HOWDENS

Annual Report and Accounts 2024

Howden Joinery Group Plc

The UK's number 1 trade kitchen supplier

Strategic Report

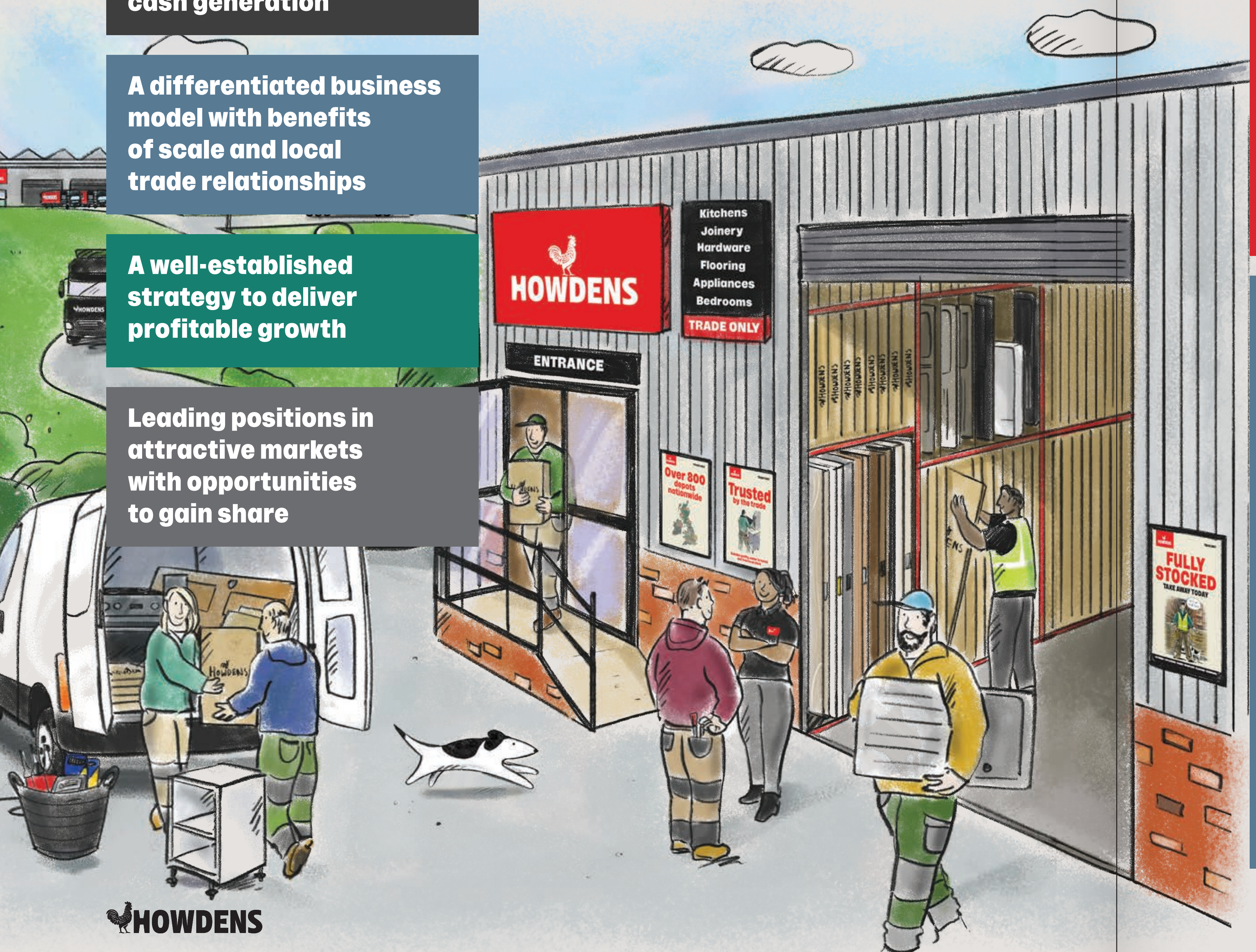
The UK's #1 specialist trade-only kitchen supplier

Sustainable growth, sector-leading margins and strong cash generation

A differentiated business model with benefits of scale and local trade relationships

A well-established strategy to deliver profitable growth

Leading positions in attractive markets with opportunities to gain share



HOWDENS

Contents

Strategic Report

Performance in 2024

Howdens performed well in 2024, delivering another year of significant market share gains.

Through our strategic initiatives, we continue to support our trade customers to win business with market-leading kitchen and joinery ranges, an excellent upgraded local depot service and digital tools. We are also improving the manufacturing and supply chain to ensure we deliver high-quality, easy-to-fit products that are always in stock.

Operational highlights

29 new UK depots

Continued progress against our ESG goals

3 new depots in Republic of Ireland

Making more products in our own UK factories

11 new kitchen ranges

Continuing to strengthen our digital offering

Financial highlights

Revenue
£2.3bn

2024	£2.3bn
2023	£2.3bn
2022	£2.3bn
2021	£2.1bn
2020	£1.5bn

Gross margin
61.6%

2024	61.6%
2023	60.8%
2022	60.9%
2021	61.6%
2020	60.1%

Operating profit
£339m

2024	£339m
2023	£340m
2022	£415m
2021	£402m
2020	£196m

Profit before tax
£328m

2024	£328m
2023	£328m
2022	£406m
2021	£390m
2020	£185m

Earnings per share
45.6p

2024	45.6p
2023	46.5p
2022	65.8p
2021	53.2p
2020	24.9p

Dividends per share
21.2p

2024	21.2p
2023	21.0p
2022	20.6p
2021	19.5p
2020	18.2p

Net cash at year end
£344m

2024	£344m
2023	£283m
2022	£308m
2021	£515m
2020	£431m

Dividends paid in year
£115.9m

2024	£115.9m
2023	£114.1m
2022	£115.0m
2021	£133.6m
2020	£0.0m

Investment in assets - capex
£122m

2024	£122m
2023	£119m
2022	£141m
2021	£86m
2020	£70m

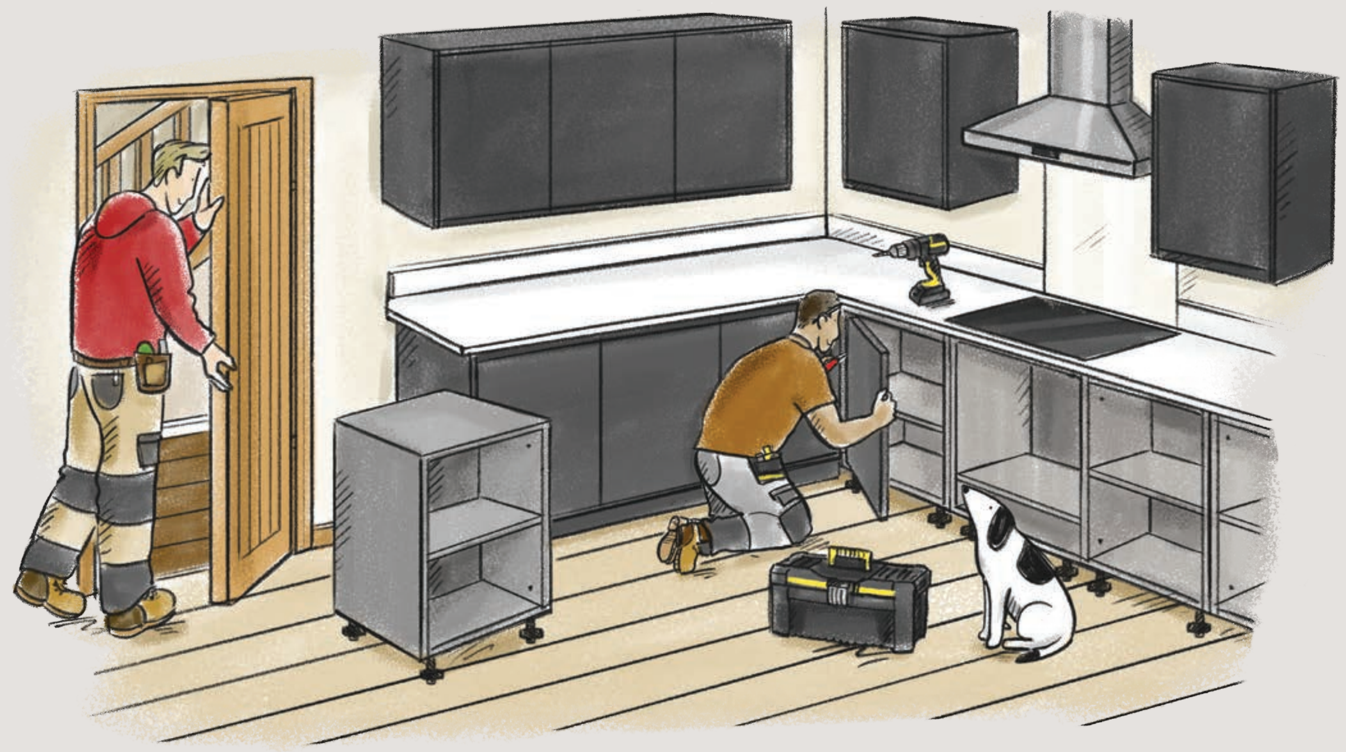
Strategic Report

Howdens at a glance

The UK's largest specialist trade-only kitchen supplier

At Howdens, we aim to be the best at what we do - supplying kitchens, joinery products and related services to tradespeople.

We do this by having a single-minded focus on our trade customers. All our operations are designed around making life easier for the builder. By trading with us they can get their jobs done right first time for their customers. When our customers profit, we profit.



Global sourcing

Resources and relationships

- Global supply chain expertise
- Trusted supplier relationships, and the scale of our operations, give us access to the latest products at the best prices
- Responsible purchasing practices

UK manufacturing & distribution

Resources and relationships

- Skilled and motivated workforce
- UK's largest trade kitchen supplier - economies of scale
- Our own UK factories - the choice to make or buy
- Our own warehousing and distribution network enables our in-stock business model

Nationwide depot network

Resources and relationships

- Decentralised business model
- Empowered local depot managers, close to the trade
- Trusted customer relationships with around half a million builders
- Local depot network with a nationwide reach
- The right product. In stock in local depots at best local price

Supporting the builder

Resources and relationships

- Trade only, with excellent service
- Helping our trade customers to succeed in selling to their customers:
  - Trade accounts support the builder's cashflow
  - Design and planning services
  - Home visits for end-users
  - Marketing materials
  - The right product. In-stock in local depots
- Competitive confidential pricing
- Digital tools to help the trade and end-users

Worthwhile for all concerned

Outcomes

- Happy builders and end-users
- Sustainable profit growth, sector-leading margins and strong cash generation
- Returns to shareholders
- Investment for growth:
  - Our employees
  - New depots
  - New product
  - New manufacturing and logistics
  - Digital assets to support the business model
- Giving back to local communities
- Science-based Net Zero targets in place

HOWDENS

Strategic Report

How we create value

Strategic Report

How we create value

Our purpose

To help our trade customers achieve exceptional results for their customers and to profit from doing so. When our customers succeed, we succeed and our stakeholders succeed.

See page 10

Our purpose drives our business model and shapes our strategic decisions

Strategy

Reach more builders. Offer them the best product, pricing, service and support. Generate profits for reinvestment and shareholder returns.

See page 13

Business model

Trade only. In stock from local depots at best local price. Entrepreneurial depots supported by UK manufacturing and efficient sourcing and distribution.

See page 14

We respond to external opportunities and mitigate threats

Markets

Competing at all price points. Gaining market share.

See page 12

Risks

Effective risk monitoring and mitigation.

See page 36

Culture & values

Worthwhile for all concerned.

See page 11

Culture is aligned with purpose, values and strategy

Sustainability

Focus on climate resilience and Net Zero.

See page 42

Sustainable behaviour preserves our culture, maintains focus on our business model, mitigates our risks and addresses the needs of our stakeholders

Governance

A clear governance framework. Operating with integrity.

See page 72

Our governance framework guides all decisions and outcomes

Our business model and strategy generate value for a range of stakeholders

Long-term value for our stakeholders

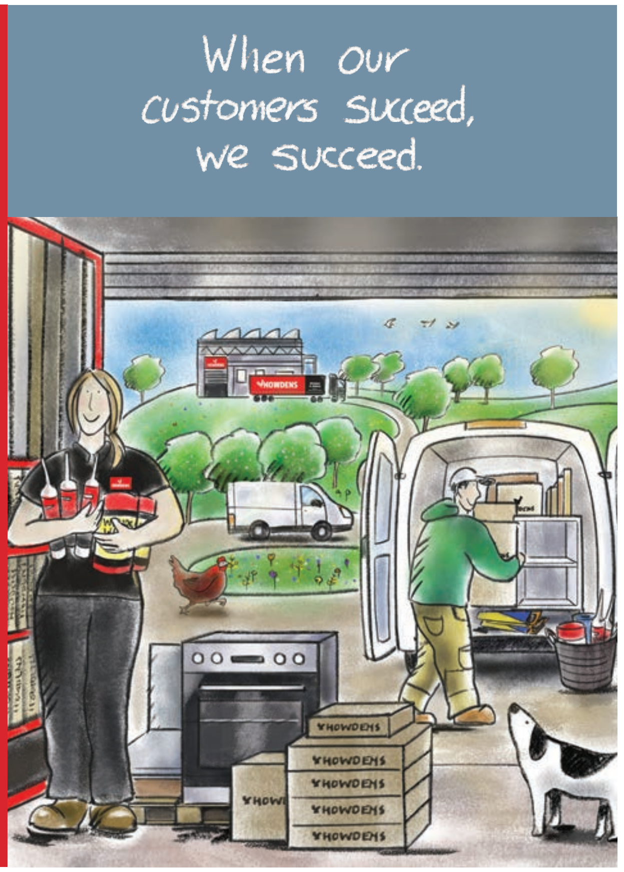
Long-term, sustainable growth and value for all stakeholders. Worthwhile for all concerned.

Strategic Report
Governance
Financial Statements
Additional Information

HOWDENS

Our purpose

To help our trade customers achieve exceptional results for their customers and to profit from it.



Howdens' focus on serving our trade customers is at the heart of everything we do. We believe the best way to source and install a kitchen is to work with your local tradesperson, and we are clear that the purpose and future success of our business lies in serving the trade market to the highest standards.

Our relationship with our trade customers has three key facets, each supported by our entrepreneurial culture.

Trade service and convenience

Depots located where our customers need them; monthly account facilities; product in-stock to get the job done - including appliances, joinery, doors, flooring, hardware and bedrooms. A free design service to help customers and end-users choose and plan their kitchens.

Product leadership

Product design and testing facilities ensure that we offer the right product styles that are attractive to consumers, designed to be trade quality and easy for builders to fit, giving them more time.

Trade value

Best local trade prices enabled by in house manufacturing, long-term key supplier agreements and a low-cost depot operating model.

Our culture and values

Howdens was founded on the principle that the business should be worthwhile for all concerned – customers, homeowners, tenants, local communities, our suppliers, our investors, our staff and their families.

This founding principle has shaped our business model and our strategic decisions since 1995, and it continues to be at the heart of what we do.

Worthwhile for our trade customers

- Profitability, convenience, service, support.
- Great product range for them to offer to their customers.
- Outstanding service.
- Trusted personal relationships - we do what we say.
- Trade accounts and confidential discounts.
- Design, planning and marketing support.

Worthwhile for our staff

- A good wage, plus local profit-sharing and incentives, excellent rewards and recognition for outstanding performance.
- An entrepreneurial culture, with central support.
- A growing company with opportunities to develop and progress. Structured career development programmes.

Worthwhile for our suppliers

- Strong and enduring relationships based on trust.
- Working together to develop new products and deliver best service.
- Our scale provides good opportunities for suppliers to build a profitable business by working with us.

Worthwhile for our other stakeholders

- Delivering consistent long-term value for shareholders with a growing dividend and return of surplus cash through share buy-backs.
- Helping end-users at each stage of their buying decision.
- Important local employer in over 950 communities.
- Giving back to charities and local communities.
- Responsible purchasing and environmental policies.

Our market

The kitchen market

- 28 million households in the UK; 18 million owned and 10 million rented.
- UK kitchen and joinery market of £11.2bn[1].
- 'Do It For Me' and the trade market continue to be strong.
- Howdens sells to trade customers who work flexibly across a broad range of markets, including owner occupied homes, private rentals and social housing.
- Our Contracts division supports the increasing demands of the new build market.

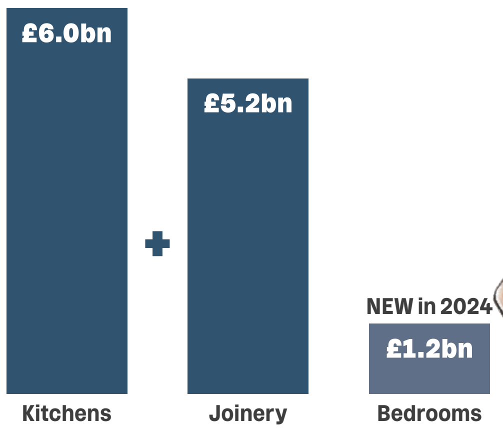
Structural drivers

- The UK population could reach nearly 74 million by 2036, with net migration fuelling the rise. The UK population will increase by 6.6 million people (9.9%) between 2021 and 2036. - ONS, 2024).
- Ageing UK housing stock will drive renovation (ave. age of UK stock is 70 years - ONS, 2022).
- Increased end user interest in sustainable products (44% of households are switching off or moving to more energy efficient appliances - NatWest, 2022).
- Entrepreneurial builders are well placed to win kitchens and joinery work as part of wider home refurbishment projects. They are supported by Howdens' in-stock, trade-only business model.

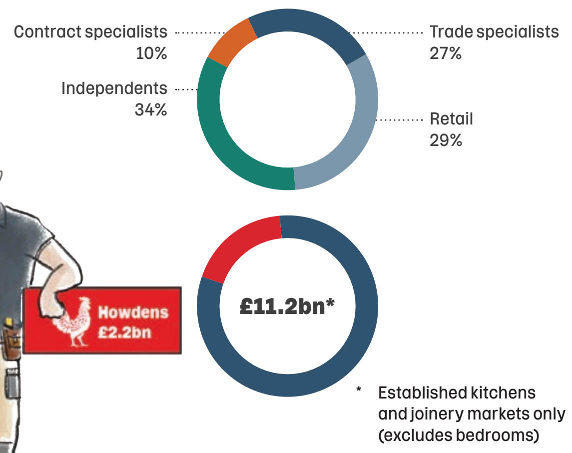
Recent trends

- More than a quarter of working adults in Great Britain (28%) were hybrid working in the Autumn of 2024 (ONS). This leads to greater wear and tear on kitchens and appliances.
- Consumer mindset more focused on design and use of kitchen space to maximise flexibility (Howdens' proprietary data).
- Ageing population - by 2066 there will be a further 8.6 million projected UK residents aged 65 years and over, taking the total number in this group to 20.4 million and making up 26% of the total population (UK Govt, 2021). Increasingly this will drive renovation activity as many choose to age in their place of residence.

UK market by revenue[1]



UK market revenue by vendor category[1]



Large and attractive markets with significant growth potential

1 Howdens' estimates based on proprietary data.

Our strategy

Our purpose

To help our trade customers achieve exceptional results for their customers and to profit from them.

Achieved through:

Our long-term strategic objectives

Reach more builders

Grow market share.
Increase trade convenience.

Operational excellence

Increase customer service, efficiency, trade value and profitability.

Product innovation

The right amount of the best product, at the best price.

Prudent financial management

Giving us the tools to do the job.

Measured by:

KPIs page 28

- Sales growth
- Profit before tax
- Cash
- Depot openings
- Health & Safety
- FSC® or PEFC certified raw materials
- Waste recycling

Supported by:

Our medium-term strategic initiatives page 25

Evolving our depot model

- Rolling out updated depot reformat
- Using space more efficiently
- Creating a better place for our customers to do business in

Developing our digital platforms

- Supporting our business model
- Raising brand awareness
- Delivering productivity gains and sales leads

Improving our product range and supply management

- Helping customers' buying decisions
- Improving service and productivity

Expanding our international operations

- Attractive markets outside the UK
- Expanding to deliver further shareholder returns

Strategic Report
Governance
Financial Statements
Additional Information

Strategic Report

Our resilient business model

The UK's leading specialist kitchen supplier, selling only through trade customers.

What we do

1 Product manufacturing and sourcing

- Our expert teams make and source attractive products that are trade quality and easy to fit.
- We design and manufacture all of our own cabinets, as well as some cabinet frontals, worktops and skirting boards.
- We're agile and we keep the make vs. buy decision under review. We make what it makes sense for us to make in our UK factories, and we buy other product in from our suppliers.
- We buy in thousands of different products from hundreds of trusted suppliers around the world, including appliances, joinery, flooring and hardware. We offer everything necessary to complete any kitchen.

2 Distribution

- Our in-house distribution operation delivers from our factories and central warehouses to our network of almost 950 depots.
- No two deliveries are alike, and each one must be correct, complete and on time. We can guarantee this because we control our own distribution.

3 Depots designed for our trade customers

- Entrepreneurial depot managers leading highly motivated and incentivised depot teams. Trusted relationships with their local builders.
- A typical Howdens depot is in an edge-of-town location - more convenient for trade customers, and cheaper to rent. 88% of our UK customers live within 5 miles of a Howdens depot.
- Our in-stock model means that builders can get the products they need at short notice, even when plans change part way through a job.
- We offer the builder quality products, excellent levels of service and trade accounts that allow them up to eight weeks to pay. We focus on helping our customers succeed. When they make money, we make money.

4 Consumers/ homemakers

- We have over 2,000 specialist kitchen designers who support the builder by visiting the end user's home, or work with them remotely using our free virtual design service, and help them choose, plan and design their dream kitchens.

The value we create

1 Customers

- Builders save time and money with Howdens. Trade quality, full product range for the complete kitchen, available from stock at competitive, confidential prices.
- Trusted personal relationships providing outstanding service. From free design and planning to delivery and aftersales support.
- Trade accounts allow the builder to finish their project and get paid by their customer before they need to pay us.
- Online account management, click and collect and anytime ordering tools help the busy builder.

2 Staff

- A growing company with opportunities for training, development and career progression.
- A safe working environment, good salary, pension and benefits, with local profit-sharing and incentives.

3 Suppliers

- Strong and enduring relationships based on trust.
- Co-operative engagement on new products and the scale necessary to support suppliers' businesses and their investment plans.

4 Investors

- Long-term value creation, generating cash for further profitable investment in the business and to support a growing dividend.
- Surplus cash after investment and dividends is returned to shareholders through share buybacks.

5 Communities and environment

- Employment opportunities and a good neighbour in over 950 communities.
- Supporting local and national charities.
- Responsible ESG practices and policies.
- See our Sustainability report on page 42.

HOWDENS

Strategic Report

Chairman's statement

Howdens performed well in challenging market conditions

Peter Ventress
Chairman

> **Our strategy is working well as we focus on refining our strong product line up, high stock availability, and industry leading service levels to best support the day-to-day needs of our trade customers.**

During the year Howdens continued to face into an uncertain geopolitical and macroeconomic environment, which remained a significant headwind in our end-markets. In particular, during 2024 the kitchen market in the UK fell for a third successive year and remains at cyclical lows versus long-term average volumes.

Despite these challenges we continued to serve our trade customers well and delivered another good operating performance. The strengths of our differentiated, in-stock, local business model again resulted in another year of market share gains. At the same time, given the market headwinds, we have continued to drive efficiency savings to protect profitability.

During the year, the Executive team under the leadership of Andrew Livingston has continued to focus on investing in our strategic initiatives to drive future growth. Our strategy is working well as we focus on refining our strong product line up, high stock availability, and industry leading service levels to best support the day-to-day needs of our trade customers.

Central to the execution of our business model is, of course, the dedication and commitment of our 12,000 people, whose entrepreneurial spirit, knowledge and dedication to make life easier for our customers make the business all that it is today. On behalf of the Board, I'd like to thank them wholeheartedly for all their dedication and unwavering support. I firmly believe the actions we are taking will stand us in good stead as our markets recover.

Financial performance

Group revenue in 2024 grew by 0.5% to £2,322m, in very challenging kitchen and joinery markets. We continued to operate the business with sector leading gross margins of 61.6% (2023: 60.8%), made possible by our vertically integrated approach and market leading distribution and supply chain network which are key differentiators of the Howdens 'in-stock' model.

The majority of cost increases this year were due to higher inflation and were broadly offset by productivity and efficiency actions taken in the year. This is in addition to the £50m of cost reductions achieved in 2023 as we continued to protect depot profitability and investment in future growth. Overall, Group profit before tax was £328.1m (2023: £327.6m) and basic earnings per share for the year were 45.6p per ordinary share (2023: 46.5p).

Cash generation remains the hallmark of every good business and Howdens delivered strong operating cashflow in the year.

We also maintained a robust balance sheet, which supports our growth investments through the cycle. In 2024, we invested in further revamps to the mature depot network, manufacturing upgrades and futher vertical integration and digital investments to support our customers. During the year we returned £115.9m of cash to shareholders in ordinary dividends ending 2024 with cash of £343.6m.

Strategic initiatives

Our kitchen and joinery markets are large and fragmented, which present an attractive long-term growth opportunity for Howdens. We believe our addressable kitchen and joinery markets in the UK are around £11.2 billion compared with the Company's UK revenue of around £2.2 billion.

We are investing commensurately in our consistent and proven growth strategy, which is now well established. Our priorities are to invest in deeper vertical integration, depot expansion in the UK, product innovation and digital expansion. We are also investing in our international businesses in France, Belgium and more recently the Republic of Ireland, which all present further growth opportunities. You can read more about our progress on many fronts this year in Andrew's review, starting on page 19.

Sustainability

Our ambition remains to be the UK's leading responsible kitchen and joinery business. We are well placed to achieve this with our UK manufacturing focus, trusted supplier partnerships and our publicly-committed Net Zero plans approved by the Science Based Targets Initiative. 2024 was another year of strong progress, and you can read about this in the sustainability report starting on page 42.

Governance and Board changes

Good governance is vital for all businesses. At times of geopolitical and economic instability like this, it plays a particularly important role in building and retaining trust among a diverse base of stakeholders. Howdens operates to a high level of governance and the Board will maintain this approach going forward.

Responsibility for driving Howdens' above market performance is driven by Andrew Livingston and his Executive team. The Board's role is to provide appropriate support and challenge to Andrew and his team to ensure we capitalise on the significant opportunities for profitable growth in our markets. Ensuring we have a high calibre Board that approaches this task with energy and conviction remained a key priority for me in 2024, and will continue to be so during 2025 and beyond.

2024 saw us build on our Board refreshment programme, initiated in 2023. During the year we welcomed three new independent Non-Executive Directors to the Board: Vanda Murray, Roisin Currie and Suzy Neubert. These new Directors bring a wealth of strategic, operational and financial experience to the Board, which complements our existing skill set.

We also announced the appointment of Tim Lodge who joined the Board in January 2025. This followed an extensive search to identify the replacement of Andrew Cripps as Audit Committee Chair when he retires from the Board at the AGM in May. Tim is an experienced CFO and Audit Committee Chair and has enjoyed a handover period with Andrew during the 2024 year end. I am also pleased to confirm that Vanda Murray will take over from Andrew Cripps as Senior Independent Director. Vanda's experience of such roles and excellent interpersonal skills makes her an attractive candidate for this role. Andrew was appointed to the Board in December 2015 and has served as Audit Committee Chair since May 2016. We thank him for his wise counsel and significant contribution to Howdens and wish him all the very best for the future.

More information on all new appointments to the Board can be found in the Nominations Committee Report beginning on page 100.

Following consultation with institutional shareholders, we will table a revised Remuneration Policy for shareholders to consider at the 2025 AGM. Our proposals address the constructive feedback we have received and will form an important part of the measures being taken to drive Howdens' future performance while ensuring we provide appropriate rewards that reflect the scale of our business, the important focus on our strategic objectives to drive growth and, of course, to reflect normal market practice.

Capital allocation and returns to shareholders

Our approach to capital allocation continues to focus on achieving sustainable profit growth by investing in and developing our vertically integrated business. We also want to maintain and grow our ordinary dividend in line with earnings growth to reward shareholders with an attractive ongoing income stream. After allowing for these uses of cash, Howdens remains committed to returning any surplus capital to shareholders. Our capital allocation policy is that where year end cash is more than £250m we expect to return surplus cash to shareholders. This provides sufficient headroom to support organic growth, our working capital requirements and ongoing investments in our strategic priorities. At this level of cash, the balance sheet will remain strong.

In July 2024 the Board declared an interim dividend of 4.9p per ordinary share (2023: 4.8p per ordinary share). The Board is recommending a final dividend for 2024 of 16.3p per ordinary share (2023: 16.2p per ordinary share), resulting in a total dividend of 21.2p per ordinary share (2023: 21.0p per ordinary share). The total dividend represents a year-over-year increase of 1.0% and the final dividend will be paid on 23 May 2025 to shareholders on the register on 11 April 2025, if approved by

Strategic Report

Chairman's statement continued

shareholders. Considering the Group's prospects and strong financial position, the Board is announcing today a £100m share buyback programme which will be completed over the next 12 months.

Looking ahead

The Group has delivered another year of strong progress and while the macroeconomic and geopolitical environment remains uncertain, our business model is resilient, and we continue to look to the future with confidence.

We are well prepared for the challenges and opportunities that such market conditions may present and we are confident that our business model is the right one to address the opportunities in our markets. In summary we are well placed to continue to make good progress in 2025 as we invest in our key capabilities and growth opportunities which are pivotal to the longer-term development of the business. Looking ahead, we remain excited about the significant structural growth opportunities in our markets and our ability to generate further sustainable long-term value for our stakeholders.

Further reading

	Page
Our Sustainability report	42
My introduction to our Governance report	74
Our Board of Directors	76

Peter Ventress
Chairman

26 February 2025

Chief Executive Officer's review

Further market share gains in 2024

Andrew Livingston
Chief Executive Officer

"**The business delivered strong operating cashflow and we maintained a robust balance sheet. This gives us the flexibility to continue to invest in our growth plans for the business and provide shareholders with increased returns for this year and a £100m share buyback programme.**"

Q&A with Andrew Livingston, Chief Executive Officer

We delivered a robust performance in 2024, achieving another year of market share gains in tough markets. Despite the headwinds we have remained committed to developing our differentiated business model to support our trade customers. In doing so, we are well positioned to capitalise when our markets turn.

Q

Andrew, 2024 has been another year of headwinds from a macroeconomic perspective but how would you assess Howdens' fortunes given the challenging market backdrop?

A

Yes, I don't think the external market has done us any favours in 2024. However, we had planned for that and we delivered a good performance. Group sales were just ahead of those in 2023. In the UK, we believe we gained kitchen market share, which helped us mitigate a decline in the overall size of the kitchen market. We maintained an industry leading gross margin with gross profit ahead of last year, as we balanced recovery of cost rises with our commitment to provide competitive pricing across the board for our customers. Profit before tax was in line with last year at £328.1m.

The business delivered strong operating cashflow and we maintained a robust balance sheet. This gives us the flexibility to continue to invest in our growth plans for the business and provide shareholders with increased dividends for this year. We have also announced a further £100m share buy-back programme. Put simply, the results demonstrate the strength of our local, trade only in-stock model.

Strategic Report

Chief Executive Officer's review continued

Q

You are making good progress with your sustainability programme. What are the areas you are focusing on?

A

Our ambition remains to be the UK's leading responsible kitchen and joinery business. We are well placed to achieve this with our UK manufacturing focus, trusted supplier partnerships, and our publicly committed Net Zero plan approved by the Science Based Targets initiative (SBTi) in January 2024. Our plan commits us to reducing our Scope 1 and 2 emissions by 42% and our Scope 3 supply chain emissions by 25% by 2030, targeting Net Zero by 2050, against a baseline year of 2021.

We are making progress on lots of fronts, and you can read all about our focus areas this year in the Sustainability section on pages 42 to 68. I would highlight that the major thrust of the strategy remains on our Scope 3 emissions. As a vertically integrated business these emissions account for 95% of our total emissions, with 40% being emitted indirectly by suppliers. We have therefore focused heavily on supplier engagement. Initially targeting our top six suppliers, we have since expanded our program to include the top 30 and onboarded an additional 70 suppliers throughout 2024. We have therefore engaged over 100 suppliers, with over 50% submitting emissions data for the last three years and we continue supplier and industry collaboration to ensure decarbonisation. Net Zero obligations are now mandated in all our supplier trading terms and conditions.

Q

Are your aspirations for growth now somewhat diminished given the tougher markets? Are you scaling back your plans for the business?

A

Quite the contrary, our strategy is working well and we are gaining market share which tells us that our trade only, in-stock model is the right one to support our customers. In 2025, we expect market conditions to be broadly unchanged from the challenging ones seen in 2024. We are well prepared for this and our customers, mainly self employed people, are adept at managing their business in such times.

Our model is hard to replicate and difficult to compete with, and we have initiatives in place to make it more so. Delivered by our highly entrepreneurial and well incentivised teams across the business, I believe that our service orientated, trade only, in-stock, local model is the right one to deliver sustainable market share gains.

The addressable value of the UK markets in which we have an established presence is some £11.2 billion and there are significant longer-term growth opportunities for us. We continue to prioritise investment in the business on this basis and if anything we are accelerating our plans, as we can see that our strategy is working well.

Q

How would you summarise the initiatives and does this mean more money will be invested over the next few years?

A

The strategic initiatives are well understood in the business. First, we want to evolve our depot model by using space more efficiently to provide the best environment in which to do business with our customers. We also want to continuously improve our range and supply management to improve choice and service while enhancing productivity in our manufacturing, sourcing and supply chain activities. We are developing new digital platforms to raise brand awareness, support the business model and deliver productivity gains and more leads for depots and customers. Finally, I strongly believe that the Howdens model can be successful outside of the UK, so we are expanding our presence in selective countries with attractive kitchen and joinery markets. All these ongoing investments support the execution of our growth strategy and are within our overall capital expenditure guidance.

Q

You're continuing to invest in both new depots and revamps. Why is this so important?

A

High service levels, including local proximity and immediate availability are very important to our customers and we continue to see profitable opportunities to open depots. We are using our updated format for all depot openings, which enables us to provide the best depot environment in which to work and conduct business and to make space utilisation and productivity gains in a cost-effective way. We opened 29 UK depots during the year with a total of 869 trading at the year end. Overall, we have a line of sight to around 1,000 depots in the UK, and we expect to open around 20 more depots in 2025 as we continue to take a highly disciplined approach to depot openings.

We have progressed our revamp programme for existing depots. This continues to receive very positive feedback from depot staff and customers alike and providing such a trading and working environment is important to our competitive position. In 2024 we completed a further 76 revamps including relocations, taking the total revamped to 350 depots. This year, including relocations, we plan to reformat around 60 depots, which means by the end of 2025 we expect to have revamped around 70% of the estate.

Q

It feels like over the past 2-3 years there's been a real step change in the rate and speed of innovation with respect to Howdens bringing new looks and styles to market. Is this necessary in the kitchen market and how would you assess your progress?

A

You're right, we've really upped our game in the speed with which we bring new New Product Introductions ("NPI" as we call them) to market. We can see that sales of new product make a significant contribution to our performance, and we have upgraded our NPI programme in recent years. For example, total sales of new product introduced in 2023 and 2024 represented around 20% of total UK product sales, with new product introduced in 2024 and the two prior years representing 30% of UK product sales.

Managing our kitchen portfolio efficiently is crucial for both best availability, which is highly valued by our customers, and for profitability. The more efficient ways of testing new kitchen colours and finishes we now have mean we can bring more proven new kitchen styles to market more quickly and our new Paint To Order service is also informing our "from stock" ranging decisions. Some platform sharing within and across families gives us the ability to introduce new kitchen options cost effectively, and the enhancements we have made to stock management and replenishment enable us to provide best availability on a larger offering at an economic cost. Excluding Paint To Order options, we have 23 new "from stock" kitchens confirmed for 2025, compared to 11 in 2024 and 23 in 2023. For 2025, our entire "from stock" kitchen offering will be organised into eleven families; one more than 2024.

Q

So where are you focusing your efforts across the range?

A

We are committed to providing market leading and competitively priced product for our customers to sell to theirs, to suit all budgets. Value for money is a consistent feature of purchasers' buying decisions. Given pressures on household budgets, price featured very prominently in 2024, and we expect it to do so again this year. With an emphasis on value for money and choice at all price points, our offering, as enhanced by our 2025 NPI programme, is well positioned to take advantage of this. Our kitchen NPI for 2025 makes more colours, styles and finishes available to more budgets. We are innovating in our other established product categories and are adding significantly to our fitted bedroom offering, which was sold from all depots for the first time last year.

We also continue to develop our higher priced kitchen portfolio, which is a large segment of the market, where we are underrepresented, and the one most associated with the high street independents. For our contemporary style premium kitchen family, Hockley, we have five new colours scheduled for launch in 2025. The Paint To Order service for customers buying our shaker style timber ranges performed well in its first year and the service continues to be very favourably received by customers and depots alike. For buyers looking for a more bespoke look, we believe the Paint To Order service is very competitively priced with, by market standards, a short lead time between the order being placed and the kitchen being ready for delivery.

A strategic priority for us is the development of a market-leading supply and fit capability for premium work surfaces. Having increased significantly in 2023, the number of orders taken by depots increased again in 2024 as we continued to improve our offer and service levels. In total, for 2025 we will have a comprehensive offering of 63 decors to suit all budgets in place well ahead of our peak Autumn trading period, during which kitchen sales represent an above average proportion of the mix.

Strategic Report

Chief Executive Officer's review continued

Q

You introduced fitted bedrooms to the range last year. How have customers reacted and what are your plans going forward?

A

In 2024, our new fitted bedroom ranges contributed a full year's trading for the first time. Sales for the year matched our expectations and this year we are upscaling our offer. Installing fitted bedrooms suits the skills of customers who fit kitchens and they have a high cabinetry content, which matches our manufacturing capabilities. We develop our bedroom ranges in-house, utilising our existing manufacturing and supply infrastructure.

Ahead of 2024 peak trading our offering comprised 19 bedroom ranges in four leading family designs drawn from our kitchen portfolio, matched with internal accessories including pull-down rails, mirrors and internal storage solutions. Launches scheduled for 2025 will take our offering to 29 bedrooms with six more colour options for our 2024 families.

Q

One of the key differentiators of the Howdens model is being in stock for the trade. How are you ensuring that this is always the case and that you stay ahead of the competition?

A

You're right, Howdens is an in-stock business, and the trade tell us that a high level of stock availability is one of the key reasons they buy from us. In 2024 our service level from primary to depots was 99.98%, a world class performance by any standard. Our Daily Traders initiative is a means to improve customer service levels, promote footfall and increase sales by optimising in-depot stock holdings of bestselling SKUs and associated "range completers". We are also using the insights from Daily Traders to help optimise a new depot's opening stock and to provide stocking guidance for depot revamps and relocations so that these are configured to hold the right stock in the right depth.

This year we have seen improvements in key metrics, including a higher proportion of stock being replenished via a depot's core weekly delivery order than previously. This gives us efficiencies as it helps optimise utilisation of our cross docking service. In recent times, we have improved stock replenishment by supplementing a depot's core weekly delivery order with investment in a next day service via a network of 12 regional cross docking centres (or "XDCs") combined with a rebalancing of where we hold stock. XDCs are a key enabler to delivering the levels of high service and availability which differentiate our offer and with mainland coverage in place, our focus is now on using these assets most efficiently. We can also utilise XDCs to bring new products such as bedrooms to market quicker and more efficiently, as we can build stocks as demand increases rather than being fully stocked for a full rollout at launch.

Q

One of the other central aspects of the model is vertical integration and UK manufacturing has historically been your chosen route. Is that still the case?

A

Yes, we are really proud to be a UK-based manufacturer and it remains a source of competitive advantage for us in several ways. We manufacture all the cabinets for our kitchen ranges in-house. We can make a variety of kitchen furniture and some of the other kitchen products we sell, and we are using our manufacturing infrastructure to support our bedrooms initiative. We are continuing to invest in both capability and capacity to drive productivity and to support future growth.

For example, production on the new furniture lines at our Howden site, which are amongst the most advanced of their type in Europe, totalled around 1.7 million pieces in 2024, and have a total capacity of around 2 million pieces. These give us the ability to make a variety of kitchen furniture, principally frontals and panels, for more of our ranges, at the same quality as we can source externally but at a lower cost and at a reduced lead time to delivery.

In 2024, our new Paint To Order lines, which facilitate our premium kitchens initiative, ran smoothly, supplying product for a full year for the first time. We achieved the order turnaround time we set ourselves, with demand more than doubling during our peak trading period. Located in a purpose built facility near our Howden site, the lines give us an industry leading production capability in this area.

Q

You have recently announced new plans to invest in your site at Runcorn. What's behind that initiative?

A

Cabinet and panel manufacturing underpins our entire kitchen offering, which constitutes the principal source of Group sales and a higher proportion of gross profit. Our Runcorn factory with its high volume, low cost panel making capability has always been an integral part of our manufacturing and logistics strategy. In line with our growth and investment ambitions for the business, we are in discussions with all interested parties to redevelop the site to increase capacity and broaden its capabilities.

Following successful outcomes to the planning process, we expect the works will take several years to complete. We are also negotiating to acquire the freehold of the Runcorn site which may or may not lead to a transaction.

Q

Digital was an area where perhaps a few years ago Howdens was in the pack but you've stepped on here. Why is it important to a kitchen business?

A

We use digital to reinforce our model of strong local relationships between depots and their customers by raising brand awareness, to support the business model with new services and ways to trade with us. We also want to deliver productivity benefits and more leads for our depot teams and our customers. Use of our online account facilities, which provide efficiencies and benefits for customers and depots alike, has continued to increase. New registrations totalled some 111,000 and around 50% of customers had an online account at the year end. Customers with an online account have on average continued to trade with us more frequently and spent significantly more than non-users, and proportionately more of them bought across our product categories.

In 2024, our new digitised in-depot stock management system or "Live Stock" as we call it, commenced operating in all UK depots. The system helps depots to record and pick deliveries, check allocations, and determine depot stock levels. Amongst other benefits the system frees up time for depots to use more productively. It also enables us to have complete visibility of the location of stock holdings by SKU, across our factories, primary warehouses and depots. The stock surety Live Stock and other initiatives such as Daily Traders provide, also enabled us in 2024 to offer an upgraded Click and Collect service to our trade customers. Amongst other benefits, this lets them see and buy live depot stock in real time, which is useful for busy trades on the move.

Q

You are pushing ahead on two fronts, in France and the Republic of Ireland. Are you seeing evidence you can lift the Howdens model into other markets or is it something that ultimately will only work in the UK?

A

As longer-term followers of Howdens will know, we tested our ability to access the French market and adopted "a city-based" approach, serving solely trade customers, led and staffed by people who embrace the Howdens way of doing business. The kitchen market in France is attractive and estimated to be worth around €4 billion, excluding appliances, with most kitchens purchased through kitchen specialists and DIY stores.

Between 2021 to 2023 we more than doubled the depots trading in France and Belgium, with 65 trading at the end of 2023. In part due to the rate of expansion, our teams in France are, collectively, relatively inexperienced in doing business the Howdens way. So, in 2024 we focused on team development, initiating a programme to give our teams the skills and confidence to sell our model to best advantage and in the latter part of the year the performance of the business improved. Overall sales of our operations based in France increased in 2024, in a market at least as challenging as the one in the UK, with second half sales improving significantly year on year. In 2025, we expect to maintain the number of depots trading at around last year's 65, and then recommence depot openings in future years, as our talent pool grows.

Strategic Report

Chief Executive Officer's review continued

Q

How is the Howdens kitchen and joinery business developing in the Irish market?

A

In 2024, sales in the Republic of Ireland continued to be encouraging, and we intend to open more depots there in 2025. We identified the Republic of Ireland as a market which suits our differentiated model, and one which sets us apart from the incumbents. We commenced trading in the Republic of Ireland in 2022, using a similar depot location strategy to that in France, with the local team supported by our UK infrastructure and our digital platform.

By the end of 2023 we had ten depots trading with eight of these clustered around Dublin and two serving the Cork area. In 2024 we opened three new depots, taking the total trading to 13 at the year-end. Our growing presence in the Irish market continues to attract much attention locally and in 2025, we expect to open around five more depots, which would give us a total of 18 trading by the end of this year.

Q

Finally Andrew, what are your thoughts on Howdens' prospects in 2025?

A

Given the prevailing macroeconomic environment, we expect market conditions to remain challenging and we anticipate that the total kitchen market may contract again this year. However we are well prepared for the challenges and opportunities that lie ahead. We will aim to retain a profitable balance between price and volume, as we continue to protect our margins whilst aligning operating costs and working with suppliers to keep product and input costs controlled.

We are confident that our business model is the right one to address the opportunities in our markets and we think we remain well placed to outperform our competitors in 2025 as we continue to invest in our key capabilities and growth opportunities, which are pivotal to the longer-term development of the business.

Finally, I would like to take this opportunity to thank everyone who works at Howdens whether in our depots, our factories, our commercial operations, or support functions for their extraordinary commitment to providing exceptional service to our customers, which is a key component in what sets this business apart from so many others.

Our strategic initiatives

We have made further progress on our medium-term strategic initiatives, and we expect to deliver profitable growth and market share gains over the medium term. The four strategic initiatives are:

1. **Evolve our depot model**
2. **Improve our range and supply management**
3. **Develop our digital capabilities and services**
4. **Expand our international operations**

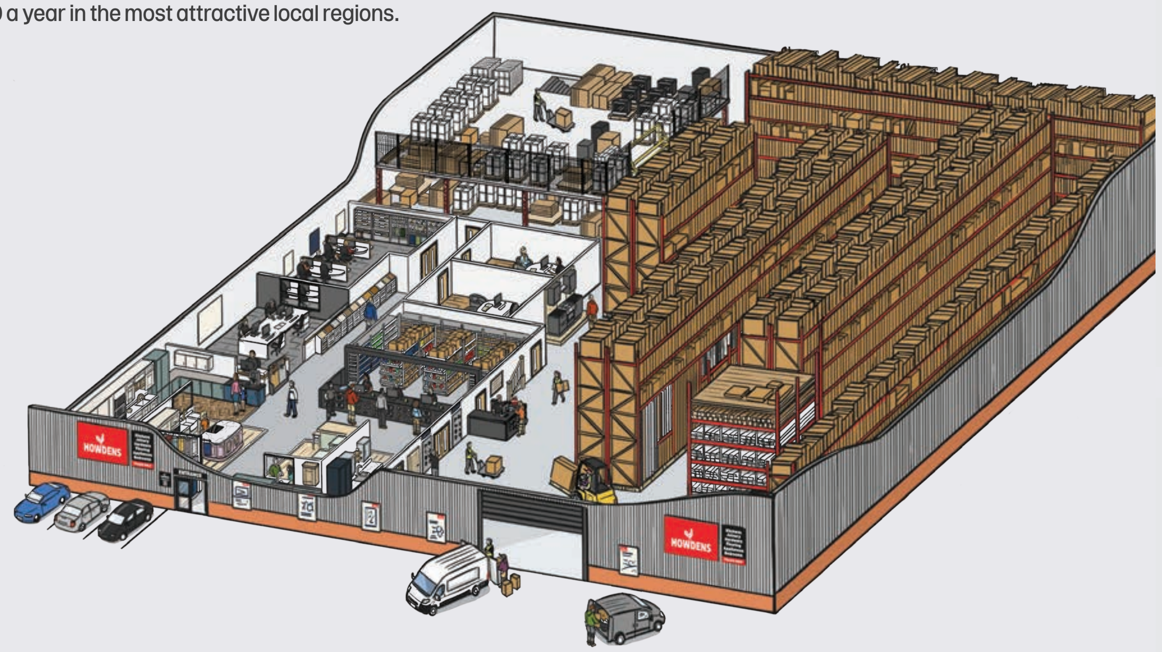
1

Evolve our depot model - we want to improve our depot network over time to ensure we use space more efficiently, and to provide the best environment for our customers to do business in.

High service levels, including local proximity and immediate availability, are very important to our customers and we have continued to extend our depot footprint to support growth.

Overall, we believe that there is an opportunity to open around 1,000 depots in the UK over time. At the end of 2024 there were 869 depots trading and our historic run rate is of opening around 25-30 a year in the most attractive local regions.

In 2018 we developed an updated depot format and have been rolling it out across our depot estate. It provides an attractive space for us to do business with our Trade customers, and a place for them to bring their customers to see our product range and to work with our kitchen designers. It also has an improved warehouse space that makes space utilisation and productivity gains in a cost-effective way by using vertical racking. The reformats are budgeted to pay back costs in less than four years. Depot P&Ls are charged a reformat cost which ensures depot teams are motivated to deliver incremental sales.



The updated depot format
Updated front area creates the best environment for our customers to do business in. Better warehouse racking delivers more stock, in less space, with reduced picking times.

Chief Executive Officer's review continued

Our strategic initiatives continued

2

Improving our range and supply management - to help customers' buying decisions, to improve service and to enhance productivity in our manufacturing, sourcing and supply chain activities.

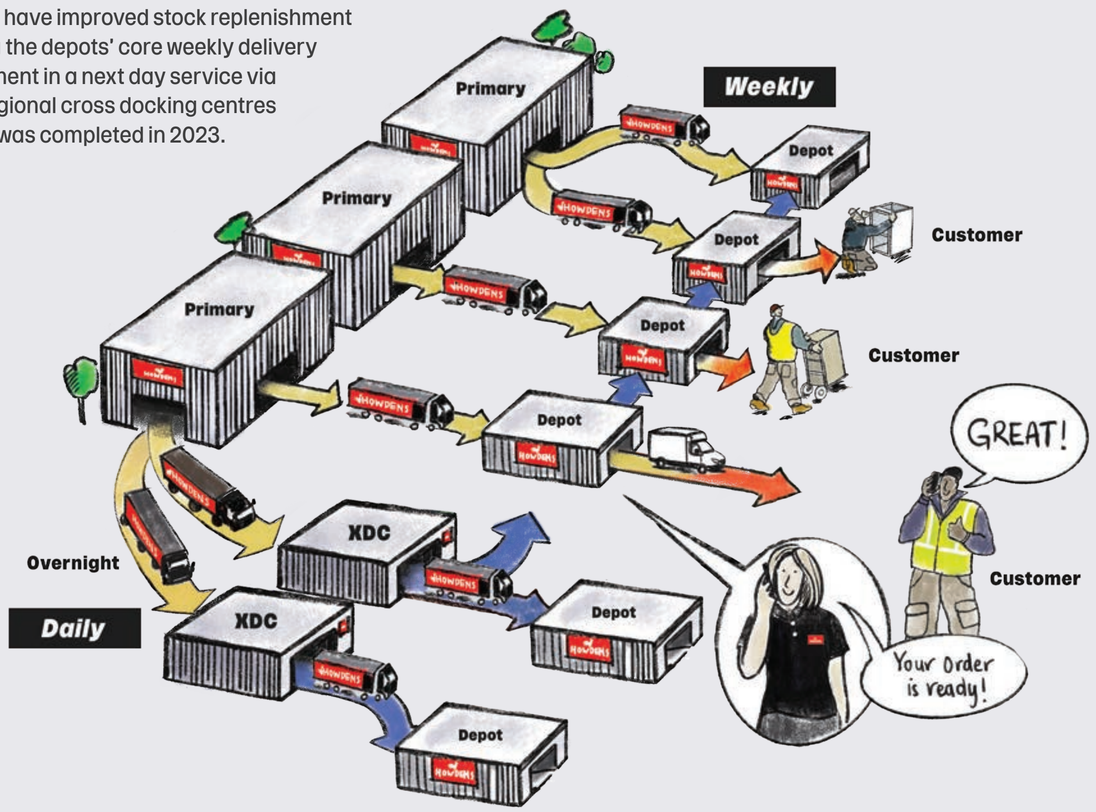
As product lifecycles shorten, managing the number of kitchen ranges efficiently is crucial for both our customers, who want best availability, and for profitability. We are managing range introductions and clearances so that we are offering the right number of range families, designed to fit all budgets. More recently we have placed more emphasis on building out our share of higher priced kitchens where we have been historically underrepresented. This has included expanding our offering to encompass template to fit solid worksurfaces, a wider range of appliances (including own label) and premium services such as Paint To Order. We are also innovating in other product categories to expand our share of attractive niche markets in joinery.

Howdens is an in-stock business and the trade tell us that a high level of stock availability is one of the key reasons they buy from us.

We protect stock availability in several ways, which helps us deal with supply chain disruption and maintain our service levels. We have improved stock replenishment by supplementing the depots' core weekly delivery order with investment in a next day service via a network of 12 regional cross docking centres (or 'XDCs') which was completed in 2023.

XDCs are a key enabler to delivering the levels of high service and availability which differentiate our offer. The improvements to stock replenishment enable depots to hold deeper stocks of faster selling lines and makes it simpler and more efficient for them to deliver superior service levels and availability, backed by certainty over lead time to delivery for items not held at depot level.

We make all the kitchen cabinets and some of the other kitchen and joinery products we sell, which is the source of competitive advantage for us in several ways. We keep under review what we believe is best to make or buy, balancing cost and overall supply chain availability, resilience and flexibility. We have invested in new furniture lines at our Howden site, which are amongst the most advanced of their type in Europe, with a full year capacity of around 2 million pieces going forward. These give us the ability to make a variety of kitchen and bedroom furniture, principally frontals and panels, but also skirting and architraves, for more of our ranges, at the same quality as we can source externally but at a lower cost and at a reduced lead time to delivery. We have also invested in two lines to facilitate our Paint to Order initiative. Located in a purpose-built facility near our Howden site, the lines give us an industry leading production capability.



3

Digital - we are developing our digital platforms to raise brand awareness, support the business model and to deliver productivity gains and leads for depots and customers.

Our digital strategy reinforces our model of strong local relationships between depots and their customers by raising brand awareness and further supports the business model with new services and ways to trade. It also frees up time for depot staff and customers to use more productively.

Our online account facilities provide benefits for both customers and depots. Use continues to increase. Customers with an online account have, on average, continued to trade with us more frequently, spent significantly more, and bought across more product categories.

As our digital presence has grown, awareness of Howdens amongst end users has increased. We have added new features to our trade platform which improve stock and account knowledge, promote frequency and ease of trading and reduce time consuming manual tasks in depots. The stock surety this and other initiatives such as Daily Traders provide, now enable us to upgrade significantly the Click and Collect service we offer.

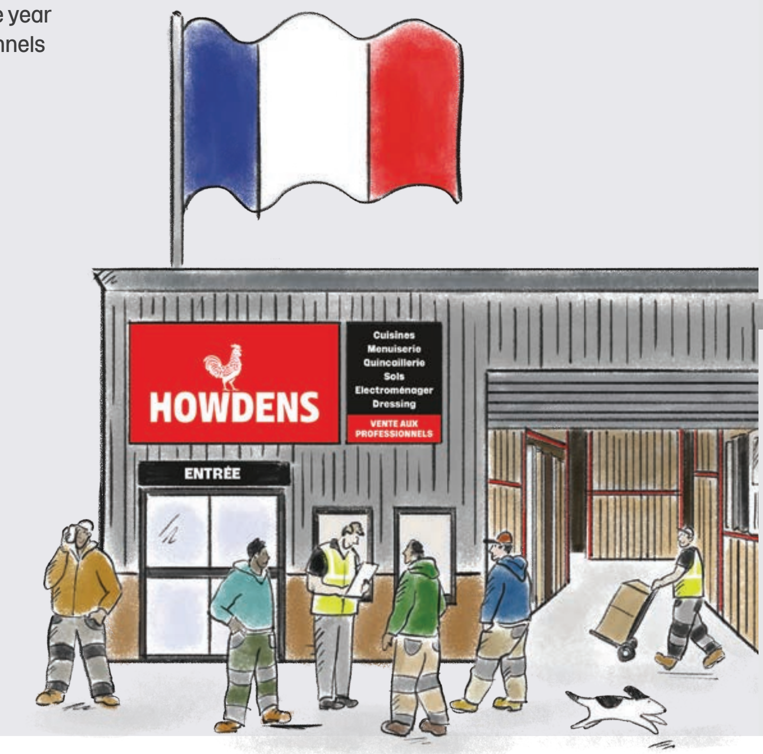
We have also invested in capabilities which help end users interact with Howdens online at each stage of their buying decision. As our digital presence has grown, awareness of Howdens amongst end users has increased. We ended the year with 719,000 followers across the major social media channels with a significant rise in the number of engagements.

4

International - Expanding our presence in attractive kitchen and joinery markets outside the UK.

While the UK market for kitchens and joinery is large, fragmented and attractive, we believe that there is an opportunity to take Howdens' highly differentiated in-stock, trade only, local business models to other markets outside the UK. For example, the Company has established 66 depots in France and Belgium and in 2022 we opened for business in the Republic of Ireland where we now have 13 depots.

A good example is France, where we believe the kitchen market is worth around €3.7 billion, excluding appliances, with most kitchens purchased through kitchen specialists and DIY stores. Currently there is limited choice locally for builders to be served by a dedicated supplier where products are available from stock either same day or next day. We have tested our ability to access this sizeable market in several ways before adopting 'a city-based' approach, serving solely trade customers, led and staffed by people who embrace the Howdens way of doing business. Alongside team development, we are also investing in the business through enhanced offerings of 'footfall-promoting' products and a regular schedule of 'trade days' at all depots with aligned promotional activity and more supplier support. Our current strategy is to establish profitable businesses in these regions which deliver attractive returns for our shareholders.



Strategic Report

Key performance indicators

Links to: Strategy Risk Remuneration

Financial

Sales

Why we measure it

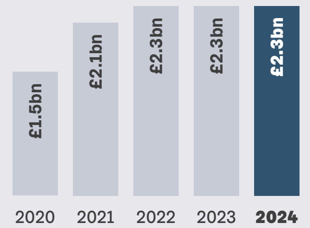
We believe that there are considerable opportunities to grow sales. As sales grow, we believe there are economies of scale which will also allow us to grow long-term profitability.

Links to strategy, risks and remuneration

Reach more builders | Failure to maximise growth potential | Depot staff bonuses are directly linked to their depot's sales

Progress

Total Group sales of £2.3bn in 2024, in line with market expectations.



Profit before tax

Why we measure it

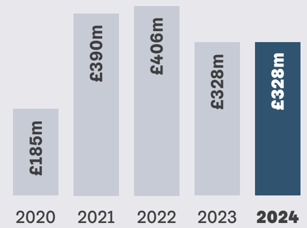
Profit before tax is a simple and widely understood measure. We consider that it gives a complete picture of our performance as it includes all of our operating, selling and distribution, admin and financing expenses.

Links to strategy, risks and remuneration

Operational excellence | Prudent financial management | Failure to maximise growth potential | Deterioration of model & culture | Executive Committee and senior management bonuses are directly linked to PBT

Progress

Profit before tax of £328m in 2024.



Cash

Why we measure it

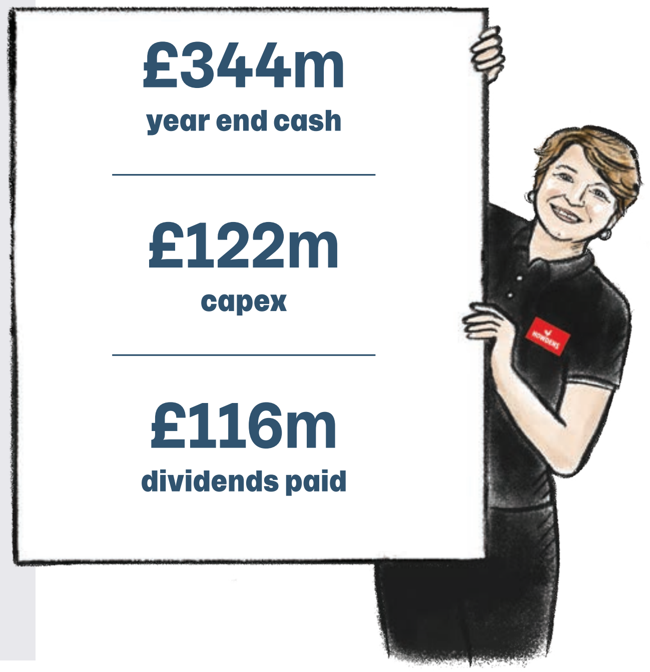
We aim to cover our investment needs, to retain at least one year's working capital requirement, to pay a progressive dividend and to return surplus cash to shareholders (see page 33 for details of our capital allocation model).

Links to strategy, risks and remuneration

Prudent financial management | Invest in our strategic priorities | Return surplus cash to shareholders | Executive Committee and senior management bonuses are directly linked to cash generation targets

Progress

We have invested £122m in capital expenditure for future growth and have also returned £116m in dividends, ending the year with £344m cash.



Strategic Report
Governance
Financial Statements
Additional Information

Non-Financial

Depot openings

Why we measure it

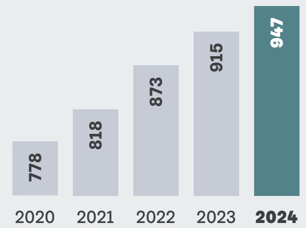
We believe that there is some way to go before the UK market is saturated. We continue to identify possible sites for new depots whilst at the same time keeping our model flexible, and allowing us to take account of economic conditions and phase the speed of our growth accordingly. We are also developing a presence in France, Belgium and the Republic of Ireland. We plan to expand our depot network again in 2025.

Links to strategy, risks and remuneration

Reach more builders | Failure to maximise growth potential | Deterioration of model & culture

Progress

We ended 2024 with 29 more depots in the UK and an additional 3 in the Republic of Ireland.



Health & Safety

Why we measure it

We have over 12,000 employees working in our factories, our logistics operation, our support sites and our depots and we need to keep them all safe at work.

Links to strategy, risks and remuneration

Operational excellence | Health & Safety

Progress

Our rate of RIDDOR-reportable injuries has remained low and is also significantly below the HSE all-industry average for the year. See page 56 for more detail.

Use of FSC® or PEFC certified materials

Why we measure it

We use almost a third of a million cubic metres of chipboard and MDF in our factories. FSC® and PEFC are the two main certification bodies. Ensuring that all our MDF and chipboard is certified by them gives us assurance over their provenance. See page 50 for more details.

Links to strategy, risks and remuneration

Product innovation | Product relevance | Continuity of supply

All of chipboard & MDF used in our manufacturing processes is from FSC® or PEFC certified sources

Zero to landfill

Why we measure it

One of the pillars of our business model is our efficient production, which gives us a significant cost advantage. Reusing, recovering or recycling as much of our waste as we can benefit stakeholders as it reduces both our emissions and our costs.

Links to strategy, risks and remuneration

Operational excellence | Prudent financial management | LTIP performance measure

Progress

We are pleased to announce that in 2024 we have maintained zero to landfill across our whole UK operations. We are now exploring ways in which we can maintain this performance and increase the proportions of our waste which we reuse or recycle. See page 56 for more details.

Strategic Report

Financial review

- Maintained sector leading margins in higher inflationary environment
- Continued investment in strategic initiatives
- 21.2p 2024 full year dividend

Paul Hayes
Chief Financial Officer

"Our strong competitive position in the UK enabled the business to continue to gain market share despite a further volume contraction in the kitchen market growth.

Financial results for 2024[1]

Revenue

Group revenue was in line with last year at £2,322.1m (2023: £2,310.9m). UK depot revenue was £2,247.4m (2023: £2,241.1m) and was 1.2% lower on a same depot basis.

Our strong competitive position in the UK enabled the business to continue to gain market share despite a further volume contraction in the kitchen market. Local currency revenue in the international depots was 9.7% ahead of the prior year and grew 3.7% on a same depot basis. While we continued to build out our depot network in the Republic of Ireland, we are focused on driving the performance of the existing estate in France and Belgium. As a result of these actions revenue growth in France sequentially improved in the second half, compared to the first half.

Gross profit

We maintained our sector leading margins by appropriately balancing pricing and volumes. Gross profit was ahead of last year at £1,431.1m (2023: £1,403.9m).

The higher gross margin percentage of 61.6% (2023: 60.8%) reflected the benefit of the price increase at the start of the year and ongoing purchasing benefits. During the year we also delivered a number of productivity improvements in our manufacturing operations. Together, these offset inflationary pressures, particularly in commodities, wages and energy costs.

Operating profit and profit before tax

Operating expenses increased by £28.2m to £1,091.9m (2023: £1,063.7m) and included our ongoing investment in our strategic initiatives. These investments included £16m on new UK depots opened in 2023 and 2024 and £16m of other investments including warehouse and transportation initiatives, digital upgrades and expanding our international operations.

Higher salary and inflationary costs of around £25m were partially offset by productivity and efficiency actions. There was a benefit of around £14m arising from the non-repeat of the additional costs associated with the 53rd week last year when the depots were closed.

Overall, operating profit was in line with last year at £339.2m (2023: £340.2m)

The net interest charge was £11.1m (2023: £12.6m). Profit before tax of £328.1m was in line with the prior year (2023: £327.6m).

1 The information presented relates to the 52 weeks to 28 December 2024 and the 53 weeks to 30 December 2023 unless otherwise stated.
2 Same depot basis excludes depots opened in 2023 and 2024 and closed depots.

Revenue[1] £m	2024	No. of depots	2023[4]
Group:	2,322.1	947	2,310.9
UK depots - same depot basis[2,4]	2,204.9	807	2,231.8
UK depots opened in previous two years	42.5	62	9.3
Howden Joinery UK depots - total sales	2,247.4	869	2,241.1
International depots	74.7	78	69.8
Revenue €m			
International - same depot basis[2]	81.3	64	78.4
Depots opened in previous two years	6.8	14	1.9
Total - international depots	88.1	78	80.3

1 The information presented relates to the 52 weeks to 28 December 2024 and the 53 weeks to 30 December 2023 unless otherwise stated.
2 Same depot basis excludes depots opened in 2023 and 2024 and closed depots.
3 One depot was closed in the UK at the end of 2023.
4 During 2022, 25 depots were opened and 5 depots were closed in France.

Profit before tax

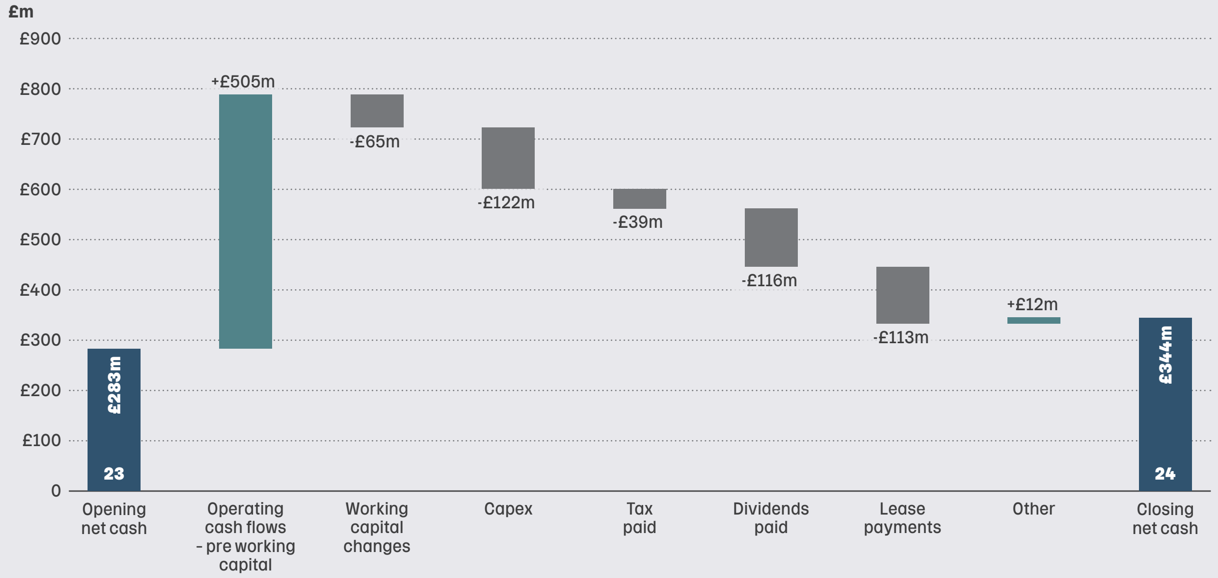
Disciplined pricing management and purchasing efficiencies delivered higher gross margins

Strategic Report

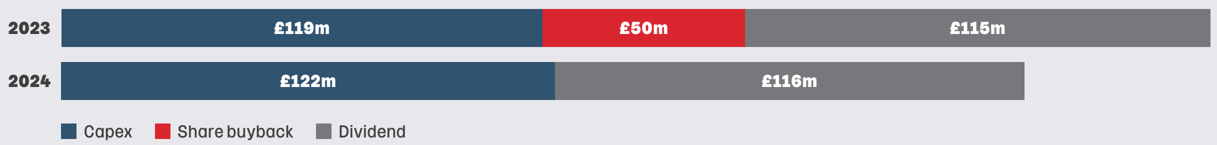
Financial review continued

How we make cash and how we spend it

Changes in net cash



Uses of cash



We have a strong track record of cash generation, investment, and capital returns

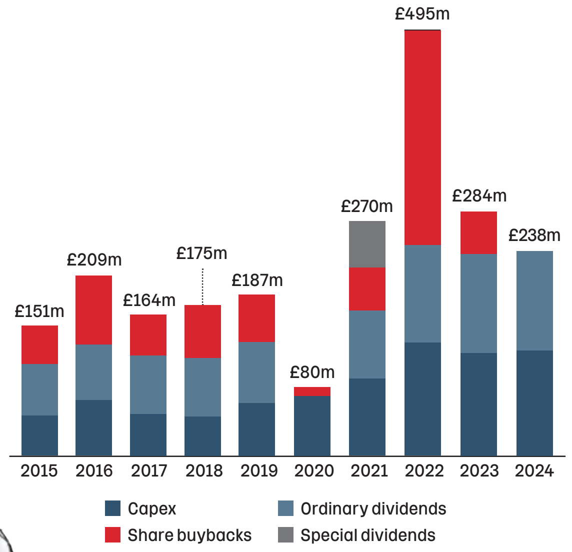
Over the past 10 years:

£3.5bn Generated in operating cashflow after changes in working capital

£790m Invested in capex

£811m Returned in ordinary and special dividends

£651m Returned in buybacks



* The special dividend paid in 2021 was a catch-up, given the suspension of dividends in 2020 due to COVID-19.

Tax, profit after tax and basic earnings per share

The tax charge was £78.8m (2023: £73.0m) which represented an effective tax rate of 24.0% (2023: 22.3%) reflecting the first full year of the increase in the UK corporate tax rate to 25.0%.

Profit after tax was £249.3m (2023: £254.6m). Basic earnings per share was 45.6p (2023: 46.5p).

Cash

The net cash inflow before movements in working capital was strong at £504.6m (2023: £470.8m). Overall working capital increased by £65.3m as expected, with stock £8m higher as a result of depot openings and new product introductions. Receivables at the end of the period were £70m higher than at the end of the previous period and included £58m of additional trade receivables, mainly as a result of the later calendar end of our peak trading period. This position has already unwound since the start of the new financial year.

Payables were £13m higher. Capital expenditure was at a similar level to the prior year at £122.0m (2023: £118.9m) as we continued to invest in growth. Corporation tax payments were lower at £39.2m (2023: £63.5m), net of a previously announced backdated tax credit relating to the patent box claim. Dividends amounted to £115.9m (2023: £114.1m). There were no share buybacks in the year. The interest and principal paid on lease liabilities totalled £113.4m (2023: £121.8m).

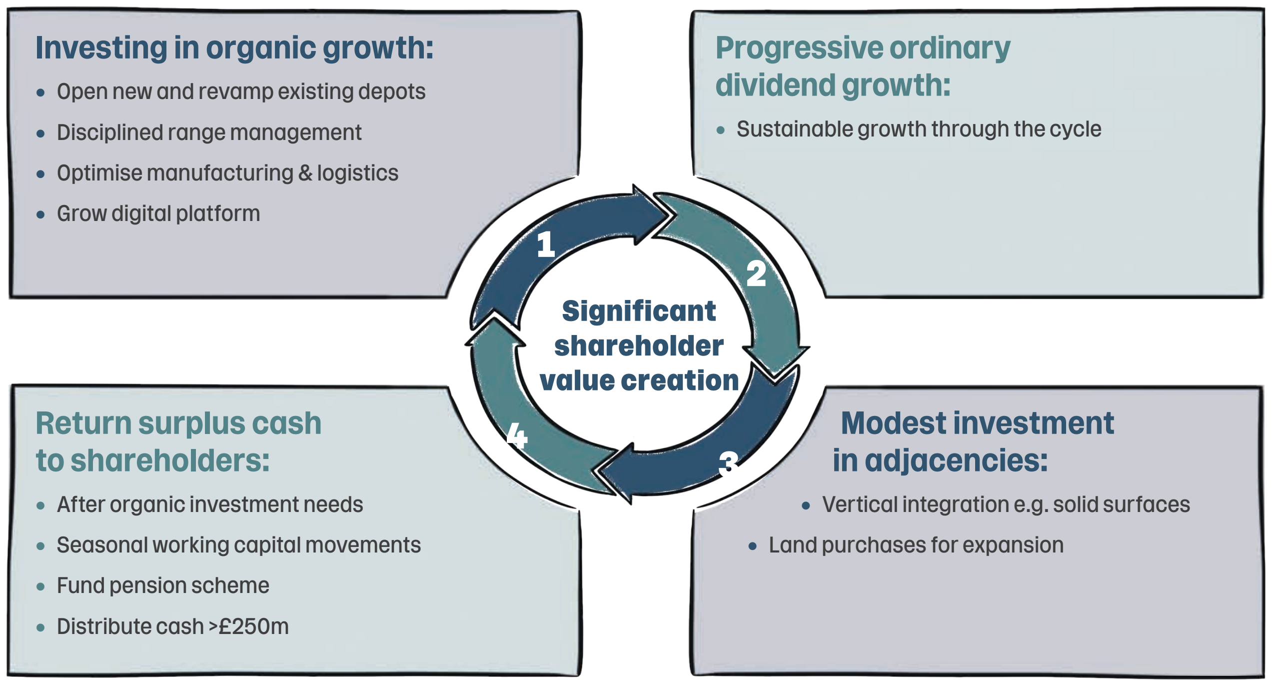
Reflecting the above, cash increased by £60.8m (2023: decrease of £25.2m), leaving the Group with cash at the year end of £343.6m (30 December 2023: £282.8m).

Capital allocation and returns to shareholders

We have a well-established policy for capital allocation. We focus on achieving sustainable profit growth by investing in and developing our business model. We aim to maintain and grow our ordinary dividend in line with earnings to reward shareholders with an attractive ongoing income stream. After allowing for these uses of cash, Howdens remains committed to returning any surplus capital to shareholders.

Within its definition of surplus capital, the Board's objective is for the Group to be able to operate through the annual working capital cycle without incurring bank debt, noting that there is seasonality in working capital balances through the year, particularly in advance of our peak trading period in the second half. We also take into account that the Group has a significant property lease exposure for the depot network, and a large defined benefit pension scheme. Our policy remains that when year-end cash is in excess of £250m we expect to return surplus cash to shareholders. This provides sufficient headroom to support organic growth, our seasonal working capital requirements, and ongoing investments in our strategic initiatives, while maintaining a strong balance sheet.

Howdens' approach to capital structure



Strategic Report
Governance
Financial Statements
Additional Information

Financial review continued

In July 2024 the Board declared an interim dividend of 4.9p per ordinary share (2023: 4.8p per ordinary share). The Board is recommending a final dividend for 2024 of 16.3p per ordinary share (2023: 16.2p per ordinary share), resulting in a total dividend of 21.2p per ordinary share (2023: 21.0p per ordinary share). The total dividend represents a year-on-year increase of 1.0% and, if approved by shareholders at the AGM in May the final dividend will be paid on 23 May 2025 to shareholders on the register on 11 April 2025.

Reflecting the Group's strong financial position, the Board is announcing today a new £100m share buyback programme which will be completed over the next 12 months.

Pensions

At 28 December 2024, the deficit on the defined benefit pension scheme reduced to £2.1m on an IAS 19 basis (2023: deficit of £12.6m). The scheme is closed for future accrual.

The last triennial actuarial valuation of the scheme was conducted as at 31 March 2023 and the scheme was in surplus on a technical provisions basis. The Company and Trustee agreed a new recovery plan in November 2023, should the scheme move into a technical deficit. This agreement will run until 31 May 2026. Under this agreement deficit contributions of £1m a month will be made if the scheme is in a deficit position, on a technical provisions basis, for more than two consecutive months. In the year to 28 December 2024 there were no deficit payments.

Technical guidance for 2025

Income statement

- The expected annualised cost impact of higher contributions to employers' National Insurance and the increase in the National Minimum Wage which come into effect in April 2025 is around £18m.
- Foreign exchange sensitivity in cost of goods sold of Euro: +/- €0.01 = £1.8m; US Dollar: +/- $0.01 = £0.8m.
- H1 2024 benefited from an additional 2 trading days which is not repeated in H1 2025.

Cashflow

- Capital expenditure is anticipated at around £125m, including investments to support future growth.

Use and management of financial instruments, and exposure to financial risk

The Group holds financial instruments for one principal purpose: to finance its operations. The Group does not currently use derivative financial instruments to reduce its exposure to interest or exchange rate movements.

The Group finances its operations by using cash flows from operations, and it has access to a £150m revolving credit facility if additional financing is required. Treasury operations are managed within policies and procedures approved by the Board. The main potential risks arising from the Group's financial instruments are foreign currency risk, counterparty risk, funding and liquidity risk and interest rate risk, which are discussed below.

No speculative use of derivatives, currency or other instruments is permitted. The Treasury function does not operate as a profit centre and transacts only in relation to the underlying business requirements.

Foreign currency risk

The most significant currencies for the Group are the US dollar and the euro. It is the Group's current policy that routine transactional conversion between currencies is completed at the relevant spot exchange rate. This policy is reviewed on a regular basis.

The net positive impact of exchange rates on currency transactions in the year was £4.0m. The principal exchange rates affecting the profits of the Group are the Euro and the US Dollar. Sensitivity to movements in these currencies is given in the "Technical guidance for 2025" section above.

Counterparty risk

Group Treasury policy on investment restricts counterparties to those with a short-term credit rating at least equivalent to Standard and Poor's A-1 or Moody's P-1. It also places limits on the maximum amount which can be invested with a single counterparty. The Group continuously reviews the credit quality of counterparties, the limits placed on individual credit exposures and categories of investments.

Funding and liquidity

The Group's objective with respect to managing capital is to maintain a balance sheet structure that is both efficient in terms of providing long-term returns to shareholders and safeguards the Group's ability to continue as a going concern. As appropriate, the Group can choose to adjust its capital structure by varying the amount of dividends paid to shareholders, the returns of capital to shareholders, the level of capital expenditure, or by issuing new shares.

The Group has a committed, multi-currency, revolving credit facility which allows borrowing of up to a maximum of £150m. The facility was not used at any point during 2024 and is in place until September 2029. More details of this facility are given in note 19 to the financial statements.

The Group's latest forecasts and projections have been stress-tested for reasonably possible adverse variations in trading performance and show that the Group will operate within the terms of its borrowing facility and covenants for the foreseeable future as part of our going concern assessment, which is further detailed beginning at page 69.

At the 2024 year end, the Group had £344m of net cash and £150m of funds available to borrow under the committed borrowing facility.

Interest rate risk

The Group has not had any borrowings during 2024 and does not consider interest rate risk to be significant at present.

New accounting standards

None of the new accounting standards that came into effect during 2024 had a material implication for the Group.

Cautionary statement

Certain statements in this Annual Report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

By order of the Board

Paul Hayes
Chief Financial Officer

Section 172(1) statement

The Board reviews all matters and decisions through the consideration and discussion of reports which are sent in advance of each of their meetings and through presentations to the Board. When the Directors discharge their duty as set out in section 172 of the Companies Act 2006 ("section 172" or "s.172"), they have regard to the other factors set out on page 84 and they also consider the interests and views of other stakeholders, including our pensioners, regulators and the government, and the customers of our trade customers.

The Directors are required to include a statement of how they have had regard to stakeholders and the other factors set out in section 172(1)(a) to (f) when performing their duty. The full s.172(1) statement may be found on pages 84 and 85. On pages 86 to 93, we have set out examples of how the Directors have had regard to the matters in s.172(1)(a) to (f) when discharging their section 172 duty.

Non-financial and sustainability information

In order to consolidate our reporting requirements under sections 414CA and 414CB of the Companies Act 2006 in respect of Non-Financial Reporting, the table on page 157 shows where in this Annual Report and Accounts to find each of the disclosure requirements.

Gender diversity information for the Group can also be found on page 104 of the Nominations Committee Report.

Strategic Report

Risk management

Our approach to risk

When we look at risks, we specifically think about internal and external drivers of operational, reputational, compliance, financial and strategic risk areas over short, medium and long-term timescales. We consider the effects they could have on our business model, our culture and our strategy which we set out starting at page 8, and which we encourage you to refer to as you read this section.

The risk management process

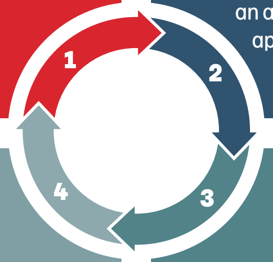
The main steps in the process are set out below:

1 Identification

Functional management and leaders formally identify risks twice a year providing both a bottom-up and a top-down perspective. We also conduct ad hoc reviews of new and emerging risks throughout the year as they arise.

2 Assessment

We assess risks using a Group-wide scoring mechanism that considers both the likelihood of occurrence and the potential impact. We prioritise them by their risk score and an assessment of the level of exposure against our risk appetite is conducted. Risks that exceed our appetite may require additional risk response.



4 Monitoring and reporting

We provide formal updates twice a year to the Executive Committee and Board for review, using escalation criteria previously set by them. Mitigation plans and the progress against them are also reported. The Board considers and agrees the key risks, appetites and mitigation strategies which are fed back to risk owners. We conduct this exercise twice yearly and it is used to determine the Group's principal risks.

3 Response

Risks that require a response have additional mitigation strategies agreed and a future action plan drawn up together with a timeframe. We assign responsibility for implementation of action plans.

Risk governance

Key activities

Risk monitoring and reporting

We determine our principal risks from the key risk report and agree them with Executive Committee and Board.

Executive Committee and Board challenge and agree the Group's key risks, appetites and mitigation strategies twice yearly.

Key risks, assessments and responses are consolidated into a key risk report.

Risk response

Where risks exceed our appetite, mitigation plans are drawn up by functional leaders and agreed with the Executive Committee.

Risk assessment

Risks are prioritised using a Group-wide scoring mechanism and are compared to our risk appetite.

Risk identification

We conduct operational risk register reviews regularly to monitor current and emerging risks.

We review internal/external emerging issues prior to each register review.

People responsible

Top-down

Board
Executive Committee
Audit Committee
Risk team

Functional leaders
Operational management
Risk team

Bottom-up

Reports/documents

Principal risks

We consolidate the principal risks from the key risk report. These are those risks that we consider could have a potentially material impact on our operations and/or achievement of our strategic objectives.

Key risk report

We consolidate our key risk report from the risk registers. This report outlines the highest scoring risks, emerging risk issues, the biggest influences to our risk profile and changes to the risks reported. The key risk report also provides a Group-wide perspective on risks escalated.

Risk register

We record risk registers for each functional area, aligned with the operating model of the business. The register includes all of the information required to accurately capture the risk and is maintained on our risk management information system. We identify an owner for each risk register responsible for its maintenance as well as the risks it contains.

Risk appetite

'Risk appetite' describes the amount of risk we are willing to tolerate, accept or seek. Our risk appetite is determined by the nature of the risk and how that risk could affect us.

Low
If the risk presents a hazard to our people operations or strategy

Higher
If the risk presents us with a sale or service improvement opportunity

Balanced
For all other risks we carefully balance the risk and our mitigation efforts with the potential reward

Emerging risks

We conduct periodic 'horizon scans' with the Executive Committee to understand our long-term emerging risk profile. This process considers risks over three timescales:

- **Short term -** Current and near future risks that are strategically and operationally important, and are already covered in the operational risk register.
- **Medium term -** Risks important for achieving long term objectives, development and growth plans.
- **Long term -** Trends that could impact the development or success of achieving strategic objectives.

If a specific emerging risk requires a more immediate response, we discuss it with the Business Continuity and/or Executive Committee as appropriate. Emerging risks currently being considered can be found on page 41.

Compliance risks

We conduct regular assessments of specific risk areas to help identify key compliance exposures to the business (for example anti-bribery and corruption, fraud and tax compliance). The output of these are embedded in our operational risk process to ensure clear ownership and action plans across the business. These risks are prioritised and escalated where appropriate to the Executive Committee and Board.

2024 Principal risks and uncertainties

The arrows alongside each risk show the year on year change

Links to strategy

R Reach more builders · O Operational excellence · P Product innovation · F Prudent financial management

1. Market conditions

R O P F

Risk and impact

We sell our products to independent builders who install them in different types of housing. Our sales depend on the demand for repair, maintenance, and improvement services. If activity falls in these areas, it can affect our sales.

Mitigating factors

- We have proven expertise in managing selling prices and costs. Data on competitors, depot activity and pricing is discussed by the Executive Committee at each meeting.
- We use insights from our depot network, our builders' forums and other channels. This is reviewed regularly by the Executive Committee and the Board.
- We use our good relationships with our suppliers to alert us of any changes. Our suppliers update us on their assessment of trading and market performance through regular reviews with our leadership team. We also gather insights from supplier visits and our Supplier Conference.

Risk appetite

We have a low appetite for market conditions risks and we maintain close relationships with our customers and suppliers to identify movements early to enable appropriate action to be taken.

Trend

Cost of living, political change and ongoing inflationary pressures all continue to impact on our end-users' confidence. Whilst some factors of this risk have reduced slightly over the year, the economic uncertainty has remained throughout 2024.

Risk management

2024 Principal risks and uncertainties continued

The arrows alongside each risk show the year on year change

2. Supply chain

R O P F

Risk and impact

A failure in governance or disruption to our relationship with key suppliers, manufacturing and distribution operations could affect our ability to service our customers' needs. If this happened, we could lose customers and sales.

Mitigating factors

- We maintain strong relationships with our suppliers. We use long-term contracts and multiple sourcing to safeguard the supply of key products.
- We have invested in our supply chain and distribution to secure capacity and agility when it is required. We have optimised our stock levels.
- Supplier reviews are discussed regularly with the Executive Committee. In addition, a sub-committee monitors governance of supplier risk and considers potential issues.

Risk appetite

We have a low appetite for supply chain risks and put considerable effort into identifying them early to enable us to prevent stock issues at our depots.

Trend

Whilst our supply base has returned to a more pre-pandemic environment, changing legislation, ongoing geopolitical issues and extreme weather events continue to challenge the continuity of our supply-chain and impact cost of freight.

3. Maximising growth

R O P F

Risk and impact

Failure to recognise, innovate and exploit opportunities could impact on growth, we must align our business model, risk appetite, structures, and skills with opportunities to maximise our growth potential.

Mitigating factors

- We continue to invest in our depot environment, people, services, and systems, and our manufacturing and distribution capabilities to equip them for growth.
- Growth activities are reviewed in the light of our risk appetite, values, business model and culture.
- Our strategic priorities are actively discussed at the senior leadership, Executive Committee and Board level.
- The Board is updated on the strategic plan regularly, and there is a regular programme of 'Spotlight' sessions which examine specific areas of the strategy.

Risk appetite

We have a balanced appetite for risk when it comes to growth. We are willing to accept some risk where we see opportunity but we carefully balance that risk with the potential reward presented.

Trend

An ongoing unpredictable economic environment and continued uncertainty for consumers, has resulted in tough trading, however our strategy has continued to grow our share of the kitchens market.

Links to strategy

R Reach more builders | O Operational excellence | P Product innovation | F Prudent financial management

4. People

R O P F

Risk and impact

Our business could be adversely affected if we were unable to attract, retain and develop our staff, or if we lost a key member of our team.

Mitigating factors

- We continue to invest in our employee value proposition, striving to provide the best possible working environment and growth opportunities for our employees.
- The Executive Committee and senior leadership team assess succession plans for key roles regularly to ensure that appropriate continuity is in place.
- The Remuneration Committee and Board are regularly updated on key people activity such as our internal projects to improve diversity as well as programmes such as employee financial education.
- We continue to support a wide variety of apprenticeships, accreditations and development programmes across all areas of our business.

Risk appetite

We have a low appetite for people risk and work hard in ensuring that they feel valued, rewarded appropriately, and have opportunities to develop and progress in their Howdens career.

Trend

Ongoing cost of living, wages and inflationary pressures, management of hybrid working practices and changes of working laws and rights has created a challenging environment for our people and management teams. Maintaining the wellbeing and motivation of our people has been a focus area across the entire business.

5. Health and safety

R O P F

Risk and impact

We have a large estate which employs various activities that could cause harm to our staff, our customers, their customers and the communities around us.

Mitigating factors

- We have invested in safe ways of working. We have developed dedicated health and safety teams and formalised systems that help us stay safe.
- We monitor, review and update our practices to take account of changes in our environment or operations and in line with best practice and changing legislation.
- We make sure we keep talking about health and safety at every level of the business, led by the Executive Committee.

Risk appetite

We put a great deal of effort into identifying and managing health and safety issues before they occur and have a low appetite for health and safety risks.

Trend

A well-established health and safety framework manages this risk effectively. We have continued to learn from constantly monitoring near misses, changes to our operating environment and changing legislation, ensuring this risk remains stable.

Strategic Report

Risk management

2024 Principal risks and uncertainties continued

The arrows alongside each risk show the year on year change

6. Cyber security

R O P F

Risk and impact

A major cyber security breach could result in systems being unavailable, causing operational difficulties, and/or sensitive data to be unavailable or compromised.

Mitigating factors

- We place continuous focus on training our people in cyber security, as we recognise that these risks are dynamic, not always technical and awareness is our first point of mitigation.
- We employ industry standard IT security controls and regularly engage external specialists to validate the effectiveness of our controls against best practice.
- We have robust disaster recovery and business continuity plans that are tested regularly.
- We adopt a continuous improvement approach to IT security and continue to invest in the security of our systems.

Risk appetite

We have a low appetite for cyber security risk and manage IT security closely to secure the confidentiality, integrity and availability of these systems.

Trend

Cyber security threats continue to develop globally through the combined use of emerging technologies such as artificial intelligence, increasingly dynamic use of social engineering techniques and gaining physical access.

7. Business model & culture

R O P F

Risk and impact

If we lose sight of our values, model, or culture we will not successfully service the needs of the local independent builder and their customers, and our long-term profitability may suffer.

Mitigating factors

- Our values, business model and culture are at the centre of our activities and decision-making processes, and they are led by the actions of the Board, Executive Committee, and senior management.
- The Board and Executive Committee regularly visit our depots and factories, our logistics and support locations and hold events to reinforce the importance of our values, model, and culture.
- Regular 'Town Hall' meetings are held to bring together teams and discuss our successes and challenges ahead.

Risk appetite

We have a low appetite for risks that can adversely impact on our business model and culture and put great emphasis on identifying issues and addressing them early.

Trend

Growing international operations, bringing in many new people, has required increased focus on ensuring the Howdens culture is maintained across all areas of the business. UK operations remained stable with established management teams' consistent focus on our core principles and business model.

We consider tax risks and our tax strategy as part of our operational risk management. We operate a specific tax risk register with risks owned by senior staff members and with Executive oversight. We do not consider taxation as a principal risk to Howdens. Our Group UK tax strategy may be found at www.howdenjoinerygroupplc.com/governance/group-uk-tax-strategy

Links to strategy

R Reach more builders   O Operational excellence   P Product innovation   F Prudent financial management

8. Product

R O P F

Risk and impact

If we do not support the builder with products that they and their customers want, we could lose their loyalty and sales could diminish.

Mitigating factors

- Our product team regularly refresh our offerings to meet builders' and end-users' expectations for design, price, quality, availability and sustainability.
- We work with our suppliers, external design and brand specialists and attend product design fairs to monitor likely future trends.
- Our local depot staff have close relationships with their customers and end-users, and we actively gather feedback from them about changes in trends.

Risk appetite

We have a balanced appetite for product risk and are willing to take some calculated risks when selecting new products to continue to meet the need of our customers.

Trend

Over the year we have continued to work on understanding our customers' and end-consumers' wants and needs, regularly reviewing our product offering to ensure we continue to meet them.

9. Business continuity & resilience

R O P F

Risk and impact

We have some key business operations and locations in our infrastructure that are critical to the continuity of our business operations.

Mitigating factors

- We maintain and regularly review our understanding of what our critical operations are.
- We ensure resilience by design, building high levels of protection into key operations and spreading risk across multiple sites where possible.
- We ensure appropriate business continuity plans are in place for these and have a Group wide incident management team and procedures established.
- We regularly review our continuity plans covering our sourcing and logistics approaches to support peak trading.

Risk appetite

We have a low appetite for business continuity risk, ensuring that critical functions are resilient and appropriate business continuity plans are in place to protect them.

Trend

Though we have not experienced any significant events we continue to develop and test our business continuity capabilities, whilst ensuring resilience by design as we continue to grow.

Emerging risk

Geopolitical risk

The changing political situation in the Middle East, Eastern Europe and China, coupled with major changes in governments at home and abroad continue to have the potential to impact our supply base and the economies we operate in. We monitor the situation in the relevant territories and take a risk-based approach to any identified exposures.

Legislative environment

Increasing legislative requirements around climate and corporate governance have the potential to impact our operations at home and abroad and/or to distract our focus on our customer. We review emerging legislative requirements as well as our compliance with existing legislation to understand how and when they could impact on us and what we need to do to comply.

Climate-related risk

Climate-related risk is an emerging risk, but is not a principal risk for us. We handle climate risk in the same way as our other risks, albeit that time horizons may be longer. We have continued to develop our climate risk approach during 2024, and more detail on this can be found in our TCFD report at pages 63 and 66.

Sustainability Matters

Worthwhile for all concerned

Why Sustainability matters to us

Sustainability generates long-term value

- Helps to preserve our culture, supports our business model, increases business resilience, mitigates our risks and addresses the material needs of our stakeholders.

Sustainability is part of our culture

- Our culture is to be 'worthwhile for all concerned'. For our staff, our customers, our suppliers, the environment and the communities we work in.

Sustainability supports our business model

- Gives us a competitive advantage and builds business resilience.
- Lowest cost production in our own UK factories leads us naturally to minimising waste, energy and raw materials.
- Being trusted partners to our suppliers and customers means that our relationships need to be worthwhile for all over the long term.
- Each of our depots relies on strong local relationships to trade profitably, so we need to be a good neighbour in each of those communities.

Sustainability mitigates our risks

We discuss our principal risks beginning on page 37. Sustainable behaviour helps us to address some of those risks.

- Investing in keeping our people safe, developing their skills, and offering them a great place to work is the right thing to do, but it also mitigates our 'Health & Safety' and 'Loss of key personnel' risks.
- Developing and maintaining sustainable supplier relationships mitigates our 'Interruption to continuity of supply' risk
- Sustainability is a core principle of our new product design. This gives us energy-efficient, safe and durable product, and mitigates our 'Product design relevance' risk.

Our material sustainability areas and our ESG strategy

We last refreshed our ESG materiality assessment in 2023 by commissioning an independent review with third party specialists, consulting both external and internal stakeholders.

We present the findings of the materiality assessment and show how the material topics are aligned to the strategic pillars and foundation principles of our ESG strategy at page 48. Our ESG strategy is summarised on the next page.

Our sustainability KPIs, Our Net Zero SBTi targets, ESG and remuneration

Our sustainability KPIs cover safety, use of wood from certified sources, and avoiding sending waste to landfill. You can find them on pages 50 and 56.

Our SBTi Net Zero targets were submitted in the first half of 2023 and were approved in January 2024. We present these targets on page 47 and will be tracking progress against their first 6-year phase in future reports.

Our PSP share plan includes ESG-related vesting targets, which are aligned with our Net Zero goal. Please see page 137 and 140 for details of the targets.

ESG strategic highlights of 2024

Investment in solar power

£3.5m solar panel investment almost completed - expected to go live in H1 2025 (page 50).

Supplier engagement

Extensive supplier engagement - linked to our SBTs and increasing the accuracy of our Scope 3 data (page 49).

Climate resilience

Climate physical risk assessment updated (pages 49, 66).

Materiality

Double materiality assessment begun in readiness for CSRD reporting (page 48).

The Board and Executive Committee lead our commitment to sustainability

The importance of sustainable behaviour is recognised right through the business. You can see the Board's Statements of Intent on Health & Safety and Sustainability at: www.howdenjoinerygroupplc.com/sustainability/group-health-safety-and-sustainability-policies. The Board's Sustainability Committee met regularly throughout the year and their report begins on page 150.

Our sustainability strategy

Our sustainability vision

UK's leading responsible kitchen business	A unique and sustainable culture	Leader in risk and resilience governance
A sustainable product offering, responsibly manufactured or sourced, that meets the needs of the builder and the end consumer.	Maintaining and building on our culture of being worthwhile for all concerned. Continuing to grow a sustainable business that appeals to current and future stakeholders.	An agile and resilient business, proactively managing ESG risks, with transparent high-quality stakeholder reporting.

Our sustainability strategy

Strategic objectives	Net Zero			Climate resilience	
Strategic pillars	Supply chain emissions See page 49	Renewable energy /sustainable operations See page 50	Decarbonise the fleet See page 51	Sustainable product offer & innovation See page 52	Supply chain risk mapping & resilience See pages 49 & 66
Foundations	EDI: Strategic priorities & wellbeing — See pages 54 & 55				
	Behavioural health & safety: Maintain & next steps — See page 56				
	Effective waste management: Zero to landfill — See page 56				
	Emissions reductions: Carbon neutral — See page 56				
Governance	Effective reporting & disclosure				

Our material SDGs

UN SDG description and relevant targets under each SDG

8 DECENT WORK AND ECONOMIC GROWTH — **SDG targets 8.4, 8.5, 8.6, 8.7, 8.8: resource efficiency; sustainable growth; full, productive and worthwhile employment; equal pay for work of equal value; youth training; eradicate modern slavery and child labour; safe and secure working environments.**

12 RESPONSIBLE CONSUMPTION AND PRODUCTION — **SDG targets 12.2, 12.5, 12.6, 12.7: sustainable management and efficient use of natural resources; reduce waste, increase recycling and reuse; publish sustainability information; sustainable procurement.**

13 CLIMATE ACTION — **SDG targets 13.1, 13.2: strengthen resilience to climate-related hazards; integrate climate change and emission reduction measures into strategic planning.**

15 LIFE ON LAND — **SDG targets 15.1, 15.2: conservation and sustainable use of forests.**

Strategic Report - Sustainability Matters

Our Net Zero commitment and targets

How we plan to reduce our emissions

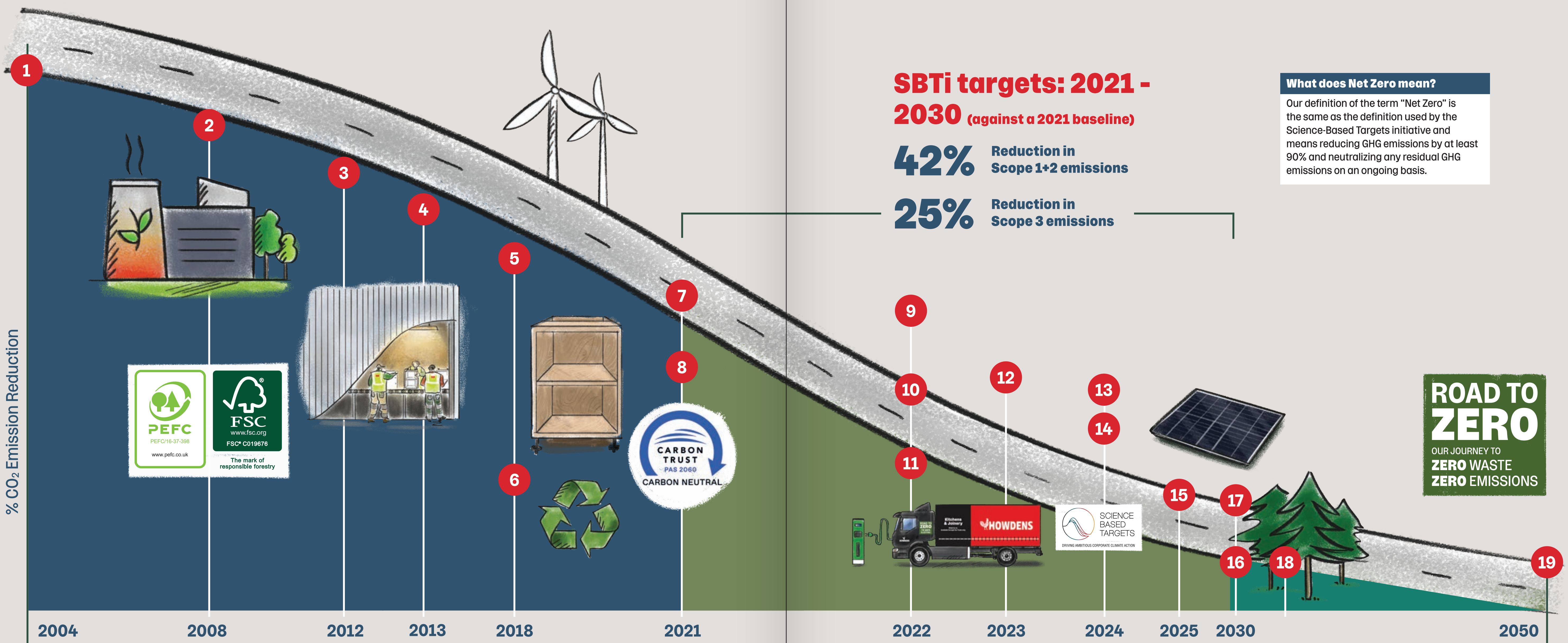
SBTi targets: 2021 - 2030 (against a 2021 baseline)

42% Reduction in Scope 1+2 emissions

25% Reduction in Scope 3 emissions

What does Net Zero mean?

Our definition of the term "Net Zero" is the same as the definition used by the Science-Based Targets initiative and means reducing GHG emissions by at least 90% and neutralizing any residual GHG emissions on an ongoing basis.



Our history of positive action

Our SBTi targets to 2030

2030-2050

1. Biomass boilers (in use since 1995)
2. FSC® and PEFC chain of custody introduced
3. Carbon Trust standard (first carbon reduction plan)
4. Further investment in biomass for factory heating
5. Development and introduction of 100% recycled and 100% recyclable cabinet legs
6. Zero to landfill achieved from manufacturing
7. Introduction of renewable electricity in our supply operations
8. Carbon neutral status achieved*
9. Introduction of renewable electricity in depots
10. Committed to Science Based Targets initiative (SBTi) with NET ZERO plan
11. Introduction of HVO alternative fuel
12. Introduction of EV trucks in our XDC network
13. Long-term exploration of alternative fuels, materials & technologies
14. Approval of our SBTi targets
15. Solar panels start to generate energy at our Howden factory
16. Increased use of HVO and solar
17. Interim 2030 emission reduction targets (reduce by 50%)**
18. Monitoring and using new technologies, where appropriate for our business
19. NET ZERO - 90% reduction in emisions against a 2021 baseline

* In our Howden and Runcorn factories.
** (t CO_2 per £m).

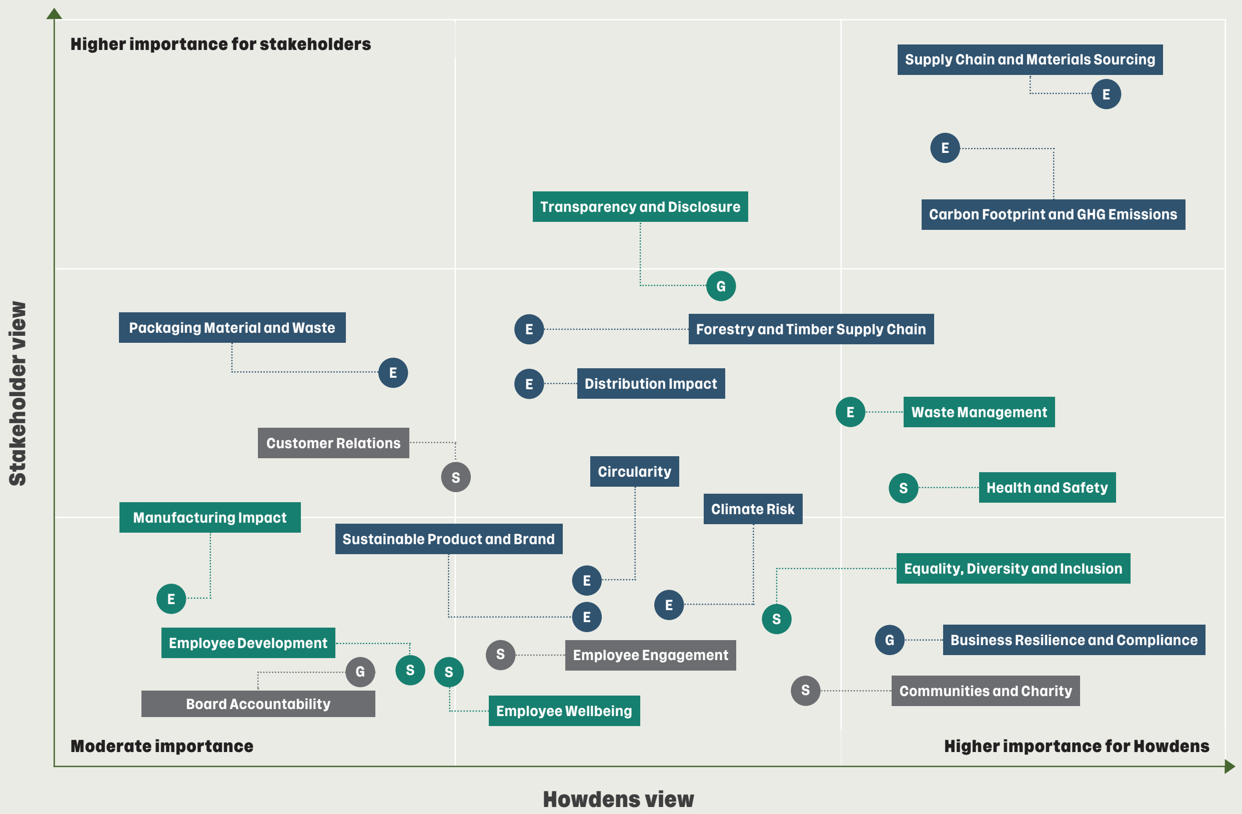
Strategic Report - Sustainability Matters

Our material sustainability issues

Our ESG materiality assessment

In 2023 we refreshed our existing ESG materiality assessment by commissioning an independent specialist review and carrying out interviews with both internal and external stakeholders. The results are below.

Results of the materiality assessment and stakeholder engagement:



- Aligns to our ESG strategic pillars
- Aligns to our ESG foundation values
- Aligns to wider business strategy and governance
- E Environment
- S Social
- G Governance

Stakeholder views are gathered from interviews with depot managers, employees, suppliers and investors. **Howdens views** are gathered from interviews with the senior leadership team.

When examining the answers from both sets of interviews, we found that the scoring for some topics was being given on a net basis, because the interviewees were aware that the Group had effective plans of action in place for these topics and were taking account of this in their answers.

Correlation of material topics with our ESG strategy

As well as showing the relative importance of each of the topics that arose in our stakeholder interviews, the diagram above shows how they link to our ESG strategic pillars and foundation values, set out at page 45, or in some cases, how they link with our wider business strategy and our governance.

Double materiality

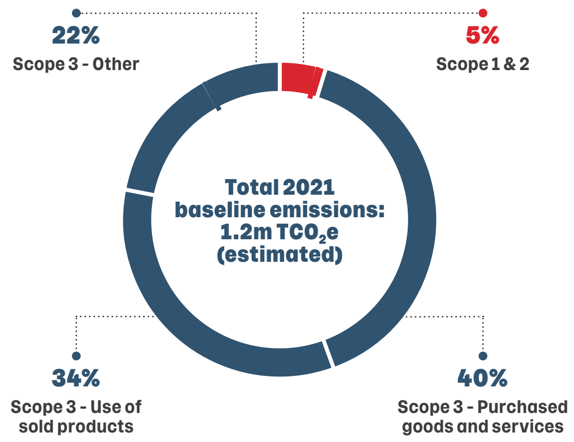
We have started work in 2024 on a double materiality assessment, which we hope will give us further strategic insight and will also prepare us for reporting under the European Corporate Sustainability Reporting Directive ("CSRD") in the future. The requirement to report under CSRD will apply first in our French subsidiary in FY2025, and then will apply later on a Group basis.

Supplier engagement - addressing Scope 3 emissions together

Why supplier engagement is important

95% of our baseline total emissions are Scope 3, i.e. they are incurred by our suppliers. Three quarters of these relate to goods purchased from our suppliers and the use of products that we source from our suppliers.

We can only achieve our Net Zero SBTi targets by collaborating with our key suppliers.



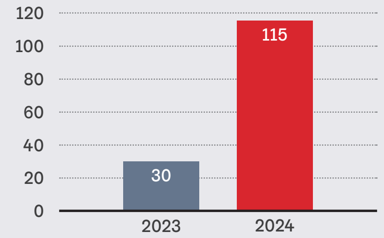
Our history of supplier engagement

See our website:
www.howdenjoinerygroupplc.com/sustainability/supplier-engagement

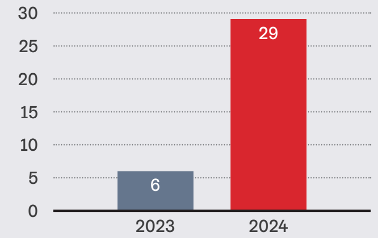
Supplier engagement headlines in 2024

1. Continued increase in supplier commitment to providing more accurate emissions data.

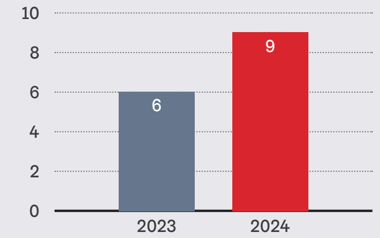
Suppliers signed up to Howdens' decarbonisation programme



Suppliers who have submitted decarbonisation plans



Number of our top 30 suppliers who have submitted finalised emissions data for 2021-2023



8 suppliers with approved SBTi plans
(meeting our SBTi target)

264 delegates from suppliers attended Howdens sustainability training webinars in 2024

2. Our CEO's message to suppliers at our 2024 Supplier Conference: "ESG is non-negotiable".

A clear message to our suppliers that they need to be aligned with our Net Zero plan.

3. ESG objectives now included in standard supplier terms of business.

Defined targets in line with our SBTi objectives, and commitment to provide carbon reporting data.

4. Supply chain risk mapping and resilience to climate change.

We have included key supplier operations in our updated 2024 physical climate risk exercise - see pg 66.

Strategic Report - Sustainability Matters

Renewable energy & sustainable operations

KPI

All chipboard & MDF used in our manufacturing processes is from FSC® or PEFC certified sources

KPI - FSC®/PEFC

We used 265,000 cubic metres of chipboard and 48,000 cubic metres of MDF in our factories in 2024 - enough to fill the Albert Hall more than 3 times - so it's natural that we have a long-standing KPI requiring all wood to be from certified sources.

FSC® or PEFC certification means that the wood comes from responsibly managed sources and that we have independent documented evidence of an unbroken chain of ownership all the way from the forest to us - via the mill, the importer and our suppliers.

Renewable energy headlines in 2024

Solar energy investment at Howden

The Board approved an investment of £3.5m at our manufacturing site in Howden to put PV panels on our main warehouse roof, covering an area of 350,000ft². The work began in 2024 and we expect to see the benefits start in 2025. Whilst dependent on the sun, the emissions reduction is calculated to be in the region of 1,000 TCO_2e/year, with an 8% reduction in purchased energy. The investment is expected to pay back within 5 years. We intend to install more solar panels across our estate in the future.

Policies

Read our Modern slavery statement:
www.howdenjoinerygroupplc.com/governance/modern-slavery-statement

Read our human rights policy:
https://investorcom.sitefinity.cloud/docs/librariesprovider25/archives/governance/human-rights-policy.pdf

More information

More information on renewable energy and sustainable operations on our website:
www.howdenjoinerygroupplc.com/sustainability/renewable-energy-and-sustainable-operations

Decarbonising the distribution fleet

Strategic importance and current position

We operate our own transport fleet, and it accounts for around a third of our Scope 1 baseline CO_2 emissions, so it's a clear ESG strategic priority area for us, as well as being a key part of our SBTi 2030 emission reduction target.

The scope for step changes in a fleet that's already operating at a high level of efficiency is small but our fleet drove over 19 million miles in 2024, so every incremental gain is worthwhile.

Fleet decarbonisation headlines in 2024

Doubling the use of HVO in our fleet vs 2023

Hydrotreated vegetable oil ("HVO") is a sustainably sourced biofuel. It is plant based and can replace diesel without requiring engine modifications. It reduces CO_2 by 90% compared to diesel, and also has lower nitrogen oxide and particulate emissions. We doubled our 2023 usage in 2024, and we plan to increase HVO usage further in 2025.

Trialling LNG lorries in our fleet

Bio-LNG is produced by anaerobic digestion of organic waste, manure and sewage and produces 80% less CO_2 than diesel. We have 15 LNG vehicles in the fleet at the end of 2024.

Electric vehicles in our XDC network

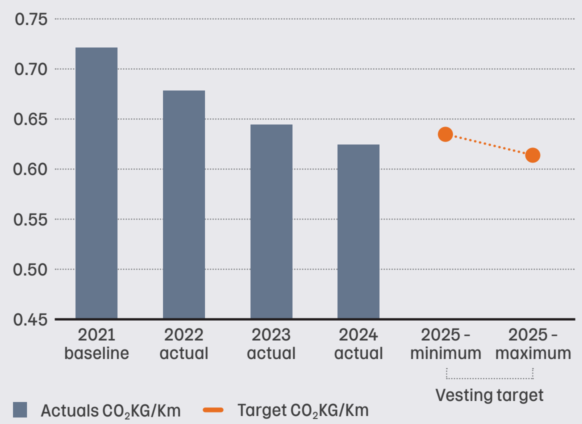
With current technology, there isn't a viable electric vehicle with the range to replace our long haul fleet. Our XDC network, described at page 26, involves shorter range deliveries and is operated on our behalf by third party logistics partners. We have engaged with one of our partners and between us we are now operating four electric vehicles at the end of 2024.

Metrics and targets: link to LTIPs

Our distribution fleet has a 2030 emissions reduction plan, aligned with our SBTi Net Zero commitments.

The first step of this is the emissions reduction targets, which are built into our PSP share awards (page 137) and are aligned with the first 5-year targets in our SBTs, giving minimum vesting at a total cumulative reduction from our 2021 baseline of 12%, and a maximum payout at 15%.

Progress against these targets is show below:



More information

More information on reducing fleet emisisons, on our website:
www.howdenjoinerygroupplc.com/sustainability/decarbonising-the-distribution-fleet

Strategic Report - Sustainability Matters

Sustainable product offer and product innovation

We want to create sustainable products that we're proud of. We make almost 5 million cabinets a year in our own UK factories, so our choices here can make a real difference. We buy our chipboard from sustainably managed UK forests. For every acre of trees used, an acre or more is planted.

When the cabinet has come to the end of its life in the home it can be recycled and broken down to produce more chipboard, which can be used to make more cabinets in the future.

We don't only want to do things to an incredibly high standard - we want them to be sustainable too. Sustainability is built into our product design process and is one of the five pillars that we base new product design and sourcing decisions on, sitting on an equal footing alongside quality, design, cost and availability.

Some recent examples of building sustainable considerations into new product are shown below.

1 Cabinets

The product that sits at the heart of our business, all our cabinets come with a 25-year guarantee. We can offer that because we know quality and longevity are built into the design. We hold the furniture industry (FIRA) gold award for product excellence for our rigid cabinets. They are also 90% recyclable at end of life.

The chipboard in our cabinets is made using 30% recycled content. The cabinet feet are made of 100% recycled plastic and are 100% recyclable at end of life.

2 Worktops

Our own-manufactured laminate worktops are now made using 87% recycled content, a 10% increase from 2023.

3 Plastic pledge and packaging

Our 'Plastic Pledge' is an initiative looking across all the products we sell, and aiming to reduce, remove, and replace plastic in our packaging wherever possible.

Finding plastic-free replacements for some packaging can be difficult because the products have to be protected all the way through the supply chain from manufacture to end user.

Last year we launched our first Lamona own-brand appliances with polystyrene-free packaging. We have continued this in 2024 and 7% of Lamona volume now has completely polystyrene-free packaging. We have also reduced the amount of polystyrene used in packaging our other product by a further 11% in 2024.

We have redesigned our tower cabinets in 2024, removing the need for a fifth leg, which reduces our annual plastic use by around 39 tonnes and our annual emissions by 110 tonnes of CO_2.

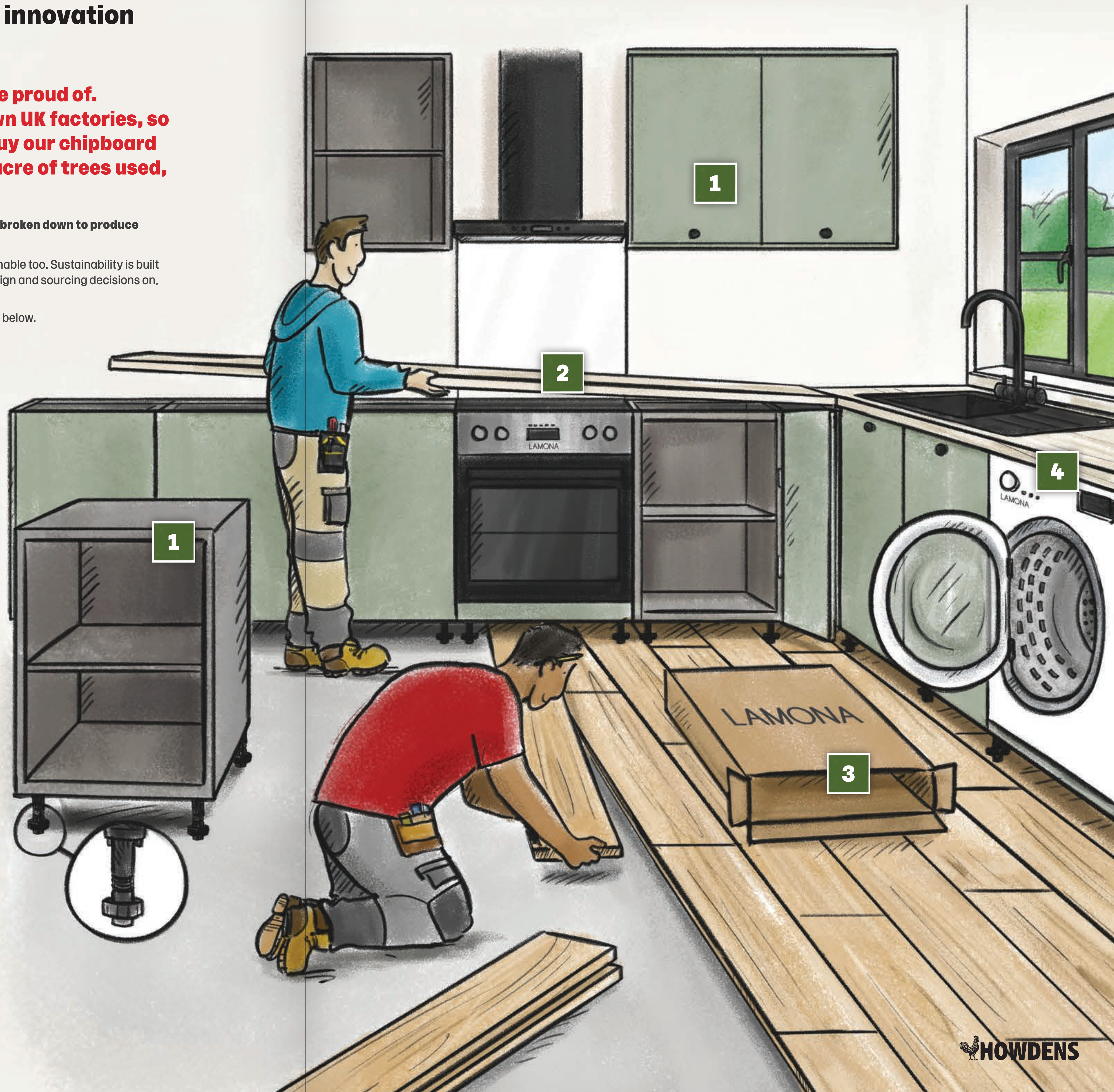
4 Appliances

We have introduced a new dishwasher in 2024 which uses grey water for the start of a wash, reducing average water use by 50%.

Energy efficiency improvements in cooling, our performance on cooling products has improved with reduction equivalent to 9,656 tonnes of CO_2 over the lifetime of the products.

We work hard to build reliability into all our own brand Lamona appliances and we're proud to back that up with a 3-year warranty as standard. Where we have warranty claims we encourage end users to accept our offer of sending an engineer to repair their appliance rather than replace it under the terms of the warranty. This happens in 97% of claims.

As we continue to improve the high quality of our Lamona products, we saw 4,600 fewer engineer visits in 2024 than in 2023. Each engineer visit for a simple repair emits 2.4Kg of CO_2 so this is an annual reduction of 11 tonnes of CO_2.



EDI & wellbeing

Worthwhile careers, opportunities to develop and thrive

"I want Howdens to always be a 'home from home' place to work, where you are valued for who you are and where you can give the best of yourself, make meaningful contributions and build lifelong friendships."

Andrew Livingston - CEO

Our Inclusion Strategy: Worthwhile for ALL, Support for ALL, Accessible for ALL.

See our website: www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing

Headlines from 2024

Employee inclusion survey

We conducted our first employee inclusion survey measuring our ambition to be "Worthwhile for ALL concerned":

73%
said Howdens is a great place to work.

70%
of respondents said Howdens is a place where everyone has the opportunity and is encouraged to succeed at work.

68%
said they were proud to work for Howdens.

Worthwhile careers for ALL

Our refreshed careers website is now live (Nov 2024), highlighting the variety of opportunities we offer to attract diverse talent. For more info see careers.howdens.com

Building manager capability

We ensure we maintain our inclusive culture by developing better leaders. Over 550 managers have completed our bespoke development programme this year, and we've had feedback from both managers and team members that the training has resulted in tangible increases in performance.

Apprentice levy transfer - training tomorrow's customers

There is a recognised shortage of tradespeople in the construction industry. Since starting a small trial in 2021 we have committed to transferring up to 20% of our apprentice levy to small construction related businesses so that they can bring on the new generation of skilled tradespeople. To date this levy transfer has resulted in over 140 apprenticeships, and we hope to see it continue in the future.

Developing skills to sell more kitchens

Our externally accredited Kitchen Sales Designer (KSD) programme saw over 500 KSD's develop skills to sell more kitchens by building stronger relationships, understanding customer needs and converting more opportunities. 92% of new designers have said there has been a positive impact on their performance as a result.

Our EDI priority areas

Our Executive Committee sponsors continue to lead employee working groups focusing on gender, disability and ethnicity.

More information

More information on our EDI priorities: www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing

Our wellbeing strategy

Our Wellbeing strategy has 3 key elements: **Financial, Mental and Physical.**

More information

More information on our Wellbeing strategy: www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing

Wellbeing headlines in 2024

Supporting mental wellbeing

We have a range of initiatives to support mental wellbeing for all our employees.

Mental wellbeing is a known issue in the building trade. According to the British Safety Council, workers in the construction industry are 4 times more likely to take their own lives.

We also know that men are considerably less likely than women to seek support when they are worried or feeling low (according to Mind, the mental health charity), so one of the initiatives we support is Andy's Man Club, who run regular talking groups and places for men to come together in a safe environment to talk about issues and problems they have faced or are currently facing.

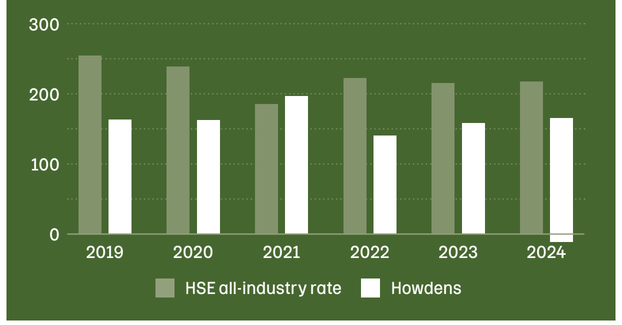
This year, we ran a mock session in our Howden and Raunds sites - a first for Andy's Man Club and for Howdens - to give employees a taste of what they could expect from attending an external Andy's Man Club meeting. Over 80 employees attended and at least 3 men from Howden visited an external Monday night club after attending the mock session.

Strategic Report - Sustainability Matters

Health & safety, carbon neutral, renewable energy and waste

Keeping our people safe and healthy

KPI **Reportable injuries/100k employees -** Reportable injury rates remain low



- Our safety KPI has remained low at 176 RIDDOR reportable injuries per 100,000 employees in 2024. This is 19% below the 2023/2024 HSE All-Industry rate of 217. We continue to be vigiant on all aspects of health and safety.
- Our accident severity rate has also remained low at 28.8 hours lost to accidents per 100,000 hours worked.
- We continue to hold ISO 45001 Health & Safety management certification across our UK and Republic of Ireland depots and our manufacturing and distribution network.

Developments in 2024

- **Partnership with University of Hull.** We have partnered with the Centre for Human Factors (CFHF) at the University of Hull to help benchmark our safety culture maturity and identify possible action plans for the future.

More information

More information on our approach to Health & Safety on our website: www.howdenjoinerygroupplc.com/sustainability/health-safety

Successfully achieving the Carbon Trust Route to Net Zero Standard in 2024

We previously achieved carbon neutral manufacturing at our Howden and Runcorn sites in 2021, which we had certified by the Carbon Trust, an independent global climate consultancy.

Since 2023, the Carbon Trust no longer offers Carbon Neutral verification at a site level and is transitioning to a more demanding certification - the Route to Net Zero Standard. This standard has an expectation of high ambition from participating companies, along with a greater emphasis on reduction and more rigorous and ambitious requirements. The scope of the Net Zero Standard is wider than the previous Carbon Neutral certification as it covers the whole Group's operations.

We were very pleased to achieve the Route to Net Zero Standard at the Taking Action tier in 2024. This tier is the first of three tiers, and it required us to show historical reduction in operational emissions, greenhouse gas emissions reduction targets, and foundational CO_2e management practices. We look on this achievement as an important step in our Net Zero journey and a way to demonstrate our commitment to climate leadership, moving on from the achievement of Carbon Neutrality. The standard is aligned with our science-based carbon reduction targets and provides assurance that we are on track to achieve our targets and are adopting sustainability best practices.

CARBON TRUST | ROUTE TO Net Zero STANDARD TAKING ACTION

Reducing waste

KPI

Zero to landfill across all UK operations

Our baseline: zero to landfill across all UK operations

Effective waste management is one of our longstanding ESG foundation activities. We were pleased to achieved zero waste to landfill across all UK operations in 2023, we've maintained that in 2024, and we see that as our baseline for the future.

Future challenges for our waste management

Our waste management performance is strong, but we want to keep on improving. We are now working to develop more challenging targets for the future, which concentrate on opportunities for reuse and recycling of waste streams that have previously gone to energy recovery.

More information

More information on our approach to reducing waste on our website: www.howdenjoinerygroupplc.com/sustainability/waste-management

Task Force on Climate-Related Financial Disclosures - building climate resilience

Our approach to TCFD

We see the TCFD reporting process as a useful framework to help us assess our climate resilience, to identify our climate risks and opportunities, to build them into our strategy and to measure our progress.

We have made good progress in 2024. Mainly in working with suppliers to collect more, and more accurate, Scope 3 data page 68, and also in updating our physical risk assessment page 66.

No identified material climate-related risks in the medium term

The results of our scenario modelling agree with the results of our existing business risk management process (described starting on page 36), in that they did not identify any material climate-related risks in the medium term. This also agrees to the results of the work done in 2024 on assessing physical climate risks (page 66).

No identified material financial impact of meeting our SBTi targets in the medium term

We have examined the estimated incremental costs of meeting our SBTi targets over the next three years, and neither the incremental capex requirement nor the net annual effect on operating profit is material.

Confirming compliance with the TCFD recommendations

The following pages set out the 11 TCFD recommended disclosures, showing where we are now, the progress we've made this year, and our main areas of focus for the future.

We consider that we're fully compliant with Listing Rule 6.6.6R (8) (UK Listing Rules), i.e. that we are fully compliant with all 11 of the TCFD recommendations, and that we have taken into account all relevant and material elements of the recommended TCFD disclosures - including the TCFD's all-sector guidance and, where appropriate, the supplemental guidance for non-financial groups. The statement includes the climate-related financial disclosures required by section 414CB(A1) and (2A) of the Companies Act 2006.

TCFD recommended disclosure	Our disclosure and developments in 2024	Focus areas for 2025 and beyond
GOVERNANCE		
A **Describe the Board's oversight of climate-related risks and opportunities.**	• This process is led by the Board's Sustainability Committee, whose report is at page 150. • The Sustainability Committee met three times during 2024. The Director of ESG* reported to the Sustainability Committee at each meeting and provided updates on the climate-related risks and opportunities. • The Board considers climate risks together with other risks as part of its overall risk review processes described in detail starting at page 36. • When considering any material investment proposition, the Board considers the likely climate-related consequences.	• The Sustainability Committee will meet regularly in 2025 and will make recommendations to the Board as appropriate. • The Director of ESG will provide regular progress updates. • The Board incorporated environmental measures for the 2024 executive share plan. The Remuneration Committee regularly monitor progress against each of these measures. Updated environmental measures are in place for the 2025 plan - see page 137.

Strategic Report
Governance
Financial Statements
Additional Information

Strategic Report - Sustainability Matters

TCFD - building climate resilience continued

TCFD recommended disclosure	Our disclosure and developments in 2024	Focus areas for 2025 and beyond
GOVERNANCE CONTINUED		
B Describe management's role in assessing and managing climate-related risks and opportunities.	• It is the Executive Committee's (ExCo) responsibility to execute Group strategy and to manage and mitigate climate risks and take advantage of opportunities. The role of the ExCo is set out on pages 80 and 81. • The ExCo are responsible for delivering the climate-related targets determined by the Board. • In 2024, the ExCo established a Sustainability Steering Group (SSG) which is chaired by the Supply Chain Director. The role of the SSG is to monitor progress against our 2030 SBTi targets, including costs and data requirements to achieve those targets. The SSG met 5 times in 2024. • The Director of ESG advises both Board and ExCo on progress against targets and other initiatives. He presented at all of the Sustainability meetings in 2024. • ExCo reviewed the TCFD materiality impact assessments and scenario analysis in 2023, when they were last refreshed. • The Director of ESG worked with ExCo during the year to develop strategies to manage risks and pursue opportunities. • Our supplier engagement activities in 2024 (pages 49, 90 and 91) demonstrated industry leadership and provided clear messaging that our suppliers need to be active on emissions reductions.	• ExCo members have been assigned key responsibilities on managing climate risks and opportunities. • The SSG will meet regularly in 2025 and will make recommendations to the ExCo as appropriate. • Management will continue to engage with our supply chain in 2025.
STRATEGY		
A Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	• Our climate risk assessment identified no significant short or medium-term climate-related risks. • We give more detail on the potential risks and opportunities starting at page 61.	• Continuing to engage with our supply chain to obtain further data, which may also give additional information on ESG risks and opportunities as they evolve.
B Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	• We updated our physical climate risk assessment over various timeframes and pathways in 2024. No significant short or medium-term risks were identified. • We have continued to explore ways of building potential risks and opportunities into strategic and financial planning. • We give more detail on possible impacts starting on page 61. • We discuss our Net Zero commitment on page 46.	• Climate-related risk screening is being incorporated into the due diligence process for major capital expenditure decisions. • As we continue to collect data from more of our suppliers (page 49), this will increase our knowledge on specific climate risks and opportunities that may inform our strategy and financial planning. • The outputs of our double materiality assessment (page 48) will inform our strategy.

* The Director of ESG is a management role and is not a Director of the Board of Howden Joinery Group Plc.

TCFD recommended disclosure	Our disclosure and developments in 2024	Focus areas for 2025 and beyond
STRATEGY CONTINUED		
C Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• We constructed draft climate impact scenarios in 2021, including a scenario aligned with below 2°C. These were scrutinised by management, ExCo and Board in 2022 and are described on page 61. They did not identify any material challenges to strategy in the short or medium term. • In 2023, we established a TCFD working group to review the Net Zero strategy. No significant short or medium-term implications for our strategy were identified. In 2024 this group's role was expanded and it now has an ExCo owner (Supply Chain Director).	• We intend to refresh our scenario analysis in 2025. • We will continue to review various options for decarbonisation, including new technology, as and when it becomes available, and to consider whether there are any emerging implications for our future strategy.
RISK MANAGEMENT		
A Describe the organisation's processes for identifying and assessing climate-related risks.	• We use the same approach as for other risks (see pages 36 - 37), combined with horizon scanning to improve identification of medium and longer-term climate transition and physical risks. • We use an approach modelled on British Standards, based on risk impact and our adaptive capacity. • We have built the outputs of our climate risk assessment into operational risk registers. • We updated our climate physical risks assessment in 2024 using our modelling tool that covers all of our operations over a short, medium and long term for three different recognised climate pathways see page 66. • We have engaged with our stakeholders, including our insurers, to understand how their focus on climate risk is likely to develop.	• Continue to improve our risk identification process, incorporating more data streams and trends. • Review the external environment for changes in climate risks and new mitigation strategies (e.g. through our brokers, insurers, external professional bodies and forums).
B Describe the organisation's processes for managing climate-related risks.	• We manage climate-related risks in the same way as our other risks (see pages 36-37), albeit that time horizons may be longer. • A member of the ExCo owns each risk and leads the relevant operational teams as they control day-to-day risk management and mitigation.	• Challenge the business on the effectiveness and accuracy of mitigation plans, including evidence of progress. • We continue to have no climate risk which we treat as a principal risk, and to view potential climate risks as emerging risks (see page 41).
C Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	• We use the same approach as for other risks (see pages 36-37). We record them in our risk registers alongside our other operational, financial and strategic risks, albeit that we typically use longer time horizons when looking at climate risks. • We review and update them twice a year. • We have an emerging risk identification and management approach, with dedicated reporting to Exec and Board.	• Continue with specific climate-focused risk register reviews. • Continue to develop reporting to Exec and Board.

Strategic Report - Sustainability Matters

TCFD - building climate resilience continued

TCFD recommended disclosure	Our disclosure and developments in 2024	Focus areas for 2025 and beyond
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.	• Our emissions reporting starts at page 67. This is central to our SBTi targets (42% reduction in Scope 1 and 2 emissions, and 25% reduction in Scope 3 emissions by 2030. 90% reduction in all emissions by 2050 - all against a 2021 baseline), which were approved in January 2024, and which will be key metrics for the future. • We have long-standing KPIs on use of FSC® and PEFC raw materials (target of 100% of all wood used in manufacturing to be certified) and on production waste recycling (target of 100% of waste not going to landfill). We report on these on pages 50 and 56. • We have amended our standard contract terms with all direct suppliers to make it clear that we expect them to set SBTi targets or a clear and validated Net Zero plan.	• As we continue with supplier engagement, we will collect further supply chain emissions data, which will allow us to encourage suppliers to set SBTi targets and Net Zero plans (page 49).
B Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	• See our emissions reporting, starting on page 67. We have disclosed estimated Scope 3 emissions for the first time in 2023. • We consider the risks relating to emissions as part of our overall climate risk reporting, summarised above.	• We will continue to work with our supply chain to gather additional data to inform our Scope 3 emissions reporting and progress against our SBTi targets.
C Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	• Performance against non-financial KPIs is shown on pages 29, 50, 56 and 57. • Our SBTi Net Zero targets are shown at page 47. • We have incorporated environmental targets, aligned with our SBTi Net Zero targets, into the terms of our employee share awards since 2022. More details are given on pages 137 and 140.	• Continue to monitor performance against targets, including assessing the industry specific metrics and targets introduced by latest frameworks and standards such as TPT (Transition Plan Taskforce) and ISSB. • We plan to publish our Transition Plan in 2025.

* The Director of ESG is a management role and is not a Director of the Board of Howden Joinery Group Plc.

Main risks and opportunities from our scenario modelling so far

Details of the scenarios and time horizons

We did our first climate scenario planning in 2021. We looked at both physical and transition risks and held a series of workshops with stakeholders across the business to identify and discuss potential significant risks and opportunities. Our discussions concentrated on the time period to 2030 for transition risks and opportunities, which we further split into time horizons, which we classified as short-term (to 2024), medium-term (to 2026) and long-term (to 2030). We chose the long-term horizon as it aligned with our first major milestone in our Net Zero plans (see page 46). We chose the duration of the short and medium terms because they aligned with the Group's strategic business and financial planning cycle time horizons at the time we carried out our initial exercise in 2021. Physical risks are assessed using longer time horizons, as explained at page 66.

We had planned to refresh our scenario analysis in 2024, which would have included an exercise to review and refresh the time horizons. However we have chosen to prioritise our resources in 2024 to work on our CSRD readiness (see page 48), our Transition Plan, and on further detailed work on our physical climate risk assessment (see page 66). We intend to refresh our climate scenario modelling in 2025 and will revise our time horizons as part of that exercise.

We developed three scenarios to frame our discussions of potential climate risks and opportunities. These scenarios were based on the well regarded and widely used scenarios developed by Inevitable Policy Response, and were then enhanced to include additional factors specific to Howdens. The scenarios are:

1) Less than 2°C scenario: Where governments and regulators act quickly and take the lead with a series of measures aimed at achieving the Paris Agreement targets. This scenario envisages swift action, a high level of legislation and emphasis on mechanisms such as carbon pricing and financial incentives for decarbonisation.
2) Where lack of agreement between governments leads to an initially slow pace of change, but where a series of social tipping points see a response to climate change which is led by citizens putting pressure onto governments and companies to act.
3) Where there is some commitment from governments, companies and citizens to a Net Zero transition, but where these commitments aren't always fully developed or enforced, and may sometimes be overridden by political, commercial, or individual concerns in the short and medium term, requiring more severe policy action and enforcement in the longer term.

Results and next steps

Our initial scenario modelling work has given us an increased understanding of the qualitative impacts of climate change on our business across various time horizons, although we recognise that it is an iterative and dynamic process. The results of our scenario modelling agreed with the results of our existing business risk management process (pages 36 to 41) and also indicated the resilience of our current strategy, in that they did not identify any material climate-related risks.

Under each scenario there were several possible short, medium and long-term risks and opportunities. We have summarised the most likely ones below. Whilst we have indicated the most relevant time horizon(s) for each risk and opportunity, there is inevitably significant crossover between the outputs of the different scenarios and time horizons, so our description of each risk and opportunity, as well as of the related impact, contains an element of aggregation.

Over time we will continue to refresh and develop our scenario analysis. Our intention is to refresh the scenario calculations in 2025.

TCFD - building climate resilience continued

Overview of opportunities	Most relevant time horizons	Impact	Potential outcomes/enabling actions
OPPORTUNITY: Area of impact - Access to capital			
Building a climate resilient strategy and communicating it effectively to the market could increase the demand for our shares and could also give us access to lower-cost financing.	Short to medium term (2024-2026)	Increased demand for shares. Access to sustainable finance opportunities.	Clearly communicating our sustainability and climate resilient actions to our existing and future investors.
OPPORTUNITY: Area of impact - Brand			
Delivering on our aim to be the UK's leading responsible kitchen business and creating a brand that is recognised as a leader in managing climate-related risk could result in increased sales, greater brand awareness, increased market share and increased attractiveness to current and future employees.	Medium to long term (2026-2030)	Increased sales. Greater brand awareness. Increased market share. Stronger employee retention/relations.	Promoting awareness of our sustainability and Net Zero ambitions to employees, customers and end users. Sustainable customer offering and bringing the suppliers on the Net Zero and sustainability journey with us.
OPPORTUNITY: Area of impact - Cost reduction			
Continuing to focus on energy efficiency, pushing through our targeted improvements and taking future steps on the path to decarbonisation could lead to a lower cost base. Relevant factors could be things such as: • Access to grants, subsidies and favourable tax treatment for adopting decarbonisation technologies. • Absolute reductions in energy and materials consumption will lower costs, particularly in times of rising energy prices, extended application of carbon pricing and an increase in the underlying carbon price.	**Grants and subsidies:** short to medium term (2024-2026) **Absolute reductions in energy consumption:** medium to long term (2026-2030) **Deployment of decarbonisation technologies such as hydrogen:** medium to long term (2026-2030)	**Capitalise on energy opportunities:** installation of solar panels/wind turbines etc., will help in reducing costs and lead to carbon emission savings. **Own energy generation:** by accessing grants and subsidies and deploying latest decarbonisation technologies.	Reducing energy consumption will help mitigate the impact of rising energy prices/carbon pricing. Deploying new renewable technologies with grants will lower the own capex requirements and improve energy security.
OPPORTUNITY: Area of impact - Product design			
Taking the lead in producing sustainable products before our competitors could increase our competitive advantage and market share.	Medium to long term (2026-2030)	Support the future sustainability of our assets and the Howdens brand.	Sustainable design is built in as a pillar of our new product development process.

Overview of risks	Most relevant time horizons	Impact	Mitigation actions
RISK: Area of impact - Sourcing			
Future physical or legal barriers arising from climate change could bring challenges to sourcing some of our products in the future - principally items which we currently source from overseas. Causes could be things such as: • Carbon pricing. • Pressure on supply chains to decarbonise, especially in emerging markets. • Some current raw materials could increase in cost or become unavailable in the future, so alternatives would have to be found.	**Carbon pricing:** medium to long term (2026-2030) **Pressure on supply chains to decarbonise:** medium to long term (2026-2030) **Raw materials cost increase/ unavailability:** medium to long term (2026-2030)	**Carbon pricing:** £2.9m - £5.1m (assumption of £50 per tonne of CO_2e carbon price). **Pressure on supply chains to decarbonise:** as climate change is a global issue, our supplier base will also be impacted with the drive to decarbonise. **Raw materials cost increase/ unavailability:** there may be adverse impact on availability of certain raw materials in the future.	Our commitment to SBTi Net Zero targets will help with mitigating the impact of future carbon prices due to absolute reductions in our emissions. We are using technology to collect data directly from our suppliers, which will give us an increased understanding of potential supply chain impacts and allow us to collaborate with suppliers to mitigate the potential future effects. For instance, the supply chain data should give us a more detailed view of potential effects on key raw materials and help us formulate mitigation strategies where necessary.
RISK: Area of impact - Operations			
The physical risk to our operations from climate change can include extreme weather events and rising sea levels. These risks could require additional capital expenditure or could interrupt operations.	**The physical risk assessment:** identifies potential risks in the short, medium and long term for three separate recognised pathways (RCPs 2.6, 4.5 and 8.5).	**Interruption to operations:** No significant inherent physical climate risk has been forecasted in our modelling for any of our critical infrastructure, distribution, and/or manufacturing locations over short, medium or long term perspectives for any climate pathway. No significant inherent climate risk to our global depot network with just 2% of sites potentially affected by climate risk in the poorest case pathway by 2100. No significant climate risk exposures in the short or medium term for our key suppliers with an increasing potential exposure to drought across some European suppliers in the long term (by 2100) in the worst climate scenario.	We have modelled our exposure to physical climate risk over short, medium and long term perspectives for three separate recognised climate pathways. We will conduct further detailed validation workshops on key assets to understand specific climate risks, local mitigations and plans. (See Physical Climate Risk Case Study on page 66 for more details).
RISK: Area of impact - Decarbonisation			
Decarbonisation of our distribution and depot fleets could require transitional investment and/ or adjustments to current working practices.	**Adjustments to current working practices:** short to medium term (2024-2026) **Transitional investment:** medium to long term (2026-2030)	**Additional capital expenditure:** to decarbonise our own operations, e.g. our buildings and fleet.	We are currently carrying out a study, which will clarify levers of decarbonisation available to us. We have estimated the incremental costs of meeting our SBTi targets over the next three years, and neither the capex requirements nor the net annual effect on operating profit are material.
RISK: Area of impact - Customer expectations			
Failure to meet customer demands for sustainable products could reduce market share.	**Failure to meet demands:** medium to long term (2026-2030)	**Impact on future sales:** from inability to meet customer needs.	Our ESG strategic ambition is to be the UK's leading responsible kitchen business. This commitment drives us to maintain a focus on sustainable product (pages 52 and 53).

Strategic Report - Sustainability Matters

Our impact on our stakeholders

Environment

100% All of our chipboard is from sustainably managed UK forests

Zero to landfill across our UK operations

£3.5m invested in solar energy generation at our Howden factory. Short payback period. Further investment planned.

82% of company cars are PHEV/EV as we move away from fossil fuels

Apprentices

603 apprentices in training

11% of our current employees started their Howdens career as an apprentice

229 apprentices completed programmes in 2024

9% of our highest performing kitchen sales designers started their Howdens career as an apprentice

Shareholders

£116m dividends paid in 2024

£839m returned to shareholders in 5 years 2020 - 2024

The wider economy

£453m of tax generated or collected. Corporation tax, NI PAYE and VAT

£343m of working capital extended to our customers in our peak trading period

Over 550,000 small business customers supported by our trade account facility in our peak trading period. No fees, up to 8 weeks to pay

Community & charity

147 kitchens, worth c.£1m, donated and installed in grassroots football clubs as part of the 'Game Changer' programme

£100K two-year partnership with National Parks launched

People

Over 12,000 full-time jobs with prospects. In manufacturing, in amost 950 local depots, and in distribution, systems and support

Over 950 local communities where we employ people

£688m salaries and benefits paid to our employees in 2024

£255m cash contributed to our pension schemes in the last 5 years

100% of UK employees in share ownership schemes

10th in the 2022 Best Big Companies to work for awards

Strategic Report - Sustainability Matters

2024 Physical Climate Risk assessment

The work that we have done in 2024

We have done detailed work in 2024 to assess our physical climate risks. This helps us understand the parts of our business most at risk from physical climate change and assess the potential financial impact.

We've used a third-party physical risk assessment tool built on the Intergovernmental Panel on Climate Change's Recognised Climate Pathways (RCPs). We've used the tool to analyse the risk of rain, river floods, storms, sea level rises, heat, fire and drought. We assessed potential risks for:

- Our depots, including those in our international operations, manufacturing and distribution sites, and other critical infrastructure locations.
- All suppliers across the world where we rely upon their products to derive £2.5m or more of our profit.
- Planned major future investment locations with the capability to check down to individual new depot locations.

The tool shows us our current exposure, and also provides insight on short (to 2030), medium (to 2050) and long (to 2100) term time horizons. These time horizons extend further than in our original physical risk assessment, done in 2021, because of the passage of time and access to modelling tools which can model further into the future. This insight is given against climate scenarios covering three separate pathways, (RCPs 2.6, 4.5 and 8.5) providing good, intermediate and poor climate change scenario perspectives. The tool is updated regularly to ensure perspectives take advantage of latest climate projections.

Carrying out this analysis involved a lot of detailed work. For instance, we had to get accurate geolocational data for:

- 915 depots in the UK and Europe.
- Each individual major building at each of our 4 manufacturing plants across the UK.
- 43 of our suppliers' factories.
- 12 major distribution sites across the UK and Europe.
- 12 other critical infrastructure locations, including our major IT hubs and office locations.

For each of these locations we identified both the value of the contribution they make to our profit and the value of the assets at each location and entered them into our climate diagnostics tool so that we could assess the scale of any potential climate risks.

What our analysis identified

Our current modelling outcomes forecast:

- **No significant inherent physical climate risk to our critical infrastructure, manufacturing or distribution** locations over short, medium or long term perspectives for any climate pathway.
- **No significant inherent climate risk to our global depot network** with just 2% of sites potentially affected by climate risk in the poorest case pathway by 2100.
- **No significant climate risk exposures in the short or medium term for our key suppliers** with an increasing potential exposure to drought across some European suppliers in the long term (by 2100) in the worst climate scenario.
- **Some flooding risks** were identified in the medium term to sites planned for new development, which will be discussed with the developer to ensure adequate mitigation is in place.

Future actions

- Conduct detailed validation workshops on key assets to understand specific climate risks, local mitigations and plans.
- Addition of non-Howden assets to the risk assessment tool to further understand how climate change may impact on the business, for example adding key ports in our supply chain.
- Continue to use the physical risk assessment tool to refresh the view periodically to ensure we capture the changing climate scenarios and how they may affect the business.

Our SECR and Scope 3 reporting

SECR - Emissions reporting

Absolute carbon emissions reduced 1.7% against 2023

Emissions reporting methodology

Footprint calculations performed in accordance with the WRI GHG Protocol and market-based emissions are reported in accordance with the GHG Protocol Scope 2 Guidance - An amendment to the GHG Protocol. This report is produced in accordance with HMG Environmental Reporting Guidelines, including Streamlined Energy and Carbon Reporting (SECR). All footprint calculations are subject to internal quality checks at source data and final report stages. The intensity measure was chosen because it was felt most relevant to show changes in emissions relative to changes in turnover.

We have used the Operational Control boundary, which includes all UK and International operations. There are no process emissions within Howdens, as defined in the GHG protocol, and fugitive emissions from air conditioning systems are omitted due to insignificant materiality to the overall footprint.

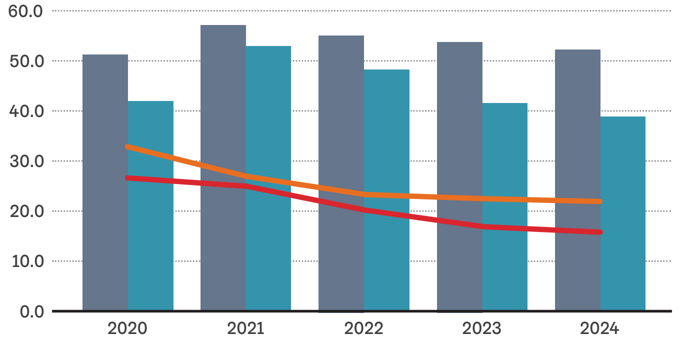
	Total emissions (tonnes CO_2 equivalent)	
	2024	**2023**
Scope 1 - Direct: Gas	11,489	13,075
Scope 1 - Direct: Owned Transport (LGV/Van/Car)	24,356	24,665
Scope 1 - Direct: Other fuels	1,225	1,380
Scope 1 - Direct: Biomass	408	408
Scope 1 - Direct: Total	37,478	39,528
Scope 2 - Indirect: purchase of electricity, heat, steam or cooling - location-based	14,857	13,725
TOTAL Scope 1 and 2 absolute emissions - location-based	52,335	53,253
Scope 2 - Indirect: Electricity - market-based*	1,205	1,266
TOTAL Scope 1 and 2 - market-based	38,683	40,794
Turnover (£m)	2,322.1	2,310.9
Carbon intensity ratio (tCO_2e per £m) gross, location-based	22.5	23.0
Inflation adjusted intensity ratio (tCO_2e per £m) gross, location-based	29.1	28.7
Additional carbon intensity ratio (tCO_2e per £m) net, market-based	16.7	17.7
Additional inflation adjusted intensity ratio (tCO_2e per £m) net, market-based	21.5	22.0
Energy consumption used to calculate above emissions (kWh)	287,276,782	290,613,944
Proportion of Scope 1 CO_2e emmissions generated in the UK	98.5%	97.9%
Proportion of Scope 2 CO_2 emissions generated in the UK	98.8%	98.9%
Proportion of total energy consumed (kWh) in the UK	98.2	98.3%

Strategic Report - Sustainability Matters

Our SECR and Scope 3 reporting continued

SECR Reporting

Our record over the past five years is shown on the chart below:



Total absolute carbon emissions ('000s tCO_2e) (location based)
Total carbon emissions ('000s tCO_2e) (market based)
Carbon intensity ratio (tCO_2e per £m) (location based)
Additional carbon intensity ratio (tCO_2e per £m) net (market based)

Energy efficiency initiatives

See pages 50 and 51 for examples of developments in 2024 in our manufacturing and transport operations, our most significant sources of Scope 1 and 2 emissions.

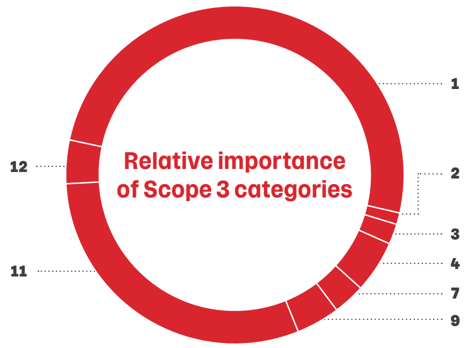
Use of renewable energy sources

We discuss this on pages 50 and 51.

Our Scope 3 emissions

As shown below and on page 49, around 95% of our emissions fall outside of our direct control and are reported as Scope 3 emissions. Renowned for being a more difficult area to gather consistent and quality data, we are continuing to make good progress with improving the integrity of our Scope 3 numbers and, for example, are working with our largest suppliers initially to collate and improve the quality of data on the emissions associated with our purchased goods and services (see page 49).

The majority of our Scope 3 data has been calculated using available primary data. Where necessary, estimates have been used for some categories and therefore are subject to change. In accordance with the GHG Protocol and the Science Based Target Initiative's recalculation policy, updated data will be published when available.



	Category	2024 TCO_2e	2024 %	2023 - restated* TCO_2e
1	Purchased goods and services	381,127	50%	493,845
2	Capital goods	10,292	1%	6,270
3	Fuel and energy related activities	13,228	2%	10,856
4	Upstream transportation and distribution	38,800	5%	38,319
5	Waste	1,020	0%	945
6	Business travel	2,703	0%	2,391
7	Employee commuting	23,779	3%	25,907
8	Upstream leased assets	-	0%	-
9	Downstream transportation	31,417	4%	34,858
10	Processing of sold products	-	0%	-
11	Use of sold products	229,607	30%	233,242
12	End-of-life treatment	30,094	4%	34,608
13	Downstream leased assets	-	0%	-
14	Franchises	-	0%	-
15	Investments	-	0%	-
	Total	**762,068**	**100%**	**881,241**

Key to Scope 3 data

Source of data

- Derived from data that is within our direct control or that we can more easily verify
- Derived from data that is not within our direct control or that is more difficult to verify
- Not applicable

Status of data

- Most secure - Good quality data/ confidence in estimations
- Less secure - some work to do to verify data quality/reasonable reliance on Industry estimations
- Least secure - more work to do to verify data quality/higher reliance on industry estimation/assumption
- Not applicable

* 2023 restatement: During 2024 we discovered that some of the published 2023 Scope 3 emissions data was inaccurate and so it has been restated accordingly. Total Scope 3 emissions were overstated by 55,857 tCO_2e. Category 2 was overstated by 42,414 tCO_2 due to double-counting of certain parts of the input information. Category 11 was overstated by 24,569 tCO_2e as a result of incorrect emissions factors being applied. Categories 4, 7 and 12 required restatement due to the inconsistent application of estimates on which they were based, resulting in an understatement of 12,946 tCO_2e and 3,027 tCO_2e in categories 7 and 12 respectively, and an overstatement of 4,847 tCO_2e in Category 4.

The processes for capturing Scope 3 information continue to evolve as the Group is working on making further improvements. The root causes of the data quality issues identified in 2023 data have been taken into consideration when preparing 2024 information.

Strategic Report

Going concern and Viability statements

Going concern

The Directors have adopted the going concern basis in preparing the financial statements and have concluded that there are no material uncertainties leading to significant doubt about the Group's going concern status, and that there were no significant judgements involved in coming to this conclusion. The reasons for this are explained below.

Going concern review period

The going concern review period covers the period of at least 12 months after the date of approval of these financial statements. The Directors consider that this period continues to be suitable for the Group as it is the period for which the Group prepares the most frequently revised forecasts, and which is most regularly scrutinised by the Executive Committee and Board.

Assessment of principal risks

The Directors have reached their conclusion on going concern after assessing the Group's principal risks, as set out in detail in the 'Principal risks and uncertainties' section, starting on page 37.

Whilst all the principal risks could have an impact on the Group's performance, the specific risks which could most directly affect going concern are the risks relating to continuity of supply, changes in market conditions, and product relevance. The Group is currently holding additional amounts of faster-moving inventory as a specific mitigation against supply chain disruption, and the Directors consider that the effects of the other risks could result in lower sales and/or lower margins, both of which are built into the financial scenario modelling described below.

Review of trading results, future trading forecasts and financial scenario modelling

The Directors have reviewed trading results and financial performance in 2024, as well as early weeks' trading in 2025. They have reviewed the Group balance sheet at 28 December 2024, noting that the Group is debt-free, has cash and cash equivalents of £344m, and appropriate levels of working capital. They have also considered three financial modelling scenarios prepared by management:

1. **A 'base case' scenario.** This is based on the final 2024 Group forecast, prepared in December 2024 and including the actual results of the 2024 peak sales period.

   This scenario assumes future revenue and profit in line with management and market expectations as well as investments in capital expenditure and cash outflows for dividends and share buybacks in accordance with our capital allocation model (see pages 33 and 34).

2. **A 'severe but plausible' downside scenario** based on the worst 12-month year-on-year actual fall ever experienced in the Group's history. For additional context, this is more significant than the combined effect of COVID and Brexit on 2020 actual performance.

   This scenario models a reduction in most of the variable cost base proportionate to the reduction in turnover. It includes capital expenditure at a lower level than in the base case, but which is still in line with our announced strategic priorities for growth, namely: new depot openings and refurbishments; investment in our manufacturing sites, investment in digital and expanding our international operations. It also includes dividends and share buybacks in line with the Group's stated capital allocation model.

   In this scenario the Board considered the current economic conditions that the Company and its customers are facing, and noted that the downside scenario included allowances for reduced demand and increased costs to reflect such adverse conditions.

3. **A 'reverse stress-test' scenario.** This scenario starts with the severe but plausible downside model and reduces sales even further, to find the maximum reduction in sales that could occur with the Group still having headroom over the whole going concern period, without the need to take further mitigating actions.

   Capital expenditure in this scenario has been reduced to a 'maintenance' level. Variable costs have been reduced in proportion to the reduction in turnover on the same basis as described in the severe but plausible downside scenario. It assumes no dividends or share buybacks.

Borrowing facility and covenants

The Group has a five-year, committed, multi-currency revolving credit facility of up to £150m which expires in September 2029 and which was not drawn at the period end. A summary of the facility is set out in note 19 to the December 2024 Group financial statements.

As part of the scenario modelling described above, we have tested the borrowing facility covenants and the facility remains available under all of the scenarios. We have therefore included the credit available under the facility in our assessment of headroom.

Strategic Report
Governance
Financial Statements
Additional Information

Going concern and Viability statements continued

Going concern continued

Results of scenario testing

In the base case and the severe but plausible downside scenarios, the Group has significant headroom throughout the going concern period after meeting its commitments.

In the reverse stress-test scenario, the results show that sales would have to fall by a significant amount over and above the fall modelled in the severe but plausible downside scenario before the Group would have to take further mitigating actions. The likelihood of this level of fall in sales is considered to be remote.

Conclusion on going concern

Taking all the factors above into account, the Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the Group will continue to operate and to meet its liabilities in full and as they fall due for the going concern review period set out above. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Long-term prospects and viability

Assessment of long-term prospects

The Directors have assessed the Group's long-term prospects, solvency and liquidity, with particular reference to the factors below:

Current position

- History of profitable trading, with strong net profit margins.
- Cash and cash equivalents balance at 28 December 2024 of £344m.
- Debt-free. Consistently cash-generative. Proven ability to maintain strong cash balances whilst also investing for growth and returning cash to shareholders.
- £150m committed borrowing facility, due to expire in September 2029. Unused, but available if needed.
- Strong relationships with suppliers and customers.
- Proven ability to flex the operating cost base in a severe economic downturn.
- Robust disaster recovery and business continuity framework.

Strategy and business model

- Proven, successful business model.
- Demonstrated agility and resilience of the business model to adverse economic conditions.
- Clear strategic direction.

Robust assessment of principal risks

- The Directors' role in the risk identification, management, and assessment process is outlined on page 36, followed by details of the principal risks and mitigations.
- The Directors are satisfied that they have carried out a robust assessment of the Group's principal risks over the viability period on the basis already described in the going concern disclosure directly above.

Long-term prospects and viability continued

Assessment of viability

Time period and scenario modelling

The Directors' review of the Group's long-term viability used a three-year period to December 2027. This was considered to be the most suitable period as it aligns with the Group's strategic planning process.

The financial modelling to support the assessment of viability was based on the three scenarios used for the going concern assessment and detailed above. We have tested the borrowing facility covenants and the facility remains available under all of the viability scenarios. We have therefore included the credit available under the facility in our assessment of headroom.

1. **The base case scenario** takes the base case described in the discussion of going concern above and extends it over the viability assessment period. It assumes future revenue and profit in line with management expectations, investments in capital expenditure and cash outflows for dividends and share buybacks in accordance with our capital allocation model (see pages 33 and 34).

2. **The severe but plausible downturn scenario** takes the same decline over the going concern period as described in the discussion of going concern above, and then assumes a phased recovery over the rest of the three-year period. It assumes capex at a lower level than in the base case but which is still in line with our announced strategic priorities for growth, and dividends and share buybacks in line with our capital allocation model.

3. **The reverse stress-test scenario** assumes a phased recovery of margin and profit on the same bases as for the severe but plausible downturn scenario. This is then stress-tested to find the maximum amount by which sales in the first year would have to fall before the Group would no longer have headroom at any point in the viability assessment period, without taking further mitigating actions. It assumes capex at a maintenance level and no dividends or share buybacks.

The Directors consider that the reasonably foreseeable financial effects of any reasonably likely combination of the Group's principal risks are unlikely to be greater than those effects which were modelled in the severe but plausible downside and reverse stress-test scenarios.

Results of scenario testing

The results of the base case and plausible downside scenario modelling showed that the Group would have sufficient headroom over the viability assessment period.

The reverse stress-test showed that the level of fall in sales required in the first year of the viability assessment period was significantly more than the fall modelled in the severe but plausible downturn scenario before the Group would have to take further mitigating actions. The likelihood of this level of fall in sales is considered to be remote.

Conclusion on viability

Having considered the Group's current position, strategy, business model and principal risks in their evaluation of the prospects of the business, and having reviewed the outputs of the scenario modelling, the Directors concluded that they have a reasonable expectation that the Group will continue to operate and to meet its liabilities in full and as they fall due during the three-year period to December 2027.

Further reading relevant to going concern and viability

	Page
Principal risks and mitigations	37-41
Trading results	16-35, and the Financial Statements
Balance sheet	176
Details of our £150m borrowing facility	199
Auditor's report, with details of their work and conclusions on going concern and viability	160-174