RNS Number : 5929Y
Howden Joinery Group PLC
27 February 2025

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Further market share gains in 2024, new £100m share buyback.

Results summary

£ millions (unless stated)	2024[1]	2023	Change vs 2023
Group revenue	2,322.1	2,310.9	+0.5%
- UK	2,247.4	2,241.1	+0.3%
- International[2]	74.7	69.8	+7.0%
Gross profit margin, %	61.6%	60.8%	+80bps
Operating profit	339.2	340.2	-0.3%
Profit before tax	328.1	327.6	+0.2%
Basic earnings per share, p	45.6p	46.5p	-1.9%
Total ordinary dividend per share, p	21.2p	21.0p	+1.0%
Cash at end of period	343.6	282.8	

[1] The information presented relates to the 52 weeks 28 December 2024 and the 53 weeks to 30 December 2023 unless otherwise stated.

[2] Comprises Howdens' depots in France, Belgium and the Republic of Ireland (ROI).

Highlights[1]

- Group revenue of £2,322.1m was in line with last year.
  - UK revenue of £2,247.4m was 0.3% ahead of last year reflecting ongoing market share gains, despite a contraction in the UK kitchen market
  - International revenue was 9.7% ahead of last year in local currency with good progress in building out the trade-only business model in France and the Republic of Ireland.
- Maintained our industry leading gross margin of 61.6%, which included the benefit of purchasing and manufacturing efficiencies.
- We have offset the majority of inflationary costs increases through efficiency savings and cost control while investing in our medium-term strategic initiatives.
- Investment included 29 new depots and 76 depot reformats in the UK, 11 new kitchen ranges, further digital development and upgrades to manufacturing and supply chain.
- Profit before tax of £328.1m was in line with last year.
- Strong cash generation and robust balance sheet with year-end cash of £343.6m.
- Proposed final dividend of 16.3p, bringing the total for the year to 21.2p, up 1.0%.
- New £100m share buyback announced today.

Commenting on the results Andrew Livingston, Chief Executive said:

"Howdens performed well in a challenging market, gaining further market share. We continued to invest in developing our kitchen and joinery ranges, opening more depots, and in new digital capabilities. We are also investing in our manufacturing operations and supply chain to support our trade customers with high-quality, easy-to-fit products that are reliably in stock.

"Whilst we anticipate the kitchen market is likely to contract further in 2025, we are confident that our differentiated model, combined with our strategic initiatives, mean we are well placed to gain further market share. Reflecting the Group's strong financial position, we have announced today a new £100m share buyback programme while continuing to invest in the business."

Operational developments in 2024

- ***Network expansion*** - opened 29 UK depots and added three in the international business. At the end of 2024 Howdens operated with 869 UK depots, 65 in France and Belgium and 13 in the Republic of Ireland.
- ***Depot revamps and relocations*** - completed 76 in 2024 (including relocations) and 8 more in early 2025.

- ***New product introductions*** - 11 new kitchen ranges were introduced in 2024 to suit all budgets. We continued to develop both our higher priced kitchen portfolio including Paint To Order, and improved our solid worksurface offering. We ended the year with 19 bedroom ranges.
- ***Manufacturing expansion*** - we expanded our capabilities and capacity including the first full year of end-panel and kitchen frontal production, which significantly reduced the volume of bought-in products.
- ***Supply chain optimisation*** - stock availability remains a key differentiator for trade customers. Through our cross docking (XDC) network and 'Daily Traders' initiatives we achieved a 99.98% service level from our primary sites to our depots.
- ***Digital investment*** - we completed the rollout of a digitised in-depot stock management system to record and pick deliveries and determine depot stock levels. This enabled us to introduce a nationwide "Click and Collect" service for everyday items for customers in the second half.
- ***International development*** - we strengthened the leadership team which has focused on building out our depot teams' capabilities and existing depot sales in France.

Outlook for 2025

- We expect market conditions to remain challenging in 2025, given the prevailing macroeconomic environment, and anticipate that the UK kitchen market is likely to contract again in the year ahead.
- We are well prepared for this, and our differentiated in-stock, trade-only business model gives us significant competitive advantage. We are well-planned on our strategic initiatives for 2025 leaving us well-placed to strengthen our competitive position and gain market share.
- We will maintain a profitable balance between price and volume to support our customers with great value to suit all budgets.
- We expect a continuation of inflationary pressures, as well as higher contributions to employers' National Insurance and the increase in the National Minimum Wage from April. We will tightly control our cost base, driving efficiency and productivity gains to support near-term profitability.
- Our strong cash generation and robust balance sheet allows us to invest in the business through the economic cycle, enhancing our competitive edge while returning surplus capital to shareholders.
- Howdens is in good shape and well-positioned for success in both current markets and when conditions improve.

Summary of the major strategic initiatives for 2025

- We will open around 20 depots in the UK and reformat around 60 existing depots (including relocations).
- Excluding Paint To Order ranges, we will launch 23 new kitchens aimed at making more styles available at more price points.
- We will continue to expand our solid work surfaces offer which is now a leading UK supply and fit business. By the end of 2025 we will have a comprehensive range of 63 decors on sale.
- We will continue to invest in UK manufacturing, including a project to upgrade our cabinet and panel manufacturing capabilities at Runcorn.
- We will launch new Customer Relationship Management software to make account management more efficient and productive.

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 COGS 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 our ongoing investments to support future growth.

For further information please contact

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Results presentation:
There will be an in-person analyst and investor presentation at 0830 GMT today hosted by Andrew Livingston, Howdens' CEO, and Paul Hayes, Howdens' CFO at:
Deutsche Numis, 45 Gresham St London EC2V 7BF, with light refreshments served from 0800.
A live video webcast will be available on https://brrmedia.news/HWDN_FY_24
For more information see: www.howdenjoinerygroupplc.com. The presentation can also be heard by dialling the phone numbers below:

Location	Phone Number
United Kingdom, Local	+44 (0) 207 544 1375 or toll free +44 (0) 808 238 9064
United States, Local	+ 1 412 317 6060 or toll free +1 866 652 5200
Confirmation code:	Please quote 'Howdens Full Year Results'

The webcast will be recorded and available on our website after the event has finished at: www.howdenjoinerygroupplc.com

Note to editors:

1. About Howden Joinery Group Plc

Howdens is the UK's number one specialist kitchen and joinery supplier. In the UK, the company sells kitchens and joinery products to trade customers, primarily local builders, through 869 depots. In 2024, the Group generated revenues of around £2.3 billion and profit before tax of £328.1 million. Howdens is a proud UK-based manufacturer, with a significant proportion of its kitchen and joinery ranges manufactured in-house at its two principal factories in Runcorn, Cheshire, and Howden, East Yorkshire. At the end of 2024, Howdens operated from 65 depots in France and Belgium and 13 depots in the Republic of Ireland.

2. Timetable for the final dividend

The timetable for payment of the proposed final dividend is shown below. A Dividend Reinvestment Plan ("DRIP") is provided by Equiniti Financial Services Limited. The DRIP enables the Company's shareholders to elect to have their cash dividend payments used to purchase the Company's shares. More information can be found at www.shareview.co.uk/info/drip.

Ex-dividend date:	10 April 2025
Record date:	11 April 2025
Payment date:	23 May 2025

3. Provisional financial calendar for 2025

Trading update	29 April
Annual General Meeting	1 May
Half Year Results	24 July
Trading update	6 November
End of financial year	27 December

Financial review

Financial results for 2024[1]

Revenue £m (unless stated)	2024	2023	Change	# of depots 2024
UK depots - same depot basis[2]	2,204.9	2,231.8	-1.2%	807
UK depots opened in previous two years	42.5	9.3		62
Total - UK depots	2,247.4	2,241.1	+0.3%	869
Total - International depots	74.7	69.8	+7.0%	78
Total - Group	**2,322.1**	**2,310.9**	**+0.5%**	**947**

Local currency revenue €m (unless stated)	2024	2023	Change	# of depots 2024[3]
International - same depot basis[2]	81.3	78.4	+3.7%	64
Depots opened in previous two years	6.8	1.9		14
Total - International depots	**88.1**	**80.3**	**+9.7%**	**78**

[1] The information presented relates to the 52 weeks to the 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] In International, 3 depots were opened in the Republic of Ireland and one depot was opened and one closed in France during 2024.

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 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 improving 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 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 with 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).

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 were 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.

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.

Board changes

During the year Howdens 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. Towards the end of the year we announced the appointment of Tim Lodge who joined the Board in January 2025. This followed a search to identify a successor for Andrew Cripps as Audit Committee Chair when he retires from the Board at the AGM in May 2025. Tim is an experienced CFO and Audit Committee Chair and has benefited from a handover period with Andrew during the 2024 year-end. Vanda Murray will take over from Andrew Cripps as Senior Independent Director and has significant Board and operational experience. Andrew Cripps 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.

Operational review

Strategic initiatives

Howdens has made good progress on its strategic initiatives, which are aimed at achieving profitable growth and market share gains over the medium term. The four strategic initiatives are:

1. Evolving our depot model by using space more efficiently to provide the best environment in which to do business with our customers.
2. Improving our range and supply management to improve choice and service while enhancing productivity in our manufacturing, sourcing and supply chain activities.
3. Developing our digital platforms to raise brand awareness, support the business model and deliver productivity gains and more leads for depots and customers.
4. Expanding our international presence in countries with attractive kitchen and joinery markets.

These ongoing investments support the execution of our growth strategy and are within our overall capital expenditure guidance. Progress on each of these initiatives is reviewed below:

Evolving our depot model

During the year Howdens opened 29 new depots in the UK. We are opening all new depots in our updated format. We have line of sight to operate with around 1,000 depots in the UK, versus the 869 trading at the end of 2024. The depots will be supported by our cross docking (XDC) facilities which enable depots to optimise their stock holdings and provide high levels of service across the product range.

We have also continued with our reformatting programme for existing depots. Depot reformats have a payback of around four years and the programme is delivering incremental sales. In 2024 we reformatted 76 depots, including relocations, with a further 8 completed since the year end. At the end of 2024, we had reformatted around 350 of the 670 depots which were opened in the old format. We plan to reformat around 60 depots in 2025 (including relocations), which will bring the total proportion of UK depots trading in the new format to around 70% by the end of 2025.

Improving our product range and supply management

Range Management

Howdens has accelerated new product introductions (NPIs) in recent years to ensure we are at the forefront of the sector. We have introduced our "Find The Gap" initiative to test customer feedback on new products in a representative sample of depots to ensure we can bring more proven styles to market more quickly. Our NPI for 2024 had an emphasis on value for money and choice at all price-points, and included 11 new kitchen ranges, of which 10 were aimed at the entry and mid-market segments:

- In our entry level kitchen ranges we added two new frontal options, Greenwich in Marine Blue and Witney in Reed Green.
- For our mid-price shaker families, Halesworth and Bridgemere, we added six new colours for 2024. For our versatile mid-priced family, Clerkenwell, we introduced two new colours.
- We also continued to develop our higher priced kitchen portfolio, which is a large segment of the market, where we are under-represented. The premium Paint To Order service, which we introduced in the second half of 2023, has received excellent customer feedback. In 2024, we had 15 Paint To Order colour choices, and we refreshed the palette with five new colours in the second half.
- We introduced 22 decors to our solid surface "template and fit" business offer giving us a comprehensive range of 58 decors to suit all budgets. We will increase this to 63 decors in 2025.
- In doors, during 2024 we added more colour and bolder styles at all price points. Our new own label flooring brand, "Oake & Gray", is performing very well and new flooring product for 2024 also included a leading third-party premium priced vinyl brand, Karndean. Our Oake & Gray range will be expanded further in 2025, following a positive customer response.
- Also for 2025 we have launched a new own label ironmongery range "Fuller and Forge" featuring door furniture in a range of styles.
- In appliances, we made further additions to our Lamona brand, which is the leading integrated appliance brand in the UK, alongside extensions to our range of third party branded product, and in sinks and taps we added more styles, colours and finishes in line with market trends.
- Our new bedroom ranges were developed utilising our existing manufacturing and supply infrastructure and comprised 19 ranges in four leading family designs at the year end. These were drawn from our kitchen portfolio, and matched with new internal accessories including pull-down rails, mirrors and internal storage solutions. We are adding six more options in 2025 to these existing families and will be adding a fifth Clerkenwell family in four colours.

Manufacturing and supply chain

Howdens is an in-stock business and in 2024 our service level from our primary distribution sites to depots was 99.98%. Our new stock management, "Daily Traders", initiative which was implemented in all UK depots last year improves customer service levels, promotes footfall and increases sales by optimising in-depot stockholdings of best-selling SKUs and associated "range completers".

Over time we continue to assess opportunities to increase the proportion of products we make balancing cost with overall supply chain availability, resilience and flexibility. In 2024 several major investments were completed. In the first full year of production, volumes on the new panel lines at our Howden factory site were around 1.7m. These lines give us the ability to make a variety of kitchen products, principally doors and panels, for more of our ranges, at a lower cost and at a reduced lead time to delivery than externally sourced products. Our Paint To Order factory, located in a purpose-built facility near our Howden factory, gives us an industry leading production capability. During the Autumn peak trading period we achieved our turnaround times for customer orders despite a doubling of demand.

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 ambitions for the business, we are in discussions with all interested parties to develop the site to increase the capacity and broaden its capabilities. Following successful outcomes to the planning process, we would expect the works will take several years to complete. We will provide an update on how our plans are progressing later in the year. We are also negotiating to acquire the freehold of the Runcorn factory site which may or may not lead to a transaction.

Developing our digital platform

Our digital strategy reinforces our model of strong local relationships between depots and their customers by raising brand awareness, supporting the business model with new services and ways to trade with us and delivering productivity benefits for depot employees and customers. In 2024, usage of our online account facilities, which benefits customers and depots, continued to increase and we now have around 50% of our customers using our digital platform.

In 2024, we rolled out a digitised in-depot stock management system "Live-Stock" to all our depots. The stock surety provided by this, and other initiatives such as "Daily Traders", has enabled us to deliver a new, upgraded "Click and Collect" service to our trade customers, which is available for everyday products. The service was launched in the first half of 2024, enabling online customers to check real-time availability of stock online on a depot-by-depot basis, review their individual confidential prices and place orders for collection at a time of their choosing.

In 2025, amongst other initiatives, we will launch a new account management tool which will help depots manage their customer relationships and business development activities more efficiently and productively.

Developing our international operations

Our international operations mostly comprise Howdens' kitchen and joinery businesses in France and Belgium where we operate with a network of 65 depots. In 2022, we also opened in the Republic of Ireland where we now have 13 depots. In these countries we continue to operate our "a city-based" approach to depot expansion.

In France, we focused on team development in 2024 to drive greater emphasis on same depot sales, promoting higher customer footfall and developing relationships with local trade who may not have come across Howdens' differentiated model. One of the ways we are achieving this is to invest in enhanced offerings of "footfall promoting" products to drive walk in trade. In addition, as is done regularly in the UK, we are now running a schedule of trade days at all French depots, with aligned promotional activity and more supplier support. The business has responded well to these actions and its performance improved significantly in the second half of the year. We will continue with these actions during 2025.

Sales in the Republic of Ireland were encouraging in the year, and we will be opening more depots there in 2025. The market is attractive and Howdens' in stock offer in kitchens and joinery has been well received by local customers.

Environment, Social, and Governance (ESG)

Our Commitment to 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 plan approved by the Science Based Targets initiative (SBTi) in January 2024. ESG governance and reporting requirements continue to expand, and in recent months we have seen significant escalation in compliance, assurance, and regulatory requirements on sustainability matters. We are therefore re-evaluating our future reporting requirements to maintain our leading position and ensure we are fully compliant with any upcoming legislation. 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.

Governance and disclosure

In preparation for our European businesses reporting on the Corporate Sustainability Reporting Directive (CSRD), we conducted an ESG Double Materiality Assessment, identifying key areas such as biodiversity and nature, pollution and the circular economy for greater engagement and future reporting. This work builds on our SBTi commitments and current Task Force for Climate-Related Financial Disclosures (TCFD) reporting. Our strategy is evolving but we remain clear on our ESG strategic pillars and understand many of the risks, issues, and opportunities. We will publish our transition plan in 2025. Despite the delay in EU Deforestation Regulation (EUDR) implementation, we are continuing our preparations to meet the required obligations for our European businesses operating within the EU. We expect that EUDR will come into force in December 2025, and we will publish our Zero Deforestation policy in advance of the regulations coming into force.

Road to Zero Campaign

Our Road to Zero campaign, focusing on Zero Waste and Zero Emissions, continues to gain wider recognition as a tool for

Our Road to Zero campaign, focusing on Zero Waste and Zero Emissions, continues to gain wider recognition as a tool for communicating key sustainability messages both internally and externally.

Operational Achievements in 2024

1. **Carbon Trust Accreditation**: We transitioned from Carbon Neutral Status to gaining accreditation from the Carbon Trust with their Route to Net Zero Standard Certification in December 2024, moving from site-based accreditation to whole-organisation certification aligned with SBTi best practice.
2. **Zero to Landfill**: We maintained zero to landfill in all manufacturing sites and depots. Waste timber is recycled back to our major chipboard supplier, and all material is recovered, with much being used to create energy from waste or recycled into plastic or cardboard. Waste sawdust is used by Howdens for biomass and heating our factories and warehouses, and quartz offcuts from our two solid work surfaces factories are used for building roads.
3. **Decarbonisation and Renewable Energy Initiatives**: We recently installed nearly 7,000 solar panels on a single roof at our Howden factory (our largest site approaching 80 acres), reducing approximately 1,000 TCO2e annually and 8% of purchased energy. We continue to source 100% renewable energy across our sites and 96% of all Howdens depots. A waste heat recovery project implemented in 2024 at our factory sites is saving over 600T of CO2e annually, and Power Radar meters also fitted have identified savings of over 500T CO2e annually.

Fleet Emissions

5. **Cleaner Fuel and Electric Vehicles**: We have a clear emissions reduction plan aligned with our SBTI targets to 2030. We doubled the quantity of Hydrotreated Vegetable oil (HVO) fuel in 2024 and will increase it to 40% by the end of 2025. We now have 15 Liquid Natural Gas vehicles and 4 electric trucks operating across our XDC network which results in a c.80% saving of CO2 versus conventional diesel fuel.

Supplier Emissions

6. As a vertically integrated business Scope 3 emissions account for 95% of our total emissions, with 40% being emitted indirectly by suppliers. We have engaged over 100 suppliers, with over 50% submitting data for the last three years. We continue supplier and industry collaboration to ensure decarbonisation and in 2024, we focused heavily on supplier engagement. Initially targeting our top six suppliers, we have since expanded our programme to include the top 30 and onboarded an additional 70 suppliers throughout 2024. We conducted webinars with live Q&A sessions, outlining our expectations for emission reductions, with over 250 supplier representatives attending. Net Zero obligations are now mandated in all our Supplier trading terms and conditions.

Sustainable Products and Packaging

7. **Design Process**: Sustainability is a key pillar of our design process. The following are examples of activities in 2024 as we continue to re-engineer our processes to be more sustainable:

    - Our bestselling Greenwich matt Kitchen frontals are 100% recyclable. Made in our UK factories our cabinets and panels are made from a combination of recycled wood, including old kitchens and new wood, which comes from a sustainably managed forest in the UK, where for every acre of trees harvested, an acre or more is planted.
    - In our new Paint to Order factory for our best timber kitchens we are now using water soluble paints, which have much less of an impact on the environment, rather than solvents.
    - We have a Plastic Pledge across the business to remove, reduce, or replace plastic packaging where possible. This year we removed 39 tonnes of plastic (equivalent to 110 Tonnes of CO2) by redesigning our tower cabinets and continuing to remove polystyrene from packaging.
    - All Howdens' timber products are Forestry Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certified meaning they are sourced from well managed forests or recycled sources.

People

Howdens' key asset is its workforce, and we want to attract, train, and retain great people from the widest possible pool of talent as well as keep them safe and healthy while at work. Howdens is committed to ensuring that safety is embedded as a core value in everything we do.

Our safety KPI has remained low at 176 RIDDORs (Reporting of Injuries Diseases and Dangerous Occurrences Regulation) reportable injuries per 100,000 employees in 2024. This is 19% below the 2023/2024 HSE All-Industry rate of 217. Our accident severity rate has also remained low at 28.8 hours lost to accidents per 100,000 hours worked.

We are particularly proud of our longstanding commitment to apprenticeships and the development of homegrown talent, which is essential to our entrepreneurial model, with more than 1 in 10 of our current UK employee population starting with the business as an apprentice. In 2023 we recruited 522 apprentices across the depot network and 19 more in our manufacturing and supply chain operations. We have over 600 apprentices currently on our development programmes, including 103 existing employees upskilling. There were 229 apprentices who completed programmes in 2024, with a 78% retention rate.

Inclusion and Diversity

Our ambition is to be known for being worthwhile for all concerned. We measured this with our first Howdens diversity census in

Our ambition is to be known for being worthwhile for all concerned. We measured this with our first Howdens diversity census in March 2024, which was sent to all employees. We received around 3,000 responses with around 70% of the survey agreeing with the statement that Howdens is a place where everyone has the opportunity to succeed, 68% agreed it is a great place to work, and 73% were proud to work for Howdens. We intend to run the survey periodically to help us inform future actions for our inclusion action plan which focuses on supporting managers and broadening our reach.

During the year we updated our Bullying and Harassment Policy following a change in legislation and provided further training for managers. This included over 550 Howdens employees attending our "Leading the Way" training in 2024, an in-house leadership course which helps potential and existing managers to lead their teams and create an inclusive team culture while maintaining our entrepreneurial decentralised depot culture. So far, a further 370 attendees are signed up for 2025.

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

This going concern review period covers the period of 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 14.

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 £343.6m, 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 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 page 5).

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, reduced from the base case in the same proportion as the reduction in profit, and share buybacks in line with the Group's 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.

Results of scenario modelling

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 £343.6m.
- 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 pages 14 to 16, together with 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.

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 page 5).
2. The severe but plausible downside 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. It includes dividends reduced from the base case in the same proportion as the reduction in profit, and share buybacks in line with our capital allocation model.

3. In the reverse stress-test scenario, the model 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 modelling

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 long-term prospects and 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.

PRINCIPAL RISKS AND UNCERTAINTIES

When we look at risks, we specifically think about internal and external drivers of operational, compliance, financial and strategic risk areas over short, medium, and long-term timescales.

Our principal risks

The following describes our principal risks, the possible impact arising from them, what we do to mitigate them and our risk appetite.

1. Market Conditions

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.
- We use insights from our depot network, our builders' forums and other channels to adapt to market changes.
- We use our strong supplier relationships to identify changing market conditions and trends to adapt.

Risk appetite

We have a low appetite for market condition risks, and we maintain close relationships with our customers and suppliers to take appropriate action.

2. Supply Chain

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 adopt secure supply chain strategies such as 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 optimise our stock levels to reduce impact of supply chain constraints.

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.

3. Maximising Growth

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.

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 carefully balance that risk with the potential reward presented.

4. People

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 all our colleagues.
- We work continuously to ensure that appropriate continuity and succession plans are in place.
- The Remuneration Committee are regularly updated on key people activity including plans to improve diversity and employee financial education.
- We support our colleagues with 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.

5. Health & Safety

Risk and impact

We have a large estate which employ 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 very low appetite for health and safety risks.

6. Cyber Security

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 our systems.

7. Business Model and Culture

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, Regional Board meetings and Staff Forums 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.

8. Product

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 needs of our customers.

9. Business Continuity & Resilience

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 to support peak trading.

Risk appetite

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

CAUTIONARY STATEMENT

Certain statements in this Full Year results announcement are forward-looking. Although the Group believes that the expectations

Certain statements in this Full Year results announcement 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.

DIRECTORS' RESPONSIBILITY STATEMENT

The 2024 Annual Report and Accounts, which will be issued in March 2025, will contain a responsibility statement in compliance with DTR 4.1.12 of the Listing Rules which sets out that as at the date of approval of the Annual Report and Accounts the Directors confirm to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company, and the undertakings included in the consolidation taken as a whole;
- the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and the undertakings including the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and
- the Annual Report and Accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors and is signed on its behalf by:

Andrew Livingston	Paul Hayes
Chief Executive Officer	**Chief Financial Officer**

26 February 2025

Consolidated income statement

	Notes	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Continuing operations:			
Revenue	2	**2,322.1**	2,310.9
Cost of sales		**(891.0)**	(907.0)
Gross profit		**1,431.1**	1,403.9
Operating expenses		**(1,091.9)**	(1,063.7)
Operating profit	3	**339.2**	340.2
Finance income		**9.9**	5.5
Finance costs		**(21.0)**	(18.1)
Profit before tax		**328.1**	327.6
Tax on profit	4	**(78.8)**	(73.0)
Profit for the period attributable to the equity holders of the parent		**249.3**	254.6
Earnings per share:			
Basic earnings per 10p share	5	**45.6p**	46.5p
Diluted earnings per 10p share	5	**45.4p**	46.3p

Consolidated statement of comprehensive income

	Notes	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Profit for the period		**249.3**	254.6
Items of other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains on defined benefit pension scheme		**12.7**	13.3
Deferred tax on actuarial losses on defined benefit pension scheme		**(3.2)**	(2.9)
Change of tax rate on deferred tax		-	(0.4)
Items that may be reclassified subsequently to profit or loss:			

Currency translation differences	**(3.1)**	(0.5)
Other comprehensive income for the period	**6.4**	9.5
Total comprehensive income for the period attributable to equity holders of the parent	**255.7**	264.1

Consolidated balance sheet

	Notes	28 December 2024 £m	30 December 2023 £m
Non-current assets			
Intangible assets		**58.1**	43.5
Property, plant and equipment		**500.6**	456.9
Lease right-of-use assets		**642.3**	647.9
Deferred tax asset		**10.5**	15.6
Long term prepayments		**1.4**	0.8
		1,212.9	1,164.7
Current assets			
Inventories		**390.7**	382.8
Corporation tax		**25.7**	39.7
Trade and other receivables		**264.6**	194.5
Cash and cash equivalents		**343.6**	282.8
		1,024.6	899.8
Total assets		**2,237.5**	2,064.5
Current liabilities			
Lease liabilities		**(89.3)**	(85.3)
Trade and other payables		**(386.8)**	(373.2)
Provisions		**(8.3)**	(9.5)
		(484.4)	(468.0)
Non-current liabilities			
Pension liability	7	**(2.1)**	(12.6)
Lease liabilities		**(591.7)**	(599.2)
Deferred tax liability		**(26.4)**	(3.3)
Provisions		**(4.2)**	(3.0)
		(624.4)	(618.1)
Total liabilities		**(1,108.8)**	(1,086.1)
Net assets		**1,128.7**	978.4
Equity			
Share capital		**55.4**	55.4
Capital redemption reserve		**9.8**	9.8
Share premium		**87.5**	87.5
ESOP and share-based payments		**21.3**	16.6
Treasury shares		**(18.8)**	(24.0)
Retained earnings		**973.5**	833.1
Total equity		**1,128.7**	978.4

The financial statements were approved by the Board and authorised for issue on 26 February 2025 and were signed on its behalf by

Paul Hayes

Chief Financial Officer

Consolidated statement of changes in equity

	Share capital £m	Capital redemption reserve £m	Share premium account £m	ESOP and share-based payments £m	Treasury shares £m	Retained earnings £m	Total £m
At 24 December 2022	**56.1**	**9.1**	**87.5**	**11.7**	**(25.5)**	**732.8**	**871.7**
Accumulated profit for the period		-	-	-	-	254.6	254.6
Other comprehensive income for the period	-	-	-	-	-	9.5	9.5
Total comprehensive income for the period	-	-	-	-	-	264.1	264.1
Current tax on share schemes	-	-	-	-	-	0.3	0.3
Movement in ESOP	-	-	-	6.4	-	-	6.4
Buyback and cancellation of shares	(0.7)	0.7	-	-	-	(50.0)	(50.0)
Transfer of shares from treasury into share trust	-	-	-	(1.5)	1.5	-	-

treasury into share trust							
Dividends	-	-	-	-	-	(114.1)	(114.1)
At 30 December 2023	**55.4**	**9.8**	**87.5**	**16.6**	**(24.0)**	**833.1**	**978.4**
Accumulated profit for the period		-	-	-	-	249.3	249.3
Other comprehensive income for the period	-	-	-	-	-	6.4	6.4
Total comprehensive income for the period	-	-	-	-	-	255.7	255.7
Current tax on share schemes	-	-	-	-	-	0.5	0.5
Deferred tax on share schemes	-	-	-	-	-	0.1	0.1
Movement in ESOP	-	-	-	9.9	-	-	9.9
Transfer of shares from treasury into share trust	-	-	-	(5.2)	5.2	-	-
Dividends	-	-	-	-	-	(115.9)	(115.9)
At 28 December 2024	**55.4**	**9.8**	**87.5**	**21.3**	**(18.8)**	**973.5**	**1,128.7**

The item "Movement in ESOP" consists of the share-based payment charge in the year, together with any receipts of cash from employees on exercise of share options.

At the current period end there were 3,844,331 ordinary shares held in treasury, each with a nominal value of 10p (2023: 4,918,375 shares of 10p each).

Consolidated cash flow statement

	Notes	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Profit before tax		**328.1**	327.6
Adjustments for:			
Finance income		**(9.9)**	(5.5)
Finance costs		**21.0**	18.1
Depreciation and amortisation of owned assets		**57.1**	50.8
Depreciation, impairment and loss on termination of leased assets		**97.0**	90.1
Share-based payments charge		**9.6**	6.0
(Increase)/decrease in long term prepayments		**(0.6)**	0.3
Difference between pensions operating charge and cash paid		**1.9**	(16.9)
Loss on disposal of property, plant and equipment and intangible assets		**0.4**	0.3
Operating cash flows before movements in working capital		**504.6**	470.8
Movements in working capital			
Increase in inventories		**(7.9)**	(9.5)
(Increase)/decrease in trade and other receivables		**(70.1)**	38.8
Increase / (decrease) in trade and other payables and provisions		**12.7**	(64.3)
		(65.3)	(35.0)
Cash generated from operations		**439.3**	435.8
Tax paid		**(39.2)**	(63.5)
Net cash flow from operating activities		**400.1**	372.3
Cash flows used in investing activities			
Payments to acquire property, plant and equipment and intangible assets		**(122.0)**	(118.9)
Receipts from sale of property, plant and equipment and intangible assets		**0.1**	-
Interest received		**9.8**	4.7
Net cash used in investing activities		**(112.1)**	(114.2)
Cash flows used in financing activities			
Payments to acquire own shares		-	(50.0)
Receipts from release of shares from share trust		**0.4**	0.5
Dividends paid to Group shareholders	6	**(115.9)**	(114.1)
Interest paid - including on lease liabilities		**(20.7)**	(16.8)
Repayment of capital on lease liabilities		**(92.7)**	(105.0)
Net cash used in financing activities		**(228.9)**	(285.4)
Net increase / (decrease) in cash and cash equivalents		**59.1**	(27.3)
Cash and cash equivalents at beginning of period		**282.8**	308.0
Effect of movements in exchange rates on cash held		**1.7**	2.1
Cash and cash equivalents at end of period		**343.6**	282.8

Notes to the consolidated financial statements

Notes to the consolidated financial statements

1 General Information

Accounting period

The Group's accounting period covers the 52 weeks to 28 December 2024. The comparative period covered the 53 weeks to 30 December 2023.

Statement of compliance and basis of preparation

The Group financial statements have been prepared in accordance with UK-adopted international accounting standards.

The financial statements have been prepared on the historical cost basis, modified for certain items carried at fair value, as stated in the accounting policies.

These consolidated financial statements include the accounts of the Company and all entities controlled by the Company (its subsidiaries, together referred to as "the Group") from the date control commences until the date that control ceases.

"Control" is defined as the Group having power over the subsidiary, exposure or rights to variable returns from the subsidiary, and the ability to use its power to affect the amount of returns from the subsidiary. Further details of all subsidiaries are given in the "Additional Information" section at the back of the Annual Report and Accounts. All subsidiaries are 100% owned and the Group considers that it has control over them all.

The financial information set out above does not constitute the company's statutory accounts for the 52 week period ended 28 December 2024 or 53 weeks period ended 30 December 2023 but is derived from those accounts. Statutory accounts for 2023 have been delivered to the registrar of companies, and those for 2024 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified4, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Going concern

The Directors have undertaken a robust assessment and concluded that it is appropriate to prepare the financial statements on the going concern basis. They have not identified any material uncertainties and there were no significant judgements involved in coming to this conclusion. Full details are set out on pages 10 to 11.

2 Segmental reporting

(a) Basis of segmentation, and other general information

Information reported to the Group's Executive Committee, which is regarded as the chief operating decision maker, is focused on one operating segment, Howden Joinery. Thus, the information required in respect of profit or loss, assets and liabilities, can all be found in the relevant primary statements and notes of these consolidated financial statements. The Howden Joinery business derives its revenue from the sale of kitchens and joinery products, and related services.

(b) Geographical information

The Group's operations are mainly located in the UK, with a smaller presence in France, Belgium and the Republic of Ireland. The Group has depots in each of these locations. The number of depots in each location at the current and prior period ends is shown in the five year record which is located towards the back of the Annual Report and Accounts. The Group's manufacturing and sourcing operations are located in the UK.

The following table analyses the Group's revenues from external customers by geographical market, irrespective of the origin of the goods:

Revenues from external customers

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
UK	**2,247.4**	2,241.1
France, Belgium and Ireland	**74.7**	69.8
	2,322.1	2,310.9

The following is an analysis of the carrying amount of assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located.

Carrying amount of assets

	28 December 2024 £m	30 December 2023 £m
UK	**2,119.6**	1,935.6
France, Belgium and Ireland	**117.9**	128.9
	2,237.5	2,064.5

Non-current assets (excluding non-current deferred tax)

	28 December 2024 £m	30 December 2023 £m
UK	1,129.4	1,068.3
France, Belgium and Ireland	73.0	80.8
	1,202.4	1,149.1

Additions to property plant and equipment and intangible assets

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
UK	114.2	108.3
France, Belgium and Ireland	3.3	9.1
	117.5	117.4

3 Operating profit

Operating profit has been arrived at after (charging)/crediting:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Cost of inventories recognised as an expense	(889.5)	(900.9)
Write down of inventories	(1.5)	(6.1)
Loss on disposal of fixed assets	(0.4)	(0.3)
Auditor's remuneration for audit services	(1.4)	(1.3)

All of the items above relate to continuing operations.

4 Current tax

(a) Tax in the income statement

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Current tax:		
Current year	60.5	64.7
Adjustments in respect of previous periods	(6.8)	(8.2)
Total current tax	53.7	56.5
Deferred tax:		
Current year	21.2	14.9
Adjustments in respect of previous periods	3.9	0.9
Effect of changes in tax rate	-	0.7
Total deferred tax	25.1	16.5
Total tax charged in the income statement	78.8	73.0

UK Corporation tax is calculated at 25.0% (2023: 23.5%) of the estimated assessable profit for the period. Tax for other countries is calculated at the rates prevailing in the respective jurisdictions.

(b) Tax relating to items of other comprehensive income or changes in equity

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Deferred tax charge to other comprehensive income on actuarial difference on pension scheme	3.2	2.9
Change of rate effect on deferred tax	-	0.4
Deferred tax credit to equity on share schemes	(0.1)	-
Current tax credit to equity on share schemes	(0.5)	(0.3)
Total charge to other comprehensive income or changes in equity	2.6	2.9

(c) Reconciliation of the total tax charge

The total tax charge for the period can be reconciled to the result per the income statement as follows:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Profit before tax	328.1	327.6

Tax at the UK corporation tax rate of 25.0% (2023: 23.5%)	**82.0**	77.0
IFRS2 share scheme charge	**0.1**	0.5
Expenses not deductible for tax purposes	**1.7**	2.9
Overseas losses not utilised	**6.3**	6.2
Non-qualifying depreciation	**1.6**	1.0
Rate change	**-**	0.7
Patent box claim	**(10.0)**	(8.0)
Other tax adjustments in respect of previous years	**(2.9)**	(7.3)
Total tax charged in the income statement	**78.8**	73.0

The Group's effective rate of tax is 24.0% (2023: 22.3%).

5 Earnings per share

	52 weeks to 28 December 2024			53 weeks to 30 December 2023		
From continuing operations	**Earnings £m**	**Weighted average number of shares m**	**Earnings per share p**	**Earnings £m**	**Weighted average number of shares m**	**Earnings per share p**
Basic earnings per share	**249.3**	**546.7**	**45.6**	254.6	548.1	46.5
Effect of dilutive share options	**-**	**2.1**	**(0.2)**	-	2.1	(0.2)
Diluted earnings per share	**249.3**	**548.8**	**45.4**	254.6	550.2	46.3

The difference between the weighted average number of shares used in the calculation of basic earnings per share and the total number of shares in issue at the period end is due to the net effect of time-apportioned adjustments for shares held in treasury, shares held in trust which are not unconditionally vested, and shares bought back and cancelled in the period.

6 Dividends

Amounts recognised as distributions to equity holders in the period:	**52 weeks to 28 December 2024 £m**	**53 weeks to 30 December 2023 £m**
Final dividend for the 52 weeks to 24 December 2022 - 15.9p/share	**-**	87.8
Interim dividend for the 53 weeks to 30 December 2023 - 4.8p/share	**-**	26.3
Final dividend for the 53 weeks to 30 December 2023 - 16.2p/share	**89.0**	
Interim dividend for the 52 weeks to 28 December 2024 - 4.9p/share	**26.9**	
	115.9	114.1

Dividends proposed at the end of the period (but not recognised in the period):	**52 weeks to 28 December 2024 £m**
Proposed final dividend for the 52 weeks to 28 December 2024 - (16.3p/share)	**89.2**

The Directors propose a final dividend in respect of the 52 weeks to 28 December 2024 of 16.3p per share, payable to ordinary shareholders who are on the register of shareholders on 11 April 2025, and payable on 23 May 2025.

The proposed final dividend for the current period is subject to the approval of the shareholders at the 2025 Annual General Meeting, and has not been included as a liability in these financial statements.

Dividends have been waived indefinitely on all shares held by the Group's employee share trusts which have not yet been awarded to employees.

7 Retirement benefit obligations

The Group operates both a defined benefit and defined contribution pension plan. The defined benefit pension plan was closed to new entrants from April 2013, and closed to future accrual on 31 March 2021.

(a) Total amounts charged in respect of pensions in the period

	52 weeks to 28 December 2024 £m	**53 weeks to 30 December 2023 £m**
Charged to the income statement:		
Defined benefit plan - administration cost	**1.9**	2.3
Defined benefit plan - total service cost	**1.9**	2.3
Defined benefit plan - net finance charge	**0.3**	1.3
Defined contribution plans - total operating charge	**43.5**	42.5
Total net amount charged to profit before tax	**45.7**	46.1
Charged to equity:		
Defined benefit plan - actuarial gain	**(12.7)**	(13.3)
Total charge	**33.0**	32.8

(b) Other information - defined benefit pension plan

Key assumptions used in the valuation of the plan	52 weeks to 28 December 2024	53 weeks to 30 December 2023
Discount rate	**5.50%**	4.55%
Inflation assumption - RPI	**3.15%**	3.05%
Inflation assumption - CPI	**2.75%**	2.60%
Rate of increase of pensions in deferment capped at lower of CPI and 5%	**2.75%**	2.60%
Rate of CARE revaluation capped at lower of RPI and 3%	**2.30%**	2.40%
Rate of increase of pensions in payment:		
- pensions with increases capped at lower of CPI and 5%	**2.70%**	2.60%
- pensions with increases capped at lower of CPI and 5%, with a 3% minimum	**3.55%**	3.40%
- pensions with increases capped at the lower of LPI and 2.5%	**2.00%**	2.15%
- pensions with increases capped at the lower of CPI and 3%	**2.15%**	2.20%
Life expectancy (yrs): pensioner aged 65		
- male	**85.7**	85.7
- female	**88.0**	88.0
Life expectancy (yrs): non-pensioner aged 45		
- male	**86.7**	86.7
- female	**89.6**	89.6

Sensitivities

		Projected 2025 pension cost		
	Present value of scheme liabilities at 28 December 2024 £m	Total service cost £m	Net interest (credit)/cost £m	Net pension (credit)/ expense £m
Assumption				
Current valuation, using the assumptions above	**808**	2.1	0.1	2.2
0.5% decrease in discount rate	**860**	2.1	3.0	5.1
0.5% increase in inflation	**829**	2.1	1.3	3.4
1 year increase in longevity	**836**	2.1	1.7	3.8

The sensitivities above are applied to the defined benefit obligation at the end of the reporting period, and the projected total service cost for 2025. Whilst the analysis does not take account of the full distribution of cash flows expected under the scheme, it does provide a reasonable approximation. The same amount of movement in the opposite direction would produce a broadly equal and opposite effect.

To address the requirements of both IAS 1 and IAS 19, we note that the effect on the discount rate and inflation sensitivities of flexing them down by 0.25% or up by 1% in a linear manner would give materially correct results.

	28 December 2024		30 December 2023	
Analysis of plan assets	**Quoted market price in an active market £m**	**No quoted market price in an active market £m**	**Quoted market price in an active market £m**	**No quoted market price in an active market £m**
LDI*				
- fixed income	**315.8**	-	282.9	-
- derivatives	**(38.0)**	-	20.5	-
- cash	**8.3**	-	12.7	-
Equities				
- passive equities	-	-	-	49.8
Alternative growth assets				
- insurance-linked securities	-	**78.9**	-	70.8
Corporate bonds	-	-	0.1	-
Commercial property funds	-	**210.2**	-	233.4
Other secure income	**113.9**	**107.0**	60.0	161.9
Asset-backed securities	**0.5**	-	0.5	-
Cash and cash equivalents	**9.3**	-	8.3	-
Total	**409.8**	**396.1**	385.1	515.9

The plan assets do not include any of the Group's own financial instruments nor any property occupied by, or other assets used by, the Group.

*LDI - Liability Driven Investments - is a portfolio of investments chosen with the aim that its value is expected to move in line with movements in the value of the underlying liabilities. The LDI portfolio can include a variety of investments, the simplest being conventional and index-linked gilts with appropriate maturities. LDI portfolios often use a degree of leverage to achieve the same aim but to allow more return-seeking assets to be invested in at the same time. Derivatives and repurchase agreements are the main tools used to employ leverage.

to employ leverage.

Balance sheet

The amount included in the balance sheet arising from the Group's obligations in respect of defined benefit retirement benefit plan is as follows:

	28 December 2024 £m	30 December 2023 £m
Present value of defined benefit obligations	**(808.0)**	(913.6)
Fair value of scheme assets	**805.9**	901.0
Deficit in the scheme, recognised in the balance sheet	**(2.1)**	(12.6)

Movements in the present value of defined benefit obligations were as follows:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Present value at start of period	**913.6**	930.5
Administration cost	**1.9**	2.3
Interest on obligation	**40.6**	42.8
Actuarial losses/(gains):		
- changes in financial assumptions	**(102.7)**	14.2
- changes in demographic assumptions	**(1.6)**	(26.5)
- experience	**0.3**	(9.2)
Benefits paid, including expenses	**(44.1)**	(40.5)
Present value at end of period	**808.0**	913.6

Movements in the fair value of the plan's assets is as follows:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Fair value at start of period	**901.0**	889.0
Interest income on plan assets	**40.3**	41.5
Employer contributions	**-**	19.2
Loss on assets excluding amounts included in net interest	**(91.3)**	(8.2)
Benefits paid, including expenses	**(44.1)**	(40.5)
Fair value at end of period	**805.9**	901.0

Movements in the deficit during the period are as follows:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Deficit at start of period	**(12.6)**	(41.5)
Administration cost	**(1.9)**	(2.3)
Employer contributions	**-**	19.2
Other finance charge	**(0.3)**	(1.3)
Total remeasurements recognised in other comprehensive income	**12.7**	13.3
Deficit at end of period	**(2.1)**	(12.6)

Income statement

Amounts recognised in the income statement arising from the Group's obligations in respect of the defined benefit plan are shown below.

Amount charged to operating profit:	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Current service cost	**-**	-
Administration cost	**1.9**	2.3
Total pensions cost	**1.9**	2.3

The total pensions cost is included in Staff Costs.

Amount credited to other finance charges:	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m

Amount credited to other finance charges:	£m	£m
Interest income on plan assets	**(40.3)**	(41.5)
Interest cost on defined benefit obligation	**40.6**	42.8
Net charge	**0.3**	1.3

The actual return on plan assets was a loss of £51.0m (53 weeks to 30 December 2023: gain of £33.5m).

Virgin Media case

In June 2023, the High Court issued a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others, concerning the validity of certain historical pension changes due to the absence of the actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans.

The plan's legal advisors are currently carrying out a review to identify any relevant pension changes and, for any such changes identified, to verify whether there is actuarial confirmation. This review is in progress. The defined benefit obligation presented below reflects the plan benefits currently being administered, i.e. it treats all past rule changes as being valid.