LORDS GROUP TRADING PLC
QCA CODE WEBSITE DISCLOSURES

Corporate Governance Statement

Lords Group Trading plc (''Company'' or "Group") sets out below how it applies the ten key principles of the Quoted Companies Alliance ("QCA") Corporate Governance Code ("QCA Code").

In November 2023, the QCA released an updated version of the Code, which has more emphasis on areas such as risk, internal controls, ESG and remuneration. The updated version of the QCA Code applies to the Company from the start of the financial year ending 31 December 2025 ("FY25"). The Group has been developing its corporate governance framework since its inception, and sees the updated QCA Code as a continuation of their work to further develop the Company's governance. The Company has been a member of the QCA since January 2024 which has supported their efforts to develop the corporate governance framework.

The Chairman's Corporate Governance Statement can be found in the Company's Annual Report and Financial Statements for the year ended 31 December 2025 (''2025 ARA'') available on the Company's website (https://www.lordsgrouptradingplc.co.uk/docs/lordsgrouptradinglimitedlibraries/archive/reports/lords_ar25.pdf).

The Company's purpose is to be a key partner to our trade and retail customers, helping them to deliver their projects on time and on budget. The business model and strategy both reflect this purpose, since they are fundamentally focused on delivering for the customers now and ensuring the Group continues to do so in future. Therefore, there are strong governance structures and oversight in place around all the key aspects of the business model and strategy – in particular the Company's approach to strategic planning, annual budgeting and performance monitoring – ensuring alignment of governance with the Company's purpose.

During the year, the Company continued to refine its approach to corporate governance. Priorities in the financial year 2025 ("FY25") included further development and refinement of the Company's risk management framework. More generally, one of the Company's priorities for FY25 was to ensure there were plans in place to develop managers throughout the Group, so the Group has the leadership it needs to support our strategy. The Nomination Committee focused on succession planning and talent in FY25.

This Statement was reviewed and approved by the Board on 24 June 2026.

Principle 1: Establish a purpose, strategy and business model which promote long-term value for shareholders

The Company's strategy and business model are focused on delivering sustainable long-term value for shareholders through a combination of disciplined organic growth and targeted acquisitions.

Organic growth is driven by continued investment in the Group's core capabilities, referred to internally as the "three Ps" – people, plant and premises. This includes developing and retaining skilled employees, enhancing operational infrastructure, and optimising the Group's branch network to improve customer service, product availability and overall experience.

In addition, the Company pursues a selective acquisition strategy aimed at strengthening its market position. The Group targets businesses that complement its existing operations by expanding its geographical footprint, broadening its product offering and enhancing its digital capabilities. Acquisition opportunities are assessed with a focus on scalability, operational synergies and the potential to accelerate growth through integration into the Group's platform.

This combined approach has underpinned the Company's growth to date and is expected to continue to support the delivery of shareholder value over the long term.

Further detail on the Group's strategy, business model, key strengths and principal challenges is set out in the Strategic Report in the Company's 2025 Annual Report and Accounts.

Principle 2: Promote a corporate culture that is based on ethical values and behaviors

The Board recognises that the Group's culture is central to the effective delivery of its strategy and long-term shareholder value. The Company operates a decentralised, people-focused model, and places particular emphasis on empowering colleagues at branch and operational level while maintaining clear accountability for performance.

This culture is underpinned by a defined set of values, as set out in the Group's cultural blueprint (available in the 2025 Annual Report and Accounts), which guide decision-making, behaviours and the management of people across the business. During FY25, the Board focused on further embedding these values, including through the introduction of a more defined management grading structure and a review of people-related policies.

The Board monitors culture through a combination of quantitative and qualitative measures. It receives regular reporting on key people metrics, including employee engagement, health and safety performance and staff turnover. Average length of service across the Group is approximately six years, which the Board considers to be indicative of a stable and engaged workforce.

Employee engagement is supported through regular communication and direct interaction with management. Senior leadership, including executive directors, maintain a visible presence across the business through regular site and branch visits. Communication channels include CEO updates, newsletters and the rollout of the Workvivo platform to enhance internal engagement and connectivity across the Group.

During FY25, the Company continued to invest in employee development, with a target of 16 hours of training per employee per year, alongside participation in industry initiatives such as the Builders Merchants Federation (BMF) HR Forum and the Industry Coalition on Apprenticeships.

The Group maintains a framework of policies to support appropriate behaviours and ethical conduct, including anti-bribery and corruption, whistleblowing, anti-fraud, health and safety, share dealing and a range of HR policies covering, among other matters, equality and workplace conduct. These policies are regularly reviewed and form part of the Group's broader governance framework.

The Board considers that the combination of strong employee engagement, visible leadership, and consistent monitoring of people-related metrics supports a culture aligned with the Company's strategy and contributes to its operational performance.

The CEO plays an important role in reinforcing this culture through regular engagement with colleagues across the Group and by maintaining a visible and accessible leadership style.

Principle 3: Seek to understand and meet shareholder needs and expectations

The Board places importance on maintaining a constructive and ongoing dialogue with shareholders and recognises that effective engagement is critical to ensuring that the Company's strategy, performance and governance are appropriately understood.

Shareholder engagement is led by the executive team, supported by the Chair, with a programme of regular meetings with institutional investors following the release of full-year and half-year results, as well as at other appropriate points during the year. These interactions provide an opportunity to discuss operational performance, capital allocation, governance matters and market conditions, and to receive direct feedback from shareholders. Key themes arising from these discussions are communicated to the Board to inform its decision-making.

The Chair maintains direct engagement with a number of the Company's largest shareholders, particularly in relation to governance matters, and is available to meet investors where there is specific interest or concern. This engagement complements that undertaken by the executive team and helps ensure that shareholder perspectives are understood at Board level.

The Annual General Meeting provides shareholders with the opportunity to engage directly with the Board. All Directors typically attend, and the meeting is used not only for formal business but also to facilitate discussion with shareholders on the Company's performance and outlook.

Shanker Patel, the Company's Chief Executive Officer, is also a significant shareholder. The Board recognises the importance of ensuring that the interests of all shareholders are appropriately considered. A relationship agreement entered into at the time of the Company's admission to AIM in July 2021 sets out the framework for managing this, including provisions to ensure that the Company operates independently and that all shareholders are treated fairly. The Board keeps these arrangements under review.

More broadly, the Board considers the interests of key stakeholder groups, including employees, customers, suppliers and local communities, as part of its decision-making process. Further detail on how the Board engages with these stakeholders, and how this informs strategy and operations, is set out in the Strategic Report in the Company's 2025 Annual Report and Accounts.

Principle 4: Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success

The Board as a whole is responsible for stakeholder engagement. The Board considers the interests of shareholders and all relevant stakeholders in line with section 172 of the Companies Act 2006. Engaging with the Company's stakeholders is core to the Company's strategy and is considered to be a driver of long-term shareholder value. The Board engages with suppliers, customers and shareholders, and works to identify the key resources and relationships upon which it relies. The Board regularly engages with its workforce, suppliers, customers and other stakeholders to stay abreast of stakeholder insights and to enable the Board to understand and consider these issues in decision-making.

Details of how the Company seeks to understand and meet shareholder needs and expectations are set out in Principle 3 above. Board members regularly meet employees across the businesses and locations across the Group and all employees are encouraged to raise and discuss any areas of interest or concern they may have. For more information on employee engagement, please see Principle 2 above.

A more detailed description of the Company's engagement with key stakeholders is included in the section 172 statement, and how the business model identifies the key resources and relationships on which the business relies, including engagement outcomes, is set out in the Strategic Report in the Company's 2025 ARA.

Principle 5: Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

The Board is responsible for establishing and maintaining the Company's system of internal financial controls. The Audit and Risk Committee assists the Board in discharging its duties relating to internal financial controls and reviewing the Group's system of internal controls and risk management framework.

The Board takes a balanced approach to risk management, and acknowledges that risk provides opportunities for value creation, as well as downside. As articulated in the 2025 ARA, the Board has determined its risk appetite which assists with risk management decisions, strategic decision making and creating effective risk governance and internal control measures.

Effective risk management is key to delivering the Company's strategy. The Company has implemented a robust framework for identifying, managing and mitigating the principal risks the Company faces, which ensures the Company identifies emerging risks on a timely basis. The Directors, together with the Company's advisers, have reviewed the effectiveness of the procedures in place and consider that they are appropriate to the nature and scale of the operations of the Group. The Directors continue to reassess internal financial controls as the Company expands, both organically and through acquisition. Internal financial control systems are designed to meet the particular needs of the Company and the risks to which it is exposed. The internal financial controls of the Group include the strategic planning process, approval of annual budgets, regular monitoring of performance against budget (including a full investigation of significant variances), control of capital expenditure and ensuring proper accounting records are maintained.

BDO have provided internal audit services to the Group from FY24. BDO have produced an internal audit roadmap to assess the major areas of risk faced by the Company over several years. In FY25, BDO conducted reviews of financial controls and inventory management. A full report regarding the BDO internal audit team's work can be found in the Strategic Report in the 2025 ARA.

At the start of FY25, a full review of our risk management framework was carried out to make sure it was operating effectively and that it was embedded in the divisions, as well as at Group level. As part of the ongoing oversight of risk, the Audit & Risk Committee receives a detailed risk management report at the start of each year, which summarises the controls the divisions are applying. Details of the identified principal risks and uncertainties can be found in the Strategic Report in the Company's 2025 ARA.

Principle 6: Maintaining the Board as a well-functioning, balanced team led by the Chair

The Board comprises the Non-Executive Chairman, Chief Executive Officer, Chief Financial Officer and two additional Non-Executive Directors. Biographical details are available on the Company's AIM Rule 26 website and in the 2025 Annual Report and Accounts.

The Board considers Gary O'Brien, Andrew Harrison and Sheena Mackay to be independent in character and judgement. Accordingly, the Board meets the QCA Code recommendation that at least half of the Board comprises independent Non-Executive Directors.

The Board meets formally at least five times per year, with additional meetings convened as required. Its work includes overseeing financial performance, approving financial results and dividends, and considering significant commercial and strategic matters. A schedule of matters reserved for the Board is in place and available on the Company's website.

Conflicts of interest are managed through established procedures, and the Board keeps under review the external commitments of Directors.

The Board recognises the value of diversity of experience and perspective and takes this into account in appointments and succession planning. It also monitors diversity within the wider organisation, including at senior management level.

The Board is supported by Audit and Risk, Remuneration and Nomination Committees, each comprised exclusively of independent Non-Executive Directors. Further details, including terms of reference, are available on the Company's website.

Principle 7: Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities

The Chair leads the Board and is responsible for its effectiveness, while the Board retains overall responsibility for the Company's governance framework. The Board considers its current governance arrangements, including adoption of the QCA Code, to be appropriate for the Company's size, complexity and stage of development, and keeps this under review.

The Board has a balance of sector, financial and public markets experience. It reviews its composition regularly to ensure it remains aligned with the Company's strategic needs. Directors receive updates on governance, regulatory and market developments from the Company's Nominated Adviser and Company Secretary, and may seek independent professional advice at the Company's expense where required.

Board papers are circulated in advance of meetings to support informed discussion. Directors are encouraged to challenge and debate proposals, with decisions taken following full consideration of the issues. Actions arising are agreed and monitored.

There is a clear division of responsibilities:

- the Chair leads the Board and oversees its effectiveness;
- the CEO is responsible for developing and executing strategy and managing the business; and
- Non-Executive Directors provide independent oversight and challenge.

The Board has established Audit and Risk, Remuneration and Nomination Committees with delegated responsibilities. Day-to-day operational authority is delegated to management under a defined authority matrix.

Audit and Risk Committee
The Audit and Risk Committee oversees financial reporting, internal controls, risk management and the relationship with the external auditor.

It comprises Gary O'Brien (Chair), Andrew Harrison and Sheena Mackay, and meets at least three times annually in line with the reporting cycle. The CFO and Group Financial Controller attend by invitation, and the Committee meets the external auditor without management present. The internal auditor (BDO) attends regularly.

Remuneration Committee
The Remuneration Committee determines the remuneration framework for Executive Directors and senior management and sets individual packages within that framework.

The Committee comprises Gary O'Brien, Andrew Harrison and Sheena Mackay (Chair) and meets at least twice a year. Executive management attend by invitation but are not involved in decisions relating to their own remuneration.

Nomination Committee
The Nomination Committee reviews Board composition, succession planning and appointments.

It comprises Gary O'Brien, Andrew Harrison and Sheena Mackay (Chair) and meets at least annually. It evaluates the skills and experience required on the Board and oversees the selection and appointment process.

Principle 8: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement
The Board is committed to the principles of continuous improvement and regards regular board evaluations as an important mechanism to both understand its own performance and to reflect on how board-level governance needs to evolve in response to changing strategic and operating environments.

In FY25, the Board conducted an internally facilitated Board evaluation. An external review was considered during the year; however, it was agreed that this would be revisited in FY26.

The evaluation, using online questionnaires, covered composition, responsibilities, culture, information quality and individual performance. The results indicated that the Board and Committees are operating effectively. An area identified for further improvement is the timing of management reporting to ensure Directors have sufficient opportunity to review materials in advance of meetings. Our previous evaluation had noted the Directors' desire for more training opportunities, and steps have been taken to address this recommendation over the course of FY25, as set out in the Company's FY2025 ARA.

The Nomination Committee is responsible for succession planning for Board and senior management positions, and regularly reviews the succession plans for the Group. The Nomination Committee has set out a clear management succession plan and regularly reviews the development and growth opportunities for members of the senior leadership team. Full details of the Nomination Committee's work on succession planning can be found in the 2025 ARA.

Principle 9: Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture

At the start of FY25, we developed and implemented a new Directors' remuneration policy, which can be found on pages 59 and 60 in the 2025 ARA. Our intention is that the policy will apply for three years and given that it functioned as expected in FY25, no changes are envisaged for FY26.

The Group's long-term success depends on providing outstanding customer service through highly engaged colleagues. This is at the heart of our business model and is reflected in our purpose and culture. Our purpose and culture are therefore directly linked to our financial performance, which in turn determines the funds we have available to invest in our '3Ps' and our strategic growth initiatives.

Our remuneration structures contain elements which incentivise financial performance in both the short and long term, through the annual bonus and LTIP. These elements therefore require management to deliver our purpose and maintain our culture, and to enable the successful operation of our business model. They also encourage investment in the Group's long-term growth, in line with our strategy.

In addition, the annual bonus conditions for the Executive Directors and other senior management team include personal objectives, which align with our strategic goals. We are therefore confident that our remuneration structures and practices support the delivery and attainment of the Company's purpose, business model, strategy and culture.

One of our priorities for the year was to review long-term incentive arrangements to support the retention of key colleagues. For the Executive Directors and the divisional executives, we consider that the existing Long-Term Incentive Plan (LTIP) continues to appropriately align senior executives with the Group's medium to long-term success. We therefore granted options under the LTIP in March 2025, as described later in the FY25 report.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders

As stated above, the Company is committed to open communications with all its shareholders and communication is conducted primarily through the Company's regulatory announcements, website disclosures, the annual report and accounts, the annual general meetings and one-to-one meetings with large existing shareholders and potential new institutional investors. The Group's website is updated on a regular basis.

The Board maintains that, if there is a resolution passed at a general meeting with 20% votes cast against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action. Notices of general meetings can be found on the Company's website (www.lordsgrouptradingplc.co.uk/investors/shareholder-information). All 2026 AGM resolutions were passed comfortably. The votes on all resolutions were taken on a poll to ensure that full shareholder representation was reflected.

The Company’s annual and interim reports are available on the Company’s website.