Roger Hardy
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MARSHALL

9 September 2025

To all Marshall shareholders

Dear Shareholder,

2024 Annual Report and Accounts

Today we have published our Annual Report and Accounts for 2024 and I enclose your copy with this letter. These accounts were completed and audited earlier in the year.

2024 was a very difficult year and we incurred operating losses in most of our business areas. In Aerospace we have been transitioning away from the HIOS Contract which had been the bedrock of our financial performance for many years. Land Systems continued with losses in a number of very large legacy contracts. Fleet Solutions also continued to make losses. These losses, which are set out in the Annual report and total £55m, were intimated in our shareholder briefings in March 2025.

In addition, we have a number of items which are also reported as an exceptional loss item. These include impairments where we have revalued items on our balance sheet to align to the realisable value now tested in their relevant markets. For example, Fleet Solutions had historically been included in our balance sheet at a value of £18m and as we have now sold this business we know that the asset was worth less than £18m and its value has been impaired accordingly. The Board, having taken Land Systems to market, decided to apply the same logic to the value of the business, writing off a further £34m to carry the business at a £nil value. Many of these impairments have not caused a cash out flow in the year, but they are necessary changes in our 2024 accounts. Other exceptional items include restructuring costs and an impairment of our main IT system software. The total net exceptional items for 2024 are £68m.

These mean that the total pre-tax loss for 2024 is £123m, £55m operating losses and £68m exceptional items.

This is clearly a very bad result, but we were anticipating a loss for the year and is why we have been embarking on a radical programme to reshape the Company for the future. Our balance sheet is no longer large enough to be able to cope with the losses and delays that sometimes occur in a defence and aerospace business.

Since mid 2024 we have completed the following:

- Completion of an overhead cost reduction programme with the removal of over 300 posts
- Significantly improved the delivery performance of our Land System business
- Sale of our loss making Fleet business to Trane Technologies
- Sale of our Advanced Composites business to a Swedish company

Both of these disposals have been to new owners who will be able to inject the investment they require and

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help these businesses thrive in the future.

We are now focused on three major steps to reshape our business and put it on firmer financial footing:

- Exit of our Land Systems business; we expect to be able to announce the conclusion of this process within the next few months
- Completion of the sale of the ex RAF C-130 fleet; we have signed contracts, ITAR approval from the US Congress overcame a major milestone last week and is expected to finish in September
- Agreement of future partnership arrangements for developing Cambridge East

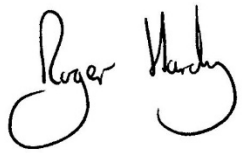
Assuming that these various complex and challenging actions play out as we hope, some of these items will require approval by shareholders over the next few months.

We anticipate further losses in 2025, but I hope that all of these steps will be completed before the end of 2025.

I know this all makes for difficult reading, but these are all essential steps for survival of the business, to stop the ongoing losses, preserve as much shareholder value as we can and ensure that the business is safe and secure for the future.

There is much for us to do, and I look forward to discussing these issues with you at the forthcoming shareholder briefings later in September.

Yours sincerely



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Chair