year, Katie Bickerstaffe retired from her role as Co-CEO on 10 July 2024. Her remuneration terms on leaving were in line with the approved Termination Policy.

As reported in the single figure table on page 91, she was paid £226,392 for the period that she served as a director in the 2024/25 financial year. Katie did not receive any of her fixed pay elements (salary, pension and benefits) after 10 July 2024, nor did she participate in the 2024/25 ABS.

The Committee determined good leaver treatment in line with the plan rules. Therefore, her unvested conditional shares awarded under the 2022 and 2023 PSP, and the 2022 and 2023 DSBP, have been pro-rated for time to 10 July 2024. In line with other participants, 90% of her 2022 PSP awards will vest in July 2025. After pro-ration, 816,332 shares will vest at an estimated value of c.£2,846,631. In addition, a DSBP award granted in 2022 will also vest in July 2025; after pro-ration, 265,714 shares will vest at an estimated value of c.£926,571. Valuations for Katie's PSP and DSBP vesting awards are based on a share price of £3.49 (the average share price from 30 December 2024 to 29 March 2025).

Further details will be disclosed in later reports on the vesting of Katie's 2023 PSP and DSBP awards granted in 2023 and 2024.

In line with policy, Katie is subject to post-cessation holding requirements and will continue to maintain her in-employment shareholding requirement for two years after leaving M&S.

REMUNERATION REPORT CONTINUED

Non-Executive Directors' total single figure remuneration (audited)

Non-Executive Directors receive fees reflecting the time commitment, demands and responsibilities of the role. Fees paid to the Non-Executive Directors and Board Chairman for 2024/25 and 2023/24 are detailed in Figure 22.

Benefits include expense reimbursements relating to travel, accommodation and subsistence in connection with attendance at Board and Committee meetings during the year, which are deemed by HMRC to be taxable.

The amounts in the following table are the taxable expenses that the Company grossed up and paid the UK tax on for the Non-Executive Directors. Non-taxable expense reimbursements have not been included in the table.

In line with pay increases for salaried colleagues, Non-Executive Director fees will increase by 3% to £81,276 with effect from 1 July 2025. The Board Chairman was also awarded an increase of 3%, bringing the total aggregate fee to £695,564.

No change was made to the SID fee of £31,000, the fee of £20,000 for chairing a Committee or the membership fee of £5,000.

Fee levels will again be reviewed in the year, ahead of any changes which would be effective 1 July 2026.

Figure 22: Non-Executive Directors' total single figure remuneration (audited)

Director	Year	Basic fees £000	Additional fees £000	Benefits £000	Total £000
Archie Norman	2024/25	78	592	2	672
	2023/24	76	575	1	652
Andrew Fisher (until 2 July 2024)	2024/25	20	13	0	33
	2023/24	76	51	1	128
Justin King	2024/25	78	4	0	82
	2023/24	76	0	1	77
Tamara Ingram	2024/25	78	24	0	102
	2023/24	76	20	0	96
Sapna Sood	2024/25	78	4	0	82
	2023/24	76	0	0	76
Evelyn Bourke	2024/25	78	20	0	98
	2023/24	76	20	0	96
Fiona Dawson	2024/25	78	30	0	108
	2023/24	76	0	0	76
Ronan Dunne	2024/25	78	4	0	82
	2023/24	76	0	0	76
Cheryl Potter	2024/25	78	4	0	82
	2023/24	76	0	0	76

REMUNERATION REPORT CONTINUED

Figure 23: Non-Executive Directors' shareholdings (audited)

The Non-Executive Directors are not permitted to participate in any of the Company's incentive arrangements. All Non-Executive Directors are required to build and maintain a shareholding of at least 2,000 shares in the Company upon joining M&S. Details are shown in the table below.

There were no changes in the current Non-Executive Directors' interests in shares in the Company and its subsidiaries between the end of the financial year and 20 May 2025.

Director	Number of shares held as at 29 March and 20 May 2025
Archie Norman	148,600
Justin King	64,000
Tamara Ingram	2,000
Sapna Sood	2,000
Evelyn Bourke	50,000
Fiona Dawson	21,432
Ronan Dunne	25,000
Cheryl Potter	100,000

Figure 24: Non-Executive Directors' agreements for service

Non-Executive Directors have an agreement for service for an initial three-year term which can be terminated by either party giving three months' notice (or six months' notice for the Chairman).

The table below sets out these terms for all current members of the Board.

Director	Date of appointment	Notice period
Archie Norman	01/09/2017	6 months/6 months
Justin King	01/01/2019	3 months/3 months
Tamara Ingram	01/06/2020	3 months/3 months
Sapna Sood	01/06/2020	3 months/3 months
Evelyn Bourke	01/02/2021	3 months/3 months
Fiona Dawson	25/05/2021	3 months/3 months
Ronan Dunne	01/08/2022	3 months/3 months
Cheryl Potter	01/03/2023	3 months/3 months

Non-Executive Director changes to the Board during 2024/25

As announced on 28 May 2024, Andrew Fisher stepped down from the Board and his role as Senior Independent Director and Chair of the Remuneration Committee on 2 July 2024.

Fiona Dawson became Chair of the Remuneration Committee with effect from 2 July 2024; her fee increased from £78,909 to £98,909. With effect from 26 September 2024 Fiona was appointed Senior Independent Director; her fee increased from £98,909 to £129,909 (£132,276 from 1 July 2025).

Remuneration Committee members

The Committee members during the year were Andrew Fisher (Committee Chair until 2 July 2024), Fiona Dawson (Committee Chair from 2 July 2024), Archie Norman and Tamara Ingram. The role and responsibilities of the Committee can be found on page 71.

Remuneration Committee advisers

In carrying out its responsibilities, the Committee is independently advised by external advisers. The Committee was advised by PwC during the year. PwC is a founding member of the Remuneration Consultants Group and voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The code of conduct can be found at [remunerationconsultantsgroup.com](https://www.remunerationconsultantsgroup.com).

The Committee has not explicitly considered the independence of the advice it receives, although it regularly reflects on the quality and objectivity of this advice. The Committee is satisfied that any conflicts are appropriately managed.

PwC was appointed by the Committee as its independent adviser in 2014, following a rigorous and competitive tender process. PwC provides independent commentary on matters under consideration by the Committee and updates on legislative requirements, best practice and market practice. During the year, PwC charged £49,000 for Remuneration Committee matters. This is based on an agreed fee for business-as-usual support, with additional work charged at hourly rates. PwC's advisory team has no connection with any individual director of the Group.

The Committee also seeks internal support from the CEO, CFO, General Counsel & Company Secretary, People Director, and the Head of Reward as necessary. All may attend the Committee meetings by invitation but are not present for any discussions that relate directly to their own remuneration.

REMUNERATION REPORT CONTINUED

Shareholder support for the Remuneration Policy and 2023/24 Directors' Remuneration Report

At the Annual General Meeting on 2 July 2024, 95.26% of shareholders voted in favour of the advisory resolution to approve the Directors' Remuneration Report for 2023/24. The Committee believes this illustrates the strong level of shareholder support for the senior remuneration framework. Figure 25 below shows full details of the voting outcomes for the 2023/24 Directors' Remuneration Report and Remuneration Policy (voted on at the 2023 AGM).

Figure 25: Voting outcomes for the Remuneration Policy and 2023/24 Remuneration Report

	Votes for	% votes for	Votes against	% votes against	Votes withheld
Remuneration Policy (at the 2023 AGM)	1,286,748,793	97.74	29,785,038	2.26	261,392
2023/24 Remuneration Report (at the 2024 AGM)	1,145,166,769	95.26	56,933,938	4.74	190,883

Approved by the Board

Fiona Dawson

Chair of the Remuneration Committee

20 May 2025

The Remuneration Policy and this Remuneration Report have been prepared in accordance with the relevant provisions of the Companies Act 2006 and on the basis prescribed in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the Regulations). Where required, data has been audited by our external auditor, Deloitte, and this is indicated appropriately.

OTHER DISCLOSURES

Directors' Report

Marks and Spencer Group plc (the Company) is the holding company of the Marks and Spencer Group of companies (the Group).

The Directors' Report for the year ended 29 March 2025 comprises pages 60 to 109 and pages 217 to 218 of this report, together with the sections of the Annual Report incorporated by reference. As permitted by legislation, some of the matters required to be included in the Directors' Report have instead been included in the Strategic Report on pages 3 to 59, as the Board considers them to be of strategic importance. Specifically, these are:

- Future business developments (throughout the Strategic Report).
- Risk management on pages 52 to 53.
- Information on how the directors have had regard for the Company's stakeholders, and the effect of that regard, on pages 9 to 11.

The Strategic Report and the Directors' Report together form the Management Report for the purposes of the Disclosure Guidance and Transparency Rules (DTR) 4.1.8R.

Information relating to financial instruments can be found on pages 162 to 174 and is incorporated by reference.

For information on our approach to social, environmental and ethical matters, please see our ESC Committee Report on pages 74 to 75, our ESG Review and TCFD Report on pages 36 to 50, and our ESG Report available online at corporate.marksandspencer.com/ESGreport2025.

Other information to be disclosed in the Directors' Report is given in this section.

The Directors' Report fulfils the requirements of the Corporate Governance Statement for the purposes of DTR 7.2.3R. The Company's full Corporate Governance Statement is available online at corporate.marksandspencer.com/about-us/corporate-governance.

Both the Strategic Report and the Directors' Report have been drawn up and presented in accordance with, and in reliance upon, applicable English company law. The liabilities of the directors in connection with those reports shall be subject to the limitations and restrictions provided by such law.

Information to be disclosed under UKLR 6.6.1R

Listing Rule	Detail	Page reference
UKLR 6.6.1R (1) (2) (4-10) (13)	Not applicable	N/A
UKLR 6.6.1R (11) (12)	Waiver of dividends	Note 13
UKLR 6.6.1R (3)	Long-term incentive schemes	85-86, 90-91, 94-97

Board of Directors

The membership of the Board and biographical details of the directors are provided on pages 62 to 63. Changes to the directors during the year and up to the date of this report are set out below.

Name	Effective date of appointment/departure
Departures	
Katie Bickerstaffe	2 July 2024
Andrew Fisher	2 July 2024
Appointments	
Alison Dolan	6 January 2025

The appointment and replacement of directors is governed by the Company's Articles of Association (the Articles), the UK Corporate Governance Code, the Companies Act 2006 and related legislation. The Articles may be amended by a special resolution of the shareholders. Subject to the Articles, the Companies Act 2006 and any directions given by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company.

The directors may from time to time appoint one or more directors. The Board may appoint any person to be a director (so long as the total number of directors does not exceed the limit prescribed in the Articles). Under the Articles, any such director shall hold office only until the next Annual General Meeting (AGM) where they will stand for annual election.

Details of directors' beneficial and non-beneficial interests in the shares of the Company are shown on pages 95 to 97 and 102. Options granted to directors under the Save As You Earn (SAYE) and Executive Share Option Schemes are shown on page 97. Further information regarding employee share option schemes is provided in note 13 to the financial statements on pages 153 to 154.

The Company may, by ordinary resolution, declare dividends not exceeding the amount recommended by the Board. Subject to the Companies Act 2006, the Board may pay interim dividends and also any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies its payment.

OTHER DISCLOSURES CONTINUED

Numerical diversity data

Our gender identity and ethnicity data in accordance with UKLR 6.6.6R (10) as at 29 March 2025 is set out below. Board and Executive Committee (ExCo) members are asked to complete a diversity disclosure to confirm which of the categories set out below they identify with.

Gender identity	Number of Board members	% of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in ExCo*	% of ExCo*
Men	4	40	2	7	64
Women	6	60	2	4	36
Not specified/prefer not to say	—	—	—	—	—

Ethnic background	Number of Board members	% of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in ExCo*	% of ExCo*
White British or other White (including minority-white groups)	9	90%	4	10	91%
Mixed/Multiple ethnic groups	—	—	—	1	9%
Asian/Asian British	1	10%	—	—	—
Black/African/Caribbean/Black British	—	—	—	—	—
Other ethnic group	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—

* ExCo members are the 'executive management' of the Company.

Directors' conflicts of interest

The Company has procedures in place for managing conflicts of interest. All directors are required to avoid situations in which they have, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. Should a director become aware that they, or any of their connected parties, have an interest in an existing or proposed transaction with the Company or its subsidiaries, they should notify the Board in writing or at the next Board meeting. Internal controls are in place to ensure that any related party transactions involving directors, or their connected parties, are conducted on an arm's length basis. Directors have a continuing duty to update any changes to these conflicts.

Directors' indemnities

The Company maintains directors' and officers' liability insurance which provides appropriate cover for legal action brought against its directors and officers. The Company has also granted indemnities to each of its directors and the Company Secretary to the extent permitted by law. Qualifying third-party indemnity provisions (as defined by Section 234 of the Companies Act 2006) were in force during the year ended 29 March 2025. They remain in force in relation to certain losses and liabilities which the directors (or Company Secretary) may incur to third parties in the course of acting as directors or Company Secretary or employees of the Company or of any associated company. Qualifying pension scheme indemnity provisions (as defined by Section 235 of the Companies Act 2006) were in force during the course of the financial year ended 29 March 2025 for the benefit of the Trustees of the Marks & Spencer UK Pension Scheme, both in the UK and the Republic of Ireland.

Profit and dividends

The profit for the financial year, after taxation, amounts to £291.9m (last year £425.2m). The directors have declared dividends as follows:

Ordinary shares	£m
Paid interim dividend of 1p per share (last year interim dividend of 1p per share)	20.3
Proposed final dividend of 2.6p per share (last year final dividend of 2p per share)	53.4
Total dividend of 3.6p per share for 2024/25 (last year total dividend of 3p per share)	73.7

Subject to shareholder approval at this year's AGM, the final dividend will be paid on 4 July 2025 to shareholders whose names were on the Register of Members at close of business on 30 May 2025.

OTHER DISCLOSURES CONTINUED

Directors' Report continued**Share capital**

The Company's issued ordinary share capital as at 29 March 2025 comprised a single class of ordinary share. Each share carries the right to one vote at general meetings of the Company.

During the financial year, 14,844,347 ordinary shares in the Company were issued under the terms of the Company's SAYE Share Option Scheme. 13,469 shares were issued at a price of 151p, 11,305,992 shares at a price of 82p, 3,351,623 shares at a price of 189p, 130,867 shares at a price of 99p, 42,377 shares at a price of 204p, and 19 shares at a price of 303p.

Details of movements in the Company's issued share capital can be found in note 24 to the financial statements on page 176.

Restrictions on transfer of securities

There are no specific restrictions on the transfer of securities in the Company, which are governed by its Articles and prevailing legislation. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or that might result in restrictions on voting rights.

Variation of rights

Subject to applicable statutes, rights attached to any class of share may be varied with the written consent of the holders of at least three-quarters in nominal value of the issued shares of that class, or by a special resolution passed at a separate general meeting of the shareholders.

Rights and obligations attaching to shares

Subject to the provisions of the Companies Act 2006, any resolution passed by the Company under the Companies Act 2006 and other shareholders' rights, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide.

Powers for the Company issuing or buying back its own shares

The Company was authorised by shareholders at the 2024 AGM to purchase in the market up to 10% of its issued share capital, as permitted under the Company's Articles. No shares were bought back under this authority during the year ended 29 March 2025 and up to the date of this report. This standard authority is renewable annually; the directors will seek to renew it at the 2025 AGM.

The directors were granted authority at the 2024 AGM to allot relevant securities up to a nominal amount of £6,823,061.67. This authority will apply until the conclusion of the 2025 AGM. At this year's AGM, shareholders will be asked to grant an authority to allot relevant securities (i) up to a nominal amount of £6,853,821.93 and (ii) comprising equity securities up to a nominal amount of £13,707,643.86 (after deducting from such limit any relevant securities allotted under (i)), in connection with a pre-emptive offer (the Section 551 amount), such Section 551 amount to apply until the conclusion of the AGM to be held in 2026 or on 1 October 2026, whichever is sooner.

At the 2024 AGM, two separate special resolutions were passed empowering the directors to allot equity securities for cash without first offering them to existing shareholders in proportion to their existing holdings. A special resolution will be proposed at the 2025 AGM to renew the directors' powers – in line with the latest institutional shareholder guidelines – to make non-pre-emptive issues for cash only and otherwise up to a nominal amount of £2,056,146.57. In addition, a separate special resolution will be proposed to authorise directors to make non-pre-emptive issues for cash in connection with acquisitions or specified capital investments, up to a further nominal amount of £2,056,146.57. In both cases an additional follow-on offer, up to a nominal amount equal to 20% of any allotment made under either special resolution, can be made to existing holders of securities not allocated shares under the allotment, as envisaged by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights issued by the Pre-Emption Group in November 2022.

A special resolution will also be proposed to renew the directors' authority to repurchase the Company's ordinary shares in the market. The authority will be limited to a maximum of 205,614,657 ordinary shares and sets the minimum and maximum prices which would be paid.

Deadlines for exercising voting rights

Votes are exercisable at a general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy or, in relation to corporate members, by corporate representatives. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. However, when calculating the 48-hour period, the directors can, and have, decided not to take account of any part of a day that is not a working day.

Significant agreements – change of control

There are a number of agreements to which the Company is party that take effect, alter or terminate upon a change of control of the Company following a takeover bid. Details of the significant agreements of this kind are as follows:

- The \$300m US Notes issued by the Company to various institutions on 6 December 2007 under Section 144a of the US Securities Act contain an option such that, upon a change of control event, combined with a credit ratings downgrade, any holder of such a US Note may require the Company to prepay the principal amount of that US Note.
- The £250m Medium-Term Notes (MTN) issued by the Company's wholly owned subsidiary, Marks and Spencer plc (M&S plc), on 10 July 2019, the £300m MTN (current outstanding £109.4m) issued by M&S plc on 19 November 2020, and the £400m MTN (current outstanding £105.5m) issued by M&S plc on 12 December 2012 to various institutions under the Group's £3bn Euro Medium-Term Note programme contain an option such that, upon a change of control event, combined with a credit ratings downgrade to below sub-investment level, any holder of an MTN may require M&S plc to prepay the principal amount of that MTN.

OTHER DISCLOSURES CONTINUED

- The £850m Credit Agreement dated 13 December 2021 between M&S plc and various banks contains a provision such that, upon a change of control event, unless new terms are agreed within 60 days, the facility under this agreement will be cancelled with all outstanding amounts becoming immediately payable with interest.

The Company does not have agreements with any director or employee that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Company's share schemes and plans may cause options and awards granted to employees under such schemes and plans to vest on a takeover.

Interests in voting rights

Information provided to the Company pursuant to the Financial Conduct Authority's DTRs is published on a Regulatory Information Service and on the Company's website. As at 29 March 2025, and the date of this report, the following information has been received, in accordance with DTR 5, from holders of notifiable interests in the Company's issued share capital.

The information provided below was correct at the date of notification; however, the date it was received may not have been within the current financial year. It should be noted that these holdings are likely to have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

Notifiable interests	% of capital disclosed	Date notified
BlackRock, Inc	6.22	26 November 2024
Ameriprise Financial, Inc	4.978	7 March 2024
RWC Asset Management LLP	4.937	12 February 2024
Schroders plc	4.760152	20 September 2023

Branches

In accordance with the Companies Act 2006 and the DTRs, the Group discloses below the subsidiary companies that have branches outside the UK:

Marks and Spencer plc: Isle of Man.

Marks and Spencer (Shanghai) Limited: Dongguan.

Colleague involvement

We remain committed to colleague involvement and engagement throughout the business. Examples of this, and information on our approach to our workforce, are highlighted throughout this Annual Report and specifically on pages 8 to 9, 32 to 35, 69 to 70 and 87 to 88.

Share schemes are a long-established and successful part of colleagues' total reward packages, encouraging and supporting employee share ownership. The Company operates both an all-employee SAYE Scheme and a Share Incentive Plan. As at 29 March 2025, 14,817 colleagues were participating in the Company's SAYE Scheme. Full details of all schemes are given on pages 153 to 154.

There are websites for both pension schemes – the defined contribution scheme (Your M&S UK Pension Saving Plan) and the defined benefit scheme (the Marks & Spencer UK Pension Scheme) – which are fully accessible to colleagues and former colleagues who have retained benefits in either scheme. Colleagues are updated as needed with any pertinent information on their pension savings.

Equal opportunities

A more diverse, equitable and inclusive M&S is a critical enabler of the higher-performance customer-centric culture that we're aiming for. Creating an environment where everyone can thrive and contribute to the success of M&S is the aim of our diversity, equity and inclusion strategy.

Providing a safe space for colleagues is a fundamental principle, with respect for each other being the foundation of how we do business. We are clear that any forms of discrimination, harassment, bullying and victimisation are not tolerated, with processes in place to ensure any allegations are handled effectively.

Being as close to our colleagues as possible is essential and we have eight colleague inclusion networks, with over 11,000 members combined. These help to amplify the voice of our colleagues and identify opportunities to ensure we're designing and delivering with all our colleagues in mind.

Plans to improve the representation and experience of female colleagues and colleagues from ethnic minority backgrounds continued; however there is still much more to do. We've continued to make strong progress against our ambition of being a leading employer for women with over 50% of store management teams being women, over 50% of our senior leaders being women and over 70% of colleagues on our future leader programmes being women. We launched EMERGE, a development programme specifically for colleagues from ethnic minority backgrounds. 40 colleagues across two cohorts have already completed the programme and 80% reported feeling more motivated to contribute to the success of M&S. We also achieved our most diverse 'future leader' cohorts with 30% being from ethnic minority backgrounds.

We've established clear KPIs and developed targeted business area plans which are helping to drive local ownership and shared accountability. Cyclical reviews of our KPI performance enabled us to take action which led to more diverse shortlists and more diverse offers, whilst also identifying key areas of opportunities in our internal promotions and in colleague turnover. We've committed to achieving our 12% target for ethnic minority representation in senior leader roles by 2027, and 20% representation by 2030. More information on our ethnic minority targets and how this relates to the Parker Review recommendation can be found in our Nomination Committee Report on page 73.

More information on our inclusion and diversity initiatives can be found on pages 34, 35 and 73.

OTHER DISCLOSURES CONTINUED

Directors' Report continued**Employees with disabilities**

The Company is clear in its commitment to support colleagues and candidates with both visible and non-visible accessibility challenges and health conditions. We have continued to demonstrate our commitment to interviewing those applicants with disabilities who fulfil the minimum criteria and continue to provide workplace opportunities through our innovative Marks and Spencer scheme, working closely with The King's Trust and Jobcentre Plus.

We have taken steps to support the launch of our long-term accessibility strategy to better support colleagues and line managers, partnering with The Business Disability Forum for specialist advice. Launching and embedding this strategy is a key priority in our 2025 plans.

Research and development

Research and innovation remain key to our Food and Fashion, Home & Beauty offers, enabling the development of better products. Further information is available on our corporate website, corporate.marksandspencer.com, and in our ESG Report 2025.

Groceries Supply Code of Practice

The Groceries (Supply Chain Practices) Market Investigation Order 2009 (the Order) and The Groceries Supply Code of Practice (the Code) impose obligations on M&S regarding its relationships with its suppliers of groceries. Under the Order and Code, M&S is required to submit an annual compliance report to the Audit & Risk Committee for approval and then to the Competition and Markets Authority and Groceries Code Adjudicator (CCA).

M&S submitted its report, covering the period from 31 March 2024 to 29 March 2025, to the Audit & Risk Committee on 8 May 2025. It was approved on 15 May 2025.

In accordance with the Order, a summary of that compliance report is set out below.

M&S believes that it has materially complied with the Code and the Order during the relevant period. No formal disputes under the Code have arisen during the reporting period. There have been nine instances during the reporting period in which suppliers have either alleged a breach or made a reference to potential non-compliance with the Code. M&S has worked with the suppliers to address the issues raised and all of them have been resolved or closed, with no issues remaining open.

A detailed summary of the compliance report is available on our website: corporate.marksandspencer.com.

Anti-bribery and corruption

Our Anti-Bribery & Corruption (ABC) Policy outlines the expected standards of conduct that colleagues, contractors, suppliers, business partners and any other third parties who act for or on behalf of M&S are obliged to follow.

Our programme includes detailed procedures and controls around giving and receiving gifts, hospitality and entertainment; procedures for engaging new suppliers and partners, specifically those who are based in higher-risk jurisdictions; standard contract clauses; and clear reporting channels, including confidential reporting.

All colleagues are required to undertake mandatory ABC e-learning. The Company will consider taking disciplinary action against anyone who fails to comply with its ABC Policy, up to and including dismissal. Any potential incidents reported internally, or to the external confidential reporting channels, are followed up and full investigations launched where such action is deemed appropriate after preliminary enquiries.

All investigations are subsequently reported to the Audit & Risk Committee. Bribery Risk Assessments are conducted on an annual basis with outcomes reported to the Audit & Risk Committee.

Political donations

The Company did not make any political donations or incur any political expenditure during the year ended 29 March 2025. M&S has a policy of not making donations to political organisations or independent election candidates or incurring political expenditure anywhere in the world as defined in the Political Parties, Elections and Referendums Act 2000.

Going concern

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities as set out on pages 12 to 21, the financial position of the Group, its cash flows, liquidity position and borrowing facilities as set out in the Financial Review on pages 23 to 31, the Group's financial risk management objectives and exposures to liquidity and financial risks as set out in note 21 to the financial statements, as well as the Group's principal risks and uncertainties as set out on pages 54 to 58.

Based on the Group's cash flow forecasts, the Board expects the Group to have adequate resources to continue in operation, meet its liabilities as they fall due, retain sufficient available cash and not breach the covenant under its revolving credit facility for the foreseeable future, being a period of at least 12 months from the approval of the financial statements. The Board therefore considers it appropriate for the Group to adopt the going concern basis in preparing its financial statements.

See note 20 to the financial statements for more information on our facilities.

Long-term viability statement

The directors have assessed the prospects of the Company over a three-year period to March 2028. This has taken into account the business model, strategic aims, risk appetite, and principal risks and uncertainties, along with the Company's current financial position. Based on this assessment, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period under review.

See our approach to assessing long-term viability on page 59.

OTHER DISCLOSURES CONTINUED

Auditor

Resolutions to reappoint Deloitte LLP as auditor of the Company and to authorise the Audit & Risk Committee to determine its remuneration will be proposed at the 2025 AGM.

Annual General Meeting

The AGM of Marks and Spencer Group plc will be a digitally-enabled meeting, broadcast from M&S' Waterside House Support Centre on 1 July 2025 at 11am. Shareholders are invited to engage with the AGM electronically via our dedicated Lumi AGM website: <https://meetings.lumiconnect.com/100-898-832-080>. If a shareholder wishes to attend the AGM in person as part of our studio audience, they are requested to register their intention to do so in advance, to help manage capacity on the day. The Notice of Meeting is given, together with explanatory notes and guidance on how to join the meeting and vote, on pages 200 to 216.

Directors' responsibilities

The Board is of the view that the Annual Report should be truly representative of the year and provide shareholders with the information necessary to assess the Group's position, performance, business model and strategy.

The Board requested that the Audit & Risk Committee review the Annual Report and provide its opinion on whether the report is fair, balanced and understandable. The Audit & Risk Committee's opinion is on page 80.

The directors are also responsible for preparing the Annual Report, the Remuneration Report and Policy and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) as adopted by the UK. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable IFRS (as adopted by the UK) have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and 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 Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

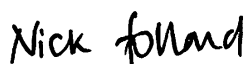
Each of the current directors, whose names and functions are listed on pages 62 and 63, confirms that, to the best of their knowledge:

- The Group financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The Management Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- The Annual Report, taken as a whole, is fair, balanced and understandable, and provides the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and that they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors' Report was approved by a duly authorised Committee of the Board of Directors on 20 May 2025 and signed on its behalf by:



Nick Folland
General Counsel & Company Secretary
London, 20 May 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Marks and Spencer Group plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 29 March 2025 and of the Group's profit for the 52 weeks then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Parent Company Statements of Financial Position;
- the Consolidated and Parent Company Statements of Changes in Equity;
- the Consolidated and Parent Company Statements of Cash Flows; and
- the related notes 1 to 32 to the Group Financial Statements and C1 to C7 to the Parent Company Financial Statements.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in note 4 to the financial statements.

We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: - accounting for the Store Estate Programme; - disclosure of adjusting items as part of alternative performance measures; and - valuation of the Group's interest in Ocado Retail Limited.
Materiality	The materiality that we used for the Group financial statements was £37.0m (2024: £34.0m) which was determined based on profit before tax and adjusting items. In the prior period we considered a number of different metrics including profit before tax, profit before tax and adjusting items, earnings before interest, tax and amortisation ('EBITDA'), and revenue. Following the stabilisation of profitability and in line with industry practice, we considered profit before tax and adjusting items the most appropriate benchmark in determining materiality.
Scoping	Balances subject to audit of the entire financial information represent 92% (2024: 92%) of Group revenue, 96% (2024: 97%) of profit before tax and adjusting items, 96% (2024: 98%) of profit before tax, 72% (2024: 72%) of total assets and 79% (2024: 79%) of total liabilities.
Significant changes in our approach	As a result of the impact on our audit strategy and allocation of resources, we have identified the valuation of the Group's interest in ORL, and the resulting impairment of the Group's investment, as a key audit matter in the current period. This is due to the inherent complexity and high degree of management judgement and estimation uncertainty that exists in respect of the underlying cash flows driving the valuation. As there has been little change in respect of the facts and circumstances related to the fair value of Ocado contingent consideration since the prior period, we no longer identify this as a key audit matter. In addition, as a result of reduction in risk of impairment and impairment reversal of UK store assets, we no longer identify this as a key audit matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued**4. Conclusions relating to Going Concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of relevant controls relating to the assessment of going concern models, including the review of the inputs and assumptions used in those models;
- obtaining management's board-approved three-year cash flow forecasts and covenant compliance forecasts, including sensitivity analysis;
- assessing the appropriateness of forecast assumptions by:
 - reading analyst reports, industry data and other external information and comparing these with management's estimates;
 - comparing forecast sales with recent historical financial information to consider accuracy of forecasting;
 - testing the underlying data generated to prepare the forecast scenarios and to determine whether there was adequate support for the assumptions underlying the forecast;
 - reviewing correspondence relating to the availability of the Group's financing arrangements;
 - assessing the impact of macro-economic conditions on the business;
 - considering the results of the sensitivity analyses performed;
 - challenging management's assessment of the cash flow impact of the cyber incident post year end, and any potential future impact upon management's trading forecasts; and
- evaluating the appropriateness of the Group's disclosures on going concern in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued

5. Key audit matters continued

5.1. Accounting for the Store Estate Programme

Key audit matter description	In February 2018, the Board approved a list of stores marked for closure as part of its Store Estate Programme. The total charge recognised in connection with this closure programme in previous periods was £963 million. A further net charge of £84 million has been recognised in adjusting items in the current period due to: • new stores being assessed as probable for closure and the update of estimates made considering known developments in the exit strategy, including current trading performance, negotiations with landlords and changes in the retail property market; • strip out and dilapidation costs, as management update their assessment of costs associated with restoring stores to their original condition prior to disposal; and • accelerated depreciation and impairment of buildings and fixtures and fittings in respect of additional stores added to the programme. Further information is set out in notes 1, where this matter is also disclosed as a key source of estimation uncertainty, 5 and 15 to the financial statements. Our key audit matter was focused on the specific assumptions applied in the discounted cash flow analysis prepared by the entity including the discount rate, expected sublet income, sublet lease incentives, void periods, freehold sales proceeds, leasehold surrender costs, store closure costs and dilapidations costs. The Audit & Risk Committee considers this to be a significant matter. This is a significant matter considered by the Audit & Risk Committee on page 79.	How the scope of our audit responded to the key audit matter In responding to the identified key audit matter, we completed the following audit procedures: • obtained an understanding of relevant controls relating to the review and approval of the Group's Store Estate Programme model; • performed enquiries of the Board and inspected the latest strategic plans, Board and relevant sub-committee minutes of meetings; • with the involvement of our real estate specialists, we evaluated the appropriateness of the entity's judgements for a representative sample of properties and benchmarked with reference to external data; • assessed the mechanical accuracy of discounted cash flow models and other key provision calculations; • assessed the reasonableness of key inputs to the discounted cash flow models including the discount rate, store closure costs, freehold sales proceeds, leasehold surrender costs, expected sublet income, sublet lease incentives, void periods, and dilapidations costs with reference to available evidence; • recalculated the closing provision for a representative sample of stores; • evaluated the accuracy and completeness of provisions recorded considering the status of the Group's Store Estate plan; and • assessed the completeness and accuracy of disclosures within the financial statements in accordance with IFRS. Key observations We are satisfied that the Group's estimate of the store exit charges, and the associated disclosures are appropriate.
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued

5. Key audit matters continued

5.2. Disclosure of adjusting items as part of alternative performance measures

Key audit matter description	The Group has presented an alternative performance measure being profit before tax and adjusting items of £875.5 million (2024: £716.4 million), which is derived from profit before tax of £511.8 million (2024: profit before tax of £672.5 million) adjusted for a number of items totalling £363.7 million (2024: £43.9 million) which the Group considers meet their definition of an 'adjusting item'. Judgement is exercised by the entity in determining the classification of such items in accordance with guidance issued by the FRC and ESMA. We consider there to be a risk of fraud in the reporting of adjusting items within the alternative performance measures. In determining profit before tax and adjusting items, we identified the following risks: - the identification and classification of items as 'adjusting' as part of the presentation of alternative performance measures may be inappropriate, distorting the reported results; - the omission of items which are considered material, one-off or significant in nature, distorting the alternative performance measures; and - the clarity and detail of disclosures in respect of adjusting items as part of alternative performance measures may be insufficient, preventing investors from obtaining a clear understanding of the Group's results and performance. The Group's policy regarding adjusting items is set out in note 1, where this is also highlighted as a critical accounting judgement. This is a significant matter considered by the Audit & Risk Committee on page 79.	How the scope of our audit responded to the key audit matter In responding to the identified key audit matter, we completed the following audit procedures: - obtained an understanding of relevant controls, relating to the identification and disclosure of adjusting items within alternative performance measures; - evaluated the rationale applied in identifying items as adjusting and completed an independent assessment as to the selection and presentation of adjusting items based on their nature; - assessed the identification and consistency of items reported as adjusting period on period, with reference to guidance published by ESMA and the FRC; - tested a sample of adjusting items through agreement to supporting evidence; - benchmarked certain adjusting items identified by the entity with comparable companies; - use of our cumulative audit knowledge to identify other transactions outside of the normal course of business, or which display characteristics of being material, significant or one-off in nature; - considered the impact of the classification of programmes as adjusting items, as this affects the KPIs used in directors' remuneration targets and could result in management bias; and - assessed the completeness and accuracy of disclosures within the financial statements in accordance with IFRS. Key observations The value of adjusting items results in a material difference between the statutory and adjusted results. We are satisfied the adjusting items in their classification and presentation is consistent with the Group's policy and the amounts are appropriate.
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued

5. Key audit matters continued

5.3. Valuation of the Group's interest in Ocado Retail Limited

Key audit matter description	As at 29 March 2025 the Group held a 50% interest in Ocado Retail Limited (ORL). The remaining 50% interest is held by Ocado Group Plc (Ocado Group). Ocado Retail is treated as an associate and the Group applies the equity method of accounting in accordance with IAS 28 Investments in associates and joint ventures. At the reporting date the carrying value of the investment is £385m following the recognition of a £249m impairment charge in adjusting items. Under IAS 28, the Group is required to assess the value of its investment at each reporting date; specifically considering whether objective evidence of impairment exists. The Group has estimated the recoverable amount of its investment, with the assistance of independent professional valuers, derived from a discounted cash flow based on the five-year plan prepared by ORL management. The valuation of the investment is dependent on estimates of future trading performance for which a degree of estimation uncertainty exists. The key assumptions applied by management in relation to the cash flows used in the impairment review are: • revenue; • fulfilment and delivery costs, and • discount rate. Further details on the Group's accounting policy and the impairment of the investment in Ocado Retail are included in Note 5 and 29. This is a significant matter considered by the Audit & Risk Committee on page 80.
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How the scope of our audit responded to the key audit matter

In responding to the identified key audit matter, we completed the following audit procedures:

- obtained an understanding of the relevant controls over the valuation of the ORL business, including those relevant to the judgement applied by management in the impairment review;
- obtained an understanding of the basis of preparation of the cash flow forecasts used in the valuation of the ORL business, including the associated governance process for their compilation and approval, and the sensitivities applied by Group management;
- tested and challenged the key assumptions in the cash flow forecasts including revenue; fulfilment and delivery cost; and the discount rate, with reference to historical performance and external benchmarking data (where applicable);
- performing sensitivity analyses to assess the impact on impairment of a change in the key assumptions applied to the cash flow scenarios;
- assessed the appropriateness of the methodology applied to the valuation and impairment assessment in accordance with IAS 28 and IAS 36;
- assessed the competence, capabilities and objectivity of the Group's Independent professional valuers;
- engaged our valuation experts to assess the appropriateness of the valuation methodology and key valuation assumptions, including the discount rate applied, and to assess the mechanical accuracy of the model; and
- assessed the completeness and accuracy of disclosures within the financial statements in accordance with IFRS.

Key observations

We are satisfied that the valuation of the ORL business, resulting impairment charge and the associated disclosure, are reasonable.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£37.0 million (2024: £34.0 million)	£33.3 million (2024: £30.6 million)
Basis for determining materiality	Using professional judgement, we determined materiality to be £37.0m based on 4.23% of profit before tax and adjusting items. (2024: 4.75%). The increase in materiality primarily reflects the year-on-year increase in the profitability of the Group.	We have used 3% of net assets in both the current and the prior period, capped at 90% of Group materiality, as the basis for materiality.

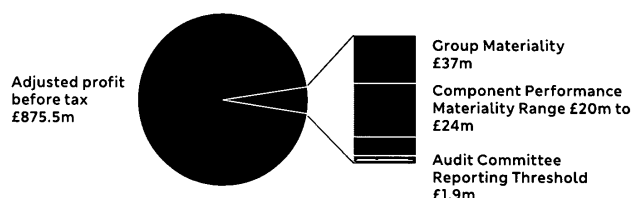
Rationale for the benchmark applied

As a listed business, profit before tax is typically the most appropriate benchmark to determine materiality, being the primary measure of performance for key stakeholders and is used by investors and other readers of the financial statements.

In the prior period we considered a number of different metrics including profit before tax, profit before tax and adjusting items, earnings before interest, tax and amortisation ("EBITDA"), and revenue. Following the stabilisation of profitability, we considered profit before tax and adjusting items the most appropriate benchmark in determining materiality.

Net assets are used as the benchmark as the Parent Company operates primarily as a holding company for the Group and we therefore consider this as the key metric for the Parent Company.

We capped materiality at 90% of Group materiality to reduce the risk of a material error arising as a result of the consolidation of the Parent Company's result in the Group financial statements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued

6. Our application of materiality continued

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	65% (2024: 65%) of Group materiality	65% (2024: 65%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: - our cumulative knowledge of the Group and its environment, including industry specific trends; - reliability on internal control over financial reporting; - the stability in key management personnel; - the centralisation in the Group's financial reporting controls and processes; and - the low level of misstatements identified in prior periods, both corrected and uncorrected.	

6.3. Error reporting threshold

We agreed with the Audit & Risk Committee that we would report to the Committee all audit differences in excess of £1.9 million (2024: £1.7 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit & Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

Based on our assessment we have focused our audit on the UK and India businesses which were subject to an audit of the entire financial information and specified audit procedures respectively. We have performed our audit of the UK component using a performance materiality of £21.6 million (or 90% of Group performance materiality) (2024: £19.9 million), and our specified audit procedures in India using a component performance materiality of £5.0 million (2024: £5.0 million).

The Group holds 50% of the ordinary shares of Ocado Retail Limited (ORL). This interest is accounted for as an investment in associate in accordance with IAS 28 on the basis that the shareholders' agreement gives control over ORL to Ocado Group plc. In the current period the Group recorded a share of loss of associate from ORL of £43.6 million (2024: £79.9 million) and was subject to specified audit procedures.

At a Group level, we tested the consolidation and performed reviews at group level on the remaining aggregated financial information not subject to audit.

Revenue



- Audit of the entire financial information 92%
- Specified audit procedures 1%
- Review at group level 7%

Adjusted profit before tax



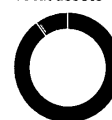
- Audit of the entire financial information 96%
- Specified audit procedures 1%
- Review at group level 3%

Profit before tax



- Audit of the entire financial information 96%
- Specified audit procedures 1%
- Review at group level 3%

Total assets



- Audit of the entire financial information 72%
- Specified audit procedures 0%
- Review at group level 28%

Total liabilities



- Audit of the entire financial information 79%
- Specified audit procedures 0%
- Review at group level 21%

7.2. Our consideration of the control environment

Our audit strategy is to rely on controls over certain processes within a number of UK business cycles. As part of our controls testing, we obtained an understanding of the Group's processes and tested controls through a combination of tests of inquiry, observation, inspection, and re-performance.

In addition to the above, we also obtained an understanding of certain controls relating to key audit areas including those noted in section 5, and inventory provisions, going concern, pensions, store impairment, and financial reporting processes.

Given the importance of information technology ("IT") to the recording of financial information and transactions, we have tested General IT controls relating to certain of the Group's IT systems where relevant to our audit work. We have been able to place IT controls reliance across these systems to support the audit of procurement, sales to cash and fixed assets business cycles.

All control deficiencies and control improvements have been reported to management and the Audit and Risk Committee. The Group continues to invest in responding and addressing our observations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued**7. An overview of the scope of our audit continued****7.2. Our consideration of the control environment continued**

In response to a cyber incident, which occurred post year-end, the Group has set out its consideration of the systems of internal control during FY25 in the Audit & Risk Committee's statement at page 76.

We have held discussions with the Group's IT, legal and finance teams, together with management's cyber experts, and performed procedures with the assistance of our IT specialists, to understand the cause and timing of the cyber incident, which formed the basis of our challenge of whether this was a post year-end event. We also discussed the impact of the cyber incident and considered management's assessment regarding the availability and integrity of key information and data used in the financial reporting.

7.3. Our consideration of climate-related risks

The Group continues to reassess the potential impacts of climate change and set targets which the directors consider to be aligned with the Paris Agreement. During the year the group submitted new short and long-term targets for both scope 1 and 3 to Science Based Target Initiatives (SBTi) under their new Forest, Land and Agriculture (FLAG) guidance. These were approved by SBTi as set out in the Task Force on Climate-Related Financial Disclosures ("TCFD") disclosures pages 38-50.

The Group considers that the most likely impact on the financial statements will be in relation to its three-year cash flow forecasts and has included the impact within these forecasts where appropriate. Whilst at this stage there is significant uncertainty regarding what the long-term impact of climate change initiatives may be, the forecasts reflect the entity's best estimate of the impact on the financial statements as explained in note 1.

As part of our audit procedures, we have obtained the entity's climate-related risk assessment and held discussions with management to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transaction and did not identify any reasonable possible risks of material misstatement. Our procedures were performed with the involvement of our climate-change specialists and included reading disclosures included in the Strategic Report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

In considering the disclosures presented as part of the Strategic Report, we engaged our climate-change specialists to assess compliance with the TCFD and CFCD requirements, and the recommendations made by both the Task Force and FRC as set out in their thematic reviews. We have also assessed whether these disclosures reflect our understanding of the Group's approach to climate.

We did not identify climate-related risk as a separate key audit matter in our audit given the nature of the Group's operations and knowledge gained of its impact on critical accounting estimates and judgements during our risk assessment procedures and audit procedures.

7.4. Working with other auditors

We have two component audit teams: Deloitte UK and Deloitte India. We have issued detailed instructions to both component audit teams to perform audit procedures. Due to the non-co-terminus year-end of ORL, we have performed a review of the component auditor's files for the period ended 1 December 2024 and the reporting received from the component auditor for the period subsequent to 1 December 2024.

We have engaged regularly with the component auditors throughout the audit process, determining the nature, timing, and extent of the audit procedures (involved in risk assessment of the components, in particular significant and higher risk areas) to be performed and to review their component reporting.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued**9. Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the board;
- results of our enquiries of management, the directors, internal audit and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
 - the post year-end cyber incident (page 182 of Annual Report); and
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, pensions, IT, climate-change and analytics specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on the audit of the financial statements continued**11. Extent to which the audit was considered capable of detecting irregularities, including fraud continued**

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the disclosure of adjusting items as part of alternative performance measures. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Financial Conduct Authority regulations, UK Listing Rules, pensions and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the competition and anti-bribery laws, data protection, Groceries Supply Code of Practice, and employment, environmental and health and safety regulations.

11.2. Audit response to risks identified

As a result of performing the above, we identified the disclosure of adjusting items as part of alternative performance measures as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit & Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with HMRC;
- assessing the Board's response to the cyber incident (set out in section 7.2); and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on other legal and regulatory requirements**12. Opinions on other matters prescribed by the Companies Act 2006**

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 108;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 108;
- the directors' statement on fair, balanced and understandable set out on page 80;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 52;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 81; and
- the section describing the work of the Audit & Risk Committee set out on page 76.

14. Matters on which we are required to report by exception**14.1. Adequacy of explanations received and accounting records**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address**15.1. Auditor tenure**

Following the recommendation of the Audit & Risk Committee, we were appointed by the shareholders to audit the financial statements for the year ending 29 March 2025 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 11 years, covering the years ending 28 March 2015 to 29 March 2025.

15.2. Consistency of the audit report with the additional report to the Audit & Risk committee

Our audit opinion is consistent with the additional report to the Audit & Risk Committee we are required to provide in accordance with ISAs (UK).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKS AND SPENCER GROUP PLC CONTINUED

Report on other legal and regulatory requirements continued**16. Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.



Jane Whitlock ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London
20 May 2025

CONSOLIDATED INCOME STATEMENT

COMPANY NUMBER 4256886

		52 weeks ended 29 March 2025 Total £m	52 weeks ended 30 March 2024 Total £m
	Notes		
Revenue	2, 3	13,816.8	13,040.1
Share of result in associate – Ocado Retail Limited	3, 29	(43.6)	(79.9)
Operating profit	3, 5	624.3	714.2
Finance income	5, 6	64.7	146.7
Finance costs	5, 6	(177.2)	(188.4)
Profit before tax	2, 4, 5	511.8	672.5
Income tax expense	7	(219.9)	(247.3)
Profit for the year		291.9	425.2
Attributable to:			
Owners of the parent		295.7	431.2
Non-controlling interests		(3.8)	(6.0)
		291.9	425.2
Earnings per share			
Basic earnings per share	8	14.6p	21.9p
Diluted earnings per share	8	14.0p	20.8p
Reconciliation of profit before tax and adjusting items:			
Profit before tax		511.8	672.5
Adjusting items	5	363.7	43.9
Profit before tax and adjusting items – non-GAAP measure		875.5	716.4
Adjusted earnings per share – non-GAAP measure			
Adjusted basic earnings per share	8	31.9p	24.6p
Adjusted diluted earnings per share	8	30.6p	23.3p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	52 weeks ended 29 March 2025 £m	52 weeks ended 30 March 2024 £m
Profit for the year		291.9	425.2
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of retirement benefit schemes	11	(149.2)	(419.2)
Tax on retirement benefit schemes		49.7	104.8
		(99.5)	(314.4)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences			
– movements recognised in other comprehensive income		(8.3)	(11.5)
Cash flow hedges			
– fair value movements recognised in other comprehensive income	21	(19.2)	(27.5)
– reclassified and reported in profit or loss	21	5.7	5.3
Tax credit on cash flow hedges		2.7	6.1
		(19.1)	(27.6)
Other comprehensive expense for the year, net of tax		(118.6)	(342.0)
Total comprehensive income for the year		173.3	83.2
Attributable to:			
Owners of the parent		177.1	89.2
Non-controlling interests		(3.8)	(6.0)
		173.3	83.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 29 March 2025 £m	As at 30 March 2024 £m		Notes	As at 29 March 2025 £m	As at 30 March 2024 £m
Assets				Non-current liabilities			
Non-current assets				Retirement benefit deficit	11	122.7	4.6
Intangible assets	14	187.4	179.5	Trade and other payables	19	18.9	116.7
Property, plant and equipment	15	5,408.5	5,190.1	Borrowings and other financial liabilities	20	2,588.7	2,882.8
Investment property		11.2	11.6	Derivative financial instruments	21	16.6	21.9
Investments in joint ventures and associates	29	392.5	684.2	Provisions	22	146.2	104.1
Other financial assets	16	21.3	12.6	Deferred tax liabilities	23	199.4	205.8
Retirement benefit assets	11	—	81.8			3,092.5	3,335.9
Trade and other receivables	17	382.8	356.7	Total liabilities		5,870.0	5,852.1
Derivative financial instruments	21	0.1	0.7	Net assets		2,951.4	2,830.1
Deferred tax assets	23	13.9	11.7				
		6,417.7	6,528.9	Equity			
Current assets				Issued share capital	24	20.6	20.5
Inventories		843.9	776.9	Share premium account		982.7	967.0
Other financial assets	16	289.5	12.3	Capital redemption reserve		2,680.4	2,680.4
Trade and other receivables	17	327.5	302.0	Hedging reserve	21	(7.5)	(8.4)
Derivative financial instruments	21	7.2	6.8	Cost of hedging reserve	21	7.0	5.4
Current tax assets		71.1	32.9	Other reserve		(6,542.2)	(6,542.2)
Cash and cash equivalents	18	864.5	1,022.4	Foreign exchange reserve		(89.4)	(81.1)
		2,403.7	2,153.3	Retained earnings		5,888.5	5,789.6
Total assets		8,821.4	8,682.2	Equity attributable to owners of the parent		2,940.1	2,831.2
Liabilities				Non-controlling interests		11.3	(1.1)
Current liabilities				Total equity		2,951.4	2,830.1
Trade and other payables	19	2,370.3	2,107.9				
Partnership liability to the Marks & Spencer UK Pension Scheme	12	—	88.8				
Borrowings and other financial liabilities	20	355.8	250.4				
Derivative financial instruments	21	25.1	20.0				
Provisions	22	25.1	47.6				
Current tax liabilities		1.2	1.5				
		2,777.5	2,516.2				

The financial statements were approved by the Board and authorised for issue on 20 May 2025. The financial statements also comprise notes 1 to 32.



Stuart Machin
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital £m	Share premium account £m	Capital redemption reserve £m	Hedging reserve £m	Cost of hedging £m	Other reserve ¹ £m	Foreign exchange reserve £m	Retained earnings £m	Total £m	Non- controlling interest £m	Total £m
As at 2 April 2023	19.8	910.7	2,680.4	(31.9)	4.2	(6,542.2)	(69.6)	5,705.0	2,676.4	4.4	2,680.8
Profit for the year	—	—	—	—	—	—	—	431.2	431.2	(6.0)	425.2
Other comprehensive (expense)/income:											
Foreign currency translation											
– movements recognised in other comprehensive income	—	—	—	—	—	—	(11.5)	—	(11.5)	—	(11.5)
Remeasurements of retirement benefit schemes	—	—	—	—	—	—	—	(419.2)	(419.2)	—	(419.2)
Tax on retirement benefit schemes	—	—	—	—	—	—	—	104.8	104.8	—	104.8
Cash flow hedges											
– fair value movement in other comprehensive income	—	—	—	(29.1)	1.6	—	—	—	(27.5)	—	(27.5)
– reclassified and reported in profit or loss	—	—	—	5.3	—	—	—	—	5.3	—	5.3
Tax on cash flow hedges	—	—	—	6.5	(0.4)	—	—	—	6.1	—	6.1
Other comprehensive (expense)/income	—	—	—	(17.3)	1.2	—	(11.5)	(314.4)	(342.0)	—	(342.0)
Total comprehensive (expense)/income	—	—	—	(17.3)	1.2	—	(11.5)	116.8	89.2	(6.0)	83.2
Cash flow hedges recognised in inventories	—	—	—	54.4	—	—	—	—	54.4	—	54.4
Tax on cash flow hedges recognised in inventories	—	—	—	(13.6)	—	—	—	—	(13.6)	—	(13.6)
Transactions with owners:											
Dividends	—	—	—	—	—	—	—	(19.6)	(19.6)	—	(19.6)
Transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	—	0.5	0.5
Shares issued in respect of employee share options	0.7	56.3	—	—	—	—	—	—	57.0	—	57.0
Purchase of shares held by employee trusts	—	—	—	—	—	—	—	(83.1)	(83.1)	—	(83.1)
Credit for share-based payments	—	—	—	—	—	—	—	48.3	48.3	—	48.3
Deferred tax on share schemes	—	—	—	—	—	—	—	22.2	22.2	—	22.2
As at 30 March 2024	20.5	967.0	2,680.4	(8.4)	5.4	(6,542.2)	(81.1)	5,789.6	2,831.2	(1.1)	2,830.1

¹ The "Other reserve" was originally created as part of the capital restructuring that took place in 2002. It represents the difference between the nominal value of the shares issued prior to the capital reduction by the Company (being the carrying value of the investment in Marks and Spencer plc) and the share capital, share premium and capital redemption reserve of Marks and Spencer plc at the date of the transaction.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

	Ordinary share capital £m	Share premium account £m	Capital redemption reserve £m	Hedging reserve £m	Cost of hedging £m	Other reserve ¹ £m	Foreign exchange reserve £m	Retained earnings £m	Total £m	Non- controlling interest £m	Total £m
As at 31 March 2024	20.5	967.0	2,680.4	(8.4)	5.4	(6,542.2)	(81.1)	5,789.6	2,831.2	(1.1)	2,830.1
Profit for the year	—	—	—	—	—	—	—	295.7	295.7	(3.8)	291.9
Other comprehensive (expense)/income:											
Foreign currency translation	—	—	—	—	—	—	(8.3)	—	(8.3)	—	(8.3)
– movements recognised in other comprehensive income	—	—	—	—	—	—	—	—	—	—	—
Remeasurements of retirement benefit schemes	—	—	—	—	—	—	—	(149.2)	(149.2)	—	(149.2)
Tax on retirement benefit schemes	—	—	—	—	—	—	—	49.7	49.7	—	49.7
Cash flow hedges	—	—	—	—	—	—	—	—	—	—	—
– fair value movement in other comprehensive income	—	—	—	(21.4)	2.2	—	—	—	(19.2)	—	(19.2)
– reclassified and reported in profit or loss	—	—	—	5.7	—	—	—	—	5.7	—	5.7
Tax on cash flow hedges	—	—	—	3.3	(0.6)	—	—	—	2.7	—	2.7
Other comprehensive (expense)/income	—	—	—	(12.4)	1.6	—	(8.3)	(99.5)	(118.6)	—	(118.6)
Total comprehensive (expense)/income	—	—	—	(12.4)	1.6	—	(8.3)	196.2	177.1	(3.8)	173.3
Cash flow hedges recognised in inventories	—	—	—	17.7	—	—	—	—	17.7	—	17.7
Tax on cash flow hedges recognised in inventories	—	—	—	(4.4)	—	—	—	—	(4.4)	—	(4.4)
Transactions with owners:											
Dividends	—	—	—	—	—	—	—	(60.5)	(60.5)	—	(60.5)
Transactions with non-controlling shareholders	—	—	—	—	—	—	—	(15.9)	(15.9)	16.2	0.3
Shares issued in respect of employee share options	0.1	15.7	—	—	—	—	—	—	15.8	—	15.8
Purchase of shares held by employee trusts	—	—	—	—	—	—	—	(81.3)	(81.3)	—	(81.3)
Credit for share-based payments	—	—	—	—	—	—	—	52.4	52.4	—	52.4
Tax on share schemes	—	—	—	—	—	—	—	8.0	8.0	—	8.0
As at 29 March 2025	20.6	982.7	2,680.4	(7.5)	7.0	(6,542.2)	(89.4)	5,888.5	2,940.1	11.3	2,951.4

¹ The "Other reserve" was originally created as part of the capital restructuring that took place in 2002. It represents the difference between the nominal value of the shares issued prior to the capital reduction by the Company (being the carrying value of the investment in Marks and Spencer plc) and the share capital, share premium and capital redemption reserve of Marks and Spencer plc at the date of the transaction.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	52 weeks ended 29 March 2025 £m	52 weeks ended 30 March 2024 £m
Cash flows from operating activities			
Cash generated from operations	26	1,521.3	1,492.9
Income tax paid		(208.3)	(191.2)
Net cash inflow from operating activities		1,313.0	1,301.7
Cash flows from investing activities			
Proceeds on property disposals		48.3	6.1
Purchase of property, plant and equipment		(408.4)	(359.5)
Purchase of intangible assets		(98.5)	(69.8)
(Purchase)/sale of current financial assets		(277.2)	0.7
Purchase of non-current financial assets		(12.5)	(2.6)
Proceeds on disposal of non-current financial assets		0.6	—
Loans to related parties	28	—	(62.0)
Interest received		51.6	51.8
Net cash used in investing activities		(696.1)	(435.3)
Cash flows from financing activities			
Interest paid ¹		(158.1)	(185.0)
Redemption of Medium-Term Notes ²		(187.8)	(395.6)
Repayment of lease liabilities		(258.6)	(243.5)
Payment of partnership liability to the Marks & Spencer UK Pension Scheme	12	(40.5)	(40.0)
Equity dividends paid		(60.5)	(19.6)
Shares issued on exercise of employee share options	24	15.8	57.0
Transactions with non-controlling interest		(2.6)	—
Purchase of own shares by employee trust		(81.3)	(83.1)
Net cash used in financing activities		(773.6)	(909.8)
Net cash outflow from activities		(156.7)	(43.4)
Effects of exchange rate changes		(1.2)	(2.1)
Opening net cash		1,022.4	1,067.9
Closing net cash	27	864.5	1,022.4

1 Includes interest paid on lease liabilities of £103.4m (last year: £102.0m).

2 Includes £190.3m of outstanding 2025 and 2026 notes repurchased in June 2024, resulting in a gain of £2.9m recognised within 'interest payable on Medium-Term Notes' in net finance costs.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

General information

Marks and Spencer Group plc (the Company) is a public limited company domiciled and incorporated in England and Wales under the Companies Act 2006. The address of the Company's registered office is Waterside House, 35 North Wharf Road, London W2 1NW, United Kingdom.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are as a Fashion, Home & Beauty and Food retailer.

These financial statements are presented in sterling, which is also the Company's functional currency, and are rounded to the nearest hundred thousand. Foreign operations are included in accordance with the policies set out within this note.

Basis of preparation

The financial statements have been prepared for the 52 weeks ended 29 March 2025 (last year: 52 weeks ended 30 March 2024) in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Marks and Spencer Scottish Limited Partnership has taken an exemption under paragraph 7 of the Partnership (Accounts) Regulations 2008 from the requirement to prepare and deliver financial statements, in accordance with the Companies Act.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the Board has considered the business activities as set out on pages 12 to 21, the financial position of the Group, its cash flows, liquidity position and borrowing facilities as set out in the Financial Review on pages 23 to 31, the Group's financial risk management objectives and exposures to liquidity and other financial risks as set out in note 21 and the principal risks and uncertainties as set out on pages 54 to 59.

The Group continues to maintain a robust financial position, providing it with sufficient access to liquidity, through a combination of cash and committed facilities, to meet its needs in the short and medium-term. At 29 March 2025, the Group had liquidity of £1,739.5m (last year: £1,897.4m), comprising cash and cash equivalents of £864.5m, an undrawn committed syndicated bank revolving credit facility (RCF) of £850.0m (set to mature in June 2027), and undrawn uncommitted facilities amounting to £25.0m.

The RCF contains a financial covenant, being the ratio of earnings before interest, tax, depreciation and amortisation, to net interest and depreciation on right-of-use assets under IFRS 16. The covenant is measured biannually.

In adopting the going concern basis of preparation, the Board has assessed the Group's cash flow forecasts, which incorporate a latest estimate of the ongoing impact of current market conditions on the Group and include a number of assumptions, including sales growth and customer behaviour. While trading continues to be strong, in forming its outlook on the future financial performance, the Board considered a variety of downsides that the Group might experience, such as a sustained economic recession and an inability for the Group to execute the transformation plan.

Under these latest forecasts, the Group is able to operate without the need to draw on its available facilities and without taking any supplementary mitigating actions, such as reducing capital expenditure or other discretionary spend. The forecast cash flows also indicate that the Group will comply with all relevant banking covenants during the forecast period, being at least 12 months from the approval of the financial statements.

The Board has modelled a severe, but plausible, downside scenario. This downside scenario assumes that:

- There will be a period of economic recession in 2025/26, resulting in a reduction in sales growth of 2.0 – 4.0% across all three business units compared to the budget and three-year plan.
- A delay on transformation benefits results in incremental sales expected from the transformation declining by 7.5%, 15% and 30% respectively across the three-year period.
- Ocado Retail Limited experiences limited customer demand, with a 5.0% reduction in volume growth each year across the three-year period compared to the budget and three-year plan.

Even under this severe but plausible downside scenario, the Group would continue to have sufficient liquidity and headroom on its existing facilities and against the RCF financial covenant for the forecast period. In addition, should such a scenario arise, there are a range of mitigating actions that could be taken to reduce the impact. Based on latest assessments of the expected impact of the cyber incident on the business, and modelling a worst case impact on trade and a delayed recovery and return to website sales, the Board considers there are sufficient mitigating actions that could be adopted so that this downside scenario remains a plausible, but remote, outcome for the Group.

In addition, reverse stress testing has been applied to the model to determine the decline in sales that the Group could absorb before exhausting the Group's total liquidity. Such a scenario, and the sequence of events which could lead to it, is considered to be extremely remote.

As a result, the Board expects the Group to have adequate resources to continue in operation, meet its liabilities as they fall due, retain sufficient available cash and not breach the covenant under the revolving credit facility for the foreseeable future, being a period of at least 12 months from the approval of the financial statements. The Board therefore considers it appropriate for the Group to adopt the going concern basis in preparing its financial statements.

New accounting standards adopted by the Group

The Group has applied the following new standards and interpretations for the first time for the annual reporting period commencing 31 March 2024:

- Amendment to IFRS 16: Lease Liability in a Sale and Leaseback.
- Amendments to IAS 1: Classification of Liabilities as Current or Non-Current.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued**New accounting standards adopted by the Group continued**

- Amendments to IAS 1: Non-current Liabilities with Covenants.
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements.

The adoption of the standards and interpretations listed above has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

New accounting standards in issue but not yet effective

New standards and interpretations that are in issue but not yet effective are listed below:

- Amendments to IAS 21: Lack of Exchangeability.
- Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments.
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- IFRS 18: Presentation and Disclosure in Financial Statements.
- IFRS 19: Subsidiaries without Public Accountability: Disclosures.

With the exception of the adoption of IFRS 18, the adoption of the above standards and interpretations is not expected to lead to any changes to the Group's accounting policies nor have any other material impact on the financial position or performance of the Group.

IFRS 18 was issued in April 2024 and is effective for periods beginning on or after 1 January 2027. Early application is permitted and comparatives will require restatement. The standard will replace IAS 1 Presentation of Financial Statements and although it will not change how items are recognised and measured, the standard brings a focus on the income statement and reporting of financial performance. Specifically, it classifies income and expenses into three new defined categories – operating, investing and financing and two new subtotals operating profit and loss and profit or loss before financing and income tax, introduces disclosures of management defined performance measures (MPMs) and enhances general requirements on aggregation and disaggregation. The impact of the standard on the Group is currently being assessed and it is not yet practicable to quantify the effect of IFRS 18 on these consolidated financial statements, however there is no impact on presentation for the Group in the current year given the effective date – this will be applicable for the Group's 2027/28 Annual Report.

Alternative performance measures

In reporting financial information, the Group presents alternative performance measures (APMs), which are not defined or specified under the requirements of IFRS.

The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board and Executive Committee. Some of these measures are also used for the purpose of setting remuneration targets.

The key APMs that the Group uses include: sales; like-for-like sales growth; adjusted operating profit; adjusted operating margin; profit before tax and adjusting items; adjusted basic earnings per share; net debt; net debt excluding lease liabilities; free cash flow; free cash flow from operations; capital expenditure; and return on capital employed. Each of these APMs, and others used by the Group, is set out in the Glossary, including explanations of how they are calculated and how they can be reconciled to a statutory measure where relevant.

The Group reports some financial measures, primarily International sales, on both a reported and constant currency basis. The constant currency basis, which is an APM, retranslates the previous year revenues at the average actual periodic exchange rates used in the current financial year. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the year-on-year reported results.

The Group makes certain adjustments to the statutory profit measures in order to derive many of these APMs. The Group's policy is to exclude items that are considered significant in nature and/or quantum over the total expected life of the programme or are consistent with items that were treated as adjusting in prior periods. The Group's definition of adjusting items is consistent with prior periods. Adjusted results are consistent with how business performance is measured internally and presented to aid comparability of performance. On this basis, the following items were included within adjusting items for the 52-week period ended 29 March 2025:

- Net charges associated with the strategic programme in relation to the review of the store estate.
- Significant restructuring costs and other associated costs arising from strategy or operational changes that are not considered by the Group to be part of the normal operating costs of the business.
- Impairment charges and provisions that are considered to be significant in nature and/or value to the trading performance of the business.
- Charges and reversals of previous impairments arising from the write-off of assets and other property charges that are significant in nature and/or value. Impairment charges are recognised in adjusted operating profit where they relate to stores not previously impaired or do not otherwise meet the Group's adjusting items policy.
- Adjustments to income from M&S Bank due to a provision recognised by M&S Bank for the cost of providing redress to customers in respect of possible mis-selling of M&S Bank financial products.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued**Alternative performance measures continued**

- Amortisation of the identified intangible assets arising as part of the investment in Ocado Retail Limited.
- Net finance costs incurred in relation to Gist Limited deferred and contingent consideration.
- Share of net charges associated with Ocado Retail Limited's UK network capacity review.
- Net pension finance income in relation to closed scheme not considered part of ongoing operating activities of the Group.
- Significant charges relating to the renegotiation of the Group's Relationship Agreement with M&S Bank.
- Significant charges in relation to the furniture simplification programme that are not considered to be day-to-day operational costs of the business, mainly relating to contractual obligations with suppliers.
- (New) Net income associated with a significant legal settlement that is not considered to be a normal income stream of the business.

Refer to note 5 for a summary of the adjusting items.

A summary of the Company's and the Group's material accounting policies is given below.

Accounting convention

The financial statements are drawn up on the historical cost basis of accounting, except for certain financial instruments (including derivative instruments) and plan assets of defined benefit pension schemes which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Basis of consolidation

The Group financial statements incorporate the financial statements of Marks and Spencer Group plc and all its subsidiaries made up to the period end date. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

Subsidiaries

Subsidiary undertakings are all entities (including special purpose entities) over which the Company has control. Control is achieved when the Company has the power over the entity; is exposed, or has rights to, variable returns from its involvement with the entity; and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of these three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Subsidiary undertakings acquired during the year are recorded using the acquisition method of accounting and their results are included from the date of acquisition.

The separable net assets, including property, plant and equipment and intangible assets, of the newly acquired subsidiary undertakings are incorporated into the consolidated financial statements on the basis of the fair value as at the effective date of control.

Intercompany transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation.

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control nor joint control over those policies. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment.

Associated undertakings acquired during the year are recorded using the equity method of accounting and their results are included from the date of acquisition. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. The Group's share of the net fair value of identified intangible assets is amortised over the expected useful economic life of the assets.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

When a Group company transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised only to the extent of interests in the associate that are not related to the Group.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued**Revenue**

Revenue comprises sales of goods to customers outside the Group less an appropriate deduction for actual and expected returns, discounts and loyalty scheme vouchers, and is stated net of value added tax and other sales taxes. Revenue is recognised when performance obligations are satisfied and goods are delivered to our franchise partners or the customer and the control of goods is transferred to the buyer. Online sales are recognised when items are delivered, as this is when the performance obligation is deemed to have been satisfied. Where third-party branded goods are sold on a consignment basis, only the commission receivable is included in statutory revenue.

A right of return is not a separate performance obligation and the Group is required to recognise revenue net of estimated returns. A refund liability and a corresponding asset in inventory representing the right to recover products from the customer are recognised.

The Group enters into agreements which entitle other parties to operate under the Marks & Spencer brand name for certain activities and operations, such as M&S Bank. These contracts give rise to performance-based variable consideration. Income dependent on the performance of the third-party operations is recognised when it is highly probable that a significant reversal in the amount of income recognised will not occur, and presented as other operating income.

Revenue from the rendering of supply chain services is recognised when a performance obligation is satisfied.

Supplier income

In line with industry practice, the Group enters into agreements with suppliers to share the costs and benefits of promotional activity and volume growth. The Group receives income from its suppliers based on specific agreements in place. Supplier income received is recognised as a deduction from cost of sales based on the entitlement that has been earned up to the balance sheet date for each relevant supplier agreement. Marketing contributions, equipment hire and other non-judgemental, fixed rate supplier charges are not included in the Group's definition of supplier income.

The types of supplier income recognised by the Group and the associated recognition policies are:

A. Promotional contribution Includes supplier contributions to promotional giveaways and pre-agreed contributions to annual 'spend and save' activity.

Income is recognised as a deduction to cost of sales over the relevant promotional period. Income is calculated and invoiced at the end of the promotional period based on actual sales or according to fixed contribution arrangements. Contributions earned, but not invoiced, are accrued at the end of the relevant period.

B. Volume-based rebates Includes annual growth incentives, seasonal contributions and contributions to share economies of scale resulting from moving product supply.

Annual growth incentives are calculated and invoiced at the end of the financial year, once earned, based on fixed percentage growth targets agreed for each supplier at the beginning of the year. They are recognised as a reduction in cost of sales in the year to which they relate. Other volume-based rebates are agreed with the supplier and spread over the relevant season/contract period to which they relate. Contributions earned, but not invoiced, are accrued at the end of the relevant period.

Uncollected supplier income at the balance sheet date is classified within the financial statements as follows:

A. Trade and other payables The majority of income due from suppliers is net against amounts owed to that supplier as the Group has the legal right and intention to offset these balances.

B. Trade and other receivables Supplier income that has been earned, but not invoiced, at the balance sheet date is recognised in trade and other receivables and primarily relates to volume-based rebates that run up to the period end.

In order to provide users of the accounts with greater understanding in this area, additional balance sheet disclosure is provided in note 17 to the financial statements.

M&S Bank

The Group has an economic interest in M&S Bank which entitles the Group to a share of the profits of M&S Bank after appropriate contractual deductions.

Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

Pensions

Funded pension plans are in place for the Group's UK employees and some overseas employees.

For defined benefit (DB) pension schemes, the difference between the fair value of the assets and the present value of the DB obligation is recognised as an asset or liability in the statement of financial position. The DB obligation is actuarially calculated using the projected unit credit method. An asset can be recognised as, in the event of a plan wind-up, the pension scheme rules provide the Group with an unconditional right to a refund of surplus assets, assuming a full settlement of plan liabilities. In the ordinary course of business, the Trustees have no rights to wind up or change, the benefits due to the members of the scheme. As a result, any net surplus in the UK DB scheme is recognised in full.

The service cost of providing retirement benefits to employees during the year, together with the cost of any curtailment, is charged to operating profit in the year. The Group no longer incurs any service cost or curtailment costs related to the UK DB Pension Scheme as the scheme is closed to future accrual.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued**Pensions continued**

The net interest cost on the net retirement benefit asset/liability is calculated by applying the discount rate, measured at the beginning of the year, to the net defined benefit asset/liability and is included as a single net amount in finance income.

Remeasurements, being actuarial gains and losses, together with the difference between actual investment returns and the return implied by the net interest cost, are recognised immediately in other comprehensive income.

Payments to defined contribution retirement benefit schemes are charged as an expense on an accruals basis.

For further details on pension schemes and the partnership liability to the Marks & Spencer UK Pension Scheme, see notes 11 and 12.

Intangible assets

A. Goodwill Goodwill arising on consolidation represents the excess of the consideration paid and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable assets and liabilities (including intangible assets) of the acquired entity at the date of the acquisition. Goodwill is recognised as an asset and assessed for impairment annually or as triggering events occur. Any impairment in value is recognised within the income statement.

B. Acquired intangible assets Acquired intangible assets include trademarks or brands. These assets are capitalised on acquisition at cost and amortised on a straight-line basis over their estimated useful lives.

Acquired intangible assets are tested for impairment as triggering events occur. Any impairment in value is recognised within the income statement.

C. Software intangibles Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset. Capitalised software costs include external direct costs of goods and services, as well as internal payroll-related costs for employees who are directly associated with the project. When the Group incurs configuration and customisation costs as part of a cloud-based software-as-a-service agreement, and where this does not result in the creation of an asset which the Group has control over, then these costs are expensed.

Capitalised software development costs are amortised on a straight-line basis over their expected economic lives, normally between three and five years. Computer software under development is held at cost less any recognised impairment loss. Any impairment in value is recognised within the income statement.

Property, plant and equipment

The Group's policy is to state property, plant and equipment at cost less accumulated depreciation and any recognised impairment loss. Property is not revalued for accounting purposes. Assets in the course of construction are held at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs. Leasehold buildings with lease premiums and ongoing peppercorn lease payments are considered in-substance purchases and are therefore included within the buildings category of property, plant and equipment.

Depreciation is provided to write off the cost of tangible non-current assets (including investment properties), less estimated residual values on a straight-line basis as follows:

- Freehold land – not depreciated.
- Buildings – depreciated to their residual value over their estimated remaining economic lives of 10-50 years.
- Fixtures, fittings and equipment – 3-25 years, according to the estimated economic life of the asset.

Residual values and useful economic lives are reviewed annually. Depreciation is charged on all additions to, or disposals of, depreciating assets in the year of purchase or disposal.

Any impairment in value, or reversal of an impairment, is recognised within the income statement.

Leasing

The Group recognises a right-of-use asset and corresponding liability at the date at which a leased asset is made available for use by the Group, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liabilities are measured at the present value of the future lease payments, excluding any payments relating to non-lease components. Future lease payments include fixed payments, in-substance fixed payments, and variable lease payments that are based on an index or a rate, less any lease incentives receivable. Lease liabilities also take into account amounts payable under residual value guarantees and payments to exercise options to the extent that it is reasonably certain that such payments will be made. The payments are discounted at the rate implicit in the lease or, where that cannot be readily determined, at an incremental borrowing rate.

Right-of-use assets are measured initially at cost based on the value of the associated lease liability, adjusted for any payments made before inception, initial direct costs and an estimate of the dismantling, removal and restoration costs required in the terms of the lease. The Group presents right-of-use assets in 'property, plant and equipment' in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued**Leasing continued**

Subsequent to initial recognition, the lease liability is reduced for payments made and increased to reflect interest on the lease liability (using the effective interest method). The related right-of-use asset is depreciated over the term of the lease or, if shorter, the useful economic life of the leased asset. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option, the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments' change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Leases for which the Group is a lessor are classified as finance or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership to the lessee, and classified as an operating lease if it does not. When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments and include short-term deposits with banks and other financial institutions, with an initial maturity of three months or less, money market funds and credit card payments received within 48 hours. Bank transactions are recorded on their settlement date.

Inventories

Inventories are valued on a weighted average cost basis and carried at the lower of cost and net realisable value. Cost includes all direct expenditure and other attributable costs incurred in bringing inventories to their present location and condition. All inventories are finished goods. Certain purchases of inventories may be subject to cash flow hedges for foreign exchange risk. The initial cost of hedged inventory is adjusted by the associated hedging gain or loss transferred from the cash flow hedge reserve (basis adjustment).

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. A fair value for the equity-settled share awards is measured at the date of grant. The Group measures the fair value of each award using the Black-Scholes model where appropriate.

The fair value of each award is recognised as an expense over the vesting period on a straight-line basis, after allowing for an estimate of the share awards that will eventually vest. The level of vesting is reviewed at each reporting period and the charge is adjusted to reflect actual and estimated levels of vesting.

Foreign currencies

The financial statements are presented in sterling which is the Company's functional currency.

The results of overseas subsidiaries are translated at the weighted average of monthly exchange rates for revenue and profits. The statements of financial position of overseas subsidiaries are translated at year-end exchange rates. The resulting exchange differences are booked into reserves and reported in the consolidated statement of comprehensive income. On disposal of an overseas subsidiary the related cumulative translation differences recognised in reserves are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities held at the end of the reporting period are translated at the closing balance sheet rate. The resulting exchange gain or loss is recognised within the income statement.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued**Taxation**

Tax expense comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is recognised in other comprehensive income or directly in equity.

Provision is made for uncertain tax positions when it is considered probable that there will be a future outflow of funds to a tax authority. The provision is calculated using the single best estimate where that outcome is more likely than not and a weighted average probability in other circumstances. The position is reviewed on an ongoing basis, to ensure appropriate provision is made for each known tax risk.

Deferred tax is accounted for using a temporary difference approach, and is the tax expected to be payable or recoverable on temporary differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax is calculated based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, applying tax rates and laws enacted, or substantively enacted, at the end of the reporting period.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the reversal of the temporary difference can be controlled by the Group and it is probable that the difference will not reverse in the foreseeable future. In addition, deferred tax liabilities are not recognised on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

Financial instruments

Financial assets and liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially classified as at fair value through profit and loss, fair value through other comprehensive income or amortised cost depending on the Group's business model for managing the financial asset and its cash flow characteristics. Financial assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

The table below sets out the Group's accounting classification of each class of its financial assets and liabilities:

	Note	Measurement
Financial assets:		
Other investments	16	FVTPL ¹
Loans to related parties	17	Amortised cost
Trade receivables	17	Amortised cost
Lease receivables	17	Amortised cost
Other receivables	17	Amortised cost
Cash and cash equivalents	18	Amortised cost ²
Derivative financial instruments	21	FVTPL
Financial liabilities:		
Borrowings and overdrafts	20	Amortised cost
Trade payables	19	Amortised cost
Other payables	19	Amortised cost
Contingent consideration	19	FVTPL
Accruals	19	Amortised cost
Lease liabilities	20	Amortised cost
Derivative financial instruments	21	FVTPL

¹ Fair value through profit or loss.

² Deposits held in low-volatility net asset value money market funds are classified as FVTPL.

A. Trade and other receivables Trade receivables are recorded initially at transaction price and subsequently measured at amortised cost, except those which, due to factoring arrangements, are held within a 'hold to collect and sell' business model and are measured at fair value through other comprehensive income (FVOCI). Trade receivables measured at amortised cost are carried at nominal value less an allowance for any doubtful debts. The allowance for doubtful debts is recognised based on management's expectation of losses without regard to whether an impairment trigger happened or not (an expected credit loss model).

B. Other financial assets Other financial assets consist of loans receivable, venture capital investments and short-term investments with a maturity date of more than 90 days. Financial assets that do not meet the criteria for being measured at amortised cost are measured at fair value through profit or loss (FVTPL) with gains and losses arising from changes in fair value included in the income statement for the period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued**Financial instruments continued**

C. Classification of financial liabilities and equity Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

D. Bank borrowings Interest-bearing bank loans and overdrafts are initially recorded at fair value, which equals the proceeds received, net of direct issue costs. They are subsequently held at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for using an effective interest rate method and are added to, or deducted from, the carrying amount of the instrument.

E. Loan notes Long-term loans are initially measured at fair value net of direct issue costs and are subsequently held at amortised cost. If the loan is designated in a fair value hedge relationship, the carrying value of the loan is adjusted for fair value gains or losses attributable to the risk being hedged.

F. Trade payables Trade payables are recorded initially at fair value and subsequently measured at amortised cost. Generally, this results in their recognition at their nominal value.

G. Equity instruments Equity instruments issued by the Group are recorded at the consideration received, net of direct issue costs.

Derivative financial instruments and hedging activities

The Group primarily uses cross-currency swaps and forward foreign currency contracts to manage its exposures to fluctuations in interest rates and foreign exchange rates. These instruments are initially recognised at fair value on the trade date and are subsequently remeasured at their fair value at the end of the reporting period. The method of recognising the resulting gain or loss is dependent on whether the derivative is designated as a hedging instrument and the nature of the item being hedged.

The Group designates certain hedging derivatives as either:

- A hedge of a highly probable forecast transaction or change in the cash flows of a recognised asset or liability (a cash flow hedge); or
- A hedge of the exposure to change in the fair value of a recognised asset or liability (a fair value hedge).

At the inception of a hedging relationship, the hedging instrument and the hedged item are documented, along with the risk management objectives, and strategy for undertaking various hedge transactions and prospective effectiveness testing is performed. During the life of the hedging relationship, prospective effectiveness testing is performed to ensure that the instrument remains an effective hedge of the transaction. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

A. Cash flow hedges Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income. The element of the change in fair value which relates to the foreign currency basis spread is recognised in the cost of hedging reserve, with the remaining change in fair value recognised in the hedging reserve and any ineffective portion is recognised immediately in the income statement in finance costs. If the firm commitment or forecast transaction that is the subject of a cash flow hedge results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in other comprehensive income and accumulated in the cash flow hedge reserve are removed directly from equity and included in the initial measurement of the asset or liability. If the hedged item is transaction related, the foreign currency basis spread is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a systematic and rational basis. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item.

For hedges that do not result in the recognition of an asset or a liability, amounts deferred in the cash flow hedge reserve are recognised in the income statement in the same period in which the hedged items affect net profit or loss.

B. Fair value hedges Changes in the fair value of a derivative instrument designated in a fair value hedge are recognised in the income statement. The hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

C. Discontinuance of hedge accounting Hedge accounting is discontinued when the hedge relationship no longer qualifies for hedge accounting. This includes when the hedging instrument expires or is sold, terminated or exercised, or when occurrence of the forecast transaction is no longer highly probable. The Group cannot voluntarily de-designate a hedging relationship.

When a cash flow hedge is discontinued, any cumulative gain or loss on the hedging instrument accumulated in the cash flow hedge reserve is retained in equity until the forecast transaction occurs. Subsequent changes in the fair value are recognised in the income statement. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in the cash flow hedge reserve is transferred to the income statement for the period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued**Derivative financial instruments and hedging activities continued**

When a fair value hedge is discontinued, the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the income statement based on the recalculated effective interest rate at that date.

The Group does not use derivatives to hedge income statement translation exposures.

Reserves

The following describes the nature and purpose of each reserve within equity:

A. Share premium account Proceeds received in excess of the nominal value of shares issued, net of any transaction costs.

B. Capital redemption reserve Amounts transferred from share capital on redemption or repurchase of issued shares.

C. Hedging reserve Cumulative gains and losses on hedging instruments deemed effective in cash flow hedges.

D. Cost of hedging Cumulative gains and losses on the portion excluded from the designated hedging instrument that relates to changes in the foreign currency basis.

E. Other reserve Originally created as part of the capital restructuring that took place in 2002. It represents the difference between the nominal value of the shares issued prior to the capital reduction by the Company (being the carrying value of the investment in Marks and Spencer plc) and the share capital, share premium and capital redemption reserve of Marks and Spencer plc at the date of the transaction.

F. Foreign exchange reserve Gains and losses arising on retranslating the net assets of overseas operations into sterling.

G. Retained earnings All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements requires the Group to make estimates and judgements that affect the application of policies and reported amounts.

Critical judgements represent key decisions made by management in the application of the Group accounting policies. Where a significant risk of materially different outcomes exists due to management assumptions or sources of estimation uncertainty, this will represent a key source of estimation uncertainty. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next 12 months are discussed on the following page.

Critical accounting judgements**Adjusting items**

The directors believe that the adjusted profit and earnings per share measures provide additional useful information to shareholders on the performance of the business.

These measures are consistent with how business performance is measured internally by the Board and Executive Committee. The profit before tax and adjusting items measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies. The classification of adjusting items requires significant management judgement after considering the nature and intentions of a transaction. The Group's definitions of adjusting items are outlined within both the Group accounting policies and the Glossary. These definitions have been applied consistently year on year.

Note 5 provides further details on current year adjusting items and their adherence to Group policy.

UK defined benefit pension (deficit)/surplus

Where a surplus on a defined benefit scheme arises, the rights of the Trustees to prevent the Group obtaining a refund of that surplus in the future are considered in determining whether it is necessary to restrict the amount of the surplus that is recognised, or recognise an additional minimum funding liability. The UK defined benefit scheme is in deficit of £122.7m at 29 March 2025.

Following consultation with external advisers, the directors have made the judgement that if the scheme is in a surplus, these amounts meet the requirements of recoverability on the basis that paragraph 11(b) of IFRIC 14 applies, enabling a refund of surplus assuming the gradual settlement of the scheme liabilities over time until all members have left the scheme.

Assessment of control over Ocado Retail Limited

At the reporting date, the directors assessed that the Group had significant influence over Ocado Retail Limited and therefore accounted for the investment as an associate (see note 29). This assessment was based on the current rights held in the period by the respective shareholders and required judgement in assessing these rights. These rights included determinative rights held by Ocado Group Plc, after agreed dispute resolution procedures, in relation to the approval of the Ocado Retail Limited business plan and budget and the appointment and removal of Ocado Retail Limited's Chief Executive Officer. Subsequent to the year end, on 6 April 2025, Ocado Group Plc gave up those rights to the Group, resulting in a change in the status of the investment in Ocado Retail Limited from associate to subsidiary. See notes 29 and 30 for further details.

Determining the lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued**Determining the lease term continued**

The Group has several lease contracts for land and buildings that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination, including: whether there are significant penalties to terminate (or not extend); whether any leasehold improvements are expected to have a significant remaining value; historical lease durations; the importance of the underlying asset to the Group's operations; and the costs and business disruption required to replace the leased asset.

Most renewal periods and periods covered by termination options are included as part of the lease term for leases of land and buildings. The Group typically exercises its option to renew (or does not exercise its option to terminate) for these leases because there will be a significant negative effect on trading if a replacement property is not readily available.

The lease term is reassessed if a significant event or a significant change in circumstances occurs which affects the assessment of reasonable certainty, for example if a store is identified to be closed as part of the store estate strategic programme.

Key sources of estimation uncertainty**Climate change impact**

In preparing the consolidated financial statements, the Group has considered the impact of climate change, particularly in the context of the TCFD disclosures set out on pages 38 to 50 and the Group's sustainability targets. The Group's existing fixed asset replacement programme is phased over several years and therefore any changes in the requirements associated with climate change would not have a material impact in any given year. The costs expected to be incurred in connection with the Group's commitments are included within the Group's budget and three-year plan which have been used to support the impairment reviews of non-current assets and the going concern and viability assessments. Further disclosures in relation to the impact of climate change on the impairment assessment of intangibles and property, plant and equipment are included in notes 14 and 15. Given the identified risks are expected to be present in the medium to long-term, the impact of climate change on the going concern period and viability of the Group over the next three years is not expected to be material and is therefore not currently classified as a key source of estimation uncertainty.

Store estate programme

The Group is undertaking a significant strategic programme to review its store estate, resulting in a net charge of £84.4m (last year: £93.0m) in the year. A significant level of estimation has been used to determine the charges to be recognised in the year. The most significant judgement that impacts the charge is that the stores identified as part of the programme are more likely than not to close. Further significant closure costs and impairment charges may be recorded in future years, depending on decisions made about further store closures and the successful delivery of the transformation programme.

Where a store closure has been announced, there is a reduced level of estimation uncertainty as the programme actions are to be taken over a shorter and more immediate timeframe. Further significant estimation uncertainty arises in respect of determining the recoverable amount of assets and the costs to be incurred as part of the programme. Significant assumptions have been made including:

- Reassessment of the useful lives of store fixed assets and closure dates.
- Estimation in respect of the expected shorter-term trading value in use, including assumptions with regard to the period of trading as well as changes to future sales, gross margin and operating costs.
- Estimation of the sale proceeds for freehold stores which is dependent upon location-specific factors, timing of likely exit and future changes to the retail property market valuations.
- Estimation of the value of dilapidation payments required for leasehold store exits, which is dependent on a number of factors including the extent of modifications of the store, the terms of the lease agreement, and the condition of the property.

The assumption most likely to have a material impact is the closure date. See notes 5 and 15 for further detail.

Post-retirement benefits

The determination of pension net interest income and the defined benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate and mortality rates. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. The fair value of unquoted investments within total plan assets is estimated with consideration of fair value estimates provided by the manager of the investment or fund. See note 11 for further details on the impact of changes in the key assumptions and estimates.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Segmental information

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting on components of the Group that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker has been identified as the Executive Committee. The Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources across each operating segment.

The Group's reportable operating segments have therefore been identified as follows:

- Fashion, Home & Beauty – comprises the retailing of womenswear, menswear, lingerie, kidswear, beauty and home products through UK and ROI retail stores and online.
- Food – includes the results of the UK and ROI retail food business, UK Food franchise operations and UK supply chain services, with the following main categories: Meat, Fish, Protein Deli and Dairy; Produce & Horticulture; Meals, Frozen and 'food on the move'; Core Basket; Impulse & Events; Beers, wines & spirits; Hospitality; and direct sales to Ocado Retail Limited.
- International – consists of Marks and Spencer owned businesses in Europe (excluding Ireland) and Asia and the international franchise operations.
- Ocado – includes the Group's share of profits or losses from the investment in Ocado Retail Limited.

Other business activities and operating segments, including M&S Bank are combined and presented in 'All other segments'. Finance income and costs are not allocated to segments as each is managed on a centralised basis.

The Executive Committee assesses the performance of the operating segments based on a measure of adjusted operating profit. This measurement basis excludes the effects of adjusting items from the operating segments.

The following is an analysis of the Group's revenue and results by reportable segment:

	52 weeks ended 29 March 2025						52 weeks ended 30 March 2024					
	UK & ROI Fashion, Home & Beauty ¹ £m	UK & ROI Food £m	International £m	Ocado £m	All other segments £m	Group £m	UK & ROI Fashion, Home & Beauty ^{1,4} £m	UK & ROI Food ¹ £m	International ³ £m	Ocado £m	All other segments £m	Group £m
Sales¹	4,235.3	9,021.0	658.0	—	—	13,914.3	4,091.4	8,298.8	719.1	—	—	13,109.3
Revenue	4,137.8	9,021.0	658.0	—	—	13,816.8	4,022.2	8,298.8	719.1	—	—	13,040.1
Adjusted operating profit/(loss)²	475.3	484.1	46.3	(28.7)	7.5	984.5	437.5	388.4	47.8	(37.3)	2.2	838.6
Finance income before adjusting items						60.6						58.0
Finance costs before adjusting items						(169.6)						(180.2)
Profit/(loss) before tax and adjusting items	475.3	484.1	46.3	(28.7)	7.5	875.5	437.5	388.4	47.8	(37.3)	2.2	716.4
Adjusting items						(363.7)						(43.9)
Profit/(loss) before tax	475.3	484.1	46.3	(28.7)	7.5	511.8	437.5	388.4	47.8	(37.3)	2.2	672.5

1 Sales is revenue stated prior to adjustments for UK Fashion, Home & Beauty brand consignment sales of £97.5m (last year: £69.2m). There are no brand consignment sales in ROI.

2 Adjusted operating profit/(loss) is stated as gross profit less operating costs prior to adjusting items. At reportable segment level costs are allocated where directly attributable or based on an appropriate cost driver for the cost.

3 The segments have been restated as the Group no longer includes the Republic of Ireland within the International segment and instead includes the Republic of Ireland within the Fashion, Home & Beauty and Food segments.

4 The UK and ROI Clothing & Home segment has been renamed UK and ROI Fashion, Home & Beauty during the year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Segmental information continued**Other segmental information**

	52 weeks ended 29 March 2025						52 weeks ended 30 March 2024					
	UK & ROI Fashion, Home & Beauty* £m	UK & ROI Food £m	International £m	Ocado £m	All other segments £m	Group £m	UK & ROI Fashion, Home & Beauty* ^{1,4} £m	UK & ROI Food ¹ £m	International ¹ £m	Ocado £m	All other segments £m	Group £m
Additions to property, plant and equipment, and intangible assets (excluding goodwill and right-of-use assets)	266.7	315.0	7.4	—	—	589.1	196.3	203.8	13.3	—	—	413.4
Depreciation and amortisation ^{1,2}	(200.6)	(240.9)	(30.7)	—	—	(472.2)	(223.5)	(241.6)	(36.5)	—	—	(501.6)
Impairment charges, impairment reversals and asset disposals ¹	(106.3)	(34.6)	—	—	—	(140.9)	(43.4)	(29.0)	—	—	—	(72.4)

1 These costs are allocated to a reportable segment where they are directly attributable. Where costs are not directly attributable, a proportional allocation is made to each segment based on an appropriate cost driver.

2 Includes £0.4m (last year: £0.2m) depreciation and impairments on investment property.

3 The segments have been restated as the Group no longer includes the Republic of Ireland within the International segment and instead includes the Republic of Ireland within the Fashion, Home and Beauty and Food segments.

4 The UK and ROI Clothing & Home segment has been renamed UK and ROI Fashion, Home & Beauty during the year.

Segment assets and liabilities, including investments in associates and joint ventures, are not disclosed because they are not reported to or reviewed by the Executive Committee.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 Expense analysis

	2025 Total £m	2024 Total £m
Revenue	13,816.8	13,040.1
Cost of sales ^{1,2}	(9,208.9)	(8,711.9)
Gross profit	4,607.9	4,328.2
Selling and administrative expenses	(3,989.5)	(3,557.7)
Other operating income	49.5	23.6
Share of results of Ocado Retail Limited	(43.6)	(79.9)
Operating profit	624.3	714.2

The figures above include £360.2m (last year: £124.4m) adjusting item charges within operating profit (see note 5). These are further analysed against the categories of selling and administrative expenses (£351.8m; last year: £81.8m), other operating income (£6.5m; last year: £nil) and share of results of Ocado Retail Limited (£14.9m; last year: £42.6m).

The selling and administrative expenses are further analysed below:

	2025 Total £m	2024 Total £m
Employee costs ¹	1,614.9	1,505.9
Occupancy costs	451.6	493.8
Repairs, renewals and maintenance of property	136.0	134.5
Depreciation, amortisation and asset impairments and disposals ^{2,3}	812.7	571.5
IT costs ⁴	325.1	280.6
Marketing costs	261.2	249.4
Other costs ^{2,4,5}	388.0	322.0
Selling and administrative expenses	3,989.5	3,557.7

1 There are an additional £282.2m (last year: £268.2m) employee costs recorded within cost of sales. These costs are included within the aggregate remuneration disclosures in note 10A.

2 Last year is restated to reflect the correct classification of certain employee costs related to Gist Limited and Gist Distribution Limited.

3 Includes £0.4m (last year: £0.2m) depreciation and £nil (last year: £nil) impairments charged on investment property. There has been a reclassification of FY24 depreciation from other costs (£35.7m) to depreciation, amortisation and asset impairments and disposals.

4 Last year is restated to reflect the correct classification of £51m of IT costs that were previously included under 'Other costs'.

5 Includes costs such as logistics, professional fees and sundry costs.

Adjusting items categorised as selling and administrative expenses are further analysed as employee costs of £5.2m (last year: income of £1.9m); occupancy income of £2.1m

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(last year: cost of £20.6m); depreciation, amortisation and asset impairments and disposals £316.8m (last year: £29.6m); and other costs of £31.9m (last year: £33.5m).

4 Profit before taxation

The following items have been included in arriving at profit before taxation:

	2025 £m	2024 £m
Net foreign exchange (gains)/loss	(1.8)	(0.4)
Cost of inventories recognised as an expense	7,842.4	7,419.2
Cost of inventories recognised as an expense in respect of write-downs of inventory to net realisable value	325.2	300.6
Depreciation of property, plant, and equipment ¹ :		
– owned assets	265.7	275.0
– right-of-use assets	142.0	172.1
Amortisation of intangible assets	64.5	54.7
Impairments of property, plant and equipment	48.0	24.0
Impairments reversals of property, plant and equipment	(19.4)	(32.0)
Disposals of property, plant and equipment	63.6	49.2
Disposals of intangible assets	3.3	5.6
Impairments of right-of-use assets	47.0	21.7
Impairment reversals of right-of-use assets	(4.3)	(13.6)

1 Includes £0.4m (last year: £0.2m) depreciation charged on investment property.

Included in administrative expenses is the auditor's remuneration, including expenses for audit and non-audit services, payable to the Company's auditor Deloitte LLP and its associates as follows:

	2025 £m	2024 £m
Annual audit of the Company and the consolidated financial statements ¹	2.4	2.2
Audit of subsidiary companies ¹	0.6	0.8
Total audit fees	3.0	3.0
Audit-related assurance services	0.5	0.3
Total non-audit services fees	0.5	0.3
Total audit and non-audit services	3.5	3.3

1 Additional incremental fees and scope change-related charges are included in LY figures as they relate to the FY24 audit fee, however they were charged within FY25.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 Adjusting items

The total adjusting items reported for the 52-week period ended 29 March 2025 is a net charge of £363.7m (last year: net charge of £43.9m). The adjustments made to reported profit before tax to arrive at adjusted profit are:

	Notes	2025 £m	2024 £m
Included in share of result of associate – Ocado Retail Limited			
Amortisation and fair value adjustments arising as part of the investment in Ocado Retail Limited	29	(12.9)	(12.9)
Ocado Retail Limited – UK network capacity review	29	(2.0)	(29.7)
		(14.9)	(42.6)
Included in operating profit			
Strategic programmes – Store estate	15, 22	(84.4)	(93.0)
Strategic programmes – International reset	22	(20.6)	—
Strategic programmes – Digital and Technology transformation		(10.2)	—
Strategic programmes – Organisation	17	—	(3.5)
Strategic programmes – UK logistics	25, 22	—	5.3
Strategic programmes – Furniture simplification	22	11.1	(18.3)
Store impairments, impairment reversals and other property charges	15	2.3	35.1
Impairment of investment in Ocado Retail Limited	29	(248.5)	—
M&S Bank transformation and insurance mis-selling provisions		(15.5)	(7.0)
Acquisition of Gist Limited		—	(0.4)
Legal settlement		20.5	—
		(345.3)	(81.8)
Included in net finance income/(costs)			
Pension net finance income	11	4.1	24.0
Remeasurement of Ocado Retail Limited contingent consideration		—	64.7
Net finance costs incurred in relation to Gist Limited deferred and contingent consideration		(7.6)	(8.2)
		(3.5)	80.5
Adjustments to profit before tax		(363.7)	(43.9)

Amortisation and fair value adjustments arising as part of the investment in Ocado Retail Limited (£12.9m)

Intangible assets of £366.0m were acquired as part of the investment in Ocado Retail Limited in 2019/20 relating to the Ocado brand and acquired customer relationships. These intangibles are being amortised over their useful economic lives of 10 – 40 years with an amortisation charge of £17.2m (last year: £17.2m) recognised in the period and a related deferred tax credit of £4.3m (last year: £4.3m).

The amortisation charge and changes in the related deferred tax liability are included within the Group's share of the profit or loss of the associate and are considered to be adjusting items as they are based on judgements about their value and economic life and are not related to the Group's underlying trading performance. These charges are reported as adjusting items on the basis that they are significant in quantum and to aid comparability from one period to the next.

Ocado Retail Limited – UK network capacity review (£2.0m)

On 25 April 2023, Ocado Retail Limited announced the plan to cease operation at its Customer Fulfilment Centre (CFC) in Hatfield as part of the wider review of UK network capacity. During H2 2023/24, Ocado Retail Limited also undertook a strategy and capacity review for the Zoom network.

As a result, Ocado Retail Limited has recorded impairment charges, restructuring costs and other related costs of closure. In the period a charge of £2.0m has been recognised (last year: £29.7m).

The Group's share of these costs, reported within the Group's 'share of result of associate – Ocado Retail Limited', are considered to be adjusting items as they are one-off in nature and significant in value to the results of the Group and to the Ocado segment. No further charges are expected in this programme.

Strategic programmes – Store estate (£84.4m)

In November 2016, the Group announced a strategic programme to transform and rotate the store estate with the overall objective to improve our store estate to better meet our customers' needs. The Group has incurred charges of £1,047m in the nine years up to March 2025 under this programme primarily relating to closure costs associated with stores identified as part of the strategic transformation plans.

The Group has recognised a charge of £84.4m in the period in relation to those stores identified as part of the rotation plans. The charge primarily reflects the latest view of store closure plans and latest assumptions for estimated store closure costs, as well as charges relating to the impairment of buildings and fixtures and fittings, and depreciation as a result of shortening the useful economic life of stores based on the most recent approved exit routes.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 Adjusting items continued**Strategic programmes – Store estate (£84.4m) continued**

Further charges relating to the closure and rotation of the store estate are anticipated over the next six years as the programme progresses, the quantum of which is subject to change throughout the programme period as the Group gets greater certainty of circumstances that need to be in place to make closure financially viable. Future charges will not include Foodhall closures at a lease event where there is opportunity for a better location, as this is not in the scope of the programme.

As at 29 March 2025, the total closure programme now consists of 220 stores, 139 of which have already closed. Further charges of c.£256m are estimated within the next six financial years, bringing anticipated total programme costs since 2016 to c.£1.3bn. In addition, where store exit routes in the next six years lead to the recognition of gains on exit, particularly those relating to asset management, these credits will also be recognised within adjusting items as part of the programme. The anticipated total programme costs to date do not include any costs that may arise in relation to a further c.20 stores currently under consideration for closure within the next six years. At this stage these c.20 stores remain commercially supportable and in the event of a decision to close the store, the exit routes are not yet certain.

These costs are reported as adjusting items on the basis that they are significant in quantum, relate to a strategic initiative focused on reviewing our store estate and to aid comparability from one period to the next. The programme includes all stores within the programme to be closed by 2030/31.

Strategic programmes – International reset (£20.6m)

In September 2024 the Group announced a reset of priorities for the International business. This included closures of two European distribution centres, the exiting of legacy franchise businesses not aligned to the strategy and investing in technology relating to the strategy.

During the year the Group has incurred £20.6m of one-off charges that are not considered to be day-to-day operational costs of the business, which mainly related to contractual obligations due to the closure of the European distribution centres and the write-off of certain assets no longer required.

These costs are adjusting items as they are significant to the International business and the business would not have incurred these costs without the strategy reset. Further costs of c.£5m are expected in 2025/26.

Strategic programmes – Digital and Technology transformation (£10.2m)

During 2024/25, to reduce costs and transform our business, the Group confirmed our desire to build the Digital and Technology team we need for the future, investing in our core foundations and business platforms. We will reset our operating model under the new leadership team, bringing more capabilities in house, changing how we are structured and how we operate in service of the business.

In total we are targeting to deliver £100m of structural cost savings over the next five years, with an element of these savings coming from the new operating model and resetting our partnerships. During 2024/25, as part of the programme, the Group has incurred £6.9m of consultancy costs. The review of structures is expected to result in a proposed reduction of 34 roles across the Digital and Technology department, with a charge of £2.1m recognised in the period primarily for redundancy and exit costs associated with these changes. The provision is expected to be fully utilised during 2025/26. Further charges of c.£21m are expected in relation to this programme to 2027/28, taking total programme costs to c.£31m.

These costs are considered to be adjusting items as the costs are part of the strategic programme, are significant in value and would distort the year-on-year profitability of the business.

Strategic programmes – Furniture simplification (£11.1m credit)

In March 2024 the Group withdrew from its two-person furniture delivery operation. Following this the Group will no longer sell bulky products through its existing 'two-person delivery network'.

A net credit of £11.1m has been recognised in the period, mainly reflecting the settlement of the contractual obligations with suppliers and the profit on disposal of a distribution centre. As part of this closure the Group has incurred total programme net one-off charges of £7.2m that are not considered to be day-to-day operational costs of the business.

These costs are adjusting items as they relate to a significant withdrawal of an operation within the UK and ROI Fashion, Home & Beauty segment and the business would not have incurred these costs but for the closure. No further charges are expected in this programme.

Store impairments, impairment reversals and property charges (£2.3m credit)

The Group has recognised a number of charges and credits in the period associated with the carrying value of items of property, plant and equipment.

The Group has performed impairment testing based on the latest Board-approved budget and three-year plan future cash flow projections for UK, ROI and International stores (excluding those stores that have been captured as part of the store estate programme). As a result, store impairment testing has identified stores where the current and anticipated future performance does not support the carrying value of the stores. A charge of £0.2m (last year: £0.5m) has been incurred primarily in respect of the impairment of assets associated with these stores. In addition, a credit of £2.5m (last year: £35.6m) has been recognised for the reversal of store impairments incurred in previous periods, where revised future cash flow projections more than support the carrying value of the stores, reflecting improved trading expectations compared to those assumed at the prior year end. Refer to note 15 for further details on the impairments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 Adjusting items continued**Store impairments, impairment reversals and property charges (£2.3m credit) continued**

The charges/credits have been classified as an adjusting item on the basis of the significant quantum of the charge/credit in the period to the results of the Group. Any future charges or reversals relating to stores previously impaired within adjusting items will continue to be recognised within adjusting items in line with the original charge. Any future charges or reversals relating to stores not previously impaired within adjusting items or not otherwise meeting the Group's adjusting items policy will be recognised in the underlying results.

Impairment of investment in Ocado Retail Limited (£248.5m)

The Group has recognised an impairment charge of £248.5m against its investment in Ocado Retail Limited (ORL).

Ahead of the expected consolidation of ORL in April 2025 (see note 29), and in accordance with the relevant accounting standards, the Group performed a valuation exercise of ORL, which triggered a full impairment test of the Group's existing investment in ORL.

The enterprise value of the business has been based on the value of the cash flows that ORL is expected to generate in the future. This valuation was performed using the latest ORL Board-approved five-year cash flow forecast, adjusted for certain management assumptions, and having regard to historical ORL performance, future achievable growth and the impact of committed initiatives. A post-tax discount rate of 9.0% was applied, based on a market participant view of comparable companies to ORL.

The Group determined that the recoverable amount of its investment in ORL is £385.0m and as a result has recognised an impairment charge of £248.5m. Refer to note 29 for further details on the impairment.

The impairment charge has been classified as an adjusting item on the basis it is one-off and significant in nature, and value, to the results of the Group and to the Ocado segment.

M&S Bank transformation and insurance mis-selling provisions (£15.5m)

The Group has an economic interest in Marks and Spencer Financial Services plc (trading as M&S Bank), a wholly owned subsidiary of HSBC UK Bank plc (HSBC UK), by way of a Relationship Agreement that entitles the Group to a share of the profits of M&S Bank after appropriate deductions.

On 9 April 2024, the Group and HSBC UK agreed a new seven-year deal focused on enhancing M&S' credit offering and payment solutions through M&S Bank and bringing together digital payments and loyalty for M&S customers.

As previously disclosed, a deficit had accumulated since September 2012, primarily relating to liabilities recognised by M&S Bank for redress to customers in respect of possible mis-selling of financial products. Under the terms of the renegotiated Relationship Agreement, the Group has agreed to settle the deficit by the end of the

new contract. Other one-off fees are also payable to M&S Bank under the renegotiated Relationship Agreement which will be recognised as a reduction to income over the term of contract.

Costs of £15.5m have been recognised in the period, predominantly relating to the settlement of the deficit. Total programme costs to date are £20.5m with future net charges of £88.3m expected over the next six financial years.

All of these costs are considered to be adjusting items as they are significant in quantum and have crystallised as a result of major business change linked to M&S Bank. Recognition of these costs within adjusting items is consistent with the disclosure of costs relating to the deficit previously recognised within adjusting items. Furthermore, these costs are significant in value to the results of both the Group and to the 'all other segments' segment.

Legal settlement (£20.5m credit)

During the period an agreement was reached in relation to damages from an independent third party following its involvement in anti-competitive behaviour that adversely impacted the Group. The income from this was offset by legal and professional fees incurred in relation to this claim and net income of £20.5m was recognised.

This net income is an adjusting item as it is significant in value, related to a litigation settlement and is not considered to be a normal income stream of the business. No future charges/credits are expected in relation to this settlement.

Net pension finance income (£4.1m credit)

In the period net finance income of £4.1m was recognised (last year: £24.0m).

The net pension finance income or expense can fluctuate significantly each year due to changes in external market factors that are outside management's control. Furthermore, as the scheme is now closed, it is not considered to be part of the ongoing operating activities of the Group.

Therefore, consistent with how management assesses the performance of the business, the net pension finance income is considered to be an adjusting item.

Net finance costs incurred in relation to Gist Limited deferred and contingent consideration (£7.6m)

Deferred consideration, resulting from the acquisition of Gist Limited, is held at amortised cost, whilst the contingent consideration is remeasured at fair value at each reporting date with the changes in fair value recognised in profit or loss. A charge of £7.6m (last year: £8.2m) has been recognised in the period, representing the discount unwind of the deferred consideration and revaluation of the contingent consideration payable. See note 21 for further details. The discount unwind and change in fair value is considered to be an adjusting item as it relates to a major transaction and consequently is not considered representative of the normal operating performance of the Group. The discount unwind and remeasurement will be recognised in adjusting items until the final payments are made.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6 Finance income/(costs)

	2025 £m	2024 £m
Bank and other interest receivable	54.9	52.3
Interest income of subleases	5.7	5.7
Finance income before adjusting items	60.6	58.0
Finance income in adjusting items	4.1	88.7
Finance income	64.7	146.7
Other finance costs	(4.6)	(6.3)
Interest payable on syndicated bank facility	(4.6)	(4.8)
Interest payable on Medium-Term Notes	(36.7)	(42.2)
Interest payable on lease liabilities	(115.9)	(116.2)
Unwind of discount on provisions	(6.4)	(6.6)
Unwind of discount on Partnership liability to the Marks & Spencer UK Pension Scheme (see note 12)	(1.4)	(4.1)
Finance costs before adjusting items	(169.6)	(180.2)
Finance costs in adjusting items	(7.6)	(8.2)
Finance costs	(177.2)	(188.4)
Net finance costs	(112.5)	(41.7)

7 Income tax expense**A. Taxation charge**

	2025 £m	2024 £m
Current tax		
UK corporation tax on profits for the year at 25% (last year: 25%)		
– current year	157.2	151.8
– adjustments in respect of prior years	(0.3)	(8.4)
UK current tax	156.9	143.4
Overseas current taxation		
– current year	6.5	9.6
– adjustments in respect of prior years	(0.5)	(2.9)
Total current taxation	162.9	150.1
Deferred tax		
– origination and reversal of temporary differences	49.9	65.6
– adjustments in respect of prior years	7.0	31.6
– changes in tax rate	0.1	—
Total deferred tax (see note 23)	57.0	97.2
Total income tax expense	219.9	247.3

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 Income tax expense continued**B. Taxation reconciliation**

The effective tax rate was 43.0% (last year: 36.8%) and is explained below.

	2025 £m	2024 £m
Profit before tax	511.8	672.5
Notional taxation at standard UK corporation tax rate of 25% (last year: 25%)	128.0	168.1
Depreciation and other amounts in relation to land and buildings that do not qualify for tax relief	(3.9)	21.1
Depreciation and other amounts in relation to other fixed assets that do not qualify for tax relief	13.5	11.2
Other income and expenses that are not taxable or allowable for tax purposes	(6.6)	17.9
Joint venture results accounted for as profit after tax	7.1	8.6
Overseas profits taxed at rates different from those of the UK	(3.0)	(3.3)
Movement in unrecognised deferred tax assets	0.1	(1.1)
Controlled foreign companies charge	1.3	2.1
Pillar 2 top-up tax	0.3	—
Adjustments to the current and deferred tax charges in respect of prior periods	6.2	2.4
Adjusting items:		
– Store and strategic programme impairments and other property charges where no tax relief is available	5.8	1.3
– Cost incurred on acquisition of Cist	1.9	0.3
– Other strategic programme income and expenses that are not taxable or allowable for tax purposes	6.6	6.4
– Amortisation arising as a part of the investment in Ocado Retail Limited	3.2	3.2
– Release of Ocado contingent consideration	—	(8.7)
– Joint venture results accounted for as profit after tax	0.5	—
– Impairment of investment in Ocado Retail Limited	62.1	—
– Adjustments to the land and buildings deferred tax due to adjusting items	(3.2)	—
– Adjustments to the current and deferred tax charges in respect of prior periods	—	17.8
Total income tax expense	219.9	247.3

The effective tax rate in respect of the profit before adjusting items was 26.7% (last year: 33.2%).

The Group has applied the temporary exemption under IAS 12 in relation to the accounting for deferred taxes arising from the implementation of the Pillar Two rules, so that the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two.

The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operated are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply and the Pillar Two effective tax rate is close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions and a top up tax liability of £0.3m has been included in the total tax balance.

C. Current tax reconciliation

The current tax reconciliation shows the tax effect of the main adjustments made to the Group's accounting profits in order to arrive at its taxable profits. The reconciling items differ from those in note 7B as the effects of deferred tax temporary differences are ignored below.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 Income tax expense continued**C. Current tax reconciliation continued**

	2025 £m	2024 £m
Profit before tax	511.8	672.5
Notional taxation at standard UK corporation tax rate of 25% (last year: 25%)	128.0	168.1
Disallowable accounting depreciation and other similar items	68.4	66.6
Deductible capital allowances	(122.9)	(108.0)
Adjustments in relation to employee share schemes	8.9	(2.4)
Adjustments in relation to employee pension schemes	(0.2)	14.6
Overseas profits taxed at rates different from those of the UK	(3.0)	(3.3)
Joint venture results accounted for as profit after tax	7.1	8.6
Utilisation or increase of unrecognised losses	0.1	—
Other income and expenses that are not taxable or allowable	(3.9)	15.4
Controlled foreign companies charge	1.3	2.1
Pillar 2 top-up tax	0.3	—
Adjusting items:		
– UK store and strategic programme impairments and other property charges where no tax relief is available	6.3	4.5
– Employee pension scheme	(1.0)	(6.0)
– Store estate lease surrender payments	4.8	6.0
– Other strategic programme income and expenses that are not taxable or allowable for tax purposes	1.8	0.4
– Cost incurred on acquisition of Gist	1.9	0.3
– Amortisation arising as a part of the investment in Ocado Retail Limited	3.2	10.7
– Release of Ocado contingent consideration	—	(16.2)
– Joint venture results accounted for as profit after tax	0.5	—
– Impairment of investment in Ocado Retail Limited	62.1	—
Current year current tax charge	163.7	161.4
Represented by:		
UK current year current tax	157.2	151.8
Overseas current year current tax	6.5	9.6
	163.7	161.4
UK adjustments in respect of prior years	(0.3)	(8.4)
Overseas adjustments in respect of prior years	(0.5)	(2.9)
Total current taxation (note 7A)	162.9	150.1

8 Earnings per share

The calculation of earnings per ordinary share is based on earnings after tax and the weighted average number of ordinary shares in issue during the year.

The adjusted earnings per share figures have also been calculated based on earnings before adjusting items that are significant in nature and/or quantum and are considered distortive to underlying results (see note 5). These have been presented to provide shareholders with an additional measure of the Group's year-on-year performance.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has four types of dilutive potential ordinary shares, being: those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year; unvested shares granted under the Deferred Share Bonus Plan; unvested shares granted under the Restricted Share Plan; and unvested shares within the Performance Share Plan that have met the relevant performance conditions at the end of the reporting period.

Details of the adjusted earnings per share are set out below:

	2025 £m	2024 £m
Profit attributable to equity shareholders of the Company	295.7	431.2
Add/(less):		
Adjusting items (see note 5)	363.7	43.9
Tax on adjusting items	(14.0)	9.5
Profit before adjusting items attributable to equity shareholders of the Company	645.4	484.6
	Million	Million
Weighted average number of ordinary shares in issue	2,021.9	1,973.2
Potentially dilutive share options under Group's share option schemes	88.8	102.7
Weighted average number of diluted ordinary shares	2,110.7	2,075.9
	Pence	Pence
Basic earnings per share	14.6	21.9
Diluted earnings per share	14.0	20.8
Adjusted basic earnings per share	31.9	24.6
Adjusted diluted earnings per share	30.6	23.3

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 Dividends

	2025 per share	2024 per share	2025 £m	2024 £m
Dividends on equity ordinary shares				
Paid interim dividend	1.0p	1.0p	20.3	19.6
Paid final dividend	2.0p	—	40.2	—
	3.0p	1.0p	60.5	19.6

The directors have approved a final dividend of 2.6p per share (last year: 2.0p per share), which, in line with the requirements of IAS 10 Events after the Reporting Period, has not been recognised within these results. This final dividend of c.£53.4m (last year: £40.2m) will be paid on 4 July 2025 to shareholders whose names are on the Register of Members at the close of business on 30 May 2025. The ordinary shares will be quoted ex-dividend on 29 May 2025.

A dividend reinvestment plan (DRIP) is available to shareholders who would prefer to invest their dividends in the shares of the Company. For those shareholders electing to receive the DRIP, the last date for receipt of a new election is 13 June 2025.

10 Employees

A. Aggregate remuneration

The aggregate remuneration and associated costs of Group employees (including the Executive Committee) were:

	2025 £m	2024 £m
Wages and salaries	1,835.8	1,738.1
Social security costs	151.2	128.7
Pension costs	112.7	104.0
Share-based payments (see note 13)	44.4	42.3
Employee welfare and other personnel costs	51.2	47.5
Capitalised staffing costs	(26.7)	(20.5)
Total aggregate remuneration¹	2,168.6	2,040.1

¹ Excludes amounts recognised within adjusting items of £5.2m cost (last year: £1.9m income) (see notes 3 and 5).

Details of key management compensation are given in note 28.

B. Average monthly number of employees

	2025	2024
UK stores		
– management and supervisory categories	4,847	4,915
– other	51,520	52,150
UK support centre		
– management and supervisory categories	3,725	3,709
– other	898	917
UK operations		
– management and supervisory categories	759	723
– other	6,544	6,491
Overseas	5,040	5,392
Total average number of employees	73,333	74,297

If the number of hours worked was converted on the basis of a normal working week, the equivalent average number of full-time employees would have been 51,279 (last year: 52,639).

11 Retirement benefits

The Group provides pension arrangements for the benefit of its UK employees through the Your M&S Pension Saving Plan (a defined contribution (DC) arrangement) and prior to 2017, through the Marks & Spencer Pension Scheme (UK DB Pension Scheme) (a defined benefit (DB) arrangement).

The legacy UK DB Pension Scheme operated on a final pensionable salary basis and is governed by a Trustee board which is independent of the Group. The UK DB Pension Scheme closed to future accrual on 1 April 2017. There will be no further service charges relating to the scheme and no future monthly employer contributions for current service. At year end, the UK DB Pension Scheme had no active members (last year: nil), 44,327 deferred members (last year: 46,779) and 54,762 pensioners (last year: 54,085).

The DC plan is a pension plan under which the Group pays contributions to an independently administered fund. Such contributions are based upon a fixed percentage of employees' pay. The Group has no legal or constructive obligations to pay further contributions to the fund once the contributions have been paid. Members' benefits are determined by the amount of contributions paid by the Group and the member, together with the investment returns earned on the contributions arising from the performance of each individual's investments and how each member chooses to receive their retirement benefits. As a result, actuarial risk (that benefits will be lower than expected) and investment risk (that assets invested in will not perform in line with expectations) fall on the employee. At the year end, the DC arrangement had some 50,513 active members (last year: 50,641) and some 68,861 deferred members (last year: 64,473).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Retirement benefits continued

The Group also operates a small legacy funded DB pension scheme in the Republic of Ireland. This scheme closed to future accrual on 31 October 2013. Other retirement benefits also include a UK post-retirement healthcare scheme and unfunded retirement benefits.

The total Group retirement benefit cost was £71.4m (last year: £45.9m). Of this, costs of £1.2m (last year: income of £18.9m) relates to the UK DB Pension Scheme, costs of £67.0m (last year: costs of £61.7m) to the UK DC plan and costs of £3.2m (last year: costs of £3.1m) to other retirement benefit schemes.

The Group considers two measures of the pension deficit. The accounting position is shown on the Group balance sheet. The funding position, calculated at the triennial actuarial valuation, is used to agree contributions made to the schemes. The two measures will vary because they are for different purposes, and are calculated at different dates and in different ways. The key calculation difference is that the funding position considers the expected returns of scheme assets when calculating the liability, whereas the accounting position calculated under IAS 19 discounts liabilities is based on corporate bond yields.

The most recent actuarial valuation of the UK DB Pension Scheme was carried out as at 31 March 2024 and showed a funding surplus of £288m. This is a reduction compared to the previous position at 31 March 2021 (funding surplus of £687m), primarily due to net investment experience. The Company and Trustee have confirmed, in line with the current funding arrangement, that no further contributions will be required to fund past service as a result of this valuation (other than those already contractually committed under the existing Marks and Spencer Scottish Limited Partnership arrangements – see note 12).

By funding its DB pension schemes, the Group is exposed to the risk that the cost of meeting its obligations is higher than anticipated. This could occur for several reasons, for example:

- Investment returns on the schemes' assets may be lower than anticipated, especially if falls in asset values are not matched by similar falls in the value of the schemes' liabilities.
- The level of price inflation may be higher than that assumed, resulting in higher payments from the schemes.
- Scheme members may live longer than assumed, for example, due to advances in healthcare. Members may also exercise (or not exercise) options in a way that leads to increases in the schemes' liabilities, for example, through early retirement or commutation of pension for cash.
- Legislative changes could also lead to an increase in the schemes' liabilities.

In addition, the Group is exposed to additional risks through its obligation to the UK DB Pension Scheme via its interest in the Scottish Limited Partnership (see note 12). In particular, under the legal terms of the Partnership, a default by the Group on the rental payments to the Partnership or a future change in legislation could trigger earlier or higher payments to the pension scheme, or an increase in the collateral to be provided by the Group.

With the pensioner buy-in policies purchased in September 2020, April 2019 and March 2018, the Scheme has now, in total, insured around 70% of the pensioner cash flow liabilities for pensions in payment. The buy-in policies cover specific pensioner liabilities and pass all risks to an insurer in exchange for a fixed premium payment, thus reducing the Group's exposure to changes in longevity, interest rates, inflation and other factors.

The Group is aware of a UK High Court legal ruling in June 2023 between Virgin Media Limited and NTL Pension Trustees II Limited, which decided that certain historical rule amendments were invalid if they were not accompanied by the actuarial certifications. The ruling was subject to appeal and in July 2024 the Court of Appeal confirmed the UK High Court legal ruling from June 2023. The Group is working with the Trustee and its legal advisers to assess the impact of the ruling and this work is ongoing. As the outcome of the assessment is still unknown, no adjustments have been made to the Group financial statements at 29 March 2025.

A. Pensions and other post-retirement liabilities

	2025 £m	2024 £m
Total market value of assets	5,292.8	6,108.9
Present value of scheme liabilities	(5,411.7)	(6,027.1)
Net funded pension plan (liability)/asset	(118.9)	81.8
Unfunded retirement benefits	(2.1)	(2.2)
Post-retirement healthcare	(1.7)	(2.4)
Net retirement benefit (deficit)/surplus	(122.7)	77.2
Analysed in the statement of financial position as:		
Retirement benefit asset	—	81.8
Retirement benefit deficit	(122.7)	(4.6)
Net retirement benefit (deficit)/surplus	(122.7)	77.2

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Retirement benefits continued**A. Pensions and other post-retirement liabilities continued**

In the event of a plan wind-up, the pension scheme rules provide Marks and Spencer plc with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities. In the ordinary course of business, the Trustee has no right to wind up or change the benefits due to members of the scheme. As a result, any net surplus in the UK DB Pension Scheme is recognised in full.

B. Scheme assets

Changes in the fair value of the scheme assets are as follows:

	2025 £m	2024 £m
Fair value of scheme assets at start of year	6,108.9	6,781.9
Interest income based on discount rate	283.4	313.4
Actual return on scheme assets excluding amounts included in net interest income ¹	(722.9)	(647.8)
Changes in asset ceiling	5.8	(2.5)
Employer contributions ²	(49.3)	0.5
Benefits paid	(327.7)	(331.8)
Administration costs	(5.2)	(5.2)
Exchange movement	(0.2)	0.4
Fair value of scheme assets at end of year	5,292.8	6,108.9

1 The actual return on scheme assets was a loss of £439.5m (last year: £334.4m).

2 Includes replacement of first Partnership interest of £49.7m.

C. Pensions and other post-retirement liabilities

Changes in the present value of retirement benefit obligations are as follows:

	2025 £m	2024 £m
Present value of obligation at start of year	6,031.7	6,304.5
Current service cost	0.1	0.1
Administration costs	—	0.2
Interest cost	279.3	289.4
Benefits paid	(327.7)	(331.8)
Actuarial loss – experience	111.7	5.5
Actuarial loss/(gain) – demographic assumptions	5.0	(102.0)
Actuarial gain – financial assumptions	(684.6)	(134.6)
Exchange movement	—	0.4
Present value of obligation at end of year	5,415.5	6,031.7
Analysed as:		
Present value of pension scheme liabilities	5,411.7	6,027.1
Unfunded pension plans	2.1	2.2
Post-retirement healthcare	1.7	2.4
Present value of obligation at end of year	5,415.5	6,031.7

The average duration of the defined benefit obligation at 29 March 2025 is 12.0 years (last year: 13.0 years).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Retirement benefits continued**D. Analysis of assets**

The investment strategy of the UK DB Pension Scheme is driven by its liability profile, including its inflation-linked pension benefits. In addition to its interest in the Scottish Limited Partnership (refer to note 12), the scheme invests in different types of bond (including corporate bonds and gilts) and derivative instruments (including inflation, interest rate, cross-currency and total return swaps) in order to align movements in the value of its assets with movements in its liabilities arising from changes in market conditions. Broadly, the scheme has hedging that covers 98% of interest rate movements and 99% of inflation movements, as measured on the Trustee's funding assumptions which use a discount rate derived from gilt yields.

The fair value of the total plan assets at the end of the reporting period for each category is as follows:

	2025			2024		
	Quoted £m	Unquoted £m	Total £m	Quoted £m	Unquoted £m	Total £m
Debt investments						
– Government bonds net of repurchase agreements ¹	3,283.5	(1,855.8)	1,427.7	1,706.0	(106.2)	1,599.8
– Corporate bonds	11.0	87.9	98.9	12.4	1.1	13.5
– Asset backed securities and structured debt	—	220.8	220.8	—	258.8	258.8
Scottish Limited Partnership interest (see note 12)	—	—	—	—	88.5	88.5
Equity investments						
– Developed markets	—	—	—	13.2	—	13.2
Growth asset funds						
– Global property	—	161.3	161.3	—	219.3	219.3
– Hedge and reinsurance	—	295.9	295.9	5.7	314.5	320.2
– Private equity and infrastructure	—	122.6	122.6	—	148.1	148.1
Derivatives						
– Interest and inflation rate swaps	21.5	—	21.5	168.1	—	168.1
– Foreign exchange contracts and other derivatives	23.3	—	23.3	(3.5)	—	(3.5)
Cash and cash equivalents	160.5	—	160.5	230.7	—	230.7
Other						
– Buy-in insurance	—	1,935.0	1,935.0	—	2,026.3	2,026.3
– Secure income asset funds	—	965.7	965.7	—	1,064.4	1,064.4
Total²	3,499.8	1,933.4	5,433.2	2,132.6	4,014.8	6,147.4

¹ Repurchase agreements were £1,855.8m (last year: £106.2m).

² The difference between the total assets of £5,433.2m above compared to £5,292.8m is £140.4m. This relates to the cap applied to the Irish DB scheme and therefore the actuarial gain is not recognised.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Retirement benefits continued**D. Analysis of assets continued**

The fair values of the above equity and debt investments are based on publicly available market prices wherever available. Unquoted investments, hedge funds and reinsurance funds are stated at fair value estimates provided by the manager of the investment or fund. Property includes both quoted and unquoted investments. The fair value of the Scottish Limited Partnership interest is based on the expected cash flows and benchmark asset-backed credit spreads. It is the policy of the scheme to hedge a proportion of interest rate and inflation risk. The scheme reduces its foreign currency exposure using forward foreign exchange contracts.

E. Financial assumptions

The financial assumptions for the UK DB Pension Scheme and the most recent actuarial valuations of the other post-retirement schemes have been updated by independent qualified actuaries to take account of the requirements of IAS 19 Employee Benefits in order to assess the liabilities of the schemes and are as follows:

	2025 %	2024 %
Rate of increase in pensions in payment for service	2.0-3.0	2.1-3.1
Discount rate	5.75	4.80
Inflation rate (RPI)	3.10	3.20
Long-term healthcare cost increases	7.10	7.20

F. Demographic assumptions

The UK demographic assumptions are mainly in line with those adopted for the last formal actuarial valuation of the scheme performed as at 31 March 2024. The UK post-retirement mortality assumptions are based on an analysis of the pensioner mortality trends under the scheme for the period to March 2024. The specific mortality rates used are based on the VITA lite tables, with future projections based on up-to-date industry models, parameterised to reflect scheme data. The life expectancies underlying the valuation are as follows:

	2025	2024
Current pensioners (at age 65)		
– male	22.5	21.7
– female	23.9	24.1
Future pensioners – currently in deferred status (at age 65)		
– male	23.7	23.0
– female	25.3	25.5

G. Sensitivity analysis

The table below summarises the estimated impact of reasonably possible changes in the significant actuarial assumptions on the UK DB Pension Scheme surplus:

	2025 £m	2024 £m
Decrease in scheme surplus caused by a decrease in the discount rate of 0.25%	(20.0)	(30.0)
Increase in scheme surplus caused by an increase in the discount rate of 0.25%	15.0	25.0
Decrease in scheme surplus caused by a decrease in the discount rate of 1.0%	(80.0)	(120.0)
Increase in scheme surplus caused by an increase in the discount rate of 1.0%	70.0	100.0
Decrease in scheme surplus caused by a decrease in the inflation rate of 0.25%	(10.0)	(20.0)
Decrease in scheme surplus caused by a decrease in the inflation rate of 0.5%	(20.0)	(40.0)
Increase in scheme surplus caused by decrease in the average life expectancy of one year	110.0	130.0

The sensitivity analysis above is based on a change in one assumption while holding all others constant. Therefore, interdependencies between the assumptions have not been taken into account within the analysis. The sensitivities reflect the range of recent assumption movements and illustrate that the financial assumption sensitivities do not move in a linear fashion.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 Retirement benefits continued**H. Analysis of amounts charged against profits**

Amounts recognised in comprehensive income in respect of defined benefit retirement plans are as follows:

	2025 £m	2024 £m
Current service cost	0.1	0.1
Administration costs	5.2	5.2
Net interest income	(4.1)	(24.0)
Total	1.2	(18.7)
Remeasurement on the net defined benefit (deficit)/surplus:		
Actual return on scheme assets excluding amounts included in net interest income	722.9	647.8
Actuarial loss/(gain) – demographic assumptions	5.0	(102.0)
Actuarial loss – experience	111.7	5.5
Actuarial gain – financial assumptions	(684.6)	(134.6)
Change in asset ceiling	(5.8)	2.5
Components of defined benefit expense recognised in other comprehensive income	149.2	419.2

12 Marks and Spencer Scottish Limited Partnership

Marks and Spencer plc is a general partner and the Marks & Spencer UK Pension Scheme is a limited partner of the Marks and Spencer Scottish Limited Partnership (the Partnership). Under the Partnership agreement, the limited partners have no involvement in the management of the business and shall not take any part in the control of the Partnership. The general partner is responsible for the management and control of the Partnership and, as such, the Partnership is consolidated into the results of the Group.

The Partnership holds £1.3bn (last year: £1.3bn) of properties at book value which have been leased back to Marks and Spencer plc. The Group retains control over these properties, including the flexibility to substitute alternative properties into the Partnership.

In February 2025 the Group and the Pension Scheme Trustees agreed a change to the Partners' entitlements to distributions from the Partnership. The first limited Partnership interest and second limited Partnership interest were replaced by a third limited Partnership interest. The table below shows the impact on 2024/25.

	First Partnership interest £m	Second Partnership interest £m	Total £m
Distributions due in 2024/25 before amendment to Partners' entitlements	89.7	36.4	126.1
Actual pension scheme distributions paid in 2024/25	(40.5)	—	(40.5)
Distributions no longer due to be paid	49.2	36.4	85.6

The first limited Partnership interest (held by the Marks & Spencer UK Pension Scheme), previously entitled the Pension Scheme to receive £89.7m in June 2024. During the period, the Group and the Pension Scheme Trustees agreed to amend the distribution dates as part of the restructure so that the Pension Scheme received £40.0m in June 2024 and £0.5m in February 2025 and is entitled to no further distributions under this interest.

The second Partnership interest (also held by the Marks & Spencer UK Pension Scheme), previously entitled the Pension Scheme to receive a further annual distribution of £36.4m from June 2017 until June 2031. During the period, the Group and the Pension Scheme Trustees agreed to amend the distribution dates as part of the restructure so that the Pension Scheme received no distributions in the year and is entitled to no further distributions.

The new third Partnership interest (also held by the Marks & Spencer UK Pension Scheme) entitles the Pension Scheme to receive £45.0m in June 2025 and June 2026, and £55.0m in June 2027 and June 2028. From June 2029 to June 2035 the Pension Scheme is entitled to receive either £55.0m or £nil, depending on the funding level of the Pension Scheme as at the latest reporting date. Under certain circumstances these amounts may be retained in the Partnership, with the distribution determined by the future funding position of the pension scheme.

The Partnership liability in relation to the first interest of £nil (last year: £88.8m) was included as a financial liability in the Group's financial statements as it was a transferable financial instrument and measured at amortised cost, being the net present value of the future expected distributions from the Partnership. During the year to 29 March 2025 an interest charge of £1.4m (last year: £4.1m) was recognised in the income statement representing the unwinding of the discount included in this obligation. The first limited Partnership interest of the Pension Scheme was included within the UK DB Pension Scheme assets, valued at £nil (last year: £88.5m).

The second Partnership interest was not a transferable financial instrument as the Scheme Trustee does not have the right to transfer it to any party other than a successor Trustee. It was therefore not included as a plan asset within the UK DB Pension Scheme surplus reported in accordance with IAS 19. Similarly, the associated liability was not included on the Group's statement of financial position, rather the annual distribution was recognised as a contribution to the scheme each year.

The third Partnership interest is not a transferable financial instrument as the Scheme Trustee does not have the right to transfer it to any party other than a successor Trustee.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12 Marks and Spencer Scottish Limited Partnership continued

It is therefore not included as a plan asset within the UK DB Pension Scheme deficit reported in accordance with IAS 19. Similarly, the associated liability is not included on the Group's statement of financial position, rather the annual distribution is recognised as a contribution to the scheme each year.

13 Share-based payments

This year a charge of £44.4m was recognised for share based payments (last year: £42.3m). Of the total share-based payments charge, £8.4m (last year: £6.9m) relates to the UK Save As You Earn Share Option scheme, £15.0m (last year: £18.7m) relates to Performance Share Plans, £2.8m (last year: £3.2m) relates to Restricted Share Plans, £18.2m relates to Deferred Share Bonus Schemes (last year: £13.4m) and £nil relates to Republic of Ireland Save As You Earn Share Option Scheme (last year: charge of £0.1m).

In addition, a charge of £8.0m was recognised in relation to Annual Bonus Schemes under the Deferred Share Bonus Scheme (last year: £6.0m). The Annual Bonus for 2024/25 is due to be granted in July 2025. Further details of the option and share schemes that the Group operates are provided in the Remuneration Report.

A. Save As You Earn scheme – £8.4m

The Save As You Earn (SAYE) scheme was approved by shareholders for a further 10 years at the 2017 Annual General Meeting (AGM). Under the terms of the scheme, the Board may offer options to purchase ordinary shares in the Company once in each financial year to those employees who enter into an His Majesty's Revenue & Customs (HMRC) approved SAYE savings contract. The scheme allows participants to save up to a maximum of £500 (last year: £500) each month. The price at which options may be offered is 80% of the average mid-market price for the three consecutive dealing days preceding the offer date. The options may normally be exercised during the six-month period after the completion of the SAYE contract.

	2025		2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	46,087,264	143.2p	107,052,423	94.3p
Granted	15,194,241	303.0p	16,992,982	204.0p
Exercised	(14,624,581)	108.0p	(69,447,176)	83.7p
Forfeited	(3,573,848)	191.7p	(4,293,304)	119.4p
Expired	(650,756)	93.2p	(4,217,661)	149.4p
Outstanding at end of year	42,432,320	209.3p	46,087,264	143.2p
Exercisable at end of year	1,944,316	186.3p	9,196,010	83.2p

For SAYE share options exercised during the period, the weighted average share price at the date of exercise was 299.9p (last year: 238.7p).

The fair values of the options granted during the year have been calculated using the Black-Scholes model assuming the inputs shown below:

	2025 3-year plan	2024 3-year plan
Grant date	Dec 24	Dec 23
Share price at grant date	379p	255p
Exercise price	303p	204p
Option life in years	3 years	3 years
Risk-free rate	4.1%	3.9%
Expected volatility	33.5%	37.6%
Expected dividend yield	0.9%	1.2%
Fair value of option	121p	87p

Volatility has been estimated by taking the historical volatility in the Company's share price over a three-year period.

The resulting fair value is expensed over the service period of three years on the assumption that 30% (last year: 30%) of options will lapse over the service period as employees leave the Group.

Outstanding options granted under the UK Employee SAYE Scheme are as follows:

Options granted ¹	Number of options		Weighted average remaining contractual life (years)		Option price
	2025	2024	2025	2024	
February 2020	—	17,994	—	(0.7)	151p
February 2021	32,266	11,607,154	(0.7)	0.3	82p
February 2022	1,840,721	5,609,211	0.3	1.3	189p
February 2023	11,306,393	12,381,002	1.3	2.3	99p
February 2024	14,687,727	16,471,903	2.3	3.3	204p
February 2025	14,565,213	—	3.3	—	303p
	42,432,320	46,087,264	2.3	2.1	209p

¹ For the purpose of the above table, the option granted date is the contract start date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 Share-based payments continued**B. Performance Share Plan* – £15.0m**

The Performance Share Plan (PSP) is the primary long-term incentive plan for approximately 150 of the most senior managers within the Group. It was first approved by shareholders at the 2005 AGM and again at the 2020 AGM. Under the plan, annual awards, based on a percentage of salary, may be offered. The extent to which an award vests is measured over a three-year period against financial targets which for 2024/25 included Earnings Per Share (EPS), Return on Capital Employed (ROCE), Total Shareholder Return (TSR) and strategic measures. The value of any dividends earned on the vested shares during the three years may also be paid on vesting. Further details are set out in the Remuneration Report. Awards under this plan have been made in each year since 2005. More information is available in relation to this plan within the Remuneration Report.

During the year, 9,450,064 shares (last year: 13,926,961) were awarded under the plan. The weighted average fair value of the shares awarded was 289.0p (last year: 192.4p). As at 29 March 2025, 35,353,856 shares (last year: 41,854,500) were outstanding under the plan.

Movement during the year of share options granted under the PSP Scheme are as follows:

	2025	2024
	Number of options	Number of options
Outstanding at beginning of the year	41,854,500	47,532,523
Granted	9,450,064	13,926,961
Exercised	(12,196,576)	(7,429,851)
Lapsed	(3,754,132)	(12,175,133)
Outstanding at end of year	35,353,856	41,854,500

C. Deferred Share Bonus Plan* – £18.2m

The Deferred Share Bonus Plan (DSBP) was first introduced in 2005/06 as part of the Annual Bonus Scheme and was approved by shareholders at the 2020 AGM. It may be operated for approximately 5,040 of the most senior managers within the Group. As part of the plan, the managers are required to defer a proportion of any bonus paid into shares which will be held for three years. There are no further performance conditions on these shares, other than continued employment within the Group and the value of any dividends earned on the vested shares during the deferred period may also be paid on vesting. More information is available in relation to this plan within the Remuneration Report.

During the year, 13,079,225 shares (last year: 18,919,979) have been awarded under the plan in relation to the annual bonus. As at 29 March 2025, 48,494,977 shares (last year: 40,631,579) were outstanding under the plan.

D. Restricted Share Plan* – £2.8m

The Restricted Share Plan (RSP) was established in 2000 as part of the reward strategy for retention and recruitment of senior managers who are vital to the success of the business and the plan was approved by shareholders at the 2020 AGM. The plan operates for the senior management team. Awards vest at the end of the restricted period (typically between one and three years) subject to the participant still being in employment of the Company on the relevant vesting date. The value of any dividends earned on the vested shares during the restricted period may also be paid on vesting. More information is available in relation to this plan within the Remuneration Report.

During the year, 1,713,749 shares (last year: 824,300) have been awarded under the plan. The weighted average fair value of the shares awarded was 340p (last year: 45.9p). As at 29 March 2025, 2,296,945 shares (last year: 3,450,543) were outstanding under the plan.

E. Marks and Spencer Employee Benefit Trust

The Marks and Spencer Employee Benefit Trust (the Trust) holds 40,584,818 (last year: 31,840,513) shares with a book value of £0.4m (last year: £0.3m) and a market value of £143.9m (last year: £84.4m). These shares were acquired by the Trust in the market and are shown as a reduction in retained earnings in the consolidated statement of financial position. Awards are granted to employees at the discretion of Marks and Spencer plc and the Trust agrees to satisfy the awards in accordance with the wishes of Marks and Spencer plc under senior executive share schemes. Dividends are waived on all of these shares.

F. ShareBuy

ShareBuy, the Company's Share Incentive Plan, enables the participants to buy shares directly from their gross salary. This scheme does not attract an IFRS 2 charge.

* All awards both this year and last year were conditional shares. For the purposes of calculating the number of shares awarded, the share price used is the average of the mid-market price for the five consecutive dealing days preceding the grant date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 Intangible assets

	Goodwill £m	Brands £m	Computer software £m	Computer software under development £m	Total £m
At 1 April 2023					
Cost	140.6	118.7	1,612.5	92.2	1,964.0
Accumulated amortisation, impairments and disposals	(112.2)	(113.7)	(1,542.9)	(32.1)	(1,800.9)
Net book value	28.4	5.0	69.6	60.1	163.1
Year ended 30 March 2024					
Opening net book value	28.4	5.0	69.6	60.1	163.1
Additions	—	—	1.0	68.8	69.8
Transfers and reclassifications	—	—	89.3	(82.2)	7.1
Disposals	—	—	(5.6)	—	(5.6)
Amortisation charge	—	(0.7)	(54.0)	—	(54.7)
Exchange difference	—	—	(0.2)	—	(0.2)
Closing net book value	28.4	4.3	100.1	46.7	179.5
At 30 March 2024					
Cost	140.6	118.7	1,702.5	78.8	2,040.6
Accumulated amortisation, impairments and disposals	(112.2)	(114.4)	(1,602.4)	(32.1)	(1,861.1)
Net book value	28.4	4.3	100.1	46.7	179.5
Year ended 29 March 2025					
Opening net book value	28.4	4.3	100.1	46.7	179.5
Additions	—	—	2.0	96.5	98.5
Transfers and reclassifications	—	—	103.4	(125.9)	(22.5)
Disposals	—	—	(3.3)	—	(3.3)
Amortisation charge	—	(0.7)	(63.8)	—	(64.5)
Exchange difference	—	—	(0.3)	—	(0.3)
Closing net book value	28.4	3.6	138.1	17.3	187.4
At 29 March 2025					
Cost	140.6	118.7	1,807.9	49.4	2,116.6
Accumulated amortisation, impairments and disposals	(112.2)	(115.1)	(1,669.8)	(32.1)	(1,929.2)
Net book value	28.4	3.6	138.1	17.3	187.4

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 Intangible assets continued

Goodwill related to the following assets and groups of cash generating units (CGUs):

	per una £m	India £m	Sports Edit £m	Other £m	Total Goodwill £m
Net book value at 30 March 2024 and 29 March 2025	16.5	6.4	4.8	0.7	28.4

Goodwill impairment testing

Goodwill is not amortised but is tested annually for impairment with the recoverable amount being determined from value in use calculations.

The goodwill balance relates to the goodwill recognised on the acquisition of per una £16.5m (last year: £16.5m), India £6.4m (last year: £6.4m), Sports Edit £4.8m (last year: £4.8m) and other £0.7m (last year: £0.7m).

Goodwill for India is monitored by management at a country level, including the combined retail and wholesale businesses, and has been tested for impairment on that basis.

The per una brand is a definite life intangible asset amortised on a straight-line basis over a period of 15 years. The brand intangible was acquired for a cost of £80.0m and has been fully amortised. It is held at a net book value of £nil (last year: £nil). The per una goodwill of £16.5m is tested for annually for impairment.

The cash flows used for impairment testing are based on the Group's latest budget and forecast cash flows, covering a three-year period, which have regard to historical performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed cash flows. The cash flows include ongoing capital expenditure required to maintain the store network, but exclude any growth capital initiatives not committed.

Cash flows beyond this three-year period are extrapolated using a long-term growth rate based on the Group's current view of achievable long-term growth. The Group's current view of achievable long-term growth for per una is 2.0% (last year: 2.0%), which is the same as the overall Group long-term growth rate of 2.0% (last year: 2.0%). The Group's current view of achievable long-term growth for India is 5.5% (last year: 5.5%).

Management estimates discount rates that reflect the current market assessment of the time value of money and the risks specific to each asset or CGU. The pre-tax discount rates are derived from the Group's post-tax weighted average cost of capital ("WACC") which has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). The post-tax WACC is subsequently grossed up to a pre-tax rate and was 14.5% for per una (last year: 13.5%) and 16.7% for India (last year: 16.1%).

The immediately quantifiable impacts of climate change and costs expected to be incurred in connection with our net zero commitments, are included within the Group's budget and three-year plan which have been used to support the impairment reviews, with no material impact on cash flows.

Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions, both individually and in combination. Management has considered reasonably possible changes in key assumptions that would cause the carrying amounts of goodwill or brands to exceed the value in use for each asset. For both per una and India respectively, there are no reasonably possible changes in key assumptions that would lead to an impairment and the assumptions do not give rise to a key source of estimation uncertainty.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 Property, plant and equipment

The Group's property, plant and equipment of £5,408.5m (last year: £5,190.1m) consists of owned assets of £3,910.9m (last year: £3,760.8m) and right-of-use assets of £1,497.6m (last year: £1,429.3m).

Property, plant and equipment – owned

	Land and buildings £m	Fixtures, fittings and equipment £m	Assets in the course of construction £m	Total £m
At 1 April 2023				
Cost	2,911.4	5,532.3	160.6	8,604.3
Accumulated depreciation, impairments and disposals	(843.8)	(3,994.6)	(18.2)	(4,856.6)
Net book value	2,067.6	1,537.7	142.4	3,747.7
Year ended 30 March 2024				
Opening net book value	2,067.6	1,537.7	142.4	3,747.7
Additions	3.4	26.9	313.3	343.6
Transfers and reclassifications	10.3	304.9	(324.0)	(8.8)
Disposals	(46.5)	(1.6)	(1.1)	(49.2)
Impairment reversals	19.2	12.8	—	32.0
Impairment charge	(9.1)	(14.9)	—	(24.0)
Depreciation charge	(32.5)	(242.3)	—	(274.8)
Exchange difference	(3.5)	(2.1)	(0.1)	(5.7)
Closing net book value	2,008.9	1,621.4	130.5	3,760.8
At 30 March 2024				
Cost	2,852.7	5,709.5	148.8	8,711.0
Accumulated depreciation, impairments and disposals	(843.8)	(4,088.1)	(18.3)	(4,950.2)
Net book value	2,008.9	1,621.4	130.5	3,760.8

	Land and buildings £m	Fixtures, fittings and equipment £m	Assets in the course of construction £m	Total £m
Year ended 29 March 2025				
Opening net book value	2,008.9	1,621.4	130.5	3,760.8
Additions	5.1	27.7	457.8	490.6
Transfers and reclassifications	33.9	302.3	(315.1)	21.1
Disposals	(33.8)	(29.8)	—	(63.6)
Impairment reversals	8.5	10.9	—	19.4
Impairment charge	(33.3)	(14.7)	—	(48.0)
Depreciation charge	(7.9)	(257.4)	—	(265.3)
Exchange difference	(2.5)	(1.6)	—	(4.1)
Closing net book value	1,978.9	1,658.8	273.2	3,910.9
At 29 March 2025				
Cost	2,786.4	5,745.8	292.5	8,824.7
Accumulated depreciation, impairments and disposals	(807.5)	(4,088.0)	(18.3)	(4,913.8)
Net book value	1,978.9	1,657.8	274.2	3,910.9

Disposals in the year include assets with gross book value of £388.7m (last year: £216.1m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 Property, plant and equipment continued**Right-of-use assets**

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right-of-use assets	Land and buildings £m	Fixtures, fittings and equipment £m	Total £m
At 1 April 2023	1,389.8	66.2	1,456.0
Additions	161.1	15.0	176.1
Transfers and reclassifications	1.7	—	1.7
Disposals	(17.6)	—	(17.6)
Impairment reversals	13.6	—	13.6
Impairment charge	(21.7)	—	(21.7)
Depreciation charge	(148.8)	(23.3)	(172.1)
Exchange difference	(6.6)	(0.1)	(6.7)
At 30 March 2024	1,371.5	57.8	1,429.3
Additions	215.3	44.7	260.0
Transfers and reclassifications	1.5	—	1.5
Disposals	(2.7)	—	(2.7)
Impairment reversals	1.2	3.1	4.3
Impairment charge	(14.9)	(32.1)	(47.0)
Depreciation charge	(141.0)	(1.0)	(142.0)
Exchange difference	(5.8)	—	(5.8)
At 29 March 2025	1,425.1	72.5	1,497.6

Impairment of property, plant and equipment and right-of-use assets

For impairment testing purposes, the Group has determined that each store is a separate CCU, with the exception of Outlet stores, which are considered together as one CCU. Click & Collect sales are included in the cash flows of the relevant CCU.

Each CCU is tested for impairment at the balance sheet date if any indicators of impairment and impairment reversal have been identified. Stores identified within the Group's store estate programme are automatically tested for impairment (see note 5).

The value in use of each CCU is calculated based on the Group's latest budget and forecast cash flows, covering a three-year period, which have regard to historic performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed initiatives. The cash flows include ongoing capital expenditure required to maintain the store network, but exclude any growth capital initiatives not committed. Cash flows beyond this three-year period are extrapolated using a long-term growth rate based on management's future expectations, with reference to forecast GDP growth. These growth rates do not exceed the long-term growth rate for the Group's retail businesses in the relevant territory. If the CCU relates to a store which the Group has identified as part of the store estate programme, the value in use calculated has been modified by estimation of the future cash flows up to the point where it is estimated that trade will cease and then estimation of the timing and amount of costs associated with closure detailed fully in note 5.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 Property, plant and equipment continued**Impairment of property, plant and equipment and right-of-use assets continued**

The immediately quantifiable impacts of climate change and costs expected to be incurred in connection with our net zero commitments, are included within the Group's budget and three-year plan which have been used to support the impairment reviews, with no material impact on cash flows. We also expect any potential store refurbishments to be phased over multiple years and therefore any changes required due to climate change would not have a material impact in any given year and the warehouse and support centres are located in areas which we would not expect to be physically impacted by climate change. As a consequence there has been no material impact in the forecast cash flows used for impairment testing.

The key assumptions in the value in use calculations are the growth rates of sales and gross profit margins, changes in the operating cost base, long-term growth rates and the risk-adjusted pre-tax discount rate. The pre-tax discount rates are derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). The pre-tax discount rates range from 8.0% to 19.3% (last year: 7.3% to 17.6%). If the CCU relates to a store which the Group has identified as part of the store estate programme, the additional key assumptions in the value-in-use calculations are costs associated with closure, the disposal proceeds from store exits and the timing of the store exits.

Impairments – UK stores excluding the store estate programme

During the year, the Group has recognised an impairment charge of £4.5m and impairment reversals of £2.5m in property, plant and equipment as a result of UK store impairment testing unrelated to the store estate programme (last year: impairment charge of £0.5m and impairment reversals of £31.5m). The impaired stores were impaired to their value in use recoverable amount of £4.0m, which is their carrying value at year end. The stores with impairment reversals were written back to the lower of their value in use recoverable amount, and the carrying value if the impairment had not occurred, of £2.5m. £4.3m (last year: £nil) of the impairment charge was included in underlying expenses, with a £0.2m impairment charge and a £2.5m impairment reversal (last year: £0.5m impairment charge and £31.5m impairment reversal) included in adjusting items.

For UK stores, when considering both impairment charges and reversals, cash flows beyond the three-year period are extrapolated using the Group's current view of achievable long-term growth of 2.0%, adjusted to 0% where management believes the current trading performance and future expectations of the store do not support the growth rate of 2.0%. The rate used to discount the forecast cash flows for UK stores is 13.6% (last year: 12.5%).

The cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and small movements in these assumptions could lead to further impairments. Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions across the UK store portfolio.

Neither an increase or reduction in sales of 5% from the three-year plan in year 3, a 250 basis point increase in the discount rate, a 25 basis point increase or reduction in gross profit margin from year 3 onwards, result in a significant change to the impairment charge or impairment reversal, individually or in combination with the other reasonably possible scenarios considered.

Impairments – store estate programme

During the year, the Group has recognised an impairment charge of £90.5m and impairment reversals of £21.1m relating to the ongoing store estate programme (last year: impairment charge of £37.0m and impairment reversals of £14.1m). These stores were impaired to their value in use recoverable amount of £225.2m, which is their carrying value at year end. The impairment charge relates to the store closure programme and has been recognised as part of the £84.4m store estate charge within adjusting items (see note 5). Impairment reversals predominantly reflect changes to expected store closure dates and improved trading expectations compared to those assumed at the end of the prior year end.

Where the planned closure date for a store is outside the three-year plan period, no growth rate is applied. The rate used to discount the forecast cash flows for UK stores is 8.0% (last year: 7.3%).

As disclosed in the accounting policies (note 1), the cash flows used within the impairment models for the store estate programme are based on assumptions which are sources of estimation uncertainty and small movements in these assumptions could lead to further impairments. Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions across the store estate programme.

A delay of 12 months in the date of each store exit would result in a decrease in the impairment charge of £34.4m.

Neither an increase or decrease of 5% in planned sales in years 2 and 3 (where relevant), a 250 basis point increase in the discount rate, a 25 basis point reduction in gross profit margin during the period of trading nor a 2% increase in the costs associated with exiting a store would result in a significant increase to the impairment charge, individually or in combination with the other reasonably possible scenarios considered.

Impairments – International stores

During the year the Group recognised an impairment charge of £nil (last year: £0.7m) in International stores as a result of store impairment testing.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16 Other financial assets

	2025 £m	2024 £m
Non-current		
Other investments ¹	21.3	12.6
	21.3	12.6
Current		
Other investments ^{2,3}	286.5	12.3
Unlisted Investments	3.0	—
	289.5	12.3

¹ Includes £11.6m (last year £9.4m) of venture capital investments managed by True Capital Limited and £9.7m (last year £nil) of Eurochange RCF figure. See note 21 for further details.

² Includes £5.3m (last year £4.7m) of money market deposits held by Marks and Spencer plc in an escrow account.

³ Includes £274.5m of money market funds due to mature >90 days.

17 Trade and other receivables

	2025 £m	2024 £m
Non-current		
Lease receivables – net of provision for impairment	63.7	62.0
Other receivables	27.1	1.9
Loans to related parties (see note 28)	100.7	92.2
Prepayments	191.3	200.6
	382.8	356.7
Current		
Trade receivables	140.6	137.2
Less: provision for impairment of receivables	(0.9)	(1.3)
Trade receivables – net	139.7	135.9
Lease receivables – net of provision for impairment	0.4	1.0
Other receivables	39.1	37.0
Prepayments	127.1	109.0
Accrued income	21.2	19.1
	327.5	302.0

The directors consider that the carrying amount of trade and other receivables approximates their fair value. The Group's assessment of any expected credit losses is included in note 21b. Included in accrued income is £9.2m (last year: £6.0m) of accrued supplier income relating to rebates that have been earned but not yet invoiced. An immaterial amount of supplier income that has been invoiced but not yet settled against future trade creditor balances is included within trade creditors, where there is a right to offset.

The Group entered into finance leasing arrangements as a lessor for surplus office space in the Merchant Square building in London, which is sub-let for the remaining duration of the lease.

The maturity analysis of the Group's lease receivables is as follows:

	2025 £m	2024 £m
Timing of cash flows		
Within one year	6.1	4.7
Between one and two years	7.8	6.1
Between two and three years	7.8	7.8
Between three to four years	7.8	7.8
Between four to five years	9.4	7.8
More than five years	96.1	105.5
Total undiscounted cash flows	135.0	139.7
Effect of discounting	(56.7)	(62.5)
Present value of lease payments receivable	78.3	77.2
Less: provision for impairment of receivables	(14.2)	(14.2)
Net investment in the lease	64.1	63.0

Included within trade and other receivables is £1.6m (last year: £1.3m) which, due to non-recourse factoring arrangements in place, are held within a 'hold to collect and sell' business model and are measured at FVOCI.

18 Cash and cash equivalents

Cash and cash equivalents are £864.5m (last year: £1,022.4m). The carrying amount of these assets approximates their fair value.

The effective interest rate on short-term bank deposits is 4.6% (last year: 5.3%). These deposits have an average maturity of 23 days (last year: 15 days).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19 Trade and other payables

	2025 £m	2024 £m
Current		
Trade payables	796.3	762.3
Other payables	579.3	363.5
Social security and other taxes	83.6	80.1
Contract liabilities from gift card sales	215.1	203.2
Accruals	653.1	648.9
Deferred income	42.9	49.9
	2,370.3	2,107.9
Non-current		
Other payables	1.1	103.6
Deferred income	17.8	13.1
	18.9	116.7

Included within current other payables is £110.1m (last year: £6.9m) of deferred and contingent consideration and within non-current other payables £nil (last year: £102.2m) of deferred and contingent consideration, both relating to the acquisition of Gist Limited. See note 21(d) for further details.

A contract liability arises in respect of gift cards and voucher schemes as payment has been received for a performance obligation which will be performed at a later point in time.

	2025 £m	2024 £m
Opening balance	203.2	189.2
Issues	461.1	456.7
Released to the income statement in respect of gift cards and vouchers issued before 30 March 2024	(128.2)	(128.7)
Released to the income statement in respect of gift cards and vouchers issued after 30 March 2024	(321.0)	(314.0)
Closing balance	215.1	203.2

The Group has entered supplier finance arrangements that permit the suppliers to obtain payment from the banks for the amounts billed up to 75 days before the invoice due date subject to a discount dependent upon market interest rates and the outstanding period until the invoice falls due.

The Group repays the banks the full invoice amount on the scheduled payment date as required by the invoice. As the arrangements do not permit the Group to extend finance from the banks by paying them later than the Group would have paid its suppliers, the Group considers amounts payable to the banks should be presented as part of trade and other payables.

As at 29 March 2025, £360.3m (last year: £284.1m) of trade payables were amounts owed under these arrangements. During the year, the maximum facility available at any one time under the arrangements was £533.5m (last year: £441.4m).

	2025 £m	2024 £m
% of trade payables that were amounts owed under supplier finance arrangements	45%	N/A
Carrying amount of the financial liabilities that are subject to supplier finance arrangements		
Presented as part of 'Trade payables', including:	360.3	284.1
Trade payables for which suppliers have already received payment from the finance provider	313.5	N/A
Range of payment due dates	Days	
For liabilities presented as part of 'Trade payables':		
Liabilities that are part of supplier finance arrangements	28 – 75	N/A
Comparable trade payables that are not part of supplier finance arrangements	28 – 75	N/A

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. There were no material non-cash changes in these liabilities.

The Group does not face a significant liquidity risk as a result of its supplier finance arrangements as the arrangements do not result in a change in payment terms for suppliers.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 Borrowings and other financial liabilities

	2025 £m	2024 £m
Current		
Lease liabilities	228.0	220.3
4.75% £400m Medium-Term Notes 2025 ^{1,2}	105.7	—
Interest accrued on Medium-Term Notes	22.1	30.1
	355.8	250.4
Non-current		
4.75% £400m Medium-Term Notes 2025 ^{1,2}	—	205.6
3.75% £300m Medium-Term Notes 2026 ¹	109.2	200.8
3.25% £250m Medium-Term notes 2027 ¹	249.3	248.9
7.125% US\$300m Medium-Term notes 2037 ^{3,4}	252.0	251.8
Revaluation of Medium-Term Notes ⁵	(21.2)	(15.5)
Lease liabilities	1,999.4	1,991.2
	2,588.7	2,882.8
Total	2,944.5	3,133.2

1 These notes are issued under Marks and Spencer plc's £3bn Euro Medium-Term Note programme and all pay interest annually.

2 The Group occasionally enters into interest rate swaps to manage interest rate exposure. At year end, £0.2m (last year: £2.1m) of fair value adjustment for terminated hedges to be amortised over the remaining debt maturity.

3 Interest on these bonds is payable biannually.

4 US\$300m Medium-Term Note exposure swapped to sterling (fixed-to-fixed cross-currency interest rate swaps). Refer to note 21 for further details.

5 Revaluation consists of cumulative foreign exchange gain on revaluation of the 7.125% US\$300m Medium-Term Notes 2037 of £21.2m (last year: £15.5m).

Leases

The Group leases various stores, offices, warehouses and equipment with varying terms, escalation clauses and renewal rights.

The Group has certain leases with lease terms of 12 months or less and leases of assets with low values. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities and the movements during the period.

	2025 £m	2024 £m
Opening lease liabilities	2,211.5	2,281.6
Additions	261.0	176.0
Interest expense relating to lease liabilities	120.1	120.0
Payments	(343.0)	(345.5)
Disposals	(14.6)	(12.8)
Exchange difference	(7.6)	(7.8)
	2,227.4	2,211.5
Current	228.0	220.3
Non-current	1,999.4	1,991.2

The maturity analysis of lease liabilities is disclosed in note 21(a).

Future cash outflows related to the post-break clause period included in the lease liability

The Group holds certain leases that contain break clause options to provide operational flexibility. In accordance with IFRS 16, the Group has calculated the full lease term, beyond break, to represent the reasonably certain lease term (except for those stores identified as part of the store estate programme) within the total £2,227.4m of lease liabilities held on the balance sheet.

The following amounts were recognised in profit or loss:

	2025 £m	2024 £m
Expenses relating to short-term leases	13.4	15.5
Expenses relating to low-value assets	0.1	0.1
Expenses relating to variable consideration	5.9	5.8

21 Financial instruments**Treasury policy**

The Group operates a centralised treasury function to manage the Group's funding requirements and financial risks in line with the Board-approved treasury policies and procedures, and their delegated authorities.

The Group's financial instruments, other than derivatives, comprise borrowings, cash and liquid resources and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued**Treasury policy continued**

The Group treasury function also enters into derivative transactions, principally cross-currency swaps and forward currency contracts. The purpose of these transactions is to manage the interest rate and foreign currency risks arising from the Group's operations and financing.

It remains the Group's policy not to hold or issue financial instruments for trading purposes, except where financial constraints necessitate the need to liquidate any outstanding investments. The treasury function is managed as a cost centre and does not engage in speculative trading.

Financial risk management

The principal financial risks faced by the Group are liquidity and funding, counterparty, foreign currency and interest rate risks. The policies and strategies for managing these risks are summarised on the following pages:

(a) Liquidity & funding risk

The risk that the Group could be unable to settle or meet its obligations as they fall due:

- The Group's funding strategy ensures a mix of funding sources offering sufficient headroom, maturity and flexibility, and cost-effectiveness to match the requirements of the Group.
- Marks and Spencer plc is financed by a combination of retained profits, bank borrowings, Medium-Term Notes and committed syndicated bank facilities.
- Operating subsidiaries are financed by a combination of retained profits, bank borrowings and intercompany loans.

The Group has a committed syndicated bank revolving credit facility of £850.0m with a current maturity date of 13 June 2027. The facility contains a financial covenant, being the ratio of earnings before interest, tax, depreciation and amortisation; to net interest and depreciation on right-of-use assets under IFRS 16. The covenant is measured biannually. The Group was not in breach of this metric at the reporting date.

The revolving credit facility includes four sustainability metrics where the margin payable on the facility is adjusted to reflect the Group's performance against ESG targets material to the Group's Plan A objectives. Any adjustment to the margin relating to these metrics would not be material to the Group.

The Group also has a number of uncommitted facilities available to it. At year end, these amounted to £25.0m (last year: £25.0m), all of which are due to be reviewed within a year. At the balance sheet date, a sterling equivalent of £nil (last year: £nil) was drawn under the committed facilities and £nil (last year: £nil) was drawn under the uncommitted facilities.

In addition to the existing borrowings, the Group has a Euro Medium-Term Note programme of £3bn, of which £0.5bn (last year: £0.7bn) was in issuance as at the balance sheet date. The initial rate of interest is fixed at the date of issue and the Notes are referred to as fixed rate borrowings throughout the Annual Report as the coupon does not change with movements in benchmark interest rates. However, the rate of interest on certain Notes varies both up and down in response to third-party credit ratings (to above/below Baa3 or above/below BBB-) that reflect the relative deterioration or improvement in the Group's cost of credit and the interest payable on these Notes increases or decreases from the next interest payment date following a relevant credit rating downgrade or upgrade. As the original contractual terms of these Notes provide for changes in cash flows to be reset to reflect the relative deterioration or improvement in the Group's cost of credit, the Group considers these Notes to be floating rate instruments when determining amortised cost under IFRS 9 and consequently the Group applied IFRS 9 paragraph B5.4.5, which requires no adjustment to the carrying amount of the liabilities or immediate impact on profit and loss. If the Group had determined these Notes to be fixed rate instruments, the Notes would be remeasured to reflect the revised cash flows discounted at the original effective rate. This would result in a higher initial interest expense to profit or loss, offset by lower interest charges subsequently, when compared to the Group's treatment.

Ocado Retail Limited, an associate of the Group, entered into a £30.0m revolving credit facility on 9 May 2024, of which £nil was drawn at 29 March 2025. The Group, along with Ocado Group plc, jointly guarantee the facility. Last year, the facility had expired.

The table below summarises the contractual maturity of the Group's non-derivative financial liabilities and derivatives translated at the year end spot rate, excluding trade payables, other payables and accruals. The carrying value of all trade payables, other payables (excluding contingent consideration payable) and accruals of £1,919.7m (last year: £1,769.2m) is equal to their contractual undiscounted cash flows (see note 19) which are due within one year. Contingent consideration (see the fair value hierarchy section within note 21) and deferred consideration of £110.1m (last year: £6.9m) is expected to become payable within one year and £nil (last year: £102.2m) between two and five years.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued**(a) Liquidity & funding risk continued**

	Medium-Term Notes £m	Lease liabilities ¹ £m	Partnership liability to the Marks & Spencer UK Pension Scheme (note 12) £m	Total borrowings and other financial liabilities £m	Cash inflow on derivatives ² £m	Cash outflow on derivatives ² £m	Total derivative liabilities £m
Timing of cash flows							
Within one year	(47.9)	(331.2)	(89.7)	(468.8)	1,334.7	(1,355.6)	(20.9)
Between one and two years	(251.6)	(317.0)	—	(568.6)	83.7	(84.1)	(0.4)
Between two and five years	(532.3)	(742.7)	—	(1,275.0)	50.7	(51.1)	(0.4)
More than five years	(389.6)	(2,847.7)	—	(3,237.3)	389.6	(406.2)	(16.6)
Total undiscounted cash flows	(1,221.4)	(4,238.6)	(89.7)	(5,549.7)	1,858.7	(1,897.0)	(38.3)
Effect of discounting	299.7	2,027.1	0.9	2,327.7			
At 30 March 2024	(921.7)	(2,211.5)	(88.8)	(3,222.0)			
Timing of cash flows							
Within one year	(143.7)	(291.7)	—	(435.4)	1,449.1	(1,464.5)	(15.4)
Between one and two years	(141.2)	(286.6)	—	(427.8)	254.3	(261.4)	(7.1)
Between two and five years	(310.8)	(614.7)	—	(925.5)	49.5	(51.1)	(1.6)
More than five years	(363.9)	(2,689.7)	—	(3,053.6)	363.8	(389.2)	(25.4)
Total undiscounted cash flows	(959.6)	(3,882.7)	—	(4,842.3)	2,116.7	(2,166.2)	(49.5)
Effect of discounting	242.5	1,655.3	—	1,897.8			
At 29 March 2025	(717.1)	(2,227.4)	—	(2,944.5)			

¹ Total undiscounted lease payments of £699.6m relating to the period post-break clause and the earliest contractual lease exit point, are included in lease liabilities. These undiscounted lease payments should be excluded when determining the Group's contractual indebtedness under these leases, where there is a contractual right to break. Furthermore, £75.9m of these payments relate to leases where, following the break clause, the Group will have the ability to exit the lease at any point before the lease expiry with a maximum of six months' notice.

² Cash inflows and outflows on derivative instruments that require gross settlement (such as cross currency swaps and forward foreign exchange contracts) are disclosed gross. Cash inflows and outflows on derivative instruments that settle on a net basis are disclosed net.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued**(b) Counterparty risk**

Counterparty risk exists where the Group can suffer financial loss through the default or non-performance of the counterparties with whom it transacts.

Exposures are managed in accordance with the Group treasury policy, which limits the value that can be placed with each approved counterparty to minimise the risk of loss. The minimum long-term rating for all counterparties is long-term Standard & Poor's (S&P)/Moody's A-/A3 (BBB+/Baa1 for committed lending banks). In the event of a rating by one agency being different from the other, the lower rating is used. Limits are reviewed regularly by senior management. The credit risk of these financial instruments is estimated as the fair value of the assets resulting from the contracts.

The table below analyses the Group's short-term investments and derivative assets by credit exposure, excluding bank balances, store cash and cash in transit.

	Credit rating of counterparty								Total £m
	AAA £m	AA+ £m	AA £m	AA- £m	A+ £m	A £m	A- £m	BBB £m	
Cash and cash equivalents ¹	116.7	—	—	130.9	242.2	95.6	197.2	—	782.6
Other Investments ²	—	—	—	3.0	8.0	1.3	—	—	12.3
Derivative assets ³	—	—	—	0.9	6.0	0.3	0.2	0.1	7.5
At 30 March 2024	116.7	—	—	134.8	256.2	97.2	197.4	0.1	802.4
	AAA £m	AA+ £m	AA £m	AA- £m	A+ £m	A £m	A- £m	BBB £m	Total £m
Cash and cash equivalents ¹	98.0	—	—	111.6	203.2	240.6	0.8	—	654.2
Other Investments ²	—	—	—	146.9	49.7	89.9	—	—	286.5
Derivative assets ³	—	—	—	2.4	3.3	1.2	—	0.4	7.3
At 29 March 2025	98.0	—	—	260.9	256.2	331.7	0.8	0.4	948.0

1 Includes cash on deposit and money market funds held by various group entities. Excludes cash in hand and in transit of £210.3m (last year: £239.8m).

2 Relates to money market deposits held by various group entities.

3 Standard & Poor's equivalent rating shown as reference to the majority credit rating of the counterparty from either Standard & Poor's, Moody's or Fitch where applicable.

The Group has a very low retail credit risk due to transactions principally being of high volume, low value and short maturity.

The maximum exposure to credit risk at the balance sheet date was as follows: trade receivables £140.6m (last year: £137.2m), lease receivables £64.1m (last year: £63.0m), other receivables (including loans to related parties) £166.9m (last year: £131.1m), cash and cash equivalents £864.5m (last year: £1,022.4m) and derivatives £7.3m (last year: £7.5m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued**Impairment of financial assets**

The credit risk management practices of the Group include internal review and reporting of the ageing of trade and other receivables by days past due by a centralised accounts receivable function and grouped by respective contractual revenue stream, along with liaison with the debtors by the credit control function.

The Group applies the IFRS 9 simplified approach in measuring expected credit losses which use a lifetime expected credit loss allowance for all trade receivables and lease receivables.

To measure expected credit losses, trade receivables have been grouped by shared credit risk characteristics along the lines of differing revenue streams such as international franchise, UK franchise, food, corporate and sundry, as well as by geographical location and days past due. In addition to the expected credit losses calculated using a provision matrix, the Group may provide additional provision for the receivables of particular customers if the deterioration of financial position was observed. The Group's trade receivables are of very low credit risk due to transactions being principally of high volume, low value and short maturity. Therefore, it also has very low concentration risk.

The expected loss rates are determined based on the average write-offs as a proportion of average debt over a period of 36 months prior to the reporting date. The historical loss rates are adjusted for current and forward-looking information where significant. The Group considers GDP growth, unemployment, sales growth and bankruptcy rates of the countries in which goods are sold to be the most relevant factors and, where the impact of these is significant, adjusts the historical loss rates based on expected changes in these factors.

Historical experience has indicated that debts aged 180 days or over are generally not recoverable. The Group has incorporated this into the expected loss model through a uniform loss rate for ageing buckets below 180 days dependent on the revenue stream and country and providing for 100% of debt aged more than 180 days past due. Where the Group specifically holds insurance or holds the legal right of offset with debtors which are also creditors, the loss provision is applied only to the extent of the uninsured or net exposure.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there may be no reasonable expectation of recovery include the failure of the debtor to engage in a payment plan and failure to make contractual payments within 180 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit and subsequent recoveries are credited to the same line item.

	Current £m	Up to 30 days past due £m	31-60 days past due £m	61-90 days past due £m	91-180 days past due £m	181 days or more past due £m	Total £m
30 March 2024							
Gross carrying amount – trade receivables	119.3	9.3	4.3	0.7	3.1	0.5	137.2
Expected loss rate	0.1%	0.8%	4.5%	8.9%	11.0%	100.0%	0.9%
Lifetime expected credit loss	0.1	0.1	0.2	0.1	0.3	0.5	1.3
Net carrying amount	119.2	9.2	4.1	0.6	2.8	—	135.9
29 March 2025							
Gross carrying amount – trade receivables	127.8	5.2	3.3	3.3	1.0	—	140.6
Expected loss rate	0.7%	0.6%	0.1%	0.2%	0.2%	100.0%	0.6%
Lifetime expected credit loss	0.9	—	—	—	—	—	0.9
Net carrying amount	126.9	5.2	3.3	3.3	1.0	—	139.7

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued**Impairment of financial assets continued**

The closing loss allowances for trade receivables reconciles to the opening loss allowances as follows:

	2025 £m	2024 £m
Trade receivables expected loss provision		
Opening loss allowance	1.3	5.4
Decrease in loss allowance recognised in profit and loss during the year	—	(2.3)
Receivables written off during the year as uncollectable	(0.4)	(1.8)
Closing loss allowance	0.9	1.3

The closing loss allowances for lease receivables reconciles to the opening loss allowances as follows:

	2025 £m	2024 £m
Lease receivables expected loss provision		
Opening loss allowance	14.2	10.7
Increase in loss allowance recognised in profit and loss during the year ¹	—	3.5
Closing loss allowance	14.2	14.2

¹ Relates to the sub-set of previously closed offices associated with the strategic programme to centralise the Group's London Head Office functions (see note 17).

The provision for other receivables is highly immaterial (it can be quantified) and therefore no disclosure is provided.

(c) Foreign currency risk

Transactional foreign currency exposure arises primarily from the import of goods sourced from overseas suppliers and also from the export of goods from the UK to overseas subsidiaries. The most significant exposure is to the US dollar, incurred in the sourcing of Fashion, Home & Beauty products from Asia.

Group Treasury hedges these Fashion, Home & Beauty foreign currency exposures principally using forward foreign exchange contracts progressively based on dynamic forecasts from the business. Hedging is generally carried out in the six months before the period when purchase orders are entered into.

Other exposures arising from the export of goods to overseas subsidiaries are also hedged progressively over the course of the year before they are incurred. As at the balance sheet date, the gross notional value in sterling terms of forward foreign exchange sell or buy contracts amounted to £2,210.6m (last year: £2,011.0m) with a weighted average maturity date of seven months (last year: seven months).

Gains and losses in equity on forward foreign exchange contracts designated in cash flow hedge relationships as at 29 March 2025 will be reclassified to the income statement at various dates over the following 14 months (last year: 14 months) from the balance sheet date.

The foreign exchange forwards are designated as cash flow hedges of highly probable forecast transactions. Both spot and forward points are designated in the hedge relationship; under IFRS 9 the currency basis spread may be excluded from the hedge relationship and recognised in other comprehensive income – cost of hedging reserve. The change in the fair value of the hedging instrument, to the degree effective, is deferred in equity and subsequently either reclassified to profit or loss or removed from equity and included in the initial cost of inventory as part of the "basis adjustment". This will be realised in the income statement once the hedged item is sold. The Group has considered and elected not to recognise the currency basis spread element in the cost of hedging reserve, owing to the relatively short-dated nature of the hedging instruments.

The Group regularly reviews the foreign exchange hedging portfolio to confirm whether the underlying transactions remain highly probable. Any identified instance of over-hedging or ineffectiveness would result in immediate recycling to the income statement.

A change in the timing of a forecast item does not disqualify a hedge relationship nor the assertion of "highly probable" as there remains an economic relationship between the underlying transaction and the derivative.

The foreign exchange forwards are recognised at fair value. The Group has considered and elected to apply credit/debit valuation adjustments. The risks at the reporting date are representative of the financial year.

The Group also holds a number of cross-currency swaps to designate its fixed rate US dollar debt to fixed rate sterling debt. These are reported as cash flow hedges. The change in the fair value of the hedging instrument, to the degree effective, is retained in other comprehensive income, segregated by cost and effect of hedging. Under IFRS 9, the currency basis on the cross-currency swaps is excluded from the hedge designation and recognised in other comprehensive income – cost of hedging reserve. Effectiveness is measured using the hypothetical derivative approach. The contractual terms of the cross-currency swaps include break clauses every five years which allow for the interest rates to be reset (last reset November 2022).

The cross-currency swaps are recognised at fair value. The inclusion of credit risk on cross-currency swaps will cause ineffectiveness of the hedge relationship. The Group has considered and elected to apply credit/debit valuation adjustments, owing to the swaps' relative materiality and longer-dated nature.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued**(c) Foreign currency risk continued**

The Group also hedges foreign currency intercompany loans where these exist. Forward foreign exchange contracts in relation to the hedging of the Group's foreign currency intercompany loans are classified as fair value through profit and loss. The corresponding foreign exchange movement of the intercompany loan balance resulted in a £0.6m loss (last year: £1.1m loss) in the income statement. As at the balance sheet date, the gross notional value of intercompany loan hedges was £114.5m (last year: £246.7m).

After taking into account the hedging derivatives entered into by the Group, the currency and interest rate exposure of the Group's borrowings and other financial liabilities is set out below:

	2025			2024		
	Fixed rate £m	Floating rate £m	Total £m	Fixed rate £m	Floating rate £m	Total £m
Currency						
Sterling	2,725.3	—	2,725.3	2,920.0	—	2,920.0
Euro	117.7	—	117.7	95.0	—	95.0
Rupee	100.9	—	100.9	118.0	—	118.0
Other	0.6	—	0.6	0.2	—	0.2
	2,944.5	—	2,944.5	3,133.2	—	3,133.2

As at the balance sheet date and excluding lease liabilities, post-hedging, the GBP and USD fixed rate borrowings are at an average rate of 5.4% (last year: 5.3%) and the weighted average time for which the rate is fixed is five years (last year: five years).

(d) Interest rate risk

The Group is exposed to interest rate risk in relation to sterling, US dollar and euro variable rate financial assets and liabilities.

The Group's policy is to use derivative contracts where necessary to maintain a mix of fixed and floating rate borrowings to manage this risk. The structure and maturity of these derivatives correspond to the underlying borrowings and are accounted for as fair value or cash flow hedges as appropriate.

At the balance sheet date, fixed rate borrowings amounted to £2,944.5m (last year: £3,133.2m) representing the public bond issues and lease liabilities, amounting to 100% (last year: 100%) of the Group's gross borrowings.

The effective interest rates at the balance sheet date were as follows:

	2025 %	2024 %
Committed and uncommitted borrowings	N/A	N/A
Medium-Term Notes	5.4%	5.3%
Leases	5.7%	5.2%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued

Derivative financial instruments

The below table illustrates the effects of hedge accounting on the consolidated statement of financial position and consolidated income statement through detailing separately by risk category and each type of hedge the details of the associated hedging instrument and hedged item.

	30 March 2024			
	Current		Non Current	
	Forward foreign exchange contracts £m	Forward foreign exchange contracts £m	Cross-currency swaps £m	Forward foreign exchange contracts £m
Hedging risk strategy	Cash flow hedges	FVTPL	Cash flow hedges	Cash flow hedges
Notional/currency legs	1,547.6	246.7	252.9	216.7
Carrying amount assets	6.6	0.2	—	0.7
Carrying amount (liabilities)	(18.2)	(1.8)	(21.6)	(0.3)
Maturity date	to Oct 2024	to Apr 2024	to Dec 2037	to Jun 2025
Hedge ratio	100%	n/a	100%	100%
Description of hedged item	Highly probable transactional FX exposures	Inter-company loans/deposits	USD fixed rate borrowing	Highly probable transactional FX exposures
Change in fair value of hedging instrument	17.6	0.5	18.4	2.2
Change in fair value of hedged item used to determine hedge effectiveness	(17.6)	(1.6)	(18.4)	(2.2)
Weighted average hedge rate for the year	GBP/USD 1.25; GBP/EUR 1.14	—	GBP/USD 1.19	GBP/USD 1.27; GBP/EUR 1.14
Net amounts recognised within finance costs in profit and loss	—	(1.1)	—	—
Balance on cash flow hedge reserve at 30 March 2024	6.0	—	6.1	(0.5)
Balance on cost of hedging reserve at 30 March 2024	—	—	(7.4)	—

	29 March 2025			
	Current		Non Current	
	Forward foreign exchange contracts £m	Forward foreign exchange contracts £m	Cross-currency swaps £m	Forward foreign exchange contracts £m
Hedging risk strategy	Cash flow hedges	FVTPL	Cash flow hedges	Cash flow hedges
Notional/currency legs	1,791.6	113.8	252.9	305.2
Carrying amount assets	7.2	—	—	0.1
Carrying amount (liabilities)	(24.6)	(0.5)	(10.5)	(6.1)
Maturity date	to Oct 2025	to Dec 2025	to Dec 2037	to May 2026
Hedge ratio	100%	n/a	100%	100%
Description of hedged item	Highly probable transactional FX exposures	Inter-company loans/deposits	USD fixed rate borrowing	Highly probable transactional FX exposures
Change in fair value of hedging instrument	23.5	1.1	(8.5)	6.4
Change in fair value of hedged item used to determine hedge effectiveness	(23.5)	(1.7)	8.5	(6.4)
Weighted average hedge rate for the year	GBP/USD 1.26; GBP/EUR 1.15	—	GBP/USD 1.19	GBP/USD 1.28; GBP/EUR 1.16
Amounts recognised within finance costs in profit and loss	—	(0.6)	—	—
Balance on cash flow hedge reserve at 29 March 2025	11.6	—	(8.1)	6.0
Balance on cost of hedging reserve at 29 March 2025	—	—	(9.6)	—

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued

Derivative financial instruments continued

		29 March 2025				30 March 2024			
		Notional Value		Fair Value		Notional Value		Fair Value	
		Assets £m	Liabilities £m	Assets £m	Liabilities £m	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Current									
Forward foreign exchange contracts	– cash flow hedges	596.6	1,195.0	7.2	(24.6)	501.3	1,046.3	6.6	(18.2)
	– FVTPL	1.0	112.8	—	(0.5)	60.6	186.1	0.2	(1.8)
		597.6	1,307.8	7.2	(25.1)	561.9	1,232.4	6.8	(20.0)
Non-current									
Cross-currency swaps	– cash flow hedges	—	252.9	—	(10.5)	—	252.9	—	(21.6)
Forward foreign exchange contracts	– cash flow hedges	67.5	237.7	0.1	(6.1)	149.9	66.8	0.7	(0.3)
		67.5	490.6	0.1	(16.6)	149.9	319.7	0.7	(21.9)

The Group's hedging reserves disclosed in the consolidated statement of changes in equity relate to the following hedging instruments:

	Cost of hedging reserve CCI/RS ¹ £m	Deferred tax £m	Total cost of hedging reserve £m	Hedge reserve FX derivatives £m	Hedge reserve CCI/RS £m	Hedge reserve gilt locks £m	Deferred tax £m	Total hedge reserve £m
Opening balance at 2 April 2023	(5.8)	1.6	(4.2)	49.1	(7.0)	0.1	(10.3)	31.9
Add: Change in fair value of hedging instrument recognised in OCI ²	—	—	—	10.7	18.4	—	—	29.1
Add: Costs of hedging deferred and recognised in OCI	(1.6)	—	(1.6)	—	—	—	—	—
Less: Reclassified to the cost of inventory	—	—	—	(54.4)	—	—	—	(54.4)
Less: Reclassified from OCI to profit or loss	—	—	—	—	(5.3)	—	—	(5.3)
Less: Deferred tax	—	0.4	0.4	—	—	—	7.1	7.1
Closing balance at 30 March 2024	(7.4)	2.0	(5.4)	5.4	6.1	0.1	(3.2)	8.4
Opening balance at 31 March 2024	(7.4)	2.0	(5.4)	5.4	6.1	0.1	(3.2)	8.4
Add: Change in fair value of hedging instrument recognised in OCI	—	—	—	29.9	(8.5)	—	—	21.4
Add: Costs of hedging deferred and recognised in OCI	(2.2)	—	(2.2)	—	—	—	—	—
Less: Reclassified to the cost of inventory	—	—	—	(17.7)	—	—	—	(17.7)
Less: Reclassified from OCI to profit or loss	—	—	—	—	(5.7)	—	—	(5.7)
Less: Deferred tax	—	0.6	0.6	—	—	—	1.1	1.1
Closing balance at 29 March 2025	(9.6)	2.6	(7.0)	17.6	(8.1)	0.1	(2.1)	7.5

1 Cross-currency interest rate swaps

2 Other comprehensive income

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued**Derivative financial instruments continued**

The Group holds a number of cross-currency interest rate swaps to designate its USD to GBP fixed debt. These are reported as cash flow hedges. The ineffective portion recognised in profit or loss that arises from the cash flow hedge amounts to a £nil gain (last year: £nil gain) as the loss on the hedged items was £8.5m (last year: £18.4m gain) and the movement on the hedging instruments was a £8.5m gain (last year: £18.4m loss).

Movement in hedged items and hedging instruments	2025 £m	2024 £m
Net gain/(loss) in fair value of cross-currency interest rate swap	8.5	(18.4)
Net (loss)/gain on hedged items	(8.5)	18.4
Ineffectiveness	—	—

Sensitivity analysis

The table below illustrates the estimated impact on the income statement and equity as a result of market movements in foreign exchange and interest rates in relation to the Group's financial instruments. The directors consider that a 2% +/- (last year: 2%) movement in interest and a 20% +/- (last year: 20%) movement in sterling against the relevant currency represent reasonably possible changes. However, this analysis is for illustrative purposes only. The directors believe that these illustrative assumed movements continue to provide sufficient guidance.

The table excludes financial instruments that expose the Group to interest rate and foreign exchange risk where such a risk is fully hedged with another financial instrument. Also excluded are trade receivables and payables as these are either sterling denominated or the foreign exchange risk is hedged.

Interest rates The impact in the income statement due to changes in interest rates reflects the effect on the Group's floating rate debt and cash balances as at the balance sheet date. The impact in equity reflects the fair value movement in relation to the Group's cross-currency swaps.

Foreign exchange The impact from foreign exchange movements reflects the change in the fair value of the Group's transactional foreign exchange cash flow hedges at the balance sheet date. The equity impact shown for foreign exchange sensitivity relates to derivatives. This value is expected to be materially offset by the re-translation of the related transactional exposures.

	2% decrease in interest rates £m	2% increase in interest rates £m	20% weakening in sterling £m	20% strengthening in sterling £m
At 30 March 2024				
Impact on income statement: (loss)/gain	(15.0)	15.0	—	—
Impact on other comprehensive income: (loss)/gain	5.8	(4.4)	278.9	(278.9)
At 29 March 2025				
Impact on income statement: (loss)/gain	(18.1)	18.1	—	—
Impact on other comprehensive income: (loss)/gain	0.2	(4.9)	337.7	(337.7)

Offsetting of financial assets and liabilities

The following tables set out the financial assets and financial liabilities which are subject to offsetting, enforceable master netting arrangements and similar agreements. Amounts which are set off against financial assets and liabilities in the Group's balance sheet are set out below. For trade and other receivables and trade and other payables, amounts not offset in the balance sheet but which could be offset under certain circumstances are also set out. To reconcile the amount shown in the tables below to the Statement of Financial Position, items which are not subject to offsetting should be included.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued**Offsetting of financial assets and liabilities continued**

	Gross financial assets/ (liabilities) £m	Gross financial (liabilities)/ assets set off £m	Net financial assets/ (liabilities) per statement of financial position £m	Related amounts not set off in the statement of financial position £m	Net £m
At 30 March 2024					
Trade and other receivables	33.1	(31.2)	1.9	—	1.9
Derivative financial assets	7.5	—	7.5	(6.7)	0.8
	40.6	(31.2)	9.4	(6.7)	2.7
Trade and other payables	(357.8)	31.2	(326.6)	—	(326.6)
Derivative financial liabilities	(41.9)	—	(41.9)	6.7	(35.2)
	(399.7)	31.2	(368.5)	6.7	(361.8)
At 29 March 2025					
Trade and other receivables	27.0	(24.3)	2.7	—	2.7
Derivative financial assets	7.3	—	7.3	(6.8)	0.5
	34.3	(24.3)	10.0	(6.8)	3.2
Trade and other payables	(416.3)	24.3	(392.0)	—	(392.0)
Derivative financial liabilities	(41.7)	—	(41.7)	6.8	(34.9)
	(458.0)	24.3	(433.7)	6.8	(426.9)

Amounts which do not meet the criteria for offsetting on the balance sheet but could be settled net in certain circumstances principally relate to derivative transactions under International Swaps and Derivatives Association agreements where each party has the option to settle amounts on a net basis in the event of default of the other party.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued**Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: not traded in an active market but the fair values are based on quoted market prices or alternative pricing sources with reasonable levels of price transparency.
The Group's Level 2 financial instruments include interest rate and foreign exchange derivatives. Fair value is calculated using discounted cash flow methodology, future cash flows are estimated based on forward exchange rates and interest rates (from observable market curves) and contract rates, discounted at a rate that reflects the credit risk of the various counterparties for those with a long maturity.
- Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At the end of the reporting period, the Group held the following financial instruments at fair value:

	2025				2024			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets measured at fair value								
Financial assets at fair value through profit or loss (FVTPL)								
– derivatives held at FVTPL	—	—	—	—	—	0.2	—	0.2
– other investments ¹	274.5	21.7	14.6	310.8	—	12.3	12.6	24.9
Derivatives used for hedging	—	7.3	—	7.3	—	7.5	—	7.5
Liabilities measured at fair value								
Financial liabilities at fair value through profit or loss								
– derivatives held at FVTPL	—	(0.5)	—	(0.5)	—	(1.8)	—	(1.8)
– Gist contingent consideration ²	—	—	(25.6)	(25.6)	—	—	(25.6)	(25.6)
Derivatives used for hedging	—	(41.2)	—	(41.2)	—	(40.2)	—	(40.2)

There were no transfers between the levels of the fair value hierarchy during the period. There were also no changes made to any of the valuation techniques during the period.

¹ Within Level 1 other investments is £274.5m (last year: £nil) of money market deposits held by various group entities. Within Level 3 other investments, the Group holds £11.6m of venture capital investments, managed by True Capital Limited, measured at FVTPL (last year: £9.4m) (see note 16) which are Level 3 instruments. The fair value of these investments has been determined in accordance with the International Private Equity and Venture Capital (IPEV) Valuation Guidelines. Where investments are either recently acquired or there have been recent funding rounds with third parties, the primary input when determining the valuation is the latest transaction price.

² As part of the investment in Gist Limited, the Group has agreed to pay the former owners of Gist Limited additional consideration of up to £25.0m plus interest when freehold properties are disposed of under certain conditions (for other consideration payable please see note 19). There is no minimum amount payable. The Group has the ability to retain the properties should it wish to do so, in which case the full amount of £25.0m plus interest will be payable on the third anniversary of completion.

The fair value of the contingent consideration arrangement of £25.6m was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 5.3%. A 2.5% change in the discount rate would result in a change in fair value of £0.7m.

The Marks & Spencer UK Pension Scheme holds a number of financial instruments which make up the pension asset of £5,292.8m (last year: £6,108.9m). Level 1 and Level 2 financial assets measured at fair value through other comprehensive income amounted to £1,754.7m (last year: £2,074.3m). Additionally, the scheme assets include £3,538.1m (last year: £4,034.6m) of Level 3 financial assets. See note 11 for information on the Group's retirement benefits.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 Financial instruments continued**Fair value hierarchy continued**

The following table represents the changes in Level 3 instruments held by the Pension Schemes:

	2025 £m	2024 £m
Opening balance	4,034.6	4,027.2
Fair value gain/(loss) recognised in other comprehensive income	53.8	362.5
Other movements recognised in profit or loss	(48.5)	—
Cash withdrawals	(501.8)	(355.1)
Closing balance	3,538.1	4,034.6

Fair value of financial instruments

With the exception of the Group's fixed rate bond debt and the Partnership liability to the Marks & Spencer UK Pension Scheme (note 12), there were no material differences between the carrying value of non-derivative financial assets and financial liabilities and their fair values as at the balance sheet date.

The carrying value of the Group's fixed rate bond debt (Level 1 equivalent) was £717.1m (last year: £921.7m); the fair value of this debt was £727.7m (last year: £919.8m) which has been calculated using quoted market prices and includes accrued interest. The carrying value of the Partnership liability to the Marks & Spencer UK Pension Scheme (Level 2 equivalent) is £nil (last year: £88.8m) and the fair value of this liability is £nil (last year: £81.9m).

Capital policy

The Group's objectives when managing capital are to fund investment in the transformation and deliver financial performance at an investment grade level, to safeguard its ability to continue as a going concern in order to provide optimal returns for shareholders and to maintain an efficient capital structure to reduce the cost of capital.

In doing so, the Group's strategy is to sustain a capital structure that supports an investment grade credit rating and to retain appropriate levels of liquidity headroom to ensure financial stability and flexibility. To achieve this strategy, the Group regularly monitors key credit metrics such as the gearing ratio, cash flow to net debt and fixed charge cover to maintain this position. In addition, the Group ensures a combination of appropriate committed short-term liquidity headroom with a diverse and balanced long-term debt maturity profile which avoids creating a significant re-financing risk in any one financial period. As at the balance sheet date, the Group's average debt maturity profile was five years (last year: five years). During the year, Moody's upgraded its credit rating for M&S to Baa3. Standard and Poor's maintained its rating at BBB. Both agencies have a stable outlook for the rating.

To manage its capital structure, the Group considers the appropriate level of dividends paid to shareholders and options to return capital to shareholders, issue new shares or sell assets to reduce debt.

22 Provisions

	Property £m	Restructuring £m	Other £m	Total £m
At 2 April 2023	78.8	16.9	23.7	119.4
Provided in the year – charged to profit or loss	54.9	25.0	6.4	86.3
Provided in the year – charged to property, plant & equipment	5.3	—	—	5.3
Released in the year	(24.4)	(9.1)	(9.9)	(43.4)
Utilised during the year	(11.2)	(2.3)	(9.2)	(22.7)
Exchange differences	—	—	0.2	0.2
Discount rate unwind	6.6	—	—	6.6
At 30 March 2024	110.0	30.5	11.2	151.7

Analysed as:

Current	47.6
Non-current	104.1

	Property £m	Restructuring £m	Other £m	Total £m
At 31 March 2024	110.0	30.5	11.2	151.7
Provided in the year – charged to profit or loss	22.0	16.8	8.4	47.2
Provided in the year – charged to property, plant & equipment	46.1	—	—	46.1
Released in the year	(38.6)	(13.3)	(5.5)	(57.4)
Utilised during the year	(6.5)	(14.6)	(1.6)	(22.7)
Discount rate unwind	6.4	—	—	6.4
At 29 March 2025	139.4	19.4	12.5	171.3
Analysed as:				
Current				25.1
Non-current				146.2

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22 Provisions continued

Property provisions relate primarily to obligations such as dilapidations, arising as a result of the closure of stores as part of the store estate strategic programme. These provisions are expected to be utilised over the period to the end of each specific lease (up to 10 years).

Restructuring provisions relate primarily to the strategic programme for the closure of two European distribution centres and exiting of legacy franchise business not aligned to the strategy.

Other provisions include amounts in respect of probable liabilities for employee-related matters.

Provisions related to adjusting items were £141.6m at 29 March 2025 (last year: £130.6m), with a net release in the year of £12.8m (last year: £43.8m charge) (see note 5).

23 Deferred tax

Deferred tax is provided under the balance sheet liability method using the tax rate at which the balances are expected to unwind of 25% (last year: 25%) for UK differences and local tax rates for overseas differences. Details of the changes to the UK corporation tax rate and the impact on the Group are described in note 7.

The movements in deferred tax assets and liabilities (after the offsetting of balances within the same jurisdiction as permitted by IAS 12 – 'Income Taxes') during the year are shown below.

Deferred tax assets/(liabilities)

	Land and buildings temporary differences £m	Capital allowances in excess of depreciation £m	Pension temporary differences £m	IFRS 16 adjustment £m	Other short-term temporary differences £m	Total UK deferred tax £m	Overseas deferred tax £m	Total £m
At 2 April 2023	(207.6)	(11.1)	(140.5)	111.8	46.8	(200.6)	1.8	(198.8)
(Charged)/credited to income statement	(21.1)	(69.0)	(3.9)	(7.1)	(0.9)	(102.0)	4.7	(97.3)
Credited/(charged) to equity/other comprehensive income	—	—	104.7	—	(1.9)	102.8	(0.8)	102.0
At 30 March 2024	(228.7)	(80.1)	(39.7)	104.7	44.0	(199.8)	5.7	(194.1)
At 31 March 2024	(228.7)	(80.1)	(39.7)	104.7	44.0	(199.8)	5.7	(194.1)
Credited/(charged) to income statement	5.5	(63.8)	0.3	(7.1)	5.2	(59.9)	2.9	(57.0)
Credited/(charged) to equity/other comprehensive income	—	—	70.2	—	(4.1)	66.1	(0.5)	65.6
At 29 March 2025	(223.2)	(143.9)	30.8	97.6	45.1	(193.6)	8.1	(185.5)

The following is the analysis of the deferred tax balances after offset:

	2025 £m	2024 £m
Deferred tax assets	13.9	11.7
Deferred tax liabilities	(199.4)	(205.8)

Other short-term temporary differences included a deferred tax asset of £40.9m (last year: £27.0m) in respect of employee share options and a deferred tax asset £0.4m (last year: £2.0m) in relation to financial instruments.

The deferred tax liability on land and buildings temporary differences is reduced by the benefit of capital losses with a gross value of £189.2m (last year: £162.4m) and a tax value of £47.3m (last year: £40.6m). The gross carried forward capital losses are £394.0m (last year: £399.0m) with a tax value of £98.5m (last year: £99.8m) and are inclusive of the gross £189.2m of losses used to reduce the deferred tax liability on land and buildings.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23 Deferred tax continued**Deferred tax assets/(liabilities) continued**

Due to uncertainty over their future use, no benefit has been recognised in respect of trading losses carried forward in overseas jurisdictions with a gross value of £5.6m (last year: £5.2m) and a tax value of £1.5m (last year: £1.3m).

No deferred tax is recognised in respect of undistributed earnings of overseas subsidiaries and joint ventures with a gross value of £50.0m (last year: £46.4m) unless a material liability is expected to arise on distribution of these earnings under applicable tax legislation. There is a potential tax liability in respect of undistributed earnings of £4.7m (last year: £4.4m), however this has not been recognised on the basis the distribution can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

24 Ordinary share capital

	2025		2024	
	Ordinary shares of £0.01 each		Ordinary shares of £0.01 each	
	Shares	£m	Shares	£m
Issued and fully paid				
At start of year	2,040,355,823	20.5	1,964,933,931	19.8
Shares issued in respect of employee share option schemes	14,844,347	0.1	75,421,892	0.7
At end of year	2,055,200,170	20.6	2,040,355,823	20.5

Issue of new shares

A total of 14,844,347 (last year: 75,421,892) ordinary shares having a nominal value of £0.1m (last year: £0.7m) were allotted during the year under the terms of the Company's share schemes which are described in note 13 of the Group financial statements. The aggregate consideration received was £15.8m (last year: £57.0m).

25 Contingencies and commitments**A. Capital commitments**

	2025 £m	2024 £m
Commitments in respect of properties in the course of construction	359.7	175.2
Software capital commitments	9.2	6.5
	368.9	181.7

During 2021/22, the Group committed to invest up to £25.0m, over a three-year period to 2024/25, in an innovation and consumer growth fund managed by True Capital Limited. This period was extended to 2026/27 during the year 2023/24. The fund can drawdown amounts at any time over the five-year period to make specific investments. At 29 March 2025, the Group had invested £12.9m (last year: £10.1m) of this commitment, which is held as a non-current other investment and measured at fair value through profit or loss (see note 16).

B. Other material contracts

See note 12 for details on the Partnership arrangement with the Marks & Spencer UK Pension Scheme.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26 Analysis of cash flows given in the statement of cash flows**Cash flows from operating activities**

	2025 £m	2024 £m
Profit on ordinary activities after taxation	291.9	425.2
Income tax expense	219.9	247.3
Finance costs	177.2	188.4
Finance income	(64.7)	(146.7)
Operating profit	624.3	714.2
Share of results of Ocado Retail Limited	28.7	37.3
Share of results in other joint ventures	(0.5)	0.3
Increase in inventories	(73.3)	(31.3)
Increase in receivables	(33.7)	(17.5)
Increase in payables	68.4	126.0
Depreciation, amortisation, impairments and disposals	542.6	526.3
Non-cash share-based payment expense	52.4	48.3
Non-cash pension expense	5.6	5.3
Defined benefit pension funding	(0.4)	(0.4)
Adjusting items net cash outflows ^{1,2}	(25.6)	(38.0)
Adjusting items M&S Bank ³	(27.4)	(2.0)
Adjusting items within operating profit	360.2	124.4
Cash generated from operations	1,521.3	1,492.9

1 Excludes £19.0m (last year: £24.1m) of surrender payments included within repayment of lease liabilities in the consolidated statement of cash flows relating to leases within the store estate programme.

2 Adjusting items net cash outflows relate to strategic programme costs associated with the Store estate, UK logistics, Furniture simplification, Digital and Technology transformation and income associated with a legal settlement.

3 Adjusting items M&S Bank relates to one-off fees paid to M&S Bank under the new Relationship Agreement which will be recognised as a reduction to income over the term of the contract. Last half year and last year end, this related to M&S Bank income recognised in operating profit offset by charges incurred in relation to the insurance mis-selling provision, which is a non-cash item.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 Analysis of net debt**A. Reconciliation of movement in net debt**

	At 2 April 2023 £m	Cash flows excluding interest £m	Cash flows relating to interest ¹ £m	Changes in fair values £m	Lease additions and remeasure- ments £m	Exchange and other non-cash movements £m	At 30 March 2024 £m
Net debt							
Cash and cash equivalents (see note 18)	1,067.9	89.8	(133.2)	—	—	(2.1)	1,022.4
Net cash per statement of cash flows	1,067.9	89.8	(133.2)	—	—	(2.1)	1,022.4
Current other financial assets (see note 16)	13.0	(0.7)	—	—	—	—	12.3
Liabilities from financing activities							
Medium-Term Notes (see note 20)	(1,346.4)	395.6	65.7	—	—	(36.6)	(921.7)
Lease liabilities (see note 20)	(2,281.6)	243.5	102.0	—	(176.0)	(99.4)	(2,211.5)
Partnership liability to the Marks & Spencer UK Pension Scheme (see note 12)	(121.9)	40.0	—	—	—	—	(81.9)
Derivatives held to hedge Medium-Term Notes	(5.2)	—	—	(16.4)	—	—	(21.6)
Liabilities from financing activities	(3,755.1)	679.1	167.7	(16.4)	(176.0)	(136.0)	(3,236.7)
Less: Cash flows related to interest and derivative instruments	37.0	—	(34.5)	16.4	—	17.3	36.2
Net debt	(2,637.2)	768.2	—	—	(176.0)	(120.8)	(2,165.8)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 Analysis of net debt continued**A. Reconciliation of movement in net debt** continued

	At 31 March 2024 £m	Cash flows excluding interest £m	Cash flows relating to interest ¹ £m	Changes in fair values £m	Lease additions and remeasure- ments £m	Exchange and other non-cash movements £m	At 29 March 2025 £m
Net debt							
Cash and cash equivalents (see note 18)	1,022.4	(50.2)	(106.5)	—	—	(1.2)	864.5
Net cash per statement of cash flows	1,022.4	(50.2)	(106.5)	—	—	(1.2)	864.5
Current other financial assets (see note 16)	12.3	277.2	—	—	—	—	289.5
Liabilities from financing activities							
Medium-Term Notes (see note 20)	(921.7)	187.8	45.6	—	—	(28.8)	(717.1)
Lease liabilities (see note 20)	(2,211.5)	258.6	103.4	—	(261.0)	(116.9)	(2,227.4)
Partnership liability to the Marks & Spencer UK Pension Scheme (see note 12)	(81.9)	40.0	0.5	—	—	41.4	—
Derivatives held to hedge Medium-Term Notes	(21.6)	—	—	11.1	—	—	(10.5)
Liabilities from financing activities	(3,236.7)	486.4	149.5	11.1	(261.0)	(104.3)	(2,955.0)
Less: Cash flows related to interest and derivative instruments	36.2	—	(43.0)	(11.1)	—	29.3	11.4
Net debt	(2,165.8)	713.4	—	—	(261.0)	(76.2)	(1,789.6)

¹ Change of presentation from last year to split cash flows into interest and excluding interest columns

B. Reconciliation of net debt to statement of financial position

	2025 £m	2024 £m
Statement of financial position and related notes		
Cash and cash equivalents (see note 18)	864.5	1,022.4
Current other financial assets (see note 16)	289.5	12.3
Medium-Term Notes – excluding impact of foreign exchange (see note 20)	(738.3)	(937.2)
Lease liabilities (see note 20)	(2,227.4)	(2,211.5)
Partnership liability to the Marks & Spencer UK Pension Scheme (see note 12 and 21)	—	(88.8)
	(1,811.7)	(2,202.8)
Interest payable included within related borrowing and the Partnership liability to the Marks & Spencer UK Pension Scheme	22.1	37.0
Net debt	(1,789.6)	(2,165.8)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

28 Related party transactions**A. Subsidiaries**

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Company and its subsidiaries are disclosed in the Company's separate financial statements.

B. Joint ventures and associates**Ocado Retail Limited**

The following transactions were carried out with Ocado Retail Limited, an associate of the Group.

Loan to Ocado Retail Limited

	2025 £m	2024 £m
Opening balance	92.2	30.9
Loans advanced	—	60.0
Interest charged	8.5	6.0
Interest repaid	—	(4.7)
Closing balance	100.7	92.2

The loan matures during 2039/40 and accrues interest at Sterling Overnight Index Average (SONIA) plus an applicable margin.

Parent guarantee

Ocado Retail Limited, an associate of the Group, entered into a £30.0m revolving credit facility on 9 May 2024, of which £nil was drawn at 29 March 2025. The Group, along with Ocado Group plc, jointly guarantee the facility. Last year, the facility had expired.

Sales and purchases of goods and services

	2025 £m	2024 £m
Sales of goods and services	62.2	44.9
Purchases of goods and services	—	0.1

Included within trade and other receivables is a balance of £7.9m (last year: £4.1m) owed by Ocado Retail Limited.

Nobody's Child Limited

Nobody's Child Limited became an associate of the Group in November 2021.

During the year, the Group made purchases of goods amounting to £9.7m (last year: £7.0m).

At 29 March 2025, there was a balance of £nil within trade and other payables (last year: £0.1m) owed to Nobody's Child Limited, and £3.0m included within other financial assets (last year: £2.7m) owed from Nobody's Child Limited.

C. Marks & Spencer UK Pension Scheme

Details of other transactions and balances held with the Marks & Spencer UK Pension Scheme are set out in notes 11 and 12.

D. Key management compensation

The Group has determined that the key management personnel constitute the Board and the members of the Executive Committee.

	2025 £m	2024 £m
Salaries and short-term benefits	14.9	10.6
Pension costs	0.4	0.4
Share-based payments	20.9	10.0
Total	36.2	21.0

29 Investments in joint ventures and associates

The Group holds a 50% interest in Ocado Retail Limited, a company incorporated in the UK. The remaining 50% interest is held by Ocado Group plc. Ocado Retail Limited is an online grocery retailer, operating through the ocado.com and ocadozoom.com websites.

At the reporting date, Ocado Retail Limited was considered an associate of the Group as certain rights were conferred on Ocado Group plc for an initial period of at least five years from acquisition in August 2019, giving Ocado Group plc control of the company. Through Board representation and shareholder voting rights, the Group was considered to have significant influence and therefore the investment in Ocado Retail Limited was treated as an associate and the Group applied the equity method of accounting. Subsequent to the year end, on 6 April 2025, Ocado Group plc gave up those rights to the Group. There was no change in economic interest of both shareholders in Ocado Retail Limited, nor any consideration paid by the Group, as a result of this change. From 6 April 2025, Ocado Retail Limited is consolidated as a subsidiary of the Group (see note 30).

Previously, Ocado Retail Limited's financial year end aligned with Ocado Group plc. For the Group's purpose of applying the equity method of accounting, Ocado Retail Limited had prepared financial information to the nearest quarter-end date of its financial year end, as to do otherwise would be impracticable. As part of the above change, Ocado Retail Limited has changed its year end date to align to the Group meaning that the Group's results for Ocado Retail Limited are incorporated in these financial statements from 4 March 2024 to 6 April 2025. There were no significant events or transactions in the period from 29 March 2025 to 6 April 2025.

The carrying amount of the Group's interest in Ocado Retail Limited is £385.0m (last year: £677.1m). The Group's share of Ocado Retail Limited losses of £43.6m (last year: loss of £79.9m) includes the Group's share of underlying losses of £28.7m (last year: share of underlying losses: £37.3m) and the Group's share of adjusting item charges of £2.0m (last year: £29.7m) and adjusting item charges of £12.9m (last year: £12.9m) (see note 5).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

29 Investments in joint ventures and associates continued

During the year, following the identification of an impairment indicator triggered as part of the preparations ahead of the change of control and consolidation of Ocado Retail Limited, the Group has recognised an investment impairment charge of £248.5m (last year: £nil). This charge has been recognised as an adjusting item (see note 5).

Under IAS 36 Impairment of Assets, the recoverable amount was based on a fair value methodology and was estimated using the latest ORL Board-approved 5-year cash flow forecast, adjusted for certain management assumptions and having regard to historic ORL performance, future achievable growth and the impact of committed initiatives. The fair value valuation technique relies on inputs not in the public domain and is categorised as Level 3 in the hierarchy (for further details see 'fair value hierarchy' on page 173 in note 21).

Significant assumptions have been used in calculating the recoverable amount which are subject to uncertainty and involve judgement, including the cash flows used and the post-tax discount rate of 9.0%. The key assumptions most likely to have a material impact are revenue, fulfilment and delivery costs and the discount rate.

Management has performed sensitivity analysis on the key assumptions and using reasonably possible changes would result in the following impacts:

- A reduction in revenue of 5% in each year, including the terminal year, while maintaining margin rate would increase the impairment charge by £52.0m.
- An increase in fulfilment and delivery costs of 1.0% in each year, including the terminal year, would increase the impairment charge by £41.0m.
- A 100-basis point increase in the discount rate would increase the impairment charge by £80.0m.

In the event that all three were to occur simultaneously, the impairment charge would increase by £161.0m.

Summarised financial information in respect of Ocado Retail Limited (the Group's only material associate) is set out below and represents amounts in the Ocado Retail Limited financial statements prepared in accordance with IFRS, adjusted by the Group for equity accounting purposes.

	As at 6 April 2025 £m	As at 3 March 2024 £m
Ocado Retail Limited		
Current assets	270.6	261.7
Non-current assets	505.6	517.4
Current liabilities	(327.5)	(272.3)
Non-current liabilities	(494.5)	(491.2)
Net (liabilities)/assets	(45.8)	15.6

	4 March 2024 to 6 April 2025 £m	27 February 2023 to 3 March 2024 £m
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Revenue	3,091.9	2,470.3
Loss for the period	(61.4)	(133.7)
Total comprehensive loss	(61.4)	(133.7)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ocado Retail Limited recognised in the consolidated financial statements:

	As at 29 March 2025 £m	As at 30 March 2024 £m
Ocado Retail Limited		
Net (liabilities)/assets	(45.8)	15.6
Proportion of the Group's ownership interest	(22.9)	7.8
Goodwill	449.1	449.1
Brand	223.1	229.7
Customer relationships	45.9	56.5
Other adjustments to align accounting policies	(67.4)	(71.7)
Acquisition costs	5.7	5.7
Impairment of investment	(248.5)	—
Carrying amount of the Group's interest in Ocado Retail Limited	385.0	677.1

In addition, the Group holds immaterial investments in joint ventures and associates totalling £7.5m (last year: £7.1m). The Group's share of profit totalled £0.4m (last year: £0.5m loss) and an impairment of £nil (last year: £3.5m) was recognised.

30 Business combination

On 6 April 2025, in line with expectations, the Group obtained control of Ocado Retail Limited. There was no change in economic interest of both shareholders in Ocado Retail Limited, nor any consideration paid by the Group, as a result of this change. For further details see note 29.

The Group has gained control of an investment previously accounted for as an associate, which has been accounted for as a business combination using the acquisition method of accounting at the 'consolidation date' in accordance with IFRS 3 Business Combinations, and consequently the Ocado Retail Limited assets acquired and liabilities assumed have been recorded by the Group at fair value.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 Business combination continued

	As at 6 April 2025 £m
Fair value of identifiable net assets (provisional)¹	
Intangible assets: brand	228.7
Intangible assets: customer relationships	55.0
Intangible assets: other	12.9
Property, plant and equipment – owned	234.8
Property, plant and equipment – right-of-use assets ²	333.0
Inventories	85.7
Trade and other receivables ³	116.7
Cash and cash equivalents	68.2
Trade and other payables	(261.6)
Borrowings and other financial liabilities ²	(422.8)
Provisions	(33.8)
Deferred tax liabilities	(58.3)
	358.5
Goodwill	
Fair value of pre-existing interest in Ocado Retail Limited (see notes 5 and 29)	385.0
Fair value of identifiable net assets	(358.5)
Non-controlling interest, based on their proportionate share of the acquired net assets	179.3
Loss on settlement of pre-existing relationship	(18.0)
Settlement of pre-existing relationship	106.1
	293.9

1 The fair value of the net assets acquired are provisional because the consolidation date was close to the reporting date. The fair values will be finalised within 12 months of the consolidation date.

2 The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable or unfavourable terms of the lease relative to market terms.

3 The fair value of trade and other receivables is considered equivalent to the gross contractual amount and the Group expects to collect substantially all of these.

Net cash inflow arising on acquisition relates to cash and cash equivalents acquired.

The goodwill primarily reflects the value of future new customers. None of the goodwill is expected to be deductible for tax purposes.

Settlement of pre-existing relationships

At the consolidation date, the Group and Ocado Retail Limited had two pre-existing relationships: a long-term supply contract under which the Group supplied Ocado Retail Limited with certain products at agreed contract rates; and a shareholder loan provided by the Group to Ocado Retail Limited (see note 28).

These pre-existing relationships were effectively settled at the consolidation date and were accounted for separately from the business combination under IFRS 3. Any pre-existing balances were eliminated on consolidation, with the balances derecognised from the Group's balance sheet and excluded from the fair value of Ocado Retail Limited's net assets acquired.

The long-term supply contract was effectively terminated at the consolidation date. The Group has attributed £18.0m of the notional consideration to the settlement of that pre-existing relationship. The fair value of the settlement has been determined based on an assessment of the difference between current market rates and the rates previously agreed in the lower cost legacy supply contract. The charge will be recognised within adjusting items.

31 Contingent assets

Previously, the Group was seeking damages from an independent third party following their involvement in anti-competitive behaviour that adversely impacted the Group. The Group expected to receive an amount from the claim (either in settlement or from the legal proceedings), a position that was reinforced by recent court judgements in similar claims. During the period, net income of £20.5m was recognised in settlement of the damages action (see note 5).

32 Subsequent events

On 6 April 2025, Ocado Retail Limited became a subsidiary of the Group. See notes 1, 29 and 30 for details.

On 22 April 2025, we announced that we had been managing a cyber incident. As part of our proactive management of the incident, we made the decision to pause taking orders via our UK & Ireland websites and apps and some M&S International-operated websites.

In response to the events, we engaged external cyber security experts to assist with investigating and managing the incident. The Group also engaged with the relevant authorities, including reporting the incident to the National Cyber Security Centre and the UK's Information Commissioner's Office ('ICO') as appropriate.

The incident has been treated as a non-adjusting post-balance sheet event and there has been no impact on the financial results reported for the year ended 29 March 2025.

Our current estimate before mitigation is an impact on Group operating profit of around £300m for 2025/26, which will be reduced through management of costs, insurance and other trading actions. It is expected that costs directly relating to the incident will be presented separately as an adjusting item.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	As at 29 March 2025 £m	As at 30 March 2024 £m
Assets			
Non-current assets			
Investments in subsidiary undertakings	C6	9,830.7	10,004.6
Total assets		9,830.7	10,004.6
Liabilities			
Current liabilities			
Amounts owed to subsidiary undertakings		2,462.7	2,483.6
Total liabilities		2,462.7	2,483.6
Net assets		7,368.0	7,521.0
Equity			
Ordinary share capital	C7	20.6	20.5
Share premium account	C7	982.7	967.0
Capital redemption reserve		2,680.4	2,680.4
Merger reserve	C7	1,397.3	1,397.3
Retained earnings		2,287.0	2,455.8
Total equity		7,368.0	7,521.0

The Company's loss for the year was £151.3m (last year: profit of £1,975.9m).

The financial statements were approved by the Board and authorised for issue on 20 May 2025. The financial statements also comprise the notes C1 to C7.



Stuart Machin
Chief Executive Officer

Registered number: 04256886

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Ordinary share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Retained earnings £m	Total £m
At 2 April 2023	19.8	910.7	2,680.4	—	1,855.0	5,465.9
Profit for the year	—	—	—	—	1,975.9	1,975.9
Dividends	—	—	—	—	(19.6)	(19.6)
Capital contribution for share-based payments	—	—	—	—	41.8	41.8
Shares issued on exercise of employee share options	0.7	56.3	—	—	—	57.0
Reclassification from merger reserve	—	—	—	1,397.3	(1,397.3)	—
At 30 March 2024	20.5	967.0	2,680.4	1,397.3	2,455.8	7,521.0
At 31 March 2024	20.5	967.0	2,680.4	1,397.3	2,455.8	7,521.0
Loss for the year	—	—	—	—	(151.3)	(151.3)
Dividends	—	—	—	—	(60.5)	(60.5)
Capital contribution for share-based payments	—	—	—	—	43.0	43.0
Shares issued on exercise of employee share options	0.1	15.7	—	—	—	15.8
At 29 March 2025	20.6	982.7	2,680.4	1,397.3	2,287.0	7,368.0

COMPANY STATEMENT OF CASH FLOWS

	52 weeks ended 29 March 2025 £m	52 weeks ended 30 March 2024 £m
Cash flow from investing activities		
Dividends received	65.6	20.0
Net cash generated from investing activities	65.6	20.0
Cash flows from financing activities		
Shares issued on exercise of employee share options	15.8	57.0
Repayment of intercompany loan	(20.9)	(57.4)
Equity dividends paid	(60.5)	(19.6)
Net cash used in financing activities	(65.6)	(20.0)
Net cash inflow from activities	—	—
Cash and cash equivalents at beginning and end of year	—	—

NOTES TO THE COMPANY FINANCIAL STATEMENTS

C1 Accounting policies

General information

Marks and Spencer Group plc (the Company) is a public limited company domiciled and incorporated in England and Wales under the Companies Act 2006. The address of the Company's registered office is Waterside House, 35 North Wharf Road, London W2 1NW, United Kingdom.

The principal activities of the Company and the nature of the Company's operations is as a holding entity.

These financial statements are presented in sterling, which is the Company's functional currency, and are rounded to the nearest hundred thousand.

The Company's accounting policies are the same as those set out in note 1 of the Group financial statements, except as noted below.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. The Company grants share-based payments to the employees of subsidiary companies. Each period the fair value of the employee services received by the subsidiary as a capital contribution from the Company is reflected as an addition to investments in subsidiaries.

Loans from other Group undertakings and all other payables are initially recorded at fair value, which is generally the proceeds received. They are then subsequently carried at amortised cost. The loans are non-interest bearing and repayable on demand.

In accordance with the exemption allowed by Section 408(3) of the Companies Act 2006, the Company has not presented its own income statement or statement of comprehensive income.

Key sources of estimation uncertainty

Impairment of investments in subsidiary undertakings

The carrying value of the investments in subsidiary undertakings is reviewed for impairment or impairment reversal on an annual basis. The recoverable amount is determined based on value in use which requires the determination of appropriate assumptions (which are sources of estimation uncertainty) in relation to the cash flows over the three-year strategic plan period, the long-term growth rate to be applied beyond this three-year period and the risk-adjusted pre-tax discount rate used to discount the assumed cash flows to present value.

Estimation uncertainty arises due to changing economic and market factors, the channel shift from stores to online, increasing technological advancement and the Group's ongoing strategic transformation programmes. See note C6 for further details on the assumptions and associated sensitivities.

The Company's financial risk is managed as part of the Group's strategy and policies as discussed in note 21 of the Group financial statements.

C2 Employees

The Company had no employees during the current or prior year. Directors received emoluments in respect of their services to the Company during the year of £1,341,240 (last year: £1,350,288). The Company did not operate any pension schemes during the current or preceding year. For further information see the Remuneration Report.

C3 Auditor's remuneration

Auditor's remuneration in respect of the Company's annual audit has been borne by its subsidiary Marks and Spencer plc and has been disclosed on a consolidated basis in the Company's consolidated financial statements as required by Section 494(4)(a) of the Companies Act 2006.

C4 Dividends

	2025 per share	2024 per share	2025 £m	2024 £m
Dividends on equity ordinary shares				
Paid final dividend	2.0p	—	40.2	—
Paid interim dividend	1.0p	1.0p	20.3	19.6
	3.0p	1.0p	60.5	19.6

The directors have approved a final dividend of 2.6p per share (last year: 2.0p per share), which, in line with the requirements of IAS 10 Events after the Reporting Period, has not been recognised within these results. This final dividend of c.£53.4m (last year: £40.2m) will be paid on 4 July 2025 to shareholders whose names are on the Register of Members at the close of business on 30 May 2025. The ordinary shares will be quoted ex dividend on 29 May 2025.

A dividend reinvestment plan (DRIP) is available to shareholders who would prefer to invest their dividends in the shares of the Company. For those shareholders electing to receive the DRIP, the last date for receipt of a new election is 13 June 2025.

C5 Related party transactions

During the year, the Company received a dividend of £65.6m (last year: £20.0m) and decreased its loan from Marks and Spencer plc by £20.9m (last year: £57.4m). The outstanding balance was £2,462.7m (last year: £2,483.6m) and is non-interest bearing. There were no other related party transactions.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C6 Investments**A. Investments in subsidiary undertakings**

	2025 £m	2024 £m
Beginning of the year	10,004.6	8,006.9
Contributions to subsidiary undertakings relating to share-based payments	43.0	41.8
Impairment (charge)/reversal	(216.9)	1,955.9
End of year	9,830.7	10,004.6

Shares in subsidiary undertakings represent the Company's investment in Marks and Spencer plc, Marks and Spencer Holdings Limited and Marks and Spencer (A2B) Limited.

Impairment of investments in subsidiary undertakings**Investment in Marks and Spencer plc**

The Company evaluates its investments in subsidiary undertakings annually for any indicators of impairment or impairment reversal. The Company considers the relationship between its market capitalisation and the carrying value of its investments, among other factors, when reviewing for indicators of impairment. As at 29 March 2025, the market capitalisation of the Group was below the carrying value of its investment in Marks and Spencer plc of £9,441.4m, indicating a potential impairment, despite strong Group performance.

The recoverable amount of the investment in Marks and Spencer plc has been determined based on a value in use calculation. The Company has updated its assumptions as at 29 March 2025, reflecting the latest budget and forecast cash flows covering a three-year period. The pre-tax discount rate of 13.5% (last year: 12.5%) was derived from the Group's weighted average cost of capital, the inputs of which include a country risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). The long-term growth rate of 2.0% (last year: 2.0%), was based on inflation forecasts by recognised bodies with reference to rates used within the retail industry.

The outcome of the value in use calculation supports the carrying value of the investment in subsidiary undertakings, with a headroom of £1,259.7m. The Company has determined that the recoverable amount of its investment in Marks and Spencer plc is £10,025.6m and as a result no impairment has been recognised.

Sensitivity analysis

As disclosed in the accounting policies note C1, the cash flows used within the value in use model, the long-term growth rate and the discount rate are sources of estimation uncertainty. Management has performed a sensitivity analysis on the key assumptions and using reasonably possible changes would result in the following impacts:

Sensitivity area	Sensitivity tested	Impact	Resulting headroom
Cash flows	10% reduction	(£1,002.6m)	£257.1m
Long-term growth rate	50 basis point decrease	(£334.3m)	£925.4m
Discount rate	250 basis point increase	(£1,686.8m)	(£427.1m)

In the event that all three were to happen simultaneously, the resulting impairment charge would be £1,459.0m.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C6 Investments continued

Investment in Marks and Spencer Holdings Limited

Marks and Spencer Holdings Limited holds the investment in Ocado Retail Limited. The Company considered the impairment of Ocado Retail Limited recognised in the Group financial statements (see note 5) to be an indicator of impairment of its investment in Marks and Spencer Holdings Limited.

The recoverable amount of the investment in Marks and Spencer Holdings Limited has been estimated based on the fair value of the subsidiary as determined by its net asset value adjusted for the impairment of its investment in Ocado Retail Limited.

The Company has determined that the recoverable amount of its investment in Marks and Spencer Holdings Limited is £389.4m and as a result has recognised an impairment of £216.9m.

B Related undertakings

In accordance with Section 409 of the Companies Act 2006, a full list of related undertakings, the country of incorporation and the effective percentage of equity owned, as at 29 March 2025 is disclosed below. All undertakings are indirectly owned by the Company unless otherwise stated.

Subsidiary and other related undertakings registered in the UK⁽ⁱ⁾

Name	Share class	Proportion of shares held (%)
Founders Factory Retail Limited	£0.0001 ordinary	0.004
Registered office: Founders Factory (Level 7) Arundel Street Building 180 Strand, 2 Arundel Street, London WC2R 3DA	(25.001% of total capital) £0.0001 preferred	100
Hedge End Park Limited	£1 ordinary A	—
Registered Office: 33 Holborn, London, EC1N 2HT	(50% of total capital) £1 ordinary B	100
	(50% of total capital) £1 ordinary A	100
Marks and Spencer Pension Trust Limited⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	£1 ordinary B	—
	£1 ordinary C	—
Marks and Spencer plc⁽ⁱⁱⁱ⁾	£0.25 ordinary	100
Marks and Spencer Scottish Limited Partnership^(iv)	Partnership interest	100
Registered Office: 2-28 St Nicholas Street, Aberdeen, AB10 1BU		

Name	Share class	Proportion of shares held (%)
Ocado Retail Limited		
Registered Office: Apollo Court 2 Bishop Square, Hatfield Business Park, Hatfield, Hertfordshire, United Kingdom, AL10 9NE	£0.01 ordinary	50
Amethyst Leasing (Holdings) Limited	£1 ordinary	100
M & S Limited	£1 ordinary	100
Marks and Spencer Pearl (1) Limited	£1 ordinary	100
Manford (Textiles) Limited	£1 ordinary	100
Marks and Sparks Limited	£1 ordinary	100
Marks and Spencer (Northern Ireland) Limited	£1 ordinary	100
Registered office: Merchant Square, 20-22 Wellington Place, Belfast, BT1 6CE		
Marks and Spencer Property Developments Limited	£1 ordinary	100
Nobody's Child Limited	£0.01 Ordinary	—
Registered Office: 10-11 Greenland Place, Camden, London, NW1 0AP	(72.910% of total capital) ^(v) £0.01 Preference	100
	(27.090% of total capital) ^(vi)	
St. Michael (Textiles) Limited	£1 ordinary	100

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C6 Investments continued

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 29 March 2025. Unless otherwise stated, the undertakings listed below are registered at Waterside House, 35 North Wharf Road, London, W2 1NW, United Kingdom, and have a single class of ordinary share with a nominal value of £1. All undertakings are indirectly owned by the Company unless otherwise stated.

UK registered subsidiaries exempt from audit

Name	Proportion of shares held (%)	Company Number
Amethyst Leasing (Properties) Limited	100	4246934
Busyexport Limited	100	4411320
Marks and Spencer (Initial LP) Limited⁽ⁱⁱⁱ⁾		
Registered Office: 2 Semple Street Edinburgh EH3 8BL	100	SC315365
Marks and Spencer (Property Ventures) Limited	100	5502513
Marks and Spencer 2005 (Brooklands Store) Limited	100	5502608
Marks and Spencer 2005 (Chester Store) Limited	100	5502542
Marks and Spencer 2005 (Fife Road Kingston Store) Limited	100	5502598
Marks and Spencer 2005 (Glasgow Sauchiehall Store) Limited	100	5502546
Marks and Spencer 2005 (Hedge End Store) Limited	100	5502538
Marks and Spencer 2005 (Kensington Store) Limited	100	5502478
Marks and Spencer 2005 (Kingston-on-Thames Satellite Store) Limited	100	5502523
Marks and Spencer 2005 (Kingston-on-Thames Store) Limited	100	5502520
Marks & Spencer Outlet Limited	100	4039568
Marks & Spencer Simply Foods Limited	100	4739922
Marks and Spencer (Property Investments) Limited	100	5502582

Name	Proportion of shares held (%)	Company Number
Marks and Spencer Chester Limited	100	5174129
Marks and Spencer France Limited	100	5502548
Marks and Spencer International Holdings Limited	100	2615081
Marks and Spencer (Investment Holdings) Limited	100	13587353
Marks and Spencer (A2B) Limited⁽ⁱⁱⁱ⁾	100	14228803
Marks & Spencer Company Archive CIC^(vii)	N/A	7377510
Marks and Spencer 2005 (Parman House Kingston Store) Limited	100	5502588
Marks and Spencer 2005 (Pudsey Store) Limited	100	5502544
Marks and Spencer 2005 (Warrington Gemini Store) Limited	100	5502502
Marks and Spencer Holdings Limited⁽ⁱⁱⁱ⁾	100	11845975
Marks and Spencer Investments	100	4903061
Marks and Spencer Property Holdings Limited	100	2100781
Ruby Properties (Cumbernauld) Limited	100	4922798
Ruby Properties (Hardwick) Limited	100	4716018
Ruby Properties (Long Eaton) Limited	100	4716031
Ruby Properties (Thornccliffe) Limited	100	4716110
Ruby Properties (Tunbridge) Limited	100	4716032
Simply Food (Property Investments)	100	5502543
Simply Food (Property Ventures) Limited	100	2239799
Marks and Spencer (Bradford) Limited	100	10011863
Marks and Spencer (Jaeger) Limited	100	13098074
Marks and Spencer Pearl (Daventry) Limited	100	14267865
Gist Limited	100	502669
St. Michael Finance Limited	100	1339700
The Sports Edit Limited	82.583	9331295

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C6 Investments continued

UK registered subsidiaries exempt from audit continued

The Company will guarantee the debts and liabilities of the above UK subsidiary undertakings at the balance sheet date of £226.1m in accordance with section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

- (i) All companies registered at Waterside House, 35 North Wharf Road, London, W2 1NW, United Kingdom, unless otherwise stated.
- (ii) In accordance with the Articles of Association of Marks and Spencer Pension Trust Limited, the holders of B and C ordinary shares are both directors of that company.
- (iii) Interest held directly by Marks and Spencer Group plc.
- (iv) Marks and Spencer (Initial LP) Limited and Marks and Spencer Pension Trust Limited are the limited partners; Marks and Spencer plc is the General Partner.
- (v) Reduced to 65.987% of total capital as of 25 April 2025.
- (vi) Increased to 34.013% of total capital as of 25 April 2025.
- (vii) No share capital, as the company is limited by guarantee. Marks and Spencer plc is the sole member.

International subsidiary undertakings⁽ⁱ⁾

Name	Registered address	Country	Share class	Proportion of shares held by subsidiary (%)
Marks and Spencer (Australia) Pty Limited	Minter Ellison Governor Macquarie Tower Level 40 1 Farrer Place Sydney NSW 2000 Australia	Australia	AUD 2 ordinary	100
Marks and Spencer (Shanghai) Limited	Unit 03-05A 16/F, Eco City 1788, 1788 West Nan Jing Road, Shanghai, China	China	USD NPV	100
Marks and Spencer Czech Republic a.s	Jemnická 1138/1, Michle, Praha 4, 140 00, Czech Republic	Czech Republic	CZK 1,000 ordinary	100
			CZK 100,000 ordinary	100
			CZK 1,000,000 ordinary	100
Marks and Spencer Services S.R.O	Jemnická 1138/1, Michle, Praha 4, 140 00, Czech Republic	Czech Republic	CZK NPV	100

Name	Registered address	Country	Share class	Proportion of shares held by subsidiary (%)
Marks and Spencer Marinopoulos Greece SA⁽ⁱⁱ⁾	33-35 Ermou Street, Athens 10563, Greece	Greece	€3 ordinary €3 preference	100 ⁽ⁱⁱⁱ⁾ 100
Ignazia Limited	Heritage Hall, Le Marchant Street, St Peter Port, GY1 4JH, Guernsey	Guernsey	£1 ordinary	100
Teranis Limited	Heritage Hall, Le Marchant Street, St Peter Port, GY1 4JH, Guernsey	Guernsey	£1 ordinary	100
M.S. General Insurance L.P.	Heritage Hall, Le Marchant Street, St Peter Port, GY1 4JH, Guernsey	Guernsey	Partnership interest	100
Marks and Spencer (Hong Kong) Investments Limited	Suites 807-13, 8/F, South Tower, World Finance Centre, Harbour City, Kowloon, Hong Kong	Hong Kong	No Par Value ordinary	100
Marks and Spencer (India) pvt Limited	Plot No 64, 2nd Floor, Holly Hocks, Sector 44, Gurgaon – 122 002, Haryana, India	India	INR10 ordinary	100
Marks and Spencer Reliance India pvt Ltd	4th Floor, Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai, 400 002, India	India	INR 10 class A (14.619% of total capital)	51
			INR 10 class B (43.544% of total capital)	100
			INR 5 class C ^(iv) (41.837% of total capital)	—
Aprell Limited	24/29 Mary Street, Dublin 2, Ireland	Ireland	€1.25 ordinary	100

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

C6 Investments continued

International subsidiary undertakings⁽ⁱ⁾ continued

Name	Registered address	Country	Share class	Proportion of shares held by subsidiary (%)
Marks and Spencer (Ireland) Limited	24/27 Mary Street, Co. Dublin, Dublin 1, D01 YE83, Ireland	Ireland	€1.25 ordinary	100
Marks and Spencer Pensions Trust (Ireland) Company Limited By Guarantee	24-27 Mary Street, Dublin 1, Dublin, D01 YE83, Ireland	Ireland	N/A ⁽ⁱⁱ⁾	—
Marks and Spencer (Nederland) B.V.	Basisweg 10, 1043 AP, Amsterdam, Netherlands	Netherlands	€450 ordinary	100
Marks and Spencer BV	Basisweg 10, 1043 AP, Amsterdam, Netherlands	Netherlands	€100 ordinary	100
Marks & Spencer (Portugal) Lda.	Avenida da Liberdade 249, 8º, 1250-143, Lisbon, Portugal	Portugal	€1 ordinary	100
Marks and Spencer (Singapore) Investments Pte. Ltd.	77 Robinson Road, #13-00 Robinson 77, Singapore 068896, Singapore	Singapore	SGD NPV	100
Marks and Spencer (SA) (Pty) Limited	Woolworths House, 93 Longmarket Street, Cape Town 8001, South Africa	South Africa	ZAR 2 ordinary	100
Marks and Spencer Clothing Textile Trading J.S.C	Havalani Karsisi Istanbul Dunya Ticaret Merkezi A3 Blok, Kat:11 Yesilkoy, Bakirkoy Istanbul Turkey	Turkey	TRL 25.00 Ordinary	100
Gist Distribution Limited	24-27 Mary Street, Dublin 1, Dublin, Ireland	Ireland	€1 Ordinary	100

NOTE: A number of the companies listed are legacy companies which no longer serve any operational purpose.

- (i) The shares of all international subsidiary undertakings are held by companies within the Group other than the Company (Marks and Spencer Group plc).
(ii) Company name from 31 March 2025: Marks and Spencer Greece Single Member SA.
(iii) On 28 March 2025, the 20% ordinary shares owned by JV partner were acquired by Marks and Spencer B.V.
(iv) INR 5 class C shares 100% owned by JV partner.
(v) No share capital as the company is limited by guarantee.

C7 Share capital and other reserves

Issue of new shares

A total of 14,844,347 (last year: 75,421,892) ordinary shares having a nominal value of £0.1m (last year: £0.7m) were allotted during the year under the terms of the Company's share schemes which are described in note 13 of the Group financial statements. The aggregate consideration received was £15.8m (last year: £57.0m).

Merger reserve

The Company's merger reserve was created as part of a Group reorganisation that occurred in 2001/02 and has an economical relationship to the Company's investment in Marks and Spencer plc. Between 2019/20 and 2022/23 an amount equal to the original merger reserve balance of £1,397.3m was transferred from the merger reserve to retained earnings as that amount had become a realised profit in accordance with TECH 02/17. Following the reversal of impairment recognised in 2023/24, an amount equal to the original merger reserve balance of £1,397.3m was transferred from retained earnings to the merger reserve, in accordance with TECH 02/17.

GROUP FINANCIAL RECORD

	2025 52 weeks £m	2024 52 weeks ⁴ £m	2023 52 weeks ⁴ £m	2022 52 weeks ⁴ £m	2021 53 weeks ⁴ £m
Income statement					
Revenue^{1,4}					
UK & ROI Fashion, Home & Beauty	4,137.8	4,022.2	3,842.2	3,308.3	2,239.0
UK & ROI Food	9,021.0	8,298.8	7,348.1	6,639.6	6,138.5
International	658.0	719.1	741.0	937.2	789.4
Revenue before adjusting items	13,816.8	13,040.1	11,931.3	10,885.1	9,166.9
Adjusting items included in revenue	—	—	—	—	(11.2)
Revenue	13,816.8	13,040.1	11,931.3	10,885.1	9,155.7
Adjusted operating profit/(loss)^{1,4}					
UK & ROI Fashion, Home & Beauty	475.3	437.5	365.9	330.7	(130.8)
UK & ROI Food	484.1	388.4	222.9	277.8	228.6
Ocado	(28.7)	(37.3)	(29.5)	13.9	78.4
Other	7.5	2.2	(0.5)	13.0	1.9
International	46.3	47.8	67.8	73.6	44.1
Total adjusted operating profit	984.5	838.6	626.6	709.0	222.2
Adjusting items included in operating profit	(360.2)	(124.4)	(111.5)	(136.8)	(252.9)
Total operating profit/(loss)	624.3	714.2	515.1	572.2	(30.7)
Net interest payable	(109.0)	(122.2)	(173.3)	(199.3)	(219.1)
Adjusting items included in net finance costs	(3.5)	80.5	133.9	18.8	40.4
Net finance costs	(112.5)	(41.7)	(39.4)	(180.5)	(178.7)
Profit on ordinary activities before taxation and adjusting items	875.5	716.4	453.3	509.7	3.1
Profit/(loss) on ordinary activities before taxation	511.8	672.5	475.7	391.7	(209.4)
Income tax (expense)/credit	(219.9)	(247.3)	(111.2)	(180.3)	17.0
Profit/(loss) after taxation	291.9	425.2	364.5	211.4	(192.4)

GROUP FINANCIAL RECORD CONTINUED

		2025 52 weeks £m	2024 52 weeks £m	2023 52 weeks £m	2022 52 weeks £m	2021 53 weeks £m
Basic earnings per share ¹	Basic earnings/Weighted average ordinary shares in issue	14.6p	21.9p	18.5p	10.7p	(9.7p)
Adjusted basic earnings per share ¹	Adjusted basic earnings/Weighted average ordinary shares in issue	31.9p	24.6p	16.9p	16.2p	(0.1p)
Dividend per share declared in respect of the year ⁵		3.6p	3.0p	—	—	—
Dividend cover ⁵	Adjusted earnings per share/Dividend per share	8.9x	8.2x	—	—	—
Retail fixed charge cover ³	Operating profit before depreciation/Fixed charges	6.7x	5.1x	3.7x	3.5x	2.0x
Statement of financial position						
Net assets (£m)		2,951.4	2,830.1	2,680.8	2,783.8	2,249.3
Net debt (£m) ²		1,789.6	2,165.8	2,637.2	2,698.8	3,515.9
Capital expenditure (£m) ⁶		578.2	396.1	402.8	300.2	146.9
Stores and space						
UK & ROI stores ⁴		1,091	1,084	1,087	1,035	1,037
UK & ROI selling space (m sq ft) ⁴		17.1	17.3	17.3	16.7	16.8
International stores ⁴		395	408	380	452	472
International selling space (m sq ft) ⁴		4.0	3.9	3.8	5.0	5.1
Colleagues (full-time equivalent)						
UK & ROI ⁴		47,863	49,023	48,657	42,550	44,423
International ⁴		3,392	3,616	3,435	4,558	4,754

The above results are prepared under IFRS for each reporting period on a consistent basis.

1 Based on continuing operations.

2 Excludes accrued interest.

3 Calculated on Marks and Spencer Group plc's consolidated basis.

4 During the year, the Group made changes to the International segment and now the Republic of Ireland is reported within the Fashion, Home and Beauty and Food segments. 2024 and 2023 have been restated for comparative purposes, however, the 2022 and 2021 figures remain UK Food, UK Fashion, Home & Beauty and the Republic of Ireland is included within the International segment.

5 Dividend per share declared in respect of the year and dividend cover have been restated.

6 Capital expenditure has been restated for 2024.

GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES

The Group tracks a number of alternative performance measures in managing its business, which are not defined or specified under the requirements of IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS.

The Group believes that these alternative performance measures, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These alternative performance measures are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Some of these alternative performance measures are also used for the purpose of setting remuneration targets.

These alternative performance measures should be viewed as supplemental to, but not as a substitute for, measures presented in the consolidated financial statements relating to the Group, which are prepared in accordance with IFRS. The Group believes that these alternative performance measures are useful indicators of its performance. However, they may not be comparable with similarly-titled measures reported by other companies due to differences in the way they are calculated.

Alternative performance measure (APM)	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose																																												
Income statement measures																																															
Sales ¹	Revenue	Consignment sales	Sales include the gross value of consignment sales (excluding VAT). Where third-party branded goods are sold on a consignment basis, only the commission receivable is included in statutory revenue. This measure has been introduced given the Group's focus on launching and growing third-party brands and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.																																												
Fashion, Home & Beauty store/ Fashion, Home & Beauty online sales ¹	None	Not applicable	The growth in revenues on a year-on-year basis is a good indicator of the performance of the stores and online channels. <table> <tr> <th></th><th>2024/25 £m</th><th>2023/24 £m</th><th>%</th></tr> <tr> <td colspan="4">UK & ROI Fashion, Home & Beauty</td></tr> <tr> <td>Store sales²</td><td>2,806.1</td><td>2,777.3</td><td>1.0</td></tr> <tr> <td>Consignment sales</td><td>(16.9)</td><td>(18.6)</td><td></td></tr> <tr> <td>Store revenue</td><td>2,789.2</td><td>2,758.7</td><td>1.1</td></tr> <tr> <td>Online sales²</td><td>1,429.2</td><td>1,314.1</td><td>8.8</td></tr> <tr> <td>Consignment sales</td><td>(80.6)</td><td>(50.6)</td><td></td></tr> <tr> <td>Online revenue</td><td>1,348.6</td><td>1,263.5</td><td>6.7</td></tr> <tr> <td>UK & ROI Fashion, Home & Beauty sales</td><td>4,235.3</td><td>4,091.4</td><td>3.5</td></tr> <tr> <td>Consignment sales</td><td>(97.5)</td><td>(69.2)</td><td></td></tr> <tr> <td>Total UK & ROI Fashion, Home & Beauty revenue</td><td>4,137.8</td><td>4,022.2</td><td>2.9</td></tr> </table> ² UK & ROI Fashion, Home & Beauty store sales exclude revenue from 'shop your way' and Click & Collect, which are included in UK & ROI Fashion, Home & Beauty online sales. There is no material difference between sales and revenue for UK & ROI Food and International.		2024/25 £m	2023/24 £m	%	UK & ROI Fashion, Home & Beauty				Store sales ²	2,806.1	2,777.3	1.0	Consignment sales	(16.9)	(18.6)		Store revenue	2,789.2	2,758.7	1.1	Online sales ²	1,429.2	1,314.1	8.8	Consignment sales	(80.6)	(50.6)		Online revenue	1,348.6	1,263.5	6.7	UK & ROI Fashion, Home & Beauty sales	4,235.3	4,091.4	3.5	Consignment sales	(97.5)	(69.2)		Total UK & ROI Fashion, Home & Beauty revenue	4,137.8	4,022.2	2.9
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Alternative performance measure (APM)	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose																				
Sales growth at constant currency ¹	None	Not applicable	The period-on-period change in sales retranslating the previous year sales at the average actual periodic exchange rates used in the current financial year. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the period-on-period reported results.																				
			<table border="1"> <thead> <tr> <th></th><th>2024/25 £m</th><th>2023/24 £m</th><th>%</th></tr> </thead> <tbody> <tr> <td>International sales</td><td></td><td></td><td></td></tr> <tr> <td>At constant currency</td><td>658.0</td><td>708.2</td><td>(7.1)</td></tr> <tr> <td>Impact of FX retranslation</td><td>—</td><td>10.9</td><td></td></tr> <tr> <td>At reported currency</td><td>658.0</td><td>719.1</td><td>(8.5)</td></tr> </tbody> </table>		2024/25 £m	2023/24 £m	%	International sales				At constant currency	658.0	708.2	(7.1)	Impact of FX retranslation	—	10.9		At reported currency	658.0	719.1	(8.5)
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Adjusting items	None	Not applicable	Those items which the Group excludes from its adjusted profit metrics in order to present a further measure of the Group's performance. Each of these items, costs or incomes, is considered to be significant in nature and/or quantum or are consistent with items treated as adjusting in prior periods. Excluding these items from profit metrics provides readers with helpful additional information on the performance of the business across periods because it is consistent with how the business performance is planned by, and reported to, the Board and the Executive Committee.																				
Adjusted operating profit	Operating profit	Adjusting items (See note 5)	Operating profit before the impact of adjusting items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.																				
Adjusted operating margin	None	Not applicable	Adjusted operating profit as a percentage of sales.																				
Finance income before adjusting items	Finance income	Adjusting items (See note 5)	Finance income before the impact of adjusting items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.																				
Finance costs before adjusting items	Finance costs	Adjusting items (See note 5)	Finance costs before the impact of adjusting items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.																				
Net interest payable on leases	Finance income/ costs	Finance income/ costs (See note 6)	The net of interest income on subleases and interest payable on lease liabilities. This measure has been introduced as it allows the Board and Executive Committee to assess the impact of IFRS 16 Leases.																				
Net financial interest	Finance income/ costs	Finance income/ costs (See note 6)	Calculated as net finance costs, excluding interest on leases and adjusting items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee.																				

GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Alternative performance measure (APM)	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
EBIT before adjusting items	EBIT ⁴	Adjusting items (See note 5)	Calculated as profit before the impact of adjusting items, net finance costs and tax as disclosed on the face of the consolidated income statement. This measure is used in calculating the return on capital employed for the Group.
Ocado Retail Limited Adjusted EBITDA	EBIT ⁴	Not applicable	Calculated as Ocado Retail Limited earnings before interest, taxation, depreciation, amortisation, impairment and adjusting items.
Profit before tax and adjusting items	Profit before tax	Adjusting items (See note 5)	Profit before the impact of adjusting items and tax. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported and assessed by the Board and the Executive Committee. This is a measure used within the Group's incentive plans. Refer to the Remuneration Report for an explanation of why this measure is used within incentive plans.
Adjusted basic earnings per share	Earnings per share	Adjusting items (See note 5)	Profit after tax attributable to owners of the parent and before the impact of adjusting items, divided by the weighted average number of ordinary shares in issue during the financial year. This is a measure used within the Group's incentive plans. Refer to the Remuneration Report for an explanation of why this measure is used.
Adjusted diluted earnings per share	Diluted earnings per share	Adjusting items (See note 5)	Profit after tax attributable to owners of the parent and before the impact of adjusting items, divided by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of any potentially dilutive options.
Effective tax rate before adjusting items	Effective tax rate	Adjusting items and their tax impact (See note 5 and note 7)	Total income tax charge for the Group excluding the tax impact of adjusting items divided by the profit before tax and adjusting items. This measure is an indicator of the ongoing tax rate for the Group.

GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Alternative performance measure (APM)	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Balance sheet measures			
Net debt	None	Reconciliation of net debt (see note 27)	Net debt comprises total borrowings (bank and bonds net of accrued interest and lease liabilities), the spot foreign exchange component of net derivative financial instruments that hedge the debt and the Scottish Limited Partnership liability to the Marks and Spencer UK Pension Scheme less cash, cash equivalents and unlisted and short-term investments. Net debt does not include contingent consideration as it is conditional upon future events which are not yet certain at the balance sheet date. This measure is a good indication of the strength of the Group's balance sheet position and is widely used by credit rating agencies.
Net funds/(debt) excluding lease liabilities	None	Reconciliation of net debt (see note 27) Lease liabilities (see note 20)	Calculated as net debt less lease liabilities. This measure is a good indication of the strength of the Group's balance sheet position and is widely used by credit rating agencies.
Cash flow measures			
Free cash flow from operations	Operating profit	See Financial Review	Calculated as operating profit less adjusting items within operating profit, depreciation and amortisation before adjusting items, cash lease payments excluding lease surrenders, working capital, defined benefit scheme pension funding, capex and disposals, financial interest, taxation, employee-related share transactions, share of (profit)/loss from associate, adjusting items in cash flow and loans to associates.
Free cash flow	Operating profit	See Financial Review	Calculated as free cash flow from operations less acquisitions, investments and divestments. This measure shows the cash generated by the Group during the year that is available for returning to shareholders and is used within the Group's incentive plans.
Free cash flow after shareholder returns	Operating profit	See Financial Review	Calculated as free cash flow less dividends paid. This measure shows the cash retained by the Group in the year.
Other measures			
Capital expenditure	None	Not applicable	Calculated as the purchase of property, plant and equipment, investment property and intangible assets during the year, less proceeds from asset disposals excluding any assets acquired or disposed of as part of a business combination or through an investment in an associate.

Alternative performance measure (APM)	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose																																																																		
Adjusted return on capital employed (ROCE)	None	Not applicable	Calculated as being adjusted operating profit divided by the average of opening and closing capital employed. The measures used in this calculation are set out below:																																																																		
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4 EBIT is not defined within IFRS but is a widely accepted profit measure being earnings before interest and tax.

NOTICE OF MEETING

NOTICE OF ANNUAL GENERAL MEETING 2025

Tuesday 1 July 2025 at 11am
Held at, and broadcast from, Waterside House,
35 North Wharf Road, London W2 1NW

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you reside elsewhere, another appropriately authorised financial adviser. If you have sold or otherwise transferred all your shares in the Company, please forward this document and accompanying documents (except any personalised form of proxy, if applicable) to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

200 Marks and Spencer Group plc Annual Report and Financial Statements 2024



“Dear Shareholder, I am pleased to invite you to the 24th Annual General Meeting of Marks and Spencer Group plc, which will be held on 1 July 2025.”

Nick Folland
General Counsel and Company Secretary



Use the QR code to
watch our Notice of
Meeting video guide

Contents

201	Why I'm calling
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203	Timing of the day
204	Explanation notes to the resolution
209	Notice of Meeting
212	Notes to the Notices of Meeting
214	Appendix A
217	Shareholder information

KEY INFORMATION

Business of the meeting

The Annual General Meeting ('AGM') is a key date in the Board's calendar each year, and your engagement both in advance and on the day is important to us. The Board will be providing an update on the Company's performance and transformation progress from the last year, as well as presenting the resolutions set out in the Notice of AGM for you to vote upon. The AGM is also an opportunity for the Board to hear directly from you and respond to any questions you may have. This year, we will again be joined by journalist and author Anita Anand, who will act as your shareholder advocate, ensuring your views and questions are put to the Board.

The formal Notice and an explanation of each of the resolutions to be voted on at the AGM are set out on pages 204 to 213.

AGM arrangements

The 2025 AGM will be a digitally-enabled meeting, held at, and broadcast from, M&S' Waterside House Support Centre at 11am on Tuesday 1 July 2025.

The Board is committed to leading on shareholder engagement and continues to believe a digitally-enabled meeting is the best way for directors to interact and engage with the broadest range of shareholders. Since adopting a digital approach, we have seen engagement levels increase and we look forward to your participation again this year.

You are invited to engage with the AGM electronically via our dedicated Lumi AGM website: <https://meetings.lumiconnect.com/100-898-832-080>. Your questions and voting instructions can be submitted on this website, both during the meeting and in advance. Details on how to join the meeting electronically and submit votes and questions can be found on the following pages.

If you wish to attend the AGM in person as part of our studio audience, please register your intention to do so in advance, to help us manage capacity on the day. Please email privateshareholders@marks-and-spencer.com, providing your full name and shareholder reference number ('SRN'), or nominee holding details, as applicable. Further details on joining in person are on page 203.

Voting and questions

We encourage all shareholders to vote online and pre-submit questions in advance of the AGM, so your views can be heard by the Board even if you are unable to join us on the day. There are several options available to you for submitting these, including video recorded questions to be played back during the meeting. Methods of voting and submitting questions are detailed on pages 202 and 203.

Engagement throughout the year

If you would like to share your views on the business and hear more from our leadership team throughout the year, **applications to be part of our 2025/26 Shareholder Panel are now open**. The panel, which meets three to four times a year, is mainly digital to allow members to join from wherever they are located. Register your interest by emailing privateshareholders@marks-and-spencer.com before 31 July 2025. After the closing date for applications, the panel will be selected at random and successful applicants will be contacted by email.

Shareholder requisitioned resolution

At M&S, we are committed to providing clear and comprehensive disclosure and have good regular dialogue with a wide range of our stakeholders. This year, a small group of shareholders coordinated by ShareAction, who represent less than 1% of our issued share capital, has proposed a resolution (special resolution 27) requesting detailed data disclosures relating to our colleague pay and the pay of our third-party contractors.

The Board does not support this resolution and recommends you vote against it.

M&S aims to be the most trusted retailer and the most trusted employer. Since 2022 we have invested more than £285m in retail pay, increasing standard hourly pay by over 26%, more than double the rate of inflation. From 1 April 2025, pay for customer assistants increased to £12.60 per hour (and £13.85 in London), in line with the Real Living Wage. We also provide our colleagues with a wide range of benefits which, when combined with the new hourly pay rate, could be worth up to £15.40 an hour.

We have clear guidelines on how we contract with third parties set out in our Global Sourcing Principles. As independent companies, the Board believes it is right for third-party contractors to set their own rates of pay but we continue to work closely with them to implement high standards.

The Board does not believe it is necessary to report beyond our current disclosures which are already fulsome in their nature. More detail can be found on page 207.

How to engage

Your engagement at our 2025 AGM is important to us. You can:

- Vote on our resolutions in advance and on the day.
- Submit your questions to the Board via the Lumi website or by email.
- Watch the AGM broadcast live on the Lumi website or after the meeting on our corporate website.

Joining us online?

Locate your **SRN** and **PIN** on your Notice of Availability and check you can log on to the Lumi AGM website at <https://meetings.lumiconnect.com/100-898-832-080>.

Joining us in person?

Pre-register no later than **11am on 27 June 2025** by emailing privateshareholders@marks-and-spencer.com, providing your full name and SRN or nominee holding details, as applicable.

ENGAGING IN ADVANCE

Timings

You now have a month-long window to engage with us ahead of the meeting:

Date	
10am Monday 2 June 2025	Lumi AGM website open. Opportunity to pre-submit votes and questions.
11am Friday 27 June 2025	Voting and questions pre-submission window closes.

Logging in

The Lumi AGM website can be accessed using most well-known internet browsers such as Edge, Chrome, Firefox and Safari on a PC, laptop or internet-enabled device such as a tablet or smartphone.

Follow this link <https://meetings.lumiconnect.com/100-898-832-080> or scan the QR code below to log in.

You will be prompted to enter your Shareholder Reference Number ('SRN') and PIN, both of which can be found on your Notice of Availability or Voting Card sent by post.

Duly appointed proxies or corporate representatives should refer to note 21 for details of how to obtain their unique username and password to join the meeting.



Click here to access the Lumi website.

Voting

You can submit your voting instructions before the meeting via:

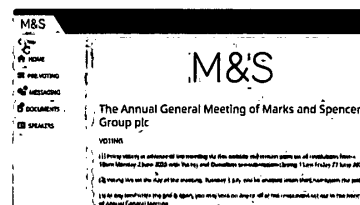
- the Lumi AGM website;
- Equiniti's Shareview website;
- CREST or Proxymity electronic proxy appointment platforms; or
- completing and returning a paper proxy form.

You can find the resolutions and explanatory notes on pages 204 to 211.

To cast your vote on the Lumi website, select the 'Voting' tab then click the option that corresponds with the way you wish to vote: 'For', 'Against' or 'Withheld'. Simply select a different option if the wrong choice is selected.

Please note that a vote Withheld is not a vote in law and will not be counted in the calculation of votes For and Against each resolution.

Votes cast in advance using any of the above methods must be received by **11am on Friday 27 June 2025**.



Click here to watch a video on how to navigate the Lumi website.

Asking questions

Questions for the Board can be submitted before 11am on Friday 27 June 2025 via:

- the 'Messaging' feature on the Lumi AGM website;
- email to AGMquestionsubmission@marks-and-spencer.com; or
- recorded video message submitted to the email above. Please ensure recordings last no longer than one minute.

By submitting a video question, you consent to your video being played during the AGM broadcast. Please note, the AGM recording will also be made publicly available on our corporate website after the meeting.

Support

If you experience any issues or cannot find your SRN please contact Equiniti by emailing hybrid.help@equiniti.com quoting your full name and address. Mailboxes are monitored 9am to 5pm Monday to Friday (excluding public holidays in England and Wales).

Paper proxy forms are available from Equiniti on request; you can call our shareholder helpline on **0345 609 0810**, or use any of Equiniti's alternative contact details listed on page 217.

NOTICE OF MEETING

NOTICE OF ANNUAL GENERAL MEETING 2025 CONTINUED

JOINING ON THE DAY

Timings

Date

10am on 1 July 2025	Meeting registration and question submission opens.
11am	AGM begins.
Until approx. 1pm	The AGM will last for approximately two hours and will consist of: • An introduction from the Chairman. • Presentations from the Executive team. • Opportunity for Q&A with Board members. • Voting on resolutions, once the poll is declared open.
Following the meeting (as soon as practicable)	• Results of the poll will be released to the London Stock Exchange. • The meeting will be available to watch on our corporate website: corporate.marksandspencer.com. • Summarised shareholder questions and answers will be published on the corporate website.

Joining online

You can watch the broadcast live, vote and ask questions by logging on to the Lumi AGM website from **10am on 1 July 2025**.



Follow this link <https://meetings.lumiconnect.com/100-898-832-080> or scan the QR code and input your SRN and PIN to log in.

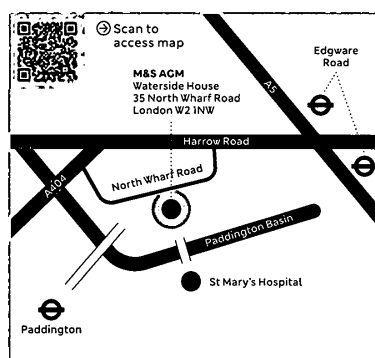
Joining in person

If you are joining us on the day, please help us manage capacity by registering in advance. Email privateshareholders@marks-and-spencer.com with your name and SRN.

The meeting will be held at our London Support Centre which is well served by public transport: Waterside House, 35 North Wharf Road, London W2 1NW. Scan the QR code below for our Google Maps location.

As the meeting will be broadcast live, shareholders in attendance may be included in the broadcast available on our website following the meeting. By attending the meeting, you are consenting to being filmed.

Seats in our studio audience are limited and therefore only registered shareholders, proxies or corporate representatives will be admitted to the meeting. If you have any specific accessibility requirements, please include these in your pre-registration email, so appropriate arrangements can be made.



Voting

Voting on all resolutions will be by way of a poll. The voting options will appear on screen after the resolutions have been proposed.

To vote online, select the 'Voting' tab then click the option that corresponds with the way you would like to vote as detailed on page 202. If you wish to cancel your 'live' vote, press 'Cancel'.

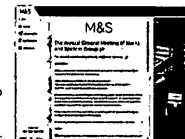
Please note that an active internet connection is required to cast your vote successfully when the Chairman commences polling on the resolutions. It is the responsibility of shareholders to ensure connectivity for the duration of the meeting.

To vote in person: polling cards will be available on request for shareholders attending the meeting in person.

You can find the resolutions and explanatory notes on pages 204 to 211.



Click here to watch a video on how to navigate the Lumi website.



Asking questions

Online: you are able to submit questions live during the meeting on the Lumi website by clicking on the 'Messaging' tab.

In person: you will have the opportunity to submit a question upon arrival and registration at Waterside House.

Where a number of questions are received covering the same topic, Anita Anand, our shareholder advocate, will group these to address as many queries as possible.

EXPLANATORY NOTES TO THE RESOLUTIONS

1. To receive the report and accounts

The Board asks that shareholders receive the Annual Report and Financial Statements for the 52 weeks ended 29 March 2025.

2. Approval of the Directors' Remuneration Report

The Directors' Remuneration Report (excluding the summary of the directors' remuneration policy), sets out the pay and benefits received by each of the directors for the year ended 29 March 2025. In line with legislation, this vote is advisory and the directors' entitlement to remuneration is not conditional on it.

3. Final dividend

The Board proposes a final dividend of 2.6p per share for the year ended 29 March 2025. If approved, the recommended final dividend will be paid on 4 July 2025 to all shareholders who were on the Register of Members at the close of business on 30 May 2025.

4–13. Election of directors

The directors believe that the Board continues to maintain an appropriate balance of knowledge and skills and that all the Non-Executive Directors are independent in character and judgement. This follows a process of evaluation as part of the Board's performance review, which confirms that each director makes an effective and valuable contribution to the Board and demonstrates commitment to the role (including making sufficient time available for Board and Committee meetings and other duties as required). More information can be found on pages 61 to 65 and 71 of the Annual Report.

Alison Dolan joined the Board as Chief Financial Officer on 6 January 2025, bringing extensive commercial and operational finance experience, particularly in digital businesses.

In accordance with the UK Corporate Governance Code, all directors will stand for election or re-election, as relevant, at the AGM this year. Biographies are available on pages 62 to 63 of the Annual Report, with further details available on our website, corporate.marksandspencer.com. It is the Board's view that the directors' biographies illustrate why each of their contributions are, and continue to be, important to the Company's long-term sustainable success.

14–15. Appointment and remuneration of auditor

On the recommendation of the Audit & Risk Committee, following a competitive audit tender process, the Board proposes in resolution 14 that Deloitte LLP be reappointed as auditor of the Company. Further information on the tender process can be found on page 82 of the Annual Report. Resolution 15 proposes that the Audit & Risk Committee be authorised to determine the level of the auditor's remuneration.

16. Authority to make political donations

The Company's policy is that it does not, directly or through any subsidiary, make what are commonly regarded as donations to any political party. The authorities being requested from shareholders are not designed to change this. However, the Companies Act 2006 (the 'Act') defines political donations very broadly and, as a result, covers activities that form part of normal relationships and which are accepted as a way of engaging with stakeholders and opinion formers to ensure that the Company's issues and concerns are considered and addressed. Activities of this nature are not designed to support any political party or to influence public support for a particular party and would not be thought of as political donations in the ordinary sense of those words. Shareholder approval is being sought on a precautionary basis only.

The resolution, if passed, will renew the directors' authority until the conclusion of the AGM in 2026 or on 1 October 2026, whichever is sooner, to make donations and incur expenditure which might otherwise be caught by the terms of the Act, up to an aggregate amount of £50,000 for the Company and for subsidiary companies. In the financial year ended 29 March 2025, the Company and its subsidiaries did not incur any expenditure pursuant to equivalent authorities.

17. Renewal of the powers of the Board to allot shares

Paragraph (A) of this resolution 17 would give the directors the authority to allot ordinary shares of the Company up to an aggregate nominal amount equal to £6,853,821.93 (representing 685,382,193 ordinary shares of £0.01 each). This amount represents approximately one-third (33.33%) of the Company's issued ordinary share capital as at 20 May 2025, the latest practicable date before the publication of this Notice.

In line with guidance issued by the Investment Association, paragraph (B) of this resolution would give the directors authority to allot ordinary shares in connection with a pre-emptive offer in favour of ordinary shareholders up to an aggregate nominal amount equal to £13,707,643.86 (representing 1,370,764,386 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (A) of this resolution. This amount (before any reduction) represents approximately two-thirds (66.66%) of the Company's issued ordinary share capital as at 20 May 2025, the latest practicable date before the publication of this Notice.

The authorities sought under paragraphs (A) and (B) of this resolution will expire at the conclusion of the AGM in 2026 or on 1 October 2026, whichever is sooner. The directors have no present intention to exercise either of the authorities sought under this resolution; however, the Board wishes to ensure that the Company has maximum flexibility in managing the Group's capital resources. As at the date of this Notice, no shares are held by the Company in treasury.

NOTICE OF ANNUAL GENERAL MEETING 2025 CONTINUED

18-19. Authority to disapply pre-emption rights

Resolutions 18 and 19 are proposed as special resolutions. If the directors wish to allot new shares or other equity securities or sell treasury shares for cash (other than in connection with an employee share scheme), company law requires that these shares are first offered to shareholders in proportion to their existing holdings.

At last year's AGM, two separate special resolutions were passed, in line with institutional shareholder guidelines, empowering the directors to allot equity securities for cash without first offering them to existing shareholders in proportion to their existing holdings. It is proposed that these authorities be renewed, in line with institutional shareholder guidelines, including the Statement of Principles on Disapplying Pre-Emption Rights issued by the Pre-Emption Group in November 2022 (the 'Statement of Principles'). Whilst there is no current intention to make use of these authorities, the Board believes it is in the best interests of shareholders for the directors to have the flexibility to take advantage of these authorities if required.

If approved, resolution 18, which follows the Pre-Emption Group's template resolution, will authorise the directors, in accordance with the Statement of Principles, to issue shares in connection with pre-emptive offers (paragraph (A) of the resolution), and otherwise to issue shares and/or sell treasury shares for cash:

- 1) under paragraph (B) of the resolution, up to an aggregate nominal amount of £2,056,146.57 (representing 205,614,657 ordinary shares), being approximately 10% of the Company's issued ordinary share capital as at 20 May 2025 (the latest practicable date before the publication of this Notice); and
- 2) under paragraph (C) of the resolution, up to an additional aggregate amount equal to 20% of any allotment under paragraph (B) of the resolution, for the purposes of making a follow-on offer to existing shareholders as described in the Statement of Principles. The maximum additional nominal amount that could be issued under paragraph (C) of the resolution (based on the authority under paragraph

(B) being used in full) is £411,229.31 (representing approximately 2% of the Company's issued ordinary share capital as at 20 May 2025).

The total maximum nominal amount of equity securities to which resolution 18 relates is £2,467,375.88 (representing approximately 12% of the Company's issued ordinary share capital as at 20 May 2025).

The purpose of resolution 19, which also follows the Pre-Emption Group's template resolution and reflects the Statement of Principles, is to authorise the directors to allot new shares and other equity securities pursuant to the allotment authority given by resolution 17, and/or sell treasury shares for cash, without first being required to offer such securities to existing shareholders:

- 1) under paragraph (A) of the resolution, up to a further nominal amount of £2,056,146.57 (representing 205,614,657 ordinary shares), being approximately 10% of the Company's issued ordinary share capital as at 20 May 2025 (the latest practicable date before the publication of this Notice), to be used only in connection with an acquisition or specified capital investment of a kind contemplated by the Statement of Principles, and which is announced contemporaneously with the allotment, or which has taken place in the preceding 12-month period and is disclosed in the announcement of the issue; and
- 2) under paragraph (B) of the resolution, up to an additional aggregate amount equal to 20% of any allotment under paragraph (A) of the resolution, for the purposes of making a follow-on offer to existing shareholders as described in the Statement of Principles. The maximum additional nominal amount that could be issued under paragraph (B) of the resolution (based on the authority under paragraph (A) being used in full) is £411,229.31 (representing approximately 2% of the Company's issued ordinary share capital as at 20 May 2025).

The total maximum nominal amount of equity securities to which resolution 19 relates is £2,467,375.88 (representing approximately 12% of the Company's issued ordinary share capital as at 20 May 2025).

The authority granted by resolution 19 would be in addition to the general authority to disapply pre-emption rights under resolution 18. The maximum nominal value of equity securities that could be allotted if both authorities were used would be £4,934,751.76, which represents approximately 24% of the Company's issued ordinary share capital as at 20 May 2025, being the latest practicable date before the publication of this Notice.

The Board confirms, should it exercise the authorities granted by resolutions 18 or 19, it intends to follow best practice as regards their use, including: (i) following the shareholder protections in Part 2B of the Statement of Principles; and (ii) in respect of any follow-on offer, following the expected features set out in paragraph 3 of Part 2B of the Statement of Principles.

The directors have no current intention to allot shares except in connection with employee share schemes. These authorities will expire at the conclusion of the AGM in 2026 or on 1 October 2026, whichever is sooner.

20. Authority for the Company to purchase its own shares

Authority is sought for the Company to purchase up to 10% of its issued ordinary shares, renewing the authority granted by the shareholders at previous AGMs.

The directors have no present intention of exercising the authority to purchase the Company's own shares; however, this authority would provide them with the flexibility to do so in the future, if the prevailing market conditions made such purchases in the best interests of shareholders generally.

Ordinary shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. It remains the Company's intention to cancel any shares it buys back rather than hold them in treasury. The Company currently holds no shares in treasury. The resolution specifies the minimum and maximum prices which may be paid for any ordinary shares purchased under this authority, reflecting the requirements of the UK Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING 2025 CONTINUED

EXPLANATORY NOTES TO THE RESOLUTIONS CONTINUED

20. Authority for the Company to purchase its own shares continued

The Company has options outstanding over 41,186,000 ordinary shares, representing 2.00% of the Company's issued ordinary share capital as at 20 May 2025, the latest practicable date before the publication of this Notice.

If the existing authority given at the 2024 AGM and the authority now being sought by this resolution were to be fully used, these options would represent 2.23% of the Company's ordinary share capital in issue at that date.

21. Notice of general meetings

In accordance with the Act, the notice period for general meetings (other than the AGM) is 21 clear days' notice unless the Company:

- i. has gained shareholder approval for the holding of general meetings on 14 clear days' notice by passing a special resolution at the most recent AGM; and
- ii. offers the facility for all shareholders to vote by electronic means.

The Company would like to preserve its ability to call general meetings (other than the AGM) on 14 clear days' notice. This shorter notice period would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole.

Resolution 21 seeks such approval and, should this resolution be approved, it will remain valid until the end of the next AGM. This is the same authority as was sought and granted at last year's AGM.

22–25. Approval of employee share plan rules

In 2015, the Company adopted the current Marks and Spencer Group Performance Share Plan 2015 ('2015 PSP'), Deferred Share Bonus Plan 2015 ('2015 DSBP'), Restricted Share Plan 2015 ('2015 RSP'), and Executive Share Option Plan 2015 ('2015 EXSOP', and together the 'Existing Plans'). The 2015 PSP and 2015 EXSOP were approved by shareholders in 2015, and in 2020 shareholders approved the 2015 DSBP, the 2015 RSP and amendments to the 2015 PSP.

The Existing Plans are due to expire in July 2025 at the end of their 10-year life. The Remuneration Committee (the 'Committee') has undertaken a review of the design, structure and rules of the Existing Plans, and concluded that these remain appropriate. The Company is therefore seeking shareholder approval for four replacement plans, the Marks and Spencer Group Performance Share Plan 2025 (the 'PSP'), Deferred Share Bonus Plan 2025 (the 'DSBP'), Restricted Share Plan 2025 (the 'RSP'), and Executive Share Option Plan 2025 (the 'EXSOP', and together the 'Plans').

The rules of the Plans are substantially the same as the Existing Plans and align with the Directors' Remuneration Policy, with updates to take account of developments in legislation, corporate governance, market practice and investor guidelines, and the operation of the Plans.

The PSP would remain the Company's primary performance-based long-term incentive arrangement for its executive directors and most senior colleagues. The DSBP, in which currently over 4,000 colleagues participate, provides for part of participants' bonuses to be provided in the form of shares. The RSP enables the Company to grant awards in circumstances such as the recruitment of executives. The Company has not made grants under the 2015 EXSOP and does not currently intend to grant share options under the EXSOP, but wishes to have the flexibility to do so should it consider it appropriate to do so in the future and, for any grants to directors of the Company, only in line with the Company's prevailing Directors' Remuneration Policy.

The Plans provide that in any 10-year period not more than 10% of the Company's issued share capital may be issued under the Plans and any other employee share plans adopted by the Company, reflecting institutional investor guidance. However, in light of the removal from the Investment Association's Principles of Remuneration of the separate limit that in any 10-year period not more than 5% of a company's issued share capital may be issued under its discretionary share plans, and to provide greater flexibility for the operation of the Plans, the 5% in 10-year limit contained in the Existing Plans has not been replicated in the Plans.

The principal terms of the Plans are summarised in the Appendix on pages 214 to 216 of this Notice.

26. Directors' Fees

Resolution 26 proposes, in accordance with Article 87 of the Company's Articles of Association, an increase to the maximum aggregate fees that can be paid to non-executive directors each year, from £750,000 to £2,000,000.

The limit of £750,000 has not been increased since it was introduced in 2006 and is no longer in line with current market practice. The proposed increase in the limit corrects this and provides flexibility to increase the Board size if appropriate and to continue to recruit and retain suitable Board candidates in the future.

At this time, there is no intention to increase the number of directors on the Board or the fees paid to directors to use the additional headroom provided by the increased limit. Information on the current fees paid to Non-Executive Directors is on page 101 of the Annual Report. All fees are, and will continue to be, paid in line with the Directors' Remuneration Policy approved by shareholders (at the 2023 AGM).

27. Shareholder requisitioned resolution

The Board does not support this resolution and recommends you vote against it.

A small group of shareholders coordinated by ShareAction, has proposed a special resolution requesting detailed data disclosures relating to our colleague pay and the pay of our third-party suppliers and partners.

As a Board, we aim to be the most trusted retailer and the most trusted employer. That is why we have invested more than £285m in retail pay since 2022, with standard hourly rates increasing by over 26%, more than double the rate of inflation.

From 1 April 2025, pay for customer assistants increased to £12.60 per hour (and £13.85 in London), in line with the Real Living Wage. We also provide our colleagues with a wide range of benefits which, when combined with the new hourly pay rate, could be worth up to £15.40 an hour.

Our operations include stores, online, international markets, a UK distribution network and global sourcing offices supported by third-party contractors. We have clear guidelines on how we contract with third parties which are set out in our Global Sourcing Principles and available to view on our website. We expect third parties to meet their obligations to their employees and fulfil their commitments to us, including compliance with our ethical and safety standards; but as independent companies, the Board believes it is right for those third-party contractors to set their own rates of pay. We continue to work closely with them to implement high standards.

At M&S, we aim to provide clear and comprehensive disclosures and have good regular dialogue with a wide range of our stakeholders. The Board does not believe it is necessary to report beyond our current disclosures which are already fulsome in their nature.

As a business, we are committed to doing the right thing by our colleagues, customers and the communities we serve. While we have had positive engagement with ShareAction over the past year and understand the reasoning for their request, **the Board does not support this resolution and recommends you vote against it for the reasons set out above.**

The statement submitted by ShareAction in support of their requisitioned resolution can be found on page 208.

Recommendation

Your directors believe that the proposals described in resolutions 1-26 are in the best interests of the Company and its shareholders as a whole, and recommend you give them your support by voting in favour of each of them, as they intend to in respect of their own beneficial shareholdings. For the reasons set out above, the directors do not support resolution 27 and recommend you vote against this resolution.

Yours faithfully,

Nick Folland
General Counsel & Company Secretary
London, 20 May 2025

NOTICE OF ANNUAL GENERAL MEETING 2025 CONTINUED

Shareholder statement in support of resolution 27

Effective approaches to setting minimum pay rates are fundamental to human capital management, supporting retention, recruitment and productivity of a motivated workforce. Transparent reporting on approaches to pay will enable investors to assess how M&S balances operational costs with long-term sustainability, including the risks associated with wages that do not meet the cost of living for its employees.

M&S is an established retailer, with over 1000 stores and directly employing over 64,000 workers in the UK. The Company's stated aim is to make 'M&S a great place to work, where everyone has a voice, can be themselves and be their best' (Marks and Spencer Group plc, Annual Report & Financial Statements 2024), however its current pay policy may not fulfil this ambition.

M&S currently pays directly employed workers in line with the 2023 real Living Wage; £13.15 per hour in London and £12.00 per hour nationally. However, the Company has not made a long-term commitment to maintaining this alignment. It also does not extend payment of the real Living Wage to regular, on-site, third-party contractors, such as cleaners and security guards, who are vital to its operations and likely to be in low-paid roles. The definition of third-party contracted workers refers to staff: i. providing a service, ii. on premises the employer is currently occupying (rented or owned) or premises necessary to the work being carried out, iii. for two or more hours a week for eight or more consecutive weeks (in line with the requirements of Living Wage Employer accreditation). In engagement, the company has been unable to quantify the number of third-party workers who are covered by this definition.

Employee wages constitute one of the largest costs for the Company, with a significant proportion of the workforce being paid close to statutory minimums. Therefore, the Company's approach to setting minimum wages is an important part of its human capital management strategy and of material concern to investors. Separate studies conducted by MIT Sloan School of Management (2014), University of Cambridge (2022) and Cardiff University (2023) show that, despite tight profit margins in the retail sector,

improving pay helps to build resilient businesses by lowering staff turnover and absence, improving productivity and customer experience, as well as bringing reputational benefits.

The real Living Wage, as defined by the Living Wage Foundation, is the only independently calculated UK hourly wage which is based on the cost of living, with separate rates for London and the rest of the UK, providing an established and evidence-based benchmark for responsible company practice. Over 15,000 businesses are accredited Living Wage Employers, including 50 of the FTSE100.

In April 2025, the National Living Wage will be £12.21 per hour and the National Minimum Wage will be £10 per hour. The real Living Wage is £12.60 per hour in the UK and £13.85 per hour in London.

By disclosing information that isn't currently available, the Report will support investors' understanding of the sources of information and the factors considered in setting base rates of pay, including the potential impact of wages on recruitment, retention and productivity, as well as the considerations of the Board in determining minimum wages that support the long-term sustainability of the business.

Why this is relevant for UK retailers

The retail and wholesale sector is one of the largest employers of low-paid workers in the UK, employing over 3.5 million workers with 23 per cent of jobs being paid below the real Living Wage (Living Wage Foundation, 'Employee jobs paid below the real Living Wage: 2023', 2024). The sector also has an employee turnover rate of 41.6%, above the national average of 34% (CIPD, 'Benchmarking employee turnover', 2024). The combination of low pay and high employee turnover means that approaches to setting minimum pay rates are particularly important to UK retailers.

UK retailers are facing increases in employer National Insurance contributions announced in the Government's Autumn Budget 2024. Given the large number of low-paid workers in the sector, this policy will have a significant impact. It is important for retailers to disclose their approach to human capital management in this context, particularly how they will address low pay in their workforce.

Rising prices of essential goods and services over the last three years have left families struggling to make ends meet, with 8.1 million working-age adults in the UK living in poverty (Joseph Rowntree Foundation, 'UK Poverty 2024', 2024). While inflation has returned close to the Bank of England's 2 per cent target in the second half of 2024, food prices have risen by a third more than the rise in the overall price levels since 2021, while retail energy prices have increased by 90 per cent more. (Resolution Foundation, 'Paying the price', 2024). These lasting rises in prices disproportionately affect the poorest people in society, who are forced to spend a larger proportion of their income on essentials.

Wages that do not meet the cost of living increase the burden on state support systems, worsen health outcomes and suppress aggregate demand, externalising the costs of low pay onto the wider economy. It is in the interests of diversified investors to support the overall health and resilience of the economy by addressing low pay and the inequality it creates (The Shareholder Commons, 'Living Wage and the Engagement Gap', 2023). Providing wages that meet the cost of living is an action that retailers can take to protect the economic and social systems upon which prosperity is based.

There is recognition that pay practices which do not provide a real Living Wage perpetuate economic insecurity, which threatens both social and economic stability. As the Business Commission to Tackle Inequality (2023) notes, disparities in income and wealth contribute towards the long-term erosion of social cohesion, diminishing trust in institutions and fuelling political polarisation.

Paying the real Living Wage is also a key indicator of a Company's, and its investors', support for the achievement of the UN's Sustainable Development Goal 8, promoting inclusive and sustainable economic growth, employment and decent work for all.

NOTICE OF MEETING

Notice is given that the Annual General Meeting of Marks and Spencer Group plc (the 'Company') will be held at, and broadcast from, Waterside House, 35 North Wharf Road, London W2 1NW, in accordance with the information provided on page 203, on Tuesday 1 July 2025 at 11am (the 'AGM') for the purposes set out below.

Resolutions 1 to 17 and 22 to 26 will be proposed as ordinary resolutions, resolutions 18 to 21 and 27 will be proposed as special resolutions.

1. To receive the Annual Report and Financial Statements for the 52 weeks ended 29 March 2025.
2. To approve the Directors' Remuneration Report for the year ended 29 March 2025, as set out on pages 84 to 103 of the Annual Report (excluding the part summarising the Directors' Remuneration Policy on pages 89 and 90).
3. To declare a final dividend for the year ended 29 March 2025 of 2.6p per ordinary share, payable on 4 July 2025 to shareholders on the Register of Members as at the close of business on 30 May 2025.

To re-elect the following directors who are seeking annual re-election in accordance with the UK Corporate Governance Code:

4. Archie Norman
5. Stuart Machin
6. Evelyn Bourke
7. Fiona Dawson
8. Ronan Dunne
9. Tamara Ingram
10. Justin King
11. Cheryl Potter
12. Sapna Sood

To elect the following director appointed to the Board since the last Annual General Meeting:

13. Alison Dolan

14. To resolve that Deloitte LLP be, and is hereby, reappointed as auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

15. To resolve that the Audit & Risk Committee determine the remuneration of the auditor on behalf of the Board.

16. Political donations

To resolve that, in accordance with Section 366 of the Companies Act 2006, the Company, and any company which, at any time during the period for which this resolution has effect, is a subsidiary of the Company, be authorised to:

- (A) make political donations to political parties and/or independent election candidates, not exceeding £50,000 in total;
- (B) make political donations to political organisations, other than political parties, not exceeding £50,000 in total; and
- (C) incur political expenditure not exceeding £50,000 in total;

provided that the aggregate amount of any such donations and expenditure shall not exceed £50,000, during the period beginning with the date of the passing of this resolution and ending at the conclusion of the AGM to be held in 2026 or on 1 October 2026, whichever is sooner.

For the purpose of this resolution, the terms 'political donations', 'political parties', 'independent election candidates', 'political organisations' and 'political expenditure' have the meanings set out in Sections 363 to 365 of the Companies Act 2006.

17. Directors' authority to allot shares

To resolve that the directors are authorised under Section 551 of the Companies Act 2006 generally and unconditionally to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

(A) up to a nominal amount of £6,853,821.93 (such amount to be reduced by any allotments or grants made under paragraph (B) below in excess of such sum); and

(B) comprising equity securities (as defined in Section 560(1) of the Companies Act 2006) up to a nominal amount of £13,707,643.86 (such amount to be reduced by any allotments made under paragraph (A) above) in connection with a pre-emptive offer:

- i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- ii. to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary;

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

The authorities conferred on the directors to allot securities under paragraphs (A) and (B) will expire at the conclusion of the AGM of the Company to be held in 2026 or on 1 October 2026, whichever is sooner, unless previously revoked or varied by the Company, and such authority shall extend to the making before such expiry of an offer or an agreement that would or might require relevant securities to be allotted after such expiry, and the directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred hereby had not expired.

NOTICE OF ANNUAL GENERAL MEETING 2025 CONTINUED

NOTICE OF MEETING CONTINUED

18. General disapplication of pre-emption rights

To resolve as a special resolution that, subject to the passing of resolution 17, the directors be empowered to allot equity securities (as defined in Section 560(1) of the Companies Act 2006) for cash under the authority given by that resolution 17 (set out in this Notice of Meeting), and/or to sell ordinary shares held by the Company as treasury shares for cash, as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, provided that such authority be limited:

- (A) to the allotment of equity securities and/or sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities:
- to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary;
- and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(B) in the case of the authority granted under paragraph (A) of resolution 17 and/or in the case of any sale of treasury shares, to the allotment of equity securities and/or sale of treasury shares (otherwise than under paragraph (A) above) up to a nominal amount of £2,056,146.57; and

(C) to the allotment of equity securities and/or sale of treasury shares (otherwise than under paragraph (A) or paragraph (B) above) up to a nominal amount equal to 20% of any allotment of equity securities and/or sale of treasury shares from time to time under paragraph (B) above, such authority to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the

Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice of Meeting,

and shall expire at the conclusion of the AGM to be held in 2026 or on 1 October 2026, whichever is sooner (unless previously revoked or varied by the Company in general meeting), provided that the Company may before that date make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after the authority ends and the directors may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the authority had not ended.

19. Additional disapplication of pre-emption rights

To resolve as a special resolution that, subject to the passing of resolution 17, the directors be empowered in addition to any authority granted under resolution 18 to allot equity securities (as defined in Section 560(1) of the Companies Act 2006) for cash under the authority given by that resolution 17 (set out in this Notice of Meeting) and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, provided that such authority be limited:

(A) to the allotment of equity securities and/or sale of treasury shares up to a nominal amount of £2,056,146.57, such authority to be used only for the purposes of financing (or refinancing, if the authority is to be used within 12 months after the original transaction) a transaction which the directors of the Company determine to be either an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice of Meeting; and

(B) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares made under paragraph (A) above, such authority to be used only for the purposes of making a follow-on offer which the Board of the Company

determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice of Meeting,

and shall expire at the conclusion of the AGM to be held in 2026 or on 1 October 2026, whichever is sooner (unless previously revoked or varied by the Company in general meeting) provided that the Company may before that date make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after the authority ends and the directors may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the authority had not ended.

20. Company's authority to purchase its own shares

To resolve as a special resolution that the Company is authorised for the purposes of Section 701 of the Companies Act 2006 to make one or more market purchases (as defined in Section 693(4) of the Companies Act 2006) of its ordinary shares of £0.01 each, such power to be limited:

(A) to a maximum number of 205,614,657 ordinary shares; and

(B) by the condition that the minimum price which may be paid for an ordinary share is £0.01 and the maximum price which may be paid for an ordinary share is the highest of:

- an amount equal to 105% of the average market value of an ordinary share for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and
- the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out;

NOTICE OF ANNUAL GENERAL MEETING 2025 CONTINUED

in each case, exclusive of expenses, such power to apply until the end of the AGM to be held in 2026 or until 1 October 2026, whichever is sooner, but in each case so that the Company may enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after the power ends and the Company may purchase ordinary shares pursuant to any such contract as if the power had not ended.

21. Calling of general meetings on 14 days' notice

To resolve as a special resolution that a general meeting other than the Annual General Meeting may be called on no fewer than 14 clear days' notice.

22-25. Approval of employee share plan rules

22. To resolve that the Marks and Spencer Group Performance Share Plan 2025 (the 'PSP'), the principal terms of which are summarised in the appendix to this Notice and the rules of which are presented to the meeting and initialled by the Chairman for the purposes of identification, is approved and to authorise the directors of the Company to do all acts and things they consider necessary or expedient to implement and give effect to the PSP, and to establish further plans based on the PSP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under any further plans will count against any limits on individual or overall participation in the PSP.

23. To resolve that the Marks and Spencer Group Deferred Share Bonus Plan 2025 (the 'DSBP'), the principal terms of which are summarised in the appendix to this Notice and the rules of which are presented to the meeting and initialled by the Chairman for the purposes of identification, is approved and to authorise the directors of the Company to do all acts and things they consider necessary or expedient to implement and give effect to the DSBP, and to establish further plans based on the DSBP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under any further plans will count against any limits on individual or overall participation in the DSBP.

24. To resolve that the Marks and Spencer Group Restricted Share Plan 2025 (the 'RSP'), the principal terms of which are summarised in the appendix to this Notice and the rules of which are presented to the meeting and initialled by the Chairman for the purposes of identification, is approved and to authorise the directors of the Company to do all acts and things they consider necessary or expedient to implement and give effect to the RSP, and to establish further plans based on the RSP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under any further plans will count against any limits on individual or overall participation in the RSP.

25. To resolve that the Marks and Spencer Group Executive Share Option Plan 2025 (the 'EXSOP'), the principal terms of which are summarised in the appendix to this Notice and the rules of which are presented to the meeting and initialled by the Chairman for the purposes of identification, is approved and to authorise the directors of the Company to do all acts and things they consider necessary or expedient to implement and give effect to the EXSOP, and to establish further plans based on the EXSOP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under any further plans will count against any limits on individual or overall participation in the EXSOP.

26. Directors' fees

That the maximum aggregate fees that can be paid to directors in accordance with Article 87 of the Company's Articles of Association each year shall be increased to £2,000,000.

27. Shareholder requisitioned resolution

The Board recommends that shareholders vote AGAINST this resolution.

To provide investors with the information needed to assess the Company's approach to human capital management, shareholders request that the Board and management oversee the preparation of a report outlining:

- The Company's approach to setting base pay for hourly paid direct employees and which committee of the Board has oversight of this;
- Number of direct employees whose base pay is below the real Living Wage, broken down by contract type (permanent or fixed-term) and working hours (full-time, part-time or non-guaranteed hours employees);
- Hourly paid direct employee turnover rates, broken down by base pay and working hours (full-time, part-time or non-guaranteed hours);
- The Company's approach to setting base pay for regular, on-site, third-party contracted staff and which committee of the Board has oversight of this;
- Number of regular, on-site, third-party contracted staff whose base pay is below the real Living Wage; and
- Cost/benefit analysis of implementing the real Living Wage as a minimum rate of pay for direct employees and regular, on-site, third-party contracted staff.

This Report will strengthen investors understanding of the Company's human capital management strategy and its approach to ensuring its wage policies are reasonably designed to provide all workers with a wage that meets the cost of living. The Report should be prepared in a reasonable timeframe and omit any proprietary information.

By order of the Board

Nick Folland

General Counsel & Company Secretary

London, 20 May 2025

Registered office: Waterside House, 35 North Wharf Road, London W2 1NW. Registered in England and Wales. No. 4256886

NOTICE OF ANNUAL GENERAL MEETING 2025 CONTINUED

Notes

1. Biographies of the directors seeking election (or re-election) are given in the Annual Report on pages 62 to 63, including their membership of the principal Board Committees, with further details available on our website, corporate.marksandspencer.com. The notice periods of the current directors are set out in the Directors' Remuneration Report on pages 100 and 102.
2. Registered shareholders: members are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the AGM. Members may appoint more than one proxy in relation to the AGM, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. To request one or more paper proxy forms (to appoint more than one proxy), please contact our shareholder helpline on +44 (0)345 609 0810. Please indicate the number of shares in relation to which each proxy is authorised to act in the box below the proxy holder's name. Please also indicate if the instruction is one of multiple instructions being given, and if a proxy is being appointed for less than your full entitlement, please enter the number of shares in relation to which each such proxy is entitled to act in the box below the relevant proxy holder's name. The proxy form assumes you wish to vote on all your shares in the same way. To vote only part of your holding or to vote some shares one way and some another, please contact the shareholder helpline. All proxy forms must be signed and should be returned together.
3. If you would like to submit your vote electronically in advance of the AGM, you can do so by accessing the Lumi website, <https://meetings.lumiconnect.com/100-898-832-080>. Instructions are available on page 202 of this Notice. Alternatively, you can submit your instruction by visiting shareview.co.uk. All advance proxy votes, regardless of how they are cast, are to be returned by 11am on Friday 27 June 2025. If you return paper and electronic instructions, those received last by the Registrar before 11am on Friday 27 June 2025 will take precedence. Electronic communication facilities are available to all shareholders and those that use them will not be disadvantaged.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior).
5. Votes submitted in advance of the meeting using the Lumi website will constitute an instruction to appoint the Chairman of the meeting as proxy. The shares covered by the instruction will be voted as directed by the shareholder in respect of the resolutions referred to in this Notice of Meeting at the meeting and at any adjournment of it.
6. To be valid, any proxy form or other instrument appointing a proxy delivered by post or by hand (during normal business hours only) must be received at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, no later than 11am on Friday 27 June 2025.
7. The appointment of a proxy electronically, the return of a completed paper proxy form, other such instrument or any CREST/Proxyimity proxy instruction (as described on the following page) will not prevent a shareholder from attending and voting at the meeting if they wish to do so. You must inform the Company's Registrar in writing of any termination of the authority of a proxy.
8. Indirect shareholders: any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between them and the shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
9. The statements of the rights of shareholders in relation to the appointment of proxies in paragraphs 2 to 7 do not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
10. Nominated Persons are reminded they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.
11. To be entitled to join the meeting, submit questions and vote (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be entered on the Register of Members of the Company by **6.30pm on Friday 27 June 2025** (or, in the event of any adjournment, 6.30pm on the date which is two working days prior to the adjourned meeting). Changes to the Register of Members after the relevant deadline will be disregarded in determining the rights of any person to join, submit questions and vote at the meeting.
12. The following documents are available for inspection at an agreed time at the Company's registered office: Waterside House, 35 North Wharf Road, London W2 1NW. Email company.secretary@marks-and-spencer.com during normal business hours on any weekday (excluding public holidays).
 - i. Copies of the executive directors' service contracts.
 - ii. Copies of the non-executive directors' letters of appointment.
 - iii. Copies of the directors' Deeds of Indemnity.
 - iv. A copy of the Company's Articles of Association.
 - v. The rules for each of the proposed Marks and Spencer Group employee share plans: Performance Share Plan 2025, Deferred Share Bonus Plan 2025, Restricted Share Plan 2025, and Executive Share Option Plan 2025.

Copies of these documents will be available at the AGM upon request, both online and in person, from 10am on the morning of the AGM until the meeting's conclusion. Copies of the rules detailed in v. above will also be available for inspection on the National Storage Mechanism at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> from the publication date of this document.

NOTICE OF MEETING

NOTICE OF ANNUAL GENERAL MEETING 2025 CONTINUED

13. Shareholders are advised that, unless otherwise specified, the telephone numbers, website and email addresses set out in this Notice or proxy forms are not to be used for the purpose of serving information or documents on the Company, including in relation to proceedings at the Company's AGM.
14. As at 20 May 2025 (the latest practicable date before the publication of this Notice), the Company's issued share capital consists of 2,056,146,579 ordinary shares carrying one vote each. No shares are held in treasury. Therefore, the total voting rights in the Company as at 20 May 2025 are 2,056,146,579.
15. CREST members who wish to appoint a proxy/proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment thereof by using the procedures described in the CREST Manual (available via euroclear.com). CREST personal members or other CREST-sponsored members, and those CREST members who have appointed a service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
16. For a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST proxy instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Equiniti (ID RA19) by 11am on Friday 27 June 2025. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
17. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
18. The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
19. If you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to proximity.io. Your proxy must be lodged by 11am on Friday 27 June 2025 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions, which will govern the electronic appointment of your proxy.
20. Any corporation that is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, provided they do not do so in relation to the same shares.
21. Duly appointed proxies or corporate representatives should contact the Company's Registrar, Equiniti, before **11am on Monday 30 June 2025** by emailing hybrid.help@equiniti.com, for their unique username and password to join the meeting. Please ensure a valid proxy appointment has been made by no later than the voting deadline of 11am on Friday 27 June 2025. Mailboxes are monitored 9am to 5pm Monday to Friday (excluding public holidays in England and Wales).
22. Under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
 - i. the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or
 - ii. any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business that may be dealt with at the AGM includes any statement that the Company has been required to publish on a website under Section 527 of the Companies Act 2006.
23. Any member joining the meeting has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the meeting but no answer need be given if:
 - i. to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - ii. the answer has already been given on a website in the form of an answer to a question; or
 - iii. it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

We will not permit behaviour interfering with anyone's safety and comfort, or the meeting's orderly conduct. Guests will be admitted at the Company's discretion.
24. A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found at corporate.marksandspencer.com.

APPENDIX

This appendix summarises the principal terms of the Marks and Spencer Group Performance Share Plan 2025 (the 'PSP'), the Marks and Spencer Group Deferred Share Bonus Plan 2025 (the 'DSBP'), the Marks and Spencer Group Restricted Share Plan 2025 (the 'RSP'), and the Marks and Spencer Group Executive Share Option Plan 2025 (the 'XSOP' and together with the PSP, RSP and DSBP, the 'Plans').

The Company's Remuneration Committee (the 'Committee') will supervise the operation of the Plans under which awards may be made over ordinary shares of the Company ('Shares'). Awards under the Plans may be made at the discretion of the Committee. Under the PSP, DSBP and RSP, awards may be granted in the form of options to acquire Shares ('Options'), conditional awards to acquire Shares ('Conditional Awards') or forfeitable share awards over Shares ('Forfeitable Shares'). Awards under the PSP, DSBP and RSP may have a nil or nominal cost award price, or an award price set at such other amount as the Committee determines. Equivalent cash-based or cash satisfied awards may be granted under the Plans.

Sections 1 to 4 below relate to principal terms applying specifically to the PSP, DSBP, RSP and XSOP, respectively, and section 5 relates to principal terms applying to all the Plans, except where the context otherwise requires.

1. The PSP

Eligibility and grant

All employees (including executive directors) of the Company or any participating subsidiaries are eligible to participate in the PSP at Committee discretion. The Committee determines which employees will be granted awards under the PSP ('PSP Awards') and what type of PSP Awards will be granted.

Individual limit

The maximum total market value of Shares over which an individual may be granted PSP Awards in any financial year shall not exceed the percentage of the individual's salary which is the director PSP maximum percentage in the prevailing Directors' Remuneration Policy (currently 300% of annual base salary).

Performance conditions and normal vesting

The vesting of PSP Awards may be made subject to the satisfaction of one or more performance conditions set by the Committee. PSP Awards normally vest following the third anniversary of grant after determination of any applicable performance conditions provided the participant remains employed in the Company's group (the 'Group').

Leavers

A PSP Award will lapse if a participant ceases to hold employment with the Group before the first anniversary of grant. It will also lapse if a participant ceases to hold employment between the first anniversary and vesting unless the cessation is by reason of death, disability, ill-health, injury, retirement with the agreement of their employer, sale of the employing company or business unit out of the Group or any other reason at the Committee's discretion. In these circumstances, the participant's PSP Award will vest on the normal vesting date (unless the Committee permits vesting on cessation), to the extent applicable performance conditions are satisfied. PSP Awards will be pro-rated, unless the Committee otherwise decides, to reflect the period between grant and cessation as a proportion of the original vesting period and PSP Awards granted as Options may be exercised during a period of normally 12 months commencing on the date of vesting.

2. The DSBP

Eligibility

The DSBP provides for part of participants' cash bonus in respect of a financial year granted under the Company's discretionary bonus arrangements, to be awarded in the form of awards over Shares ('DSBP Awards'), at the discretion of the Committee.

All employees (including executive directors) of the Company or any of its participating subsidiaries are eligible to participate in the DSBP in any financial year, provided they received a cash bonus under the Company's discretionary bonus arrangements in the same financial year. DSBP Awards may also be granted to former employees. The Committee determines which individuals will be granted DSBP Awards and what type of DSBP Awards will be granted.

Individual limit

The maximum total market value of Shares over which a DSBP Award may be granted to any participant during any financial year of the Company may not exceed such amount as is specified in any discretionary bonus arrangement operated by a participating company.

Normal vesting

DSBP Awards normally vest following the third anniversary of the date of grant provided the participant remains employed in the Group.

Leavers

A DSBP Award will lapse if a participant ceases to hold employment with the Group prior to vesting, unless the cessation is by reason of death, disability, ill-health, injury, retirement with the agreement of the employer, sale of the employing company or business unit out of the Group or any other reason at the Committee's discretion. In these circumstances, the DSBP Award will vest on the normal vesting date (unless the Committee determines it will vest on the date of cessation). DSBP Awards will be pro-rated, unless the Committee otherwise decides, to reflect the period between grant and cessation as a proportion of the original vesting period, and DSBP Awards granted as Options may be exercised during a period of normally 12 months commencing on the date of vesting.

3. The RSP

Eligibility

All employees (including executive directors) of the Company or any participating subsidiaries are eligible to participate in the RSP at Committee discretion. The Committee determines which employees will be granted RSP Awards and what type of RSP Awards will be granted.

Conditions and normal vesting

The vesting of RSP Awards may be subject to the satisfaction of one or more conditions which will be stated at the date of grant. The Committee may choose to apply no formal performance conditions, save for continued service. RSP Awards normally vest, subject to the satisfaction of any applicable performance conditions, on the day after the end of the restricted period specified by the Committee on the date of grant, provided the participant remains employed in the Group.

NOTICE OF ANNUAL GENERAL MEETING 2025 CONTINUED

Leavers

An RSP Award will lapse if a participant ceases to hold employment with the Group prior to vesting, unless the cessation is by reason of disability, ill-health, injury, retirement with the agreement of the employer, sale of the employing company or business unit out of the Group or any other reason at the Committee's discretion. In these circumstances, the RSP Award will normally vest on the normal vesting date (unless the Committee determines it will vest on another date). RSP Awards will be pro-rated, unless the Committee determines otherwise, to reflect the period between grant and cessation as a proportion of the original vesting period and RSP Awards granted as Options may be exercised during a period of normally 12 months commencing on the date of vesting. In the event of death, an RSP Award will vest if it has not already vested and an RSP Award granted as an Option may be exercised during a period of normally 12 months commencing on the date of vesting.

4. The EXSOP

Introduction

The EXSOP permits the grant of Options (the 'EXSOP Options'), at the discretion of the Committee. One part of the EXSOP is designed to meet the requirements of a Company Share Option Plan ('CSOP') under the Income Tax (Earnings and Pensions) Act 2003, to which the provisions of the EXSOP apply subject to and insofar as permitted by the applicable requirements of the CSOP legislation.

EXSOP Options will have an exercise price not less than the Shares' market value at grant (i.e. the average market value over up to five business days before grant or, if the Committee decides, on the business day before grant).

Eligibility

All employees (including executive directors) of the Company and any participating subsidiaries are eligible to participate in the EXSOP at Committee discretion. The Committee determines which employees will be granted EXSOP Options.

Individual limit

The maximum total value of Shares over which an individual may be granted EXSOP Options in any financial year shall not exceed the percentage of the individual's salary

which is the director EXSOP maximum percentage in the prevailing Directors' Remuneration Policy (currently 250% of annual base salary or on recruitment 400% of annual base salary). The maximum total value of Shares for CSOP grants may not exceed the CSOP legislation limit (currently £60,000).

Performance conditions and normal vesting

The vesting of EXSOP Options may be made subject to the satisfaction of one or more performance conditions set by the Committee. EXSOP Options normally vest following the third anniversary of grant after determination of any applicable performance conditions provided the participant remains employed in the Group.

Leavers

An EXSOP Option will lapse if a participant leaves the Group before the first anniversary of grant. It will also lapse if a participant leaves between then and vesting unless because of death, disability, ill-health, injury, retirement with the agreement of the employer, sale of the employing company or business unit out of the Group or any other reason at the Committee's discretion. In these circumstances, the EXSOP Option will vest on the normal vesting date (unless the Committee permits vesting on leaving), to the extent any applicable performance conditions are satisfied. EXSOP Options will be pro-rated, unless the Committee otherwise decides, to reflect the period between grant and leaving.

5. Provisions applying generally to the Plans

Introduction

The principal terms below apply to each of the Plans and to PSP Awards, DSBP Awards, RSP Awards and EXSOP Options (together, the 'Awards'), unless otherwise indicated.

Grant of awards

Awards may usually be granted under any of the Plans during the six week period following (i) the date on which the relevant Plan is approved by shareholders, or (ii) the announcement of Company results for any period. Awards may also be granted when the Committee considers circumstances are sufficiently exceptional to justify the grant of Awards (including, in the case of RSP Awards, to allow the quarterly grant of RSP Awards where the Committee determines appropriate).

No Awards may be granted under a Plan after 30 June 2035 (that is, the expiry of the period of 10 years beginning with the date on which the relevant Plan was approved by shareholders of the Company).

No payment is required for the grant of an Award. Awards are not transferable except on death and are not pensionable.

Dilution limit

No Award may be granted under a Plan if it would cause the number of Shares issued or issuable in the preceding 10 years under that Plan and any other employee share plan adopted by the Company to exceed 10% of the Company's issued share capital at that time. These limits include treasury Shares unless institutional investor bodies decide they need not count but exclude lapsed awards.

Adjustment of level of vesting

The Committee may adjust the level of vesting of an Award (upwards or downwards) to ensure it is appropriate and fair in the context of the overall performance of the Company or the participant.

Malus and clawback

The Committee may in its absolute discretion determine before vesting to reduce the number of Shares subject to an Award, cancel the Award or impose further conditions on the Award in circumstances it considers appropriate, including, but not limited to, a material misstatement of the Company's audited results.

In addition, the Committee may in its absolute discretion reclaim Awards paid to individuals for up to two years after their vesting date in the case of the PSP, RSP and EXSOP, and for up to three years from the date of grant in the case of the DSBP, if the Committee determines the circumstances to be appropriate.

Circumstances that may trigger clawback are:

- the discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or a Group member,

NOTICE OF ANNUAL GENERAL MEETING 2025 CONTINUED

APPENDIX CONTINUED

5. Provisions applying generally to the Plans continued**Malus and clawback continued**

- the assessment of any performance condition, terms or conditions in respect of an Award or payment that were based on error, or inaccurate or misleading information,
- the discovery that any information used to determine the number of Shares subject to an Award or amount payable was based on an error, or inaccurate or misleading information,
- action or conduct of a participant occurs or is discovered which, in the reasonable opinion of the Committee, amounts to gross misconduct or a material breach of the participant's service agreement or employment contract that falls short of gross misconduct, and
- events or behaviour of a participant that have had a significant detrimental impact on the reputation of any member of the Group, provided that the Committee is satisfied that the relevant participant was responsible for the reputational damage and that the reputational damage is attributable to the participant.

Clawback may be effected by requiring transfer of Shares, cash payment or reduction of Awards.

Post-vesting and post-cessation holding requirements

Following the vesting of an Award or the cessation of a participant's employment with the Group, the Shares subject to the relevant Award may be subject to a holding period, determined by the Committee at the time of grant, during which they may not be assigned, or disposed of.

Where an Award has been granted subject to a post-vesting or post-cessation holding requirement, the vested or exercised Shares will be delivered (net of any tax liability) to such nominee, or other holding arrangement, as the Committee may determine.

Corporate events

On a takeover, scheme of arrangement or winding up (except an internal reorganisation):

- PSP Awards and EXSOP Options will vest to the extent that any applicable performance conditions have, in the Committee's opinion, been satisfied. RSP Awards which are subject to performance conditions will also vest to the extent that any applicable performance conditions have, in the Committee's opinion, been satisfied. PSP Awards and EXSOP Options (and RSP Awards which are subject to performance conditions) will be pro-rated (unless the Committee decides otherwise) to reflect the period between grant and vesting.
- DSBP Awards, and RSP Awards which are not subject to performance conditions, will vest in full (unless and to the extent the Committee determines otherwise).
- Awards granted as Options may be exercised during a period of normally one month following the relevant event.

On an internal reorganisation, Awards will be replaced by equivalent awards over shares in a new holding company unless the Committee decides otherwise.

If a demerger, special dividend or similar event is proposed which, in the Committee's opinion, would materially affect the market price of Shares subject to Awards, the Committee may determine those Awards will vest (in the case of PSP Awards, RSP Awards and EXSOP Options, to the extent applicable performance conditions have, in the Committee's opinion, been satisfied). PSP Awards and EXSOP Options (and RSP Awards subject to performance conditions) will be pro-rated (unless the Committee decides otherwise) to reflect the period between grant and vesting. Awards granted as Options may be exercised during such period as the Committee may determine.

Dividend equivalents, exercise of options and share rights

The Committee may decide that a PSP Award, DSBP Award or RSP Award will include the right to a payment in cash or Shares on vesting, equivalent to dividends that would have been paid on the Shares subject to the relevant Award between grant and vesting.

Once vested, Options granted under the Plans may normally be exercised up to the 10th anniversary of their grant.

Shares allotted under the Plans rank equally with other Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variation of capital

On a variation in the Company's share capital, a special dividend or any event that would materially affect the market price of the Shares subject to an Award, the Committee may adjust the number of Shares and/or award price or option exercise price (where relevant) subject to the Award as appropriate.

Alterations

The Committee may amend the rules of any of the Plans, provided that no amendment to the advantage of participants or employees may be made to the relevant Plan to: (a) the provisions relating to who is eligible to participate, (b) the individual limits on participation, (c) the overall limits on the number of Shares that can be issued or transferred from treasury under the Plan, (d) the basis for determining a participant's entitlement to, and the terms of, Shares or cash, (e) the adjustments that may be made in the event of any variation of capital, or (f) the adjustment provision in the Plan rules, without the prior approval of the shareholders of the Company in a general meeting.

Shareholder approval is not required if the amendment is minor and made to benefit the administration of the relevant Plan, or to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment.

In the case of the PSP, the RSP and the EXSOP, the Committee may amend any performance condition if an event occurs which causes it to consider it would not achieve its original purpose and the amended condition is, in its opinion, no less difficult to satisfy but for the event in question.

Overseas plans

The Committee may, at any time, establish further plans based on any of the Plans for overseas territories. Any such plan shall be similar to the relevant Plan, as relevant, but modified to take account of local tax, exchange control or securities laws. Any shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the relevant plan.

SHAREHOLDER INFORMATION

Analysis of share register

Ordinary shares

As at 29 March 2025, the Company had 111,950 registered holders of ordinary shares. Their shareholdings are analysed below. It should be noted that many of our private investors hold their shares through nominee companies; therefore, the actual number of shares held privately will be higher than indicated below.

Range of shareholding	Number of shareholders	Percentage of total shareholders	Number of ordinary shares	Percentage of issued share capital
1-500	59,986	53.59	11,019,847	0.54
501-1,000	20,229	18.07	15,055,838	0.73
1,001-2,000	15,772	14.09	22,474,803	1.09
2,001-5,000	10,968	9.80	33,527,737	1.63
5,001-10,000	2,902	2.59	19,836,802	0.97
10,001-100,000	1,482	1.32	34,675,844	1.69
100,001-1,000,000	406	0.36	148,791,917	7.24
1,000,001-Highest	205	0.18	1,769,817,382	86.11
Total	111,950	100	2,055,200,170	100

Category of shareholder	Number of shareholders	Percentage of total shareholders	Number of ordinary shares	Percentage of issued share capital
Private	110,399	98.60	122,788,494	6.30
Institutional and corporate	1,551	1.40	1,932,411,676	93.70
Total	111,950	100	2,055,200,170	100

Useful contacts

Marks and Spencer Group plc

Registered Office

Waterside House, 35 North Wharf Road, London W2 1NW
Telephone: +44 (0)20 7935 4422
Registered in England and Wales (No. 4256886)

General queries

Customer queries: +44 (0)333 014 8555
Shareholder queries: +44 (0)345 609 0810
Or email: chairman@marks-and-spencer.com

Registrar/shareholder queries

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Telephone: +44 (0)345 609 0810 (please use the country code when contacting from outside the UK).
Online: help.shareview.co.uk (from here, you will be able to securely email Equiniti with your enquiry).

Students

Please note, students are advised to source information from our website.

Additional documents

An interactive version of our Annual Report is available online at corporate.marksandspencer.com/investors.

Additionally, the Annual Report (which contains the Strategic Report) is available for download in PDF format at corporate.marksandspencer.com/investors.

2025/26 financial calendar and key dates

29 May 2025	Ex-dividend date, final dividend
30 May 2025	Record date to be eligible for final dividend
1 July 2025	Annual General Meeting (11am)
4 July 2025	Final dividend payment date
5 November 2025*	Half Year Results†
8 January 2026*	Results, Christmas Trading Update†

† Those who have registered for electronic communication or news alerts at corporate.marksandspencer.com will receive notification by email when this is available.

* Provisional dates.

SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION CONTINUED

Shareholder queries

The Company's Share Register is maintained by our Registrar, Equiniti. Shareholders with queries relating to their shareholding should contact Equiniti directly using one of the methods listed on pages 202 and 217 or by visiting shareview.co.uk. For more general queries, shareholders should consult the Investors section of our corporate website corporate.marksandspencer.com/investors.

Managing your shares online

Shareholders can manage their holdings online by registering with Shareview, a secure online platform provided by Equiniti. Registration is a straightforward process and allows shareholders to:

- Sign up for electronic shareholder communications.
- Receive trading updates and other electronic-only broadcasts by the Company via email.
- View all of their shareholdings in one place.
- Update their records following a change of address.
- Have dividends paid into their bank account.
- Vote in advance of the Company's general meetings.

M&S encourages shareholders to sign up for electronic communications as the Company has found this creates a more engaged shareholder base. The reduction in printing costs and paper usage also makes a valuable contribution to our Plan A commitments.

To find out more information about the services offered by Shareview and to register, please visit shareview.co.uk.

Dividends

Subject to the relevant Board and shareholder approvals, dividends are paid in January and July each year. Shareholders who receive their dividend payments directly into their bank accounts will receive an Annual Dividend Confirmation in January, covering both dividend payments made during the tax year.

Shareholder Panel

Established in 2016, our Shareholder Panel provides an opportunity for private shareholders to hear more about how we're reshaping M&S and to share views on the business. The panel meets two to three times a year, mainly digitally but occasionally in person. We try to refresh the panel each year so we can provide the opportunity to as many shareholders as possible.

Applications to be part of the panel for 2025/26 are open; register your interest by emailing privateshareholders@marks-and-spencer.com before 31 July 2025.

ShareGift

If you have a very small shareholding that is uneconomical to sell, you may want to consider donating it to ShareGift (registered charity no. 1052686), a charity that specialises in the donation of small, unwanted shareholdings to good causes. You can find out more by visiting sharegift.org or by calling +44 (0)20 7930 3737.

Shareholder security

We are aware that some shareholders have received unsolicited and suspicious phone calls received from purported 'brokers' who offer to buy their shares at a price far in excess of their market value. It is unlikely that firms authorised by the Financial Conduct Authority (FCA) will contact you with offers like this; these are likely part of a scam, commonly referred to as a 'boiler room'. The callers obtain your details from publicly available sources of information, including the Company's Share Register, and can be extremely persistent and persuasive.

Shareholders are cautioned to be wary of any unsolicited advice, offers to buy shares at a discount, sell your shares at a premium or requests to complete confidentiality agreements with the callers. **Remember, if it sounds too good to be true, it probably is!**

We encourage shareholders to read the FCA's guidance on how to avoid scams at fca.org.uk/consumers/protect-yourself-scams.

AGM

The 2025 AGM will be a digitally-enabled meeting, held at, and broadcast from, M&S' Waterside House Support Centre at 11am on Tuesday 1 July 2025. Shareholders are invited to engage with the AGM electronically via the Lumi AGM platform, which can be accessed by logging on to <https://meetings.lumiconnect.com/100-898-832-080>. On this website, questions and voting instructions can be submitted, both during the meeting and in advance. Details on how to join the meeting electronically and submit votes and questions can be found on pages 201 to 203.

If a shareholder wishes to attend in person as part of our studio audience, we ask that they register their intention to do so in advance, to help manage capacity on the day. Details of how to register attendance can be found on page 203.

The meeting will also be available to view online after the event at corporate.marksandspencer.com/investors.

M&S reserves the right to retain and use footage or stills for any purpose, including Annual Reports, marketing materials and other publications.

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Marks and Spencer Group plc commitment to environmental stewardship is reflected in this Annual Report, which has been printed on Revive 100 Offset, which is 100% post-consumer recycled, FSC® certified and totally chlorine free (TCF) paper. Printed in the UK by Pureprint Group using vegetable-based inks, with 99% of dry waste being diverted from landfill. The printer is a CarbonNeutral® company. Both the mill and the printer are certified to ISO 14001 (Environmental Management System) and ISO 9001 (Quality Management System).

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Read the report online at corporate.marksandspencer.com/annualreport2025

