

Building Progress Together

Welcome

Grafton Group plc
is an international
business operating in the
distribution, manufacturing
and DIY retail sectors of the
building materials industry.



We are pleased to have successfully navigated challenging market conditions in 2024 to deliver adjusted operating profit slightly ahead of analysts' expectations. This resilient performance was supported by our exposure to different geographies, our diversified customer base and the active management of gross margin and costs."

Eric Born
Chief Executive Officer

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Financial highlights

Group revenue -1.60%

£2.28bn

2023: £2.32bn

Adjusted operating profit margin (i) (ii) -120bps

7.6%

2023: 8.8%

Dividend for the year +2.8%

37.0p

2023: 36.0p

Adjusted returns on capital employed (i) -160bps

10.3%

2023: 11.9%

Adjusted operating profit (i) -13.6%

£177.5m

2023: £205.5m

Cash generation from operations -10.8%

£298.3m

2023: £334.3m

Net cash (before IFRS 16 leases) -£107.7m

£272.1m

2023: £379.7m

Adjusted earnings per share – basic (i) -7.8%

71.8p

2023: 77.9p

Statutory highlights

Statutory operating profit -16.6%

£152.6m

2023: £183.1m

Net (debt) -£82.4m

(£131.7m)

2023: (£49.3m)

Statutory operating profit margin -120bps

6.7%

2023: 7.9%

Statutory earnings per share – basic -12.5%

60.9p

2023: 69.6p

(i) The term 'Adjusted' means before exceptional items, amortisation of intangible assets arising on acquisitions and acquisition related items in both years. Other 'Alternative Performance Measures' ('APMs') are detailed on pages 204 to 209.

(ii) Before property profit.

At a glance

Building progress together

Grafton Group plc is a Dublin based company, listed on the London Stock Exchange.

We operate

leading distribution formats for building materials and construction related products in Ireland, the UK, the Netherlands, Finland and Spain. We also operate the largest consumer focused DIY retailer in Ireland which is complementary to our Irish distribution business. We manufacture and distribute direct to end customers in the mortar, timber staircase and window markets in the UK.

We add value

for our customers by providing excellent product range availability, high service levels and competitive pricing. In our B2B offering, we focus on small and medium sized contractors and installers that are mainly active in the residential repair, maintenance and improvement and new-build end markets.

We provide

the benefit of scale combined with the local knowledge and focus of each operating business through regional or national branch networks.

We pride

ourselves on operational excellence and innovative solutions to support our customer-focused approach.

Our main brands

Distribution



Retailing



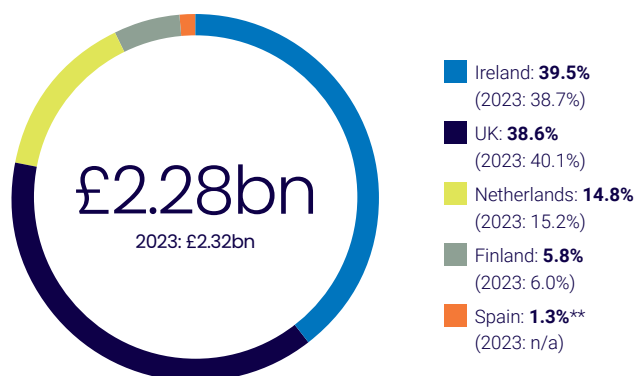
Manufacturing



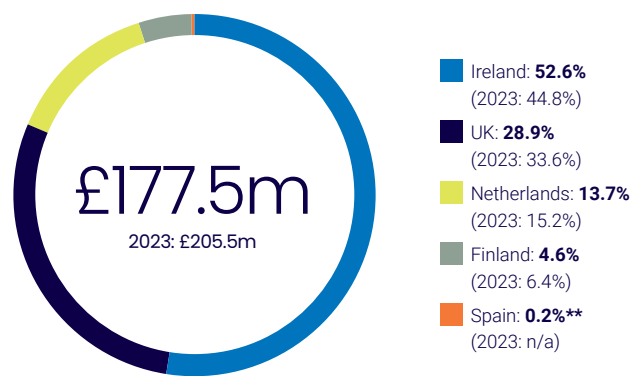
Our numbers by location

	Number of branches and factories	Revenue	Adjusted operating profit*	Adjusted operating profit margin
	92 2023: 92	£901.3m 2023: £898.2m	£100.0m 2023: £97.7m	11.1% 2023: 10.9%
	145 2023: 143	£881.9m 2023: £929.8m	£53.0m 2023: £73.5m	6.0% 2023: 7.9%
	125 2023: 124	£337.6m 2023: £351.5m	£26.4m 2023: £33.4m	7.8% 2023: 9.5%
	15 2023: 14	£131.8m 2023: £139.8m	£8.9m 2023: £14.2m	6.8% 2023: 10.2%
	92	£29.7m**	£0.3m**	1.1%

Group revenue by geography



Adjusted operating profit by geography***



* Before property profit of £4.0 million (2023: £1.3 million) and central activity costs of £15.1 million (2023: £14.5 million).

** Grafton acquired Salvador Escoda on 30 October 2024.

*** After central activity costs of £15.1 million (2023: £14.5 million), including property profit of £4.0 million (2023: £1.3 million). Other 'Alternative Performance Measures' (APMs) are detailed on pages 204 to 209.

2024 highlights

Highlights in the period included the strong performance of our Irish businesses and completion of the platform acquisition of Salvador Escoda, whilst also returning £154.1 million to shareholders through share buybacks and dividends.

In this year's report



Strong performance in Ireland

with the busiest December on record for Woodie's, while the rate of decline continues to ease in the UK.

[Find out more on page 30–31 and 37](#)



Over £1.2m donated to charities and good causes

through cash, in kind or volunteering which equates to 0.71 per cent of our operating profits for the year.

[Find out more on page 78](#)



Acquisition of Salvador Escoda

further extending our geographic diversification and providing exposure to a new growth market.

[Find out more on page 36](#)



Organic development initiatives

including branch openings, upgrades and refurbishments and investment in IT software.

[Find out more on page 29–39](#)

Investment case

Why invest in Grafton?

01

Strong local businesses with market leading positions

- In each market we operate in, we focus on developing trusted local brands with strong, defensible market positions
- We focus on fragmented markets with long-term underlying growth fundamentals that enable us to build market leading positions through organic and inorganic development

02

Acquisition and integration capability

- Track record of continuous improvement and organic development
- Federated structure with a lean central team focused on supporting business unit management teams with growth agenda and strategy and providing integration support for new acquisitions
- Experience in acquiring and successfully integrating businesses in multiple geographies

03

Operational strength and expertise

- Strong management teams with the relevant skills and experience to deliver our strategy
- Track record of continuous improvement and organic development
- Efficient operating model that drives cost synergies by leveraging infrastructure and functional expertise at Group level

04

Long-term drivers of growth

We operate in markets with structural long-term growth potential:

- shortage of housing, pressure on rental markets and growing populations
- need to improve the existing housing stock
- need to reduce carbon emissions and improve energy efficiency

05

Strong financial base

- Financially robust with a strong balance sheet
- Strong cash generation
- Investment grade credit rating
- Disciplined approach to capital allocation

Returns to shareholders in dividends and share buybacks (2020–2024)

£676.3m

Group revenue

£2.28bn

Group adjusted EPS

71.8p

Net cash (before IFRS 16 leases)

£272.1m

Year in review

Progress achieved. Future focused.

January

New IKH owned-store opened

IKH opens its 15th owned-store, located in Roihupelto, a suburb of Helsinki. IKH now has four owned-stores in the Finnish capital region.



February

Four new Isero branches opened

In addition to several branch refurbishments, Isero opened four new branches in 2024. Isero Drachten and Isero Zwaag opened in February, Isero Groningen opened in September, and in October, Isero opened another branch in Zwolle.



March–May

Appointment of Ian Tyler as Chair

Ian Tyler is appointed as Independent Non-Executive Director, Chair Designate and a member of the Nomination Committee on 1 March 2024 and he assumed the role of Chair of the Board and of the Nomination Committee on 2 May 2024.



June

CPI EuroMix champions diversity in the construction sector

CPI EuroMix, with the support of the Group, establishes the Building Bridges Network, which brings together leading construction industry names to champion best practice for equality, equity, diversity and inclusion in the industry.



Woodie's Heroes tenth annual fundraiser for Irish children's charities launched

The campaign went on to raise more than €0.5 million with funds raised divided equally among four charities: Autism Assistance Dogs Ireland; Children's Health Foundation; ISPC Childline; and Down Syndrome Ireland. The total raised by Woodie's Heroes over the past decade now stands at over €4.1 million.



July

Net-zero targets validated

Grafton Group has committed to reach net-zero greenhouse gas emissions across the value chain by 2050. In July, Grafton received validation by the Science Based Targets initiative of this target and the associated near and long-term targets.

Read more on page 64.



August

Frank Elkins appointed Chief Executive Officer of Selco and GB Distribution

Frank is a highly experienced Executive Director with broad experience in the UK building material distribution sector. Most recently, he worked with Travis Perkins plc for 12 years in a number of senior roles including Group Chief Operating Officer.



October

Grafton Group acquires Salvador Escoda, one of Spain's leading distributors of heating, ventilation and air conditioning (HVAC) products

The acquisition fits firmly with Grafton's ambition of expanding into new geographies in markets that have strong and unique propositions with the opportunity to drive further growth. Spain is forecast to be one of the fastest growing economies in Western Europe over the coming years with HVAC identified as one of the fastest growing market segments.



Leyland SDM opens 35th store in Belsize Park

Following the refurbishment of its High St. Kensington store in January, Leyland SDM opens its new South Kensington store in July and, in October, celebrated the opening of its 35th store located in Belsize Park.



New Lurgan branch and refurbished Antrim branch for MacBlair

Following the relaunch of its refurbished Antrim branch in September 2024, MacBlair opens the doors of its new Lurgan branch in October.



November

Grafton Group named among Top 100 Inclusive UK Employers Index 2024

The index recognises organisations that champion fairness, respect, equality, diversity, inclusion and engagement.

The rankings are based on colleague feedback from organisations that work towards the National Centre for Diversity's Investors in Diversity standard. Colleagues across Grafton Group and its UK-based brands Selco, Leyland SDM, TG Lynes, CPI EuroMix and StairBox, participated in the assessment.



December

Wooden Windows operations move to StairBox site

This represents the continued integration of Wooden Windows with StairBox, enhancing operational efficiencies across the business.



Success in the Builders' Merchant Awards for Selco and Chadwicks

At the 2024 Builders' Merchants Awards, Selco wins National Merchant of the Year (51+ Branches) and Community Initiative of the Year. Chadwicks took home the Training Initiative of the Year award.



Our main brands

Distribution

The distribution segment distributes building materials from 422 branches in Ireland, the UK, the Netherlands, Finland and Spain.

Number of branches

422

2023: 326

Distribution revenue

-1.4%

£1.91bn



Chadwicks

Chadwicks Group is Ireland's leading distributor of building materials operating from 56 branches in the Republic of Ireland under the Chadwicks, The Panelling Centre, Davies, Cork Builders Providers, Heiton Steel, Telfords, Proline, Sitetech and Rooneys brands.

www.chadwicksgroup.ie



Selco

Selco is a trade and business only distributor of building materials that operates a retail style self-select format. Trading from 75 branches, including 32 in London, it is primarily focused on trade customers engaged in small residential RMI projects.

www.selcobw.com



MacBlair

MacBlair is the leading distributor of building materials in Northern Ireland. MacBlair trades from 23 branches. The business supplies the trade, DIY and self-build markets with building materials, timber, doors and floors, plumbing and heating, bathrooms and landscaping products.

www.macblair.com



Leyland SDM

Leyland SDM is one of the most recognisable and trusted decorating and DIY brands in Central London where it distributes paint, tools, ironmongery and accessories from 35 stores.

www.leylandsdm.co.uk



TG Lynes

TG Lynes is a distributor of materials and plant for mechanical services, heating, plumbing and air movement, operating from a distribution centre in Enfield, North London.

www.tglynes.co.uk



Isero and Polvo

Isero/Polvo is the No. 1 specialist distributor of tools, ironmongery and fixings in the Netherlands trading from 125 branches and offering a comprehensive range of quality products to trade professionals supported by an exceptional level of customer service.

www.isero.nl/nl-nl



IKH

IKH is a leading distributor of workwear and PPE, tools, spare parts and accessories in Finland where it distributes its products through a network of independently operated IKH partner stores, third party distributors and 15 owned-stores.

www.ikh.fi/en



Salvador Escoda

Acquired on 30 October 2024, Salvador Escoda is one of Spain's leading distributors of heating, ventilation and air conditioning products. Headquartered in Barcelona, the business operates from 92 strategically located branches supported by four distribution centres.

www.salvadorescoda.com



Retailing

Woodie's is the largest DIY retailer in Ireland trading from 35 branches and online.

Number of
branches

35

2023: 35

Retail revenue

+1.1%

£261.1m

2024

£261.1m

2023

£258.2m

Woodie's

Woodie's

Woodie's is Ireland's market leading DIY, Home and Garden retailer with 35 stores nationwide and online offering an extensive range of DIY products, paints, lighting, homestyle, housewares, bathroom products and kitchens. Woodie's is also a leading retailer of seasonal categories including gardening and Christmas ranges.

www.woodies.ie



Manufacturing

The manufacturing segment is comprised of market leading dry mortar and timber staircase and window manufacturing businesses.

Number of
factories

12

2023: 12

Manufacturing revenue

-10.0%

£108.6m

2024

£108.6m

2023

£120.6m

CPI

EuroMix

CPI EuroMix

CPI EuroMix is the market leader in dry mortar manufacturing in the UK, operating from ten strategically located factories that provide almost national coverage.

www.cpieuromix.com



StairBox
we make stairs...easy

StairBox

StairBox is an industry leading UK manufacturer and distributor of bespoke wooden staircases and windows from a state-of-the-art production facility in Stoke-on-Trent where it also operates under the Wooden Windows brand.

www.stairbox.com



Group revenue by sector



- Distribution: **83.8%**
(2023: 83.7%)
- Retailing: **11.4%**
(2023: 11.1%)
- Manufacturing: **4.8%**
(2023: 5.2%)

Adjusted operating profit by sector excluding central activities*



- Distribution: **68.7%**
(2023: 71.2%)
- Retailing: **18.4%**
(2023: 15.0%)
- Manufacturing: **12.9%**
(2023: 13.8%)

* Before central activity costs of £15.1 million (2023: £14.5 million) and before property profit of £4.0 million (2023: £1.3 million). Other 'Alternative Performance Measures' ('APMs') are detailed on pages 204 to 209.

Building success

Building positive relationships with our stakeholders is a key factor in delivering long-term sustainable success. The Board, Group management and the management teams in each of our businesses consider the likely consequences of their decisions and actions on each of their stakeholder groups.

The Group governance framework delegates authority to local management teams supported by a tight control environment at Group level that allows individual businesses to take appropriate account of the needs of their own stakeholders in their decision-making.

Our decentralised structure means that each Business Unit engages extensively with its own unique stakeholder groups.

Details of the Group's key stakeholders and examples of how we engage with each of them are set out here:

Colleagues

What's important

- A strong sense of purpose and a company that lives by its values
- A diverse and inclusive work environment, where their overall safety, health and wellbeing is valued
- A business that does the right thing for people and the environment
- A culture where people can thrive, with opportunities for training, development and progression

How we engaged in 2024

Our businesses have a range of processes in place to engage with colleagues.

Annual colleague engagement surveys are carried out across our businesses, and combined with annual review processes, they provide an opportunity for colleagues to provide feedback to management.

The Group Board also takes the opportunity to engage with colleagues via Colleague Forums.

Colleagues also have access to the anonymous SpeakUp service to report concerns, while internal communications platforms facilitate information sharing between colleagues and teams.

Our businesses also utilise town hall meetings, newsletters and CEO blogs.

Customers

What's important

- Availability of a wide range of products and services on time and at competitive prices
- A safe and efficient on-site experience at convenient branch locations
- Online capability and ease of access to products
- Providing responsibly sourced and more sustainable options to customers

How we engaged in 2024

Our businesses are focused on delivering high quality and efficient service, providing product choice and innovation, and building strong and enduring customer relationships.

Our businesses engage closely with their customers in order to drive improvements in the quality of our service proposition, our product offering and to ensure that customer expectations are met.

Our businesses conduct surveys and review feedback from customers in order to improve the quality of the overall product and service proposition and to ensure that customer expectations are met.

During 2024 our businesses continued to invest in online platforms and develop online sales capabilities to respond to changing customer requirements.

Communities and the environment

What's important

- Building a successful and sustainable business that respects people and planet
- Operating our business in a way that respects the environment and biodiversity
- Supporting local and national causes
- Making a positive contribution to the communities where we operate

How we engaged in 2024

The stakeholder engagement carried out in 2023 with customers, colleagues, investors, lenders and suppliers for our double materiality analysis showed that climate change is the key environmental concern across our stakeholder groups.

Our sustainability strategy sets out our commitment to reducing our environmental impact. We have committed to reach net zero greenhouse gas emissions across the value chain by 2050 and have received validation by the Science-Based Targets initiative of this target and the associated near and long-term targets (see page 64). We are working on appropriate transition plans which will support the delivery of these targets.

We are committed to engaging with and supporting the communities in the locations where we operate. Our engagement is mainly through local activity at branch level, volunteering, charitable donations and providing employment and work experience opportunities.

Shareholders

What's important

- Financial performance and growth that maximises shareholder returns in a responsible way
- A clearly communicated strategy and business model
- A business that does the right thing for people and the environment
- Appropriate and considered decision making that is in the long-term interests of the Group

How we engaged in 2024

We maintain an open dialogue with shareholders through our Annual General Meeting ('AGM'), ongoing investor relations activity and shareholder consultation process, to ensure that their views are considered and factored into key decisions taken by the Board.

The Company Secretary and Deputy Company Secretary carried out governance roadshow meetings with shareholders in advance of the AGM in 2024. We also consulted with shareholders during the year on specific governance topics.

Executive management regularly engage with investors following results announcements and at other times throughout the year.

Shareholder feedback and details of significant movements in our shareholder register are reported to the Board on a regular basis.

Suppliers

What's important

- An efficient route to market for their products
- Communication and engagement
- Feedback on market demand and customer reaction
- Long term collaboration to build strong, lasting relationships

How we engaged in 2024

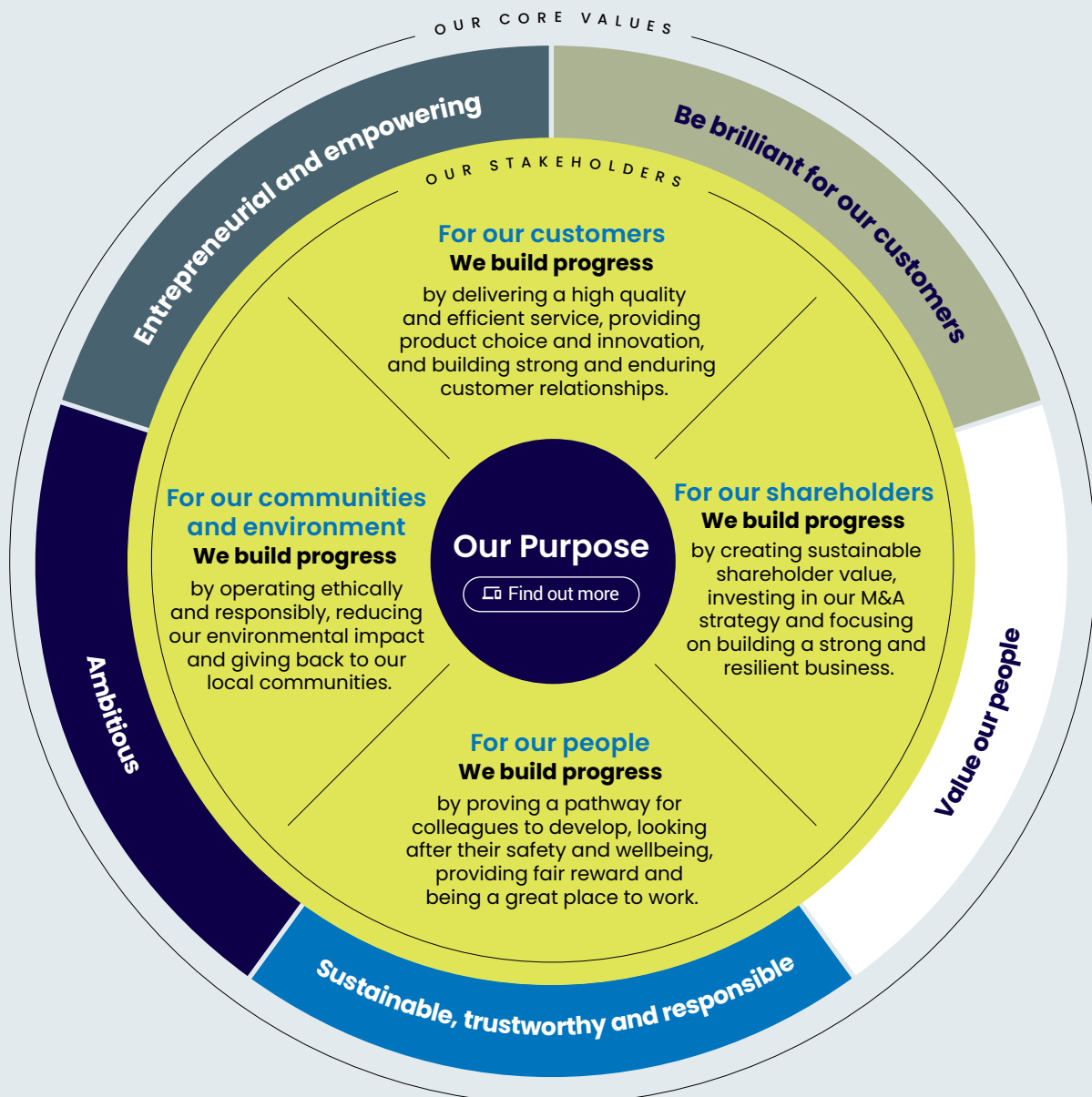
The commercial teams in each of our trading businesses maintain ongoing dialogue with their suppliers to build strong, long term relationships. Engagement with suppliers is primarily through a combination of day to day interactions and formal review meetings. Key areas of focus include innovation, product development, health and safety and compliance with our ethical standards.

Our ongoing supply chain risk management process, which is managed at Group level, provided an additional layer of engagement with suppliers to better understand their operation's sustainability credentials under a broad range of dimensions, policies and procedures (for further information see page 49).

During 2024 we were pleased to partner with EcoVadis, who will support us in the risk assessment of suppliers, the rating of their sustainability programmes and to drive improvements over time. In the second half of 2024 we prepared for the transition to this provider with training sessions with commercial teams across the Group commencing in January 2025.

Our purpose: building progress together

Our purpose reflects what we do and what we stand for as a business. It is about our passion for progress, for the benefit of all our stakeholders.



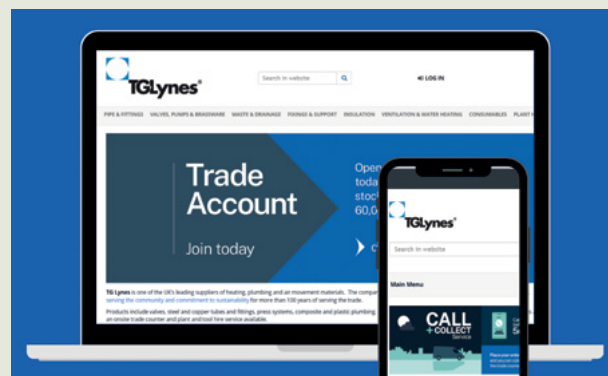
Our values in action

Be brilliant for our customers



Refurbishment of Chadwicks branches at Middleton and Wexford

In 2024, Chadwicks unveiled two newly refurbished branches in Middleton and Wexford as part of its ongoing nationwide branch upgrade programme. This programme which began in 2018 has seen 34 branches completely revamped to date with a view to improving the customer experience.



TG Lynes launches new website

In January 2024, TG Lynes launched its new website, making it easier for customers to manage their accounts and order products for next-day delivery. The online platform offers trade account customers efficient, round-the-clock methods to place and manage their orders.

Value our people



Cultural training for colleagues

During 2024 Selco, Leyland SDM, TG Lynes and StairBox rolled out a "Keep Banter Fun" cultural training programme for colleagues.

The training aims to ensure that interactions between colleagues are within the context of a respectful environment. It also supports setting the right tone for workplace communications between colleagues and ensures people have the right tools to deal swiftly with inappropriate banter if it occurs.

The content for the course includes the difference between banter and harassment, dealing with external forces such as social media, and avenues for dealing with unacceptable behaviour.

Free health screenings for Grafton Group colleagues

Group colleagues in the UK and Ireland had the opportunity to avail of free health screenings during the year, providing them with valuable insights into their health and wellness based on a range of metrics.



Our purpose and values continued

Value our people continued

Selco champions women leadership

Since Selco launched its apprenticeship offering in 2020, more than 200 colleagues have either completed their apprenticeship or are currently midway through the qualification. In January 2024, a new Women in Leadership Programme was introduced, aimed at developing and supporting the progress of women in the industry.



Chadwicks hosts its second annual Chadwicks Appreciation and Recognition Awards (CARAs)

In January, the Chadwicks Appreciation and Recognition Awards were held to celebrate and thank colleagues from across the business for their hard work and commitment. The awards took place at a lively ceremony in the Mansion House in Dublin, with 13 awards given out to celebrate colleagues, branches, and departments from across the Chadwicks Group business.

Sustainable, trustworthy and responsible

MacBlair lifts its way to a cleaner future

Switching from diesel powered forklifts to electric is an important part of MacBlair's strategy to reduce its carbon emissions. In 2024, MacBlair continued the rollout of its electric fleet with delivery of its tenth electric forklift truck.



Isero raises over €80,000 for good causes

Isero colleagues raised over €80,000 during their fundraising month in June 2024. Funds were raised in support of four worthy causes: Alzheimer Nederland, The Forgotten Child Foundation, Muscles for Muscles, and the Dutch Cancer Society.



Ambitious



More than 100 IKH partners from all over Finland attend The IKH Merchants' Days

In November, retailers gathered in Oulu to hear the latest IKH news and to plan the future together. The event culminated in an awards ceremony that recognised the achievements of IKH partners in 2024.

Antti Ollikainen, from Kimmon Kone Oy stores, was named Retailer of the Year. He summed up the success of the stores: "When the staff succeeds, it also motivates me, and then we have done things right. When the work is fun and goal-oriented at the same time, that's when we achieve the best results."

120 Woodie's colleagues graduate from Seeds for Success programme

Delivered in conjunction with Retail Ireland Skillnet, Woodie's Seeds for Success programme is an accredited on-the-job development programme that supports colleagues upskilling in key areas of modern retailing. Since 2015, more than 850 Woodie's colleagues have undertaken the programme.



Entrepreneurial and empowering

Woodie's Homewares

Following the successful launch of the 'Home Shop in Shop' concept in two stores in 2023, Homewares was rolled out in a further nine stores in 2024 to enhance customers' experience within the Home category.



Salvador Escoda wins prestigious NAN Architecture Award for its commitment to sustainability and energy efficiency

Salvador Escoda is honoured with the prestigious 2024 NAN Architecture and Construction Award in the air conditioning and ventilation category. The award recognises their commitment to sustainability and energy efficiency, as showcased in their innovative MundoClima® Multisplit System, Series H1.



Strategy for progress

Our objective

To be a leading European Distributor of building materials and construction related products, with trusted local brands and market-leading positions in each market where we operate.

Our focus

Our primary focus is European markets that offer long term structural growth due to a shortage of new buildings and improvement needs of the existing built environment.

Our growth strategy

Market positions

Strengthening our market positions in existing geographies through organic development and via selective acquisitions.

Building leading, defendable market positions in each sector where we operate.

Brand building

Developing strong local brands in each of our market segments.

Building on the unique selling propositions that enable our brands to outperform the market.

Geographic expansion

Acquiring new distribution platforms in fragmented European markets with structural growth drivers.

Focusing on European markets with structural long-term growth drivers such as housing shortage and the need to improve the existing housing stock.

Foundations of our success

Decentralised operating model

- Operating local brands within a federated structure supported by a small central team that drives best practice across markets
- Efficient operating model that drives cost synergies by leveraging infrastructure and processes

Group efficiencies

- Lean central team focused on supporting BU management teams with growth agenda and strategy
- Access to functional expertise and best in class processes across finance, IT, HR, procurement, corporate development, property, sustainability, and internal audit

Excellence in service

- Delivering excellent service for our customers who are primarily SMEs, small installers and independent builders
- Differentiated business models with competitive advantage
- Offering energy-efficient products and sustainable product solutions
- Investing in our online trading capability and improving our branch network
- High profile and convenient locations

Strong financial base

- Delivering sustainable long-term returns for shareholders
- Generating strong cash flow from operations
- Maintaining a strong balance sheet
- Maintaining a disciplined approach to allocation of capital

Sustainability

- Commitment to the highest standards of ethics and integrity
- Respect for our customers and colleagues
- Sharing best practice and guidance on ethics, integrity and sustainability
- Supporting our businesses to develop and deliver sustainability programmes

Our value chain

Creating value

How we create value as a multi-specialist international distributor of building materials and construction-related products:



Creating value for our businesses

- Sharing best practice
- Leveraging synergies where possible
- Access to capital and capital allocation
- Oversight and development
- Supporting with corporate governance and reporting

Creating value for our customers and suppliers

- Excellent range of products and services
- Extensive regional/national branch networks for leading local brands in each country
- Understanding of customer needs and providing tailored, local solutions
- Strong distribution channels for our suppliers to reach SMEs

Creating value for our shareholders

- Driving organic and inorganic growth
- Prioritising free cash flow generation to create the firepower for reinvestment
- Retaining our investment grade credit rating through the economic cycle

Embedding ESG in our strategy

- Supporting our businesses with data collection, reporting and compliance
- Working with our businesses to manage our climate transition plan
- Minimising risk of negative environment or social impacts in our supply chain
- Long term priority to embed sustainability in Group and BU strategies
- Engaging with our wider stakeholder groups

Developing and growing our business

Dear Shareholder,

2024 was a year of further macro-economic and market challenges for many of our businesses. Our resilient performance in the face of these challenges was made possible by the exceptional commitment of the management teams and colleagues in the branches, stores, distribution centres and offices across our Group. I thank them sincerely on behalf of the Board for their ongoing support and commitment.



Financial Results

The Group delivered a resilient performance for the year, with adjusted operating profit pre-property profit of £173.5 million (2023: £204.2 million) despite the challenging macro-economic backdrop in a number of our markets.

Continuing strong cash performance and a healthy balance sheet supported the Group's platform acquisition of Salvador Escoda for €128.0 million, calculated on a cash and debt free basis (before leases), while also allowing the return of £154.1 million to shareholders through share buybacks and dividends.

Strategy

Our strategic objective is to develop and grow the high performing, high returning and cash generative businesses in our portfolio and to create new growth platforms by acquisition in fragmented sectors in our chosen markets in Europe.

We focus on adopting best practice and creating cost synergies by leveraging our infrastructure, scale and our functional expertise in our established markets in areas such as technology, talent management, finance, procurement, corporate development, property, and sustainability.

We were very pleased to complete the acquisition of Salvador Escoda in October 2024. The acquisition is consistent with this strategy and gives us the opportunity to develop another strong platform in what is currently a fragmented European market with excellent growth drivers and good underlying fundamentals. The integration of the business into the Group is progressing well and I would like to take this opportunity to welcome our new Salvador Escoda colleagues to Grafton.

Our existing businesses have made significant progress on a number of key initiatives throughout the year to drive efficiency and provide a high level of customer service.

Total dividend for 2024

37.0p

2023: 36.0p

Returns to shareholders in dividend payments and share buybacks

£154.1m

2023: £228.3m

These included key systems upgrades, new store openings in the UK, the Netherlands and Finland and further development of our digital channels.

It was also encouraging to note that Selco was listed as 11th 'Best Big Company To Work For' in the UK in the 'Best Companies' survey and Woodies was acknowledged with a ranking of 15th, the highest placed retail business in Ireland, in the 'Great Place to Work' index and 53rd in the 'Best Workplaces in Europe'.

Sustainability

Sustainability is a central part of the Group Board agenda and the Board is committed to delivering sustainable growth for all of our stakeholders.

Our Sustainability Report for 2024 is integrated into this Annual Report at pages 55 to 81 and sets out in further detail our progress and achievements during the year across the five priority areas that we have identified to build a more sustainable future: Planet, Customer and Product, People, Community and Ethics.

Some of the highlights during the year include:

- We were pleased to receive validation by the Science Based Targets initiative during the year for our commitment to reach net-zero greenhouse gas emissions across the value chain by 2050 and our associated near (by end 2030) and long-term targets (by end 2050). These are very challenging targets that will require significant effort and focus across our business. See page 64 for further information.
- We were also pleased to report a reduction of 38.6 per cent in absolute market-based Scope 1 & 2 GHG emissions in 2024 versus the 2021 base year.

- We have continued to focus on our supplier due diligence programme during the year and will work with EcoVadis to support the risk assessment of suppliers, the rating of their sustainability programmes and to drive improvements over time.
- We were very pleased to have increased the proportion of women in leadership roles from 13.0 per cent to 15.0 per cent.

Returns to shareholders

The Board is recommending a final dividend for 2024 of 26.5p per ordinary share in line with its progressive dividend policy. An interim dividend of 10.5p per share was paid on 11 October 2024. The total dividend for the year is 37.0p per share, an increase of 2.8 per cent on dividends of 36.0p paid for 2023.

Subject to approval by shareholders, the final dividend will be paid on 15 May 2025 to shareholders on the Register of Members at the close of business on 22 April 2025, the record date.

Consistent with our disciplined approach to capital allocation, Grafton has completed five share buyback programmes since May 2022, returning cash of £371.7 million to shareholders through share buybacks completed 9 May 2022 and 31 December 2024. The total returned to shareholders in share buybacks and dividends in 2024 was £154.1 million.

Given the strong cash generation of the Group, a new buyback programme for £30 million is announced today which will commence on 6 March 2025.

Culture and operating model

Our corporate culture defines who we are and how we do business. Our culture is based on strong entrepreneurial local management teams operating to high standards of performance with the active support of a focused Group management team, disciplined reporting obligations and a robust governance framework.

We believe that our focus on this model provides the basis for clear differentiation against our competitors and for robust returns to shareholders.

Looking ahead

While trading conditions are expected to remain challenging into 2025, we expect to continue to benefit from the diversification of our operations across five geographies and our exposure to a broad range of end-markets.

The medium-term fundamentals continue to remain positive with housing shortages across all of our geographies and the natural investment cycle in RMI likely to become increasingly supportive as we see improvements in our markets over time.

Conclusion

It has been a privilege to take on the role of Chair of Grafton in 2024.

Since joining the Board I have been impressed by the commitment, hard work and resilience of our colleagues, led by CEO Eric Born and the management teams across the Group and I thank them all for their continued commitment.

Their passion to provide outstanding services to our customers and the communities they serve are critical to the future success of the Group.

I would also like to thank our new and existing shareholders for your support throughout the year and I look forward to meeting some of you at the AGM which will be held at 10.30am on Thursday 8 May 2025 at the IMI Conference Centre, Sandyford Road, Dublin 18.

Ian Tyler
Chair

5 March 2025

Our business model

We operate

trusted and leading local brands with strong market positions, providing excellent product range availability and high service levels.

How we add value

Growing

strong market leading brands in each of our individual geographies, organically and via acquisition.

Leveraging

synergies to create economies of scale whilst encouraging the brands to operate independently within their local markets.

Applying

best practices across the Group to drive commercial excellence and operational efficiencies.

Allocating

capital to continually improve our businesses.

Providing

excellent customer service and product availability including sustainable options.

What drives our success

Ambition

Our ambition to grow while maintaining a disciplined approach to capital allocation.

Innovation

Investing in solutions to continually improve our offering to our customers.

Sustainability

Operating our business to address environmental and social challenges and opportunities.

Engagement

Building strong and trusting relationships with our stakeholders.

Financial strength

A strong financial base to fund ongoing development and acquisition activity.

Our key strengths



A customer service orientated culture and the scale and breadth of operations to create a competitive advantage in local markets.



Strong, capable, highly motivated and experienced management teams.



Sound financial metric based on excellent cash generation, a strong balance sheet and the financial resources to fund ongoing development activity.



A geographically diversified network of 469 branches and factories with opportunities for further growth through acquisition and organic development.

We provide

our customers with the benefit of our scale combined with the local knowledge and focus of each of our operating businesses.



A portfolio of highly cash generative and profitable businesses.



Skills and experience in acquiring and integrating businesses.



Leading market positions and brands in each of the countries where we operate.

Group revenue in 2024

£2.28bn

2023: £2.32bn

Net cash (before IFRS 16 leases)

£272.1m

2023: £379.7m

Value created for our stakeholders

Our shareholders

Delivering shareholder returns in a responsible and sustainable way.

Total dividend per share

37.0p

2023: 36.0p

Our customers

Being brilliant for our customers by providing efficient business models with competitive advantage.

Branches and factories across our operations

469

2023: 373

Our people

Being a great place to work and supporting our colleagues.

Colleagues at year end

c.10,000

2023: c.9,000

Our suppliers

Working with our suppliers on responsible sourcing and product innovation.

Selected EcoVadis to support with supply chain due diligence.

Our communities

Engaging with our local communities and supporting local and national causes.

Total donated by the Group to charities

>£1.2m

2023: >£0.8m

Strong portfolio of businesses

We are pleased to have successfully navigated challenging market conditions in 2024 to deliver adjusted operating profit slightly ahead of analysts' expectations. This resilient performance was supported by our exposure to different geographies, our diversified customer base and the active management of gross margin and costs.

Highlights in the period included the strong performance of our Irish businesses and completion of the platform acquisition of Salvador Escoda, whilst also returning £154.1 million to shareholders through share buybacks and dividends.

The integration of Salvador Escoda continues to progress well, extending our geographic diversification and exposure to a new growth market, presenting an attractive opportunity to build further scale across the Iberian Peninsula in due course.

Whilst the timing of recovery in certain geographies remains uncertain, the medium term outlook is positive. We will continue to strengthen our positions in existing markets and are excited by the development opportunities ahead.



Adjusted operating profit margin before property profit

7.6%

2023: 8.8%

Adjusted return on capital employed

10.3%

2023: 11.9%

Business review

Grafton delivered a resilient performance in 2024 despite the impact of price deflation in Ireland and the UK on product pricing and the squeeze on operating margin which arose from operating cost increases despite mitigating actions to offset these pressures. Labour cost increases were affected across our geographies, principally as a result of substantial national minimum wage increases or local collective labour agreements. Property lease costs also continued to rise at above inflation levels as a result of demand for industrial units in particular. The benefits of our geographic diversification and a range of self-help initiatives to actively manage our cost base and gross margin resulted in the Group delivering an adjusted operating profit slightly ahead of analysts' expectations.

Continuing strong cash generation and a healthy balance sheet supported the Group's platform acquisition of Salvador Escoda S.A.U. ("Salvador Escoda") for €128.0 million calculated on a cash and debt free basis (before leases) in the growing and fragmented Spanish market. This was achieved whilst also returning £154.1 million of cash to shareholders through share buybacks and dividends.

Though most markets remained challenging, overall trading conditions did improve slightly in the final quarter of 2024 compared with the same period last year, with the Group returning to average daily like-for-like sales growth in this period. We were pleased with the performance of our Ireland Distribution and Retailing businesses, both of which achieved strong volume increases in 2024 supported by a pick-up in activity in the

second half of the year. Chadwicks delivered higher trading profitability in the year largely due to higher sales and gross margin growth in a construction market that was broadly flat. This improvement was delivered despite housing completions in the year being lower than 2023 and with Repair, Maintenance and Improvement ("RMI") demand remaining subdued. Woodie's delivered a strong performance in the year, supported by the growth of the Irish economy and its market-leading customer proposition.

Our UK Distribution business saw a continuing decline in profitability as RMI demand and consumer confidence remained at historically low levels. Relative to easier comparators in the second half of last year, the decline in volumes continued to moderate approaching year end, whilst the negative effects of product price deflation also reduced as the year progressed. Conversely, pass-through of inflationary cost pressure on overheads, particularly labour and property related costs, was difficult in what remains a competitive, value-focused market at this point in the cycle.

In the Netherlands, trading profitability declined in the year due to a decline in sales, as the RMI market remained weak, and higher overheads, primarily driven by collective wage agreements. Our Finland Distribution business, IKH, reported a decline in trading profitability due to challenging market conditions and a contracting Finnish economy.

On 30 October 2024, Grafton acquired Salvador Escoda which provides the Group with a new platform further extending our geographical diversification and providing exposure to a new growth market. Salvador

Escoda is one of Spain's leading distributors of heating, ventilation, air conditioning, water and renewable products serving professional installers across the residential, commercial and industrial sectors. Salvador Escoda is a high-quality business with a strong market position and an experienced management team. The business is differentiated by its extensive own-brand offering and provides an excellent base for further development, both organically and inorganically, into the attractive and fragmented Iberian market. Integration of the business into the Group is progressing well.

In our manufacturing segment, CPI EuroMix delivered a resilient performance with active cost management partially offsetting UK housing market volume declines. StairBox, while negatively impacted by the weak RMI market in the UK, delivered improved profitability largely due to good margin management and the positive impact of its Wooden Windows acquisition.

The Group's overall gross margin was broadly maintained against the backdrop of a competitive market environment whilst the increase in overheads in the like-for-like business was contained following the implementation of active cost management measures across the Group. Cost reduction actions continued across our businesses, including headcount reductions primarily in UK and Finland Distribution, as the market recovery has not materialised as initially expected.

Our proven operating model of a lean central management team supports the strategic development of the businesses and continues to develop our pipeline of investment and acquisition opportunities. The team drives best practice and leverages economies of scale as appropriate across the businesses, whilst keeping firm control of costs. These Group functions are actively supporting the integration of Salvador Escoda and connecting our new colleagues with other businesses across the Group to identify additional opportunities for synergies.



We were pleased with the performance of our Ireland Distribution and Retailing businesses, both of which achieved strong volume increases in 2024."

Chief Executive Officer's review continued



Our balance sheet remains strong, supported by robust cash generation by our businesses in the year, which benefitted from a further year on year reduction in net working capital.

We continue to actively pursue opportunities for bolt-on investments to further strengthen our market positions in existing geographies whilst continuing to explore opportunities for further platform acquisitions.

Dividends

The Board is recommending a final dividend for 2024 of 26.5p (2023: 26.0p) per ordinary share in line with its progressive dividend policy. An interim dividend of 10.5p (2023: 10.0p) per share was paid on 11 October 2024. The total dividend for the year is 37.0p per share, an increase of 2.8 per cent on dividends of 36.0p paid for 2023.

The total dividend for 2024 of 37.0p is 1.9 times (2023: 2.2 times) covered by adjusted earnings per share of 71.8p (2023: 77.9p) and is slightly below the lower end of the Board's medium-term dividend cover policy of between two-times and three-times adjusted earnings. Given the Group's strong balance sheet and cash flow and recognising the Board's confidence in the medium and long-term growth prospects for the Group, it was deemed appropriate to incur a slightly lower dividend cover ratio in the current year.

The Group's cash outflow on dividends paid during the year was £73.2 million (2023: £72.6 million). A liability for the final dividend has not been recognised at 31 December 2024 as there was no payment obligation at that date.

The final dividend will be paid on 15 May 2025 to shareholders on the Register of Members at the close of business on 22 April 2025, the record date. The ex-dividend date is 17 April

2025. The final dividend is subject to approval by shareholders at the Annual General Meeting to be held on 8 May 2025.

Share buybacks

Consistent with its disciplined approach to capital allocation, Grafton has completed five share buyback programmes since May 2022 supported by its strong financial position. In total, cash of £371.7 million has been returned to shareholders through share buybacks completed between 9 May 2022 and 31 December 2024 reflecting the repurchase of 43.08 million ordinary shares at an average price of £8.63 per share. The number of shares bought back by the end of the year amounted to 17.9 per cent of the shares in issue when the first share buyback programme commenced on 9 May 2022.

The fourth share buyback programme, which launched on 31 August 2023, was extended to 31 May 2024 and the maximum aggregate consideration increased from £50 million to £100 million. This programme completed on 30 April 2024 and involved the repurchase of 11.1 million ordinary shares. A fifth programme was launched on 29 August 2024 for an aggregate consideration of up to £30 million. The Group had purchased £28.39 million of ordinary shares by the close of business on 31 December 2024. The fifth programme completed shortly after year end on 8 January 2025.

Given the strong cash generation of the Group and free cash flow exceeding expectations in 2024, a new buyback programme for £30 million is announced today which will commence on 6 March 2025. By funding the return of capital to shareholders through free cash flow generation in 2024, the Group has maintained its capacity to support future development activities.

Progress on sustainability

Today we are publishing our sustainability progress and performance statement for 2024. This covers the five areas of our strategy: Planet, Customer and Product, People and Community and Ethics.

The sustainability legislative landscape is evolving at pace and a number of sessions have been held with the Board and the Executive Sustainability Committee throughout the course of the year to ensure that they are aware of the requirements and are satisfied with our strategy, process and progress.

On climate change, we have committed to reach net-zero greenhouse gas emissions across the value chain by 2050 at the latest and we were pleased to have received validation by the Science Based Targets initiative ("SBTi") for this and our associated near (by end 2030) and long-term targets (by end 2050), the detail of which can be found on page 64. In setting these targets, the Group has modelled the transition required to achieve the 2030 targets through business efficiencies, renewable energy and alternative fuels to reduce Scope 1 and 2 emissions and extensive engagement through the supply chain to reduce Scope 3 emissions. Scope 3 emissions account for over 98 per cent of the Group's greenhouse gas emissions and positive and proactive engagement with our supply chain is central to achieving these targets.

On supplier due diligence, we have selected EcoVadis to support us in the risk assessment of suppliers, the rating of their sustainability programmes and to drive improvements over time. In the second half of 2024 we prepared for the transition to this provider and have started the training sessions with commercial teams across the Group in January 2025.



The integration of Salvador Escoda continues to progress well, extending our geographic diversification and exposure to a new growth market."

On People, the Executive Sustainability Committee has established a new Wellness at Work Policy building on all the good work taking place across the Group to ensure colleagues' health and wellness is integrated into daily work.

We were also pleased to demonstrate the following progress over the year*:

- 38.6% reduction in absolute market-based Greenhouse Gas emissions in 2024 vs the 2021 base year for scope 1 and 2 and a 13.7% reduction in Scope 3 Greenhouse Gas emissions in 2023 vs the 2021 base year** reflecting emission reduction initiatives as well as market related decline in activity levels
- 99.3% diversion of operational waste from landfill
- Increase in the number of women in leadership roles from 13.0% in 2023 to 15.0% in 2024. This progress highlights the actions we have taken to ensure we access a broader and more diverse talent pool through the recruitment process as well as initiatives to tailor our benefits packages to attract and retain more women in leadership roles.
- Over £1.2 million donated to charities and good causes through cash, in kind or volunteering which equates to 0.71 per cent of our adjusted operating profit before property profit for the year

* Data points exclude Salvador Escoda.

** Our latest Scope 3 data is for 2023.

Outlook

Positive trading conditions are expected to continue in Ireland and Spain, however, in our other geographies, markets are anticipated to remain challenging in 2025. While inflation is expected to continue to moderate and interest rate cuts to follow, significant levels of macro-economic and political uncertainty remain across the global economy. It is not yet known what impact the new US administration will have on trade with potential scope for new tariffs.

We remain cautious on the timing of a broader recovery in the near term with increased global uncertainties and consistent with our prior commentary, we are not anticipating a significant increase in volumes this year. While product deflation has largely subsided, growth in product pricing is expected to be very modest and likely lower than the general level of cost inflation experienced

by the business, most notably labour costs. Manufacturers remain reluctant to push significant price increases to the market in advance of volume recovery.

Our experienced management teams will continue to actively manage both gross margin and the cost base appropriate to this period of the cycle. With our strong market positions and market leading brands, the Group is well positioned to grow revenue as volumes increase in line with a general recovery in our markets.

The Irish economy is expected to grow in 2025 on the back of momentum from the second half of 2024 supported by real income growth and strong consumer spending and job creation. The outlook for growth in the construction market in Ireland remains positive. Housing completions are expected to increase in 2025 after a significant number of recorded commencements in 2024. RMI demand is expected to improve supported by greater cost certainty as inflation continues to stabilise, interest rates decline and as household finances improve.

In the UK, we remain cautious on the near-term outlook for a recovery in RMI demand as consumer confidence remains weak due to economic uncertainty and forecasts for growth weaken. The recovery in housebuilding in the UK is expected to be slow with any meaningful acceleration of output expected to be very gradual and reliant on supply-side improvements from the Government.

In the Netherlands, the outlook for construction in 2025 is improving as the first signs of recovery are visible however recovery is likely to be gradual as the pipeline of large construction projects will come on stream over the next couple of years.

In Finland, there are increasing signs that the bottom of the construction cycle has been reached. The Finnish economy is expected to return to modest growth in 2025 as it slowly emerges from recession and as consumer and business confidence improves.

The Spanish economy, which was the fastest growing economy in the Eurozone in 2024, is expected to continue to grow in 2025. The outlook for construction growth in Spain remains positive supported by population growth and a general housing shortage. Notwithstanding the potential macro-

economic challenges in 2025, the medium-term fundamentals continue to remain positive. Housing shortages across all of our geographies and the natural investment cycle in RMI is likely to become increasingly supportive as the over-investment made by consumers in 2020 and 2021 starts to require further upgrading.

Group average daily like-for-like revenue in the period from 1 January 2025 to 28 February 2025 was 0.1 per cent behind the same period last year. Unfavourable weather conditions had a negative impact on trading in the early part of the year as our businesses in Ireland and the UK were disrupted by Storm Éowyn while in Finland mild winter conditions reduced sales of seasonal products. Trading activity did recover in February however as weather patterns in Ireland and UK improved. Woodie's had a good start to the year as consumer spending in Ireland remains resilient. Our business in the Netherlands performed strongly supported by strong demand from key accounts and access control related project sales in addition to favourable timing of holidays.

Average Daily Like-for-Like Revenue Change in Constant Currency

	Q4 2024	1 Jan 2025 – 28 Feb 2025
Distribution		
Ireland	+5.0%	+0.3%
UK	(2.9%)	(4.1%)
Netherlands	(2.3%)	+5.0%
Finland	(2.5%)	(2.8%)
Retailing	+5.3%	+4.0%
Manufacturing	+2.3%	+3.3%
Total Group	+0.5%	(0.1%)

Grafton demonstrated the strength of its portfolio of businesses with a high rate of conversion of profit into cash in 2024. This has been achieved while the Group continued to upgrade and improve its branch network, open new locations and invest in IT infrastructure to enhance customers' experience. The Group ends the year in a strong financial position, with a healthy balance sheet, and remains well positioned to continue to invest in organic and inorganic opportunities to support future growth and development. Whilst uncertainties remain in the short term, we are confident that Grafton is exceptionally well positioned to benefit as conditions improve.

Eric Born
Chief Executive Officer

5 March 2025

Key performance indicators

Financial KPIs

The key performance indicators (KPIs) below are used to track performance and increase value for shareholders.

£2.28bn



Revenue

Group revenue for the year is a measure of overall growth.

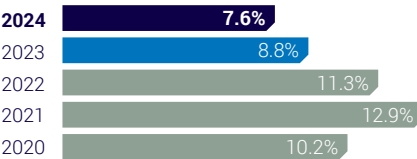
Our Progress in 2024

Revenue decreased by 1.6 per cent to £2.28 billion but remained flat in constant currency.

Risks

- Macro-economic conditions
- Competition

7.6%



Adjusted operating profit margin before property profit

Adjusted operating profit before property profit as a percentage of revenue provides a good measure of performance.

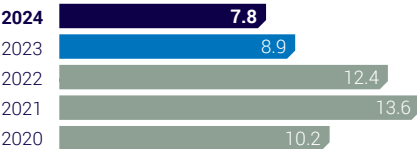
Our Progress in 2024

The term 'adjusted' means before amortisation of intangible assets arising on acquisitions, exceptional items and acquisition related items. The adjusted operating profit margin before property profit is down 120 bps to 7.6 per cent.

Risks

- Macro-economic conditions
- Competition

7.8%



Adjusted operating profit margin

Adjusted operating profit as a percentage of revenue.

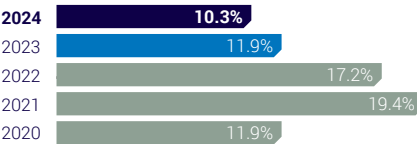
Our Progress in 2024

The adjusted operating profit margin is down 110 bps to 7.8 per cent from 8.9 per cent in 2023.

Risks

- Macro-economic conditions
- Competition

10.3%



Adjusted return on capital employed (ROCE)

A measure of the Group's profitability and the efficiency of its capital employed. Adjusted operating profit is divided by average capital employed (where capital employed is the sum of total equity and debt/ (cash) at each period end) times 100.

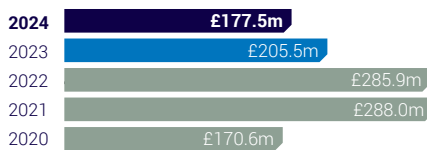
Our Progress in 2024

ROCE decreased by 160 bps primarily due to a decline in the adjusted operating profit.

Risks

- Macro-economic conditions
- Competition

£177.5m



Adjusted operating profit

Profit before intangible asset amortisation on acquisitions, exceptional items, acquisition related items, net finance expense and income tax expense.

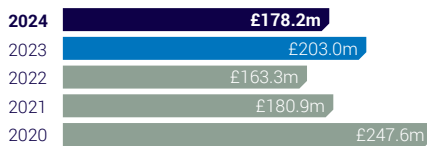
Our Progress in 2024

Adjusted operating profit, including property profit, decreased by 13.6 per cent to £177.5 million.

Risks

- Macro-economic conditions
- Competition

£178.2m



Free cash flow

Cash generated from operations less replacement capital expenditure (net of disposal proceeds), less interest paid (net), income taxes and payment of lease liabilities. Free cash flow provides a good measure of the cash generating capacity of the Group's businesses.

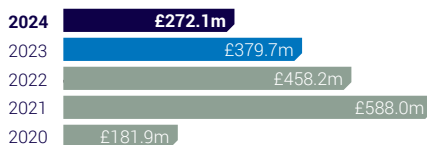
Our Progress in 2024

Retained strong free cash flow of £178.2 million which represents a 100 per cent conversion of cash of adjusted operating profit. A decrease of £24.8 million from the free cash flow position at the end of 2023.

Risks

- Macro-economic conditions
- Competition

£272.1m



Net cash – before IFRS 16 leases

Total cash and cash equivalents, plus fixed term cash deposits, less interest-bearing loans and borrowings and derivative financial instruments but before lease liabilities.

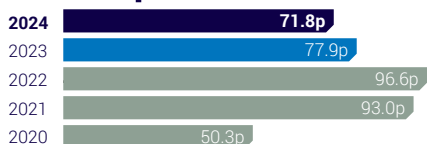
Our Progress in 2024

Retained a strong cash position with net cash, before lease liabilities, of £272.1 million, a decrease of £107.7 million from net cash of £379.7 million at the end of 2023. The movement in the year relates primarily to the share buyback programmes and acquisition of Salvador Escoda.

Risks

- Macro-economic conditions
- Competition
- Acquisition & integration

71.8p



Adjusted earnings per share

A measure of underlying profitability of the Group. Adjusted profit after tax is divided by the weighted average number of Grafton Shares in issue, excluding treasury shares.

Our Progress in 2024

Adjusted earnings per share was down 7.8 per cent on prior year as a result of a decline in the adjusted profit after tax but benefitted from the impact of the share buyback.

Risks

- Macro-economic conditions
- Competition

Key performance indicators continued

Non-financial KPIs

The non-financial key performance indicators ('KPIs') below are used to measure our commitment to responsible business practices.

Health and Safety – Keeping people safe

Lost time injury frequency rate (LTIFR)

0.87



Our aim

We believe nothing we do is so urgent that we cannot do it safely. This belief is fundamental across all our operations to ensure our colleagues, customers and everyone we work with returns home safe and well at the end of each day.

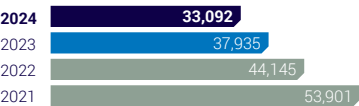
Our progress in 2024

Activities and initiatives varied across our businesses and sectors according to local requirements but the key health and safety priorities remain centred on keeping pedestrians safe from moving vehicles, safe handling and storage of products, including safe working at height, and ensuring safe customer deliveries on site. Maintaining the engagement and involvement of all colleagues with these key priorities has been imperative to continue keeping people safe. In 2024, the Group Lost Time Injury Severity Rate (LTISR) reduced by a further six per cent while the LTIFR has increased by one per cent. During the period 2021 to 2024, the LTISR has reduced by 35 per cent and the LTIFR has reduced by 13 per cent.

Environmental – Reducing our greenhouse gas emissions

Reduction in market-based Scope 1 & 2 GHG emissions (tCO₂e) since 2021

38.6%



Our aim

Our aim is to run our businesses in an environmentally responsible manner. We aim to protect natural resources, minimise waste and reduce our greenhouse gas emissions.

Our progress in 2024

We gained validation of our Science Based Targets initiative GHG emissions reduction targets (see further detail on page 64). Since the 2021 base year we have reduced scope 1 and 2 emissions by 38.6 per cent in absolute terms using the market-based calculation methodology. These reductions have been achieved through market level decline in activity levels as well as the purchase of renewable electricity, uptake of alternative fuels across our commercial fleet, a switch to electric vehicles, installation of solar PV and various energy efficiency initiatives. We have also calculated our Scope 3 emissions for 2023 which show a 13.7 per cent reduction against the 2021 base year.

Diversity and inclusion – Being a welcoming, inclusive place to work

Females in leadership roles

15.0%



Our aim

Being a diverse, inclusive and socially conscious business is critical to our future success. Our aim is to ensure that all of our people, regardless of gender, ethnicity, age, disability, religion, socio-economic background or sexual orientation, can reach their full potential and be valued for being themselves.

Our progress in 2024

We have made good progress in increasing the proportion of women in designated leadership roles (comprising the GMT and their direct reports, business leaders and their executive committees and regional and branch managers). The number of females in this group increased from 13.0 per cent in 2023 to 15.0 per cent, exceeding the 14 per cent target set for 2024. Despite operating in a traditionally male-dominated industry, several businesses have made notable progress in enhancing female representation within this target group. This progress highlights our commitment to an inclusive workplace through diverse recruitment, expanded benefits for work-life balance, and active colleague participation in diversity initiatives.

Customer and Product

Managing our supply chain and providing our customers with responsibly sourced and high quality products

Our aim

Our aim is to collaborate with our suppliers to secure the consistent supply of products for our customers and to ensure that the principles of our sourcing standards are met. We are also focused on providing responsibly sourced and more sustainable options to our customers and increasing circular economy opportunities.

Our progress in 2024

In 2024 we selected EcoVadis to support us in the risk assessment of suppliers, the rating of their sustainability programmes and to drive improvements over time. In the second half of 2024 we prepared for the transition to this provider and have started the training sessions with commercial teams across the Group in January 2025. We have continued to improve the traceability of priority raw materials and started to prepare for the upcoming deforestation legislation in the EU. Our business units continue to investigate circular business models looking at rental, repair and refurbishment.

Operating review

Distribution segment

Proportion of Group revenue

83.8%

2023: 83.7%

Proportion of Group adjusted
operating profit

75.3%

2023: 76.4%

Brands

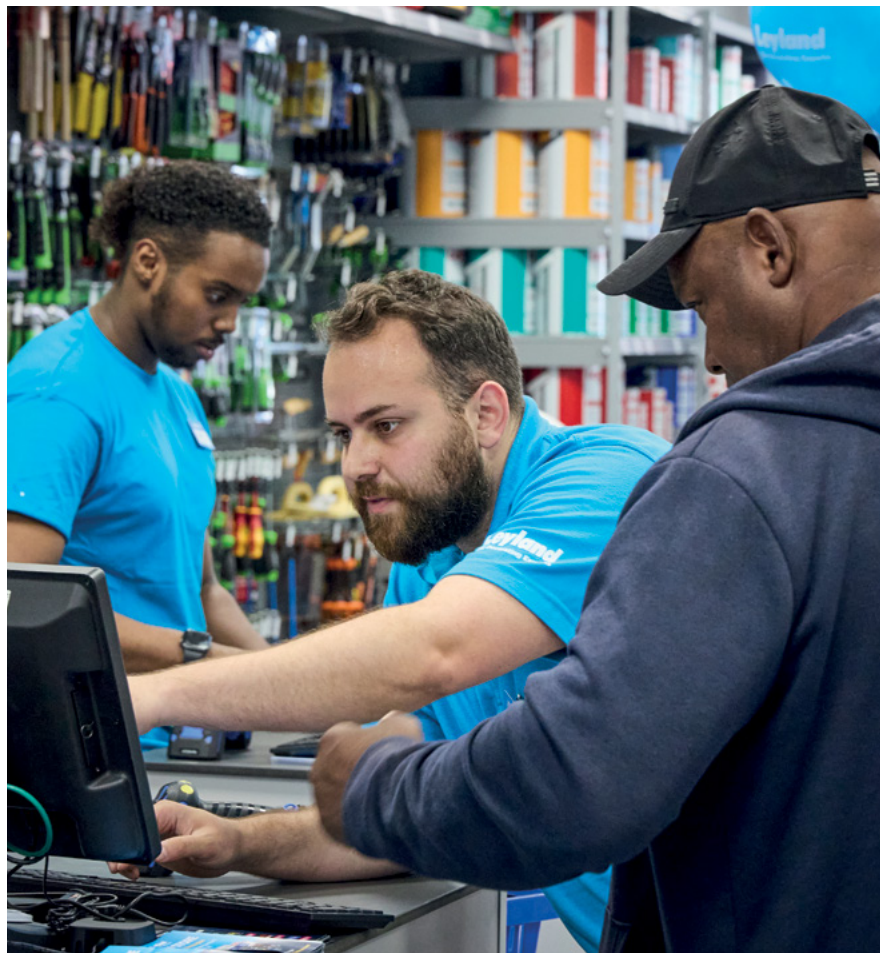


	2024 £'m	2023 £'m	Change
Revenue	1,912.6	1,940.4	(1.4%)
Adjusted operating profit before property profit	129.6	155.8	(16.8%)
Adjusted operating profit margin before property profit	6.8%	8.0%	(120bps)

* Change represents the movement between 2024 v 2023 and is based on unrounded numbers.

The Distribution businesses in Ireland, the UK, the Netherlands, Finland and Spain contributed 83.8 per cent of Group revenue (2023: 83.7 per cent), Retailing 11.4 per cent (2023: 11.1 per cent) and Manufacturing 4.8 per cent (2023: 5.2 per cent).

Businesses in Ireland contributed 39.5 per cent (2023: 38.7 per cent) of Group revenue, UK 38.6 per cent (2023: 40.1 per cent), the Netherlands 14.8 per cent (2023: 15.2 per cent), Finland 5.8 per cent (2023: 6.0 per cent) and Spain 1.3 per cent (2023: N/A).



Ireland distribution

Proportion of Group revenue

27.7%

2023: 27.2%

Proportion of Group adjusted operating profit

35.4%

2023: 30.0%

Brands



	2024 £'m	2023 £'m	Change*	Constant Currency Change*
Revenue	632.8	631.0	0.3%	3.0%
Adjusted operating profit before property profit	61.5	60.9	1.0%	3.6%
Adjusted operating profit margin before property profit	9.7%	9.7%	—	—

* Change represents the movement between 2024 v 2023 and is based on unrounded numbers.



Our Ireland Distribution business, Chadwicks, delivered a positive trading performance in the year with overall average daily like-for-like revenue up 1.6 per cent and volumes up 4.6 per cent supported by its excellent market position and strong offering. Following modest growth of 0.5 per cent in average daily like-for-like revenue in the first half of the year, where trading was impacted by wet weather, growth accelerated to 2.8 per cent in the second half of the year.

Overall construction market growth in Ireland in 2024 was broadly flat due to challenges around skills shortages, financing and planning. Infrastructure spend declined in the year with many projects related to road, rail or water infrastructure being postponed or delayed. RMI demand remained subdued due to a lack of confidence about final costs of projects, a shortage of tradespeople and over-investment during the pandemic period. Momentum in the market however picked up in the final quarter of the year helped by unseasonably mild weather and an uptick in RMI activity.

Despite concerted efforts by the Government to support new residential housing, overall housing completions of 30,330 units in 2024 declined by 6.7 per cent in comparison to 2023. The mix of new housing units has changed with a lower percentage of apartments being built due to difficulties obtaining planning permission for large scale developments and the decline in investment in ‘build-to-rent’ schemes. The proportion of social and affordable housing supported by government funding and new developments from the large-scale homebuilders aimed at

the ‘first time buyer’ market has increased. Smaller scale developments and medium to large sized home schemes, which present a more favourable customer dynamic to Chadwicks, have continued to decline as a share of the overall housing market in Ireland.

The business reported materials price deflation of 3.0 per cent in 2024 as the deflationary pressures in timber and steel moderated over the course of the year. Moderation of price deflation, particularly in steel, together with active price management

initiatives and sell through of aged inventory supported strong gross margin growth of 140 basis points in the year.

Though overheads increased in the year as upward pressure on labour costs persisted, management continued to tightly control discretionary costs.

Adjusted operating profit before property profit increased to £61.5 million (2023: £60.9 million) and adjusted operating profit margin before property profit was in line with prior year at 9.7 per cent.

The overall outlook for growth remains positive for construction in Ireland given the chronic shortage of housing and political imperative to increase housing supply. The new Government has committed to delivering 300,000 new homes by 2030 including an average of 12,000 new social homes per annum over the lifetime of the government. The pipeline for infrastructure projects remains strong given historic under-investment and a rising population. RMI activity is expected to increase in 2025, particularly in the second half, due to falling interest rates and a more stable inflationary environment. Chadwicks remains well positioned to leverage its strong brand and market leadership position to capitalise on growth opportunities in the coming years.

Significant progress was made on several initiatives across the business in 2024, including:

- The bulk distribution centre in East Wall Road in Dublin completed its first full year in operation. Significant volumes were processed from our large customer accounts on certain bulk volume lines improving efficiency, reducing emissions and freeing up capacity in several Chadwicks branches to allow them to focus on local trade customers.
- Implementation of a Warehouse Management System for our central plumbing distribution warehouse to optimise the operations of fulfilment, shipping and receiving tasks in the distribution centre and improve product availability and accuracy, optimise pick-up efficiency and accelerate goods in-take across our branch network.
- Streamlining of customers' journey in-store by replacing all printers in the branches, taking significant steps to optimise printed documentation for customers and related wastage/energy consumption.
- Commenced multi-year programme to upgrade the ERP solution and migrated recent acquisitions (Sitetech and Rooneys) onto Chadwick's core IT ecosystem.
- Successful integration of the Rooneys business completed with significant investments made to improve the health & safety and efficiency of the yard and warehouse operations.
- Strong growth of cross-selling of specialist products from Proline and Sitetech via the Chadwicks' branch network, unlocking further synergies from these bolt-on acquisitions.
- Continued refurbishment programme of the branch network with the completion of extensive upgrades of the Chadwicks branches in Wexford and Midleton and the Panelling Centre branch in Walkinstown.
- Chadwicks launched the 'How's the Head' campaign to support the charity 'Aware' to raise awareness and encourage tradespeople to talk more openly about mental health issues and continued to support its partnership with the Irish Wheelchair Association.



Operating review continued

UK distribution

Proportion of Group revenue

34.2%

2023: 35.3%

Proportion of Group adjusted operating profit

19.8%

2023: 23.2%

Brands



	2024 £'m	2023 £'m	Change*
Revenue	780.8	818.1	(4.6%)
Adjusted operating profit before property profit	32.4	47.3	(31.3%)
Adjusted operating profit margin before property profit	4.2%	5.8%	(160bps)

* Change represents the movement between 2024 v 2023 and is based on unrounded numbers.

Average daily like-for-like revenue in the UK Distribution business was down 5.9 per cent in the year due to continued weak demand in the RMI market together with the effects of price deflation. The rate of decline of average daily like-for-like revenue moderated from 7.7 per cent in the first half to 3.9 per cent in the second half, in part driven by easier comparatives. Price deflation continued to moderate over the course of the year. Total revenue was 4.6 per cent lower than 2023 with prior year acquisitions in Northern Ireland and new branches opened in Selco and Leyland SDM contributing revenue of £4.8 million in the year.

The RMI market in the UK continued to decline in 2024 as consumer confidence remained at historically low levels and higher interest rates impacted consumers' ability to finance home improvement projects. This impact was more pronounced in the Greater London area where consumers' discretionary spending was disproportionately affected due to the higher cost of living and larger mortgage repayments. Furthermore, lower levels of demand across the wider construction sector, particularly in new housebuilding, led to the RMI sector becoming more price competitive.

UK Distribution's gross margin was down 30 basis points in 2024 which reflected the weak volume backdrop and competitive market conditions. Our businesses have continued to maintain a strong value proposition for our customers as they favour value for money over convenience at this point in the cycle.

Overheads were higher in comparison to the prior year due to inflationary pressure across the cost base. Despite significant cost pressures on labour and property related costs, like-for-like operating expense increases have been contained to 2.0 per cent through rigorous cost management across all of our businesses.

Adjusted operating profit before property profit declined to £32.4 million (2023: £47.3 million) and the adjusted operating profit margin before property profit was 160 basis points lower at 4.2 per cent largely reflecting the decline in like-for-like revenue and impact of lower volumes on the operating leverage of the business.

The long-awaited recovery in the UK market is likely to be modest in 2025 and we are not anticipating a significant pick-up in volumes given insipid economic growth in the wider economy. While interest rate cuts and moderation of inflation are likely to continue, consumer confidence continues to be weighed down by economic uncertainty and concerns about government debt and borrowing costs. Higher National Insurance costs imposed on businesses is expected to limit investment in new employment across the UK economy in the short term until a wider recovery materialises. The increase in National Insurance is expected to increase labour costs in the Group by £3.5 million on an annualised basis.

Notwithstanding the potential macro-economic challenges this year, the medium-term fundamentals continue to remain positive in the UK with strong government support to increase housing supply given population growth and a supply deficit. Household savings increased and wage growth outpaced inflation throughout 2024 which should support future investment in home improvement projects as consumer confidence improves.

Frank Elkins, who was appointed as the new CEO of Selco and GB Distribution in August 2024, is driving business improvements across each of our businesses. Frank has extensive experience in the UK building materials distribution sector, most recently being the Group Chief Operating Officer of Travis Perkins plc.

Selco, which trades from 75 branches, including 32 in London, is the UK's leading Cash and Carry trade only builders' merchant. Selco focuses almost exclusively on the RMI segment of the construction market.





While average daily like-for-like revenue declined by 4.9 per cent in the year, the rate of decline reduced from 7.7 per cent in the first half to 1.9 per cent in the second half. Price deflation has continued to moderate with deflation of 1.0 per cent in the second half and notably timber prices trended positive in December 2024 for the first time since April 2023. Volumes were negatively impacted by lower demand with customers proportionately taking on smaller jobs in the weaker market.

Selco invested in pricing on key products to remain competitive in the market, which was partially offset by targeted price increases elsewhere, contributing to a decline in gross margin in the year.

Overheads continue to be very tightly controlled in response to the weaker trading environment with headcount 12.3 per cent lower (c. 350 employees) at the end of the year in comparison to the start of 2023. Adjusted operating profit before property profit declined in the year, largely due to lower sales and gross margin, reflecting the challenging market conditions.

The current Selco estate consists of 75 branches and subject to finding suitable properties in priority locations, an estate of approximately 90 branches is a realistic objective. With the medium to longer-term fundamentals of the RMI market remaining positive, and with its high operating leverage, Selco is well positioned with its compelling customer proposition and branch network to deliver value for customers and enhance gross margin when the market recovers.

Selco continued to make progress on several initiatives in the year, including:

- A successful major upgrade to the latest version of a new operations ERP system across its business.
- As part of its programme of continuous improvement and maintaining a high-quality experience for its customers, Selco completed mini upgrades to five branches in 2024.
- Completed the implementation of a new demand planning solution which has improved availability and supported a reduction in inventory of £8.6 million in 2024.
- The 'Selco Forest' initiative has continued into 2024 with the latest forest to be developed covering 21 hectares and featuring more than 54,000 trees.
- Completed a project to add solar panels to all freehold branches.
- Named 11th 'Best Big Company To Work For' in the UK in the 'Best Companies' survey.

In our **MacBlair** business in Northern Ireland, average daily like-for-like revenue declined by 7.9 per cent in the year. Though the RMI segment remains very weak, the housing market showed signs of improvement with completions ahead of 2023 largely due to an increase in student accommodation units. Competition in the market has been intense as competitors seek to maintain market share with particular focus on pricing in timber and insulation products. The restoration of the Northern Ireland Executive will support further investment in infrastructure over time.

Gross margin strongly improved in the year through various initiatives to achieve better commercial terms with suppliers and improved pricing and stock controls. These actions, together with disciplined control of costs, delivered growth in adjusted operating profit in comparison with 2023.

The acquisition of Clady Timber and B. McNamee in Portglenone and Strabane, which were completed in 2023, have strengthened MacBlair's position in Northern Ireland and increased its branch network to 23 branches.

Leyland SDM, one of the best-known decorating and DIY brands with 35 stores in the Greater London area, experienced challenging trading conditions in the RMI market as consumers cut back on discretionary spend and delayed large decorating projects. Average daily like-for-like revenue declined by 8.7 per cent in the year. Gross margin improved in the year, despite lower volumes, largely due to good pricing controls and negotiation of higher rebates and support from suppliers. Overheads were tightly controlled but, as a result of lower sales, adjusted operating profit was lower than prior year.

Leyland SDM opened new stores in South Kensington and Belsize Park in the second half of the year representing its ninth and tenth store opening in the last three years. Both stores performed ahead of initial expectations. A full refurbishment of the High St. Kensington store was also completed in 2024 improving the customer experience with an enhanced product range and store layout.

Our **TG Lynes** business in London specialises in the distribution of commercial pipes and fittings and, consistent with our other UK businesses, encountered a difficult trading landscape as average daily like-for-like revenue declined by 9.7 per cent in 2024. The weaker London residential market has seen demand, from sub-contractors to national housebuilders, soften and there has been reduced government spending on public sector funded upgrades to schools, hospitals and universities which are important end customers for TG Lynes. In addition to market challenges, continued delay of projects in 2024 has negatively impacted volumes.

Competition has intensified with downward pressure on pricing resulting in lower gross margin in the business as competitors take on projects at very low margins. Lower sales primarily drove an overall decline in adjusted operating profit in 2024.

Netherlands distribution

Proportion of Group revenue

14.8%

2023: 15.2%

Proportion of Group adjusted operating profit

14.9%

2023: 16.3%

Brands



	2024 £'m	2023 £'m	Change*	Constant Currency Change*
Revenue	337.6	351.5	(4.0%)	(1.3%)
Adjusted operating profit before property profit	26.4	33.4	(21.0%)	(18.7%)
Adjusted operating profit margin before property profit	7.8%	9.5%	(170bps)	—

* Change represents the movement between 2024 v 2023 and is based on unrounded numbers.

Our business in the Netherlands is the market leader in the distribution of ironmongery, tools and fixings products. The business has grown to 125 branches via acquisitions and new branch openings since Grafton acquired Isero in 2015. The branch network has good coverage in the west, central, north and south of the Netherlands, particularly in large population centres, with room for further expansion in the eastern part of the country.

Average daily like-for-like revenue was down 2.0 per cent in the year with an improved second half rate of decline of 1.2 per cent compared to the first half which was down 2.7 per cent. As a result of the weaker RMI market, branch revenue decreased in almost all regions across the country in the year. Strong growth in the sale of access control products however, especially to government supported affordable housing developments, helped partially offset challenges elsewhere.

Market conditions remain challenging in the Netherlands as planning objections and bottlenecks in the electricity grid are delaying the start-up of new projects. In the contracting market, competitive pressure increased in the year as competitors competed to maintain market share. Housing permits and housing sales continued to recover, in comparison with prior year, albeit from a low base. In a constrained market, housing under-supply continues to support increasing house prices.

Gross margin declined by 40 basis points in the year due to intense competitive pressure on trade counter pricing, unfavourable mix as a result of larger, lower margin construction project sales and discounted prices to sell-through aged inventory.

Overheads were higher in comparison to prior year. This was partially due to new branch openings, with continued cost pressure due to wage inflation driven by high collective labour agreements. These salary increases are negotiated at an industry level between employers' representatives against a backdrop of a very tight labour market.

Adjusted operating profit declined to £26.4 million (2023: £33.4 million) and adjusted operating profit margin was 170 basis points lower at 7.8 per cent largely reflecting the decline in sales and higher overheads.

The outlook for construction in 2025 and beyond is improving as the first signs of recovery are visible with large construction contractors having a good pipeline of projects to execute in the coming years. The structural shortage of housing in the Netherlands remains acute and an acceleration of housebuilding will be required in the coming years to meet demand.

Initiatives in the period in our Netherlands Distribution businesses included:

- Four new branches were opened in Zwaag, Drachten, Groningen and Zwolle to expand the coverage of the business, aligned with its growth-oriented strategy and focus on providing excellent service to local customers. The new branches overall have performed well since opening.
- The business completed nine branch refurbishments as part of its continuing branch refurbishment programme.
- Following the successful installation of roof mounted solar panels in the Amsterdam Noord branch, the business' sustainability journey has continued with a further 13 electric vehicles added to the van fleet in the year.
- Online sales grew from 7.8 per cent of sales in 2023 to 8.8 per cent of sales in 2024, on a like-for-like basis, supported by continuous investment in its eCommerce platform and active promotion of online ordering at branch level.



Finland distribution

Proportion of Group revenue

5.8%

2023: 6.0%

Proportion of Group adjusted operating profit

5.0%

2023: 6.9%

Brands



	2024 £'m	2023 £'m	Change*	Constant Currency Change*
Revenue	131.8	139.8	(5.7%)	(3.1%)
Adjusted operating profit before property profit	8.9	14.2	(37.0%)	(35.2%)
Adjusted operating profit margin before property profit	6.8%	10.2%	(340bps)	–

* Change represents the movement between 2024 v 2023 and is based on unrounded numbers.

IKH is a leading distributor of workwear and PPE, tools, spare parts and accessories in Finland. The business, which has a number two market position in its core tools and PPE segment, distributes its products through a network of independently operated IKH partner stores, third party distributors and 15 owned-stores. The business also generates sales in Sweden and Estonia primarily via its network of local partner stores. IKH is focused on supporting customers operating in the construction, renovation, industrial, agricultural and spares end markets.

Average daily like-for-like revenue was 5.2 per cent lower compared to prior year as a result of a further contraction in the construction sector following a double-digit decline in 2023 and continued weakness in the domestic economy and export markets. Given soft demand and intense competition, IKH has performed well against the broader Finnish market. The rate of decline moderated in the second half of the year with average daily like-for-like revenue 2.6 per cent lower. This moderation was driven by strong seasonal sales of winter related products, sell through of aged inventory and higher sales in the partner stores in Estonia.

The Finnish economy has slowly emerged from recession with a return to modest growth in the third quarter of 2024, albeit latest economists' forecasts expect an overall contraction for the full year.

Gross margin declined by 370 basis points in comparison to prior year due to competitive pricing pressure, sell through of aged inventory at discounted prices and unfavourable product mix.

Overheads, which were broadly in line with prior year despite inflationary pressure, were very tightly controlled. In response to the weaker trading environment management undertook a number of cost reduction measures, reducing headcount and discretionary expenditure.

Adjusted operating profit declined to £8.9 million (2023: £14.2 million) and adjusted operating profit margin was 340 basis points lower at 6.8 per cent largely reflecting the decline in sales and gross margin.



There is increasing confidence that the bottom of the construction cycle has been reached, and the outlook is for a return to modest economic growth in 2025 as consumer and business confidence improves. IKH is well positioned to capitalise on the recovery given its strong market position and operating leverage.

Mika Salokangas, who was appointed Executive Chairman of IKH in 2023, has now assumed operational responsibility for IKH. Mika was previously CEO of Ahlsell's Finnish operations and is highly experienced in the technical distribution field.

Initiatives in the year in our Finland Distribution business included:

- IKH opened its 15th owned store in Roihupelto, a suburb of Helsinki, in January 2024. As a result, IKH now has four stores in the Finnish capital region as it continues to grow its market share in the city.

- IKH continued to invest in its store network with refurbishment of its owned Pori store and expansion of its owned Kouvola store during the year.
- A net working capital optimisation initiative reduced investment in stock by €12.3 million in the year. This multi-year project, which initially focused on inventory, will continue to drive improvements in 2025 including optimising trade receivables and trade payables in the business.

Spain distribution

Proportion of Group revenue

1.3%

Brands



Proportion of Group adjusted operating profit

0.2%

	2024 £'m
Revenue	29.7
Adjusted operating profit before property profit	0.3
Adjusted operating profit margin before property profit	1.1%

* Change represents the movement between 2024 v 2023 and is based on unrounded numbers.

The Group’s results include two months of trading from Salvador Escoda which was acquired on 30 October 2024. Salvador Escoda is one of Spain’s leading distributors of heating, ventilation, air conditioning, water and renewable products serving professional installers across the residential, commercial and industrial sectors. The business, which was founded in 1974 by Mr. Salvador Escoda Forés, creates a new platform further extending the geographical diversification of the Group and providing exposure to a new growth market. It has grown to scale, after 50 years of sustainable organic growth, to develop a strong position in the Iberian market.

Salvador Escoda is headquartered in Barcelona with over 750 employees across all locations throughout Spain. The business has grown to offer a broad suite of over 100,000 products principally supplying the professional installer market with both appliances and ancillary products, with a particular focus on the Heating, Ventilation and Air Conditioning (“HVAC”) market. The business also has some limited export sales, primarily to service projects of existing customers in Spain, to neighbouring countries.

Salvador Escoda is a high-quality business with a strong market position and an experienced management team. The business is differentiated by its extensive own-brand offering with over 60 per cent of its sales in 2024 from high quality private label brands such as MundoClima in air conditioning, Escogas in air conditioning gas and MundoFan in ventilation. There is an increasing demand for energy efficient products within the HVAC sector driven by regulatory mandates for residential energy upgrades and rising temperatures across the region.

The business operates from 92 strategically located branches throughout Spain which are supported by four distribution centres located in Barcelona, Madrid, Seville and Valencia. The geographical footprint of the branch network extends to most regions of Spain but with a stronger presence in regions with a warmer climate such as Catalonia, Valencia, Andalusia and Madrid.

Over 90 per cent of the product portfolio consists of technical products required for installations, therefore, the main customers of the business are installation companies, technicians and smaller warehouses that

distribute in the same market. Dedicated teams leverage sales leads generated by the sales force across the branch network and manage tender processes for large construction contractors and larger projects across the residential, commercial and industrial sectors.

Salvador Escoda provides an excellent market entry point into the attractive and fragmented Iberian market. The business has historically grown organically, and Grafton management is supporting the existing management team to capitalise on ongoing organic expansion, and in due course, the execution of inorganic opportunities.

Spain, which is the fourth largest construction market in the EU, has a positive macro-economic environment and outlook. The underlying demand in the construction market is expected to be positive in the coming years with increasing demand for renovation due to energy efficiency regulations. It is estimated that more than 80 per cent of buildings in Spain do not meet new EU energy efficiency regulations. This is expected to deliver strong growth across the HVAC segment of the construction market.

The existing management team, supported by Mr. Salvador Escoda Forés as Honorary Chair, has remained with the business. The integration is progressing well with Grafton management supporting the Salvador Escoda team to execute a detailed integration and growth plan.

Sales and operating profit in the post-acquisition trading period were impacted by some disruption related to flooding in the Valencia region in November and lower



volumes in December which traditionally is a loss-making month for the business.

As previously disclosed, Salvador Escoda reported revenue of €231.8 million (unaudited) and an adjusted operating profit of €17.6 million (unaudited) in 2023 on a post-IFRS 16 (leases) basis. On a comparable basis, the business reported revenue of €233.1 million (unaudited) and adjusted operating profit of €15.0 million (unaudited) for the full year in 2024 with profitability impacted by an investment in overheads via additional resources and infrastructure to drive future growth.

After delivering the strongest economic growth rate in the Eurozone in 2024, the Spanish economy is expected to continue to grow in 2025. The outlook for construction growth in Spain is positive supported by population growth and a structural shortage of housing.

Retail segment

Proportion of Group revenue

11.4%

2023: 11.1%

Proportion of Group adjusted operating profit

19.5%

2023: 15.9%

Brands



	2024 £'m	2023 £'m	Change*	Constant Currency Change*
Revenue	261.1	258.2	1.1%	3.9%
Operating profit before property profit	34.7	32.7	6.0%	8.9%
Operating profit margin before property profit	13.3%	12.7%	60bps	—

* Change represents the movement between 2024 v 2023 and is based on unrounded numbers.

The Woodie's DIY, Home and Garden business in Ireland delivered a strong trading performance underpinned by a favourable macro-economic environment. Despite increasing competition, Woodie's continued to maintain strong market share across its product categories via its strong customer proposition serviced by a network of 35 stores and growing online presence.

Average daily like-for-like sales were up 3.6 per cent in the year with stronger growth of 5.8 per cent in the second half in comparison with growth of 1.4 per cent in the first half of the year when poor weather impacted demand. Revenue growth of 3.9 per cent, in constant currency, in the year was supported by an increase of 4.0 per cent in the number of transactions to 8.9 million but was offset by a marginal decline of 0.1 per cent in average transaction value. The second half of the year saw a strong recovery in sales of gardening and outdoor related products helped by mild weather. The business had a strong end of year resulting in the busiest December on record for Woodie's as consumer confidence was boosted by favourable budgetary measures. Decorative products, homeware products and gardening were the strongest performing categories overall in the year.

Gross margin improved by 50 basis points in 2024 largely due to good management of rebate and commercial income from suppliers and control of aged inventory.

Overheads were higher than prior year reflecting a further increase in the National Minimum Wage and general inflationary pressures. Operating costs however were tightly controlled by focused efforts to streamline processes and utilise technology to extract efficiencies in its stores.

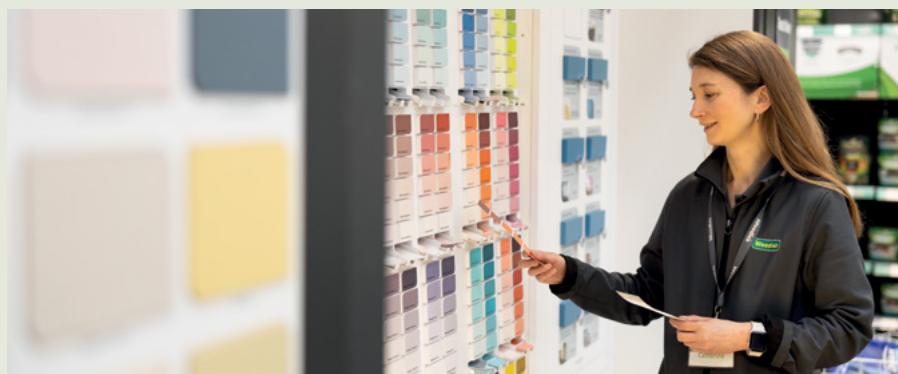
Adjusted operating profit increased to £34.7 million (2023: £32.7 million) and adjusted operating profit margin was 60 basis points higher at 13.3 per cent as higher sales and gross margin more than offset significant cost challenges.

The outlook for 2025 is positive as the Irish economy is expected to grow strongly on the back of momentum from the second half of 2024 supported by real income growth and strong consumer spending and job creation.

Woodie's made further progress on several initiatives in the year, including:

- Growing online sales – online revenue increased by 10.5 per cent in 2024 and represents 3.8 per cent of total sales. Growth in 2024 was largely driven by strong performance in the 'Click & Collect' channel leveraging the coverage provided by the store network across Ireland.
- Completed rollout of the Building Management System across all the store network and support office which has contributed to a reduction in energy costs and more sustainable energy management.
- Following the successful launch of the 'Home Shop in Shop' concept in two stores in 2023, a further nine stores were rolled out in 2024 to enhance customers' experience within the home category.

- Woodie's was ranked 15th, the highest placed retail business in Ireland, in the 'Great Place to Work' index and was ranked 53rd in the 'Best Workplaces in Europe' in 2024.
- The business continues to invest in developing talent as it launched a 'Shadow Board' in the year to develop leadership through training, mentoring and strategic exposure.
- Stores in Glasnevin and Naas Road in Dublin and Headford Road in Galway had solar panels installed in 2024 demonstrating the commitment of the business to reducing carbon emissions following a successful trial in the Sallynoggin store in Dublin.
- The 'Woodie's Heroes' campaign, which had its ten-year anniversary in July 2024, continued to raise vital funds for four Irish charities. The campaign has raised €4.1 million on a cumulative basis since inception.



Manufacturing segment

Proportion of Group revenue

4.8%

2023 5.2%

Proportion of Adjusted operating profit

13.7%

2023: 14.7%

Brands



	2024 £'m	2023 £'m	Change*	Constant Currency Change*
Revenue	108.6	120.6	(10.0%)	(9.8%)
Adjusted operating profit	24.3	30.3	(19.7%)	(19.4%)
Adjusted operating profit margin before property profit	22.4%	25.1%	(270bps)	–

* Change represents the movement between 2024 v 2023 and is based on unrounded numbers.

CPI EuroMix supplies dry mortar to national, regional and local house builders and their sub-contractors in Great Britain from its ten manufacturing plants. Packaged ready-to-use mortar products, which are largely supplied to the residential RMI market to be utilised for outdoor applications, accounts for approximately 10.0 per cent of revenue with bulk products accounting for all remaining revenue.

The business was impacted by the continued fall in demand, which commenced in the second half of 2023, in new residential house building activity. Total volumes for the year declined by 18.0 per cent, albeit with the pace of decline reducing significantly from 25.8 per cent in the first half to 7.0 per cent in the second half, helped by easier comparators. Some modest growth was evident in the final two months of the year as the new housing sector began to slowly recover. The number of silos on customers' sites has continued to decline in line with volumes reflecting a lack of new site starts with total silos approximately 5.1 per cent lower at the end of 2024 in comparison with the prior year. In contrast to the overall trends in the market, sales of packaged ready-to-use mortar products grew by 6.6 per cent in the year largely due to capture of additional market share.

Gross margin showed just a slight decline in the year despite the significant drop in volumes, competitive price pressure and cost headwinds across labour, raw materials and fuel costs. The newly integrated ERP solution, which was fully rolled out across the business in 2023, has facilitated improved cost management. Labour and fleet capacity have been proactively managed with a specific focus on fleet utilisation whilst also applying stringent cost control around discretionary spend. The development of a central laboratory covering all plants has further supported product mix optimisation.

Despite inflationary pressure, tight cost management helped lower overheads in comparison to prior year mitigating the drop in adjusted operating profit as a result of lower volumes relative to 2023.

The recovery in housebuilding in the UK is expected to be slow and steady, supported by the Government's commitment to

increasing housebuilding, with any meaningful acceleration of growth not expected until the second half of 2025. The medium-term growth prospects for the market remain positive due to the historical undersupply of houses combined with robust underlying demand supported by population growth and positive sentiment around planning reforms.





CPI EuroMix made progress on several initiatives in the year including:

- Solar panels now installed at four sites to help reduce the carbon footprint of the business.
- Full year of HVO conversion of the fleet at two sites with a third site added in 2024.
- Building Bridges Network established by CPI EuroMix which brings together leading construction industry companies to champion best practices for equality, equity, diversity and inclusion in the industry. The network is focused on common industry challenges regarding the lack of diversity and ongoing skills shortages.

StairBox, the market leading manufacturer of bespoke timber staircases and wooden windows and doors, continued to experience a challenging RMI market in the UK which has adversely impacted volumes. Consumers in the UK continued to delay or reduce the scope of discretionary home improvement projects due to economic uncertainty and cost of living challenges. Volumes of bespoke staircases were down 12.3 per cent in the year with declines moderating to 7.9 per cent in the second half from 16.0 per cent in the first half, as the market stabilised. The recovery in the market in 2025 is expected to be slow as consumer sentiment remains weak.

Growth in gross margin resulting from good management of deflationary pricing trends in raw materials and tight cost control more than offset lower sales of bespoke timber staircases to deliver slightly higher adjusted operating profit in its pre-existing business. The beneficial impact of the acquisition of TA Windows in December 2023, which trades as Wooden Windows, resulted in strong growth in profitability in the business overall compared to the prior year.

The integration of the Wooden Windows business has continued to progress with the successful relocation of manufacturing facilities to the StairBox site in Stoke-on-Trent in November 2024. The combined site is expected to enable further efficiencies across both businesses. Wooden Windows also transitioned onto the same ERP system as StairBox in the second half of the year.

Financial review

Revenue

Group revenue was down 1.6 per cent to £2.28 billion from £2.32 billion in 2023.

Group revenue in the like-for-like business declined by 2.3 per cent (£52.5 million) on the prior year. The decline in average daily like-for-like revenue was 2.7 per cent.

Incremental revenue from the Clady Timber and B. McNamee acquisitions in Northern Ireland, Rooneys in Ireland, the Kouvola acquisition in Finland and TA Windows acquisition in the UK, which were completed throughout 2023, increased revenue by £17.5 million.

New branches opened in the prior year and current year in The Netherlands (five), Finland Distribution (two), Ireland Distribution (two) and UK Distribution (four) contributed incremental revenue of £5.5 million in 2024.

The recent acquisition of Salvador Escoda, incorporating 92 branches, contributed revenue of £29.7 million since its acquisition on 30 October 2024.

Currency translation of revenue in the euro denominated businesses to sterling decreased revenue by £37.1 million as a weaker euro slightly reduced the level of reported results as compared to the prior year. The average Sterling/Euro rate of exchange for the year ended 31 December 2024 was Stg84.66p compared to Stg86.98p for the year ended 31 December 2023.

Adjusted operating profit

Adjusted operating profit of £177.5 million was down from £205.5 million last year, a decline of £28.0 million. This result for the year included property profit of £4.0 million (2023: £1.3 million) which relates to profit on property disposals of £0.8 million and a fair value gain of £0.5 million on one investment property in Ireland and an additional fair value gain of £2.7 million on one investment property in the UK.

Adjusted operating profit before property profit of £173.5 million was down from £204.2 million last year, a decline of 15.0 per cent. The adjusted operating profit margin before property profit declined by 120 basis points to 7.6 per cent.

Net finance income and expense

The net finance expense was £0.1 million which compares to net finance income of £0.4 million for the year ended 31 December 2023. This incorporates an interest charge of £15.0 million (2023: £15.6 million) on lease liabilities recognised under IFRS 16. Interest income on cash deposits amounted to £23.4 million (2023: £24.2 million).

Returns on deposits and account balances decreased in the full year and reflected lower Bank of England and European Central Bank base rates in the second half of the year compared to the prior year and lower cash balances following the Group's Spanish acquisition on 30 October 2024.

The Group's gross debt is drawn in euro and provides a hedge against exchange rate risk on euro assets in the businesses in Ireland, the Netherlands, Finland, and Spain. Interest payable on bank borrowings denominated in euro and US Private Placement Senior Unsecured Notes was £8.3 million (2023: £8.3 million). This reflects a combination of higher bank debt acquired with the Salvador Escoda acquisition offset by lower interest rates payable on bank debt as the European Central bank rates reduced in the second half of the year.

The net finance expense included a foreign exchange translation gain of £1.6 million which compares to a gain of £0.5 million in the prior year.



Taxation

The income tax expense of £30.5 million (2023: £34.8 million) is equivalent to an effective tax rate of 20.0 per cent of profit before tax (2023: 19.0 per cent). The rate is as anticipated and reflects the blend of the Group's corporation tax on profits in the five countries where the Group operates. The increase in the effective rate reflects an increase in the UK rate of corporation tax to 25 per cent with effect from 1 April 2023 (2023: 23.5% blended rate) and the introduction of the global minimum top up tax.

Certain items of expenditure charged in arriving at profit before tax, including depreciation on buildings, are not eligible for a tax deduction. This factor increased the rate of tax payable on profits above the headline rates.

Cash flow

Cash generated from operations for the year of £298.3 million (2023: £334.3 million) was strong and benefitted from a reduction in working capital by £14.9 million (2023: reduction of £29.5 million). Working capital and inventory is a critical component of our customer proposition; maintaining high levels of stock availability is a key focus for all Grafton's businesses. The reduction in working capital was achieved without compromising availability.

Interest paid in the year amounted to £22.5 million (2023: £23.1 million) which included interest of £15.0 million on IFRS 16 lease liabilities (2023: £15.6 million). Taxation paid was £29.0 million (2023: £38.4 million). Cash flow from operations after the payment of interest and taxation was £246.8 million (2023: £272.8 million).

The cash outflow on the dividend payment was £73.2 million (2023: £72.6 million) and £80.9 million (2023: £155.7 million) was spent on the buyback of shares, excluding transaction costs. The total cash outflow on the dividend payment and buyback of shares was £154.1 million (2023: £228.3 million), excluding transaction costs.

Free cash flow of £178.2 million was generated in the year which represents a 100% conversion to cash of adjusted operating profit.

Capital expenditure and investment in intangible assets

We continued to maintain appropriate control over capital expenditure which amounted to £39.6 million (2023: £48.8 million). There was also expenditure of £7.3 million (2023: £4.0 million) on software that is classified as intangible assets.

Asset replacement capital expenditure of £23.9 million (2023: £27.4 million) compares to the depreciation charge (before IFRS 16) on property, plant and equipment ("PPE") of £42.8 million (2023: £39.0 million) and related principally to the replacement of distribution vehicles, plant and tools for hire by customers, fixtures and office equipment, racking, forklifts and other assets required to operate the Group's branch network.

The Group incurred development capital expenditure of £15.7 million (2023: £21.4 million) on a range of organic development initiatives including new branches, investment in IT software, and upgrades and refurbishments in Chadwicks, Woodie's and the Netherlands and investment in land and buildings in Chadwicks.

The proceeds received from the disposal of PPE, properties held for sale and investment properties was £5.7 million (2023: £3.6 million). The amount spent on capital expenditure and software development, net of the proceeds received on asset disposals, was £41.1 million (2023: £49.1 million).

Pensions

The Group operates four legacy defined benefit schemes (one in the UK and three in Ireland), all of which are now closed to future accrual. The defined benefit pension schemes had an accounting surplus of £1.3 million at the year end, an improvement of £7.1 million from a deficit of £5.8 million at 31 December 2023.

The deficit on the UK scheme reduced by £5.7 million to £8.8 million and the surplus on the schemes in Ireland increased by £1.4 million to £10.9 million.

There was a scheme deficit of £0.8 million (31 December 2023: £0.8 million) related to the Netherlands business.

Group revenue

£2.28bn



Adjusted operating profit

£177.5m



Cash generated from operations

£298.3m



Free cash flow

£178.2m



Net cash (before IFRS 16 leases)

£272.1m



Adjusted return on capital employed

10.3%



Financial Review continued



fund investment in working capital, routine capital expenditure and development activity including acquisitions.

The Group's gross debt is drawn in euro and provides a hedge against exchange rate risk on euro assets in the businesses in Ireland, the Netherlands, Finland and Spain.

Shareholders' equity

Shareholders' equity declined by £59.6 million to £1.60 billion at 31 December 2024 from £1.66 billion at 31 December 2023. Profit after tax increased shareholders' equity by £122.0 million. There was a loss of £33.1 million on retranslation of euro denominated net assets to sterling at the year-end rate of exchange. Shareholders' equity was increased for a remeasurement gain (net of tax) of £4.4 million on the pension schemes and was reduced for dividends paid of £73.2 million and by £81.1 million for the buyback of shares. Other changes increased equity by £1.4 million.

Return on capital employed

Adjusted Return on Capital Employed declined by 160 basis points to 10.3 per cent (2023: 11.9 per cent).

Principal risks and uncertainties

The principal risks affecting the Group are set out on pages 47 to 51.

David Arnold
Chief Financial Officer
 5 March 2025

Net debt/cash

Net debt (including lease obligations) at 31 December 2024 was £131.7 million (31 Dec 2023: £49.3 million).

Our net cash position, before recognising lease liabilities, was £272.1 million (31 Dec 2023: £379.7 million).

The Group's policy is to maintain its investment grade credit rating while investing in organic developments and acquisition opportunities. The Group has a progressive dividend policy with a long-term objective of maintaining dividend cover at between two and three-times earnings although it is anticipated that dividend cover for the full year will drop modestly beneath this.

Liquidity

Grafton was in a very strong financial position at the end of the year with excellent liquidity, net cash before IFRS 16 lease liabilities and a robust balance sheet.

The Group had liquidity of £776.2 million at 31 December 2024 (31 December 2023: £849.6 million). As shown in the analysis of liquidity on page 207, accessible cash and deposits amounted to £505.4 million (31 December 2023: £579.9 million) and there were undrawn revolving bank facilities of £270.8 million (31 December 2023: £269.7 million).

At 31 December 2024, the Group had bilateral loan facilities of £328.3 million (2023: £336.9 million) with four relationship banks, which all mature in August 2029 and debt obligations of £132.7 million (31 December 2023: £139.1 million) from the issue of unsecured senior notes in the US Private Placement market.

The revolving loan facilities of £328.3 million were put in place in August 2022 for a term of five years to August 2027. The arrangements included two one-year extension options exercisable at the discretion of the Group and the four banks. The second one-year extension option was agreed in July 2024 and these facilities are now repayable in August 2029. This is sustainability linked debt funding and includes an incentive connected to the achievement of carbon emissions, workforce diversity and community support targets that are fully aligned to the Group's sustainability strategy.

The average maturity of the committed bank facilities and unsecured senior notes was 4.6 years at 31 December 2024 (2023: 4.9 years).

The Group's key financing objective continues to be to ensure that it has the necessary liquidity and resources to support the short, medium and long-term funding requirements of the business. These resources, together with strong cash flow from operations, provide good liquidity and the capacity to

Risk management

Managing our principal risks

The Directors acknowledge that they have overall responsibility to establish and maintain an effective risk management and internal control framework and for reviewing its effectiveness. The Directors recognise that such a system is designed to manage rather than eliminate risk and can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk management framework

The Board of Directors

- Establishing and maintaining risk management and internal control systems
- Evaluating the effectiveness of the Group's risk management and internal control systems
- Determining and reviewing risk appetite, and establishing risk management strategies
- Monitoring and assessing principal and emerging risks

Audit & Risk Committee

- Monitoring and reviewing the effectiveness of the Group's risk management and internal control systems
- Receiving reports from management on its review of risk management and internal controls
- Reviewing principal risks as documented on the Corporate Risk Register and monitoring emerging risks
- Approving the internal audit plan and reviewing reports from Group Internal Audit
- Receiving reports from the External Auditors, including any reporting on internal control

Group Risk Committee

- Reviewing and updating the Corporate Risk Register
- Determining and maintaining risk management policies and procedures
- Performing 'deep dive' reviews of specific risk areas and scanning for emerging risks which may impact the Group
- Reviewing Business Unit risk registers and sharing risk management practices between businesses
- Initiating Group-wide risk management actions
- Reporting to the Audit & Risk Committee

Internal Audit

- Establishing and delivering a risk based annual Internal Audit plan
- Reviewing internal controls and risk management actions as part of the Internal Audit plan and reporting the results to Management and the Board
- Reporting to the Audit and Risk Committee on the results of their audit work, including on the completion of internal control actions

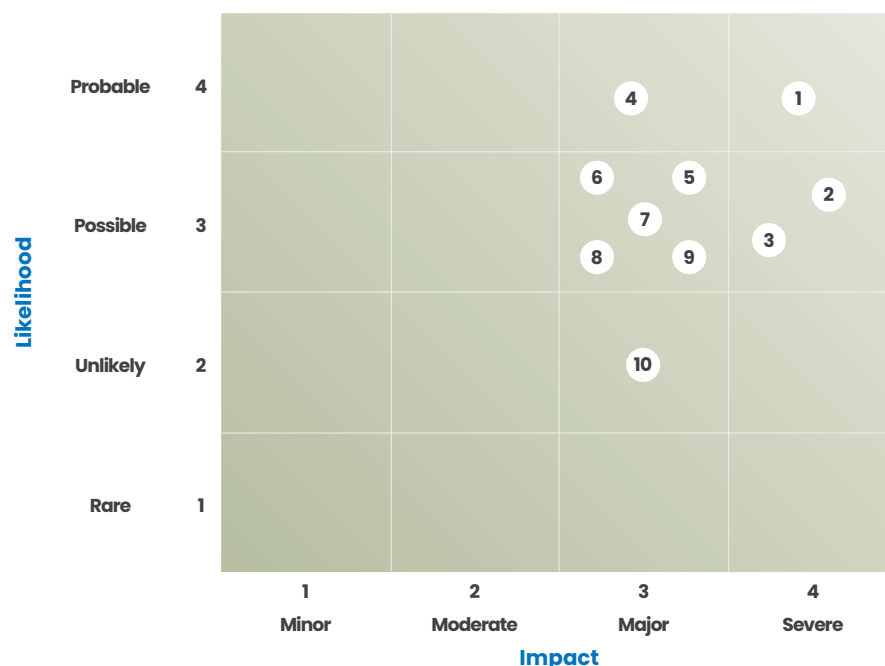
Business Units, Group functions and colleagues

- Sharing responsibility for effective management of risk
- Maintaining risk registers and monitoring the management of risk at Business Unit and functional levels
- Identifying and reporting emerging risks
- Implementing actions to address Internal Audit and External Audit control findings

Risk management continued

Group's principal risks

- ① Macro-economic Conditions
- ② Cyber Security and Data Protection
- ③ Acquisitions and Integration of New Businesses
- ④ Competition
- ⑤ Colleagues – Retention, Recruitment, Succession, Diversity, Wellbeing
- ⑥ Supply Chain
- ⑦ IT Systems Implementation
- ⑧ Health and Safety
- ⑨ Sustainability and Climate Change
- ⑩ Internal Controls and Fraud



Grafton's risk management process

Risk management is a key factor in the successful delivery of the Group's strategic objectives.

The Group has established a risk management process, which is closely aligned with the overall strategic development of the Group, to ensure effective and timely identification, reporting and management of risk events that could materially impact upon the achievement of Grafton's strategic objectives and financial targets.

A process for identifying, evaluating and managing significant risks faced by the Group, in accordance with the UK Corporate Governance Code and the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, has been in place throughout the accounting period and up to the date the financial statements were approved.

These risks are reviewed by the Audit and Risk Committee and by the Board, who also consider any emerging risks for inclusion on the Corporate Risk Register ('CRR').

Executive management is responsible for implementing strategy and for the continued development of the Group's businesses within the parameters set down by the Board.

The Group's Risk Management Framework is designed to facilitate the development, maintenance, operation, and review of risk management processes that fulfil the Board's corporate governance obligations and support the Group's strategic objectives.

Risk appetite

'Risk appetite' describes the amount of risk we are willing, as a Group, to tolerate, accept or seek. The Group has defined its risk appetite for each risk on the CRR, including key risk indicators and tolerance levels.

We have a higher appetite for risks that present us with a clear opportunity for reward. We actively seek out those risks that provide the greatest opportunities, whilst balancing with appropriate mitigating actions, for example with acquisitions and our digital strategy.

We have a low appetite for risks that only have negative consequences, particularly when they can impact our colleagues, values, or business model. For example, health and safety, cyber security and internal controls. We aim to eliminate these risks, as much as possible, with our mitigation efforts.

The Board regularly reviews their risk appetite for the Group's principal risks and uses this when deciding on risk mitigation strategies.

Group Risk Committee (GRC)

The GRC is an internal committee comprised of representatives of the Group's businesses and Group Office functions. The GRC and executive management are responsible for the oversight of risk management in the Group.

The committee is chaired by the Group CFO and reports to the Audit and Risk Committee. The GRC met four times during the year to review the risk management processes in the businesses and to oversee the CRR. This included a horizon scanning exercise to identify any new or emerging risks which may impact the Group.

In addition, the GRC performed deep dive reviews of specific risk areas including: information security and cyber risk, acquisitions and the integration of new businesses; risks relating to colleagues; sustainability and the impact of climate change on business operations; and health and safety risk. The results of these exercises were shared with businesses and, where relevant, new mitigating actions were established.

Corporate risk register (CRR)

The CRR records the Group's material risks, their root causes and key risk indicators, and the actions and controls in place and required to manage each to an acceptable level of risk consistent with the Group's risk appetite. The principal risks facing the Group are set out in detail on pages 47 to 51. All updates to the CRR are reported to the Audit and Risk Committee.

The Group also maintains a 'watchlist' of emerging risks and risks that have previously been on the CRR. This is regularly reviewed to consider whether any should be promoted to the CRR.

Key changes during the year to the CRR

The risk environment in which the Group operates does not remain static. As part of the ongoing risk review process, the GRC and the Board identify new risks for the Group, assess the inherent risk associated with each principal risk, and determine whether the risk trend facing the Group is increasing, decreasing or unchanged. Whilst the risk profile for the Group remains relatively stable, the following key changes were identified in 2024:

- Cyber security and data protection risk has decreased in its severity following the completion of a programme of activities across the Group to improve internal and external security controls.
- Colleague risk has decreased in its severity reflecting the easing of labour market pressures, with lower colleague turnover and vacancy levels across the Group.

Emerging risks

The Board is required to undertake, under the 2018 UK Corporate Code, a robust assessment of the emerging risks that may impact the Group. In response to this requirement, consideration of emerging risk has been integrated into the Group's risk management practices. Each Business Unit is required to maintain an individual Business Risk Register. Changes to Business Risk Registers, including any new risks or risks that have increased in severity, are reported and discussed at GRC meetings. The GRC also carries out an annual Horizon Scanning exercise to identify any new or emerging risks and the Audit and Risk Committee performs a review of the CRR each January which includes a consideration of any emerging risks.

Identified emerging risks which are not currently considered significant enough to be recognised on the CRR are recorded on a 'watchlist'. Watchlist risks are regularly reviewed by the GRC and Audit and Risk Committee to consider whether they should be promoted to the CRR.

Internal control system

The key features of the Group's system of internal control and risk management include:

- Review, discussion and approval of the Group's strategy by the Board;
- Defined structures and authority limits for the operational and financial management of the Group and its businesses;
- A comprehensive system of reporting on trading, on operational issues and on financial performance incorporating monthly results, cash flows, working capital management, return on capital employed and other relevant measures of performance;
- Written reports from the CEO and the CFO that form part of the papers considered by the Board at every board meeting;
- Review and approval by the Board of annual budgets incorporating operating performance and cash flows;
- Board approval of major capital expenditure proposals and significant acquisition proposals. Capital expenditure proposals below Board level are delegated to a Management Committee comprising the CEO, CFO and Group Financial Controller;
- Board review and approval of all new platform and bolt-on acquisitions, following a thorough due diligence process. Subsequent monitoring and reporting by Group and business management on the performance and integration of new businesses;
- Review by senior management and the Audit and Risk Committee of Internal Audit Report findings, recommendations and follow up actions;
- Second line compliance functions which focus on specific key risk areas including branch operations, health and safety, information security and financial reporting controls. These generally report into business unit or Group functional management with their processes subject to assurance by Group Internal Audit; and
- Self-assessment exercises for key financial and information security controls. Management responses are validated by Group Internal Audit.

The preparation and issue of financial reports, including the Group's annual and interim results, is managed by the Group Finance team based in the Group Head Office in Dublin. The Group's financial reporting process is controlled by reference to the Group Financial Accounting Policies and Procedures Manual, which sets out the general accounting principles and requirements and internal controls standards applicable to all Group businesses.

In line with best practice, the Group's Risk Management and Internal Audit procedures are subject to a review of their effectiveness by an independent third party on a periodic basis. The last external effectiveness review was conducted in 2021 by a team from Grant Thornton. The review found that in both the Risk Management and Internal Audit functions there were several areas of good practices and improvement had been made since the previous review in 2017. The report did make a number of recommendations to develop further the maturity of both functions which have been progressed in 2024 including the implementation of an audit, controls and risk system, which has improved audit efficiency and data analysis capability. The next external effectiveness review for Internal Audit will be completed in 2025.

The Audit and Risk Committee is responsible for approving the internal audit budget and is satisfied that internal audit has the appropriate resources to fulfil its responsibilities. The role and responsibilities of Internal Audit is set out in the Group Internal Audit Charter, which is available on request.

In the Board's view, the ongoing information it receives is sufficient to enable it to review the effectiveness of the Group's system of internal control. The Directors confirm that they have reviewed the effectiveness of the risk management and internal control framework. In particular, during the year the Board has considered the significant risks affecting the business and the way in which these risks are managed, controlled and monitored.

Risk management continued

Viability statement

The Directors have assessed the viability of the Group over a three-year period to 31 December 2027, taking account of the Group's current position and prospects, the Group's strategy and principal risks and how they are managed as documented on pages 47 to 51. Based on this assessment, the Directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2027.

Period of viability statement

In accordance with Provision 31 of the UK Corporate Governance Code 2018, the Board has reviewed the length of time to be covered by the Viability Statement, particularly given its primary purpose of providing investors with a view of financial viability that goes beyond the period of the Going Concern Statement. The Directors have determined that the three-year period to 31 December 2027 is an appropriate period over which to provide its viability statement. The Group prepares five-year plans as part of its annual strategy review, however given the inherent uncertainties, the outer two years are more difficult to forecast. These two years are used mainly for scenario planning with the Board placing greater reliance on the initial three-year period.

Approach to assessing viability

In making this statement the Directors have considered the resilience of the Group, taking account of its current position, the principal risks facing the business in severe and reasonable scenarios, and the effectiveness of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks that would realistically be open to them in the circumstances. This assessment has considered the potential impacts of these risks on the business model, future performance, solvency and liquidity over the period with particular consideration given to the Group's debt funding covenants including its interest cover covenant. The Directors have also considered the Group's resilience and management's response to the Covid-19 pandemic as well as the experience from the 2008 Global Financial Crisis.

The principal scenarios considered in the review are those where negative macro-economic and other impacts would be experienced across all of the Group's businesses. These scenarios ranged from depressed economic activity levels in the Group's markets and intense competitive pressures, to more severe cyclical economic downturns. The Group also reviewed and considered the impact of a cyber security denial of service attack on the business which might restrict trading and the operation of the Group's businesses. In addition, the assessment considered a 'reverse' stress test to determine what level of disruption would need to be experienced before a breach of the Group's interest cover funding covenant was unavoidable.

The downside scenarios applied to the strategic plan are summarised in the table below. The reverse stress test shows that a breach of the interest cover covenant would occur on denial of service without any income for a period of four months, and it assumes that the Group's existing surplus cash at 31 December 2024 of £272.1 million is invested in acquisitive growth but the Group would still have adequate liquidity.

Whilst we believe the reverse stress test is highly unlikely, the Group would be able to take a number of further mitigating actions including management of working capital, capital expenditure and dividends.

In making their assessment, the Directors have taken account of: (i) the Group's net debt (including lease liabilities) of £131.7 million at the end of 2024 (net cash position of £272.1 million excluding lease liabilities); (ii) the Group's strong financial position; (iii) headroom and duration of loan facilities currently in place; (iv) key potential mitigating actions of reducing the Group's cost base, capital expenditure and dividend payments; and (v) the Group's ability to generate positive cash inflows in a scenario of falling revenue as working capital invested in the business is reduced. These mitigating actions were tested during the downturn in the Group's businesses from 2008 to 2012 which highlighted the resilience of its business model to a very severe and protracted economic downturn by historic standards.

Severe but plausible downside scenario

Scenario	Link to principal risks	Level of severity tested	Conclusion
Severe downturn in market conditions.	– Macro-Economic Conditions	Significant reduction in revenue and gross margin reduced for up to three years offset by cost reductions in each year.	– Net cash position before lease liabilities falls but remains strong.
Temporary suspension of trading.	– Cyber Security and Data Protection – Pandemic Risk*		– The Group remains within its banking covenants.

Reverse stress test scenario

Scenario	Link to principal risks	Level of severity tested	Conclusion
Temporary suspension of trading for four months.	– Cyber Security and Data Protection	Inability to trade for four months during 2026 across all regions without any mitigating income.	– Operating loss in 2026, with a cash outflow.
Assumed that Group's surplus cash at 31 December 2024 of £272.1 million is invested into acquisitive growth.	– Pandemic Risk*		– Group would require a waiver from lenders for the interest cover covenant in 2026 but would be within all covenants in 2027 and 2028.

* Whilst Pandemic Risk is no longer a principal risk on the corporate risk register having been removed to the watch list during 2023, in light of experience in 2020 and 2021 it is still considered a plausible but unlikely scenario by the Group for the purposes of the viability assessment.

Key risks

The risks identified below are those that could have a material adverse effect on the Group's business model, future performance, solvency or liquidity.

These principal risks are incorporated into the modelling activity performed to assess the ability of the Group to continue in operation and meet its liabilities as they fall due for the purposes of the Viability Statement on page 46.

Macro-economic conditions in Ireland, the UK, the Netherlands, Finland and Spain

Risk description

Trading in the Group's businesses is influenced by macro-economic conditions in the countries in which it operates. The Group's markets are cyclical in nature and a proportion of revenue is dependent on the willingness of households to incur discretionary expenditure on home improvement projects. Trading is also impacted by new construction activity. Investments of this nature closely correlate with general economic conditions. A deterioration in economic conditions in Ireland, the UK, the Netherlands, Finland or Spain could result in lower demand in the Group's businesses.

The Group's customers are mainly professional tradespeople engaged in residential, commercial and industrial maintenance and new-build projects. These markets are affected by trends in improvements, remodeling and maintenance, and construction.

Demand in these markets is also influenced by economic factors including interest rates, the availability of credit, inflation, changes in property values, demographic trends, tax policy, employment levels and gross domestic product.

Within this risk we also recognise the impact of geopolitical events on those domestic markets. This includes international conflict, political stability and government policy.

Mitigation

The strategic actions taken by the Group in 2021 with the sale of the traditional distribution business in Great Britain and the subsequent acquisition of IKH in Finland and Salvador Escoda in Spain, broadened the geographical spread of the Group's businesses and reduced the concentration of revenue arising from the UK market.

Branches are continually upgraded and the product portfolio expanded to meet the needs of customers engaged in residential RMI projects which currently account for a higher proportion of revenue. Businesses are equally well positioned to respond to an increase in house building in their relevant markets.

The mitigation strategy also incorporates cost control measures in response to changes in market conditions.

An assessment of macro-economic, construction and residential market conditions helps inform the allocation of capital resources to new projects.

The Group is aware of the potential impact that changes in business models, such as modern construction methods, may have on revenue and profit. It closely monitors these developments to enable businesses to respond accordingly.

Risk movement



Cyber security and data protection

Risk description

Increased levels of cybercrime represent a threat to the Group's businesses and may lead to business disruption or loss of data. The Group is exposed to the risk of external and internal parties gaining unauthorised access to Group systems and deliberately disrupting its business. This includes the risk of ransom demands, with the potential for a material loss of revenue and profitability while systems are being restored, stolen information or fraudulent acts.

Theft or leakage of data relating to colleagues, business partners or customers may result in a regulatory breach or financial loss and could impact the reputation of the Group.

Mitigation

The Group has a number of IT security controls in place including gateway firewalls, intrusion prevention systems and anti-malware software. The Group has a suite of information security policies, which are communicated to colleagues, through mandatory online training and regular security awareness campaigns. In addition, there is 24/7 monitoring of the Group's network, supported by a third-party.

The Group has put in place a Security Incident Management Plan and each business has their own cyber incident response and backup plans which are regularly rehearsed.

Following a review of the Group's cyber security maturity by third party specialists in 2021, a programme of initiatives was commenced in 2022 to further reduce cyber risk. This has been overseen by the Group's Information Security Steering Committee (ISSC) and was completed in 2024. The key controls implemented by this programme are now subject to regular dashboard reporting at a BU level which is monitored by the Group Information Security function and ISSC.

A Group-wide programme to implement General Data Protection Regulation (GDPR) was completed in 2018 and compliance activity has now been embedded into business processes, with roles established in each business unit to co-ordinate ongoing activities. This includes ensuring that all new businesses acquired by the Group meet the same Group Data Protection standards. The Group continues to evaluate and invest in new technology to maintain and improve its Data Protection management processes and controls.

During 2024, a review of the Group's Data Protection and GDPR compliance procedures was completed by third party specialists. This confirmed that the Group had in place appropriate procedures to protect personal and confidential data processed by businesses and meet regulatory requirements, whilst also making recommendations to further improve controls. Actions to address these are being progressed and will complete in 2025.

Risk movement



Risk management continued

Acquisition and integration of new businesses

Risk description

Growth through acquisition has historically been a key element in the Group's development strategy. The Group may not be able to continue to grow if it is unable to identify attractive targets, execute full and proper due diligence, complete acquisition transactions, integrate the operations of the acquired businesses and realise the anticipated levels of profitability, cash flows and return on invested capital.

Specific risks exist for newly acquired businesses which may not have sufficient controls to meet Group minimum standards in areas including information security and health and safety.

The Group acknowledges an elevated risk when completing larger transactions and/or transactions in new countries, such as the acquisition of Salvador Escoda in Spain in 2024.

Mitigation

Acquisitions are made in the context of the Group's overall strategy. The Group has a long established, experienced and skilled acquisition capability that has significant relevant experience in all aspects of acquisition transactions and in managing post acquisition integration.

All acquisitions require Board approval and are subject to a comprehensive due diligence process, which may include the involvement of third-party experts when required.

Immediate actions are taken to ensure that newly acquired businesses meet the Group's standards in areas such as cyber security, health and safety, and financial reporting, as well as a wider programme of actions to bring acquisitions in line with the Group's governance framework. This process is underpinned by strategic and financial acquisition criteria and the close monitoring of performance post acquisition including one and three year post acquisition reviews, completed by management and assured by Group Internal Audit, with the sharing of any lessons learnt identified by those reviews.

Risk movement



Competition in distribution, retailing and manufacturing markets

Risk description

Grafton faces volume and price competition in its markets. The Group competes with distributors of building materials and retailers of varying sizes and faces competition from existing general and specialist distributors including the national builders' merchanting chains together with retailers, regional distributors and independents. The Group also faces the risk of new entrants to its markets, for example, by way of competition from new competitors with low cost business models and/or new technologies.

Actions taken by the Group's competitors, as well as actions taken by the Group to maintain its own competitiveness, efficiency and reputation for value for money, may exert pressure on product pricing, margins and profitability. During 2024, the continuation of suppressed consumer demand, particularly in the UK RMI market, has meant that these competitive pressures remain high.

Some of the Group's competitors may have access to greater financial resources, greater purchasing economies and a lower cost base, any of which may confer a competitive advantage that could adversely impact the Group's revenues, profits and margins.

The Group remains alert to threats from new business models in its markets and invests in businesses such as Selco, Chadwicks, and Isero in response to changing customer needs and trends.

Mitigation

The Group's businesses monitor gross margins and, where possible, develop appropriate tactical and trading responses to changes in the competitive and pricing environment. Mitigation of this risk is achieved through ensuring a value proposition for customers. Businesses monitor pricing developments in their markets and take corrective action when necessary.

The Group's businesses conduct surveys and review feedback from customers in order to improve the quality of the overall product and service proposition and to ensure that customer expectations are met.

The Group has established and continues to develop an online sales capability to respond to changing customer requirements. During 2024 the Group continued to invest in its online platforms which supported a further rise in online revenue. This includes activities to further develop the digital capabilities of colleagues. Promotional and marketing activity is also a feature of revenue and margin management, and marketing teams have also invested in technology, including the use of AI, to improve their effectiveness.

Procurement strategies are focused on reducing costs through supplier consolidation and sourcing, as appropriate, through overseas markets.

Businesses also continually review and invest in their distribution networks to ensure they provide the best value and optimise product availability and inventory management.

Risk movement



Colleagues – retention, recruitment, succession, diversity and wellbeing

Risk description

The Group has approximately 10,000 colleagues who are fundamental to the long term success of the business. Attracting and retaining colleagues with the relevant skills and experience and investing in training and development is essential to sustaining existing operations and providing a platform for the growth of the Group.

The Group acknowledges its responsibility towards diversity and inclusion, and the benefits of recruiting and retaining colleagues from diverse backgrounds. We also recognise the importance of looking after the wellbeing of our colleagues mentally, physically and financially.

The Group is dependent on the successful recruitment, development and retention of talented and diverse executives to run the overall Group and its businesses. During the year the Group has continued to focus on effectively managing succession for senior leadership roles in several businesses.

The Group recognises the continuing high level of risk regarding colleagues as a result of cost of living demands, minimum wage increases, very tight labour markets and skill shortages in certain sectors, which has led to pay inflation.

In addition the Group is mindful of its responsibility to comply with new and existing regulatory requirements including the EU Pay Transparency Directive.

Mitigation

The Group and its businesses are committed to high standards of employment practice and are recognised as good employers in all of its markets. Remuneration and benefits are designed to be competitive with competitors and market practice.

Significant resources and time are devoted to recruitment, training and development. Turnover is closely monitored with action plans implemented in those businesses with high colleague turnover. Processes are in place to provide development opportunities. The Group made a number of appointments in recent years in planning for the succession of key executives, with several business unit CEO and senior management roles filled internally. Succession plans are in place for key management roles.

Inclusion working groups have been established in individual businesses to encourage diversity amongst colleagues. Annual colleague engagement surveys are carried out in all businesses, with action plans to address key issues arising from the feedback being developed and monitored. The Group has established local and national colleague forums in all countries and developed wellness programmes for mental, physical and financial wellbeing.

The Group HR Director leads a forum of business unit HR directors and managers which meets regularly to discuss and initiate action to address common issues, including responses to legislative changes, with external advice if necessary, to ensure ongoing compliance.

Risk movement



Supply chain

Risk description

Product availability is a key factor for all Group businesses and the Group is exposed to the risk of failure to supply by key suppliers. Over the past few years the Group's businesses, similar to the rest of the sector, have faced challenges in securing the supply of certain products due to global supply chain issues. The potential for international conflict and geopolitical factors to impact on the availability and cost of products sold by the Group remains high.

The Group recognises its potential exposure to ethical sourcing risks for certain products (e.g. timber) and the ethical behaviour of organisations in its supply chain which may not meet Grafton's expected standards. The Group is aware of the increasing regulatory requirements, including the Carbon Borders Adjustment Mechanism (CBAM), the EU Due Diligence Directive and the EU Deforestation Regulation, and obligations they place on Grafton and its suppliers.

There is also the risk, and corresponding opportunity, that Grafton does not take full advantage of its buying power to secure the best value when purchasing products and services.

The total value of income the Group receives from its suppliers in the form of volume rebates and other amounts, including product and marketing support, represents a material percentage of its operating profit. There is a risk that the Group does not collect all supplier rebates receivable or that rebates are accounted for incorrectly.

Mitigation

The Group seeks to maintain good relations with key suppliers and, to proactively manage instances of supplier shortages and product allocations.

The risk of over-reliance on single suppliers is mitigated, where possible, by dual sourcing or identifying alternative suppliers for key products.

The Group issued a new Supplier Code of Conduct in 2024 and has implemented technology to help manage its third-party risk and compliance procedures. A new system will be rolled out in 2025 to improve the Group's ability to screen and obtain information from key suppliers, covering a range of ethical, financial and quality areas, to confirm compliance with Grafton policies and relevant regulatory standards.

The Group Procurement Director works closely with procurement leads in the individual businesses and the Group's Head of Sustainability to identify relevant legislation and co-ordinate action to ensure regulatory requirements are met.

In addition, the Group Procurement Director liaises with suppliers and business procurement teams to negotiate Group buying deals where it is practical and commercially advantageous to do so.

The Group's policy is to have written agreements with suppliers detailing the terms and of all rebate arrangements. Finance and procurement teams work closely to validate amounts due from suppliers based on these agreements and quantities purchased. Rebates receivable are regularly reviewed and businesses engage in dialogue with suppliers regarding collection.

Risk movement



Risk management continued

Information technology systems – infrastructure and new implementations

Risk description

The Group's businesses are dependent on IT systems and supporting infrastructure to trade. Either the failure of key systems or the inability to compete through not having up to date trading platforms could have a serious impact on the business and could potentially result in the loss of revenue and reduced profitability.

The rate and scale of IT change is increasing and the Group continues to invest to ensure businesses have the right systems to enable them to function and grow. During 2023 and 2024, programmes to replace and upgrade legacy systems in Selco and CPI EuroMix were successfully completed. A project to implement a new ERP system for the Netherlands business is ongoing, with similar projects commencing in 2024 for Leyland SDM and Woodie's. In addition, during 2025 it is expected that an ERP upgrade project will begin in IKH.

Mitigation

The Group has established a Project Management Framework setting out the expected governance standards for significant change projects.

The replacement and updating of systems and technologies is supported by a full strategy and business case analysis, planning and risk analysis for each project. Implementation is supported by subject matter experts, including third parties where necessary, and colleagues from a cross section of functions to ensure that projects are managed to deliver technical, functional and business solutions within an appropriate cost and timeframe.

System changes are subject to rigorous testing and confirmation that they meet defined business acceptance criteria prior to full implementation. Systems are in place for the testing of critical IT infrastructure and ERP applications.

For each significant systems project, regular progress reports are made to the Board. Group Internal Audit perform an initial review of the project governance and risk management, and provide ongoing assurance through attendance at steering committee meetings, together with the Group IT Director.

Once implementations are finished, the projects go through a thorough close process which includes a lessons learnt exercise, with the results shared around the Group.

Risk movement



Health and safety

Risk description

The nature of the Group's operations exposes colleagues and third parties to health and safety risks.

The prevention of injury or loss of life to colleagues, customers and third parties is an absolute priority for the Board and executive management. Potential health and safety risks in branch locations concern the manual handling of products, slips, trips and falls and incidents involving, product storage and movement, forklift trucks and delivery vehicles.

Outside of the branch locations, the principal health and safety risks relate primarily to vehicles engaged in transferring building materials from branch locations to customers' sites, including loading and off-loading.

Mitigation

Health and safety forms part of the agenda at all Board meetings. Reporting covering injury frequency rates, lost time, hazard identification, risk management and the cost of accidents and incidents are regularly reviewed by the Board.

Individual businesses invest significant resources in health and safety management, training and awareness, and actively work to minimise health and safety risks. Injuries and unsafe events are monitored and corrective action taken when appropriate to reduce or eliminate the risk of recurrence. The Group Director of Safety, Health and Environment sets standards for the businesses in conjunction with business unit management teams and co-ordinates actions and initiatives to continuously improve the management of health and safety risks across the Group.

Compliance with health and safety regulations is monitored through a combination of external inspections, site reviews by business unit compliance teams and Group internal audits.

Risk movement



Sustainability and climate change ^T

Risk description

The Group recognises its responsibility to minimise the impact its operations have on the environment and to promote sustainable and ethical business practices amongst its customers, suppliers and colleagues. The Group is also committed to being an inclusive employer and promoting diversity in its workforce.

The legislation and reporting requirements around sustainability are changing rapidly and the Group acknowledges its compliance responsibilities, in particular for the upcoming EU Corporate Sustainability Reporting Directive (CSRD).

The Group also recognises the potential financial and operational impact of wider climate change on its business activities, either due to physical risks such as adverse weather events, or transitional risks including changes in regulation affecting operations, our cost base or the products we sell.

Consistent with the current Taskforce for Climate Related Financial Disclosure we have performed and reported on a specific assessment to identify the material risks and opportunities of climate change and sustainability to the Group. These are set out on pages 60, 61, 64-67 together with relevant mitigating actions and measures.

Mitigation

The Group has developed a sustainability strategy covering five key focus areas: planet; customer and product; people; communities; and ethics. The strategy has been rolled out to each business unit who have developed programmes and activities with targets, aligned with the overall Group goals which are monitored and reported on. Further details can be found in the Sustainability section on pages 54 to 81.

The Group Head of Sustainability leads and co-ordinates activity across the Group's businesses and engages with external stakeholders and third parties, including sector groups and suppliers, on sustainability matters.

The Group has an Executive Sustainability Committee, which is chaired by the Group CEO and includes CEOs from the Group's businesses. The Committee meets three times a year to provide oversight of the Group's sustainability strategy.

The Group engages in numerous charitable and community activities across its business units. Environmental regulations are complied with and reported on as required. Opportunities to reduce, recycle, and reuse are promoted within the Group.

Risk movement



Internal controls and fraud

Risk description

The Group is exposed to the risk of failure in financial or operational controls in individual business units, including the failure to prevent or detect fraud.

A breakdown in controls of this nature could lead to a financial loss for the Group and adversely affect its reputation with stakeholders and regulators.

Mitigation

The Group has established a framework of controls incorporating a 'three lines of defence' model to protect against significant control deficiencies and the risk of fraud. This includes documented policies and procedures for key financial and operational processes, ongoing monitoring of management accounts both at Group and business unit level, monthly sign-off of business unit accounts by local finance directors and an annual compliance statement signed by business unit Chief Executives and Finance Directors.

Business units also complete an annual self-assessment of key financial controls which is subject to validation by Group Internal Audit. Branch procedures are subject to regular review and audit by business unit internal audit and loss prevention teams.

Colleagues are actively encouraged to raise concerns about internal control compliance with their manager, and the independent SpeakUp service is available for colleagues and third parties to report, anonymously if they wish, suspected frauds and control failures. All reported cases are thoroughly investigated, with oversight by Group Internal Audit, with appropriate remedial action taken.


Where instances of attempted fraud occur within the Group, lessons learnt are identified and shared across businesses. All cases of significant fraud or control failure are reported to and discussed with the Audit and Risk Committee, including all fraud cases reported through the SpeakUp service. An annual report of the number of known cases of internal and external fraud and theft is also provided to the Committee.

The Group has continued work that commenced in 2023 to comply with the internal control requirements in the revised UK Corporate Governance Code. This will establish an annual programme of testing all material financial, operational, compliance and reporting controls including key anti-fraud controls.

Risk movement



Task Force on Climate-related Financial Disclosures (TCFD)

Grafton discloses against the TCFD framework. Where appropriate to avoid duplication, this disclosure links to information contained in other sections of the report. TCFD related content is indicated throughout the report with 

Grafton has been formally managing its climate risks and opportunities since 2014, measuring and tracking, with a focus on implementing reductions across Scope 1 and 2 GHG emissions (CO₂e). During 2023 we completed an initial exercise to estimate our Scope 3 emissions and in 2024 we committed

to reach net-zero greenhouse gas emissions across the value chain by 2050 and have received validation by the Science-Based Targets initiative of this target and associated near and long-term targets. These targets are aligned with the 1.5°C trajectory set out in the Paris Agreement (see page 64).

The Group continues to evolve its climate change and risk management approaches to align with the recommendations of the TCFD. Since 2020, sustainability and climate has been captured as a high rated risk in our CRR with assessments of climate-related risks and opportunities being conducted at both Group and Business Unit level. The Group maintains a specific Sustainability and Climate Change Risk Register, which was reviewed and updated in 2024. Following this update, additional analysis was conducted on specific risks to enhance the understanding of their potential impact on the Group.

Resilience

The Group has some inherent resilience to the impact of climate change given its geographical and market spread but has taken steps to improve its resilience and understanding of its exposure to specific physical and transitional climate change risks:

1. Physical risks to properties

During 2022 an exercise was conducted, with the support of consultants from Marsh, to model the climate change impact on properties across UK, Ireland, Netherlands and Finland geographies. The climate model used current asset location data overlaid by historical and future climate data, under two scenarios:

- Representative Concentration Pathway (RCP) 2.6 (i.e. consistent with a rapid decarbonisation scenario); and
- RCP 8.5 (consistent with a limited climate action scenario).

The exercise identified 44 sites that are currently at a high or very high risk of flooding which increases to 48 sites under RCP 2.6 scenario in 2050, and 63 sites under an RCP 8.5 scenario in 2100. This work has allowed businesses to focus flood mitigation actions on those at-risk properties including establishing flood emergency response plans and making building alterations to minimise flood damage and protect stock, as well as existing drainage maintenance schemes. This work at the 63 properties assessed as either High or Very High risk of flooding, were completed in 2024, and the Group continues to monitor for any additional properties which may become at risk of flooding, including new properties from acquisitions such as Salvador Escoda.

Grafton Disclosure against the TCFD recommendation	
In line with the Listing Rule UKLR 6.6.6 R the table below references where in the Annual Report we have made the disclosures recommended by the TCFD framework. We have also considered the TCFD supplementary guidance for the Materials and Buildings sector and the relevance of that to Grafton Group businesses:	
Recommendations and Supporting Recommended Disclosures	Disclosure location
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities. pages 79 and 86 b) Describe management's role in assessing and managing climate-related risks and opportunities. pages 79 and 86
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. pages 60-61 b) Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning. page 53 c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. pages 52-53
Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks. pages 60-61 b) Describe the organisation's processes for managing climate-related risks. pages 79 and 86 c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. pages 51 and 79
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. page 67 b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. page 67 c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. page 64

2. Physical risks to the supply chain

During 2024, discussions were held with business unit procurement teams to assess the potential impact on the business of supply chain disruptions caused by climate change related physical weather events. This was based on experience of major supply chain disruptions over recent years including the Covid pandemic, and issues affecting shipping lanes through the Red Sea and Suez Canal.

Overall the discussions confirmed the risk at a moderate level for the main distribution businesses. Whilst adverse weather could cause significant disruption to global supply chains especially on freight routes, resulting in longer lead times, increased freight costs and reduced stock availability, these would impact all companies in the market in a similar way so there would be no competitive disadvantage. Also any additional costs would be passed on to the consumer so profit impact would be minimal. Light-side product sourced from further afield would generally be at lower risk due to greater opportunity to switch locations and sourcing.

The analysis did highlight a greater risk in the event of a disruption caused by adverse climate conditions for heavy-side suppliers, with products sourced closer to home from a relatively small group of large suppliers. Similarly for products supplied through specific docks and 3rd party distribution centres. This has prompted action to confirm appropriate business continuity plans are in place for those facilities.

3. Transitional risk – impact of carbon taxation based on CBAM reporting

Using data reported by the Group's EU based businesses in 2024 for the purposes of the Carbon Borders Adjustment Mechanism, we conducted an exercise to estimate the potential additional annual tax cost to the Group for imported iron, steel and aluminium products. Whilst the CBAM taxation model is not confirmed yet we used the EU Emissions trading Scheme carbon price over the last 2 years as a proxy. Overall, we calculated this would have a moderate impact on Group import costs, ignoring any potential for recovering these from customers.

4. Transitional risk – costs of carbon neutralisation to achieve net-zero

Based on our Scope 1, 2 and 3 emissions for our base year and net-zero target for 2050, validated by SBTi (page 64), which is supported by the Group's transition plan (see sustainability statement) we have estimated the potential cost to neutralise our residual annual emissions in 2050. This has used projections for carbon credits costs in 2050 from a Bloomberg NEF report (issued in February 2024), under 3 scenarios impacted by the demand for and quality of carbon credit schemes:

- Voluntary market scenario (elastic demand) - \$14 per tonne;
- Removal market scenario, (least cost decarbonisation) - \$172 per tonne; and
- High-quality scenario (inelastic demand) – \$238 per tonne.

Under the voluntary market scenario the impact to the Group of the cost of offsetting would only be moderate but this would rise to severe in the other two scenarios.

The Group will continue to assess and estimate the impact of climate change risks to the business as more data becomes available.

Impact on strategy and financial planning

Climate change impacts on the Group's strategic planning in several ways. The Group's sustainability strategy has focused the business on taking steps to reduce CHG emissions whilst also growing activity. This has involved projects to improve the energy efficiency of buildings including LED lighting and solar panel installations, and efforts to reduce vehicle emissions including switching company cars to hybrid and electric vehicles and trials of alternative-fuelled commercial vehicles (e.g., compressed natural gas (CNG), hydrogenated vegetable oil (HVO)).

The Group's sustainability strategy has been established recognising increasing investor interest and scrutiny in how companies are tackling climate change. We engaged with shareholders and lenders as part of our ongoing double materiality assessment for CSRD requirements. Both stakeholder groups were clear that climate change was an important priority for them.

Sustainability and climate change forms part of the evaluation criteria for business investment, this includes evaluating climate change threats to the locations of any proposed acquisitions, which include consideration of lease terms and assessing the impact of capital expenditure on the Group's sustainability strategy prior to approval.

Climate-related issues and potential impacts on business performance and assets are considered as part of the Group's one and five year planning and performance reviews. GHG targets are embedded in our banking targets and in the remuneration targets for senior leaders.

GHG reduction is a key consideration in the capital expenditure process. In developing our proposed targets and transition plan we have started to model the associated financial impacts and potential investment required.

Research and Development takes place within the supply chain to our distribution businesses and our commercial teams work with suppliers to identify new product opportunities. In our mortar manufacturing business, the team are investigating improvements that could be made to reduce energy usage in the manufacturing process.

The Group is also conscious of the impact of climate change on the products and services it offers. Businesses maintain dialogue with suppliers and customers to ensure their product offerings follow technical developments and changes in market demand. Chadwicks ECO-centres are a good example of how a business has brought together a collection of energy saving building methods and products in branches to help inform customers of the more sustainable options available. There is also training available for our colleagues on these products so that they can advise customers effectively.

In 2024 our business units based in the EU started reporting against the carbon borders adjustment mechanism (CBAM) which will put a carbon price on high impact goods imported into the EU.

Impact on financial statements

Management have considered the current and potential impact of climate change on the financial statements, this includes the assessment for the four risks set out above. Costs incurred to date associated with projects to mitigate flood risk and improve energy efficiency and reduce carbon emissions have been absorbed within operating expenses and capital expenditure. There has been no material impact on the net realisable value of inventory or the net value of fixed assets in this year's financial statements as a result of climate change. No liabilities requiring provision in the financial statements, have been identified in respect of net-zero commitments.

Building the foundations for a sustainable future

2024 highlights

Net-zero targets validated

Find out more on [page 64](#)



Reduction in Scope 3 GHG emissions 2023 vs 2021

13.7%

Selected EcoVadis to support our supply chain due diligence

74% increase in HVO use 2024 vs 2023 saving

>1,800 tCO₂e

Waste diverted from landfill

99.3%

Reduction in market-based Scope 1 & 2 GHG emissions 2024 vs 2021

38.6%



Renewable energy produced from our solar PV arrays

>170,000 kWh



Community donations made by the Group

>£1.2m

Increased proportion of women in leadership from

13.0% → 15.0%

Approved new Group colleague Wellness at Work policy

CEO and CFO introduction

Inside this section

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81	Assurance Report

In 2024, we made significant progress in priority areas of sustainability for the Group.

Strategic sessions have taken place at Board level and at the Executive Sustainability Committee covering legislation, climate change, wellbeing and supply chain management.

On climate change we have committed to reach net-zero greenhouse gas emissions across the value chain by 2050 and have received validation by the Science-Based Targets initiative of this target and the associated near and long-term targets (see page 64). We are working on appropriate transition plans which will support the delivery of our targets.

The legislative landscape related to ESG in the EU is changing rapidly. Over the coming years Grafton needs to prepare for and meet a series of regulations including the carbon borders adjustment mechanism and directives on deforestation, supply chain due diligence and corporate sustainability reporting.

Our Group Head of Sustainability has briefed the Board, Executive Sustainability Committee, Procurement Board, Finance Leadership Team and other key departments on these regulations and their implementation.

Many of these areas of legislation relate to our value chain and supply chain management is central to this work. Our Group Procurement Director has worked with our Group Head of Sustainability and procurement leads across our business units to strengthen our due diligence processes.

We have started working with EcoVadis, a globally recognised sustainability ratings agency, to assess our supply chain partners. This will be central to our due diligence process moving forward.

The Executive Sustainability Committee has been consulted on a new Wellness at Work policy building on all the good work taking place across the Group to ensure colleague, safety, health and wellness is integrated into daily work. This policy sets out our approach to physical, social, emotional and financial wellbeing.

Over the coming year we will continue to prepare for the upcoming regulations and work to integrate new businesses, including Salvador Escoda, into our sustainability programmes.

Eric Born
Chief Executive
Officer
5 March 2025

David Arnold
Chief Financial
Officer
5 March 2025

This 2024 Sustainability Statement is structured using the European Sustainability Reporting Standards (ESRS) as a guide as we prepare to comply with the Corporate Sustainability Reporting Directive (CSRD) as per the legislative timeline. While we have used the ESRS as a guide, this 2024 statement is not compliant with the CSRD.



General disclosures

General disclosures

General Disclosure	Notes	Location
General basis for preparation of the sustainability statement	<p>Report covers the 2024 financial year from 1 January 2024 to 31 December 2024. The scope of the report includes our distribution, retailing and manufacturing operations covered by our business units.</p> <p>The acquisition of Salvador Escoda was finalised on 30 October 2024. Given the challenges involved in collecting a number of the ESG data points, this business has been excluded from the data points presented on sustainability.</p> <p>EY has completed a limited assurance engagement over selected performance data.</p>	<p>Data points excluding Salvador Escoda are indicated throughout this statement with ⁺</p> <p>The EY assurance statement can be found on page 81. Information within the scope of this assurance is indicated throughout the document with a ^Δ</p>
Disclosures in relation to specific circumstances	Any divergence from the scope outlined in the basis for preparation notes above is indicated in the accounting notes presented next to each section.	
The role of the administrative, management and supervisory bodies		pages 79 and 86
Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies		pages 79 and 86
Integration of sustainability-related performance in incentive schemes		pages 102 and 115
Statement on sustainability due diligence	<p>Core elements of our sustainability due diligence process include:</p> <ul style="list-style-type: none"> • Double Materiality Assessment • Stakeholder engagement • Risk assessment and management • Governance on sustainability issues • Policies, actions, metrics and targets 	<p>pages 58 and 59</p> <p>pages 10 and 11</p> <p>pages 60 -63</p> <p>page 79</p> <p>Disclosure throughout statement</p>
Risk management and internal controls over sustainability reporting		pages 43-46, 49-51, 60 and 79
Market position, strategy, business model(s) and value chain		pages 2-3, 5, 12, 16-17
Interests and views of stakeholders		pages 10 and 11
Material impacts, risks and opportunities and their interaction with strategy and business model(s)		pages 58-63
Description of the processes to identify and assess material impacts, risks and opportunities		page 58
Disclosure Requirements covered by the undertaking's sustainability statements		High level disclosure points indicated throughout statement
Actions and resources in relation to material sustainability matters		Disclosure throughout statement
Metrics in relation to material sustainability matters		Disclosure throughout statement
Tracking effectiveness of policies and actions through targets		Disclosure throughout statement
Task Force on Climate Related Financial Disclosures	Grafton discloses against the TCFD framework where appropriate to avoid duplication.	TCFD related content is indicated throughout the report with ^T

Our approach

Sustainability at Grafton

Grafton's sustainability strategy has five priority areas that address environmental, social and governance (ESG) issues that are important to our business, colleagues and customers. The table below shows how different material impacts link to the five pillars of the Grafton Strategy.

While we are not required to comply with the corporate sustainability reporting directive (CSRD) for this 2024 statement, our reporting is evolving in response to its requirements to make it easier for stakeholders to navigate and make reporting more comparable.

While European Sustainability Reporting Standard (ESRS) disclosures are referenced, this 2024 statement is not compliant with CSRD requirements.

Our sustainability strategy is supported by our five priority areas:



The strategy aligns with the eight **UN Sustainable Development Goals** that we can have the biggest impact on:



Materiality assessment

We carried out a preliminary double materiality assessment in partnership with an external consultancy firm to identify our material impacts as well as ensuring that our strategy is focusing on the most important issues.[†]

A double materiality assessment looks at sustainability issues through two lenses, the impact that a business has on society and the environment as well as the financial impact an issue may have on the business's performance.

This methodology aligned with the double materiality guidance published by the European Financial Reporting Advisory Group (EFRAG) in August 2023 taking into account the reporting requirements set out in the European Sustainability Reporting Standards (ESRS).

We carried out extensive stakeholder engagement across customers, colleagues, suppliers, large shareholders, lenders, internal subject matter experts and governance committees. Feedback was scored, weighted and presented in a materiality matrix showing Grafton's most material issues.

The matrix was discussed and validated at the Board and then further refined. The final matrix of the 2023 assessment is presented on page 59 and will be used to guide our reporting and strategy. We plan to review our materiality assessment to incorporate business changes and the updated EFRAG guidance.

Steps in double materiality assessment

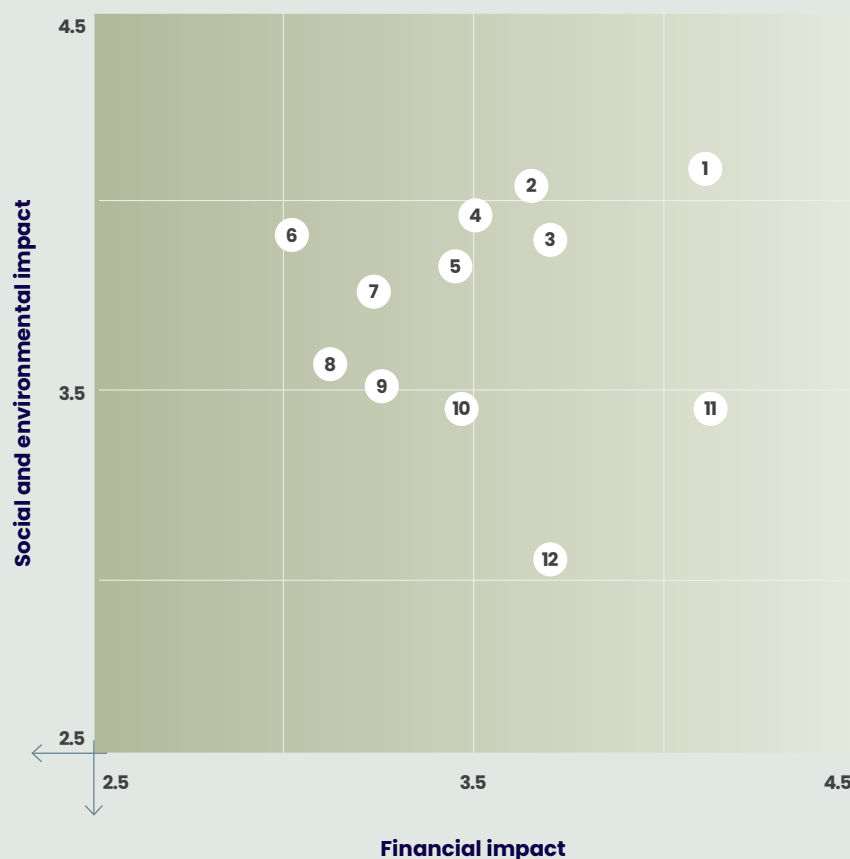
Draft list of issues developed	Extensive research carried out into Grafton and its peers, initial consultation took place with key colleagues across the Group and a provisional list of material issues was drafted.
Assess importance of issues to business, society and environment	Surveys were carried out with customers, colleagues and suppliers. Interviews were carried out with large shareholders and lenders. Workshops were carried out with subject matter experts at Grafton.
Rank impacts	Impacts were assessed using a scale of 1 (very low impact) to 5 (very high impact) and ranked in order of importance.
Assess financial impact	Level of financial impact on business performance, profitability, growth and reputation was assessed using the same 1-5 scale.
Present impact on matrix	Draft matrix was developed and shared with governance committees.
Validate and refine matrix in governance committees	Based on feedback the matrix was refined, issues were grouped, and a final matrix was presented and signed off.

Materiality matrix

The matrix below presents the findings of the double materiality assessment. It displays Grafton's top twelve material impact areas. Impacts were assessed using a 1 to 5 scale. A materiality threshold was applied, impact areas above 2.5 on both axes were deemed material and presented in the matrix.

Our top 12 material impact areas

- ① Climate change
- ② Equality, equity, diversity & inclusion
- ③ Product safety & quality
- ④ Colleague health, safety & wellbeing
- ⑤ Responsible sourcing in supply chain
- ⑥ Upskilling senior leaders on ESG
- ⑦ Training & development
- ⑧ Resource use & circular economy
- ⑨ Sustainable raw material sourcing
- ⑩ Regulatory compliance
- ⑪ IT & cyber security
- ⑫ Privacy & data security



Linking material impacts to strategy

ESRS reference	ESRS Topical Issues	Strategy link	Impact areas	Disclosure reference
E1	Climate change	Planet	• Climate change	pages 64–68
E5	Resource use & circular economy	Customer & product	• Resource use and circular economy • Sustainable raw material sourcing	pages 69–71
S1	Own workforce	People	• Equality, equity, diversity & inclusion • Colleague health, safety & wellbeing • Training & development • Upskilling senior leaders on ESG • Data privacy & data security	pages 72–76
S2	Workers in the value chain	Customer & product Ethics	• Responsible sourcing in supply chain	page 77
S4	Consumers & end users	Customer & product Ethics	• Product safety & quality • Privacy & data security • IT & cyber security • Health & safety*	page 78
G1	Business conduct	Ethics	• Regulatory compliance • IT & cyber security • Privacy & data security	pages 79 and 80

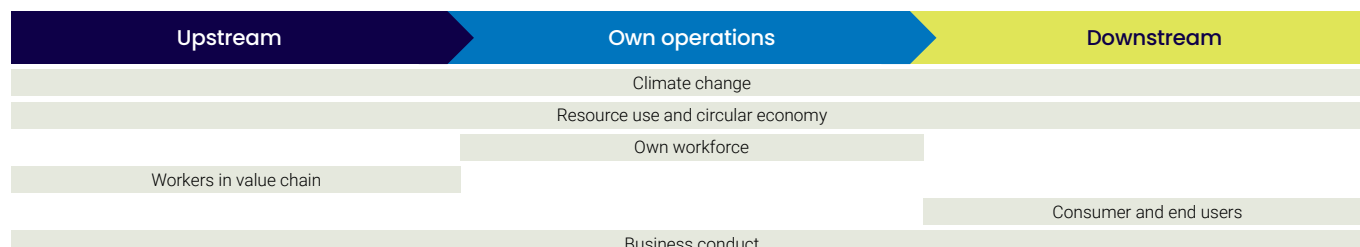
* Whilst customer health and safety was not specifically called out in the top 12 material impact areas our approach to health and safety covers this important stakeholder group so it has been included as an area of disclosure in S4.

Impacts, risks and opportunities

The tables below present sustainability impacts, risks and opportunities[†]

These impacts are relevant to different parts of our value chain indicated on the diagram below. E1 Climate change section includes all impact areas to ensure compliance with TCFD however impacts deemed major significance are indicated with an **(M)**.

Value Chain



E1 Climate change **(T)**

We assess the recurring or one-off impact of climate related risks using both financial measures, including revenue, profit, and cash, and non-financial, including management effort, regulatory compliance and impact on stakeholders. We have set numerical thresholds for each of these metrics to define 'significance'.

We would typically assess the likelihood of business risk materialising in the next three years whereas we monitor the likelihood of risks relating to climate change risks over the short (1-3 years), medium (3-10 years) and long-term (over 10 years).

Our assessment of climate risks and opportunities considers a range of scenarios which were identified based on the guidance published by TCFD and the International Panel on Climate Change (IPCC):

- Rapid decarbonisation – Government led move to a low carbon economy in the next 10 years with global temperature rises limited to at or below 1.5°C (RCP 1.9 – 2.6)
- Moderate decarbonisation – Business led/Government supported transition to a lower carbon economy over next 5-15 years. Global temperature rises limited to around 2°C (RCP 3.4 – 4.5)
- Limited climate action – Little or no concerted effort to reduce carbon emissions resulting in global temperature rises in excess of 4°C (RCP 6 – 8.5)

The scenarios stated above are used to consider a range of possible outcomes for different climate risks and opportunities at Grafton over the short, medium, and long term.

These time horizons have been set taking into account the Group's typical planning approach (annual budget and five-year plan),

useful life of inventories (all inventory over two years old, and a high proportion aged between one and two years, is fully provided for) and assets (majority of properties are on a short leasehold i.e. < 15 years).

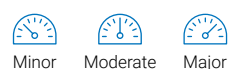
Based on these scenarios risks and opportunities to the Group as recorded in the Group Sustainability and Climate Change Risk Register are set out in the table below, with their assessed significance to the Group under the 1.5°C scenario and the timeframe over which we expect the risk/opportunity to materialise. The risks and opportunities apply across Grafton's geographies and sectors.[†] Impacts deemed of major significance under at least one of the three climate change scenarios are indicated with **(M)**.

See pages 52 and 53 for more information on TCFD.

E1 Climate change **(T)**













Significance key



Timeframe key



Risk type	Impact Area	Risk	Opportunity	Significance (1.5°C pathway)	Timeframe
Transitional	Policy	Taxation & compliance inc. CSRD & CBAM (M)	Costs of complying with regulations	Competitive benefit of minimising liability	 
		Energy transition direct operations (M)	Rising energy cost of renewable energy	Commercial advantage of investment in renewable energy self-generation	 
		Supply chain energy transition & taxation	Rising energy cost, taxation and compliance costs leads to increased purchasing costs	Active engagement with supply chain on sustainability improves resilience	 
		Changes in regulation impacting existing product range	Legislation changes lead to obsolete or slow moving inventory	Commercial advantage of switching to more sustainable products early	 
		Net-zero transition (M)	Increased costs to deliver net-zero targets.	Commercial advantage from early investment where appropriate	 

E1 Climate change continued ^T

Significance key



Minor



Moderate



Major

Timeframe key



Short-term



Medium-term



Long-term

Risk type		Impact area	Risk	Opportunity	Significance (1.5°C pathway)	Timeframe
Transitional	Reputation	Investor pressure	Failure to set and deliver net-zero targets results in reduced investor confidence	Attracting investment and financing from forward looking approach		
		Other stakeholder pressure such as customers & suppliers	Commercial impacts if Grafton doesn't meet expectations	Commercial opportunities from positive sustainability positioning		
	Market	Consumer preferences shift towards circular business models and more sustainable choices	Commercial impact from failing to offer more sustainable choices, with clear traceability and communications	Attract new customers and more revenue by offering more sustainable solutions (including circular economy)		
		Consumer demand for climate resilient products increases	Failure to provide products related to climate adaptation leads to commercial impact	Commercial opportunities from new products related to climate adaptation		
	Tech	Decarbonisation technologies and new building techniques e.g. passive house, net zero emission buildings ^M	Significant changes to the construction & RMI industry reduces demand for current product portfolio	New concepts and business opportunities provide more diverse revenue generation opportunities		
		Reliance on technology advancements to achieve emissions targets ^M	Costs associated with meeting targets, because technology does not develop swiftly enough or is not commercially viable	Commercial opportunities from adopting technologies early		
Physical	Operations disruption	Disruptions to operations and distribution of products as a result of flooding (or other extreme weather events) ^M	Loss of trading times and inability to distribute products	Competitive advantage through resilience planning		
	Asset damage	Damage to property and stock as a result of flooding (or other extreme weather events) ^M	Significant cost to protect properties to prevent damage or repair costs following damage and write-off of stock	Competitive advantage through resilience planning		
	Supply chain risk	Disruptions to supply chain as a result of extreme weather events	Cost increase due to reduced product supply and reduced revenue generation as a result of weather events impacting availability	Competitive advantage through resilience planning		

Impacts, risks and opportunities continued

E5 Resource use and circular economy



Timeframe key



Business activity	Impact area	Risk	Opportunity	Timeframe
Own operations	Operational waste	Costs incurred to manage waste responsibly	Operational costs & taxation reduction through waste reduction	
Distribution/retail	Raw material sourcing: timber	Failure to meet deforestation regulation	Commercial advantage from strong supply chain traceability	
Distribution/retail & manufacturing	Packaging	Costs incurred through packaging taxation	Cost reduction through minimising packaging use	
Distribution/retail	Circular business models	See climate change above		
Manufacturing	Raw material use	Costs incurred through inefficient use of raw materials and impacts of unsustainable raw material sourcing	Cost reduction through efficient resource use. Commercial advantage with demand for traceability	

S1 Own workforce



Impact area	Risk	Opportunity	Timeframe
Colleague engagement	Neglecting colleague engagement can lead to retention issues and difficulty attracting talent, affecting business performance and innovation.	Focusing on engagement boosts retention and attracts top talent, driving productivity, innovation, and a positive workplace culture.	
Equality, equity, diversity & inclusion	Poor diversity and inclusion practices can harm retention, recruitment, and lead to legal and compliance issues.	Embracing diversity and inclusion enhances creativity and decision-making, positioning us as an attractive employer and improving business performance.	
Colleague health, safety and wellbeing	Lack of focus on health and safety can lead to underperformance, retention issues, and regulatory non-compliance, damaging our reputation.	Prioritising well-being enhances our reputation, attracts talent, and fosters a productive workforce, contributing to business success.	
Training & development (including ESG)	Lack of investment in training leads to underperformance and poor retention, hindering the delivery of strategic goals.	Investing in training boosts performance and retention, making us an attractive employer and fostering continuous improvement.	
Data privacy & data security	Weak data controls can erode trust, leading to retention issues and legal repercussions.	Strong data security enhances trust and loyalty, attracting talent and safeguarding our reputation.	
Pay, benefits and rewards	Inadequate compensation impacts retention, recruitment, and colleague morale.	Competitive packages attract and retain talent, supporting wellbeing and strengthening our employer brand.	
Talent, retention, recruitment	Poor talent management and recruitment lead to leadership gaps and impacts business growth.	Developing future leaders ensures continuity, enhances resilience, and fosters a culture of advancement and retention.	

S2 Workers in the value chain



Timeframe key



Short-term



Medium-term



Long-term

Impact area	Risk	Opportunity	Timeframe
Responsible sourcing in supply chains	Working with trading partners whose activities result in negative environmental or social impacts. Failure to have in place a strong due diligence process that meets regulations and protects the environment and people through the supply chain	High sourcing standards and strong due diligence mean that we have a reputation as a trusted partner and distributor that helps to strengthen security through the supply chain	

S4 Consumers and end users



Impact area	Risk	Opportunity	Timeframe
Health & safety	Risk of personal injury or loss of life of colleagues, suppliers, customers or members of the public during branch operations (including delivery) due to unsafe working practices. Also failure to comply with health & safety regulation	High standards for health and safety compliance enhance reputation as a responsible organisation with our colleagues, customers and suppliers	
Product safety & quality	Inadequate product safety standards and quality assurance processes result in risk of selling unsafe or poor quality products which impacts reputation and could put customers at risk	High product safety and quality standards enhance reputation as a trusted distributor and manufacturer with customers	
Privacy, data, IT & cyber security	Risk that external or internal parties will try to gain unauthorised access into systems to deliberately disrupt business, steal information or commit fraud, resulting in financial loss, impact on reputation with significant management effort to recover	Strong information security and data protection controls enhance our reputation as a trusted and responsible organisation with colleagues, customers, and suppliers	

G1 Business conduct



Impact area	Risk	Opportunity	Timeframe
Regulatory compliance	Risk that non-compliant practices by individual colleagues or businesses result in significant penalties and reputational damage for breach of relevant legislation	A track record of compliance with regulatory requirements, enhances reputation as a trusted and responsible organisation with colleagues, customers, suppliers, and regulators	
Bribery & corruption	Bribery and corruption by colleagues or third parties results in financial loss to the business and reputational damage	Robust anti-bribery controls and strong ethics enhance our reputation as a trusted and responsible organisation	
Privacy, data, IT & cyber security	See consumers and end users above		

Environmental disclosures

E1 Climate change

Introduction

It's estimated that buildings account for 40 per cent of the energy usage across the EU and 36 per cent of GHG emissions, which mainly stem from construction, usage, renovation and demolition. GHG emissions from material extraction, manufacturing of construction products, as well as construction and renovation of buildings are estimated to be 5-12 per cent of GHG emissions.

As a result, all players in this sector have a responsibility to take action to reduce emissions. The stakeholder engagement carried out with customers, colleagues, investors, lenders and suppliers for our double materiality analysis showed that climate change is the key environmental concern.

Policies

Our environmental policy incorporates our commitment to tackling climate change. The policy is available at www.graftonplc.com

Actions

Own operations †

Actions and plans

This year Grafton has remained focused on implementing initiatives that will reduce our GHG emissions to ensure progress towards our SBTi targets. Key decarbonisation levers for Scope 1 and 2 are:

Electricity and energy savings

Grafton has increased its acquired renewable electricity by 14 per cent in 2024 to a total of 94 per cent and we plan to achieve 100 per cent in the coming years. An eight per cent reduction in electricity consumption was achieved compared to 2023 through market related decline in activity levels as well as implementing a range of efficiencies including energy management systems and equipment efficiencies. This has been alongside our work on electrification of premises, moving away from fossil fuel sourced heating such as natural gas and heating oil.

Grafton continues to install Solar PV arrays across the estate, with 10 new installations and the expansion of six existing arrays in

2024. We produced over 170,000 kWh of renewable electricity some of which was fed into the local grid. There are plans for one expansion and eight new installations for 2025.

The Energy Savings Opportunity Scheme (ESOS) was conducted for all sites in Great Britain. A range of energy savings initiatives were identified from the process, including but not limited to: energy management; capital investment; controls; training and data quality, with anticipated savings of over 2,000 MWh. Grafton will continue to implement initiatives before the next phase of the scheme.

Vehicle fleet

In 2024 efforts to move to an alternative vehicle fleet continued with the increased uptake in BioCNG, HVO and electric vehicles across the fleet. HVO use in our commercial fleet increased by 74 per cent compared to 2023, saving more than 1,800 tCO₂e. The transition to an alternatively fuelled vehicle fleet will continue as part of our transition plan, with increased uptake of HVO and move to electric vehicles where feasible across the fleet.

Value chain †

Actions and plans

Data availability and accuracy

Over 98 per cent of Grafton's emissions are indirect emissions generated in our value chain. Grafton worked to improve its Scope 3 calculation process in 2024 by improving the accuracy of purchasing and associated emissions factors. In conjunction with supplier engagement Grafton plans to further improve the accuracy of value chain emissions by obtaining and applying product specific GHG emissions data. With the introduction of the Carbon Border Adjustment Mechanism (CBAM) within the markets Grafton operates the importance and availability of carbon data from our suppliers is improving.

Supplier Engagement

Our work with EcoVadis will allow suppliers to be assessed and will provide a route to engage with suppliers on their environmental performance including climate change.

ESRS

- E1: Climate Change
- E5: Resource Use and Circular Economy

Strategy linkage

- Planet
- Customer and Product

UN SDG



EcoVadis offers a unified approach to assess suppliers and offers a variety of materials for our suppliers, including action plans and educational materials.

We continue to partner with manufacturers to drive investment in low emission technologies and products. This is essential to decrease the emissions from goods we sell to our customers and the emissions the product may produce over its lifetime.

Net-zero Science Based Targets

The Science Based Targets Initiative has validated that the science-based greenhouse gas emissions reductions targets align to the SBTi Corporate Net-Zero Standard.

SBTi has classified Grafton's scope 1 and 2 target ambition as in line with a 1.5°C trajectory:

Overall Net-Zero target:

Grafton Group plc commits to reach net-zero greenhouse gas emissions across the value chain by 2050.

Near-term targets:

Grafton Group plc commits to reduce absolute scope 1 and 2 GHG emissions 48.5 per cent by 2030 from a 2021 base year. Grafton Group plc also commits to reduce absolute scope 3 GHG from use of sold products covering sold fossil fuels 42 per cent within the same timeframe. Grafton Group plc further commits to reduce all other absolute scope 3 GHG emissions 42 per cent within the same timeframe.

Long-term targets:

Grafton Group plc commits to reduce absolute scope 1 and 2 GHG emissions 90 per cent by 2050 from a 2021 base year. Grafton Group plc also commits to reduce absolute scope 3 GHG emissions 90 per cent within the same timeframe.

Transition Plan

Grafton's climate transition plan follows the principles of the Transition Plan Taskforce disclosure framework – Ambition, Action, Accountability [†] ^T

Ambition

Foundations

Grafton's targets have been validated by the SBTi and are aligned with the 1.5°C trajectory (page 64). Our double materiality assessment showed that our stakeholders, colleagues, customers and suppliers regard climate change as their top priority.

Grafton's business model and value chain are presented on pages 17 and 20. As a distributor, retailer and manufacturer of products for the building industry there are important changes that will need to take place over the coming 25 years.

Over 98 per cent of Grafton's GHG emissions are Scope 3, the vast majority of which are in the manufacture and use of the products that we sell.

To drive the changes that are needed, Grafton will work extensively with suppliers and customers. In the shorter term we will focus on improved data collection, increasing the proportion of suppliers with Science Based Targets and encouraging more suppliers to set them with support from EcoVadis.

In the longer term there will be a focus on alternative products, materials and energy usage for products as well as scaling up circular business models where possible.

Key assumptions and external factors

Financial growth – the targets are based on absolute emissions reductions therefore organic business growth will be captured in the emissions reduction trajectory. However, as a business that acquires and divests, we have published a recalculation policy to take into account any significant changes in the business (www.graftonplc.com).

Policy developments – all businesses require policy support to enable them to deliver such stretching targets. It will be important that governments continue to drive renewable electricity, support innovations in alternative fuels and phase out high impact products such as boilers.

Industry innovations and developments – builders merchants rely on large industries such as chemicals, steel and cement to provide the products that customers such as builders, DIY enthusiasts and developers need. These large industries have plans in place to reduce their emissions and have been subject to legislation over time, therefore delivering their ambitions will be an important contributor to Grafton achieving our targets.

Technological advancements – longer term, technological advancements will be necessary in how buildings are constructed and the technology used to power them as well as in the transport industry for heavy goods. We will work with our supplier partners where possible to trial and promote these technologies, but much of the innovation will take place within our supply chain.

Data improvements – As a business Grafton sells hundreds of thousands of products therefore the calculation of Scope 3 emissions is subject to assumptions. As Grafton improves the monitoring of its emissions and suppliers improve the quality of the information they report on their products we will likely need to recalculate our emissions (in accordance with the base year recalculation policy).

Scope 1 & 2 Transition Plan [†]

Gas heating

Initial focus on increased efficiency and long-term transition to alternative forms of heating.

Commercial Vehicles

Phased transition to electric, bio-fuels or other alternative technology in the long term.

Car Fleet

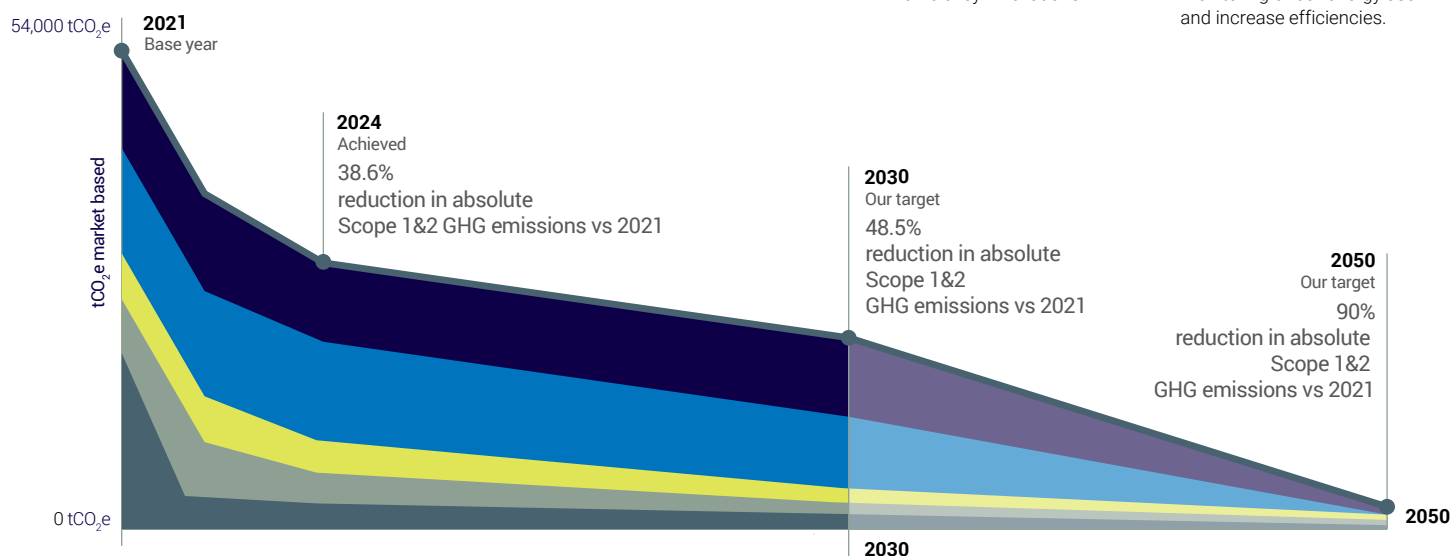
Switch to alternative fuels and support this move with the installation of charging points.

LPG

Initial focus on increased efficiency in manufacturing process and long-term working with suppliers to develop technological/efficiency innovations.

Electricity

Move to 100 per cent certified renewable energy and increase solar production capacity for new and existing sites. Continue to improve monitoring of our energy use and increase efficiencies.



Environmental disclosures continued

Climate change continued

Transition Plan continued

Action

Implementation strategy

The Executive Sustainability Committee ensures that GHG emissions targets are embedded in the business planning and operations of the business. In 2024, the Committee was consulted on the targets and the transition plans, and the priority areas are displayed in the infographics on pages 65 and 66.

The actions are separated into Scope 1 and 2, and Scope 3 so that the relevant teams across each business unit can take ownership for the delivery. Grafton includes climate change in the budgeting process to ensure that financial impacts of decisions are effectively quantified.

Engagement strategy

Engagement across Grafton's value chain and especially with suppliers and customers will be an essential part of achieving the targets. Suppliers will be required to share detailed data on the products supplied and be encouraged to set Science Based Targets. Collaboration to bring new products to market will also be key. Grafton's supply chain due diligence process will be extended to capture more detailed information on GHG emissions.

Grafton collaborates across the industry through groups such as the Builders Merchant Federation. These forums provide an opportunity for information and views to be shared with other building materials distributors, suppliers, and leading industry figures. As part of our sustainability strategy we consult key stakeholders including customers, suppliers, shareholders and lenders. This is used to gain feedback on their priority areas and the actions that they would like to see Grafton taking.

Training of colleagues

The Group sustainability team communicate extensively with colleagues on climate change, targets and reduction strategies. In 2024 sessions have been held at Board level, with the Executive Sustainability Committee and at sustainability review meetings with business units.

Accountability

Governance

Climate Change governance follows the sustainability governance process set out on page 79.

Scope 3 Transition Plan†

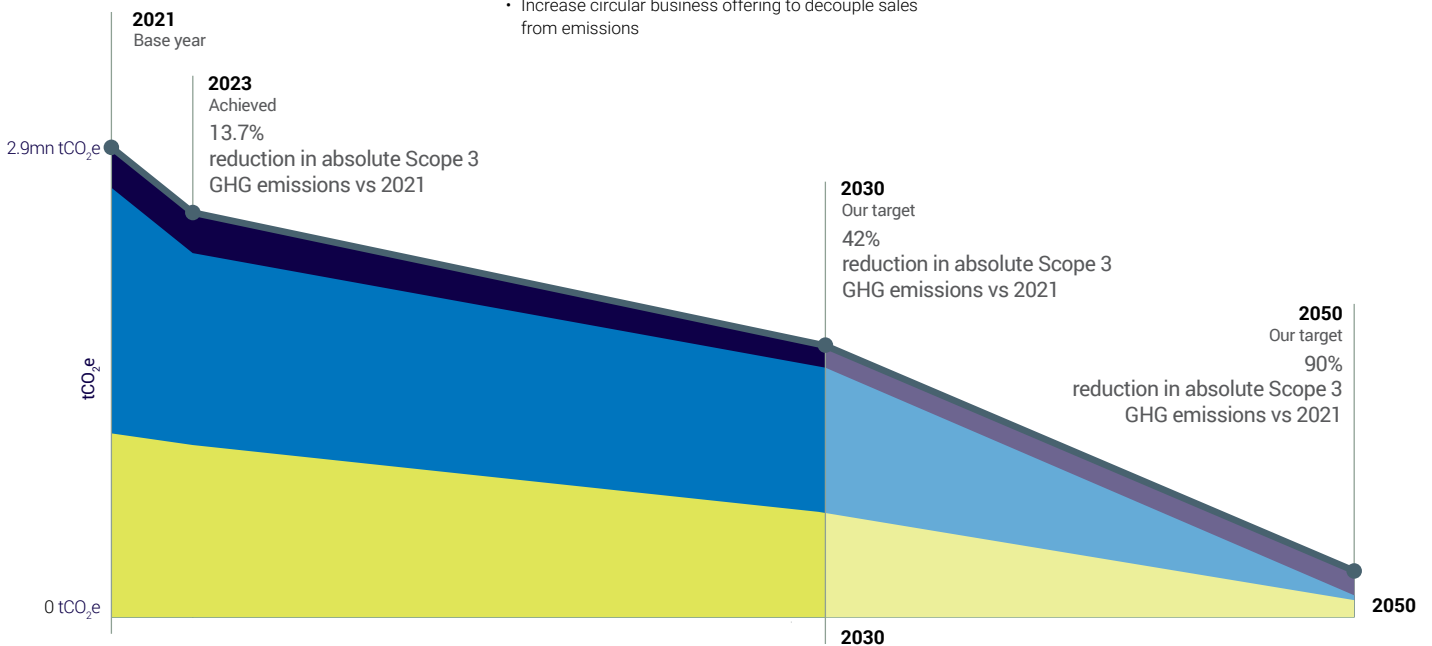
Goods for resale

- Collate accurate product level emissions data from Environmental Product Declarations or other Life Cycle Analysis
- Increase proportion of products sourced from suppliers with Science Based Targets
- Prioritise reductions in categories that make the biggest contributions
- Increase circular business offering to decouple sales from emissions

Use of sold products

- Offer alternatives to energy intensive products e.g. boilers
- Improving efficiency of energy using products as well as reducing emissions associated with use through increased renewables in the grid

Other



Greenhouse gas emissions reporting [†]

Scope 1 & 2	Unit	2021	2022	2023	2024	2024 performance on 2023	2024 performance on base year
Scope 1*	tCO₂e	40,718.9	38,328.0	32,847.8	31,250.7	(4.9%)	(23.3%)
Commercial vehicles	tCO ₂ e	14,173.4	13,824.7	11,402.3	11,300.3	(0.9%)	(20.3%)
Gas heating	tCO ₂ e	7,086.0	5,902.1	5,008.0	5,335.1	6.5%	(24.7%)
Manufacturing (LPG)	tCO ₂ e	13,033.9	14,286.4	12,553.3	10,676.8	(14.9%)	(18.1%)
Scope 2 – location-based	tCO₂e	15,143.8	13,900.7	12,511.0	11,191.4	(10.5%)	(26.1%)
Scope 2 – market-based*	tCO₂e	13,182.1	5,816.8	5,086.7	1,841.5	(63.8%)	(86.0%)
Electricity	tCO ₂ e	11,763.6	4,683.5	4,344.2	1,237.8	(71.5%)	(89.5%)
District heating	tCO ₂ e	1,414.8	1,094.4	658.2	469.5	(28.7%)	(66.8%)
Scope 1 & 2 – location-based	tCO₂e	55,862.7	52,228.7	45,358.7	42,442.1Δ	(6.4%)	(24.0%)
Scope 1 & 2 – market-based	tCO₂e	53,901.0	44,144.8	37,934.5	33,092.2Δ	(12.8%)	(38.6%)
Scope 1 & 2 – market-based intensity	tCO₂e/£m Revenue	25.5	19.2	16.4	14.7	(10.2%)	(42.5%)

* major sub-categories of Scope 1 and 2 data presented in the table. Small contributions from electric vehicles, forklift trucks and fugitive emissions are incorporated in the totals.

Scope 3	Unit	2021	2022	2023	2023 performance on 2022	2023 performance on base year
Scope 3	tCO₂e	2,939,708.3	2,613,773.3	2,535,912.7	(3.0%)	(13.7%)
Goods for resale	tCO ₂ e	1,158,532.1	1,121,718.7	1,088,381.5	(3.0%)	(6.1%)
Use of sold products	tCO ₂ e	1,536,871.7	1,231,972.6	1,194,776.1	(3.0%)	(22.3%)
Other categories	tCO ₂ e	244,304.6	260,082.0	252,755.1	(2.8%)	3.5%

Energy consumption [†]

	Unit	2023	2024	% of total energy consumption
Energy consumption	Mwh	208,724.7	188,629.4	100%
Fossil fuels	Mwh	164,062.0	136,690.3	78.6%
Renewable sources	Mwh	44,662.7	51,939.1	21.4%
Fuel	Mwh	5,066.5	8,593.3	2.4%
Self-generated	Mwh	510.5	883.4	0.2%
Acquired	Mwh	39,085.7	42,462.3	18.7%

Environmental disclosures continued

Climate change continued

Accounting principles GHG emissions

We report our emissions as per the methods set out in the GHG Protocol. Under the GHG Protocol, emissions are categorised into Scope 1, 2, and 3.

We report our emissions in tCO₂e and on emissions from all entities over which we have operational control. For 2024 environmental data excludes data from 2024 acquisition of Salvador Escoda. †

Please see our "Scope 1 and 2 GHG Criteria" and "Scope 3 GHG calculation methodology" available at grafonplc.com.

Grafton states that recalculations to the base year may occur given our business model. For more detail, please see "GHG Recalculation Policy" available at www.grafonplc.com.

Scope 1 emissions

Direct GHG emissions from operations, this includes emissions from our vehicle fleet, fugitive emissions, combustion of fuels for heating and manufacturing processes.

Scope 2 emissions

Indirect GHG emissions from electricity, heat and steam, purchased and consumed by Grafton Group. Location-based emissions are based on national grid average emission factors for defined locations. Market-based scope 2 emissions refer to indirect GHG emissions associated with purchased electricity, heat and steam through procurement of contractual instruments such as Energy Attribute Certificates and Guarantees of Origin from sources such as wind, hydro, solar and biomass. For sites without such contractual agreements and for other scope 2 energy types in the absence of supplier specific emission factors and/or residual mix emission factors, the national average emission factor has been applied.

Total energy consumption from fossil sources

Primary energy consumption from crude oil petroleum products, and natural gas, as well as consumption of externally purchased secondary non-renewable energy such as electricity, heat, steam and cooling. Energy consumption is based on meter readings and/or invoices. Considering the ESRS requirements, we have enlarged the scope of the total energy consumption metric to include all entities under operational control, including fuel consumption in leased vehicles.

Total energy consumption from renewable sources

Wood, biogas and externally purchased electricity from renewable sources, such as wind, solar, hydropower, biomass or biogas, as defined in the contractual agreements. Consumption is based on meter readings and/or invoices and complemented with data on renewable energy certificates for each site.

GHG intensity

Total energy consumption/total GHG emissions per million net revenue

Scope 3 emissions

We report our Scope 3 emissions using the following Scope 3 accounting principles:

- **Relevance** – Our Scope 3 inventory contains Goods for Resale, Goods Not for Resale, Use of Sold Products, Capital Goods, Operational Waste, Fuel and Energy Related Activities, Upstream Transport and Distribution, Downstream Transport and Distribution, Processing of Sold Goods, Business Travel, Employee Commuting, Downstream Leased Assets, End of Life Treatment.

- **Completeness** – Our Scope 3 inventory reflects our GHG emissions appropriately. Upstream Leased Assets, Franchises and Investments are not relevant for Grafton Group and are therefore excluded from the inventory.
- **Consistency** – We have calculated our Scope 3 emissions for 2021, 2022 and 2023 with consistent methodologies and reporting boundaries. This lends us to performing trend analysis and monitoring emission reduction progress over time.
- **Transparency** – Our Scope 3 methodology and assumptions can be found at www.grafonplc.com.
- **Accuracy** – During the calculation process, source data undergoes quality checks and calculations are reviewed by a third-party consultancy firm to ensure credibility in the end emission analyses.
- The latest data for Scope 3 is 2023.

E5 Resource use and circular economy

Careful resource management is central to our sustainability programme. Our focus areas include operational waste management, packaging, raw material sourcing and circular business models.

Impact Area	Policy/Approach	Metrics/Targets
Operational waste	Environment Policy	<ul style="list-style-type: none"> • Tonnes operational waste • Operational waste diverted from landfill
Packaging	Approach specific to operational market	<ul style="list-style-type: none"> • Report packaging data as per regulations
Raw material sourcing: timber	Deforestation Policy	<ul style="list-style-type: none"> • Timber certified through internationally recognised schemes • Due diligence processes in place in all relevant business units
Manufacturing: raw material use	Deforestation Policy Supplier engagement	<ul style="list-style-type: none"> • Timber certified through internationally recognised schemes • Restoration plans in place for aggregate sites
Circular business models	Approach specific to each business unit	<ul style="list-style-type: none"> • Pilot circular business opportunities by 2025 • Promote products to customers with sustainability attributes by 2030

Operational waste

Grafton works with waste management companies to monitor waste, manage it responsibly and look for opportunities to reduce it. Across the Group total waste generated in our operations remained consistent with 2023 data. In partnership with our waste management companies, teams work to divert the waste in our own operations from landfill and in 2024 achieved a 99.3 per cent diversion rate Δ . We continue to look for opportunities to replace plastic wrap used to distribute products with recycled alternatives as well as trying to reduce the amount used where possible by using collapsible boxes, moving to cages or strapping products together. However, all alternatives need to be carefully assessed with our colleagues' safety in mind as many of our products are heavy and safety is of the utmost importance.

Accounting principles

Operational waste includes all waste generated in our operations excluding Salvador Escoda. The data is collated via 3rd party reports from waste providers detailing disposal methods of waste streams.

Operational waste data [†]

Total recycling rate (per cent)



Total recovery rate (per cent)



Waste diversion from landfill (per cent)



Total waste (tonnes per £m revenue)



* Recalculated following improved data collection. Operational Waste Criteria is available from www.graftonplc.com

Packaging data

All businesses report packaging data as required by legislation in their country of operation. The biggest change to this system has been taking place in the UK, where business units have continued to report against the existing packaging scheme and plastics tax regulations whilst also preparing for the new extended producer responsibility system.

Business units have been working closely with suppliers to collect the data required on packaging. We have also been working to improve the packaging that we use.

Business units have also focused on increasing the recycled content of plastic wrap.

Environmental disclosures continued
Resource use and circular economy continued

Raw material sourcing

Gaining greater traceability of priority raw materials is an important focus. Timber is a key raw material for a number of the distributors within the Group and for StairBox. The Group Deforestation Policy outlines the legal requirements, responsible sourcing and due diligence guidelines.

In 2024 the focus has been on preparing for the EU Deforestation regulation. Identifying products in scope, reaching out to suppliers, planning the IT systems needed to monitor data and establishing the formal due diligence processes required to meet the requirements.

Business units have also continued to promote the certification of the products sold through internationally recognised certification schemes.

Percentage of Selco timber certified to internationally recognised standards

99.1%

Percentage of StairBox timber certified to internationally recognised standards

99.6%

Raw materials for manufacturing

Our manufacturing businesses produce ready mix and bagged mortar products, bespoke staircases and windows. The manufacturing process is different, but the processes have been developed to minimise wastage, source raw materials responsibly and produce quality products that are made to last.

Raw material inflows

Mortar

Cement

72,700 tonnes

Sand

459,400 tonnes

CPI Euromix operate nine manufacturing sites across the UK sourcing cement, sand and additives from trusted suppliers to produce the product and their manufacturing processes follow the following standards:

- ISO 9001: Quality Management System
- ISO 14001: Environmental Management System
- BES 6001: The Framework Standard for Responsible Sourcing.

Attaining these certificates demonstrate CPI Euromix’s commitment to providing high quality products using raw materials that are sourced responsibly and following a manufacturing process designed to minimise impact on the environment. CPI Euromix received an ‘Excellent’ performance rating for their BES 6001 certification and use this framework when considering new suppliers. CPI Euromix has been certified against ISO 9001 and ISO 14001 since 2016, and through regular auditing across all locations and regularly reviewing internal management systems maintain high-quality product manufactured responsibly. CPI Euromix has also worked with their cement suppliers over time to ensure that GHG emissions associated with this raw material are reduced and the sand suppliers have strong restoration plans in place for all extraction sites.

Staircases

Timber

4,143 tonnes

StairBox uses state of the art technology to design and manufacture made-to-measure products. This ensures that minimal waste is generated in the installation of the product. Their sales teams have extensive training to support customers to design the products to the correct specifications.

StairBox operates a series of quality inspections throughout the manufacturing process, prior to a final full quality sign-off prior to loading and delivery. They have a chain of custody timber sourcing process to ensure that the timber used is responsibly sourced. 99.6 per cent of StairBox timber is certified by internationally recognised timber certification schemes. The certification process provides confidence that timber sourcing is not contributing to illegal deforestation, that strong labour standards are met.

The chain of custody audit ensures full traceability of all materials from initial source to end user as well as checking policies and procedures.

Circular business models

Our business units are investigating and trialing different circular business models. They fall into a number of categories.

1. Products as a service

Chadwicks' Sam Hire brand provides high quality construction equipment on a rental basis to customers in the ROI. At any one time it has approximately 6,500 pieces of equipment from diggers, dumpers, generators, scissor and material lifts to concrete cutting saws. The operation has expanded from 15 branches to approximately 23 branches over the past nine years and a new hire department opening is planned for the Chadwick's Gorey branch in 2025. Two to three team members run the operation in each branch providing rental and maintenance services. TG Lynes also operate a plant rental service. In 2024 Selco launched a partnership with HSS Hire to offer customers tool and equipment rental options from their stores. As of February 2025, 19 Selco stores offer the HSS rental service.

2. Sale of spare parts

For IKH the spare parts and rental offerings have been central to its business model for over 20 years. Spare parts are offered for tools, large machinery and more than 2,000 tractor models which are either purchased from suppliers or farmers and companies that sell second hand parts. Maintenance and repairs of rental products are performed in-house, maximising the life of each product.

3. Take-back schemes

Selco is currently conducting a phased rollout period for pallet collection across eight branches. This involves sending old pallets to be repaired and reused from multiple locations using a third-party. This is a pilot project to centralise the repair process at one location.

Selco employs a similar process with plastic wrap, where each branch sends any clear plastic wrap to a central distribution center for further sale. This process ensures that all plastic wrap is recycled rather than sent to landfill.

Our Netherlands businesses, Isero and Polvo have a strong focus on battery recycling and tool repairs. Both businesses have collection points in every branch for customers to take used batteries, which are collected by a third party and recycled. Polvo offer a service where customers take tools to their local branch, and they have the option to be repaired instead of being taken to landfill.

4. Repair & maintenance

Isero are innovating in the refurbishment space by working with one of their value chain partners on a sanitary ware refurbishment scheme collecting, refurbishing and reselling certain products and working to calculate the associated GHG emissions savings.

Additional environmental disclosures

Water management

Water is not a material issue within Grafton's operations as the branches and manufacturing facilities are not large users of water. However, Grafton is monitoring its water usage to ensure that this resource is used as efficiently as possible.

Biodiversity

There are various initiatives in place across the Group that are designed to address biodiversity as well as other environmental issues.

Branches work to support and promote biodiversity at a local level. Chadwicks for example is a member of the All Ireland Pollinator Plan implemented by the National Biodiversity Data Centre. As part of this membership biodiversity projects are introduced to stores during refurbishments.

The timber sourcing programme is promoting responsibly sourced timber including internationally recognised certification which are tackling deforestation. We have a commitment to work with our aggregate suppliers to ensure that all extraction sites have restoration plans in place. CPI Euromix has engaged with all of its quarries on this topic.

Pollution

Grafton's manufacturing businesses have policies and procedures in place to monitor, manage and minimise any emissions associated with the manufacturing process. CPI Euromix has 'baghouse' technology on all sites which collects dust, and removes particulate matter and harmful gases from the manufacturing process. StairBox uses a bag filter to collect and store dust in a silo which is regularly maintained.

There are alarms installed to alert the teams in the case of a breach of the limits as well as a response plan in place. For the distribution businesses, air quality management associated with the fleet is important. Selco have invested in CNG fuelled vehicles in metropolitan areas as they emit lower amounts of particulate matter than standard diesel fuelled vehicles.

Social disclosures

S1 Own workforce

Our colleagues are integral to our success as a business and we are committed to fostering an environment where everyone can thrive. Our people strategy prioritises wellbeing, inclusivity, and professional development and is supported by comprehensive policies.

The Group HR Director, along with HR leaders in each business unit, ensure the effective delivery and promotion of our people strategy and colleague engagement initiatives across each of our businesses. The Group-wide HR forum serves as a platform to collaborate and share best practice, and monitors key metrics to ensure continuous improvement.

ESRS

- S1: Own workforce
- S2: Workers in the value chain
- S4: consumers and end users

Strategy linkage

- People
- Customer and Product
- Ethics

UN SDG



Overview and Action taken on policy areas in 2024

Topic	Policy/Approach	Metrics/Targets
Colleague engagement	<ul style="list-style-type: none">• Colleague engagement surveys• Workplace forums• Non-Executive Director engagement• Colleague engagement platforms• Speak Up Policy	Engagement surveys at least every two years.
Equality, equity, inclusion & diversity	<ul style="list-style-type: none">• Group Equality, Equity, Diversity, and Inclusion Policy	Alignment with FTSE Women Leaders Review on gender diversity and the Parker Review on ethnic diversity. Year-on-year increase in the number of females across all levels in our businesses. Percentage increase in the number of females in a defined senior management group.
Colleague health, safety and wellbeing	<ul style="list-style-type: none">• Health and Safety Policy• Wellness at Work Policy	Lost time injury frequency rate. Lost time injury severity rate.
Training and Development	<ul style="list-style-type: none">• BU-specific development opportunities, such as apprenticeship, training programmes, mentorship, and career advancement resources	Average hours of training per colleague annually which is measured at business unit level.
Pay Benefits and Rewards	<ul style="list-style-type: none">• BU specific reward incentives to promote commitment and reward achievement	Compliance with future EU pay transparency legislation. All colleagues receive at least one per cent above the local national minimum wage.

Colleague engagement

The success of our business is closely aligned with our corporate culture and the contribution and commitment of each of our colleagues. We recognise the fundamental importance of colleague engagement and talent management to the future growth of the Group.

We seek to ensure that all colleagues are fully engaged in their work and with the workplace. We encourage their active participation in decision-making processes.

Workplace forums, such as works councils and colleague committees, serve as platforms for discussing important work-related matters. These forums allow colleagues to present ideas and questions to business leaders who consider their viewpoints and concerns. The forums aim to foster trust and confidence between colleagues and the Company and play a significant role in our engagement strategy and diversity strategies.

Colleague engagement surveys provide us with valuable insights into colleague satisfaction and sentiment. Colleagues across our business can participate in formal engagement surveys at least once every two years. Survey results are shared with management teams and colleagues, and local action plans are developed to improve engagement. The results and action plans are discussed with business unit management, and turnover and retention rates are continuously monitored. The engagement survey results are also shared with the Board.

Non-Executive Directors attend colleague forum meetings at larger businesses in the UK and Ireland at least once a year, allowing them to gather the views of colleagues and learn about their businesses directly. The Non-Executive Directors then share this information with the Board, providing a colleague perspective to assist in decision-making and considering the views of this important stakeholder group. Where directors cannot attend due to language barriers, a summary of the discussion is provided.

Grievance Process

Formal grievance and disciplinary procedures across all our businesses serve to protect colleagues' interests and ensure grievances in the workplace are addressed objectively and provide an effective resolution of colleague concerns. Our aim is to handle grievances promptly and fairly to maintain a positive workplace environment and to prevent issues from escalating.

Our SpeakUp reporting service, managed by a third party, allows colleagues to report concerns confidentially and anonymously.

Confidential Feedback

All our businesses have grievance and whistleblowing processes, including the SpeakUp reporting service, described in further detail on page 82, ensuring that colleagues have a facility for anonymous reporting and protection against retaliation. SpeakUp reports are documented and reviewed, with an annual summary presented to the Audit and Risk Committee.

Social Bargaining, Collective Bargaining and Freedom of Association

We respect the right to freedom of association and collective bargaining for all our colleagues and maintain a neutral stance regarding their choices to join or not join a trade union. Colleagues are entitled to representation by trade unions or other elected representatives, in line with local regulations.

Equality, equity, inclusion & diversity (EEDI)

We strive to create a workplace where everyone feels valued, respected, and empowered to contribute. The Board receives regular updates on the progress of our equality and diversity initiatives. Our Group-wide EEDI policy ensures a consistent approach across the entire business. Diversity and Inclusion working groups assist our businesses to foster an inclusive culture. Our objective is to maintain a workforce that represents the communities in which we operate.

All our colleagues are expected to support diversity, promote fair and respectful treatment of everyone, challenge unacceptable behaviours and must comply fully with all legislation relating to equality and diversity in their location.

Recruitment process ensures no discrimination

We have objective and robust processes for recruitment and selection in each of our businesses and we monitor diversity at each stage of the process.

Actions to prevent workplace harassment

Each of our businesses has a Dignity at Work Policy to help colleagues identify potential bullying and harassment and to provide them with resources to address these issues should they arise. In our UK businesses, we have implemented measures to ensure all stakeholders are informed of our policy of zero tolerance on third party harassment.

Support for vulnerable groups

Many of our businesses have specific women's groups and inclusion networks to ensure that the views of all colleagues are captured and to drive our diversity agenda.

Our businesses support and leverage the expertise of a wide range of organisations focused on increasing equality, diversity, and inclusion. Grafton is a signatory to The Social Mobility Pledge, and is also a member of the Valuable 500. CPI Euromix is a platinum member of Women into Construction which promotes gender equality in construction. All our businesses in the UK and Ireland have at least silver status with the National Centre for Diversity, with Woodie's attaining gold status.

Actions to promote diversity in leadership

We were very pleased to increase the number of women in leadership from 13.0 per cent to 15.0 per cent in 2024. This progress reflects our commitment to fostering an inclusive workplace that values diverse perspectives and promotes equal opportunities for all colleagues. We have implemented recruitment strategies to attract a diverse pool of candidates. Additionally, our benefits programs have been expanded to support work-life balance and wellbeing. Our inclusion networks and colleague forums offer opportunities for employees to actively contribute to our diversity initiatives.

Social disclosures continued
Own workforce continued

Actions to promote the inclusion of colleagues with disabilities

We are committed to fostering an inclusive and safe workplace. We make necessary adjustments to our physical environment to support colleagues with disabilities, ensuring that all colleagues can work in a secure and accessible setting. We are committed to ongoing improvement in this area, ensuring that our workplace complies with health and safety regulations and promotes inclusivity and accessibility. Initiatives include:

- **Accessibility improvements:** Upgrading our facilities to include automatic doors, and accessible restrooms, ensuring ease of access for colleagues with mobility challenges.
- **Ergonomic workstations:** Customising workstations to meet the specific needs of colleagues with disabilities, promoting comfort and reducing the risk of injury.
- **Assistive technology:** Investing in technologies, on our external websites to support users with visual impairments.

Monitoring equal pay

Monitoring pay rates among colleagues is an important step to ensure that everyone is fairly rewarded for their work and contribution to our business. We continuously review ways to address any differences in pay and work hard to support career development and progression for all colleagues.

Our businesses in the UK and Ireland that are in scope for gender pay reporting under local legislation publish their gender pay reports on their websites. The Group also reports gender diversity data under the FTSE Women Leaders Review and the Parker Review.

We were pleased to have improved our ranking amongst the FTSE 250 from 101 to 90 in the 2024 FTSE Women Leaders Review.

Total colleagues

Total headcount at the year end	10,003
Breakdown by Country	
United Kingdom	4,016
Ireland	3,133
Netherlands	1,635
Finland	432
Spain	787

The data below includes colleagues employed in Ireland, the UK, the Netherlands and Finland.

Colleagues by contract type †

Permanent	95%
Temporary	5%
Full-Time	76%
Part-Time	24%

Colleagues by gender †

Male	72%
Female	28% Δ

Colleagues by age [†]

<30	22%
30-50	47%
>50	31%

Gender distribution in management [†]

	2024		2023	
	Number	%	Number	%
Board of Directors				
Female	3	38%	3	33%
Male	5	62%	6	67%
Group Management Team (GMT)				
Female	2	40%	1	20%
Male	3	60%	4	80%
Senior Management				
Female	10	32%	33	28%
Male	21	68%	84	72%
Management				
Female	76	15% Δ	68	13%
Male	432	85%	456	87%

Accounting Principles

The data above includes the members of the Board of Directors of Grafton Group plc, the GMT, Senior Management and Management as at 31 December 2024 and 31 December 2023.

The membership of the Board and the GMT is set out on pages 82 to 83 and 84 respectively.

'Senior Management' is the group reported for the purposes of the FTSE Women Leaders Review. In 2024 and for future years this comprises the GMT and their direct reports. In 2023 this was based on a wider group of colleagues.

'Management' comprises the GMT, certain Group leadership roles, Business Unit CEOs and their executive committees, regional managers and branch managers across the Group and is the population captured in the diversity element of the 2024 annual bonus for Executive Directors.

CEO total remuneration metrics

The table on page 120 shows the ratio of the CEO's total remuneration to the lower, median and upper quartile full-time equivalent remuneration of the Group's UK colleagues.

Pay Benefits and Rewards

We take a comprehensive approach to pay, benefits and reward to ensure that all colleagues feel valued and motivated. We offer a range of rewards and recognition programmes to celebrate colleague achievements and milestones. We continuously assess the evolving needs of our workforce and regularly update our compensation and benefits policies. Our benefits package includes health insurance, retirement plans, and wellness programmes.

Our policy is that all colleagues receive at least one per cent above the local national minimum wage. Our businesses operate either in the UK or the EU, and the countries in which we operate either have a statutory National Minimum Wage or our colleagues are covered by a Collective Agreement which determines minimum pay levels for the sector. In countries where there is a statutory National Minimum Wage, we define the wage benchmark for our colleagues to be National Minimum Wage +1%.

We are working with our businesses to ensure compliance with forthcoming EU pay transparency legislation.

Social protection

We are committed to supporting our colleagues through various life events that may impact their income. Our benefits programmes are designed to provide financial security and peace of mind. We provide safeguards against income loss due to major life events including loss of income due to sickness, unemployment, workplace injury and acquired disability, parental leave and retirement.

All our businesses operate within the EU or the UK and all colleagues are covered by at least the statutory minimum payments for sick pay, redundancy pay, parental leave and redundancy payments. Many of our businesses also provide enhancements to these benefits.

Social disclosures continued
Own workforce continued

Training and development

We invest in continuous learning and development opportunities for our workforce to enhance skills and career growth and offer equal access to development opportunities, such as apprenticeship, training programmes, mentorship, and career advancement resources. We review our talent and succession plans regularly to address disparities, reinforcing our commitment to ensuring fairness and equality in career progression.

We keep up-to-date records on recruitment, training and promotion that provide a transparent view of opportunities for colleagues and their progression.

Colleague health and safety

We believe nothing we do is so urgent that we cannot do it safely. We remain committed to doing everything we can to ensure that our colleagues, customers, and business partners return home safe and well each day, and we continue to embed health and safety into our everyday business practices.

Safety, Health, and Environment (SHE) teams in each of our businesses integrate health and safety planning into business plans and ensure risk assessments reflect the reality of existing operations as well as new projects. Local management teams lead their health and safety agendas, while receiving guidance and support from the Group Safety, Health and Environment Director.

Each business is subject to regular health and safety audits, including branch compliance checks by internal teams in the businesses, external enforcement officer inspections, and higher-level reviews by the Group Internal Audit and Business Risk team. These measures support and drive a continual health, safety, and wellbeing improvement plan.

We encourage all colleagues to actively contribute to our health and safety management by raising concerns and making suggestions. This is facilitated through a combination of day-to-day management, focus groups, team meetings, our 'Notify' Safety Management System and the Group Risk Committee.

Near miss reporting across the Group has increased by 90 per cent from 2021 to 2024 as colleagues at all levels have taken positive steps to report concerns or near miss incidents, helping to eliminate or reduce the risk of recurrence.

2024 saw a continued reduction in injury severity as a result of our focus on the key health and safety priorities around the Group. The individual activities and initiatives in each business varied across our sectors according to local requirements but the key priorities remain centred around:

- Keeping pedestrians safe from moving vehicles;
- The safe handling and storage of products, including safe working at height; and
- Ensuring safe customer deliveries on site.

Maintaining the engagement and involvement of all colleagues in their individual workplaces with these key priorities and their own local initiatives is imperative to assist us in keeping people safe.

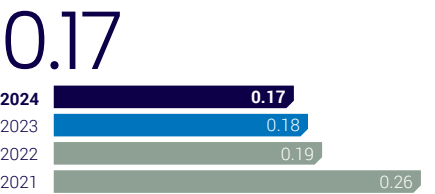
In 2024, the Group Lost Time Injury Severity Rate has reduced by a further six per cent versus 2023 while the Lost Time Injury Frequency Rate increased by one per cent. During the period 2021 to 2024, the Lost Time Injury Severity Rate has reduced by 35 per cent and the Lost Time Injury Frequency Rate has reduced by 13 per cent.

Visible felt leadership of health and safety across all levels of supervisors and managers in our businesses will be a fundamental focus in 2025 to positively recognise colleagues doing the 'right thing' and to reinforce the correct behaviours where necessary.

Lost Time Frequency †
Lost Time Injuries/100,000 hours worked



Lost Time Severity †
Working Days Lost/2,000 hours worked



Accounting Principles for health and safety

Health and safety metrics covers all colleagues, excluding colleagues from Salvador Escoda.

Lost time injury frequency rate refers to the number of work-related injuries resulting in lost working days per 100,000 hours worked.

Lost time injury severity rate refers to the number of lost working days due to a work-related injury per 2,000 hours worked. Days lost are calculated from the first full day to the last, counting 5 days per week regardless of individual contracted working hours.

Colleague wellness

We believe in supporting the physical, social, emotional and financial aspects of our colleagues' wellbeing. Our Wellness at Work Policy outlines our strategy and provides a baseline standard across all our businesses.

We provide health benefits and sick pay to ensure our colleagues stay fit and are supported during times of ill health. We also offer colleague assistance to support colleagues dealing with personal or work-related problems that might affect their job performance, health, and wellbeing. This benefit provides confidential support and counselling services to our colleagues. We ensure a safe and pleasant work environment, provide mandatory health and safety and job-specific training, and offer work breaks and holidays, along with free hot and cold refreshments. We offer communal spaces, recognise key life events, and support paid volunteer days and locally approved charities.

We encourage all our businesses to view wellness through a diversity, equality and inclusion lens to ensure we are being equitable and fair with support that can affect colleagues' health and financial outcomes.

Our CEO Mental Wellbeing Statement, which is available on our Group website, www.Graftonplc.com, sets out our leadership approach to colleague wellbeing which underpins colleague engagement and is to the benefit of our business and all our stakeholders. It is important that we all show care and respect for each other, support work-life balance and that our businesses provide the tools and resources to support our colleagues.

S2 Workers in the value chain

Supply chain risk management is a top priority for the Group, and we understand the importance of effective management of the environmental and social impacts in our supply chain.

Our businesses source products from a range of suppliers including:

- Branded building materials manufacturers
- Branded raw materials suppliers
- Own brand suppliers
- Distributors and agents
- Suppliers engaged through buying groups.

Our due diligence process allows us to have visibility of whether our suppliers have effective processes in place to manage their environmental and social impacts including strong working conditions for those involved in the manufacture of the products we sell. In 2024, we selected EcoVadis to support us in gaining greater transparency in our supply chain management and ensure our suppliers' standards follow best practice.

Policies

The Grafton Group Code of Business Conduct and Ethics sets out our expectations for colleague conduct with suppliers.

The Grafton Group Supplier Code of Conduct sets out our expectations for suppliers covering legislative compliance, human rights, environmental sustainability and business practice. The Code has been published in multiple languages and on business unit websites. This has been approved by the Procurement Board and the Group CEO.

These Codes are reviewed every two years or sooner if significant changes occur.

Supply chain due diligence

We have continued through 2024 to work with Exiger on our supply chain risk management. We work with Exiger to send due diligence questionnaires to large suppliers covering a range of environment, social and governance topics. The system also screens suppliers against sanctions lists to identify adverse media findings (further information about this process can be found in our 2024 Modern Slavery Statement which is available at www.grafonplc.com).

At the end of 2024, 84 per cent of suppliers on the risk management system have completed the assessment which has increased from 81 per cent at the end of 2023. In 2022 to 2024 there have been 40 screening reports which flagged concerns and have been raised and resolved by the relevant business unit in partnership with the supplier in question.

However, in 2025 we are updating our due diligence process through our work with EcoVadis. EcoVadis is a globally recognised sustainability rating agency conducting assessments based on international sustainability standards to assess our supply chain partners.

Our due diligence process is designed to identify and mitigate risks within our supply chain. Each of our business units manages their own sourcing process.

Suppliers will be uploaded onto the EcoVadis IQ+ Platform where it will be assigned a sustainability risk.

Based on this risk suppliers are engaged on key actions to mitigate risks. Supplier risk and performance will be monitored and reviewed.

In addition to the EcoVadis process we have mechanisms in place to identify concerns which include supplementary adverse media screening, the SpeakUp whistleblowing service which allows stakeholders to report any concerns confidentially to an independent party with safeguards in place. We also encourage open dialogue between suppliers and our commercial teams.

Some business units have enhanced due diligence processes for key suppliers which can include auditing of manufacturing facilities. For example in 2024 Selco started working with Surity for their direct sourcing programme. Surity carry out detailed compliance and sustainability assessments on and improvement programmes with each factory that they work with covering ethical, environmental, safety and quality issues.

Adverse Impacts identified through our due diligence process will be monitored, tracked and escalated where necessary.

Value chain worker engagement

Engagement of value chain workers is a key element of the EcoVadis rating process that suppliers will be assessed against.

Value chain worker channels

Our SpeakUp channel is available for all suppliers to share concerns.

Severe human rights abuses

None have been reported or identified through screening.

Resourcing invested in programme

Given the importance of supply chain management and due diligence this is an important area of investment.

We invest resources in our risk management and screening platforms, sustainability, procurement, analyst and audit resource in the Group and Business Unit Functions.

Accounting Principles

All information from suppliers, including assessment responses and evidence, is held on the risk management system and used to determine assessment completion rates. This metric has been circulated monthly to relevant colleagues for visibility and transparency. The system also holds information on adverse media findings, where it frequently scans online public sources for mentions of our suppliers in a negative light.

S4 Consumers and end-users

As a distributor of building materials and retailer in the DIY space ensuring we engage our customers effectively, listen to their ideas and concerns and respond appropriately is critical to our commercial success.

Our customers include:

- SMEs involved in Repair, Maintenance and Improvement (RMI)
- Large private sector customers involved in the construction industry
- Public sector organisations
- DIY customers

Our business units engage with customers in a range of different ways such as:

- Customer service teams
- Customer surveys
- Customer insight programmes
- Product return processes
- Face to face conversations in branch

Our business units use these insights to develop their customer propositions.

Impact area and disclosure

Product safety and quality

Product safety and quality processes of our manufacturing businesses are incorporated in the resource use and circular economy information on page 70.

Beyond this our distribution and retail businesses have approaches tailored to their product and supply mix. These processes include contractual arrangements with suppliers to ensure products meet appropriate standards, product recall processes and procedures should a concern arise, technical manuals covering products specifications, safety and quality standards as well as product testing regimes for certain product categories.

Health & safety of customers in our branches

The Group health and safety policy and approach covers our customers in branch. Further detail on our approach to health and safety is set out on pages 50 and 76.

Privacy & data security IT & cyber security

Our approach to privacy and data security is set out on page 80.

Additional social disclosures [†]

Community

Grafton's business units operate in a diverse range of communities and many of our colleagues come from these communities. It's incredibly important to act as a good neighbour and use our skills and experience to help those in need.

Colleagues care deeply about supporting community programmes through volunteering, fundraising and donating, and in the challenging economic circumstances as a business we are proud to have contributed over £1.2 million to communities in 2024, exceeding our target of 0.6 per cent of adjusted operating profit Δ, and to have raised a further £815k through colleague and customer fundraising.

The contribution by the Group to communities is made up of:

- **Volunteering time** by our colleagues paid for by the business for a host of activities which could include everything from supporting local schools, refurbishing buildings, skills training and fundraising.
- **Monetary donations** from the business to local community groups, usually voted for by our colleagues. These can take the form of donations and matched funding for colleague fundraising activities.
- **In-kind donations** which includes materials donated at a local level to support the refurbishment of buildings and services such as marketing, press and print needed to raise awareness of the organisations and issues.

Total donated by Grafton via volunteering, materials, sponsorships and cash donations

>£1.2m

Total donated by customers and colleagues

>£815k

Governance disclosures

Governance disclosures

G1 Business Conduct

To deliver our business and sustainability goals we underpin our strategy with robust governance processes, strong policies and procedures, effective training and awareness, responsible sourcing and responsive management of risk and opportunities.

Governance

Sustainability governance is integrated into Grafton's overall governance structure as outlined on page 86.

The Board of Directors has ultimate responsibility for sustainability governance. Sustainability was discussed in depth at two Board meetings during the year and an update was shared by the CFO at every meeting. Topics covered in 2024 included climate change, supply chain due diligence, sustainability legislation, progress, plans and reporting.

The Audit and Risk Committee is responsible for overseeing and monitoring the Group's risk management systems and the steps taken to mitigate key risks, including sustainability and climate change.

The Executive Sustainability Committee ('ESC') was established in 2023 to develop and implement the Group's sustainability strategy subject to approval and ultimate oversight by the Board. Its role is to ensure that sustainability considerations are appropriately embedded into the wider business strategy and commercial decision-making process, and that sustainability opportunities and risks have been identified and that measures are scheduled to capitalise on opportunities and mitigate risks.

The ESC comprises the Group CEO, Group CFO and Group Head of Sustainability as well as Business Unit leadership. It met three times in 2024.

Sustainability and climate risks and opportunities are assessed and reviewed by the Group Risk Committee (GRC) which is described in further detail on page 44. The GRC evaluates each of the Group's material risks, including sustainability and climate change, to confirm that the risk is

appropriately described and prioritised, and that the current mitigating controls and actions are sufficient to manage the risk within the Group's appetite.

The Sustainability Working Group is led by the Group's Head of Sustainability and includes functional heads with expertise in property, people, environment and ethics. The Working Group is responsible for facilitating actions to help the Group and individual businesses implement the sustainability strategy, and respond to the identified climate risks and opportunities.

The Group Sustainability Strategy and climate programme is being implemented by the individual business units. The CEOs of those businesses are responsible for implementing and managing their own sustainability and climate change programme which is consistent with the Group's overall strategy. Each business has formed its own sustainability committee or working group to monitor and manage its sustainability actions.

The Group Head of Sustainability had regular meetings during the year to discuss progress and share good practice with the teams in the business units. In addition, a number of cross-business network forums have been established which discuss specific sustainability topics including property, people, and transport.

In 2024, the bonus scheme for the CEO and CFO included elements linked to the achievement of sustainability targets including reduction in Scope 1 and 2 GHG emissions and gender diversity in leadership.

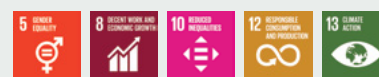
ESRS

- G1: Business conduct

Strategy linkage

- Ethics

UN SDG



Ethical business practices and human rights

The Group Code of Business Conduct and Ethics, which is available on www.graftonplc.com, reflects our responsibility to uphold high standards of ethics and integrity, and it sets the standard of behaviour which colleagues, contractors, agents and businesses are expected to follow. The Code and associated policies are the subject of mandatory training courses which are accessed by colleagues through the Group's online learning management systems.

Compliance rates are recorded and reported to the Group Risk Committee and Group Internal Audit who perform testing to confirm compliance with key aspects of the Code and Group policies as part of annual reviews. The mandatory training courses are expected to be completed by colleagues within the first three months of joining the Group, and then retaken on a regular basis (either annually or every two years depending on the course).

Overall compliance rates for the completion of mandatory training courses by colleagues across the Group have improved in 2024 although remain below the target level of 95 per cent:

	2024	2023
Business Conduct and Ethics	92.44% [†]	85.92%
Information Security Awareness	89.23% [†]	77.63%
Regulatory Compliance	91.59% [†]	86.85%

Governance disclosures continued

Business Conduct continued

Accounting principles

Colleague compliance with the requirement to complete three online Group Mandatory Training Courses is monitored and reported against. The requirement is for new starters to complete the training within three months of joining and then renew as required by the course in question.

The target for compliance is 95 per cent. The Scope is colleagues of all Group companies and Group Head Office at 31 December for each year and 2024 figure excludes Salvador Escoda colleagues.

Data is taken from the Learning Management System of the Individual Business Unit and collated at Group.

Compliance is expressed as a percentage of total number of colleagues allocated the course and classed as compliant divided by total number of colleagues allocated the course.

SpeakUp

Colleagues are encouraged to report any concerns they have to their line manager including anything of an ethical business nature. In addition, the Group has an established whistleblowing process in each of its territories which will be rolled out in Spain for Salvador Escoda in 2025.

The SpeakUp service allows colleagues to report concerns confidentially to an independent party with safeguards in place to ensure cases are investigated fully and prevent retaliation to reporters. Awareness of the process is through colleague training, business communications and posters at each site. A link to the reporting website is also included on the Group and individual business unit websites. We also encourage third parties, including customers and suppliers to report any concerns of wrongdoing by businesses or colleagues through the service.

During 2024 there was a five per cent decrease in the number of reports received through the SpeakUp service compared to 2023 but this was still 54 per cent higher than the number of reports in 2022 following action taken by Group and businesses to improve awareness of the service. 35 per cent of cases were substantiated following investigation and resulted in remedial action including dismissal, disciplinary, re-training and process improvement.

Privacy, data and cyber security

Grafton has continued to build on the progress of previous years in respect of process improvements and investment in information technology to detect and protect our data and systems. Both data protection and information security are key areas of focus, underpinned by comprehensive policies and ongoing awareness campaigns to ensure that all colleagues play their part in keeping information safe and secure. Each business has a cyber-attack incident plan setting out the steps to react to and recover from a cyber incident, and regular assessments are carried out to identify and resolve vulnerabilities. During 2024, a programme of activity to improve cyber security across the Group, which started in 2022, was completed. The key controls implemented by this programme are now subject to regular dashboard reporting at a business level which is monitored by the Group's Information Security Steering Committee.

Anti-Bribery and corruption

The Group Anti-Bribery and Corruption Policy sets out the Group's zero tolerance approach to all forms of bribery and corruption, and the standards expected of all colleagues. It includes thresholds and approval requirements for the offering and receiving of gifts and hospitality to and from third parties by colleagues, and requires that a declaration of independence be signed annually by senior management and other individuals who are considered to be exposed to a higher risk of conflicts of interest, including colleagues with management roles and those with responsibility for contract negotiations with customers and suppliers. Colleagues are made aware of the policy requirements through mandatory training and awareness videos. Compliance with the policy and the management of potential conflicts of interest is reviewed and tested by Group Internal Audit through annual compliance audits.

Independent practitioner's assurance report

Management of Grafton Group Plc Scope

We have been engaged by Grafton Group plc ("Grafton") to perform a 'limited assurance engagement', as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Grafton's selected performance data and statements (the "Subject Matter") contained in Grafton's (the "Company's") Annual Report for the year ended 31 December 2024 (the "Report").

The Subject Matter includes the following selected performance data, which are also marked with a Δ symbol in the Report:

- 2024:
 - Scope 1 and 2 greenhouse gas (GHG) emissions (location-based) absolute tonnes of carbon dioxide equivalent.
 - Scope 1 and 2 greenhouse gas (GHG) emissions (market-based) absolute tonnes of carbon dioxide equivalent.
- 2024:
 - Total number of female employees in the continuing operations of the Group divided by total number of employees in the continuing operations of the Group, expressed as a percentage.
 - Total number of female Group Management Team (GMT) members and specified Group leadership roles to include: Head of Sustainability, Group Health and Safety Director, Group IT Director, Group Risk Director, Business leaders and their executive committees and the regional and branch managers in the businesses divided by total GMT and specified Group leadership roles, expressed as a percentage.
- 2024 target: At least 0.6% investment and/or sustainability related fundraising (including colleague time for paid volunteering, sponsorship of community groups, gifts in kind and cash donations, excluding colleague and customer fundraising) as a percentage of adjusted operating profit for the Group.
- 2024 landfill diversion rate: total tonnes of waste diverted from landfill, divided by the total tonnes of waste generated in operations.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Grafton

In preparing the Subject Matter, Grafton applied the Grafton's publicly disclosed criteria (the "Criteria") that is available on the Grafton website. Such Criteria were specifically designed by Grafton to guide the measurement and reporting of the Subject Matter. As a result, the subject matter information may not be suitable for another purpose.

Grafton's responsibilities

Grafton's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ("ISAE 3000 (Revised)") and *International Standard for Assurance Engagements on Greenhouse Gas Statements* ("ISAE 3410"), and the terms of reference for this engagement as agreed with Grafton on 21 November 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on *Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Green House Gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with personnel to understand the business and reporting process, as well as the process for collecting, collating, and reporting the Subject Matter during the reporting period
- Checked that the calculation methodologies have been correctly applied in accordance with the Criteria
- Undertook analytical review procedures to support the reasonableness of the data
- Identified and tested assumptions supporting calculations
- Tested, on a sample basis, underlying source information to check the accuracy of the data

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 5 March 2025 for the year ended 31 December 2024, in order for it to be in accordance with the Criteria.

Use of our assurance statement

We disclaim any assumption of responsibility for any reliance on this assurance statement or its conclusions to any persons other than Grafton, or for any purpose other than that for which it was prepared.

Accordingly, we accept no liability whatsoever, whether in contract, tort or otherwise, to any third party for any consequences of the use or misuse of this assurance statement or its conclusions.

Ernst & Young

5 March 2025
Dublin, Ireland

Board of Directors



Ian Tyler
Non-Executive Chair



Career
Ian Tyler joined the Board as Non-Executive Director on 1 March 2024 and assumed the role of Chair at the conclusion of the AGM in 2024.
Mr. Tyler was appointed Group Finance Director of Balfour Beatty plc in 1999, Chief Operating Officer in 2002 and Chief Executive in 2005, a role he held until 2013. Mr. Tyler has previously been Chair of Amey UK plc, Vistry Group plc, AWE Management Ltd, Al Noor Hospitals Group plc, Cairn Energy plc and Affinity Water Limited. He is a former Non-Executive Director of BAE Systems plc, Cable & Wireless Communications plc, VT Group plc and Mediclinic International plc.

Current External Appointments
Non-Executive Director of Anglo American plc and Synthomer plc and Chair of BMT Group Ltd, a privately owned design and technical consulting firm.

Board Length of Service as at 5 March 2025
1.0 years



Eric Born
Chief Executive Officer



Career
Eric Born joined the Group and the Board as Chief Executive Officer on 28 November 2022.
Mr. Born was previously Chief Executive Officer of Swissport International AG, the leading global aviation services provider, and Chief Executive of Wincanton plc, a leading provider of supply chain solutions. He was formerly President, West & South Europe of Gategroup, the global airline catering provider, and prior to that he held a variety of senior roles in the retail sector in Switzerland and the UK.
Mr. Born previously served as Non-Executive Director of Serco Group plc and John Menzies plc.

Current External Appointments
None.

Board Length of Service as at 5 March 2025
2.3 years



David Arnold
Chief Financial Officer



Career
David Arnold joined the Group as Group Chief Financial Officer on 9 September 2013.
Mr. Arnold was Group Finance Director of Enterprise plc, the UK Maintenance and Support Services business, from 2010 to 2013 and was Finance Director of Redrow plc, the house builder, from 2003 to 2010. He previously held senior financial positions with Six Continents plc, the hotels group and Tarmac plc, the building materials company.

Current External Appointments
Non-Executive Director of Crest Nicholson Holdings plc, a leading residential housebuilder operating in Southern England and the Midlands.

Board Length of Service as at 5 March 2025
11.5 years



Susan Murray
Senior Independent Director



Career
Susan Murray was appointed to the Board on 14 October 2016 and was appointed Senior Independent Director with effect from 2 May 2024.
Mrs. Murray is a former Chief Executive of Littlewoods Stores Limited and former Worldwide President and Chief Executive of The Pierre Smirnoff Company, part of Diageo plc. She is a former Chair of Farrow & Ball and a former Non-Executive Director of Compass Group plc, 2 Sisters Food Group, Pernod Ricard S.A., Imperial Brands plc, El Group plc, Aberdeen Asset Management plc, SSL International plc, Wm Morrison Supermarkets plc and Mitchells & Butlers plc.

Current External Appointments
Non-Executive Director and Chair of the Remuneration Committee of Hays plc, a provider of recruitment and human resource services; and Senior Independent Non-Executive Director of William Grant & Sons, a privately owned distiller and distributor of premium spirits.

Board Length of Service as at 5 March 2025
8.4 years

Committee membership key

Audit and Risk
CommitteeRemuneration
CommitteeNomination
CommitteeFinance
CommitteeCommittee
Chair**Vincent Crowley**
Non-Executive Director**Career**

Vincent Crowley was appointed to the Board on 14 October 2016.

In the course of a 24 year career with Independent News & Media PLC, a leading Irish newspaper and media business, Mr. Crowley held a number of leadership positions including Chief Executive Officer and Chief Operating Officer and member of the Board. Prior to joining Independent News & Media PLC, he held senior roles in KPMG and Arthur Andersen. Former Non-Executive Director of C&C Group plc.

Current External Appointments

Chair of Davy Stockbrokers, Ireland's leading provider of wealth management and capital markets services. Chair of Altas Investments plc, an Irish company that holds investments in infrastructure and related businesses.

**Board Length of Service
as at 5 March 2025**

8.4 years

**Rosheen McGuckian**
Non-Executive Director**Career**

Rosheen McGuckian was appointed to the Board on 1 January 2020.

Dr. McGuckian is Chief Executive Officer of NTR plc, an unquoted Irish company that acquires, constructs and manages sustainable infrastructure assets.

Immediately prior to joining NTR, Dr. McGuckian was Chief Executive Officer of GE Money Ireland, the consumer finance division of General Electric.

Dr. McGuckian previously served as Non-Executive Director of Green REIT plc, the Social Innovation Fund of Ireland, the Irish Aviation Authority and the Strategic Banking Corporation of Ireland.

Current External Appointments

Chief Executive Officer of NTR plc; Non-Executive Director of Sicon Limited, the parent company of John Sisk & Son, an international engineering and construction company.

**Board Length of Service
as at 5 March 2025**

5.2 years

**Avis Darzins**
Non-Executive Director**Career**

Avis Darzins was appointed to the Board on 1 February 2022. Ms. Darzins is a former Partner at Accenture in London where she worked with many well-known national and international brands in the retail and consumer products sectors.

Ms. Darzins has extensive experience of business change in a variety of sectors including Director of Business Transformation at Sky plc.

Ms. Darzins is a former independent consultant with EY. She served as Non-Executive Director at Moss Bros Group plc until the business was taken private in June 2020.

Current External Appointments

Non-Executive Director of Marshalls plc, the UK's leading manufacturer of landscaping products; Non-Executive Director of Safestore Holdings plc, the UK's largest self storage company; Senior Independent Trustee and Trustee Board member of Barnardo's, the UK's largest children's charity.

**Board Length of Service
as at 5 March 2025**

3.1 years

**Mark Robson**
Non-Executive Director**Career**

Mark Robson was appointed to the Board on 1 December 2023.

Mr. Robson is a highly experienced former Chief Financial Officer with a board level career in listed companies spanning over two decades and experience, gained at a senior executive level, of the manufacture and distribution of materials to small builders through a national branch network.

Mr. Robson joined the Board of Howden Joinery Group Plc as CFO in April 2005 and also served as Deputy CEO for his final six years on the Board until his retirement in December 2021. Prior to joining Howdens, Mr. Robson served for six years as CFO of Delta plc, the international industrials group.

Current External Appointments

Non-Executive Director of Morgan Sindall Group plc, a leading UK construction and regeneration group.

**Board Length of Service
as at 5 March 2025**

1.3 years

Group Management Team

Our Group Management Team

Our experienced Group Management Team are committed to demonstrating our strong culture, purpose and values and to promoting the long-term sustainable success of the Group for the benefit of all of our stakeholders.



Eric Born
Chief Executive Officer

Career

Eric Born joined the Group and the Board as Chief Executive Officer on 28 November 2022.

See biography on page 82.



David Arnold
Chief Financial Officer

Career

David Arnold joined the Group as Group Chief Financial Officer on 9 September 2013.

See biography on page 82.



Susan Lannigan
General Counsel and Company Secretary

Career

Susan Lannigan joined Grafton in April 2015 as Deputy Company Secretary and was appointed General Counsel and Company Secretary in July 2024. Susan leads Grafton's legal, company secretarial and communications functions.

Susan qualified as a solicitor in 2009. Prior to joining Grafton she held legal and company secretarial roles in private practice and in the financial services industry.



Paula Harvey
Group HR Director

Career

Paula Harvey joined the Group in January 2013 as the HR Director for a large collection of our UK businesses and was later promoted to Group HR Director. Paula has previously worked with international and UK organisations across the complete spectrum of HR roles in several different business sectors and has also spent several years running her own consulting business.



Stephen Hunter
Group Corporate Development Director

Career

Stephen Hunter joined Grafton on 1 January 2018 after relocating from London to Dublin. Stephen has over 10 years' experience in corporate finance, having previously worked at EY and a boutique corporate finance firm in London. Stephen has been involved with every acquisition since joining Grafton and is also involved in the strategic initiatives across the Group.

Directors' Report on Corporate Governance

Chair's Introduction

Dear Shareholder,

On behalf of the Board, I am pleased to present our Corporate Governance Report for the year ended 31 December 2024. This report summarises our corporate governance framework including how we apply the principles and provisions of the UK Corporate Governance Code ("the Code").

Board activity

The Board balances its agenda to ensure it covers all performance, operations, strategic and governance matters. The typical board agenda includes the following matters:

General matters: minutes, matters arising and reports from the Chairs of the Board Committee, governance, legal and regulatory matters.

Performance and operations: updates on trading, financial performance and operations, along with updates from key group functions such as Health and Safety, HR, Internal Audit and Risk, Investor Relations and Sustainability.

Corporate development strategy: allocation of capital for organic growth and acquisitions; strategic development of Group; acquisition and growth opportunities in new and existing markets.

Board composition

Grafton has a strong Board that drives strategy, performance and growth of the business. The membership of the Board reflects a diverse range of backgrounds, education, cultures, expertise, perspectives and business experience including executive and non-executive director experience of the distribution sector.

In line with the Group's policy, all Directors will retire and seek re-election at the 2025 AGM. As noted in the Nomination Committee Report, each Director continues to perform effectively and has demonstrated a strong commitment to the role and I strongly recommend that each of the Directors going forward is elected/re-elected at the AGM.

The Board is committed to promoting diversity and supports the recommendations of the FTSE Women Leaders Review on gender diversity and the Parker Review on ethnic diversity. Female representation on the Board is 38 per cent. I am pleased to report that the Board meets the Parker Review target of having at least one director from an ethnically diverse background.

Board Committees

Each of our Committees continued to perform very effectively during the year. The reports from each Committee Chair in this Report provide details on the key duties, responsibilities and activities of each Committee during the year.

Board evaluation

An externally-facilitated Board evaluation was conducted during the year with support from Gould Consulting. I am pleased to report that the results demonstrate that the Board and its Committees continue to operate effectively and to a high standard of governance.

The findings and observations from this external review are set out in more detail on pages 92 to 93 and they will help to inform and shape the Board's priorities for the current year.

Stakeholder engagement

Creating value and progress for all of our stakeholders is a key aim of Grafton's purpose 'building progress together'. Maintaining strong engagement and clear communication with our stakeholders is therefore an essential part of our activities and our future success. A summary of how we engage with our various stakeholder groups is set out on pages 10 to 11.

AGM

We look forward to welcoming shareholders to our 2025 AGM which will be held at The Irish Management Institute, Sandyford, Dublin 18 at 10.30am on Thursday 8 May 2025.

Ian Tyler
Chair

Governance at a glance

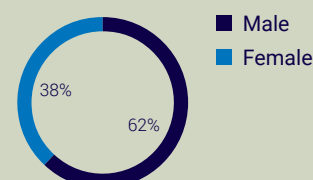
Board meeting attendance

>98%

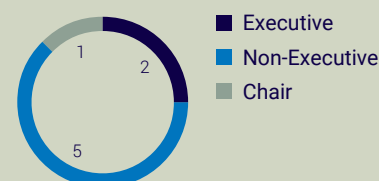
Number of directors at the year end

8

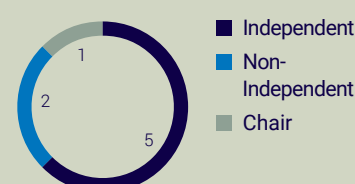
Board gender diversity



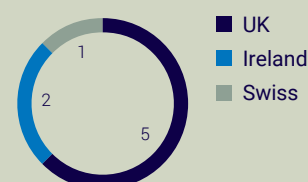
Executive/Non-Executive Directors



Board independence



Board nationality



Corporate governance framework

The Group’s organisational structure is established and overseen by the Board and designed to enable us to operate to the highest standard of corporate governance and facilitate effective decision making.



Compliance with the 2018 UK Corporate Governance Code

Grafton Group plc ("the Company") is incorporated in Ireland and is subject to Irish company law. Its Units (shares) are listed on the London Stock Exchange and the Group is subject to the 2018 UK Corporate Governance Code ("the Code") for the 2024 reporting year. This Report describes how the Company applied the principles and met the provisions of the Code during the year.

1. Board Leadership and company purpose

Board meetings

The Board met on ten occasions during 2024, and the attendance of individual directors at each meeting is set out in the table on page 91. The Board also received updates on developments from management between meetings as appropriate. The Board takes the major decisions as set out in the schedule of matters reserved to it for decision, while allowing management sufficient scope to run the business within a tight reporting framework. The Group has arranged insurance cover up to a specified limit in respect of legal actions against directors and officers.

Board committees

The Board is assisted by Committees that focus on specific responsibilities as delegated by the Board. The Terms of Reference of the Audit and Risk Committee, Remuneration Committee and Nomination Committee are on the Group's website. Membership and length of service of Board Committees is shown within each of the Committee reports. Ms. Rebecca McAleavey, Deputy Company Secretary, is Secretary to the Audit and Risk Committee. Ms. Paula Harvey, Group HR Director, is Secretary to the Remuneration Committee. Ms. Susan Lannigan, General Counsel and Company Secretary, is Secretary to the Nomination Committee and she also supports the work of the Remuneration Committee and the Audit and Risk Committee.

The Finance Committee is chaired by Mr. Eric Born, CEO and also comprises Mr. David Arnold, CFO and Mr. David O'Donoghue, Group Financial Controller. The Committee considers the financing requirements of the Group, considers amendments to the terms of existing bank facilities, approval of leases for assets, other than property, up to a specified level and litigation matters.

The Board is briefed on key discussions and decisions by each Committee Chair at the Board meeting following the relevant Committee meeting.

The Disclosure Committee is a Management Committee comprising Mr. Eric Born, Group CEO and Mr. David Arnold, Group CFO. The Committee holds meetings as required to ensure the accuracy and timeliness of compliance with the EU Market Abuse Regulation.

Company purpose, values and strategy

A description of the Group's purpose of 'Building Progress Together', along with information about our core values and strategy is available on pages 12 to 17.

Objectives and controls

The Group's strategic objectives are set out on page 16 and a summary of performance against the Group's KPIs is at pages 26 to 28. The Board also receives regular updates across a broad range of internal KPIs and performance metrics.

The Group has a clear risk management framework in place as described on page 43 to identify and manage the key risks to the Group's business.

Engagement

A description of how the Board engages with its stakeholders is set out on pages 10 and 11.

Colleague engagement

The Board has established structures to provide for effective engagement by the Board with the wider workforce. These include confidential colleague feedback surveys, the results of which are reported to the Board, and Non-Executive Director engagement with colleagues through Colleague Forums.

Non-Executive Directors attended meetings of the Colleague Forums with colleagues from the UK and Ireland during the year and also reviewed feedback from colleague committees in the Netherlands and Finland. The forums discussed a wide range of topics which included training opportunities, wellbeing, diversity and inclusion, enabling Non-Executive Directors to hear colleague feedback at first-hand and to update the Board. The outcome of the meetings and the insights provided helped inform the Board's decision-making.

Business model and risks

The Group's business model is set out on pages 20 and 21. The Risk Management Report on pages 43 to 53 contains an overview of the principal and emerging risks facing the Group and a description of how they are managed.

Assessing and monitoring culture

The Board recognises the importance of communication and engagement with the wider workforce as a means of assessing and monitoring culture. Colleague Forums held during the year provided opportunities for Directors to meet colleagues and enable their views to be heard at Board level. The Board, via the Audit and Risk Committee, receives and considers whistleblowing reports received on matters raised through SpeakUp, the independent Group wide confidential reporting service, and through reports and observations from Internal Audit reporting. Colleague engagement is also monitored through engagement survey results.

Directors' Report on Corporate Governance continued

Shareholder engagement

The Company recognises the importance of regular dialogue and communication with shareholders. Meetings are held with existing and prospective institutional shareholders and the Group's largest shareholder principally after the release of half-yearly and annual results. The Group also issued Trading Updates in January, May, July and October of 2024.

Live audio conference calls for analysts and investors hosted by the CEO and CFO were held via webcast on 7 March 2024 and 29 August 2024 following the announcement of the Final Results for 2023 and the Interim results for 2024 respectively. Pre-recorded presentations for the Final Results for 2023 and the Interim results for 2024 are available to view or download at www.graftonplc.com. Significant or noteworthy acquisitions are announced to the market.

The Group website provides the full text of all announcements including the half-yearly and annual results and investor presentations. As noted above, the Group also issues regular trading updates on the performance of the overall Group and individual business segments. While the Chair takes overall responsibility for ensuring that the views of shareholders are communicated to the Board as a whole, contact with major shareholders is primarily maintained through the CEO and the CFO. The Chair and the Senior Independent Director are available to meet with shareholders if they have concerns which have not been resolved through the normal channels of CEO or CFO or where such contacts are not appropriate. The Board receives feedback from investors following meetings with management following the announcement of the Final Results and the Interim Results and also receives analysts' reports on the Group.

All shareholders are invited to attend the AGM which provides an opportunity for shareholders to put questions to the Chair, the Chair of each of the Board Committees and Executive Directors and to meet informally with Directors before and after the meeting. In 2024 shareholders were given the opportunity to attend the AGM either in person or remotely and could raise questions during the meeting or by way of a conference call facility.

The Company Secretary communicates with shareholders on corporate governance matters, particularly in the lead up to the AGM and other shareholder meetings. The Company Secretary and Deputy Company Secretary held a governance roadshow for a number of major shareholders prior to the 2024 AGM.

The Notice of the AGM, which specifies the time, date, place and the business to be transacted, is sent to shareholders at least 21 days before the meeting. The AGM is normally attended by all Directors. All resolutions at the 2025 AGM will be decided on a poll in accordance with the Articles of Association of the Company and in line with market practice. In a poll, the votes of shareholders present and voting at the meeting are added to the proxy votes received in advance and the total number of votes for, against and withheld for each resolution are announced. This information is made available on the Company's website following the meeting.

All other general meetings are called Extraordinary General Meetings ('EGMs'). An EGM called for the passing of a special resolution must be called by at least 21 clear days' notice. Provided shareholders have passed a special resolution at the immediately preceding AGM and the Company allows shareholders to vote by electronic means, an EGM to consider an ordinary resolution may, if the Directors deem it appropriate, be called at 14 clear days' notice. In view of the Group's international shareholder base, it is the Board's policy to give 21 days' notice of EGMs unless the Directors believe that a period of 14 days is merited by the business of the meeting and the circumstances surrounding the business of the meeting.

A quorum for a general meeting of the Company is constituted by two or more shareholders present in person and entitled to vote. The passing of resolutions at a meeting of the Company, other than special resolutions, requires a simple majority. A special resolution requires a majority of at least 75 per cent of the votes cast to be passed.

Shareholders have the right to attend, speak, ask questions and vote at general meetings. In accordance with Irish company law, the Company specifies the record date for the general meeting, by which date shareholders must be registered in the Register of Members of the Company to be entitled to attend. Record dates are specified in the notice of general meeting.

Shareholders may exercise their right to vote by appointing a proxy/proxies, by electronic means or in writing, to vote some or all of their shares. The requirements for the receipt of valid proxy forms are set out in the Notice convening the meeting.

A shareholder, or a group of shareholders, holding at least five per cent of the issued share capital of the Company, has the right to requisition a general meeting. A shareholder, or a group of shareholders, holding at least three per cent of the issued share capital of the Company, has the right to put an item on the agenda of an AGM or to table a draft resolution for inclusion on the agenda of a general meeting, subject to any contrary provision in Irish company law.

Time commitment of the Chair and Non-Executive Directors

The Chair and Non-Executive Directors are required to confirm prior to appointment to the Board that they will have sufficient time available to discharge their responsibilities effectively and that they have no conflicts of interest. This matter is given very careful consideration by the Nomination Committee and the Board before any appointments are made. Following appointment, the Board considers requests by Directors wishing to undertake new directorships and considers both the time commitment involved and any potential conflicts of interest with their roles as Directors of Grafton.

The Board recognises the benefits of the Chair and Non-Executive Directors having varied and broad experience. It considers investor guidance on this area as part of the annual review of the time commitments of each Director. The Chair and all Non-Executive Directors except one had a 100 per cent attendance record at all Board Meetings held during the year. One Director was unable to attend one Board meeting during the year due to a personal matter. They also demonstrated high levels of availability and responsiveness where discussions were required from time to time between Board Meetings. The Board remains confident that the Chair and individual members continue to devote sufficient time to undertake their responsibilities effectively.

No new Directorships were taken on by members of the Board during the year except for the appointment of Mark Robson as Non-Executive Director of Morgan Sindall Group plc.

2025 AGM

The 2025 AGM will be held at the Irish Management Institute (IMI), Sandyford Road, Dublin, D16 X8C3, Ireland at 10.30am on Thursday 8 May 2025.

Votes against the recommendation of the Board at the 2024 AGM

The Company announced on 2 May 2024 that Resolutions 1 to 11 proposed to shareholders at the AGM of the Company were duly passed in line with the Board's recommendation. Resolution 12, which was a shareholder resolution concerning the impact of share buybacks on the earnings per share performance condition of awards granted to participants of the 2021 Long Term Incentive Plan of the Company (the "LTIP"), was not passed. The recommendation of the Board (excluding Mr. Eric Born and Mr. David Arnold who, as potential beneficiaries of the LTIP, recused themselves from the Board's decision in this matter) was for a vote against Resolution 12.

The Board noted that while 78.59 per cent of votes cast supported the Board's recommendation and voted against this resolution, a notable minority of votes (21.41 per cent) were cast in favour of Resolution 12.

In line with Provision 4 of the 2018 UK Corporate Governance Code, the Company engaged in a consultation process with those shareholders who were identified as having voted in favour of Resolution 12 to gain an understanding of their views, and now provides this update on the views received from shareholders.

The views expressed by shareholders included a preference for capital deployment initiatives to be set in a way that does not incentivise management towards one over another, and that management should have flexibility to adapt capital allocation to the circumstances that transpire.

For Awards granted to participants up to and including the Award made in 2024, EPS outcomes were calculated based on the weighted average number of shares in issue at the beginning of the performance period, such that the impact of share buybacks during the performance period was excluded.

The Board has considered this approach taking into account feedback received and with a view to ensuring that its approach is fair to participants and stakeholders and does not incentivise one form of capital allocation over another. For the LTIP awards to be granted in 2025, EPS targets will be based on forecast organic growth plus potential growth achievable through acquisitions or buybacks. EPS performance will be assessed on adjusted EPS for the final year of the performance period, including the impact of acquisitions or share buybacks. This approach aligns with our strategy of driving shareholder return through organic growth and targeted acquisitions, whilst ensuring there is rigorous focus on effective capital allocation and balance sheet efficiency.

The Board considers that this approach better reflects the diverse views of shareholders, aligns executives with the shareholder experience and acknowledges the positive impact of acquisitions and share buybacks on EPS and shareholder value.

Stakeholder views

The Code provides that the Board should understand the views of the Company's key stakeholders other than shareholders and describe how their interests and the matters set out in section 172 of the UK Companies Act 2006 have been considered in Board discussions and decision-making. An overview of how the Group engages with all of its stakeholders is set out on pages 10 and 11.

Whistleblowing

All colleagues have access to a confidential SpeakUp reporting service which provides an effective channel to raise concerns to an independent third party. The Board, via the Audit and Risk Committee, receives regular reports detailing all reports made through this service and subsequent action taken.

Conflicts of interest

The Board confirms that a system for the declaration of conflicts of interests is in place.

Unresolved concerns

No unresolved concerns about the operation of the Board or the management of the Group were raised by any Director during the year.

Directors' Report on Corporate Governance continued

2. Division of responsibilities

Chair

The Chair was independent on appointment to the role in May 2024. The responsibilities of the Chair, as set out on page 91, are set out in writing and agreed by the Board.

Board balance and division of responsibilities

The Board believes that it has an appropriate balance of Executive and Non-Executive Director representation and it is Board policy that no individual or small group of individuals can dominate its decision-making.

A statement of how the Board operates, including a schedule of the decisions reserved for the Board and those delegated to management, is set out in writing and agreed by the Board. The schedule of matters specifically reserved for Board decision covers:

- Strategic decisions and corporate developments;
- Risk management and internal controls;
- Acquisitions and capital expenditure above agreed thresholds;
- Interim and final dividends and share purchases;
- Changes to the capital structure;
- Tax and treasury management;
- Approval of half-yearly and annual financial statements; and
- Budgets and matters currently or prospectively affecting the Group and its performance.

Effective and efficient functioning of the Board

Directors have full and timely access to all relevant information in an appropriate form. Reports and papers are circulated to Directors in sufficient time to enable them to prepare for Board and Committee meetings. All Directors receive monthly management accounts and reports covering the Group's performance, development proposals and other matters to enable them to review and oversee the performance of the Group on an ongoing basis. Each year the Board typically devotes one of its meetings to strategy and one to the following year's budget. The strategy meeting covers the macro-economic, political and social systems, construction market, housing market, business sectors, competitive landscape and challenges and opportunities in existing and prospective countries of operation for the Group. It also covers a review of the existing portfolio of businesses, specialist segments of the distribution market, competitive landscape and possible acquisition opportunities. All Directors have access to independent professional advice at the Group's expense where necessary to enable them to discharge their responsibilities as Directors.

Independence of Non-Executive Directors

The five Non-Executive Directors, Mr. Vincent Crowley, Mrs. Susan Murray, Dr. Rosheen McGuckian, Ms. Avis Darzins and Mr. Mark Robson are considered by the Board to be independent in character and free from any business or other relationship which could materially interfere with the exercise of independent judgement. The Board has determined that each of the Non-Executive Directors fulfilled this requirement and is independent. In reaching that conclusion, the Board considered the principles relating to independence contained in the Code.

Board independence

71 per cent of the Board, excluding the Chair, are Non-Executive Directors whom the Board considers to be independent.

Senior Independent Director

Mrs. Susan Murray succeeded Mr. Paul Hampden Smith as the Senior Independent Director on 2 May 2024 and is available to act as a sounding board for the Chair, and as an intermediary for the other Directors, if necessary. Mrs. Murray is also available to shareholders who may have concerns that cannot be addressed through the normal channels of Chair, Chief Executive Officer or Chief Financial Officer. The role of the Senior Independent Director is clearly set out in a document approved by the Board.

Performance of Executive Directors

Non-Executive Directors constructively challenge management proposals and review the performance of the Group. During the year, the Chair and Non-Executives met with and without the executive Directors present.

Roles and responsibilities

There is a clear division of responsibility between the Chair and the Chief Executive Officer. The responsibilities of each role are clearly documented in schedules approved by the Board.

Company Secretary

The Directors have access to the advice and services of the Company Secretary, Ms. Susan Lannigan, who advises the Board on governance matters. Ms. Lannigan was appointed as Company Secretary on 8 July 2024 and succeeded Mr. Charles Rinn who was Company Secretary from December 1995 until July 2024. The Company's Articles of Association and Schedule of Matters reserved for the Board provide that the appointment or removal of the Company Secretary is a matter for the full Board.

External commitments

The Board is satisfied that the external commitments of the Chair and the Non-Executive Directors do not conflict in any way with their duties and Commitments to the Company. Executive directors do not hold more than one non-executive role in a FTSE 100 company or other significant appointment.

Chair	Chief Executive Officer	Senior Independent Director
<ul style="list-style-type: none"> Leading and managing the business of the Board to provide clear direction and focus for the Group; Demonstrating ethical leadership and promoting the highest standards of integrity and probity; Demonstrating objective judgment and promoting a culture of openness and debate; Setting the agenda and culture in the boardroom; Facilitating constructive Board relations; Ensuring that members of the Board receive a timely flow of accurate, high quality and clear information; and Ensuring that there is timely and appropriate communication to shareholders. 	<ul style="list-style-type: none"> Being accountable to the Board for all authority delegated to executive management; Taking overall responsibility for the management of the business; Proposing and delivering the Group's strategy; Implementing and delivering the annual business plan; Effective leadership, coordination and performance management of the executive team; Ensuring the identification, enhancement and development of the executive leadership talent pool; and Monitoring closely the operating and financial results of the Group against plans and budgets. 	<ul style="list-style-type: none"> Being available to shareholders who have concerns that cannot be addressed through the Chair, the Chief Executive Officer or the Chief Financial Officer; Acting as a sounding board for the Chair; Acting as an intermediary for the other Directors when necessary; Working with the Chair and other Directors and/or shareholders to resolve significant issues; and When called upon, seeking to meet a sufficient range of major shareholders in order to develop a balanced understanding of their views.

The number of Board Meetings and Committee Meetings held during the year and attended by each Director was as follows:

Number of Meetings	Board		Audit and Risk Committee		Remuneration Committee		Nomination Committee	
	Total	Attended	Total	Attended	Total	Attended	Total	Attended
I. Tyler	9	9	–	–			3	3
E. Born	10	10	–	–	–	–	–	–
D. Arnold	10	10	–	–	–	–	–	–
S. Murray	10	9	4	4	6	6	4	3
V. Crowley	10	10	4	4	6	6	4	4
R. McGuckian	10	10	4	4	6	5	4	3
A. Darzins	10	10	4	4	6	6	4	4
M. Robson	10	10	4	4	6	6	4	4
M. Roney	4	4	–	–	–	–	2	2
P. Hampden Smith	4	4	2	2	3	3	2	2

Mr. Ian Tyler was appointed to the Board and to the Nomination Committee with effect from 1 March 2024.

Mr. Michael Roney and Mr. Paul Hampden Smith stepped down from the Board at the conclusion of the AGM on 2 May 2024.

Directors' Report on Corporate Governance continued

3. Composition, succession and evaluation

Board appointments procedure and succession planning

The Board's general policy is to keep the overall composition and balance of the Board under review and to manage the orderly succession of Non-Executive Directors without compromising the effectiveness and continuity of the Board and its Committees.

A description of the work of the Nomination Committee and the procedure for appointment of new Directors is set out on pages 98 to 100.

The Board considers senior management succession planning with a view to developing, over the coming years, a strong succession pipeline for key positions up to and including Executive Director level.

Board composition

It is the Group's policy that the Board comprises a majority of Non-Executive Directors. At 31 December 2024, the Board was made up of eight members comprising the Non-Executive Chair, two Executive Directors and five independent Non-Executive Directors. Mr. Ian Tyler was appointed to the Board on 1 March 2024 as Non-Executive Director and Chair Designate and succeeded Mr. Michael Roney of Chair of the Board and the Remuneration Committee on 2 May 2024.

The Board considers that its size and structure is appropriate to the scale, complexity and geographic spread of its operations and that the number of Non-Executive Directors is considered sufficient to enable the Board and its Committees to operate effectively without excessive reliance on any individual Non-Executive Director. The Board believes that Executive and Non-Executive Directors between them have the necessary skills, knowledge and international business experience, gained from a diverse range of industries and backgrounds, required to manage the Group. The skills, expertise and experience of the Board is used to review strategy, allocate capital, monitor financial performance and consider executive management's response to market developments and operational matters.

The terms and conditions of appointment of Non-Executive Directors, which include the time commitment expected from each Director, are available for inspection by any person at the Company's registered office during normal business hours and prior to the AGM.

The overall composition and balance of the Board is kept under review as outlined in the programme of work undertaken by the Nomination Committee in its report on pages 98 to 100.

Director election/re-election

In accordance with the provisions of the Code, the Board has decided that all Directors should retire at the 2025 Annual General Meeting ('AGM') and offer themselves for election/re-election.

The Board undertakes a formal annual evaluation of the performance of its Directors and is satisfied that all Directors who are proposed for re-election continue to discharge their obligations as Directors and contribute effectively to the work of the Board and its Committees.

Further details on the Board evaluation are set out below and in the report of the Nomination Committee on pages 98 to 100.

Chair tenure

Mr. Ian Tyler was appointed to the Board on 1 March 2024 as Non-Executive Director and Chair Designate. He succeeded Mr. Michael Roney as Chair of the Board and of the Nomination Committee on 2 May 2024.

Performance of the Chair and Non-Executive Directors

The Non-Executive Directors, facilitated by the Senior Independent Director, met without the Chair present to appraise his performance. The evaluation of individual Directors involved a meeting between each of them and the Chair.

2024 Board evaluation

A formal review of the performance of the Board, its Committees and individual Directors is undertaken each year, including an external evaluation every three years. The process is designed to ensure that the effectiveness of the Board is maintained and improved.

This year's Board evaluation was externally facilitated by Gould Consulting. It followed the principles set out in the Code and best practice in Board evaluation. A combination of methods were employed in the review, including a survey of the Directors' views on the work of the Board and its Committees, interviews with each Director and the Company Secretary, a review of materials including board papers and minutes; and attendance by the evaluator at a scheduled board meeting during the year.

The review concluded that Grafton is a collegiate, open, well-balanced and effective Board and with strong support across the Board for the new Chair and the executive team.

The following table summarises the principal recommendations from the process and the steps that will be taken in response over the course of 2025.

Topic	Area identified for action
Strategic purpose and strategy development	Evolve and refresh our strategic purpose and refine our strategic milestones supported by longer-term strategic KPIs.
Board succession	Develop and refine a board skills matrix to support the ongoing evolution of the Board with the appropriate balance of skills and experience.
Management succession	Increase focus on senior management talent strategy and pipeline to identify any material opportunities, gaps and weaknesses in the senior management talent pool.
Board meeting schedule	Review the cadence of Board meetings to allow for site visits, additional time on strategy, and NED-only time.
Culture	Review the most effective processes for employee engagement and monitoring of culture in the context of our federated structure.
Board Papers	Refine the format of Board papers to ensure that they facilitate focused discussion at Board and Committee meetings.
Board risk appetite	Establish an enhanced structure for regular review of Board risk appetite.

4. Audit, risk and internal control

Independence of internal and external audit

The Audit and Risk Committee is responsible for monitoring the integrity of the Group's financial statements and of the external audit process and overseeing the independence and effectiveness of the Internal Audit function and the external auditor.

Fair, balanced and understandable

The assessment of the company's position and prospects as fair, balanced and understandable is set out in the Statement of Directors' Responsibilities on page 124 and 125.

Risk and internal control

The Board confirms that there is a process for identifying, evaluating and managing the key risks faced by the Group. A description of the risk management process and of how the Board identifies the principal and emerging risks facing the Group is set out on pages 43 to 53.

Audit and Risk Committee

The Board has established an Audit and Risk Committee which is comprised of five independent Non-Executive Directors. The Committee has competence relevant to the sector in which the Group operates.

Role and responsibilities of the Audit and Risk Committee

A description of the role and responsibilities of the Audit and Risk Committee is available in the Committee Report on pages 94 to 97. The Terms of Reference of the Committee are available on the Group's website www.graftonplc.com.

A description of the activity of the Committee during the year is available in the Committee Report on pages 95 to 97.

Effectiveness of risk management and internal controls

A description of how the Audit and Risk Committee monitors the effectiveness of the Group's system of risk management and internal control is set out on page 95.

Going concern assessment

The Group's net cash position, before recognising lease liabilities, was £272.1 million at 31 December 2024 (2023: £379.7 million). Net debt including lease obligations was £131.7 million at 31 December 2024 (2023: £49.3 million).

The Group had liquidity of £776.2 million at 31 December 2024 (2023: £849.6 million) of which £505.4 million (2023: £579.9 million) was held in accessible cash and deposits and £270.8 million (2023: £269.7 million) in undrawn revolving bank facilities. No refinancing of debt is due until September 2028, the Group does not have a leverage (net debt/EBITDA) covenant in its financing arrangements and its assets (other than right-of-use assets) are unsecured.

Having made appropriate enquiries, the Directors have a reasonable expectation that Grafton Group plc, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Having reassessed the principal risks, as detailed on pages 47 to 51, and based on expected cashflows and the strong liquidity position of the Group, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its financial statements.

5. Remuneration

The Board has adopted remuneration policies that are considered sufficient to attract, retain and motivate Directors of the quality required to manage the company successfully whilst ensuring that the performance related elements of pay are both stretching and rigorously applied.

The Board has established a Remuneration Committee comprising five independent Non-Executive Directors. Details of the Committee's key responsibilities and a description of its work during 2024 are contained in the Report of the Remuneration Committee on Directors' Remuneration on pages 102 to 119.

Audit and Risk Committee



Mark Robson
Chair of the Audit and Risk Committee
5 March 2025

Membership	Length of service*
M. Robson (Chair)	1.3 years
V. Crowley	8.1 years
S. Murray	7.2 years
R. McGuckian	4.9 years
A. Darzins	2.5 years

* Committee membership as of 5 March 2025.

Dear Shareholder,
I am pleased to present the report of the Audit and Risk Committee for the year ended 31 December 2024.

Key duties of the Committee

Financial reporting

- Monitoring the integrity of the Group’s financial statements and announcements relating to the Group’s performance;
- Advising on whether the Annual Report and accounts, taken as a whole, is fair, balanced and understandable, and whether it provides the information necessary for shareholders to assess the Group’s performance, business model and strategy;

Risk management and internal control

- Overseeing the effectiveness of the Group’s internal control and risk management, including sustainability risks, and the steps taken to mitigate the Group’s risks;
- Reviewing the effectiveness of the Group’s internal financial controls;

External auditor

- Monitoring the effectiveness of the external audit process, conducting the tender process and making recommendations to the Board in relation to the appointment, reappointment and removal of the External Auditor;
- Overseeing the relationship between the Group and the External Auditor including approving the remuneration, terms of engagement and scope of audit;

Internal audit

- Monitoring and reviewing the scope, resourcing, findings and effectiveness of the Group’s Internal Audit function;
- Reporting to the Board on how the Committee has discharged its responsibilities.

The full terms of reference of the Committee can be found on the Group’s website www.graftonplc.com.

This report describes how the Committee has fulfilled its responsibilities during the year under its Terms of Reference and under the relevant requirements of the Code.

The Committee is satisfied that its role and authority include those matters envisaged by the Code that should fall within its remit and that the Board has delegated authority to the Committee to address those tasks for which it has responsibility.

All members of the Committee are determined by the Board to be independent Non-Executive Directors in accordance with provision 10 of the Code. In accordance with the requirements of provision 24 of the Code, the Board considers that I have recent and relevant financial experience as required by the Code. The biographical details on pages 82 and 83 demonstrate that collectively, the members of the Committee have a wide range of financial, treasury, taxation, commercial and business experience that enables the Committee to act very effectively.

Meetings

The Committee met four times during the year and attendance by each Committee member is set out in the table on page 91.

Meetings are attended by the members of the Committee and others who attend by invitation, being principally the CEO, the CFO, the Group Financial Controller, the Group Company Secretary and the Group Internal Audit and Business Risk Director. Other members of executive management and third party advisors may be invited to attend to provide insight or expertise in relation to specific matters. The Committee is supported by Ms. Rebecca McAleavey, Deputy Company Secretary, who acts as Secretary to the Committee.

The PwC Group Engagement Leader and other representatives of the External Auditor are also invited to attend Committee meetings to present their reports on the interim results and full year audit. They also present their proposed audit plan to the Committee. The Committee also met privately with the External Auditor without executive management present. No significant concerns were raised during these discussions.

The Chair of the Committee reports to the Board on a regular basis on the work of the Audit and Risk Committee and on its findings and recommendations.

Key areas of activity during 2024

A summary of the key activities of the Committee during the year is set out below:

Financial reporting	<p>The Committee reviewed the 2023 Final Results Announcement, the 2023 Annual Report and the 2024 Interim Results Announcement and concluded that they each presented a fair, balanced and understandable assessment of the position of the Group and its prospects. The Committee recommended the 2023 Final Results Announcement, the 2023 Annual Report and the 2024 Interim Results Announcement to the Board for approval.</p> <p>As part of these reviews, the Committee considered significant accounting policies, estimates and judgements. The Committee also reviewed the reports of PwC following their audit and interim review including their findings on key areas of judgment and other areas of audit focus. The Committee also considered the significant management letter points on internal controls in the Group's individual businesses identified by PwC during its audit process. The significant issues in relation to the financial statements considered by the Committee and how these were addressed are set out on page 97.</p> <p>The Committee also reviewed papers on the Viability Statement and Going Concern including assumptions and financial forecasts.</p>
Risk management and internal control	<p>The Board has delegated responsibility to the Committee for monitoring the effectiveness of the Group's system of risk management and internal control, which is set out in further detail in the Risk Management Report on pages 43 to 53. The Committee reviewed the Group's Risk Management Process and the procedures established for identifying, evaluating and managing key risks, which included a review of the status of risk management performance against the objectives set for the year.</p> <p>The Group Risk Committee provides oversight of the Risk Management process and the Corporate Risk Register. This review includes identifying risks, assessing their likelihood and impact and the effectiveness and adequacy of measures, actions and controls to mitigate these risks. The key risks facing the Group are set out on pages 47 to 51.</p> <p>The Committee also considered the risks associated with increased levels of cyber crime and the potential to disrupt trading including the loss of data.</p> <p>The Committee also reviewed the ongoing work of the Internal Audit team in preparation for the internal control requirements in the 2024 UK Corporate Governance Code which will be effective from 2026.</p>

Audit and Risk Committee Report continued

Internal audit	<p>The Group Internal Audit and Business Risk Director reports to the Chief Financial Officer and also has direct access to the Chair of the Audit and Risk Committee and its members. The Committee met with the Group Internal Audit and Business Risk Director on four occasions during the year when he presented Internal Audit report findings and recommendations and updated the Committee on the actions taken to implement recommendations. The Committee also met with the Group Internal Audit and Business Risk Director without executive management present. No significant concerns were raised during these discussions.</p> <p>The scope, authority and responsibility of the Internal Audit function is set out in the Internal Audit Charter which has been approved by the Committee.</p> <p>During the year the Committee also considered and approved the programme of work to be undertaken by the Group's Internal Audit function in 2025. An internal review of the effectiveness of the Internal Audit function was carried out and the results of this review, which were very positive, were presented to the Committee in January 2025.</p>
External auditor	<p>The Committee reviewed the External Auditor's plan for the 2024 Audit of the Group and approved the remuneration and terms of engagement of the External Auditor. The Committee also considered the quality and effectiveness of the external audit process and the independence and objectivity of the Auditor.</p> <p>An internal review of the effectiveness of the 2023 Audit was carried out during the year, comprising a feedback questionnaire from the Audit and Risk Committee and from Group and business unit management. The results of this review were presented to the Committee in October 2024 and were positive overall with a number of comments and recommendations made to help inform plans for the 2024 Audit.</p> <p>In order to ensure the independence of the External Auditor, the Committee received confirmation from the Auditors that they are independent of the Group under the requirements of the Irish Auditing and Accounting Supervisory Authority's Ethical Standards for Auditors (Ireland). The Auditors also confirmed that they were not aware of any relationships between the firm and the Group or between the firm and persons in financial reporting oversight roles in the Group that may affect its independence. The Committee considered and was satisfied that the relationships between the Auditor and the Group including those relating to the provision of non-audit services did not impair the Auditors' judgment or independence.</p>
Non-audit services	<p>The External Auditor is permitted to undertake non-audit services that do not conflict with auditor independence, provided the provision of the services does not impair the Auditors' objectivity or conflict with their role as Auditor and subject to having the required skills and competence to provide the services.</p> <p>The Committee has approved a policy on the provision by the External Auditor of non-audit services. Under this policy the External Auditor will not be engaged for any non-audit services without the approval of the Audit & Risk Committee. The External Auditor is precluded from providing certain services, or from providing any non-audit services that have the potential to compromise its independence or judgement. With the exception of fees incurred in acquired businesses, fees for non-audit services in any financial year are targeted not to represent more than 20 per cent of the audit fee.</p> <p>The Committee monitors and reviews the nature of non-audit services provided by the External Auditors. The Committee approved the provision of non-audit services by the Auditor during the year, which primarily relate to a review of the Group's condensed consolidated half year financial statements, with associated fees disclosed in Note 3 to the financial statements.</p>
Whistleblowing and fraud	<p>The Group Anti-Fraud and Theft Policy sets out the Group's approach to all forms of fraud and theft, the responsibilities of Business Unit management in relation to prevention and detection procedures and controls, the appropriate reporting channels and the possible actions which may be taken by the Group in response to suspected fraud or theft. Instances of fraud or theft over a specified threshold are reported to and monitored by the Committee.</p> <p>The Committee periodically considers reports received on matters raised through SpeakUp, the independent Group-wide confidential reporting service which allows colleagues to report, anonymously if they wish, any concerns they may have regarding certain practices or conduct in their businesses including possible instances of fraud and theft. All concerns raised through this channel and the outcomes of investigations are reported to the Committee. The Committee was satisfied that the procedures in place to allow colleagues to raise matters in a confidential matter operated effectively during the year.</p>
Anti-bribery and corruption	<p>The Group's Code of Business Conduct and Ethics sets out the ethical standards to which all Group employees are expected to adhere. It sets out the core standards and procedures to be observed and provides practical guidance on dealing with bribery risk. An annual declaration of independence is signed by senior management and other individuals who are considered to be exposed to higher risk of conflicts of interest, including employees who have responsibility for contract negotiations with customers and suppliers.</p>

Estimates and judgments

The Committee reviewed in detail the following areas of significant judgment, complexity and estimation in connection with the Financial Statements for 2024. The Committee considered a report from the external auditors on the audit work undertaken and conclusions reached as set out in their audit report on pages 126 to 133. The Committee also had an in-depth discussion on these matters with the External Auditor.

Valuation of goodwill	<p>The Committee considered the goodwill impairment analysis carried out by management based on value-in-use which involved comparing the recoverable amount and carrying amount of the CGUs. The Committee agreed with the conclusion reached by management that no impairment charge should be recognised in the year.</p> <p>The review involved discounting the forecasted cash flows of each group of CGUs based on the Group's pre-tax weighted average cost of capital adjusted to reflect issues associated with each group of CGUs and carrying out sensitivity analysis on the key assumptions used in the calculations including cash flow forecasts (revenue growth, margin), terminal growth rate and pre-tax discount rate.</p> <p>The Committee noted the overall level of headroom in the value in use model prepared by management and considered the impact on the headroom of sensitivity analysis on the key assumptions used in the model. The Committee also compared the year-end market capitalisation of the Group to its net asset position and noted that it was higher than the net asset value.</p> <p>The UK Distribution group of CGUs recoverable amount has limited headroom over its carrying amount and is therefore more sensitive to possible changes in key assumptions. The Committee reviewed the assumptions made by management in the value-in-use model for that group of CGUs and deemed them to be appropriate. Given the sensitivity of the headroom for the UK Distribution CGU to possible changes in key assumptions, the Committee reviewed the sensitivity analysis in detail and agreed that disclosure should be provided in the financial statements.</p> <p>The Committee agreed that no reasonably possible change in any of the key assumptions for the other groups of CGUs would cause their carrying amounts to exceed their recoverable amounts.</p>
Completeness and accuracy of rebate income and valuation of rebate receivables	<p>Supplier rebates represent a significant source of income in the distribution industry and is an area of risk due to the materiality of rebate arrangements, the use of manual calculations, and the estimation involved in determining the year end receivable amounts. The Committee reviewed the basis used by management for calculating rebate income for the year and rebates receivable at the year end and was satisfied that the accounting treatment adopted was appropriate and that rebates receivable at the year-end were recoverable.</p> <p>In reaching its conclusion, the Committee reviewed information and reports prepared by the Internal Audit function which completed year-end reviews across a sample of significant Business Units with the primary objective of providing independent assurance on the accuracy of rebate receivable balances at year-end.</p> <p>These reviews included re-performing calculations on a sample of rebate income for 2024 with reference to agreements with individual suppliers and reports of purchases made from suppliers. The Committee also considered the value of rebates received after the year end relating to 2024 and the value of rebates received during 2024 relating to 2023.</p>
Valuation of inventory	<p>The Group carries significant levels of inventory and key judgements are made by management in estimating the level of provisioning required for slow moving inventory. In arriving at its conclusion that the level of inventory provisioning was appropriate, the Committee received half year and full year updates from management on stock ageing and provisioning across the Group.</p> <p>The Committee reviewed the basis for calculating the valuation of rebate attributable to inventory and was satisfied that inventory was appropriately valued and that the Group continued to adopt a prudent approach to inventory provisioning.</p>

As Chair of the Committee, I engaged with the Group CFO, the Group Internal Audit and Business Risk Director and the PwC Group Audit Engagement Leader independently of each other in preparation for Committee meetings and periodically as appropriate.

I will be in attendance at the 2025 Annual General Meeting and will respond to any questions that shareholders may have concerning the activities of the Committee.

Mark Robson
Chair of the Audit and Risk Committee
 5 March 2025

Nomination Committee



Ian Tyler
Chair of the Nomination Committee
5 March 2025

Membership	Length of service*
I. Tyler (Chair)	1.0 years
S. Murray	8.0 years
V. Crowley	8.0 years
R. McGuckian	4.9 years
A. Darzins	2.5 years
M. Robson	1.3 years

* Committee membership as of 5 March 2025.

Dear Shareholder,
I am pleased to present the report of the Nomination Committee for the year ended 31 December 2024.

Key duties of the Committee

Board structure

- Regularly reviewing the structure, size, composition and length of service on the Board and assessing the skills, expertise, knowledge, experience and diversity required by the Board and its Committees and the Group’s senior management team.

Succession

- Identifying, and nominating for the approval of the Board, candidates for appointment as Directors and ensuring that there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board;
- Considering the re-appointment of Non-Executive Directors at the conclusion of their specified term of office and making recommendations to the Board; and
- Conducting an annual review of succession plans for senior executives across the Group.

Diversity

- Ensuring the diversity policy is linked to Group strategy; and
- Prioritising the appointment of females to leadership positions.

Evaluation

- Evaluating the balance of skills, knowledge, experience and diversity of the Board and Board Committees and making recommendations to the Board on any changes.

The full terms of reference of the Committee can be found on the Group’s website www.graftonplc.com.

Activities of the Committee during 2024

Introduction

In line with its key duties as set out above, the Committee considered the composition of the Board and its Committees to ensure that it continues to have the necessary skills, expertise, knowledge and diversity at Board and senior management level and it continued to seek to balance the need to refresh the Board while maintaining a team of knowledgeable and experienced Non-Executive Directors.

Board and Committee changes in 2024

As noted in the Report of the Committee in the 2023 Annual Report, I was appointed as Independent Non-Executive Director, Chair Designate and a member of the Nomination Committee with effect from 1 March 2024. I was very pleased to take over as Chair of the Board and of the Nomination Committee at the conclusion of the AGM on 2 May 2024.

Mr. Michael Roney and Mr. Paul Hampden Smith stepped down from the Board on the same date. As previously reported, Mrs. Susan Murray, who joined the Board in 2016, succeeded Mr. Hampden Smith as Senior Independent Director and Mr. Mark Robson took up the role of Chair of the Audit and Risk Committee.

Independence of the Board

To ensure that the independence of the Non-Executive Directors is maintained, the Committee keeps the tenure of the Board as a whole under review. The tenure of Non-Executive Directors (including the Chair) on the Board at 31 December 2024 is set out below. The tenure of members of each of the Committees is dealt with in the relevant Committee reports.

Length of service on Board	Number of Non-Executive Directors
1-2 years	2
3-4 years	1
5-6 years	1
8-9 years	2

The Committee reviewed the time required to fulfil the roles of Board Chair, Senior Independent Director, Committee Chairs and Non-Executive Director roles and was satisfied that all members of the Board continue to devote appropriate time to their duties and to be effective in their roles.

Election/Re-election of Directors

Having considered their individual performances, contributions to the Board, time devoted to their roles and other commitments, the Committee agreed to make a recommendation to the Board that all directors should go forward for re-election at the 2025 AGM of the Company.

Board effectiveness and evaluation

The Board conducts an annual evaluation of its own performance and that of its Committees and individual Directors in accordance with the UK Corporate Governance Code.

In 2024, the evaluation was externally facilitated by Gould Consulting. A report on the Board evaluation process and a summary of the principal findings and improvements to be implemented during this year is set out in the Directors' Report on Corporate Governance on pages 92 and 93.

Non-Executive Director succession

The Board and the Committee are committed to ensuring that the Board is sufficiently diverse and appropriately balanced. The Committee monitors the balance of the Board to ensure that it has the expertise to lead the Group as it develops and evolves.

The Committee makes recommendations to the Board concerning the appointment of Executive and Non-Executive Directors, having considered the blend of skills, experience, track record and diversity deemed appropriate for the role. Appointments also reflect the international nature of the Group and the opportunities and challenges it is likely to encounter in the future.

The Committee also makes recommendations to the Board concerning the reappointment of Non-Executive Directors at the conclusion of their three-year term and the re-election of Directors at the Annual General Meeting each year. Appointments to the Board are for a three-year period, subject to shareholder approval at each AGM and subject to an annual performance evaluation that is conducted by the Chair of the Board.

The terms and conditions of appointment of Non-Executive Directors and the Chair are set out in formal letters of appointment.

The Committee is focused on the future composition and structure of the Board. Two Non-Executive directors, Mrs. Susan Murray and Mr. Vincent Crowley will, in the normal course of events, step down from the Board in the short to medium term. Through the Nomination Committee, the Board have appointed Russell Reynolds to work with the Committee to clarify the skills and capabilities the Board is likely to need over future years and to identify potential future Board members who might fulfil those needs. The process is ongoing and I expect we will make further announcements in the current year.

Nomination Committee Report continued

Nomination process

When searching for potential candidates to fill Board vacancies, the Committee considers the skills, experience and personal attributes required to create a diverse Board that will drive the future success of the Group.

The Committee undertakes a formal, rigorous and transparent procedure when nominating suitable candidates for appointment to the Board. Candidates are identified and selected on merit against objective criteria and with due regard to the benefits of Board diversity. Independent search firms, that have no other connection with the Group, are used to identify candidates that match a detailed role specification developed by the Committee in conjunction with the Company Secretary for individual appointments to the Board. The role specification identifies the priority and secondary skills, experience and track record and personal qualities required by candidates. The role specification also addresses the time commitment of the role and the Board's requirements regarding conflicts of interest.

Existing time commitments should be sufficiently clear to accommodate the role and to avoid an actual or perceived risk of over-boarding as defined by the shareholder advisory firms and the more stringent requirements of certain institutional shareholders. In accordance with the Code, Directors must seek the prior approval of the Board in advance of accepting any additional external roles following appointment to the Board. The role specification also makes it clear that any actual or perceived conflicts of interest should be avoided.

Senior management succession

In addition to its work on Board succession, the Committee also considers the leadership needs of the Group and succession planning for senior management roles including the Chief Executive Officer and Chief Financial Officer. The Committee also reviews succession planning below Board level including the pool of talent currently available to succeed in senior roles and the progress made recruiting and developing the next generation of leaders in the Group and its businesses.

The Chief Executive Officer and Group HR Director presented the annual talent and succession plan for management to the Board during the year. This covered the Group's talent strategy and an assessment of the potential of high performing individuals. As part of this review, the Committee considered the importance of developing a diverse talent pipeline and the current and future skill sets required to help the Group implement its strategy.

Initiatives for high-potential talent to broaden their skillsets and prepare them for future senior roles include participation in leadership and business school training.

Equality, equity, diversity and inclusion

The Board recognises the benefits of diversity at board and senior management level and across the wider workforce. The Group Equality, Equity, Diversity and Inclusion Policy, which is available on the Group website, sets out the Board's approach to diversity in its broadest sense having regard to experience, age, gender, religious beliefs, sexual orientation, race, ethnicity, disability, nationality, background and culture.

In the context of normal refreshment, the Board's objective is to maintain an appropriate balance of gender and ethnicity on the Board. While the Board will always seek to appoint the most talented and skilled candidates on merit against objective criteria, greater diversity is actively considered when making Board appointments. The composition of the Board has evolved considerably over recent years and the Committee has taken an active role in improving the gender balance and ethnic diversity of the Board.

On the recommendation of the Committee, the Board has agreed that diversity will continue to be given very careful consideration in shortlisting candidates for appointment to the Board in the future.

As at 31 December 2024, three of our eight directors were female (38 per cent) and the Senior Independent Director was female. One Director was from an ethnically diverse background as defined by the Parker Review. The Board is mindful of the target set by the FTSE Women Leaders Review of having a minimum of 40 per cent of Board positions held by women by 31 December 2025.

In line with UKLR 6.6.6 R (10), as at the reference date of 31 December 2024, the composition of the Board and Executive Management was as follows:

Gender Diversity

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	62%	3	21	68%
Women	3	38%	1	10	32%

Ethnic Background

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White	7	87.5%	4	31	100%
Mixed/multiple Ethnic Groups	1	12.5%	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

The Group also considers diversity in the widest sense when making appointments at all levels in its business and, by setting the tone from the top, promotes a culture where there are no barriers to everyone achieving their potential and succeeding at the highest levels in Grafton.

We are committed to increasing representation of females in senior leadership positions across the Group. The Group has introduced initiatives to provide career development opportunities for female colleagues including participation in management development programmes, mentoring, coaching and flexible work arrangements.

The year ahead

Grafton has a strong Board with the appropriate range of skills, experience, backgrounds and diversity to drive its success and with the capacity to support the future growth and development of the Group.

Ian Tyler

Chair of the Nomination Committee

5 March 2025

Remuneration Committee



Susan Murray
Chair of the Remuneration Committee
5 March 2025

Membership	Length of service*
S. Murray (Chair)	8.1 years
V. Crowley	4.9 years
R. McGuckian	4.9 years
A. Darzins	2.5 years
M. Robson	1.3 years

* Committee membership as of 5 March 2025.

Dear Shareholder,
I am pleased to present my report as Chair of the Remuneration Committee for the year ended 31 December 2024.

- Key duties of the Committee**
- Determining the policy for Executive Director remuneration and for setting remuneration for the Chair, Executive Directors and senior management (being PDMRs and specified individuals as agreed from time to time by the Committee);
 - Reviewing workforce remuneration and related policies and the alignment of incentives and rewards with culture; and
 - Reviewing the ongoing appropriateness and relevance of the remuneration policy.

Although not required under the Irish Companies Act 2014, the Remuneration Committee (the ‘Committee’) has continued to prepare the Remuneration Report in accordance with the UK regulations governing the disclosure and approval of remuneration of the Directors. The report also complies with the European Union (Shareholders’ Rights) Regulations 2020.

The Committee was appreciative of the high level of shareholder approval for the 2023 Annual Report on Remuneration which was supported by 98.6 per cent of votes lodged by proxy ahead of the 2024 AGM.

The current Remuneration Policy, effective following shareholder approval at the 2023 Annual General Meeting (AGM), is outlined in the following pages. This document details the Policy’s implementation from 1 January 2024 and its application into the 2025 financial year.

Our approach to remuneration
The Committee’s overall remuneration philosophy has not changed over the year and remains to ensure that Executive Directors are incentivised to successfully implement the Board’s strategy and that remuneration is aligned with the interests of shareholders and other stakeholders over the longer term.

- The Committee seeks to achieve this by:
- Rewarding Executive Directors fairly and competitively for the delivery of strong performance;
 - Taking into account the need to attract, retain and motivate executives of high calibre and to ensure that Executive Directors are provided with an appropriate mix of short-term and long-term incentives;
 - Taking a range of factors into account including market practice, the changing nature of the business and markets in which it operates, the performance of the Group, the experience, responsibility and performance of the individual directors concerned and remuneration practices elsewhere in the Group; and
 - Setting targets that are stretching with full payout of awards requiring exceptional performance.

Performance for 2024

Grafton delivered a resilient performance despite the impact of price deflation in Ireland and the UK on product pricing and the squeeze on operating margin which arose from operating cost increases, particularly labour and property related costs, despite mitigating actions to offset these pressures.

The Group's diversification and strong operational focus enabled it to navigate the challenging macro-economic backdrop in certain markets. Profitability in our businesses in Ireland increased in comparison to the prior year which partially offset declines across most of our other businesses. RMI demand was weak in most of our markets, leading to intense competition for volumes, as consumer confidence was negatively impacted by high interest rates and cost uncertainty. The Group's overall gross margin was broadly maintained against the backdrop of a competitive market environment. Moderation of product price deflation accelerated in the second half of the year.

The increase in overheads in the like-for-like business was contained following the implementation of active cost management measures across the Group.

Adjusted operating profit declined by 13.6 per cent to £177.5 million (2023: £205.5 million) and adjusted earnings per share declined by 7.8 per cent to 71.8 pence (2023: 77.9 pence).

Remuneration for 2024

Base Salary

The Committee approved a salary increase of 4.0 per cent with effect from 1 January 2024 for the Chief Executive Officer and Chief Financial Officer. When reviewing salary levels, the Committee considered the level of increases implemented across the Group, the performance of the Group, the Chief Executive Officer and the Chief Financial Officer and market data. The salary increase was materially lower than average awards of 6.0 per cent to colleagues across the Group.

Annual bonus scheme

The annual bonus for 2024 was based on two financial performance targets being operating profit (65 per cent) and return on capital employed (25 per cent) and two ESG targets being gender diversity (five per cent) and Scope 1 and 2 carbon emissions (five per cent).

A bonus of 96.26 per cent of basic salary, out of a potential bonus opportunity of 150 per cent of salary, was awarded to the Chief Executive Officer. The bonus award for the Chief Financial Officer was 80.22 per cent of basic salary out of a potential bonus opportunity of 125 per cent of basic salary. These bonuses represent 64.17 per cent of the maximum potential opportunity. Further detail is set out on pages 111 and 112. The Committee agreed that the bonus outcome was reflective of the underlying financial performance of the Group for the year and was appropriate in the context of the experience of shareholders and other stakeholders during the year. Therefore, no discretion was applied.

Vesting of LTIP awards made in 2022

The performance conditions for LTIP awards granted in April 2022 to the Chief Financial Officer and the pro-rata award granted to the Chief Executive Officer in November 2022 following his appointment, that covered the performance period of the three years ending on 31 December 2024, were based 50 per cent on growth in Adjusted Earnings Per Share ('EPS') and 50 per cent on Total Shareholder Return ('TSR') performance versus a comparator group consisting of the members of the London Stock Exchange's FTSE 250 Index excluding investment trusts. As the Group's TSR was ranked at median, 25 per cent of this half of the award will vest.

The other half of the LTIP award was based on the Group's adjusted EPS for the financial year ended 31 December 2024 being in the range of 101.7 pence to 116.4 pence. In line with the approach determined by the Committee, the Adjusted EPS outcome was calculated based on the number of shares in issue as at the end of 31 December 2021. On this basis, adjusted EPS for 2024 was 58.8 pence excluding property profit. As this was below the threshold of 101.7 pence, this half of the award will not vest.

Based on the foregoing, 12.5 per cent of the total awards granted in 2022 to the Chief Financial Officer and Chief Executive Officer will vest in April 2025 and November 2025 respectively.

The Committee agreed that the vesting outcome was reflective of the underlying financial performance of the business and was appropriate in the context of the experience of shareholders and other stakeholders over the three-year vesting period. Therefore, no discretion was applied.

Implementation of Policy in 2025

Changes to approach

The Remuneration Policy was put to a vote at the 2023 AGM and received very strong shareholder support with 97.9 per cent of votes lodged by proxy ahead of the AGM cast in favour of the Policy. While the next comprehensive review is scheduled to be tabled at the 2026 AGM, the Remuneration Committee has reviewed the approach to Executive Remuneration for 2025 to ensure it remains appropriate to support the business strategy in the current environment.

Grafton's operating environment is highly cyclical, influenced by factors such as consumer confidence and the broader economic outlook which are largely outside of management's control. This has resulted in pay outcomes that are not always fully aligned with management's contribution to the overall business performance.

Following consultation with shareholders and with a view to ensuring that Executive rewards align with the Company's strategic objectives, motivate Executives within a cyclical context, retain top talent, and appropriately balance shareholders' experience, the Committee has agreed the following amendments for 2025, all of which are permissible within the existing policy framework.

Aligning incentive opportunity levels for Executive Directors

The CFO's bonus opportunity will increase from 125 per cent to 150 per cent of salary and the LTIP opportunity will increase from 175 per cent to 200 per cent of salary. These changes align the CFO's total incentive opportunity with that of the CEO as a percentage of salary.

This adjustment aligns the CFOs reward package with companies of a similar size whilst acknowledging his expertise, experience, and exceptional performance whilst in role. Additionally, this change ensures that we remain competitive in retaining key talent whilst accurately reflecting the collaborative leadership between the CEO and CFO.

Report of the Remuneration Committee on Directors' remuneration continued

Performance measures for Annual Bonus Scheme and Long-term Incentive Plan (LTIP)

The Committee also undertook a thorough review of the performance metrics within the incentive plans during the year. This included an evaluation of the specific metrics applied and a reassessment of their weightings and their strategic alignment within short-term or long-term incentive schemes.

Following this review, it was agreed that the annual bonus framework for 2025 will be based on two financial metrics which align with core business KPIs: 70 per cent will be based on adjusted operating profit and 30 per cent on free cash flow conversion, providing a clear and simple framework for incentivising and rewarding annual performance.

Furthermore, to better align with market practice and to provide a more motivational reward structure the threshold payout for the 2025 bonus will increase from 0 per cent to 20 per cent.

The Committee believes that it is appropriate to incentivise performance against a comprehensive and diverse set of long-term performance measures which align closely with the Company's longer-term KPIs. The performance measures for the annual bonus scheme in 2024 included ROCE, gender diversity and carbon emissions targets. For 2025, these measures will form part of the performance conditions for the LTIP Award, in addition to the existing performance measures of Relative Total Shareholder Return and Adjusted EPS. Although still a core part of the Company's strategy, the Committee's view is that these metrics are more appropriate to the LTIP to drive ongoing, sustainable performance over multiple years.

Full detail of metrics and weightings for the LTIP Award to be granted in 2025 are set out below.

EPS target setting and measuring EPS performance for LTIP awards

For Awards granted to participants up to and including the 2024 LTIP Award, EPS outcomes were calculated based on the number of shares in issue at the start of the performance period and thus excluded the impact of share buybacks during the performance period.

The 2024 AGM saw a notable minority of shareholders vote in favour of Resolution 12, which was a shareholder resolution concerning the impact of share buybacks on the earnings per share performance condition of awards granted to participants of the LTIP.

Following the AGM and taking into account feedback from shareholders and proxy agencies as part of a consultation process, the approach to EPS measurement was reviewed. This was a complex area with divergent views. The Committee agreed that an amendment was required to ensure that the approach was fair to participants and stakeholders and did not incentivise one form of capital allocation over another.

The Committee has agreed that for the LTIP Award to be granted in 2025, EPS targets will be based on forecast organic growth plus potential growth achievable through acquisitions or buybacks. EPS performance will be assessed on adjusted EPS for the final year of the performance period, including the impact of acquisitions and share buybacks. This approach is consistent with our strategy of driving shareholder return through organic growth and targeted acquisitions, whilst ensuring there is rigorous focus on effective capital allocation and balance sheet efficiency. The Committee believes that this method more accurately reflects the diverse views of shareholders, aligns Executive remuneration with the shareholder experience and acknowledges the positive impact of acquisitions and buybacks on EPS and shareholder value.

Remuneration for 2025

Salary

The Committee approved a salary increase of 3.5 per cent with effect from 1 January 2025 for the Chief Executive Officer and the Chief Financial Officer which is lower than the average increase of 4.65 per cent for colleagues across the Group.

Pension

The rate of pension contribution is maintained at 9.0 per cent of base salary and is aligned with the rate available to the majority of the workforce.

Annual Bonus Scheme

As set out above, the maximum annual bonus opportunity in 2025 for both the CEO and the CFO will be 150 per cent of base salary. The 2025 Annual Bonus will be based on adjusted operating profit (70 per cent) and free cash flow conversion (30 per cent).

Long Term Incentive Plan

LTIP awards for 2025 will be made at 200 per cent of salary to the CEO and CFO and will be based on five performance measures: Adjusted EPS pre-property profit for 2027 (30 per cent); TSR relative to the FTSE 250 (excluding investment trusts) (30 per cent); Average ROCE over the three years of the performance period (30 per cent); Gender diversity (5 per cent); and Scope 1&2 GHG emissions reduction (5 per cent).

When setting the 2027 Adjusted EPS target for the 2025 LTIP award, the Committee considered the continuing challenges in the Group's trading environment and the additional structural pressures including above inflationary wage increases and tax rises. The Committee has set a target range for Adjusted EPS before property profit for 2027 of between 79.1p at threshold, 86.1p at target and 93.6p at maximum. Performance will be assessed on adjusted EPS for the final year of the performance period, including the impact of acquisitions and share buybacks.

The Committee believes that this range is aligned with delivery of the Group's strategic and financial objectives and represents an appropriately stretching target. 25 per cent of the award will vest if the lower end of the adjusted EPS target range of 79.1p is achieved. Where adjusted EPS is between the threshold and target point in the range then between 25 per cent and 50 per cent of this part of the award will vest on a straight-line basis. Between the target and the maximum target in the range, then between 50 per cent and 100 per cent of this part of the award will vest on a straight-line basis. The target adjusted EPS range for 2027 is equivalent to annual compound growth of 4.0 per cent at threshold, 7.0 per cent at target, and 10.0 per cent at maximum applied to the 2024 base year adjusted EPS excluding property profit of 70.3p.

The TSR performance condition will continue to be measured against a comparator group consisting of the constituents of the London Stock Exchange's FTSE 250 Index, excluding investment trusts. Notwithstanding the achievement of the TSR performance conditions, no shares will vest unless the Committee considers that the overall financial results of the Group have been satisfactory in the circumstances over the performance period.

The Committee has set a target range of 10.0 per cent to 11.0 per cent for the three-year period from 2025 to 2027 for Average ROCE. The calculation of ROCE will follow that shown in the Alternative Performance Measures on page 205 which uses the opening and closing year-end balance sheets in the calculation of average capital employed.

The gender diversity target will be based on increasing the number of females within a target group of colleagues being the Group Management Team and direct reports, business leaders and their executive committees, and regional and branch managers or the equivalent general managers in the businesses. The composition of this group has been adjusted slightly from that used for the 2024 gender diversity bonus target to reflect structural changes in the business and to ensure that the appropriate group of colleagues is captured. The target will be to increase the proportion of females in this group by three per cent from 18.0 per cent as at 31 December 2024 to 21.0 per cent as at 31 December 2027.

The Greenhouse Gas (GHG) emissions target will be aligned with the SBTi linear pathway to a 48.5 per cent reduction by 2030, measured against a 2021 baseline. The target will be to reduce Scope 1 & 2 GHG emissions by 42.87 per cent by 31 December 2027 against the 2021 base year. The target has been adjusted to be appropriately stretching taking into account the progress made against the 2021 baseline at 31 December 2024.

Under the Group's Science Based Targets Initiative Recalculation Policy, it may be necessary to recalculate and restate the base year following significant structural changes in the Group. The Committee will consider the impact of any such recalculation when assessing the outcome of this performance condition.

Colleague engagement

The Remuneration Committee reviewed workforce remuneration including base pay, benefits and incentives and this was also taken into consideration in deciding the pay of Executive Directors and Senior Management.

Members of the Committee attended Colleague Forums during the year in the UK and Ireland. These forums, made up of colleagues from each of our businesses, provided the opportunity for our people to engage with Non-Executive Directors and to have their views heard at Board level.

Shareholder engagement

The Committee is committed to ongoing dialogue with shareholders and institutional advisory bodies on remuneration matters and it welcomes feedback as it helps to inform its decisions.

The Committee takes an active interest in voting on Annual General Meeting resolutions on remuneration matters and I hope that we can rely on your continued support at this year's AGM.

I am available to respond to any questions that shareholders have about the Remuneration Policy, the Annual Report on Remuneration or indeed on any other aspect of the work of the Committee and can be contacted by email at remunerationchair@graftonplc.com.

Susan Murray

Chair of the Remuneration Committee

5 March 2025

Annual Report on Remuneration

At a Glance

Although not required under Irish Companies legislation, this report includes the disclosures required by UK legislation contained in Part 3 of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, and the disclosures required by UKLR 6.6.6R of the Listing Rules. The report also complies with the European Union (Shareholders' Rights) Regulations 2020 introduced in Ireland in March 2020.

Implementation of Policy in 2024

Key component	Summary	Application of Policy in 2024	
		Chief Executive Officer	Chief Financial Officer
Base salary	4.0 per cent increase to base salary with effect from 1 January 2024. The increase was materially lower than the average increase for the wider workforce of 6.0 per cent.	£769,600 per annum	£468,300 per annum
Pension	Pension allowance of 9% of salary, aligned with the pension contributions available to the majority of the workforce.	£69,264	£42,147
Benefits	Benefits included car allowance, mobile telephone, life assurance, private medical cover and permanent health insurance.	£25,075	£21,529
Annual Bonus	Maximum opportunity: 150% of base salary for Chief Executive Officer 125% of base salary for Chief Financial Officer Performance measures for the 2024 annual bonus were as follows: <ul style="list-style-type: none"> Operating profit – 65% ROCE – 25% ESG (Gender Diversity & Carbon Emissions) -10% No bonus payable if performance is at threshold.	Bonus opportunity: 150% of base salary Outturn as a percentage of maximum: 96.26% (£740,817)	Bonus opportunity: 125% of base salary Outturn as a percentage of maximum: 80.22% (£375,670)
Long Term Incentive Plan	Maximum opportunity: 200% of base salary for Chief Executive Officer 175% of base salary for Chief Financial Officer Performance measures for the 2024 LTIP were as follows: <ul style="list-style-type: none"> TSR relative to FTSE 250 ex. Investment trusts – 50% Adjusted EPS for final year of performance period – 50% 	Award granted at 200% of base salary Vesting subject to the achievement of TSR and Adjusted EPS performance conditions measured over a three-year period.	Award granted at 175% of base salary. Vesting subject to the achievement of TSR and Adjusted EPS performance conditions measured over a three-year period.
Share ownership guidelines	200% of salary	Shareholding: 18% of salary	Shareholding: 295% of salary

Summary of Remuneration Policy and implementation for 2025

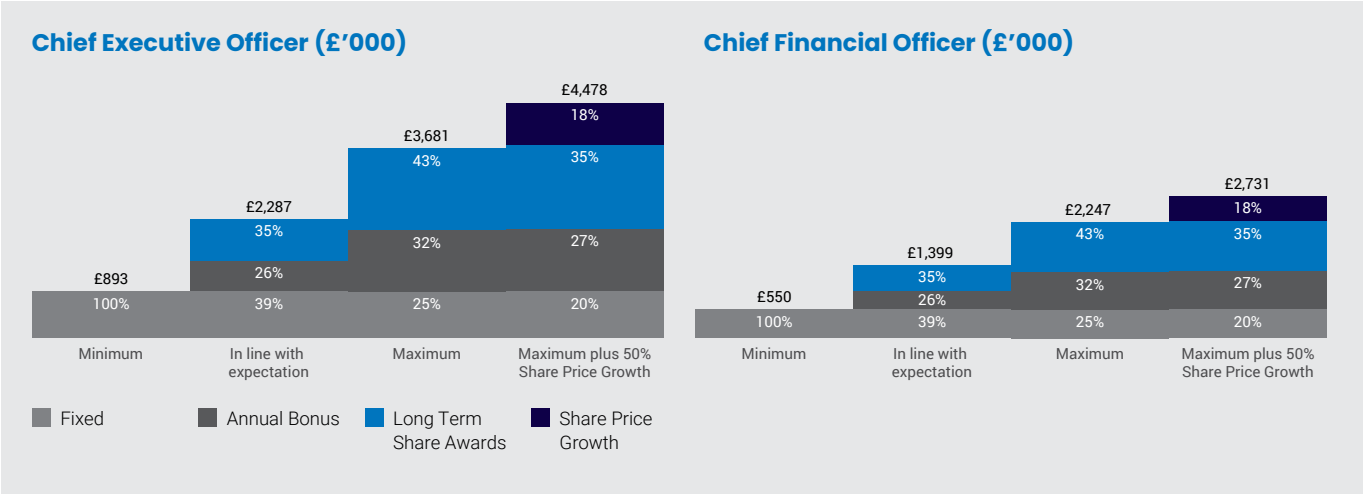
The Directors' Remuneration Policy (the "Policy") was approved by Shareholders at the AGM of the Company held on 4 May 2023. The full Policy is available on the Company's website and in the 2022 and 2023 Annual Reports. The below table summarises the Policy along with details of how the Policy will be implemented during 2025.

Element	Operation	Application of Policy in 2025
Base salary	<p>Normally reviewed annually in January and any changes effective from 1 January (but may in exceptional circumstances be reviewed and increased at other times).</p> <p>No set maximum, however, any increases are normally in-line with the general increase for the broader employee population. Individual adjustments in excess of this may be made at the discretion of the Committee.</p>	<p>Executive Director salaries with effect from 1 January 2025:</p> <ul style="list-style-type: none"> Chief Executive Officer: £796,500 Chief Financial Officer: £484,700 <p>This represents a 3.5% increase on prior year which was lower than average awards of 4.65% to colleagues across the Group.</p>
Pension	<p>A company contribution to a money purchase pension scheme or provision of a cash allowance in lieu of pension or a combination of both.</p> <p>Maximum contribution/allowance is aligned to the level available to the majority of the wider workforce (currently 9% of salary).</p>	No change to operation.
Benefits	Benefits currently include company car or company car allowance, mobile telephone, life assurance, private medical cover and permanent health insurance.	No change to operation.
Annual Bonus	<p>Maximum opportunity 150% of salary.</p> <p>Majority of the bonus based on the achievement of appropriate financial measures but may also include an element for non-financial measures.</p> <p>For financial measures, no bonus is payable if performance is below a minimum threshold, up to 20 per cent is payable for achieving threshold.</p> <p>An Executive Director who has not met the shareholding guidelines, is required to apply 30 per cent of their annual bonus earned after statutory deductions for the purchase of shares in the Group, which normally must be held for a two-year period.</p> <p>Clawback applies.</p>	<p>No change to bonus opportunity for the Chief Executive Officer (150% of salary).</p> <p>Chief Financial Officer's maximum opportunity increased to 150% from 125% of salary.</p> <p>Performance measures simplified to financial metrics:</p> <ul style="list-style-type: none"> Adjusted operating profit (70%) Free cash flow conversion (30%) <p>Threshold bonus payout increased from 0% to 20% of maximum payable.</p>
Long Term Incentive Plan	<p>Maximum opportunity 200% of salary.</p> <p>Awards vest subject to the achievement of performance targets measured over a three-year performance period which are normally EPS (earnings per share) and TSR (total shareholder return).</p> <p>Malus and clawback applies.</p>	<p>No change to maximum opportunity for Chief Executive Officer (200%).</p> <p>Chief Financial Officer's maximum opportunity increased to 200% from 175%.</p> <p>Change to performance conditions and weightings:</p> <ul style="list-style-type: none"> Relative TSR (30%) Adjusted EPS pre-property profit (30%) Average ROCE (30%) Gender diversity (5%) Carbon reduction (5%)
Share ownership guidelines	Executive Directors are expected to build and maintain a holding of Company shares equal to at least 200% of base salary and to maintain a minimum shareholding of 200% of salary (or actual shareholding if lower) for two-years after stepping down from the Board.	No change to operation.
Chair and Non-Executive Director fees	<p>The Chair's fee is set based on a recommendation from the Remuneration Committee. The Chair is currently paid a single inclusive fee for the role.</p> <p>Non-Executive Directors are paid a basic fee for membership of the Board and additional fees for serving as Chair of Audit and Risk and Remuneration Committees. Additional fees may be paid to reflect additional Board or Committee responsibilities or time commitments as appropriate.</p>	<p>Fees with effect from 1 January 2025:</p> <ul style="list-style-type: none"> Chair: £250,000 (no change) Non-Executive Director base fee: £66,000/€78,000, an increase of 7.4% from 2024 Audit and Risk and Remuneration Chair fee: £14,000/€16,500, an increase of 42.6% from 2024 A fee of £11,000/€13,000 was introduced in 2025 for the role of Senior Independent Director <p>With effect from 1 January 2025, Non-Executive Director fees are paid in local currency.</p>

Annual Report on Remuneration continued

Remuneration Scenarios for Executive Directors

The chart below shows how the total pay opportunities for 2025 for Executive Directors vary under four performance scenarios – Minimum, In line with Expectation, Maximum and Maximum plus 50 per cent share price growth.



Assumptions

Minimum = fixed pay only (2025 salary, benefits and pension).
In line with expectation (which is not target) = 50 per cent vesting of the annual bonus and LTIP awards.
Maximum = 100 per cent vesting of the annual bonus and LTIP awards.
Maximum plus 50 per cent Share Price Growth = 100 per cent vesting of the annual bonus and LTIP awards plus 50 per cent share price growth.

Membership of the Remuneration Committee

The Committee currently comprises Mrs. Susan Murray, Chair, Mr. Vincent Crowley, Dr. Rosheen McGuckian, Ms. Avis Darzins and Mr. Mark Robson all of whom are Non- Executive Directors determined by the Board to be independent.

The Committee members have no personal financial interest, other than as shareholders, in matters to be decided, no potential conflicts of interests arising from cross directorships and no day-to-day involvement in running the business. The Non-Executive Directors are not eligible for pensions and do not participate in the Group's bonus or share schemes. The Committee's Terms of Reference can be found on the Group website.

Mr. Michael Roney, who served as Chair of the Board until 2 May 2024, and Mr. Ian Tyler, Chair, attended meetings of the Committee during 2024 by invitation and participated in discussions. During the year the Committee consulted with the Chief Executive Officer who was invited to attend part of the meetings of the Committee. Ms. Paula Harvey, Group HR Director, is Secretary to the Committee. The Chair of the Committee was assisted in her work by the Company Secretary and the Deputy Company Secretary.

No Director or the Company Secretary, or the Group HR Director took part in discussions relating to their own remuneration and/or benefits.

Deloitte LLP ("Deloitte") serves as the Committee's advisor on remuneration matters. During the year, Deloitte provided the Committee with a market practice update on remuneration trends and governance, in addition to advising on the implementation of the 2024 Remuneration Policy and other related matters. Fees for these services, charged on a time and materials basis, totalled £100,100.

Deloitte was appointed by the Committee following a competitive tender process. The Committee is satisfied that the Deloitte team advising on remuneration has no connections with Grafton Group plc or its Directors that could impair their independence. Potential conflicts of interest were reviewed, and the Committee deemed the existing safeguards against such conflicts to be appropriate. The Committee is satisfied that all advice received from Deloitte concerning remuneration was objective and independent.

Deloitte is a signatory to the Remuneration Consultants' Code of Conduct, which mandates impartial advice. Deloitte has confirmed to the Committee its compliance with this Code. Deloitte provided other immaterial services to the Group during the year.

Activity during the year

January 2024

- Initial consideration of 2024 Bonus Scheme including structure, measure and targets;
- Agreed the Gender Diversity target for the 2024 Annual Bonus Scheme;
- Agreed the EPS target range for the 2024 LTIP awards;
- Approved a proposal to introduce the Willis Towers Watson Global Grading System and changes to LTIP allocation of awards to below Board level executives;
- Reviewed and approved a remuneration Proposal for members of the Group Management Team (GMT). Biographies for the current GMT are available on page 84; and
- Reviewed and agreed the post-employment remuneration arrangements for the outgoing Company Secretary/Group Financial Controller.

March 2024

- Considered and approved the Report of the Remuneration Committee on Directors' Remuneration;
- Determined annual bonus payments for 2024;
- Determined the extent of vesting of the LTIP awards made in 2021;
- Agreed the quantum of 2024 LTIP awards to be granted to Executive Directors, and the GMT including the Company Secretary;
- Agreed the performance conditions for the 2024 LTIP awards;
- Agreed the 2024 Bonus Scheme structure, measures and targets;
- Reviewed and approved a remuneration proposal for the incoming Company Secretary; and
- Reviewed the CEO Pay Ratio with the wider workforce.

April 2024

- Grant of awards under Save as You Earn Scheme to UK colleagues.

May 2024

- Update on shareholder voting and feedback on AGM resolution on Annual Report on Remuneration.

August 2024

- Approved additional grant of 2024 LTIP awards;
- Approved the vesting of LTIP awards granted in 2021; and
- Update on shareholder feedback from shareholder consultation on 2024 AGM resolution 12 shareholder voting rationale.

December 2024

- Considered an update from Deloitte on latest executive remuneration trends and corporate governance developments;
- Considered a management proposal on changes to Executive Remuneration;
- Agreed changes to Chief Financial Officer's variable remuneration;
- Agreed changes to Annual Bonus Scheme structure, measures and financial targets;
- Agreed changes to LTIP Award performance measures;
- Agreed treatment of share buybacks;
- Considered level of potential Bonus Awards for 2024;
- Considered level of potential vesting of 2022 LTIP Awards in 2025;
- Considered an update on pay across the Group's workforce;
- Determined 2025 salary increases for Chief Executive Officer, Chief Financial Officer and the GMT including the Company Secretary;
- Initial consideration of proposed targets for the 2025 LTIP Awards;
- Reviewed Executive Directors' shareholdings against Policy;
- Reviewed share allocation and dilution limits;
- Considered and approved proposed changes of Remuneration Committee Terms of Reference;
- Reviewed and agreed the Committee proposed timetable and work schedule for 2025; and
- Considered shareholder and proxy advisor feedback received on the 2024 Report of the Remuneration Committee on Directors' Remuneration.

Annual Report on Remuneration continued

Single total remuneration figure of Directors' remuneration

The following table sets out the total remuneration for Directors for the year ending 31 December 2024 and the prior year.

	Salary/Fees (a)		Bonus (b)		Pension (c)		Other benefits (d)		Long Term Incentive Plan (e)		Total	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Executive Directors												
E. Born	770	740	741	182	69	67	25	30	46	–	1,651	1,019
D. Arnold	468	450	376	92	42	41	22	27	94	203	1,002	813
	1,238	1,190	1,117	274	111	108	47	57	140	203	2,653	1,832
Non-Executive Directors												
I. Tyler ⁽ⁱ⁾	175	–	–	–	–	–	–	–	–	–	175	–
S. Murray	71	73	–	–	–	–	–	–	–	–	71	73
V. Crowley	61	63	–	–	–	–	–	–	–	–	61	63
R. McGuckian	61	63	–	–	–	–	–	–	–	–	61	63
A. Darzins	61	63	–	–	–	–	–	–	–	–	61	63
M. Robson ⁽ⁱⁱ⁾	68	5	–	–	–	–	–	–	–	–	68	5
M. J. Roney ⁽ⁱⁱⁱ⁾	81	239	–	–	–	–	–	–	–	–	81	239
P. Hampden Smith ⁽ⁱⁱⁱ⁾	24	73	–	–	–	–	–	–	–	–	24	73
	602	579	–	–	–	–	–	–	–	–	602	579
Total Remuneration	1,840	1,769	1,117	274	111	108	47	57	140	203	3,255	2,411

(i) Mr. I. Tyler was appointed to the Board on 1 March 2024.

(ii) Mr. M. Robson was appointed to the Board on 1 December 2023 and succeeded Mr. P. Hampden Smith as Chair of the Audit and Risk Committee on 2 May 2024.

(iii) Mr. M.J. Roney and Mr. P. Hampden Smith stepped down from the Board on 2 May 2024.

The following table sets out the total remuneration for Executive Directors split between fixed and variable pay for the year ending 31 December 2024 and the prior year. Fixed pay includes salary, fees, pension and other benefits. Variable pay includes bonus and Long-term Incentive Plan. The remuneration of Non-Executive Directors is all fixed pay. These fees were not increased in the year.

	Total fixed pay		Total variable pay		Total	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Executive Directors						
E. Born	864	837	787	182	1,651	1,019
D. Arnold	532	518	470	295	1,002	813
	1,396	1,355	1,257	477	2,653	1,832

Comparative figures included in the tables above have been presented on a consistent basis with the current year. Further details on the valuation methodologies applied are set out in notes (a) to (e) below. These valuation methodologies are as required by the Regulations and are different from those applied within the financial statements which have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU. The total expense relating to the Directors recognised within the income statement in respect of the Long-term Incentive Plan (LTIP) is £941,000 (2023: £662,000).

Notes to the Directors' remuneration table:

- This is the amount of salaries and fees earned in respect of the financial year. Non-Executive Directors' fees are payable in Euro and remained unchanged at €72,603. The sterling equivalent amounts to £61,467 on the basis of the average exchange rate for the year of 84.662 pence. Additional fees of €11,594 (sterling equivalent of £9,816) are payable to each of the Chairs of the Audit and Risk Committee and the Remuneration Committee.
- This is the amount of bonus earned in respect of the financial year. The amount payable in respect of 2024 will be paid at the end of March 2025.
- This is the amount of contribution payable in respect of the financial year by way of a company contribution to a pension scheme or a taxable payment in lieu of pension made through the payroll.
- Benefits comprise permanent health and medical insurance and the provision of a company car.
- For the year ended 31 December 2024, this is the value of LTIP awards that will vest in April/November 2025. The vesting of these awards was subject to performance conditions over the period from 1 January 2022 to 31 December 2024. The value of the awards that will vest is based on the average share price of £9.86 for the three months to 31 December 2024. This represents a decrease of £0.07 or 0.7 per cent from the share price of £9.93 at the date of grant. No discretion was applied as a result of this decrease. For the year ended 31 December 2023, this is the value of LTIP awards that vested in August 2024 which has been updated from that disclosed last year to reflect the share price of £10.796 on the date of vesting. The amount disclosed in the 2023 report was £156,000 in respect of Mr. D. Arnold.

Fixed pay in 2024

Salary and fees

Having taken account of both external market developments and internal Group considerations, the Committee approved in December 2023 a basic salary increase of 4.0 per cent with effect from 1 January 2024 for the Chief Executive Officer and the Chief Financial Officer which was materially lower than average awards of 6.0 per cent to colleagues across the Group.

	Salary/Fees		
	2024 £'000	2023 £'000	Change
E. Born	770	740	4.0%
D. Arnold	468	450	4.0%

Non-Executive Directors' fees were £61,467 per annum (based on an exchange rate of 84.662 pence to 1 euro) (constant currency: €72,603). Additional fees of €11,594 (sterling equivalent of £9,816) were paid to each of the Chairs of the Audit and Risk Committee and the Remuneration Committee.

Mr. Ian Tyler was appointed to the board as Independent Non-Executive Director, Chair Designate on 1 March 2024 and succeeded Mr. Roney as Chair following the conclusion of the 2024 AGM. The Committee approved an annual fee of £250,000 to Mr. Tyler for the role of Chair which was in line with the median level payable by FTSE 250 companies by reference to market capitalisation. For the period between appointment as Non-Executive Director and assuming the role of Chair, Mr. Tyler received an annual fee of €72,603 which was time apportioned accordingly. The actual fee paid to Mr. Roney, during the period 1 January to 2 May 2024, was £81,325.

Benefits

Benefits comprise permanent health and medical insurance and the provision of a company car.

	Health and Medical Insurance £'000	Provision of a Company Car £'000	Total 2024 Taxable Benefits £'000	Total 2023 Taxable Benefits £'000
E. Born	9	16	25	30
D. Arnold	7	15	22	27

Pension

Pension benefits comprise either a company contribution to an Executive Director's personal pension plan, a company contribution to the Group defined contribution pension scheme or a taxable non-pensionable cash allowance paid through the payroll in lieu of pension benefit.

	2024 Base Salary £'000	% of salary	2024 Pension Contribution £'000	2023 Pension Contribution £'000
E. Born	770	9.0%	69	67
D. Arnold	468	9.0%	42	41

The rate of pension contribution is maintained at 9.0 per cent of base salary as implemented on 1 January 2023 and is aligned with the rate available to the majority of the workforce.

Pay for performance

Annual bonus

The maximum bonus opportunity for Mr. Born and Mr. Arnold was 150 per cent and 125 per cent of salary respectively. 65 per cent of the annual bonus was based on operating profit, 25 per cent on return on capital employed and five per cent each for gender diversity and carbon emissions targets, which are described in further detail on page 103.

The tables below analyses the composition of the bonus opportunity for the year (% of salary) for the CEO and CFO:

CEO bonus based on		CFO bonus based on	
Operating profit	97.50%	Operating profit	81.25%
Return on capital employed	37.50%	Return on capital employed	31.25%
Gender Diversity	7.50%	Gender Diversity	6.25%
Carbon Emissions	7.50%	Carbon Emissions	6.25%
	150.00%		125.00%

Annual Report on Remuneration continued

Financial targets were set at the beginning of the year by reference to the Group's budget for 2024. The actual targets and performance against those targets are set out in the table below for 2024:

	Threshold (0% Payable)	Target (50% Payable)	Stretch (100% Payable)	Actual	% of Maximum Payable
Operating profit (£'000)*	£161,430	£174,519	£187,608	£176,753	58.53%
Return on capital employed**	9.27%	10.02%	10.77%	10.24%	64.51%

* Adjusted constant currency operating profit, before property profit which increased operating profit as reported by £3,546,000 and excludes Salvador Escoda profit of £323,000.

** Based on capital employed in budget/monthly management accounts.

The award for each financial measure was based on a sliding scale from 92.5 per cent to 107.5 per cent of the Group's budget for 2024. No bonus was payable if performance was below a minimum threshold of 92.5 per cent of target. The bonus opportunity then increased on a straight line basis up to 100 per cent of the bonus opportunity on achieving 107.5 per cent of target.

The gender diversity target which was based on increasing the number of female colleagues as a proportion of a target group of colleagues, being the Group Management Committee, certain Group leadership roles, Business Unit CEOs and their executive committees, regional managers and branch managers across the Group by one per cent from 13.0 per cent to 14.0 per cent by 31 December 2024 was achieved. As at 31 December 2024, the percentage of female colleagues in the target group as a proportion of the Group's workforce was 15.0 per cent. The carbon emission target, which was achieved in full, was based on a reduction of 2.5 per cent in emissions per million of revenue at constant prices in 2024 against the outcome for 2023. The Group achieved a 5.4 per cent reduction in Scope 1 and Scope 2 GHG emissions per million of revenue in 2024.

The Committee considered the extent to which these targets were achieved and agreed a payment of 96.26 per cent of salary for Mr. Born out of a maximum bonus opportunity of 150 per cent of salary and 80.22 per cent of salary for Mr. Arnold out of a maximum bonus opportunity of 125 per cent of salary. These bonuses equate to 64.17 per cent of the maximum opportunity. The Committee agreed that the bonus outcome was reflective of the underlying financial performance of the Group and therefore no discretion was applied.

Long-term incentive plan ('LTIP')

The Remuneration Committee has the authority to set appropriate criteria for each award. The Committee believes that the LTIP should align management and shareholder interests and assist the Group in the recruitment and retention of senior executives.

LTIP awards with a performance period covering the three years to 31 December 2024

The performance conditions for LTIP awards made to Executive Directors in April and November 2022 were based on growth in EPS and TSR. Half of the awards to Executive Directors were based on relative TSR versus a comparator group consisting of the constituents of the London Stock Exchange's FTSE 250 Index excluding investment trusts. As the Group's TSR was ranked at median, 25 per cent of this half of the award will vest.

The other half was based on the Group's adjusted EPS for the financial year ended 31 December 2024. The reported adjusted EPS for the year was 71.78 pence which was below the threshold 101.7 pence. The Adjusted EPS outcome was calculated based on the number of shares in issue as at the end of 31 December 2021. On this basis, adjusted EPS for 2024 was 58.8 pence excluding property profit. As this was below the threshold of 101.7 pence, this half of the award will not vest.

The relevant targets and results for the year were as follows:

	50% TSR relative to a peer group		50% Adjusted EPS	
	Performance ranking required	% of element vesting	Performance required	% of element vesting
Below threshold	Below median	0%	Below 101.7p	0%
Threshold	Median	25%	101.7p	25%
Between threshold and stretch	Median-80th percentile	25%-100%	101.7p-116.4p	25%-100%
Stretch or above	Above 80th percentile	100%	Above 116.4p	100%
Actual achieved	Ranked 78th	25%	58.8p	0%

Based on the above, 12.5 per cent of the total awards granted to the Chief Financial Officer and Chief Executive Officer will vest in April and November 2025 respectively. The Committee agreed that the vesting outcome was reflective of the underlying financial performance of the business and no discretion was applied.

The following is a summary of the 2022 awards that will vest in April and November 2025:

Director	Total number of shares granted	Percentage of award vesting	Number of shares vesting	Value of shares vesting (£) ¹
E. Born	37,251	12.5%	4,656	£ 45,908
D. Arnold	75,992	12.5%	9,499	£ 93,660

1 As these shares do not vest until after 1 April and 22 November 2025 respectively, a deemed share price is used to calculate the value of the vesting. This is taken as the three-month average to 31 December 2024 being £9.86.

LTIP awards granted during the year ended 31 December 2024

The following awards were made during the year ended 31 December 2024:

	Date of grant	Number of nil cost units	% of base salary	Share price at grant date	Value of award at grant date
E. Born	20 March 2024	157,334	200	£9.783	£1,539,200
D. Arnold	20 March 2024	83,770	175	£9.783	£819,523

The 2024 awards to Mr. Born and Mr. Arnold are subject to the achievement of the following TSR and Adjusted EPS performance conditions:

	50% TSR relative to a peer group		50% Adjusted EPS	
	Performance ranking required	% of element vesting	Performance required	% of element vesting
Below threshold	Below median	0%	Below 86.7p	0%
Threshold	Median	25%	86.7p	25%
Between threshold and stretch	Median-80 th percentile	25%-100%	86.7p-95.8p	25%-100%
Stretch or above	Above 80 th percentile	100%	Above 95.8p	100%

The TSR comparator group consists of the constituents of the London Stock Exchange's FTSE 250 Index excluding investment trusts. The Adjusted EPS for 2026 is calculated based on the number of shares in issue at the end of 2023 being 205,560,972 (excluding 500,000 treasury shares) such that management will not benefit from any share buybacks during the period.

In line with best practice and shareholder expectations, the Committee retains discretion to adjust the vesting outcome if it is not considered to be reflective of the underlying financial and/or non-financial performance of the business, the performance of the individual over the performance period or where the outcome is not considered appropriate in the context of the experience of shareholders and other stakeholders.

A holding period of two years will apply to LTIP awards received by Executive Directors that vest, after taking into account any shares sold to pay tax and other statutory obligations in line with the Remuneration Policy. Shares held during the two-year holding period will be deemed to be part of an executive directors' shareholding, for the purposes of monitoring the shareholding guidelines. The vesting period and the holding period will be five years in total. Clawback provisions also apply.

Loss of office payments and payments to past Directors

No loss of office payments or any payments to past Directors were made during the year.

Application of remuneration policy in 2025

Salaries

The Remuneration Policy for 2023 notes there is no prescribed maximum annual salary increase but the Committee will be guided by the general increases for the broader employee population but on occasion may need to recognise an increase in the scale, scope or responsibility of the role. The Committee approved a salary increase of 3.5 per cent with effect from 1 January 2025 for the Chief Executive Officer and the Chief Financial Officer which was lower than average awards of 4.65 per cent to colleagues across the Group.

The following salaries will apply from 1 January 2025:

	2025 Base salary £'000	2024 Base salary	% Increase
E. Born	£796,500	£769,600	3.5%
D. Arnold	£484,700	£468,300	3.5%

Chair and Non-Executive Directors' fees

Fees payable to the Chair are payable in Sterling and remain unchanged at £250,000 for 2025. A benchmark review of Non-Executive Director fees was undertaken and it was agreed that an increase of 7.4 per cent would apply to the basic Non-Executive Director fee with effect from 1 January 2025 and that a fee increase of 42.6 per cent would apply to the additional fee for Chairs of the Audit and Risk Committee and the Remuneration Committee. It was also agreed that a fee of £11,000/€13,000 would apply to the role of Senior Independent Director with effect from 1 January 2025. With effect from 1 January 2025, Non-Executive Director fees are paid in local currency.

Annual Report on Remuneration continued

Pension and benefits

Mr. Born and Mr. Arnold will receive taxable pension contributions or a cash allowance in lieu of pension of 9.0 per cent of salary with effect from 1 January 2025 which are aligned to the level available for the majority of the wider workforce.

Annual bonus

As set out in the Report of the Committee on pages 102 to 105, the maximum bonus opportunity for the Chief Financial Officer has been increased to 150 per cent of salary in line with that of the Chief Executive Officer.

70 per cent of the annual bonus is based on adjusted operating profit (EBITA) before property profit and 30 per cent on free cash flow conversion. The measures and weightings for 2025 are shown in the table below.

CEO Bonus based on	% of salary 2025	% of salary 2024	CFO bonus based on	% of salary 2025	% of salary 2024
Operating profit	105.00%	97.50%	Operating profit	105.00%	81.25%
Free cash flow conversion	45.00%	n/a	Free cash flow conversion	45.00%	n/a
Return on capital employed	n/a	37.50%	Return on capital employed	n/a	31.25%
Gender diversity	n/a	7.50%	Gender diversity	n/a	6.25%
Carbon emissions	n/a	7.50%	Carbon emissions	n/a	6.25%
	150.00%	150.00%		150.00%	125.00%

The operating profit target is commercially sensitive and therefore will be disclosed in the 2025 Annual Report.

In line with the Policy, Executive Directors are required to apply 30 per cent of any annual bonus earned after statutory deductions for the purchase of shares in the Group. These shares would be required to be held for two years. Clawback provisions also apply.

Long-term incentives

As set out in the Report of the Committee on pages 102 to 105, LTIP awards for 2025 will be made at 200 per cent of salary to the CEO and CFO and vesting will be based on five performance measures:

Measure	Weighting
Relative TSR	30.0%
Adjusted EPS pre-property profit	30.0%
Average ROCE	30.0%
Gender diversity	5.0%
Carbon reduction	5.0%

Relative TSR

The TSR performance condition will continue to be measured against a comparator group consisting of the constituents of the London Stock Exchange's FTSE 250 Index, excluding investment trusts. Notwithstanding the achievement of the TSR performance conditions, no shares will vest unless the Committee considers that the overall financial results of the Group have been satisfactory in the circumstances over the performance period.

Adjusted EPS pre-property profit

As noted in the Chair's letter, following the AGM and taking into account feedback from shareholders as part of a consultation process, the approach to EPS measurement was reviewed. The Committee agreed that for the LTIP award in 2025, EPS targets will be based on forecast organic growth plus potential growth achievable through acquisitions or buybacks. EPS performance will be assessed on adjusted EPS for the final year of the performance period, including the impact of acquisitions and share buybacks.

When setting the 2027 Adjusted EPS target for the 2025 LTIP award, the Committee considered the continuing challenges in the Group's trading environment and the additional structural pressures including above inflationary wage increases and tax rises. The Committee has set a target range for Adjusted EPS before property profit for 2027 of between 79.1p at threshold, 86.1p at target and 93.6p at maximum. Performance will be assessed on adjusted EPS for the final year of the performance period, including the impact of acquisitions and share buybacks.

The Committee believes that this range is aligned with delivery of the Group's strategic and financial objectives and represents an appropriately stretching target. 25 per cent of the award will vest if the lower end of the adjusted EPS target range of 79.1p is achieved. Where adjusted EPS is between the threshold and target point in the range then between 25 per cent and 50 per cent of this part of the award will vest on a straight-line basis. Between the target and the maximum target in the range, then between 50 per cent and 100 per cent of this part of the award will vest on a straight-line basis. The target adjusted EPS range for 2027 is equivalent to annual compound growth of 4.0 per cent at threshold, 7.0 per cent at target, and 10.0 per cent at maximum applied to the 2024 base year adjusted EPS excluding property profit of 70.3p.

Average ROCE

The Committee has set a target range of 10.0 per cent to 11.0 per cent for the three-year period from 2025 to 2027 for Average ROCE. The calculation of ROCE will follow that shown in the Alternative Performance Measures on page 205 which uses the opening and closing year-end balance sheets in the calculation of average capital employed.

Gender diversity

The gender diversity target will be based on increasing the number of females within a target group of colleagues being the Group Management Team and direct reports, business leaders and their executive committees, and regional and branch managers or the equivalent general managers in the businesses. The composition of this group has been adjusted slightly from that used for the 2024 gender diversity bonus target to reflect structural changes in the business and to ensure that the appropriate group of colleagues is captured. The target will be to increase the number of females in this group by three per cent from 18.0 per cent as at 31 December 2024 to 21.0 per cent as at 31 December 2027. The amount of the award is determined on a straight-line basis as shown in the table below.

GHG emissions reduction

The Greenhouse Gas (GHG) emissions target will be aligned with the SBTi linear pathway to a 48.5 per cent reduction by 2030, measured against a 2021 baseline. The target will be to reduce Scope 1 & 2 GHG emissions by 42.87 per cent by 31 December 2027 against the 2021 base year. The target has been adjusted to be appropriately stretching taking into account the progress made against the 2021 baseline as at 31 December 2024. The amount of the award is determined on a straight-line basis as set out in the table below. Under the Group's Science Based Targets Initiative Recalculation Policy, it may be necessary to recalculate and restate the base year following significant structural changes in the Group. The Committee will consider the impact of any such recalculation when assessing the outcome of this performance condition.

Financial targets

	30% TSR relative to a peer group		30% Adjusted EPS		30% Average ROCE	
	Ranking	% of element vesting	Performance	% of element vesting	Performance	% of element vesting
Below threshold	Below median	0%	Below 79.1p	0%	Below 10.0%	0%
Threshold	Median	25%	79.1p	25%	10.0%	25%
Between threshold and target	–	–	79.1p - 86.1p	25% - 50%	–	–
Between target and stretch	–	–	86.1p - 93.6p	50% - 100%	–	–
Between threshold and stretch	Median-80 th percentile	25% - 100%	–	–	10.0% - 11.0%	25% - 100%
Stretch or above	Above 80 th percentile	100%	Above 93.6p	100%	11.0%	100%

ESG targets

	5% gender diversity		5% GHG emissions	
	Performance	% of element vesting	Reduction	% of element vesting
Below threshold	Below 18.75%	0%	Below 40.76%	0%
Threshold	18.75%	25%	40.76%	25%
Between threshold and stretch	18.75% - 21.0%	25% - 100%	40.76% - 42.87%	25% - 100%
Stretch or above	Above 21.0%	100%	Above 42.87%	100%

Holding period

A holding period of two years will apply to LTIP awards received by Executive Directors that vest, after taking into account any shares sold to pay tax and other statutory obligations in line with the Remuneration Policy. Shares held during the two-year holding period will be deemed to be part of an executive directors' shareholding, for the purposes of monitoring the shareholding guidelines. The vesting period and the holding period will be five years in total.

Relative importance of spend on pay

The following table sets out the percentage change in dividends, share buybacks and overall spend on employee pay in the 2024 financial year compared with the prior year.

	2024 £'000	2023 £000	% Change
Dividends payable	73,214*	73,174	0.05
Share buybacks	80,923	155,735	(48.04)
Employee remuneration costs	365,952	350,925	4.28

* Based on shares in issue as at 28 February 2025.

Annual Report on Remuneration continued

Percentage change in Directors pay

The table below shows the percentage year-on-year change in the value of salary/fees, annual bonus and benefits for all Directors compared to that of the average employee on an annual basis. Change is calculated using unrounded pay figures in local currency. Mr. Ian Tyler was appointed to the Board on 1 March 2024.

	2024			2023			2022			2021			2020		
	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus
E. Born	4.0%	(16.3%)	308.1%	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
D. Arnold	4.0%	(21.3%)	308.2%	4.4%	(5.3%)	(56.0%)	3.1%	3.2%	(50.0%)	5.1%	(32.4%)	100.0%	(3.0%)	(4.9%)	(100.0%)
I. Tyler	n/a	–	–	n/a	–	–	n/a	–	–	n/a	–	–	n/a	–	–
S. Murray	–	–	–	–	–	–	19.6%	–	–	5.3%	–	–	(4.5%)	–	–
V. Crowley	–	–	–	–	–	–	3.1%	–	–	5.3%	–	–	(4.5%)	–	–
R. McGuckian	–	–	–	–	–	–	3.1%	–	–	5.3%	–	–	n/a	–	–
A. Darzins	–	–	–	–	–	–	n/a	–	–	n/a	–	–	n/a	–	–
M. Robson	–	–	–	n/a	–	–	n/a	–	–	n/a	–	–	n/a	–	–
M. Roney*	–	–	–	–	–	–	3.1%	–	–	5.3%	–	–	(4.5%)	–	–
P. Hampden Smith*	–	–	–	–	–	–	19.6%	–	–	5.3%	–	–	(4.5%)	–	–
Average employee															
Salary, Benefits and Bonus (£)**	5.2%			4.4%			4.0%			10.4%			(7.3%)		

* Mr. Roney and Mr. Hampden Smith stepped down from the Board on 2 May 2024.

** Based on average number of persons employed during the year. The increase in constant currency was 6.9 per cent.

CEO pay ratio to the workforce

The table below shows the ratio of the CEO's total remuneration for 2024 and the lower, median and upper quartile full-time equivalent remuneration of the Group's UK employees. The pay ratios for 2023, 2022, 2021, 2020 and 2019 are also shown for comparison. Grafton has decided to use Option A as it provides the most statistically accurate method for identifying the pay ratios. Option A requires a company to calculate the total full-time equivalent pay and benefits of all its UK employees for the relevant financial year (using the same methodology as for CEO pay) in order to identify and rank the 25th, 50th and 75th percentiles. The total remuneration for employees includes wages and salaries, taxable benefits, bonuses, share based payments remuneration and pensions.

The period of analysis is between 1 January and 31 December 2024. The total number of UK colleagues included in the 2024 pay ratio analysis was 4,009. The analysis included colleagues employed at 31 December 2024.

	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2019	Option A	93:1	77:1	59:1
2020	Option A	68:1	57:1	44:1
2021	Option A	138:1	120:1	90:1
2022	Option A	35:1	31:1	26:1
2023	Option A	43:1	37:1	30:1
2024	Option A	67:1	59:1	48:1

Financial year	Method	25th percentile pay ratio		50th percentile pay ratio		75th percentile pay ratio	
		Total pay and benefits	Total salary	Total pay and benefits	Total salary	Total pay and benefits	Total salary
2024	Option A	£24,667	£23,781	£28,212	£26,537	£34,682	£32,350

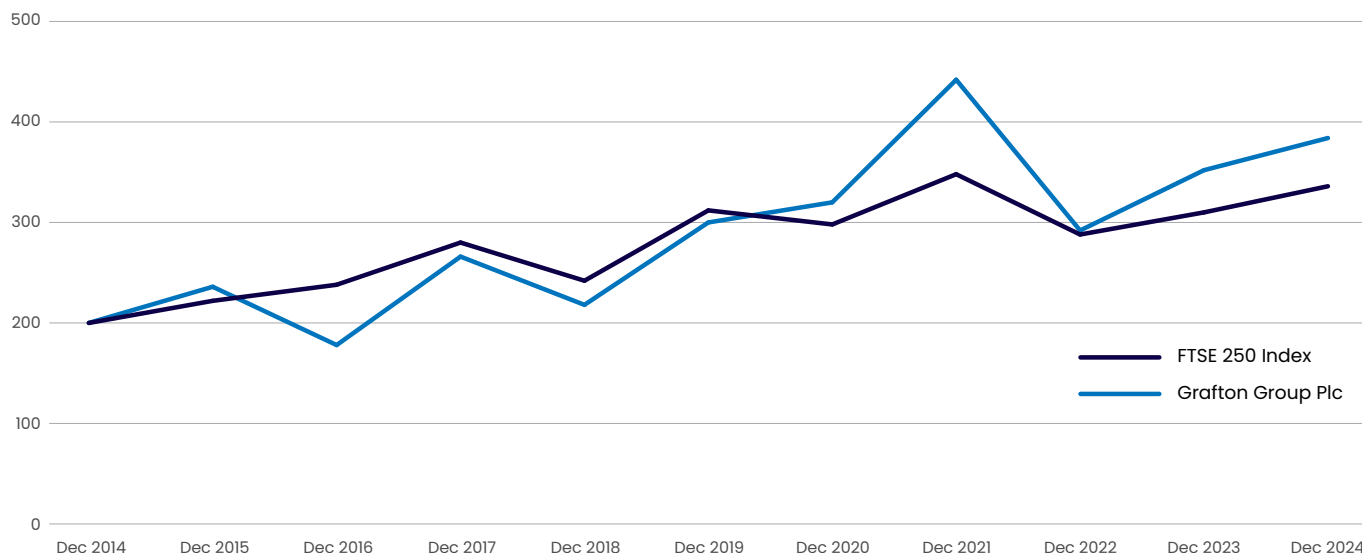
For the purpose of calculating the pay ratio, the CEO's remuneration is based on the single figure for 2024 of £1,650,664 which includes all remuneration (salary, pension, benefits and LTIP). Details of colleague bonus payments in respect of 2024 is based on bonuses paid in 2024. This is consistent with the calculation method used in previous years. Consistent with our practice in previous years, next year's report will be updated for bonuses paid to colleagues in respect of 2024. The Committee considers the median pay ratio consistent with the Group's wider policies on employee pay, reward and progression. For example, the Committee reviewed workforce remuneration including base pay, benefits and incentives which was taken into consideration when deciding the pay of Executive Directors and Senior Management. Changes in total remuneration for the CEO are largely as a result of the volatile nature of their variable pay and this is reflected in the variation of the total pay ratio over the period.

* The pay ratio reported for 2023 has been re-calculated to be based on colleague bonuses paid in respect of 2023 such that it is on a like for like basis to the CEO's single figure calculation.

Performance graph and single total figure of remuneration

Total shareholder return

The graph below compares the TSR performance of Grafton Group plc, assuming dividends are re-invested, with the TSR performance of the FTSE 250 over the period 31 December 2014 to 31 December 2024.



This graph shows the value, by 31 December 2024, of £100 invested in Grafton Group plc on 31 December 2014, compared with the value of £100 invested in the FTSE 250 Index on the same date. This comparator group was chosen on the basis that the Company is a constituent of the index and it includes comparable sized businesses. The other points plotted are the values at intervening financial year-ends.

The table below shows the total remuneration figure for the position of CEO over the ten years to 2024.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
CEO single total figure of remuneration (£'000)	2,255	1,692	1,689	2,211	1,852	1,322	2,876	791*	1,019	1,651
Annual bonus payout relative to maximum	53%	60%	100%	93%	19%	0%	100%	n/a	16%	64%
LTIP vesting	87%	50%	26%	72%	95%	30%	100%	n/a	n/a	13%

* This is the pro-rated single figure of remuneration for the role of CEO. Mr. E. Born was appointed Chief Executive Officer and joined the Board on 28 November 2022. Mr. G. Slark stepped down from the Board on 31 December 2022. No bonus or LTIP was applicable in 2022.

Statement of shareholder voting

The 2023 Annual Report on Remuneration received the following votes from shareholders at the 2024 AGM:

	Total number of votes	% of votes cast
For	123,729,361	98.61
Against	1,741,874	1.39
Total	125,471,235	100

The number of votes withheld for the Annual Report on Remuneration was 74,346.

The 2023 Directors Remuneration Policy received the following votes from shareholders at the 2023 AGM:

	Total number of votes	% of votes cast
For	133,960,759	97.88
Against	2,896,246	2.12
Total	136,857,005	100

The number of votes withheld for the Remuneration Policy was 2,160.

Annual Report on Remuneration continued

Directors' and secretary's interests

The beneficial interests of the Directors in the share capital of the Company were as follows:

Director	31 December 2024 Grafton Units*	31 December 2023 Grafton Units	Unvested LTIP awards**	Unvested SAYE options***
I. Tyler	–	–	–	–
E. Born	14,330	11,300	361,440	1,156
D. Arnold	144,000	197,936	248,601	2,290
V. Crowley	8,000	8,000	–	–
S. Murray	1,500	1,500	–	–
R. McGuckian	5,380	5,380	–	–
A. Darzins	2,406	2,406	–	–
M. Robson	2,500	–	–	–
M.J. Roney****	45,826	45,826	–	–
P. Hampden Smith****	45,566	45,566	–	–
Secretary				
S. Lannigan	5,064	–	12,369	–

* At 31 December 2024 a Grafton Unit consists of one Ordinary Share of €0.05 in Grafton Group plc.

** Vesting of these awards is subject to performance conditions and includes awards granted in 2022, 2023 and 2024.

*** Mr. Born held options to buy 1,156 shares at the agreed option price within six months after the three-year option period ending on 1 June 2027. Mr. Arnold held options to buy 1,134 shares at the agreed option price within six months after the three-year option period ending on 1 June 2025, and options to buy 1,156 shares at the agreed option price within six months after the three-year option period ending on 1 June 2027.

**** Mr. M.J. Roney and Mr. P. Hampden Smith stepped down from the Board on 2 May 2024. Actual Shareholdings as at 2 May 2024 shown.

The closing price of a Grafton Unit on 31 December 2024 was 960p (31 December 2023: 911.10p) and the price range during the year was between 886.50p and 1,087.0p (2023: 751.0p and 988.7p). There have been no changes in the interests of the Directors and Secretary between 31 December 2024 and the date of this report.

To further align the interests of senior management with those of shareholders, Executive Directors are subject to share ownership guidelines. Executive Directors are required to build a holding of shares in the Company with a minimum value of 200 per cent of their salary. Executive Directors are expected to retain half of any shares that vest under the LTIP after taking into account any shares sold to pay tax and other statutory obligations, until this share ownership requirement is fulfilled. In addition, Executive Directors are required to apply 30 per cent of their annual bonus after statutory deductions for the purchase of shares in the Group.

There is normally a two year holding period for shares received from LTIP awards that vest. The two-year holding period will continue to apply after a Director has stepped down from the Board. Executive Directors will normally be expected to maintain a minimum shareholding of 200 per cent of salary (or actual shareholding if lower) for the two years after stepping down from the Board.

Mr. Born held shares at the year-end valued at 0.18 times his salary which reflects his relatively recent appointment as a Director. Mr. Arnold held shares at the year-end valued at 2.95 times his salary. This is based on the closing price of a Grafton Unit on 31 December 2024 of 960.0p.

LTIP awards granted in 2021 over 18,843 shares vested in August 2024 in favour of Mr. Arnold who instructed the Company's share plan administrators to immediately sell 8,902 of these Grafton Units to meet tax liabilities and brokers commission and he retained the remainder being 9,941 Grafton Units.

Directors' and secretary's interests under the 2021 long-term incentive plans

The grant of awards over Grafton Units to the Directors and Secretary under the LTIP are shown below:

	Grant Date	Share Price on date of Grant	01-Jan-24	Granted	Lapsed	Shares Received	31-Dec-24	EPS Condition	TSR Condition	Performance Period	Vesting Date**
E. Born	29 Nov 2022	£8.059	37,251	–	–	–	37,251	18,625	18,626	1 Jan 22- 31 Dec 24	29 Nov 2025
	31 March 2023	£8.87	166,855	–	–	–	166,855	83,427	83,428	1 Jan 23- 31 Dec 25	1 April 2026
	20 March 2024	£9.783	–	157,334	–	–	157,334	78,667	78,667	1 Jan 24- 31 Dec 26	21 March 2027
			204,106	157,334	–	–	361,440	180,719	180,721		
D. Arnold	17 May 2021	£12.005	60,983		(42,140)	(18,843)*	–	–	–	1 Jan 21- 31 Dec 23	17 May 2024
	1 April 2022	£9.9325	75,992	–	–	–	75,992	37,996	37,996	1 Jan 22- 31 Dec 24	1 April 2025
	31 March 2023	£8.87	88,839	–	–	–	88,839	44,419	44,420	1 Jan 23- 31 Dec 25	1 April 2026
	20 March 2024	£9.783	–	83,770	–		83,770	41,885	41,885	1 Jan 24- 31 Dec 26	21 March 2027
			225,814	83,770	(42,140)	(18,843)	248,601	124,300	124,301		
S. Lannigan	17 May 2021	£12.005	1,838	–	(1,838)	–	–	–	–	1 Jan 21- 31 Dec 23	17 May 2024
	1 April 2022	£9.9325	2,270	–	–	–	2,270	2,270	–	1 Jan 22- 31 Dec 24	1 April 2025
	31 March 2023	£8.87	2,741	–	–	–	2,741	2,741	–	1 Jan 23- 31 Dec 25	1 April 2026
	20 March 2024	£9.783	–	2,556	–	–	2,556	1,278	1,278	1 Jan 24- 31 Dec 26	21 March 2027
	27 Nov 2024	£9.3535	–	4,802	–	–	4,802	2,401	2,401	1 Jan 24- 31 Dec 26	28 November 2027
			6,849	7,358	(1,838)	–	12,369	8,690	3,679		

* The market price at the date of vesting was £10.7960.

** This is the earliest date for vesting. The actual date of vesting is subject to approval by the Remuneration Committee.

The Grafton Group plc 2021 Long-term Incentive Plan (the 'Plan') was approved by shareholders at the Annual General Meeting of the Company held on 28 April 2021 and the first awards made under the Plan were on 17 May 2021.

Susan Murray

Chair of the Remuneration Committee

5 March 2025

Report of the Directors

The Directors present their report to the shareholders together with the audited financial statements for the year ended 31 December 2024.

Group results

Group revenue decreased by 1.6 per cent to £2.28 billion from £2.32 billion in 2023. Statutory operating profit was £152.6 million (2023: £183.1 million). Adjusted operating profit of £177.5 million was down 13.6 per cent from £205.5 million last year.

Net finance expense was £0.1 million (2023: net finance income of £0.4 million). The net finance expense incorporates an interest charge of £15.0 million (2023: £15.6 million) on lease liabilities recognised under IFRS 16.

The income tax expense of £30.5 million (2023: £34.8 million) is equivalent to an effective tax rate of 20.0 per cent of profit before tax (2023: 19.0 per cent).

Basic earnings per share was 60.9 pence (2023: 69.6 pence). Adjusted earnings per share was 71.8 pence (2023: 77.9 pence).

The Group and Company financial statements for the year ended 31 December 2024 are set out in detail on pages 124 to 203 and are deemed to be incorporated in this part of the Report of the Directors together with the Supplementary Information on pages 204 to 214.

Dividends

A final dividend for 2023 of 26.0 pence per ordinary share was paid on 9 May 2024 to shareholders on the register of members at the close of business on 12 April 2024.

An interim dividend for 2024 of 10.50 pence per ordinary share was paid on 11 October 2024 to shareholders on the register of members at the close of business on 13 September 2024.

A final dividend for 2024 of 26.5 pence per ordinary share is proposed for approval by shareholders at the AGM on 8 May 2025 and, if approved, will be paid on 15 May 2025 to shareholders on the register of members at the close of business on 22 April 2025, the record date. The ex-dividend date is 17 April 2025.

Review of the business

Shareholders are referred to the Chair's Statement, Chief Executive Officer's Review, Operating Review and Financial Review and all reports and information included in the Strategic Report on pages 2 to 53 which includes a review of operations and the financial performance of the Group for 2024, the outlook for 2025 and the key performance indicators used to assess the performance of the Group. These are deemed to be incorporated in the Report of the Directors.

Cautionary statement

Certain statements made in this Annual Report are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by these forward-looking statements. They appear in a number of places throughout this Annual Report and include statements regarding the intentions, beliefs or current expectations of Directors and senior management concerning, amongst other things, the results of operations, financial conditions, liquidity, prospects, growth rate and potential growth opportunities, potential operating performance improvements, the effects of competition and the strategy of the overall Group and its individual businesses. You should not place undue reliance on forward looking statements. These forward looking statements are made as at the date of this Directors Report. The Company and its Directors expressly disclaims any obligation to update or revise any forward- looking statements, whether as a result of new information, future developments or otherwise, except as required by law.

The principal risks and uncertainties included on pages 47 to 51 of this Annual Report could cause the Group's results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that the Group is unable to predict at this time or that the Group currently does not expect to have a material adverse effect on its business. These forward- looking statements are made as of the date of this Annual Report.

Board of Directors

Under the Company's Articles of Association, Directors are required to submit themselves to shareholders for election at the Annual General Meeting following their appointment and all Directors are required to submit themselves for re-election at intervals of not more than three years.

However, in line with the provisions contained in the UK Corporate Governance Code, all Directors with the exception of Mr. Michael Roney and Mr. Paul Hampden Smith who had indicated their intention to step down from the Board at the conclusion of the AGM, retired and being eligible offered themselves for re-election at the 2024 Annual General Meeting. All Directors going forward for re-election were re-elected to the Board on the same day.

The Board has decided that all Directors should retire at the 2025 Annual General Meeting and offer themselves for re-election.

Share capital

As at 31 December 2024, the share capital of the Company consists of Ordinary Shares of Euro five cent each in Grafton Group plc. The composition of the Company's share capital is set out in Note 18 on page 166.

The Group has in place a number of employee share schemes, the details of which are set out in the Report of the Remuneration Committee on Directors' Remuneration and in Note 31 to the Group Financial Statements.

Annual General Meeting (AGM)

The AGM of the Company will be held at the Irish Management Institute (IMI) Sandyford Road, Dublin, D16 X8C3, Ireland at 10.30am on Thursday 8 May 2025. The Notice of Meeting for the 2024 AGM will be made available on the Group's website, www.graftonplc.com. The resolutions to be considered at the Annual General Meeting are summarised below.

Financial statements

To receive and consider the Company's financial statements for the year ended 31 December 2024 together with the reports of the Directors and the Auditors.

Final dividend

Shareholders are being asked to declare a final dividend of 26.5 pence per Ordinary Share for the year ended 31 December 2024 payable on 15 May 2025 to the holders of Ordinary Shares on the register of members at close of business on 22 April 2025.

Re-election of Directors

To re-elect all the directors of the Company.

Continuation in office of auditors

While it is not required under Irish law, an advisory, non-binding resolution is being presented in relation to the continuation of PwC in office as Auditors.

Remuneration of the auditors

As required under Section 381(1)(b) of the Companies Act 2014, a resolution is being presented authorising the Directors to fix the remuneration of the Auditors.

Report of the Remuneration Committee on Directors' remuneration

The Board is proposing to submit the Chair's Annual Statement, and the Annual Report on Remuneration of the Remuneration Committee, as set out on pages 102 to 105 and 106 to 119, to a non-binding advisory vote.

Notice Period for Extraordinary General Meetings

This resolution will, if adopted, maintain the existing authority in the Articles of Association which permits the Company to convene an extraordinary general meeting on 14 days' notice in writing where the purpose of the meeting is to consider an ordinary resolution. As a matter of policy, the 14 days' notice will only be utilised where the Directors believe that it is merited by the business of the meeting and the circumstances surrounding the business of the Meeting.

Authority to allot relevant securities

Shareholders are being asked to renew the Directors' authority to allot and issue any unissued ordinary share capital of the Company. The total number of shares which the Directors may issue under this authority will be limited to one third of the issued share capital of the Company. The Directors have no present intention to make a share issue other than in respect of employee share schemes.

Disapplication of pre-emption rights

At each Annual General Meeting, the Directors seek authority to disapply statutory pre-emption rights in relation to allotments of shares for cash up to an aggregate nominal value for all allotments and all treasury shares representing five per cent of the nominal value of the issued ordinary share capital of the Company as at the date of the Notice of Annual General Meeting. Under the Articles of Association, shareholders are required to renew this power at each year's Annual General Meeting.

Authority to make market purchases of the Company's own shares

At the 2024 Annual General Meeting, shareholders gave the Company and/or any of its subsidiaries authority to make market purchases of up to 10 per cent of the Company's own shares. Shareholders are being asked to renew this authority.

The Directors consider it appropriate to maintain the flexibility that this authority provides. The Directors monitor the Company's share price and may from time to time exercise this power to make market purchases of the Company's own shares, at price levels which they consider to be in the best interests of the shareholders generally, after taking account of the Company's overall financial position. The minimum price which may be paid for any market purchase of the Company's own shares will be the nominal value of the shares and the maximum price which may be paid will be 105 per cent of the then average market price of the shares.

Authority to re-issue treasury shares

Shareholders are being asked to sanction the price range at which any treasury share (that is a share of the Company redeemed or purchased and held by the Company rather than being cancelled) may be re-issued other than on the Stock Exchange. The maximum and minimum prices at which such a share may be re-issued are 120 per cent and 95 per cent respectively of the average market price of a share calculated over the five business days immediately preceding the date of such re-issue.

The authorities which will be sought at the forthcoming AGM to allot relevant securities, disapply pre-emption rights, purchase the Company's Units and re-issue treasury shares will, if granted, expire on the earlier of the date of the Annual General Meeting in 2026 or 15 months after the passing of these resolutions.

Report of the Directors continued

Substantial holdings

So far as the Company is aware, the following held shares representing three per cent or more of the ordinary share capital of the Company (excluding treasury shares) at 31 December 2024 and 26 February 2025:

Name	31 December 2024		26 February 2025	
	Holding	%	Holding	%
Mr. Michael Chadwick	21,776,410	11.04	21,776,410	11.05
Blackrock, Inc.	14,732,921	7.47	14,732,921	7.47
Dimensional Fund Advisors LP	10,381,584	5.26	10,381,584	5.27
Vanguard Group, Inc	9,822,549	4.98	9,822,549	4.98
GLG Partners LP	8,530,439	4.32	8,530,439	4.33
The Capital Group Companies, Inc.	7,843,552	3.98	7,843,552	3.98
abdrn plc	7,050,545	3.57	7,050,545	3.58
JPMorgan Asset Management (UK) Limited	6,502,981	3.30	6,502,981	3.30

Apart from these holdings, the Company has not been notified at 26 February 2025 or at 31 December 2024 of any interest of three per cent or more in its ordinary share capital.

Directors' and Secretary's interests in the share capital of the Company are set out in the Report of the Remuneration Committee on Directors' Remuneration on page 119.

Accounting records

The Directors are responsible for ensuring that adequate accounting records are maintained by the Company as required by Sections 281-285 of the Companies Act, 2014. The Directors believe that they have complied with this requirement by providing adequate resources to maintain proper books and accounting records throughout the Group including the appointment of personnel with appropriate qualifications, experience and expertise. The books and accounting records of the Company are maintained at The Hive, Carmanhall Road, Sandyford Business Park, Sandyford, Dublin 18, Ireland.

Takeover regulations 2006

The capital structure of the Company is detailed in Note 18 to the Group Financial Statements. Details of employee share schemes are set out in Note 31. In the event of a change of control, the vesting/conversion/exercise of share entitlements/options may be accelerated. The Group's borrowing facilities may be required to be repaid in the event of a change of control. The Company's Articles of Association provide that the business of the Company shall be managed by the Directors, who may exercise all such powers of the Company subject to the Companies Act and the Articles of Association. Details of the powers of the Directors in relation to the issuing or buying back by the Company of its shares are set out above. The Company's Memorandum and Articles of Association, which are available on the Company's website, www.graftonplc.com, are deemed to be incorporated in this part of the Report of the Directors.

Corporate governance regulations

As required by company law, the Directors have prepared a Report on Corporate Governance which is set out on pages 85 to 93 and which, for the purposes of Section 1373 of the Companies Act 2014, is deemed to be incorporated in this part of the Report of the Directors. This includes the Report of the Audit and Risk Committee. Details of the capital and employee share schemes are included in Notes 18 and 31 respectively.

Directors compliance statement

It is the policy of the Company to comply with its relevant obligations as defined in the Companies Act 2014. The Directors have drawn up a compliance policy statement as defined in section 225(3)(a) of the Companies Act 2014. Arrangements and structures have been put in place that are, in the directors' opinion, designed to secure a material compliance with the Company's relevant obligations. These arrangements and structures were reviewed by the Company during the financial year. As required by section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for the Company's compliance with its relevant obligations. In discharging their responsibilities under section 225, the Directors relied on the advice of third parties who they believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations.

Principal risks and uncertainties

The Company is required under Irish company law to give a description of the principal risks and uncertainties. These principal risks and uncertainties are set out on pages 47 to 51 and are deemed to be incorporated in this section of the Report of the Directors.

Non-financial statement – European Union (disclosure of non-financial and diversity information by certain large undertakings and groups) regulations 2017

The following are deemed to be incorporated in this part of the Report of the Directors:

Reporting requirement	Location of information	Page
Environmental Matters	Sustainability Statement – Environmental disclosures	64 to 71
	Key Performance Indicators	28
Social & Employee Matters	Sustainability Statement – Social disclosures	72 to 78
	Stakeholder Engagement	10 and 11
	Note 11 to the Group Financial Statements	157
	Note 6 to the Group Financial Statements	154 and 155
Diversity	Sustainability Statement – Social disclosures	72 to 78
	Key Performance Indicators	28
	Nomination Committee Report	98 to 101
Human Rights	Sustainability Statement – Governance disclosures	79 and 80
Anti-bribery & Corruption	Sustainability Statement – Governance disclosures	80
	Audit and Risk Committee Report	96
Business Model	Business Model	20 and 21
Non-Financial KPIs	Key Performance Indicators	28
	Sustainability Statement – Environmental disclosures	64 to 71
Principal Risks	Risk Management	47 to 51
Financial Instruments	Note 21 to the Group Financial Statements	172 to 179

Subsidiaries

The Group's principal operating subsidiary undertakings are set out on page 202.

Political contributions

There were no political contributions which require disclosure under the Electoral Act, 1997.

Events after the balance sheet date

The Company bought back, for cancellation, 0.2 million shares at a cost of £1.6 million between 1 January 2025 and 5 March 2025.

On 13 February 2025, the Group entered into an agreement, which is subject to approval from the Competition and Consumer Protection Commission (CCPC), for the sale of the MFP business to a subsidiary of Wienerberger AG which mainly operates through Pipelife Ireland Solutions Limited in Ireland.

In addition, the Board has today announced a sixth programme, commencing 6 March 2025, to buy back ordinary shares in the Company for an aggregate consideration of up to £30.0 million. The sixth share buyback programme will end no later than 31 August 2025, subject to market conditions.

There have been no other material events subsequent to 31 December 2024 that would require adjustment to or disclosure in this report.

Auditor

The statutory Auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office in accordance with Section 382 (2) of the Companies Act 2014 and a resolution authorising the Directors to fix their remuneration will be submitted to the Annual General Meeting.

Disclosure of information to statutory auditors

In accordance with the provisions of section 330 of the Companies Act 2014, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2014) of which the statutory Auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information (as defined) and to ensure that the statutory Auditor is aware of such information.

On behalf of the Board.

Eric Born
Director
5 March 2025

David Arnold
Director

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements, in accordance with applicable law and regulations.

Irish law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and have prepared the Company financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and Irish law).

Under company law the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company as at the end of the financial year and of the profit or loss of the Group for the financial year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with IFRS as adopted by the European Union, and as regards the Company, have been prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and Irish law); and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are also required by the Companies Act 2014 and the Listing Rules to include a report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transaction of the Group and Company;
- enable, at any time, the assets, liabilities, and financial position and profit or loss of the Group and Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the provisions of the Companies Act 2014 and enable those financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.graftonplc.com). Legislation in the Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement as Required by the Listing Rules and the UK Corporate Governance Code

Each of the Directors, whose names and functions are listed on pages 82 and 83 of this Annual Report, confirm that, to the best of each person's knowledge and belief:

- the Group financial statements, prepared in accordance with IFRS as adopted by the European Union and the Company financial statements prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and Irish law), as applied in accordance with the provisions of the Companies Act 2014, give a true and fair view of the assets, liabilities, and financial position of the Group and Company at 31 December 2024 and of the profit of the Group for the year then ended;
- the Report of the Directors contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and that a fair description of the principal risks and uncertainties faced by the Group is provided on pages 47 to 51; and
- the Annual Report and Accounts 2024, taken as a whole, provides the information necessary for shareholders to assess the Company's and Group's position and performance, business model and strategy and is fair, balanced and understandable.

On behalf of the Board

Eric Born
Director

5 March 2025

David Arnold
Director

Independent Auditors’ Report to the Members of Grafton Group plc

Report on the audit of the financial statements

Opinion

- In our opinion:
- Grafton Group plc’s Group financial statements and Company financial statements (the “financial statements”) give a true and fair view of the Group’s and the Company’s assets, liabilities and financial position as at 31 December 2024 and of the Group’s profit and cash flows for the year then ended;
 - the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union;
 - the Company financial statements have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 101 “Reduced Disclosure Framework” and Irish law); and
 - the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report and Accounts 2024 (the “Annual Report”), which comprise:

- the Group Balance Sheet as at 31 December 2024;
- the Company Balance Sheet as at 31 December 2024;
- the Group Income Statement and Group Statement of Comprehensive Income for the year then ended;
- the Group Cash Flow Statement for the year then ended;
- the Group Statement of Changes in Equity for the year then ended;
- the Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (“ISAs (Ireland)”) and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA’s Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



Overall materiality

- £7.4 million (2023: £8.8 million) - Group financial statements
- Based on c. 5% of profit before tax excluding property profit
- €8.5 million (2023: €8.6 million) - Company financial statements
- Based on c. 0.4% of total assets

Performance materiality

- £5.5 million (2023: £6.6 million) - Group financial statements
- €6.3 million (2023: €6.4 million) - Company financial statements

Audit scope

- We conducted an audit of the complete financial information of 11 of the Group’s 16 reporting components across the United Kingdom, Ireland, the Netherlands, Finland and Spain. These accounted for in excess of 90% of the Group’s revenue, in excess of 80% of the Group’s profit before tax and in excess of 90% of the Group’s total assets.

Key audit matters

- Valuation of goodwill – UK Distribution group of CGUs
- Completeness and accuracy of rebate income and valuation of rebate receivables
- Valuation of inventory

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of goodwill – UK Distribution group of CGUs</p> <p>Refer to Note 1 "Summary of Material Accounting Policies", Note 12 "Goodwill" and Note 32 "Accounting Estimates and Judgements".</p> <p>As at 31 December 2024, goodwill amounted to £634.3 million. Goodwill is allocated to six groups of Cash Generating Units ("CGUs"). The groups of CGUs represent the lowest level within the Group at which goodwill is monitored for internal management purposes. Goodwill must be tested for impairment on at least an annual basis.</p> <p>The Group tests goodwill for impairment using value-in-use ("VIU") models.</p> <p>As set out in Note 12, there is limited headroom between the UK Distribution group of CGUs' VIU and its carrying amount and therefore the VIU model is sensitive to changes in assumptions.</p> <p>Goodwill allocated to the UK Distribution CGU amounted to £289.9 million.</p> <p>The cash flows included in the VIU model for the UK Distribution group of CGUs are those included in the Board approved budget for 2025, and management forecasts for 2026 to 2029. The terminal value was calculated using a long term nominal growth rate in respect of the years after 2029.</p> <p>As set out in Note 12 to the financial statements, impairment testing of goodwill involves a number of areas of judgement and estimation, and in particular determining the key assumptions for revenue growth rate and operating margin in the years 2025 to 2029, long term growth rates used in estimating cash flows for the purposes of calculating a terminal value and pre-tax discount rates for each group of CGUs.</p> <p>Management determined there to be no impairments during the year.</p> <p>We determined the estimation of the VIU of goodwill allocated to the UK Distribution group of CGUs to be a key audit matter:</p> <ul style="list-style-type: none"> • due to the complexity and subjective judgement involved; and • the limited headroom between the VIU and its carrying amount. 	<p>We agreed the underlying cash flow forecast models for the UK Distribution groups of CGUs to the Board approved budget and management forecasts, and checked the mathematical accuracy of the model.</p> <p>We considered the reliability of management's forecasting process by considering how actual results compared to budgets and forecasts historically.</p> <p>We critically assessed and challenged management on the key assumptions included in the models, in particular the revenue growth and operating margin assumptions over the period 2025 to 2029.</p> <p>We compared the revenue growth rate assumptions to external economic forecasts. We assessed the appropriateness of forecast operating margins through comparison to actual historic margins achieved and considered current market conditions.</p> <p>We assessed the appropriateness of the Group's forecast long term growth rate used to calculate terminal value by comparing it to independent sources.</p> <p>With assistance from our in-house valuation experts, we considered the appropriateness of the discount rate applied to the UK distribution group of CGUs by determining an acceptable range of discount rates using observable inputs from independent external sources.</p> <p>We performed sensitivity analyses on the impact of changes in key inputs and assumptions on the goodwill impairment assessment for the UK distribution group of CGUs, focussing on the revenue growth rates, operating margin assumptions, discount rate and the long term growth rate assumed by management.</p> <p>Based on the results of these procedures we are satisfied that managements' conclusion that no impairment charge was required, is reasonable.</p> <p>We also assessed the appropriateness of the related disclosures within the financial statements.</p>

Independent Auditors' Report to the Members of Grafton Group plc continued

Key audit matter	How our audit addressed the key audit matter
<p>Completeness and accuracy of rebate income and valuation of rebate receivables</p> <p>Refer to Note 1 "Summary of Material Accounting Policies", Note 17a "Trade and Other Receivables" and Note 32 "Accounting Estimates and Judgements".</p> <p>The Group has entered into rebate arrangements with a significant number of its suppliers. Supplier rebates received and receivable in respect of goods purchased are deducted from cost of sales in the income statement, or the cost of inventory to the extent that those goods remain in inventory at the year end.</p> <p>Due to the nature of the agreements in place, a portion of the Group's supplier rebate income recognised during the year is not finalised or received until after the year end. In addition, in certain businesses of the Group, the process for calculating rebate income is of a manual nature and involves the use of spreadsheets.</p> <p>We determined this to be a key audit matter as the calculation of supplier rebates recognised in the year and the rebates receivable at 31 December 2024 involves both the use of estimates and manual calculations and is material to the performance and financial position of the Group.</p>	<p>We assessed the reasonableness of the estimates made by management in the calculation of rebate income and rebate receivables.</p> <p>We recalculated, on a sample basis, rebate income recognised during the year and year end receivables by reference to supplier agreements and purchases reports.</p> <p>For a sample of suppliers, we independently obtained external confirmation of rebate income and rebates due at 31 December 2024. Where responses were not received, we performed alternative procedures including obtaining rebate agreements and re-computing rebate income and rebate receivables.</p> <p>We also considered the actual results of the collection of rebates during the year, including those relating to the prior year, and after the year end, comparing the amount collected to the related estimated rebates receivable balance.</p> <p>We concluded that the amounts recognised were reasonable.</p> <p>We assessed the appropriateness of the related disclosures within the financial statements.</p>
<p>Valuation of inventory</p> <p>Refer to Note 1 "Summary of Material Accounting Policies", Note 16 "Inventories" and Note 32 "Accounting Estimates and Judgements".</p> <p>Inventory, net of provisions at 31 December 2024 amounted to £381.8 million. The inventory provision at 31 December 2024 was £54.6 million. The Group holds a significant number of product lines across its branch network in the UK, Ireland, the Netherlands, Finland and Spain. Significant judgement is exercised by management in assessing the level of inventory provision in respect of slow-moving or obsolete inventory.</p> <p>Management assesses the required level of provision based on a model that reflects the age of inventory on hand at year end and other considerations in respect of specific inventory.</p> <p>Where inventory on which rebates have been earned is held at the year end, an appropriate rebate deduction is made from the gross carrying value of that inventory.</p> <p>We determined this to be a key audit matter due to the judgement involved in estimating the inventory provisions across multiple product lines and locations.</p>	<p>We tested the accuracy of inventory ageing reports where they supported the calculation of inventory provisions by selecting a sample of inventory items on hand and testing the aged classification by reference to purchase documentation.</p> <p>We recomputed provisions recorded to assess whether they were in line with Group policy. We assessed the appropriateness of Group policy by reference to the nature, ageing and level of inventory held at year end. We also obtained an understanding from management of plans to liquidate slower moving inventory and we considered the appropriateness of provisions made.</p> <p>We recalculated on a sample basis the rebates allocated to inventory held at year end, by reference to rebate arrangements applying to those purchases.</p> <p>We concluded that the valuation of inventory was reasonable.</p> <p>We assessed the appropriateness of the related disclosures within the financial statements.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group financial statements are a consolidation of 16 reporting components across five geographical markets. The Group's accounting process is structured around a local finance function for each of the reporting components. These functions maintain their own accounting records and controls and report to the head office finance team in Dublin.

In establishing the scope of the Group audit, we identified three reporting components as significant, which in our view required an audit of their complete financial information due to their size and financial significance to the Group. A further eight reporting components were selected for an audit of their complete financial information based on their risk characteristics, or size and to ensure appropriate audit coverage. Specific audit procedures on certain balances and transactions were performed at one of the remaining reporting components primarily to ensure appropriate audit coverage.

The Group audit team performed the audit of certain central functions. These procedures included, amongst others, procedures over post-retirement benefits, business combinations acquisition accounting, valuation of investment properties, the consolidation process and impairment testing of goodwill.

The components subject to an audit of their full financial information and Group functions accounted for in excess of 90% of the Group's revenue, in excess of 80% of the Group's profit before tax and in excess of 90% of the Group's total assets. The Group audit team was responsible for the scope and direction of the audit process. The Group audit team performed the work on four components. PwC ROI and other PwC network firms performed work on seven components and one component was audited by a non-PwC network firm, operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

The Group audit team attended all of the full scope and specified procedures scope component audit closing meetings with local management by video conference or in person. We obtained and considered the detailed findings reports from all component teams. In addition, the Group engagement team also reviewed certain audit working papers in the component audit files. Post audit conference calls were also held with the component auditor to discuss their audit findings.

As part of our audit, we made enquiries of management to understand their assessment of the potential impact of climate change risk on the judgements and estimates used in the Group's financial statements. Management considers that the impact of climate change does not give rise to a material financial statement impact. We used our knowledge of the Group to evaluate management's assessment. In particular, we considered how climate change risks could impact the assumptions made in the forecasts prepared by management. We also considered the consistency of the disclosures in relation to climate change made in the other information within the Annual Report with the financial statements and our knowledge from our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£7.4 million (2023: £8.8 million).	€8.5 million (2023: €8.6 million).
How we determined it	Based on c. 5% of profit before tax excluding property profit.	Based on c. 0.4% of total assets.
Rationale for benchmark applied	We have applied this benchmark as profit before tax is a key accounting benchmark, which is also a key performance indicator for the Group. Given the property profit is not related to the ongoing trading activities we have excluded this in determining the benchmark.	We considered total assets to be the most relevant benchmark as the Company is primarily an investment holding company that holds investments in subsidiaries and receivables from Group companies.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £5.5 million (Group audit) and €6.3 million (Company audit).

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £350,000 (Group audit) (2023: £440,000) and €425,000 (Company audit) (2023: €430,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent Auditors' Report to the Members of Grafton Group plc continued

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included evaluating management's budgets and forecasts for the going concern assessment period (being the period of at least twelve months from the date on which the financial statements are authorised for issue) and challenging the key assumptions. In evaluating these forecasts we considered the Group's historic performance, its past record of achieving strategic objectives and its forecast financial performance and liquidity for the going concern assessment period.

We also considered whether the assumptions underlying the budget and forecasts were consistent with related assumptions used in other areas of the entity's business activities, for example in testing for goodwill impairment; assessed liquidity through the going concern assessment period including considering the Group's available financing and maturity profile of facilities; tested the mathematical integrity of the budgets, forecasts and models and reconciled these to Board approved budgets and forecasts; and reperformed management's sensitivity analysis to assess appropriate downside scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's or the Company's ability to continue as a going concern.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

We are required to report if the directors' statement relating to going concern in accordance with the Listing Rules of the UK Financial Conduct Authority is materially inconsistent with our knowledge obtained in the audit. We have nothing to report in respect of this responsibility.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report and Accounts 2024 other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Report of the Directors, we also considered whether the disclosures required by the Companies Act 2014 (excluding the information included in the "Non-Financial Statement" as defined by that Act on which we are not required to report) have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below.

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors (excluding the information included in the "Non-Financial Statement" on which we are not required to report) for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Directors (excluding the information included in the "Non-Financial Statement" on which we are not required to report).

Corporate Governance Statement

The Listing Rules and ISAs (Ireland) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code (the "Code") specified for our review. Our additional responsibilities with respect to the Corporate Governance Statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 124, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Independent Auditors' Report to the Members of Grafton Group plc continued

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2014 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journals that adjust revenue and management bias in significant accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Enquiring of senior management (Group and operating entities), directors, members of the Audit and Risk Committee and Internal Audit of their assessment of the potential fraud risk and their assessment of controls and any incidences of fraud during the year;
- Evaluating the Group's programme and controls designed to address fraud risk;
- Considering remuneration incentive schemes and performance targets for directors and senior management in our assessment of fraud risk;
- Using analytical procedures to identify any unusual or unexpected account balances;
- Assessing whether the judgements made in making key accounting estimates are indicative of a potential bias;
- Identifying journal entries to test based on risk criteria, including manual journals posted to adjust revenue, for all components subject to an audit of their full financial information, and tested the identified entries;
- Considered the results of reporting from component teams relating to compliance with applicable laws and regulations and procedures performed to address assessed fraud risk;
- Incorporating unpredictability into our audit procedures; and
- Maintaining an appropriate level of professional scepticism throughout the audit process.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
 - In our opinion the accounting records of the Company were sufficient to permit the Company financial statements to be readily and properly audited.
 - The Company Balance Sheet is in agreement with the accounting records.
-

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Prior financial year Non-Financial Statement

We are required to report if the Company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 in respect of the prior financial year. We have nothing to report arising from this responsibility.

Siobhán Collier

for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

5 March 2025

Group Income Statement

For the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Revenue	2	2,282,252	2,319,242
Operating costs	3	(2,133,626)	(2,137,414)
Property profit	4	3,999	1,261
Operating profit		152,625	183,089
Finance expense	7	(25,077)	(24,292)
Finance income	7	24,968	24,715
Profit before tax		152,516	183,512
Income tax charge	9	(30,503)	(34,789)
Profit after tax for the financial year		122,013	148,723
Profit attributable to:			
Owners of the Parent		122,013	148,723
Earnings per ordinary share – basic	11	60.89p	69.56p
Earnings per ordinary share – diluted	11	60.86p	69.55p

On behalf of the Board

Eric Born
Director
5 March 2025

David Arnold
Director

Group Statement of Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Profit after tax for the financial year		122,013	148,723
Other comprehensive income			
Items that are or may be reclassified subsequently to the income statement			
Currency translation effects:			
– on foreign currency net investments		(33,099)	(12,210)
Fair value movement on cash flow hedges:			
– Effective portion of changes in fair value of cash flow hedges		–	31
		(33,099)	(12,179)
Items that will not be reclassified to the income statement			
Remeasurement gain on Group defined benefit pension schemes	30	5,439	1,320
Deferred tax on Group defined benefit pension schemes	25	(1,081)	(3)
		4,358	1,317
Total other comprehensive (expense)		(28,741)	(10,862)
Total comprehensive income for the financial year		93,272	137,861
Total comprehensive income attributable to:			
Owners of the Parent		93,272	137,861
Total comprehensive income for the financial year		93,272	137,861

On behalf of the Board

Eric Born
Director
5 March 2025

David Arnold
Director

Group Balance Sheet

As at 31 December 2024

	Notes	2024 £'000	2023 £'000
ASSETS			
Non-current assets			
Goodwill	12	634,301	645,062
Intangible assets	15	134,911	138,901
Property, plant and equipment	13(a)	367,354	367,266
Right-of-use asset	13(b)	377,726	401,298
Investment properties	13(d)	27,325	24,609
Deferred tax assets	25	7,453	6,665
Lease receivable	17(b)	–	264
Retirement benefit assets	30	10,932	9,536
Other financial assets	14	125	127
Total non-current assets		1,560,127	1,593,728
Current assets			
Properties held for sale	13(c)	763	4,291
Inventories	16	381,803	361,598
Trade and other receivables	17(a)	300,020	262,763
Finance lease receivable	17(b)	98	195
Fixed term cash deposits	20	150,000	200,000
Cash and cash equivalents (excluding bank overdrafts)	20	359,430	383,939
Total current assets		1,192,114	1,212,786
Total assets		2,752,241	2,806,514
EQUITY			
Equity share capital	18	6,744	7,094
Share premium account	18	224,141	223,861
Capital redemption reserve	19	2,548	2,195
Revaluation reserve	19	12,037	12,186
Shares to be issued reserve	19	6,802	6,562
Cash flow hedge reserve	19	(6)	(6)
Foreign currency translation reserve	19	42,183	75,282
Retained earnings		1,305,649	1,332,992
Treasury shares held	18	(3,897)	(4,365)
Total equity attributable to owners of the Parent		1,596,201	1,655,801
LIABILITIES			
Non-current liabilities			
Interest – bearing loans and borrowings	20	188,372	204,219
Lease liabilities	20	331,572	364,090
Provisions	23	13,042	13,851
Retirement benefit obligations	30	9,591	15,363
Deferred tax liabilities	25	62,040	60,234
Deferred consideration	27	599	3,289
Total non-current liabilities		605,216	661,046
Current liabilities			
Interest – bearing loans and borrowings	20	49,000	–
Lease liabilities	20	72,156	64,888
Derivative financial instruments	22	5	5
Trade and other payables	24	401,142	400,251
Current income tax liabilities		20,138	17,541
Deferred consideration	27	3,537	1,601
Provisions	23	4,846	5,381
Total current liabilities		550,824	489,667
Total liabilities		1,156,040	1,150,713
Total equity and liabilities		2,752,241	2,806,514

On behalf of the Board

Eric Born
Director

5 March 2025

David Arnold
Director

Group Cash Flow Statement

For the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Profit before taxation		152,516	183,512
Finance income	7	(24,968)	(24,715)
Finance expense	7	25,077	24,292
Operating profit		152,625	183,089
Depreciation	13(a)(b)	112,416	104,700
Amortisation of intangible assets	15	22,322	21,287
Share-based payments charge	31	1,162	2,127
Movement in provisions	23	(677)	(1,523)
Loss/(profit) on sale of property, plant and equipment		570	(475)
Property profits		(808)	(861)
Fair value gains recognised as property profits	13(d)	(3,191)	–
Loss on derecognition of leases		186	234
Other non-cash items		1,308	–
Contribution to pension schemes in excess of IAS 19 charge	30	(2,476)	(3,826)
Decrease in working capital	26	14,868	29,529
Cash generated from operations		298,305	334,281
Interest paid		(22,462)	(23,073)
Income taxes paid	9	(29,027)	(38,391)
Cash flows from operating activities		246,816	272,817
Investing activities			
Inflows			
Proceeds from sale of property, plant and equipment		1,273	1,429
Proceeds from sale of properties held for sale		4,120	2,209
Proceeds from sale of investment properties		305	–
Maturity of fixed term cash deposits		400,000	350,000
Interest received		23,441	24,199
		429,139	377,837
Outflows			
Acquisition of subsidiary undertakings and businesses (net of cash/overdraft acquired)	27	(67,245)	(27,908)
Investment in fixed term cash deposits		(350,000)	(550,000)
Deferred acquisition consideration paid	27	(2,145)	(2,586)
Investment in intangible assets – computer software	15	(7,275)	(3,963)
Purchase of property, plant and equipment	13(a)	(39,571)	(48,816)
		(466,236)	(633,273)
Cash flows from investing activities		(37,097)	(255,436)
Financing activities			
Inflows			
Proceeds from the issue of share capital		283	1,916
		283	1,916
Outflows			
Repayment of borrowings		(8,156)	(44,494)
Dividends paid	10	(73,190)	(72,569)
Treasury shares purchased	18	(81,085)	(159,458)
Payment of lease liabilities		(71,640)	(67,680)
		(234,071)	(344,201)
Cash flows from financing activities		(233,788)	(342,285)
Net (decrease) in cash and cash equivalents		(24,069)	(324,904)
Cash and cash equivalents at 1 January		383,939	711,721
Effect of exchange rate fluctuations on cash held		(8,815)	(2,878)
Cash and cash equivalents at 31 December		351,055	383,939
Cash and cash equivalents are broken down as follows:			
Cash at bank and short-term deposits	20	359,430	383,939
Bank overdrafts	20	(8,375)	–
		351,055	383,939

Group Statement of Changes in Equity

	Equity share capital £'000	Share premium account £'000	Capital redemption reserve £'000
Year to 31 December 2024			
At 1 January 2024	7,094	223,861	2,195
Profit after tax for the financial year	–	–	–
Total other comprehensive income			
Remeasurement gain on pensions (net of tax)	–	–	–
Movement in cash flow hedge reserve (net of tax)	–	–	–
Currency translation effect on foreign currency net investments	–	–	–
Total other comprehensive (expense)	–	–	–
Total comprehensive income	–	–	–
Transactions with owners of the Parent recognised directly in equity			
Dividends paid (Note 10)	–	–	–
Issue of Grafton Units	3	280	–
Purchase of treasury shares (Note 18)	–	–	–
Cancellation of treasury shares	(353)	–	353
Transfer from treasury shares	–	–	–
Share-based payments charge	–	–	–
Tax on share-based payments	–	–	–
Transfer from shares to be issued reserve	–	–	–
Transfer from revaluation reserve	–	–	–
	(350)	280	353
At 31 December 2024	6,744	224,141	2,548

	Equity share capital £'000	Share premium account £'000	Capital redemption reserve £'000
Year to 31 December 2023			
At 1 January 2023	7,870	221,975	1,389
Profit after tax for the financial year	–	–	–
Total other comprehensive income			
Remeasurement gain on pensions (net of tax)	–	–	–
Movement in cash flow hedge reserve (net of tax)	–	–	–
Currency translation effect on foreign currency net investments	–	–	–
Total other comprehensive (expense)	–	–	–
Total comprehensive income	–	–	–
Transactions with owners of the Parent recognised directly in equity			
Dividends paid (Note 10)	–	–	–
Issue of Grafton Units	30	1,886	–
Purchase of treasury shares (Note 18)	–	–	–
Cancellation of treasury shares	(806)	–	806
Transfer from treasury shares	–	–	–
Share-based payments charge	–	–	–
Tax on share-based payments	–	–	–
Transfer from shares to be issued reserve	–	–	–
Transfer from revaluation reserve	–	–	–
	(776)	1,886	806
At 31 December 2023	7,094	223,861	2,195

Revaluation reserve £'000	Shares to be issued reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
12,186	6,562	(6)	75,282	1,332,992	(4,365)	1,655,801
-	-	-	-	122,013	-	122,013
-	-	-	-	4,358	-	4,358
-	-	-	-	-	-	-
-	-	-	(33,099)	-	-	(33,099)
-	-	-	(33,099)	4,358	-	(28,741)
-	-	-	(33,099)	126,371	-	93,272
-	-	-	-	(73,190)	-	(73,190)
-	-	-	-	-	-	283
-	-	-	-	-	(81,085)	(81,085)
-	-	-	-	(81,391)	81,391	-
-	-	-	-	(162)	162	-
-	1,162	-	-	-	-	1,162
-	(42)	-	-	-	-	(42)
-	(880)	-	-	880	-	-
(149)	-	-	-	149	-	-
(149)	240	-	-	(153,714)	468	(152,872)
12,037	6,802	(6)	42,183	1,305,649	(3,897)	1,596,201

Revaluation reserve £'000	Shares to be issued reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
12,375	8,647	(37)	87,492	1,411,053	(5,185)	1,745,579
-	-	-	-	148,723	-	148,723
-	-	-	-	1,317	-	1,317
-	-	31	-	-	-	31
-	-	-	(12,210)	-	-	(12,210)
-	-	31	(12,210)	1,317	-	(10,862)
-	-	31	(12,210)	150,040	-	137,861
-	-	-	-	(72,569)	-	(72,569)
-	-	-	-	-	-	1,916
-	-	-	-	-	(159,458)	(159,458)
-	-	-	-	(159,591)	159,591	-
-	-	-	-	(687)	687	-
-	2,127	-	-	-	-	2,127
-	345	-	-	-	-	345
-	(4,557)	-	-	4,557	-	-
(189)	-	-	-	189	-	-
(189)	(2,085)	-	-	(228,101)	820	(227,639)
12,186	6,562	(6)	75,282	1,332,992	(4,365)	1,655,801

Notes to the Group Financial Statements

1. Summary of Material Accounting Policies

General Information

Grafton Group plc ('Grafton' or 'the Group') is a public limited company incorporated in the Republic of Ireland. The registered number is 8149 and registered office address is The Hive, Carmanhall Road, Sandyford Business Park, Dublin 18, D18 Y2C9. The Group is an international distributor of building materials to trade customers who are primarily engaged in residential repair, maintenance and improvement projects and house building.

Statement of Compliance

The consolidated financial statements of Grafton Group plc have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"). The IFRSs applied in these financial statements were those effective for accounting periods ending on 31 December 2024.

New Standards, Amendments and Interpretations

A number of new standards and amendments to standards and interpretations were effective for annual periods beginning after 1 January 2024, and have been applied in preparing these financial statements. The following Standards and Interpretations were effective for the Group and parent company in 2024 but did not have a material effect on the results or financial position of the Group or parent company:

- IAS 1 (Amendments) Presentation of Financial Statements (Effective 1 January 2024)
- IAS 7 (Amendments) Statement of Cash Flows (Effective 1 January 2024)
- IFRS 7 (Amendments) Financial Instruments (Effective 1 January 2024)
- IFRS 16 (Amendments) Leases (Effective 1 January 2024)

New Standards, Amendments and Interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2025, and have not been applied in preparing these financial statements. The following Standards and Interpretations are not yet effective for the Group and parent company and are not expected to have a material effect on the results or financial position of the Group or parent company:

- IAS 21 (Amendments) The Effects of Changes in Foreign Exchange Rates (Effective 1 January 2025)
- IFRS 9/IFRS 7 (Amendments) Classification and Measurement of Financial Instruments (Effective 1 January 2026)
- IFRS 18 Presentation and Disclosure in Financial Statements (Effective 1 January 2027)

Basis of Preparation

The consolidated Financial Statements are presented in sterling, rounded to the nearest thousand. As set out in the Directors' Report on Corporate Governance the Directors, having made appropriate enquiries, believe that the Company and the Group as a whole has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of the financial statements and, for this reason, they continue to adopt the going concern basis in preparing the financial statements. The Statements have been prepared under the historical cost convention, as modified by the previous revaluation of land and buildings, the measurement at fair value of share-based payments at initial date of award, the measurement at fair value of all derivative financial instruments and the measurement at fair value of investment property. Assets classified as held for sale are stated at the lower of carrying value and fair value less costs to sell. The carrying values of recognised assets and liabilities that are fair value hedged are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The preparation of consolidated financial statements in accordance with IFRS as adopted by the EU requires management to make certain estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expense. Management believes that the estimates and assumptions made are reasonable based on the information available to it at the time that those estimates and assumptions are made. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant in relation to the consolidated financial statements are set out in Note 32 and relate primarily to valuation of inventory, accounting for defined benefit pension schemes, goodwill impairment, rebate income and IFRS 16 "leases".

In preparing the financial statements, the Directors have also considered the current and potential impact of climate change. Costs associated with projects to improve energy efficiency, reduce carbon emissions and to mitigate physical risks on the Group's properties have been absorbed within operating expenses or capital expenditure as appropriate. There has been no material impact on the net realisable value of inventory or the net value of fixed assets in this year's financial statements as a result of climate change. The impact of climate change related incentives in executive director bonuses and interest on bank borrowings has not been material. No liabilities have arisen in respect of net zero commitments as at 31 December 2024.

1. Summary of Material Accounting Policies continued

Basis of Preparation continued

These considerations did not have a material impact on the financial reporting judgements and estimates in the current year, specifically in the impairment and going concern analysis. The Group's analysis of the impact of climate change continues to evolve with Grafton committed to reducing its carbon impact.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all subsidiaries drawn up to 31 December each year. The financial year-end of the Group's subsidiaries are coterminous.

Subsidiaries

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained and they cease to be consolidated from the date on which the Group loses control. The definition of control is when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised gains and income and expenses arising from such transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Revenue Recognition

Revenue comprises the fair value of consideration receivable for goods and services supplied to external customers in the ordinary course of the Group's activities and excludes inter-company revenue and value added tax.

In general, revenue is recognised to the extent that the Group has satisfied its performance obligations to the buyer and the buyer has obtained control of the goods or services being transferred. In the case of sales of goods, this generally arises when products have either been delivered to or collected by a customer and there is no unfulfilled obligation that could affect the acceptance of the products. Service revenue comprises tool hire revenue and is recognised over the period of hire.

Revenues are recorded based on the price specified in the sales invoices/contracts net of actual and estimated returns, rebates and any discounts granted and in accordance with the terms of sale. Accumulated experience is used to estimate returns, rebates and discounts using the expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses for which discrete financial information is available, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker, being the Board, who is responsible for allocating resources and assessing performance.

Foreign Currency Translation

Functional and Presentation Currency

The consolidated financial statements are presented in sterling. Items included in the financial statements of each of the Group's entities are measured using its functional currency, being the currency of the primary economic environment in which the entity operates which is primarily euro and sterling. The functional currency of the parent company is euro.

Transactions and Balances

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the relevant functional currency at the rate of exchange ruling at the balance sheet date.

All currency translation differences on monetary assets and liabilities are taken to the income statement except for the effective portion designated as a hedge of a net investment in a foreign operation which is recognised in other comprehensive income.

Foreign Operations

The assets and liabilities of foreign operations, including goodwill arising on consolidation, are translated to sterling at the foreign exchange rates ruling at the balance sheet date. Results and cash flows of subsidiaries which do not have sterling as their functional currency are translated into sterling at average exchange rates for the year and the related balance sheets are translated at the rates of exchange ruling at the balance sheet date.

Foreign exchange movements arising on translation of the net investment in a foreign operation, including those arising on long term intra-Group loans deemed to be quasi equity in nature, are recognised directly in other comprehensive income, in the currency translation reserve. The portion of exchange gains or losses on foreign currency borrowings or derivatives used to provide a hedge against a net investment in a foreign operation that is designated as a hedge of those investments is recognised directly in other comprehensive income to the extent that they are determined to be effective. The ineffective portion is recognised immediately in the income statement.

Notes to the Group Financial Statements continued

1. Summary of Material Accounting Policies continued

Foreign Currency Translation continued

Movements since 1 January 2004, the date of transition to IFRS, are recognised in the currency translation reserve and are reclassified to the income statement on disposal of the related business.

Share Capital and Share Premium

The company's share capital and share premium has been translated from euro into sterling at historic rates of exchange at the dates of transactions.

Exceptional Items and Non-recurring Items

The Group has adopted a policy in relation to its income statement which seeks to highlight significant items within the Group's results. Such items may include significant restructuring provisions, profit or loss on disposal or termination of operations, litigation costs and settlements and impairment of assets. Judgement is used by the Group in assessing the particular items which, by virtue of their scale and nature, should be disclosed in the income statement or related notes. Where exceptional items are not significant for separate presentation, they are disclosed as non-recurring items.

Property profit is disclosed as a separate line item on the face of the Income Statement. Property profit arises when the proceeds, less costs to sell, exceed the carrying value of the disposed property.

Rebate Arrangements

Rebate arrangements are a common component of supplier agreements in the merchanting industry. As part of its on-going business activities, Grafton Group plc entities have entered into such arrangements with a significant number of their suppliers.

Supplier rebates received and receivable in respect of goods which have been sold to the Group's customers are deducted from cost of sales in the income statement. Where goods on which rebate has been earned remain in inventory at the year-end, an appropriate rebate deduction is made from the gross balance sheet carrying value of that inventory. The rebate deduction is only released to the income statement when the goods are ultimately sold. At the year-end the balance sheet includes a balance representing unpaid amounts receivable from suppliers.

Finance Expense

Finance expense comprises interest payable on borrowings calculated using the effective interest rate method, net foreign exchange losses on monetary items and gains and losses on hedging instruments that are recognised in the income statement. The net finance cost of pension scheme obligations is recognised as a finance expense in the income statement. The interest expense component of lease payments is recognised in the income statement using the effective interest rate method. Where appropriate the fair value adjustment to hedged items that are the subject of a fair value hedge is included as a finance expense or finance income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement as incurred using the effective interest rate method.

Finance Income

Finance income comprises interest income on cash and cash equivalents, fixed term cash deposits, dividend income, gains on the disposal of financial assets, and gains on hedging instruments that are recognised in profit or loss. The net expected return on defined benefit pension scheme plan assets is recognised as finance income in the income statement. Interest income is recognised in the income statement as it accrues using the effective interest rate method.

Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is defined as when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement. The consideration transferred does not include amounts related to the settlement of the pre-existing relationships. Such amounts are generally recognised in the income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

To the extent that settlement of all or any part of consideration for a business combination is deferred, the fair value of the deferred component is determined through discounting the amounts payable to their present value. Any contingent consideration payable is recognised at fair value at the acquisition date. The fair value of contingent consideration at acquisition date is arrived at through discounting the expected payment to present value and is disclosed as a liability within deferred consideration on acquisition of businesses.

1. Summary of Material Accounting Policies continued

Business Combinations continued

If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

A consideration arrangement contingent upon the continuing employment by the selling shareholders, in which the payments are automatically forfeited if employment terminates, is classified as remuneration for post-combination services, in line with IFRS 3.

Goodwill

Goodwill is the excess of the consideration paid over the fair value of the identifiable assets, liabilities and contingent liabilities in a business combination and relates to assets which are not capable of being individually identified and separately recognised.

Goodwill acquired is allocated, at acquisition date, to the groups of Cash Generating Units ("CGUs") expected to benefit from synergies related to the acquisition. Where management reassesses its groups of CGUs, goodwill is reallocated on a relative value basis.

Goodwill is measured at cost less accumulated impairment losses. The CGUs represent the lowest level within the Group at which goodwill is monitored for internal management purposes. These units are no larger than the operating segments determined in accordance with IFRS 8: Operating Segments. Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment exists.

Where the recoverable amount of a cash generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses arising in respect of goodwill are not reversed once recognised.

Where a business is disposed of from a CGU to which goodwill had been allocated on acquisition, an allocation is made to the disposed business and included in determining the profit or loss arising on disposal. The allocation of goodwill to the disposed business is determined on the basis of the fair value of the disposed business relative to the fair value of the portion of the CGU retained. Fair value of the disposed business is based on the disposal consideration and fair value of the portion of the CGU retained is determined on a value in use basis.

Intangible Assets (Computer Software)

Acquired computer software, including computer software which is not an integrated part of an item of computer hardware, is stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost comprises of purchase price and any other directly attributable costs.

Costs relating to the development of computer software is recognised if it meets the following criteria:

- An asset can be separately identified;
- The ability to use the asset can be demonstrated;
- It is probable that the asset created will generate future economic benefits;
- Adequate resources are available to complete the development of the asset;
- The completion and implementation of the asset is technically feasible;
- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- Expenditure attributable to the asset during its development can be measured reliably.

Costs relating to the development of computer software for internal use are capitalised once the recognition criteria outlined above are met.

Computer software is amortised over its expected useful life, which ranges from 4 to 10 years, by charging equal instalments to the income statement from the date the assets are ready for use.

Intangible Assets (other than Goodwill and Computer Software)

An intangible asset, other than goodwill and computer software, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its fair value can be measured. The asset is deemed to be identifiable when it is separable (i.e. capable of being divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability) or when it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

Trade names, customer relationships and technology assets, acquired as part of a business combination, are valued at their fair value at the date control is achieved and are capitalised separately from goodwill if the intangible asset meets the definition of an asset and the fair value can be reliably measured. Brand related intangible assets are amortised on a straight-line basis over the period of their expected useful economic lives, which ranges from 2 to 20 years. The useful economic life used to amortise intangible assets relates management's estimate of the period over which economic benefit will be derived from the asset.

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying value of intangible assets is reviewed for impairment at each reporting date and is also subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

Notes to the Group Financial Statements continued

1. Summary of Material Accounting Policies continued

Property, Plant and Equipment

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. The Group's freehold properties in Ireland were revalued to fair value in 1998 and are measured on the basis of deemed cost being the revalued amount at the date of that revaluation less accumulated depreciation. The valuations were deemed to be cost for the purposes of transition to IFRS as adopted by the EU.

Property, plant and equipment are depreciated over their useful economic life on a straight line basis at the following rates:

Freehold buildings	50 – 100 years
Freehold land	Not depreciated
Leasehold improvements/buildings	Lease term or up to 100 years
Plant and machinery	5 – 20 years
Motor vehicles	5 – 10 years
Plant hire equipment	4 – 10 years

The residual value and useful lives of property, plant and equipment are reviewed and adjusted if appropriate at each balance sheet date.

On disposal of property, plant and equipment, the cost and related accumulated depreciation and impairments are removed from the balance sheet and the net amount, less any proceeds, is taken to the income statement.

The carrying amounts of the Group's property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash generation unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of replacing the item can be reliably measured. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Leases

Identification of Leases

The identification of leases involves judgement as IFRS 16 defines a lease as a contract (or part of a contract) that, for a period of time in exchange for consideration, conveys the right to:

- Control an identified asset;
- Obtain substantially all economic benefits from use of the asset; and
- Direct the use of the asset.

Lease Term

The lease term is the non-cancellable period for which the Group has the right to use an underlying asset together with:

- Periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and
- Periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. This assessment involves the exercise of judgement by the Group.

Initial Measurement of Lease Liability

The lease liability is initially measured at the present value of the lease payments that are payable for the lease term, discounted using the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments);
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees (e.g. if the fair value of the asset at the end of the lease term is below an agreed amount, the lessee would pay to the lessor an amount equal to the difference between the fair value and agreed amount);
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability does not include variable elements which are dependent on external factors, e.g. payments that are based on turnover. Instead, such variable elements are recognised directly in the income statement.

Judgements applied include determining the lease term for those leases with termination or extension options and the discount rate used which is based on incremental borrowing rate. Such judgements could impact the lease term and significantly the resultant lease liability and right-of-use asset recognised.

1. Summary of Material Accounting Policies continued

Leases continued

Initial Measurement of Lease Liability continued

Where a lease agreement contains a clause to restore the asset to a specified condition i.e. dilapidation costs, the Group recognises a provision for dilapidations under IAS 37 in its balance sheet.

Initial Measurement of Right-of-Use Asset

The right-of-use asset comprises the amount of the initial measurement of the lease liability, adjusted for:

- Any lease payments made at or before the commencement date, less any lease incentives; and
- Any initial direct costs incurred by the Group.

In addition, where the Group subleases a headlease (or part thereof) to a third party and such sublease is deemed by the Group to be a finance sublease, the right-of-use asset relating to sublease is derecognised and a finance lease receivable is recognised.

Subsequent Measurement of Lease Liability

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Subsequent Measurement of Right-of-Use Asset

After initial measurement, the right-of-use assets are measured at cost less accumulated depreciation, adjusted for:

- Any impairment losses in accordance with IAS 36 Impairment of Assets; and
- Any remeasurement of the lease liability.

Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Lease modifications

A lease modification is a change to the original terms and conditions of the lease. The effective date of the modification is deemed to be the date when both parties agree to a lease modification.

A lease modification is accounted for as a separate lease if:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The consideration for the lease increases by an amount commensurate with the standalone price for the increase in scope of the lease.

If both criteria are met, the Group adopts the accounting policy on the initial recognition and measurement of lease liabilities and right-of-use assets.

If a change in the lease terms does not meet the test outlined above, the Group must modify the initially recognised components of the lease contract.

Sublease Accounting

Where the Group acts as a lessor, the sublease is classified as a finance lease or an operating lease. A lease is deemed to be a finance lease where the lease transfers substantially all the risks and rewards incidental to the ownership of the underlying asset. Otherwise, the lease is deemed to be an operating lease.

Where the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The Group assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

If the head lease is not a short term lease or low-value lease and the sublease is deemed to be a finance lease, the Group recognises a lease liability relating to the head lease but does not recognise a corresponding right-of-use asset. Instead, the Group recognises a finance lease debtor relating to the sublease.

Notes to the Group Financial Statements continued

1. Summary of Material Accounting Policies continued

Investment Properties

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Fair value is defined as the price that would be received if the asset was sold in an orderly transaction between market participants based on the asset's highest and best use.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes from owner occupied or held for sale to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in Other Comprehensive Income and presented in the revaluation reserve. Any loss is recognised in profit or loss.

Assets Held for Sale

Non-current assets that are expected to be recovered principally through sale rather than continuing use and meet the IFRS 5 criteria are classified as held for sale. These assets are shown in the balance sheet at the lower of their carrying amount and fair value less any costs to sell. Impairment losses on initial classification as non-current assets held for sale and subsequent gains or losses on re-measurement are recognised in the income statement.

Investments

Investments, other than investments in joint ventures and associates, are stated in the balance sheet at fair value with changes in fair value recognised directly in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit and loss following derecognition of the investment. Dividends from such investments are recognised in the income statement and are reported as non-operating items.

Where investments are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Where it is impracticable to determine fair value in accordance with IFRS 13, unquoted equity investments are recorded at historical cost and are included within financial assets on this basis in the Group balance sheet. They are assessed for impairment annually.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in, first-out principle and includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Raw materials and purchased finished goods are valued on the basis of purchase cost on a first-in, first-out basis. In the case of manufactured finished goods and work-in-progress, cost includes direct materials, direct labour and attributable overheads based on normal operating capacity and excludes borrowing costs. Net realisable value is the estimated proceeds of sale less all further costs to completion and less all costs to be incurred in marketing, selling and distribution.

Trade and Other Receivables and Payables

Trade and other receivables and payables are stated at amortised cost (less any impairment losses), which approximates to fair value given the short term nature of these assets and liabilities.

Trade receivables are carried at original invoice amount less an allowance for potentially uncollectable debts. Provision is made using the expected credit loss model which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

Bad debts are written-off in the income statement when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and the commencement of legal proceedings.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances held for the purposes of meeting short term cash commitments and money market instruments which are readily convertible to a known amount of cash. Where money market instruments are categorised as cash equivalents, the related balances have an original maturity of three months or less. Cash balances and bank overdrafts held by the Group are carried at amortised cost. Money market instruments are classified and measured at fair value through profit or loss. The carrying amount of these assets and liabilities approximates to their fair value.

For the purposes of the Group cash flow statement, bank overdrafts are netted against cash and cash equivalents where the overdrafts are repayable on demand and form an integral part of cash management.

Where there is a master netting agreement in place that grants the Group the legal right to set-off and management has intention to settle on a net basis with each bank, bank overdrafts are off-set against cash and cash equivalents. Where off-setting criteria has not been met, bank overdrafts are included within current interest-bearing loans and borrowings in the Group balance sheet.

1. Summary of Material Accounting Policies continued

Derivative Financial Instruments and Hedging Activities

Derivative financial instruments, principally interest rate and currency swaps/forwards, are used in certain circumstances to hedge the Group's exposure to foreign exchange and interest rate risks arising from its financing activities.

Derivative financial instruments are recognised initially at fair value and thereafter are subsequently re-measured at their fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of interest rate and currency swaps/forwards is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest and currency exchange rates and the current creditworthiness of the swapped counterparts.

The method of recognising the resulting gain or loss on re-measurement to fair value depends on whether the derivative is designated as a hedging instrument. Where derivatives are not designated or do not fulfil the criteria for hedge accounting, changes in fair values are reported in the income statement. Where derivatives qualify for hedge accounting, recognition of the resulting gains or losses depends on the nature of the item being hedged. The Group designates certain derivatives for various purposes in hedge relationships in one or more of the following types of relationships:

- (i) Fair value hedge: Hedges of the fair value of recognised liabilities;
- (ii) Cash flow hedge: Hedges of a particular risk associated with a highly probable forecast transaction; or
- (iii) Net investment hedge: Hedges of a net investment in a foreign operation.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of the hedged items.

(i) Fair Value Hedge

Any gain or loss stemming from the re-measurement of the hedging instrument to fair value is reported in the income statement. In addition, any gain or loss on the hedged item which is attributable to the fair value movement in the hedged risk is adjusted against the carrying amount of the hedged item and reflected in the income statement.

Where a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised monetary asset or liability, hedge accounting is not applied and any gain or loss accruing on the hedging instrument is recognised as finance income or expense in the income statement.

If the hedge no longer meets the criteria for hedge accounting, hedge accounting ceases and the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(ii) Cash Flow Hedge

The effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and presented in the cash flow hedge reserve in equity with the ineffective portion being reported as finance expense or income in the income statement. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised in other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. For cash flow hedges, other than those covered by the preceding statements, the associated cumulative gain or loss is removed from other comprehensive income and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

Hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the income statement in the period.

(iii) Net Investment Hedge

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within finance income or finance expense. Cumulative gains and losses remain in equity until disposal or partial disposal of the net investment in the foreign operation at which point the related differences are reclassified to the income statement as part of the overall gain or loss on sale.

Notes to the Group Financial Statements continued

1. Summary of Material Accounting Policies continued

Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recorded at fair value, net of related transaction costs. After initial recognition, current and non-current interest-bearing loans and borrowings are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Amortised cost includes any issue costs and any discount or premium on settlement. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Provisions

A provision is recognised on a discounted basis when the Group has a present (either legal or constructive) obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount required to settle the obligation. A provision for restructuring is recognised when the Group has approved a restructuring plan and the restructuring has commenced. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the lower of the present value of the expected cost of terminating the contract and the present value of the expected net cost of continuing with the contract.

Retirement Benefit Obligations

Obligations to the defined contribution pension plans are recognised as an expense in the income statement as service is received from the relevant employees. The Group has no legal or constructive obligation to pay further contributions in the event that these plans do not hold sufficient assets to provide retirement benefits.

The Group operates a number of defined benefit pension schemes, all of which have been closed to both new members and future accrual, which require contributions to be made to separately administered funds. The Group's net obligation in respect of defined benefit pension schemes is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan asset is deducted. The discount rate employed in determining the present value of the schemes' liabilities is determined by reference to market yields at the balance sheet date on high quality corporate bonds for a term consistent with the currency and term of the associated post-employment benefit obligations.

The net surplus or deficit arising in the Group's defined benefit pension schemes are shown within either non-current assets or liabilities on the face of the Group Balance Sheet. The deferred tax impact of pension scheme surpluses and deficits is disclosed separately within deferred tax assets or liabilities as appropriate. The Group recognises actuarial gains and losses immediately in other comprehensive income.

Any increase in the present value of the plans' liabilities expected to arise from employee service during the period is charged to operating profit. The Group determines net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period. Differences between the income recognised based on the discount rate and the actual return on plan assets, together with the effect of changes in the current or prior assumptions underlying the liabilities are recognised in other comprehensive income. When the benefits of a defined benefit plan are improved, the portion of the increased benefit relating to past service by employees is recognised as a past service cost in the income statement at the earlier of the date when the plan amendment occurs and when the related restructuring costs are recognised. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

Share-Based Payment Transactions

The 2011 and 2021 Long Term Incentive Plans ("LTIP") and the SAYE Scheme for UK employees enables employees to acquire shares in the Company subject to the conditions of these schemes. New units are issued to satisfy obligations under the SAYE scheme. Entitlements under the LTIP may be satisfied by the issue of units or by a market purchase of units. The fair value of share entitlements at the grant date is recognised as an employee expense in the income statement over the vesting period with a corresponding increase in equity. The fair value is determined by an external valuer using a binomial model. Share entitlements granted by the Company are subject to certain non-market based vesting conditions. Non-market vesting conditions are not taken into account when estimating the fair value of entitlements as at the grant date. The expense for share entitlements shown in the income statement is adjusted to reflect the number of awards for which the related non-market based vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related non-market based vesting conditions at the vesting date. The proceeds received by the Company on the vesting of share entitlements are credited to share capital and share premium when the share entitlements are converted or issued.

Government Grants

Government grants and assistance are recognised at their fair value in the income statement when there is a reasonable assurance that the grant will be received and all attaching conditions have been complied with. When the grant relates to an expense item, it is recognised in operating costs within the income statement over the period necessary to match on a systematic basis to the costs that it is intended to compensate. Where the grant relates to a non-current asset, the value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset.

1. Summary of Material Accounting Policies continued

Income Tax

Income tax in the income statement represents the sum of current tax and deferred tax.

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income.

Current tax is based on taxable profit and represents the expected tax payable for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes certain items that are not tax deductible including property depreciation. The Group's liability for current tax is calculated using rates that have been enacted or substantially enacted at the balance sheet date. The Group's income tax charge reflects various allowances and reliefs and planning opportunities available in the tax jurisdictions in which the Group operates. The determination of the Group's charge for income tax in the income statement requires estimates to be made, on the basis of professional advice, in relation to certain matters where the ultimate outcome may not be certain and where an extended period may be required before such matters are determined. The amount shown for current taxation reflects tax uncertainties and is based on the Directors' estimate of (i) the most likely amount; or (ii) the expected value of the probable outflow of economic resources that will be required. The estimates for income tax included in the financial statements are considered appropriate but no assurance can be given that the final determination of these matters will not be materially different to the estimates included in the financial statements. Whilst it is possible, the Group does not currently anticipate that any such differences could have a material impact on the income tax provision and profit for the period in which such a determination is made nor does it expect any significant impact on its financial position in the near term. This is based on the Group's knowledge and experience, as well as the profile of the individual components which have been reflected in the current tax liability, the status of the tax audits, enquiries and negotiations in progress at each year-end, previous claims and any factors specific to the relevant tax environments.

Deferred tax is provided, using the liability method, on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax assets and liabilities are not recognised for the following temporary differences:

- Goodwill that is not deductible for tax purposes;
- Temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or taxable profit or loss; and
- Temporary differences associated with investments in subsidiaries in which case deferred tax is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit would be available to allow all or part of the deferred tax asset to be utilised.

Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of Share Capital

When share capital recognised as equity is purchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity.

Dividends

Dividends on ordinary shares are recognised as a liability in the Group's financial statements in the period in which they are declared by the Company. In the case of interim dividends, these are considered to be declared when they are paid. In the case of final dividends these are declared when authorised by the shareholders in General Meeting.

Earnings Per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for treasury shares held. Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding adjusted for treasury shares held and for the effects of all dilutive potential ordinary shares related to employee share schemes.

2. Segment Information

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker, being the Board, in order to allocate resources to the segments and to assess their performance. Three reportable segments have been identified, Distribution, Retailing and Manufacturing.

Notes to the Group Financial Statements continued

2. Segment Information continued

The Distribution segment is engaged in the distribution of building and plumbing materials primarily to professional trades people engaged in residential repair, maintenance and improvement projects and also in residential and other new build construction from a network of 422 branches in Ireland, the UK, the Netherlands, Finland and Spain.

The aggregation of operating segments into the Distribution segment reflects, in the opinion of management, the similar economic characteristics within each of these segments as well as the similar products and services offered and supplied and the classes of customers. This is assessed by reference to gross margins and long term growth rates of the segments. The Retailing segment operates Ireland's largest DIY and home improvement business from a network of 35 stores that supply mainly retail customers with a wide range of products for DIY and for the home and garden. The Manufacturing segment comprises the largest manufacturer of dry mortar in Great Britain operating from 10 plants, an industry leading manufacturer and distributor of bespoke staircases and windows in the UK operating from one manufacturing facility and a plastics manufacturing business in Ireland.

Information regarding the results of each operating segment is included in this note. Performance is measured based on segment operating profit/(loss) as included in the internal management reports that are reviewed by the Group's Chief Operating Decision Maker. Segment operating profit is used to measure performance as such information is the most relevant in evaluating the results of the Group's segments.

No segment is over reliant on any major customer and credit risk is well diversified as disclosed in Note 17. Segment results, assets and liabilities include all items directly attributable to a segment. Segment capital expenditure is the total amount incurred during the period to acquire segment assets that are expected to be used for more than one accounting period.

Group Income Statement

	2024 £'000	2023 £'000
Revenue		
UK distribution	780,778	818,112
Ireland distribution	632,807	631,034
Netherlands distribution	337,581	351,474
Finland distribution	131,758	139,783
Spain distribution	29,664	–
Total distribution	1,912,588	1,940,403
Retailing	261,055	258,197
Manufacturing	122,157	135,298
Less: inter-segment revenue – manufacturing	(13,548)	(14,656)
Total revenue	2,282,252	2,319,242
Segmental operating profit before non-recurring items, intangible amortisation arising on acquisitions and other acquisition related items		
UK distribution	32,438	47,251
Ireland distribution	61,533	60,930
Netherlands distribution	26,394	33,416
Finland distribution	8,948	14,196
Spain distribution	322	–
Total distribution	129,635	155,793
Retailing	34,676	32,728
Manufacturing	24,306	30,269
	188,617	218,790
Reconciliation to consolidated operating profit		
Central activities	(15,087)	(14,541)
	173,530	204,249
Property profit	3,999	1,261
Operating profit before intangible amortisation arising on acquisitions and other acquisition related items	177,529	205,510
Acquisition related items*	(4,633)	(2,730)
Amortisation of intangible assets arising on acquisitions	(20,271)	(19,691)
Operating profit	152,625	183,089
Finance expense	(25,077)	(24,292)
Finance income	24,968	24,715
Profit before tax	152,516	183,512
Income tax expense	(30,503)	(34,789)
Profit after tax for the financial year	122,013	148,723

* Acquisition related items comprise deferred consideration payments relating to the retention of former owners of businesses acquired, transaction costs and expenses, professional fees for new and target acquisitions, adjustments to previously estimated earn outs and customer relationships asset impairment charges.

2. Segment Information continued

The amount of revenue by geographic area is as follows:

	2024 £'000	2023 £'000
Revenue*		
United Kingdom	881,907	929,821
Ireland**	901,342	898,164
Netherlands	337,581	351,474
Finland	131,758	139,783
Spain	29,664	–
Total revenue – continuing operations	2,282,252	2,319,242

* Service revenue, which relates to plant and equipment hire and is recognised over time, amounted to £12.3 million for the year (2023: £11.5 million)

** Grafton Group plc is domiciled in the Republic of Ireland and the revenues from external customers in Ireland were £901.3 million (2023: £898.2 million)

The analysis of geographic revenue above is the same whether it is based on location of assets or customers.

Group Balance Sheet

	2024 £'000	2023 £'000
Segment assets		
Distribution	1,953,724	1,914,204
Retailing	152,934	169,342
Manufacturing	117,643	122,701
	2,224,301	2,206,247
Unallocated assets		
Deferred tax assets	7,453	6,665
Retirement benefit assets	10,932	9,536
Other financial assets	125	127
Fixed term cash deposits	150,000	200,000
Cash and cash equivalents	359,430	383,939
Total assets	2,752,241	2,806,514
	2024 £'000	2023 £'000
Segment liabilities		
Distribution	641,253	648,830
Retailing	152,576	174,020
Manufacturing	33,065	30,501
	826,894	853,351
Unallocated liabilities		
Interest bearing loans and borrowings (current and non-current)	237,372	204,219
Retirement benefit obligations	9,591	15,363
Deferred tax liabilities	62,040	60,234
Current income tax liabilities	20,138	17,541
Derivative financial instruments (current)	5	5
Total liabilities	1,156,040	1,150,713

Notes to the Group Financial Statements continued

2. Segment Information continued

Other segment information

	Year Ended 31 December							
	Distribution		Retailing		Manufacturing		Group	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Goodwill [^]	597,036	607,797	–	–	37,265	37,265	634,301	645,062
Goodwill acquired [^]	3,863	15,786	–	–	–	–	3,863	15,786
Property, plant & equipment additions	30,922	39,318	4,467	3,938	4,182	5,560	39,571	48,816
Property, plant & equipment acquired	14,218	6,447	–	–	–	505	14,218	6,952
Right-of-use assets additions	14,973	13,210	–	31	180	113	15,154	13,353
Right-of-use assets acquired	24,413	820	–	–	–	–	24,413	820
Investment in intangible assets	4,961	2,491	2,029	472	285	1,000	7,275	3,963
Intangible assets acquired	15,678	–	–	–	–	4,890	15,678	4,890
Depreciation on property, plant & equipment	34,313	30,975	4,085	4,045	4,367	3,961	42,765	38,981
Depreciation on right-of use assets	52,444	48,311	15,811	16,095	1,396	1,313	69,651	65,719
Amortisation of intangible assets	18,971	18,461	367	612	2,984	2,214	22,322	21,287

Additional geographic analysis

The following is a geographic analysis of the information presented above.

	UK		Ireland		Netherlands		Finland		Spain		Group	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Goodwill [^]	327,194	327,194	158,781	166,426	110,374	115,684	34,117	35,758	3,835	–	634,301	645,062
Goodwill acquired [^]	–	13,354	–	2,298	–	–	–	134	3,863	–	3,863	15,786
Property, plant & equipment additions	16,828	22,144	16,411	17,997	4,474	6,371	1,569	2,304	289	–	39,571	48,816
Property, plant & equipment acquired	–	2,085	–	3,824	–	–	–	1,043	14,218	–	14,218	6,952
Right-of-use assets additions	5,420	2,755	2,127	4,663	7,562	4,603	33	1,332	12	–	15,154	13,353
Right-of-use assets acquired	–	748	–	41	–	–	–	31	24,413	–	24,413	820
Investment in intangible assets	3,055	1,304	2,050	801	2,042	1,393	128	465	–	–	7,275	3,963
Intangible assets acquired	–	4,890	–	–	–	–	–	–	15,678	–	15,678	4,890

	UK		Ireland		Netherlands		Finland		Spain		Group	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Segment non-current assets*	664,154	774,001	610,220	450,249	126,819	217,210	84,704	136,135	55,818	–	1,541,715	1,577,595
Properties held for sale											763	4,291
Inventories											381,803	361,598
Trade and other receivables											300,020	262,763
Total segment assets											2,224,301	2,206,247
Segment liabilities	345,716	370,950	328,004	359,011	76,064	82,737	34,405	40,653	42,705	–	826,894	853,351

* Excludes deferred tax assets, retirement benefit assets and other financial assets but includes current finance lease receivables.

[^] Prior year comparatives have been updated to conform to the current year presentation.

3. Operating Costs and Income

The following have been charged/(credited) in arriving at operating profit:

	2024 Total £'000	2023 Total £'000
Decrease in inventories (Note 26)	28,574	37,821
Purchases and consumables	1,407,786	1,430,054
Staff costs before non-recurring items (Note 6)	365,952	350,925
Auditors' remuneration – Group and subsidiaries	1,333	1,325
Auditors' remuneration – Audit services provided by other firms	144	126
Depreciation (Note 13a)	42,765	38,981
Depreciation on right-of-use assets (Note 13b)	69,651	65,719
Lease rentals and other hire charges (Note 13b)	2,092	1,310
Amortisation of intangible assets (Note 15)	22,322	21,287
Loss/(profit) on disposal of property, plant and equipment	570	(475)
Acquisition related costs	4,633	2,730
Selling, distribution and administrative expenses	187,804	187,611
	2,133,626	2,137,414

The following services were provided by the Group's Auditor:

	2024 £'000	2023 £'000
Audit services		
– Group Auditor – PwC Ireland	770	763
– Other network firm – PwC	539	537
	1,309	1,300
Other assurance services*		
– Group Auditor – PwC Ireland	24	23
– Other network firm – PwC	–	2
	24	25
Auditors' remuneration – audit and other assurance services	1,333	1,325
Other non-audit services		
– Group Auditor – PwC Ireland	–	–
– Other network firm – PwC	–	–
	–	–
Tax advisory services		
– Group Auditor – PwC Ireland	–	–
– Other network firm – PwC	–	–
	–	–
Total (including expenses)		
– Group Auditor – PwC Ireland	794	786
– Other network firm – PwC	539	539
	1,333	1,325

* Other assurance services primarily relates to the review of the Group's interim results.

Notes to the Group Financial Statements continued

4. Property Profit, Non-Recurring Items and Exceptional Items

Property Profit

The property profit of £4.0 million relates to profit on property disposals of £0.8 million, a fair value gain of £0.5 million on one investment property in Ireland and an additional fair value gain of £2.7 million on one investment property in the UK.

In 2024, the Group disposed of two Irish properties (2023: one UK property and two Irish properties).

The property profit in 2023 of £1.3 million relates to profit on property disposals of £0.9 million and the property profit realised in 2023 of £0.4 million which was the recovery of an amount which had been provided against in the previous year.

Non-Recurring Items

There were no non-recurring items recognised in 2024 or 2023.

Exceptional Items

There were no exceptional items recognised in 2024 or 2023.

5. Directors' Remuneration, Pension Entitlements and Interests

	2024 £'000	2023 £'000
Emoluments	3,115	2,208
Benefits under Long Term Incentive Plan ("LTIP")*	140	203
Total emoluments	3,255	2,411
Emoluments above include the following:		
Pension payments/contributions**	111	108
	111	108

* For the year ended 31 December 2024, this is the value of LTIP awards that will vest in April/November 2025. The vesting of these awards was subject to performance conditions over the period from 1 January 2022 to 31 December 2024. The value of the awards is based on the average share price of £9.86 for the three months to 31 December 2024. For the year ended 31 December 2023, this is the value of LTIP awards that vested in August 2024. The value of this award has been updated from that disclosed last year to reflect the share price of £10.796 on the date of vesting.

** This is the amount of contribution payable in respect of the financial year by way of a company contribution to a pension scheme or a taxable payment in lieu of pension made through the payroll. This amount is accruing to two directors at 31 December 2024 (2023: two).

Further unaudited information on Directors' remuneration, pension entitlements and interests in shares and share entitlements is presented in the Report of the Remuneration Committee on Directors' Remuneration on pages 102 to 119.

6. Employment

The average number of persons employed during the year by segment was as follows:

	2024 Total	2023 Total
Distribution	7,783	7,161
Retailing	1,228	1,287
Manufacturing	393	354
Holding company	25	22
	9,429	8,824

The aggregate remuneration costs of employees were:

	2024 Total £'000	2023 Total £'000
Wages and salaries	317,154	302,325
Social welfare costs	36,431	34,784
Share based payments charge	1,162	2,127
Defined benefit pension (Note 30)	128	(252)
Defined contribution pension and related costs	11,077	11,941
Staff costs charged to operating profit	365,952	350,925
Net finance cost on pension scheme obligations (Note 30)	305	398
Charged to income statement	366,257	351,323
Remeasurement (gain) on pension schemes (Note 30)	(5,439)	(1,320)
Total employee benefit cost	360,818	350,003

6. Employment continued

The share-based payments charge was derived on the basis of the Group's expectation of the number of shares likely to vest having regard to the service, the historic performance of the Group over the period since the share entitlements were granted and the forecast performance over the remaining life of share awards.

Total capitalised costs in 2024 were £Nil (2023: £Nil).

Key Management

The cost of key management including Directors is set out in the table below:

	2024	2023
Number of individuals*	13	10
	2024 £'000	2023 £'000
Short term employee benefits	3,887	2,475
Share-based payment charge	956	761
Retirement benefits expense	163	133
Charged to operating profit	5,006	3,369

* From 1 January 2024, key management includes Paula Harvey and Stephen Hunter who form part of the Group Management Team (GMT). Susan Lannigan was appointed to the GMT on 8 July 2024 and is included from that date. Charles Rinn left the Group on 8 July 2024 and is included up to that date.

7. Finance Expense and Finance Income

	2024 £'000	2023 £'000
Finance expense:		
Interest on bank loans, US senior notes and overdrafts*	8,270	8,331
Interest on lease liabilities*	15,026	15,563
Net finance cost on pension scheme obligations	305	398
Unwinding of discount applicable to deferred consideration (Note 27)	1,476	–
	25,077	24,292
Finance income:		
Interest income on bank deposits*	(23,355)	(24,199)
Foreign exchange gain	(1,613)	(516)
	(24,968)	(24,715)
Net finance expense/(income) recognised in income statement	109	(423)

* Net bank and US senior note interest income of £15.1 million (2023: £15.9 million). Including interest on lease liabilities, net interest income was £0.1 million income (2023: £0.3 million net interest income).

	2024 £'000	2023 £'000
Amounts relating to items not at fair value through income statement		
– Total finance expense on financial liabilities	23,296	23,894
– Total finance income on financial assets	(23,355)	(24,199)
Recognised directly in other comprehensive income		
Currency translation effects on foreign currency net investments	(33,099)	(12,210)
Effective portion of changes in fair value of cash flow hedges	–	31
	(33,099)	(12,179)

8. Foreign Currencies

The results and cash flows of the subsidiaries with euro functional currencies have been translated into sterling using the average exchange rate for the year. The balance sheets of subsidiaries with euro functional currencies have been translated into sterling at the rate of exchange ruling at the balance sheet date.

The average sterling/euro rate of exchange for the year ended 31 December 2024 was Stg84.66 pence (2023: Stg86.98 pence). The sterling/euro exchange rate at 31 December 2024 was Stg82.92 pence (2023: Stg86.91 pence).

Notes to the Group Financial Statements continued

9. Income Tax

(a) Income tax recognised in income statement

	2024 £'000	2023 £'000
Current tax expense		
Irish corporation tax	13,869	12,884
UK and other corporation tax	15,763	22,041
Global minimum top-up tax	524	–
	30,156	34,925
Deferred tax expense		
Irish deferred tax relating to the origination and reversal of temporary differences	(52)	(4)
Deferred tax expense resulting from change in tax rates	–	13
UK and other deferred tax expense relating to the origination and reversal of temporary differences	399	(145)
	347	(136)
Total income tax expense in income statement	30,503	34,789

Taxation

The income tax expense of £30.5 million (2023: £34.8 million) was equivalent to an effective tax rate of 20.0 per cent on profit (2023: 19.0 per cent). This is a blended rate of corporation tax on profits in the five jurisdictions where the Group operates. The increase in the effective rate reflects an increase in the UK rate of corporation tax to 25 per cent with effect from 1 April 2023 (2023: 23.5% blended rate) and the introduction of the global minimum top-up tax. The tax rate is impacted by the disallowance of a tax deduction for certain overheads including depreciation on property.

Taxation paid in 2024 was £29.0 million (2023: £38.4 million).

The amount shown for current taxation reflects tax uncertainties and is based on the Directors' estimate of: (i) the most likely amount; or (ii) the expected value, of the probable outflow of economic resources that will be required. As with all estimates, the actual outcome may be different to the current estimate.

(b) Reconciliation of Effective Tax Rate

	2024 £'000	2023 £'000
Profit before tax	152,516	183,512
Profit before tax multiplied by the Irish standard rate of tax of 12.5% (2023: 12.5%)	19,065	22,939
Effects of:		
Expenses not deductible for tax purposes	2,627	2,299
Differences in effective tax rates on overseas earnings	6,966	10,312
Effect of change in tax rates	–	13
Items not previously recognised for deferred tax	1,072	(1,481)
Current tax expense related to global minimum top-up tax	524	–
Other differences	249	707
Total income tax expense in income statement	30,503	34,789

(c) Deferred Tax Recognised Directly in Equity/Other Comprehensive Income

	2024 £'000	2023 £'000
Actuarial movement on pension schemes (Note 30)	1,081	3
Employee share schemes	42	(345)
	1,123	(342)

Deferred income tax liabilities have not been recognised for any taxes that would be payable on the unremitted earnings of certain subsidiaries as it is probable that any temporary differences will not reverse in the foreseeable future.

(d) Pillar Two – Global Minimum Top-Up Tax

The Group is subject to the global minimum top-up tax under Pillar Two tax legislation. Pillar Two legislation has been enacted or substantively enacted in Ireland and several other jurisdictions in which the Group operates effective from 1 January 2024. Under the legislation, the Group is liable to pay a top-up tax for the difference between the Pillar Two effective tax rate per jurisdiction and the 15 per cent minimum rate. Specific adjustments envisaged in the Pillar Two legislation can give rise to different effective tax rates compared to those calculated for IFRS purposes. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and will account for it as a current tax when it is incurred.

9. Income Tax continued

(d) Pillar Two – Global Minimum Top-Up Tax continued

The Group has recognised an immaterial Pillar Two current tax expense of £0.5 million for 2024 and expects to avail of transitional safe harbour reliefs in respect of a number of its jurisdictions for the financial year. The Group will continue to monitor changes in law and guidance as they apply to Grafton Group plc and its subsidiaries.

10. Dividends

	2024 £'000	2023 £'000
Group		
Final dividend for 2023 of 26.00p per Grafton Unit – paid 9 May 2024	52,216	–
Interim dividend for 2024 of 10.50p per Grafton Unit – paid 11 October 2024	20,974	–
Final dividend for 2022 of 23.75p per Grafton Unit – paid 11 May 2023	–	51,611
Interim dividend for 2023 of 10.00p per Grafton Unit – paid 20 October 2023	–	20,958
	73,190	72,569

A final dividend for 2022 of 23.75p per share was paid on 11 May 2023 in the amount of £51.6 million.

An interim dividend for 2023 of 10.00p per share was paid on 20 October 2023 in the amount of £21.0 million. The final dividend for 2023 of 26.00p per share was paid on 9 May 2024 in the amount of £52.2 million.

An interim dividend for 2024 of 10.50p per share was paid on 11 October 2024 in the amount of £21.0 million. A final dividend for 2024 of 26.50p per share will be paid to all holders of Grafton Units on the Company's Register of Members at the close of business on 22 April 2025 (the 'Record Date'). The Ex-dividend date is 17 April 2025. The cash consideration will be paid on 15 May 2025. A liability in respect of the final dividend has not been recognised at 31 December 2024, as there was no obligation to pay any dividends at the end of the year.

11. Earnings Per Share – Group

The computation of basic, diluted and adjusted earnings per share is set out below.

	2024 £'000	2023 £'000
Numerator for basic, adjusted and diluted earnings per share:		
Profit after tax for the financial year	122,013	148,723
Numerator for basic and diluted earnings per share	122,013	148,723
Profit after tax for the financial year	122,013	148,723
Amortisation of intangible assets arising on acquisitions	20,271	19,691
Tax relating to amortisation of intangible assets arising on acquisitions	(4,573)	(4,415)
Acquisition related items	4,633	2,730
Tax on acquisition related items	–	(229)
Unwinding of discount applicable to deferred consideration	1,476	–
Numerator for adjusted earnings per share	143,820	166,500
Denominator for basic and adjusted earnings per share:		
	Number of Grafton Units	Number of Grafton Units
Weighted average number of Grafton Units in issue	200,367,922	213,802,819
Dilutive effect of options and awards	101,676	24,688
Denominator for diluted earnings per share	200,469,598	213,827,507
Earnings per share (pence)		
– Basic	60.89	69.56
– Diluted	60.86	69.55
Adjusted earnings per share (pence)*		
– Basic	71.78	77.88
– Diluted	71.74	77.87

* The term "Adjusted" means before exceptional items, amortisation of intangible assets arising on acquisitions, the impact of unwinding acquisition related deferred consideration to present value and acquisition related items.

The weighted average potential employee share entitlements over 677,432 Grafton Units (2023: 526,329) which are currently anti-dilutive are not included in the above calculation for diluted earnings per share and adjusted diluted earnings per share.

Notes to the Group Financial Statements continued

12. Goodwill

	2024 £'000	2023 £'000
Cost		
At 1 January	645,062	635,751
Arising on acquisitions (Note 27)	3,863	15,786
Translation adjustment	(14,624)	(6,475)
At 31 December	634,301	645,062

Cash Generating Units

Goodwill arising as part of a business combination is allocated to groups of cash generating units ("CGUs") for the purpose of impairment testing based on the Group's existing business segments or, where appropriate, recognition of a new CGU. The CGUs represent the lowest level at which goodwill is monitored for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8, Operating Segments. A total of eight CGUs (2023: seven), of which goodwill has been allocated to six (2023: five), have been identified and these are analysed between the three reportable segments as follows:

	Cash Generating Units		Goodwill	
	2024 Number	2023 Number	2024 £'000	2023 £'000
Distribution	5	4	597,036	607,797
Retailing	1	1	—	—
Manufacturing*	2	2	37,265	37,265
	8	7	634,301	645,062

* Goodwill is allocated to one Manufacturing CGU.

Goodwill Acquired

Goodwill acquired during the year in the amount of £3.9 million (2023: £15.8 million) was allocated to the Spain distribution CGU (2023: Ireland and UK distribution CGUs and UK manufacturing CGU). Goodwill on this acquisition reflects the anticipated purchasing and operational synergies to be realised as part of the enlarged Group. Intangible assets which formed part of the acquisition consideration are detailed in Note 15.

Impairment Testing

Goodwill is subject to impairment testing on an annual basis at 31 December and additionally during the year if an indicator of impairment is considered to exist. The recoverable amount of each cash generating unit is determined based on value-in-use calculations. The carrying value of each cash generating unit was compared to its estimated value-in-use. There were no impairments during the year (2023: £Nil). Total accumulated impairment losses at 31 December 2024 amounted to £Nil (2023: £Nil).

Value-in-use Calculations

The value-in-use is calculated on the basis of estimated future cash flows discounted to present value. Estimated future cash flows were determined by reference to the budget for 2025 and management forecasts for each of the following years from 2026 to 2029 inclusive. The terminal value was calculated using a long term nominal growth rate in respect of the years after 2029. The estimates of future cash flows were based on consideration of past experience together with an assessment of the future prospects of each of the businesses within the CGUs. The assumptions used are also referenced against external industry data, where available.

The key assumptions used in the value-in-use calculations are the nominal revenue growth rate, the discount rate and the long term growth rate. The pre-tax discount rates used were based on the Group's estimated weighted average cost of capital, adjusted to reflect risks associated with each CGU.

The revenue compound annual growth rate (CAGR) ranges from 3.9 per cent to 9.9 per cent (2023: 0.7 per cent to 4.4 per cent). The pre-tax discount rates range from 9.5 per cent to 12.7 per cent (2023: 10.6 per cent to 14.6 per cent). In determining the terminal value of the value-in-use, it was assumed that cash flows after the first five years will increase at a nominal long term growth rate of 2.5 per cent (2023: 2.5 per cent). The rate assumed was based on an assessment of the likely long term growth prospects of the individual CGUs.

12. Goodwill continued

Significant Goodwill Amounts

A summary of the allocated goodwill and the assumptions (all nominal) relating to the recoverable amounts of these CGUs is shown below:

	UK Distribution		Irish Distribution		Netherlands Distribution		Finland Distribution		UK Manufacturing	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Goodwill (£'000)*	289,929	289,929	158,781	166,426	110,374	115,684	34,117	35,758	37,265	37,265
Recoverable amount basis	Value-in-use	Value-in-use	Value-in-use	Value-in-use	Value-in-use	Value-in-use	Value-in-use	Value-in-use	Value-in-use	Value-in-use
Revenue growth rate average**	6.2%	4.4%	3.9%	3.8%	6.0%	4.2%	4.9%	4.2%	9.9%	0.7%
Long-term growth rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Discount rate (pre-tax)	12.7%	13.1%	9.7%	10.9%	9.5%	10.6%	9.8%	11.2%	12.7%	14.6%

* The remaining goodwill balance of £3.8 million is allocated to the Spain Distribution CGU, which was acquired during the financial year ending 31 December 2024. The goodwill amount of this CGU is not significant.

** CAGR for the years 2025 – 2029 (2023: CAGR for the years 2024 – 2028).

Sensitivity Analysis

The value-in-use calculations are sensitive to changes in the key assumptions of the revenue growth rate, the discount rate and the long-term growth rate. While management believes that the value-in-use assumptions are appropriate, a sensitivity analysis was performed based on reasonable changes in each of the three key assumptions in each CGU. No reasonably possible change in any of the key assumptions would cause the carrying amount to exceed the recoverable amount in four of the five significant CGUs.

The UK Distribution CGU's recoverable amount has more limited headroom over its carrying amount, therefore, it is more sensitive to possible changes in key assumptions. A 220bps increase in the discount rate would eliminate the headroom that UK Distribution CGU's recoverable amount has over its carrying amount. Similarly, a decrease in the revenue growth rate of 110bps would eliminate the current headroom.

13. Property, Plant and Equipment, Right-of-Use Asset, Properties Held for Sale and Investment Properties

13. (a) Property, Plant and Equipment

	Freehold land and buildings £'000	Leasehold improvements/ buildings £'000	Plant and Machinery* £'000	Motor Vehicles £'000	Total £'000
Year ended 31 December 2024					
Opening net book amount	160,147	61,185	117,499	28,435	367,266
Additions	4,756	3,472	25,893	5,450	39,571
Arising on acquisitions (Note 27)	–	–	14,218	–	14,218
Disposals	–	(47)	(1,453)	(343)	(1,843)
Depreciation charge (Note 3)	(2,888)	(8,723)	(24,638)	(6,516)	(42,765)
Reclassifications	(477)	32	445	–	–
Exchange adjustment	(5,568)	(270)	(2,999)	(256)	(9,093)
Closing net book amount	155,970	55,649	128,965	26,770	367,354

At 31 December 2024

Cost	206,581	128,264	333,913	57,441	726,199
Accumulated depreciation & impairment loss	(50,611)	(72,615)	(204,948)	(30,671)	(358,845)
Net book amount	155,970	55,649	128,965	26,770	367,354

Year ended 31 December 2023

Opening net book amount	154,548	66,951	107,626	25,277	354,402
Additions	3,927	2,894	32,927	9,068	48,816
Arising on acquisitions	5,923	22	688	319	6,952
Disposals	–	(60)	(730)	(164)	(954)
Depreciation charge (Note 3)	(2,644)	(8,491)	(21,893)	(5,953)	(38,981)
Reclassification from right-of-use assets (Note 13b)	750	–	–	–	750
Exchange adjustment	(2,357)	(131)	(1,119)	(112)	(3,719)
Closing net book amount	160,147	61,185	117,499	28,435	367,266

At 31 December 2023

Cost	209,987	127,696	313,198	57,740	708,621
Accumulated depreciation & impairment loss	(49,840)	(66,511)	(195,699)	(29,305)	(341,355)
Net book amount	160,147	61,185	117,499	28,435	367,266

* This also includes plant hire equipment.

Notes to the Group Financial Statements continued

13. Property, Plant and Equipment, Right-of-Use Asset, Properties Held for Sale and Investment Properties continued

13. (a) Property, Plant and Equipment continued

The Group's freehold and long leasehold properties located in the Republic of Ireland were professionally valued as at December 1998 by professional valuers in accordance with the Appraisal and Valuation Manual of the Society of Chartered Surveyors. Property acquired/purchased after December 1998 is stated at cost or deemed cost. Previous valuations, which were made on an open market for existing use basis, were deemed to be cost for the purpose of the transition to IFRS as adopted by the EU. The remaining properties, which are located in the United Kingdom, the Netherlands, Finland and Spain, are included at cost less depreciation.

13. (b) Right-Of-Use Asset

	Property & Land Leases £'000	Vehicles £'000	Other Assets £'000	Total £'000
Year ended 31 December 2024				
Opening balance at 1 January 2024	389,285	11,488	525	401,298
Additions*	7,387	7,744	23	15,154
Arising on acquisitions (Note 27)	21,214	3,199	–	24,413
Depreciation charge (Note 3)	(63,831)	(5,665)	(155)	(69,651)
Disposals	(509)	(279)	(2)	(790)
Remeasurements*	15,412	522	–	15,934
Translation adjustment	(8,011)	(605)	(16)	(8,632)
Closing net book amount	360,947	16,404	375	377,726
Year ended 31 December 2023				
Opening balance at 1 January 2023	410,074	9,833	208	420,115
Additions*	5,847	7,097	409	13,353
Arising on acquisitions	820	–	–	820
Depreciation charge (Note 3)	(60,603)	(5,011)	(105)	(65,719)
Disposals	(2,084)	(347)	(2)	(2,433)
Reclassification to property, plant and equipment (Note 13a)**	(750)	–	–	(750)
Remeasurements*	39,866	65	19	39,950
Translation adjustment	(3,885)	(149)	(4)	(4,038)
Closing net book amount	389,285	11,488	525	401,298

* Right-of-use asset additions relate to new lease contracts entered into during the year and mainly arise due to leases entered into for replacement vehicle leases, new store locations and new lease contracts agreed for existing stores. Right-of-use asset remeasurements have mainly arisen due to the finalisation of rent reviews and the reassessment of extension options available to the Group on a number of property leases that will now be exercised.

** The right-of-use asset transfer to property, plant and equipment in 2023 relates to one property for which a purchase option was exercised during the year.

The carrying value of assets, which the Group sublease as operating leases and generate income from, amounted to £19.1 million (2023: £16.4 million). Cashflow exposures relating to extension options and termination options, which are not reflected in the measurement of lease liabilities are £Nil (2023: Nil).

The average lease term is 6.7 years (2023: 7.5 years). The average remaining lease term at 31 December 2024 is 3.2 years (2023: 3.4 years).

The amounts recognised in the income statement include:

	2024 Total £'000	2023 Total £'000
Depreciation expense on right-of-use assets (Note 3)	69,651	65,719
Interest expense on lease liabilities (Note 7)	15,026	15,563
Expense relating to short term leases (Note 3)	1,415	1,016
Expense relating to leases of low-value assets (Note 3)	287	62
Expense relating to variable lease payments not included in measurements of lease liability (Note 3)	390	232
Income from subleasing right-of-use assets – operating leases	1,078	959

The total cash outflow for leases amounted to £86.7 million (2023: £83.2 million).

There have been no sale and leaseback transactions in the current year.

The undiscounted lease amounts to be received on an annual basis, in relation to the sublease operating lease income, is £0.8 million for year one, £0.4 million for year two, £0.3 million for year three, £0.2 million for year four and £0.1 million for year five onwards with total income from subleasing right-of-use assets amounting to £1.8 million (2023: £2.5 million).

13. Property, Plant and Equipment, Right-of-Use Asset, Properties Held for Sale and Investment Properties continued

13. (c) Properties Held for Sale

	Carrying Amount £'000
At 1 January 2023	4,364
Transfers from investment properties	1,348
Disposals	(1,348)
Translation adjustment	(73)
At 31 December 2023	4,291
Disposals	(3,366)
Translation adjustment	(162)
At 31 December 2024	763

During the year, one Irish held for sale property was sold. The total number of properties held for sale at 31 December 2024 was one (2023: two). This property is located in the UK (2023: one in UK and one in Ireland).

Properties held for sale are not used in the course of business and are available for immediate sale in their present condition subject to terms that are usual and customary for properties of this nature. The individual properties were being actively marketed at the year end and the Group is committed to its plan to sell these properties in an orderly manner.

Properties held for sale are recognised in the balance sheet at the lower of their carrying amount and fair value less disposal costs. Fair value for this purpose is estimated based on comparable market transactions. The carrying value of these properties at 31 December 2024 and 31 December 2023 was less than fair value less disposal costs and therefore no reduction in the carrying amount is required to be recognised.

13. (d) Investment Properties

	Level 3 Fair Value £'000
At 1 January 2023	26,084
Transfers to properties held for sale	(1,348)
Translation adjustment	(127)
At 31 December 2023	24,609
Fair value gains	3,191
Disposals	(251)
Translation adjustment	(224)
At 31 December 2024	27,325

During the year, a fair value gain of £2.7 million was recognised on one UK investment property and £0.5 million on one Irish property. One Irish investment property was also sold. The total number of investment properties at 31 December 2024 was ten (2023: 11) of which six (2023: six) are located in the UK and four (2023: five) in Ireland. These properties are being held with a view to enhancing their value.

The following is a summary of valuation methods used in relation to the Group's investment properties which are carried at fair value:

At 31 December 2024

	Independent valuations £'000	Comparable market transactions £'000	2024 Total £'000
Investment Properties			
Distribution segment	17,562	6,451	24,013
Manufacturing segment	3,312	–	3,312
Total	20,874	6,451	27,325

At 31 December 2023

	Independent valuations £'000	Comparable market transactions £'000	2023 Total £'000
Investment Properties			
Distribution segment	14,862	6,276	21,138
Manufacturing segment	3,471	–	3,471
Total	18,333	6,276	24,609

Notes to the Group Financial Statements continued

13. Property, Plant and Equipment, Right-of-Use Asset, Properties Held for Sale and Investment Properties continued

13. (d) Investment Properties continued

The following tables show the valuation techniques used in measuring the fair value of investment properties and the significant unobservable inputs used. Where market transactions can be identified, the comparable market transaction method is used in order to determine fair value.

Valuation technique	Description of the unobservable inputs used	Level 3 Fair Value £'m
Assets valued using comparable market transactions	Ireland <ul style="list-style-type: none"> Comparable warehouse market prices of £746 (2023: £518) per square metre. Comparable development land prices of £40,450 (2023: £42,000) per acre. UK <ul style="list-style-type: none"> Comparable warehouse market price of £350 (2023: £350) per square metre. Comparable residential market prices of £50,000 (2023: £50,000) Comparable market prices for industrial development land of £1.5 million (2023: £1.5 million) per acre. 	6,451
Assets valued using independent valuations	Ireland <ul style="list-style-type: none"> Two properties were valued by independent property advisors during 2024. The total value was £3.3 million. UK <ul style="list-style-type: none"> Three properties were independently valued by an independent property advisor in December 2024 who indicated a valuation range of £14.6 million to £20.6 million. Management determined that the appropriate fair value to recognise in the financial statements is the mid-point of £17.6 million. (2023: based on independent property advisor valuations of £14.9 million). 	20,874
Total		27,325

The estimated fair value would increase/(decrease) if comparable market prices per square metre/acre were higher/(lower).

14. Other Financial Assets

	Other Investments £'000
At 1 January 2023	129
Translation adjustment	(2)
At 31 December 2023	127
Translation adjustment	(2)
At 31 December 2024	125

Other investments represent sundry equity investments at cost less provision for impairment.

15. Intangible Assets

	Computer Software £'000	Trade Names £'000	Customer Relationships & Technology £'000	Total £'000
Cost				
At 1 January 2023	10,347	40,065	166,590	217,002
Additions	3,963	–	–	3,963
Acquisitions	–	691	4,199	4,890
Translation adjustment	(109)	(597)	(2,509)	(3,215)
At 1 January 2024	14,201	40,159	168,280	222,640
Additions	7,275	–	–	7,275
Acquisitions (Note 27)	161	8,259	7,258	15,678
Translation adjustment	(445)	(1,389)	(5,668)	(7,502)
At 31 December 2024	21,192	47,029	169,870	238,091
Amortisation				
At 1 January 2023	4,682	9,037	49,571	63,290
Charge for the year	1,596	3,843	15,848	21,287
Translation adjustment	(47)	(126)	(665)	(838)
At 1 January 2024	6,231	12,754	64,754	83,739
Charge for the year	2,051	3,999	16,272	22,322
Translation adjustment	(170)	(471)	(2,240)	(2,881)
At 31 December 2024	8,112	16,282	78,786	103,180
Net book amount				
At 31 December 2024	13,080	30,747	91,084	134,911
At 31 December 2023	7,970	27,405	103,526	138,901

Customer relationships, technology and trade names arise from business combinations (Note 27) and are amortised over their estimated useful lives. The average remaining amortisation period is 6.3 years (2023: 7.1 years).

The amortisation expense of £22.3 million (2023: £21.3 million) has been charged in operating costs in the income statement. Amortisation on intangibles acquired through business combinations amounted to £20.3 million (2023: £19.7 million).

16. Inventories

	2024 £'000	2023 £'000
Raw materials	4,426	5,866
Finished goods	2,310	2,211
Goods purchased for resale	375,067	353,521
	381,803	361,598

The inventory provision at 31 December 2024 was £54.6 million (2023: £56.0 million).

Movement in Impairment Provision

	2024 £'000	2023 £'000
At 1 January	56,015	47,157
Utilised/released during year	(5,635)	(1,869)
Additional provision	6,157	11,437
Translation adjustment	(1,890)	(710)
At 31 December	54,647	56,015

Notes to the Group Financial Statements continued

17. Trade and Other Receivables and Finance Lease Receivables

17. (a) Trade and Other Receivables

	2024 £'000	2023 £'000
Amounts falling due within one year:		
Trade receivables	204,442	173,938
Other receivables	71,996	66,352
	276,438	240,290
Prepayments	23,582	22,473
	300,020	262,763

The carrying amounts of the trade receivables include receivables, in Salvador Escoda, which are subject to a discounting arrangement. Under this arrangement, Salvador Escoda has transferred the relevant receivables to five Spanish banking partners in exchange for cash and is prevented from selling or pledging the receivable. However, Salvador Escoda has retained substantially all of the risks and rewards of ownership through late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in the balance sheet. The amount repayable under the discounting agreement is presented as current liabilities in interest-bearing loans and borrowings. The relevant carrying amounts are as follows:

	Carrying Amount	
	2024 £'000	2023 £'000
Transferred receivables	20,281	–
Interest-bearing loans and borrowings – euro bank credit facilities (Note 20)	20,281	–

The carrying amount of trade and other receivables represents the maximum credit exposure. Other receivables primarily includes rebates receivable. Rebates receivable, included in other receivables, amounted to £60.3 million (2023: £58.6 million).

The maximum exposure to credit risk for trade debtors and other receivables at the reporting date by geographic region was as follows:

	Carrying Amount	
	2024 £'000	2023 £'000
United Kingdom	70,505	73,385
Ireland	96,695	96,518
Netherlands	46,287	49,213
Finland	16,947	21,174
Spain	46,004	–
	276,438	240,290

Credit risk is well diversified over a broad customer base with only a small number of accounts with balances in excess of £100,000 that collectively account for a small proportion of total trade receivables. A number of businesses also have credit insurance policies in place which provide cover for the most significant amounts receivable from customers in the UK and Ireland.

The ageing of total trade and other receivables, under the expected credit loss model, at 31 December 2024 was:

	Gross Value £'000	Impairment £'000	Carrying Amount £'000	Weighted Average Loss Rate %
Not Past Due	248,655	(1,217)	247,438	0.5%
Past Due				
0-30 days	41,724	(432)	41,292	1.0%
30-60 days	9,529	(3,374)	6,155	35.4%
+60 days	8,210	(3,075)	5,135	37.5%
	59,463	(6,881)	52,582	11.6%
	308,118	(8,098)	300,020	2.6%

17. Trade and Other Receivables and Finance Lease Receivables continued**17. (a) Trade and Other Receivables** continued

The ageing of total trade and other receivables at 31 December 2023 was:

	Gross Value £'000	Impairment £'000	Carrying Amount £'000	Weighted Average Loss Rate %
Not Past Due	214,550	(1,040)	213,510	0.5%
Past Due				
0-30 days	38,291	(598)	37,693	1.6%
30-60 days	9,531	(3,571)	5,960	37.5%
+60 days	9,958	(4,358)	5,600	43.8%
	57,780	(8,527)	49,253	14.8%
	272,330	(9,567)	262,763	3.5%

Movement in Impairment Provision

	2024 £'000	2023 £'000
At 1 January	9,567	11,418
Written-off during the year	(3,091)	(3,299)
Additional provision	1,928	1,602
Translation adjustment	(306)	(154)
At 31 December	8,098	9,567

17. (b) Finance Lease Receivables

Finance lease receivables are presented in the balance sheet as follows:

	2024 £'000	2023 £'000
Lease receivables:		
Lease receivables – falling due within one year	98	195
Lease receivables – falling due after more than one year	–	264
	98	459

The maturity profile of the Group's finance lease receivables can be summarised as follows:

	2024 £'000	2023 £'000
Lease receivables:		
Due within one year	98	195
Between one and two years	–	154
Between two and three years	–	110
Between three and four years	–	–
Between four and five years	–	–
After five years	–	–
	98	459

The average remaining lease term is 1.0 years (2023: 2.1 years). The finance income on the finance lease receivable recognised during the year amounted to £Nil (2023: £Nil).

Notes to the Group Financial Statements continued

18. Share Capital and Share Premium

Group and Company

	2024 £'000	2023 £'000
Authorised:		
Equity shares		
306 million ordinary shares of 5c each (2023: 306 million)	15,300	15,300
	15,300	15,300

Year Ended 31 December 2024

	Issue Price	Number of Shares	2024 Nominal Value £'000
Issued and fully paid:			
Ordinary shares – nominal value of €0.05			
At 1 January		206,060,972	7,094
Issued under UK SAYE scheme*		48,147	2
2021 Long Term Incentive Plan			
April 2021 LTIP Award	Nil	24,686	1
Share Buyback			
Share Buyback – Programme 4		(5,520,921)	(234)
Share Buyback – Programme 5		(2,810,108)	(119)
At 31 December		197,802,776	6,744
Total nominal share capital issued			6,744

* Refer to Note 31 which outlines the issue price of the 2023, 2022 and the 2020 SAYE Schemes.

Year Ended 31 December 2023

	Issue Price	Number of Shares	2023 Nominal Value £'000
Issued and fully paid:			
Ordinary shares – nominal value of €0.05			
At 1 January		223,901,033	7,870
Issued under UK SAYE scheme*		321,284	14
2011 Long Term Incentive Plan			
September 2020 LTIP Award	Nil	377,688	16
Share Buyback			
Share Buyback – Programme 2		(6,587,790)	(286)
Share Buyback – Programme 3		(6,004,286)	(261)
Share Buyback – Programme 4		(5,569,269)	(243)
Share Buyback – LTIP Awards		(377,688)	(16)
At 31 December		206,060,972	7,094
Total nominal share capital issued			7,094

* Refer to Note 31 which outlines the issue price of the 2022, 2020 and the 2019 SAYE Schemes.

Share Premium

	2024 £'000	2023 £'000
Group		
At 1 January	223,861	221,975
Premium on issue of shares under UK SAYE scheme	280	1,886
At 31 December	224,141	223,861

18. Share Capital and Share Premium continued

Share Premium continued

Grafton Units Issued and Cancelled During 2024

The number of Grafton Units issued during the year under the Group's Executive Share Schemes and the UK SAYE scheme was 72,833 (2023: 698,972). Costs relating to the issues were £Nil (2023: £Nil). The number of Grafton units cancelled during the year was 8,331,029 (2023: 18,539,033). The total consideration received, excluding the share buybacks, amounted to £283,000 (2023: £1,916,000).

Grafton Units

At an Extraordinary General Meeting on 21 January 2021, shareholders approved a resolution relating to the surrender and cancellation of the 'A' Ordinary Shares and the purchase of the 'C' Ordinary Shares and related waiver of rights. These changes took effect from 6.00pm on 7 March 2021. From that date and as at 31 December 2023 and 31 December 2024, a Grafton Unit comprised one ordinary share of euro five cent in Grafton Group plc.

Ordinary Shares

The holders of ordinary shares are entitled to attend, speak and vote at all General Meetings of the Company.

Simplification of Grafton Unit

The Grafton Unit was simplified with effect from 7 March 2021 and now comprises one ordinary share of euro five cent in Grafton Group plc.

Treasury Shares

The Group holds 500,000 (2023: 500,000) Grafton Units at a cost of £3,897,000 (2023: £3,897,000) as treasury shares. At 31 December 2024, the Group also held Nil shares (2023: 50,000 shares) purchased but not cancelled as part of the share buyback programme at a cost of £Nil as noted below (2023: £0.5 million).

Share Buyback Programme

The movement in treasury shares as a result of the buybacks is noted below:

	Purchase of Shares £'000	Transaction Costs £'000	Total Purchase of Shares* £'000	Cancellation of Shares £'000	Transfer from Treasury Shares** £'000	Total Movement £'000
Buyback Programme 1	100,000	284	100,284	(100,000)	(284)	–
LTIP Awards 2022	7,563	16	7,579	(7,563)	(16)	–
Buyback Programme 2	93,316	187	93,503	(93,316)	(187)	–
Buyback Programme 3	50,000	100	50,100	(50,000)	(100)	–
LTIP Awards 2023	3,408	7	3,415	(3,408)	(7)	–
Buyback Programme 4	100,000	198	100,198	(100,000)	(198)	–
Buyback Programme 5	28,388	57	28,445	(28,388)	(57)	–
Total	382,675	849	383,524	(382,675)	(849)	–

* Including transaction costs.

** At 31 December 2024, the share buyback programmes 1, 2, 3 and 4, and the LTIP purchase and cancellation, were fully completed and the related transactions costs have been transferred from treasury shares to retained earnings, totalling £0.8 million.

	Purchase of Shares £'000	Transaction Costs £'000	Total Purchase of Shares* £'000	Cancellation of Shares £'000	Transfer from Treasury Shares £'000	Total Movement £'000
Year ended 31 December 2022	142,609	372	142,981	(141,693)	–	1,288
Year ended 31 December 2023	159,143	315	159,458	(159,591)	(687)	(820)
Year ended 31 December 2024	80,923	162	81,085	(81,391)	(162)	(468)
Total	382,675	849	383,524	(382,675)	(849)	–

Since the first buyback commenced on 9 May 2022 and up to 31 December 2024, the Group has purchased a total of 43.08 million ordinary shares which represents 17.9 per cent of the issued share capital on the date of commencement. It acquired them at an average price of £8.63 per share.

Excluding the LTIP awards in 2022 and 2023, cash of £371.7 million has been returned to shareholders through all completed and ongoing share buybacks up to 31 December 2024.

Notes to the Group Financial Statements continued

18. Share Capital and Share Premium continued

Buyback Programme 4 (completed on 30 April 2024)

At 31 December 2023, the Group had purchased 5,619,269 shares in aggregate for cancellation at a total cost of £47.6 million, including transaction costs. However, due to timing, only 5,569,269 were cancelled at 31 December 2023 and the remaining 50,000 shares purchased for £0.5 million were cancelled in January 2024. On 8 December 2023, the Group announced an extension of this programme and to increase the maximum aggregate consideration by a further £50 million to a total of £100 million. This completed on 30 April 2024. At 31 December 2024, the Group had purchased 11,090,190 shares in aggregate for cancellation at a total cost of £100.2 million, including transaction costs. All shares were cancelled by 31 December 2024.

Buyback Programme 5 (completed on 8 January 2025)

The Board announced a fifth programme, commencing 29 August 2024, to buy back ordinary shares in the Company for an aggregate consideration of up to £30.0 million which was to end no later than 31 January 2025, subject to market conditions. At 31 December 2024, the Group had purchased 2,810,108 shares in aggregate for cancellation at a total cost of £28.4 million, including transaction costs. These shares were all cancelled by 31 December 2024. This programme completed on 8 January 2025.

Details of shares bought back since 31 December 2024 are included in Note 34.

19. Group Statement of Changes in Equity

The capital redemption reserve is a legal reserve which arose from the purchase of 'A' ordinary shares, the redemption of redeemable shares in prior years and the buy-back and cancellation of shares.

The revaluation reserve was created as a result of a revaluation of Irish properties in 1998.

The shares to be issued reserve comprises amounts expensed in the income statement in connection with share-based payments, net of transfers to retained earnings on the exercise of share entitlements and the lapsing of such entitlements.

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

The foreign currency translation reserve arises from the currency effect on translation of the investment in subsidiaries with euro functional currencies as adjusted for foreign currency borrowings and derivatives designated as net investment hedges.

20. Interest-Bearing Loans and Borrowings

	2024 £'000	2023 £'000
Non-current liabilities		
Euro bank loans	56,053	65,597
US senior notes	132,319	138,622
Total interest-bearing loans and borrowings	188,372	204,219
Lease liabilities	331,572	364,090
	519,944	568,309
Current liabilities		
Bank overdrafts*	8,375	–
Euro bank credit facilities	40,625	–
Total interest-bearing loans and borrowings	49,000	–
Lease liabilities	72,156	64,888
	121,156	64,888

* Bank overdrafts are included as current liabilities where there are no netting arrangements in place.

The decrease in non-current interest bearing loans and borrowings largely reflects a loan repayment in 2024 and a foreign exchange movement on translation of the Group's euro denominated bank loans/US senior notes into sterling at the year end.

The bank overdrafts of £8.4 million (2023: £Nil) and euro bank credit facilities of £40.6 million at 31 December 2024 (2023: £Nil) relate to short-term debt in Salvador Escoda in Spain which the Group acquired on 30 October 2024. The Salvador Escoda bank credit facilities of £40.6 million include debt related to discounting effects on debtors (£20.3 million) and credit facilities covering import lines of credit (£20.3 million) with five Spanish banking partners. These short-term credit facilities have no financial covenants or security.

Maturity of financial liabilities

The maturity profile of the Group's interest-bearing financial liabilities (bank debt, bank overdrafts, loan notes and lease liabilities) can be summarised as follows:

	Bank overdrafts /credit facilities 2024 £'000	Bank loans 2024 £'000	US senior notes 2024 £'000	Lease liabilities 2024 £'000	Total 2024 £'000	Bank loans 2023 £'000	US senior notes 2023 £'000	Lease liabilities 2023 £'000	Total 2023 £'000
Due within one year	49,000	–	–	72,156	121,156	–	–	64,888	64,888
Between one and two years	–	–	–	67,580	67,580	–	–	63,929	63,929
Between two and three years	–	–	–	61,339	61,339	–	–	59,518	59,518
Between three and four years	–	–	66,160	53,004	119,164	–	–	53,666	53,666
Between four and five years	–	56,053	–	44,930	100,983	65,597	69,311	47,330	182,238
After five years	–	–	66,159	104,719	170,878	–	69,311	139,647	208,958
	49,000	56,053	132,319	403,728	641,100	65,597	138,622	428,978	633,197
Derivatives					5				5
Gross debt					641,105				633,202
Fixed term cash deposits					(150,000)				(200,000)
Cash and cash equivalents					(359,430)				(383,939)
Net debt					131,675				49,263

Net cash, excluding the impact of leases, amounted to £272.1 million (2023: £379.7 million).

Notes to the Group Financial Statements continued

20. Interest-Bearing Loans and Borrowings continued

Maturity of financial liabilities continued

The following table indicates the effective interest rates at 31 December 2024 in respect of interest bearing financial assets and financial liabilities and the periods during which they re-price.

	Effective Interest Rate	Total £'000	6 months or less £'000	6 to 12 months £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Euro deposits	2.79%	110,866	110,866	–	–	–	–
Sterling deposits	4.68%	149,962	149,962	–	–	–	–
Cash at bank	0.00% - 4.75%	98,602	98,602	–	–	–	–
Total cash and cash equivalents		359,430	359,430	–	–	–	–
Fixed term cash deposits:							
Sterling deposits*	4.99%	150,000	150,000	–	–	–	–
Total fixed term cash deposits		150,000	150,000	–	–	–	–
Floating rate debt:							
Bank overdrafts	3.76%	(8,375)	(8,375)	–	–	–	–
Euro loans	4.20%	(56,053)	(56,053)	–	–	–	–
Euro bank credit facilities	3.05%	(40,625)	(40,625)	–	–	–	–
Total floating rate debt		(105,053)	(105,053)	–	–	–	–
Fixed rate debt:							
Lease liabilities	3.81%	(403,728)	(35,791)	(36,365)	(67,580)	(159,273)	(104,719)
US senior notes	2.38% - 2.59%	(132,319)	–	–	–	(66,160)	(66,159)
Total fixed rate debt		(536,047)	(35,791)	(36,365)	(67,580)	(225,433)	(170,878)
Derivatives		(5)	(5)	–	–	–	–
Total net (debt)/cash		(131,675)	368,581	(36,365)	(67,580)	(225,433)	(170,878)

* Fixed term cash deposits have a maturity date greater than three months at inception but less than three months at the balance sheet date.

Borrowing Facilities and US Senior Notes

At 31 December 2024, the Group had bilateral loan facilities of £328.3 million (2023: £336.9 million) with four relationship banks which all mature in August 2029.

The revolving loan facilities of £328.3 million were put in place in August 2022 for a term of five years to August 2027. The arrangements included two one-year extension options exercisable at the discretion of the Group and the four banks. The second one-year extension option was agreed in July 2024 and these facilities are now repayable in August 2029. This is sustainability linked debt funding and includes an incentive connected to the achievement of carbon emissions, workforce diversity and community support targets that are fully aligned to the Group's sustainability strategy.

The Group had an undrawn committed borrowing facility at 31 December 2024 of £270.8 million (2023: £269.7 million) in respect of which all conditions precedent were met. The Group had liquidity of £776.2 million at 31 December 2024 (2023: £849.6 million) of which £505.4 million (2023: £579.9 million) was held in accessible cash and deposits and £270.8 million (2023: £269.7 million) in undrawn revolving bank facilities.

20. Interest-Bearing Loans and Borrowings continued

Borrowing Facilities and US Senior Notes continued

In September 2018, the Group raised €160 million (31 December 2024: £132.7 million before costs; 31 December 2023: £139.1 million before costs) through an issue of unsecured senior notes in the US Private Placement market with ten and twelve year maturities at an average fixed annual coupon of 2.5 per cent and used the proceeds received to refinance existing debt. The issue of these notes diversified the Group's sources of funding by re-entering the US Private Placement market, extended the maturity profile of debt and provided greater certainty over the cost of debt for an extended period at attractive rates.

The average maturity of committed bank facilities and unsecured senior notes at 31 December 2024 was 4.6 years (2023: 4.9 years).

The following table indicates the effective interest rates at 31 December 2023 in respect of interest bearing financial assets and financial liabilities and the periods in which they re-price.

	Effective Interest Rate	Total £'000	6 months or less £'000	6 to 12 months £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Euro deposits	3.67%	113,005	113,005	–	–	–	–
Sterling deposits	5.20%	68,132	68,132	–	–	–	–
Cash at bank	0.00% - 5.25%	202,802	202,802	–	–	–	–
Total cash and cash equivalents		383,939	383,939	–	–	–	–
Fixed term cash deposits:							
Sterling deposits*	5.60%	200,000	200,000	–	–	–	–
Total fixed term cash deposits		200,000	200,000	–	–	–	–
Floating rate debt:							
Euro loans	4.97%	(65,597)	(65,597)	–	–	–	–
Total floating rate debt		(65,597)	(65,597)	–	–	–	–
Fixed rate debt:							
Lease liabilities	3.63%	(428,978)	(32,444)	(32,444)	(63,929)	(160,514)	(139,647)
US senior notes	2.49%	(138,622)	–	–	–	(69,311)	(69,311)
Total fixed rate debt		(567,600)	(32,444)	(32,444)	(63,929)	(229,825)	(208,958)
Derivatives		(5)	(5)	–	–	–	–
Total net (debt)/cash		(49,263)	485,893	(32,444)	(63,929)	(229,825)	(208,958)

* Fixed term cash deposits have a maturity date greater than three months at inception but less than three months at the balance sheet date.

Notes to the Group Financial Statements continued

21. Financial Instruments and Financial Risk

The fair values of financial assets and liabilities together with the carrying amounts shown in the balance sheet are as follows:

At 31 December 2024

	Fair value through OCI £'000	Fair value through P&L £'000	Amortised cost £'000	Total carrying value £'000
Other financial assets*	125	–	–	125
Trade and other receivables*	–	–	276,438	276,438
Lease receivables*	–	–	98	98
Fixed term cash deposits*	–	–	150,000	150,000
Cash and cash equivalents*	–	–	359,430	359,430
	125	–	785,966	786,091
Foreign currency forwards	(5)	–	–	(5)
Euro bank loans**	–	–	(56,053)	(56,053)
Euro bank credit facilities	–	–	(40,625)	(40,625)
Bank overdrafts	–	–	(8,375)	(8,375)
US senior notes**	–	–	(132,319)	(132,319)
Lease liabilities*	–	–	(403,728)	(403,728)
Trade and other payables*	–	–	(354,319)	(354,319)
Deferred consideration on acquisition of businesses	–	(4,136)	–	(4,136)
	(5)	(4,136)	(995,419)	(999,560)

* The Group has not disclosed the fair values of financial instruments such as short term receivables and payables because their carrying value closely approximates fair value.

** The fair value of euro bank loans was £57.4 million and the fair value of US senior notes was £125.4 million.

At 31 December 2023

	Fair value through OCI £'000	Fair value through P&L £'000	Amortised cost £'000	Total carrying value £'000
Other financial assets*	127	–	–	127
Trade and other receivables*	–	–	240,290	240,290
Lease receivables*	–	–	459	459
Fixed term cash deposits*	–	–	200,000	200,000
Cash and cash equivalents*	–	–	383,939	383,939
	127	–	824,688	824,815
Foreign currency forwards	(5)	–	–	(5)
Euro bank loans**	–	–	(65,597)	(65,597)
US senior notes**	–	–	(138,622)	(138,622)
Lease liabilities*	–	–	(428,978)	(428,978)
Trade and other payables*	–	–	(357,604)	(357,604)
Deferred consideration on acquisition of businesses	–	(4,890)	–	(4,890)
	(5)	(4,890)	(990,801)	(995,696)

* The Group has not disclosed the fair values of financial instruments such as short term receivables and payables because their carrying value closely approximates fair value.

** The fair value of euro bank loans was £67.2 million and the fair value of US senior notes was £129.7 million.

Fair Value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Set out below is an analysis of financial instruments carried at fair value, by valuation method. The different levels in the fair value hierarchy have been defined as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable, either directly or indirectly.

Level 3: inputs that are not based on observable market data.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Trade and Other Receivables/Trade and Other Payables

- For receivables and payables with a remaining life of less than six months or demand balances, fair value is the amount that is payable contractually less an impairment provision where appropriate.

21. Financial Instruments and Financial Risk continued

Fair Value continued

Deferred Consideration on Acquisition of Businesses

- The fair value of contingent deferred consideration is calculated assuming a probability of payout, which will be based on achievement of EBITDA targets, and discounted to present value using market derived discount rates.

Cash and Cash Equivalents and Fixed Term Cash Deposits

- For cash and cash equivalents, all of which have a remaining maturity of less than three months from the balance sheet date, the carrying amount is a reasonable approximation of fair value. For fixed term cash deposits, all of which have a maturity date greater than three months at inception but less than three months at the balance sheet date, the carrying amount is a reasonable approximation of fair value. At 31 December 2024, £4.0 million of cash (2023: £4.0 million) is retained in the event of a default by the Group on a letter of credit. This arrangement can be replaced at any time.

Other Financial Assets

- Certain of the Group's financial assets are comprised of investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Such investments are measured at cost less provision for impairment where appropriate and applicable.

Derivative Instruments (Interest Rate Swaps & Foreign Currency Forwards)

- The fair values of interest rate swaps and foreign currency forwards are calculated as the present value of the estimated future cash flows based on the terms and maturity of each contract and using the spot, forward currency rates and market interest rates as applicable for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty where appropriate.

Interest Bearing Loans and Borrowings

- For floating rate interest bearing loans and borrowings with a contractual repricing date of less than six months, the nominal amount is deemed to reflect fair value. For loans with repricing dates of greater than six months, the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at interest rates effective at the balance sheet date and adjusted for credit spread.

Notes to the Group Financial Statements continued

21. Financial Instruments and Financial Risk continued

Fair Value continued

The following table shows the fair values of financial assets and liabilities including their level in the fair value hierarchy.

	2024 Level 2 £'000	2024 Level 3 £'000	2024 Total £'000
Liabilities measured and recognised at fair value			
Other derivative instruments – designated as hedging instruments	(5)	–	(5)
Deferred consideration on acquisition of businesses	–	(4,136)	(4,136)
Liabilities not measured at fair value			
Liabilities at amortised cost			
US senior notes	(125,397)	–	(125,397)
	2023 Level 2 £'000	2023 Level 3 £'000	2023 Total £'000
Liabilities measured and recognised at fair value			
Other derivative instruments – designated as hedging instruments	(5)	–	(5)
Deferred consideration on acquisition of businesses	–	(4,890)	(4,890)
Liabilities not measured at fair value			
Liabilities at amortised cost			
US senior notes	(129,686)	–	(129,686)

Level 2 Fair Values

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Financial assets and liabilities measured at fair value			
Foreign currency forwards	The fair value of foreign currency forwards is calculated as the present value of the estimated future cashflows based on observable yield curves, spot and forward currency rates	Not applicable	Not applicable
Financial assets and liabilities not held at fair value			
Other financial liabilities*	Discounted cash flows	Not applicable	Not applicable

* Other financial liabilities include Euro bank loans and US senior notes.

21. Financial Instruments and Financial Risk continued

Fair Value continued

Level 3 Fair Values

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Financial assets and liabilities measured at fair value			
Contingent deferred consideration	The fair value of deferred consideration is calculated assuming a probability of payout, which will be based on achievement of EBITA/EBITDA targets, and discounted to present value using market derived discount rates. The fair value assumes achievement of targets but is sensitive to change in the assessed probability of achieving targets.	Not applicable	Not applicable

Risk Exposures and Group Treasury Policy

The Group's operations expose it to various financial risks that include credit risk, liquidity risk, currency risk and interest rate risk. The Group's treasury policies, which are regularly reviewed, are designed to reduce financial risk in a cost-efficient way. A limited number of foreign currency spot contracts, foreign exchange swaps, foreign currency forwards and interest rate swaps are undertaken periodically to hedge underlying interest rate, fair value and currency exposures and it is Board policy to manage these risks in a non-speculative manner.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Currency risk; and
- Interest rate risk.

The manner in which the Group is exposed to each of these risks and the risk management policies applied are discussed below. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. The Board and the Audit and Risk Committee have reviewed the process for identifying, evaluating and managing the significant risks affecting the business.

Credit Risk

Credit risk arises from credit granted to customers. Credit risk also arises on cash and cash equivalents, fixed term cash deposits and derivative financial instruments with banks and financial institutions.

Exposure to credit risk is monitored on an ongoing basis. The Group's exposure to customer credit risk is diversified over a large customer base and the incidence of default by customers is tightly managed by Business Unit credit control teams. Credit insurance is in place, subject to annual renewal, to cover major exposures in the UK and Irish merchanting businesses. Credit evaluations are performed regularly. New customers are subject to initial credit checks that include trade and bank references and are generally subject to restricted credit limits prior to developing a credit history.

Due to the established nature of the businesses, a high proportion of customers have long-standing trading relationships with Group companies. These established customers are reviewed regularly for financial strength and the appropriateness of their credit limit.

The Group establishes a provision for impairment that represents its estimate of losses in respect of trade and other receivables. The main components of this provision are a specific loss component that relate to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Cash and short term bank deposits are invested with a range of banks, all with original maturities of less than three months at 31 December 2024. Fixed term cash deposits have a maturity date greater than three months at inception but a remaining maturity of less than three months at the balance sheet date.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Notes to the Group Financial Statements continued

21. Financial Instruments and Financial Risk continued

Credit Risk continued

The maximum exposure to credit risk at 31 December 2024 and 31 December 2023 was:

	2024 £'000	2023 £'000
Trade and other receivables	276,438	240,290
Fixed term cash deposits	150,000	200,000
Cash and cash equivalents	359,430	383,939
	785,868	824,229

Additional disclosures in relation to the Group's exposure to credit risk arising from trade and other receivables is set out in Note 17.

The maximum exposure to credit risk for cash and cash equivalents, based on the domicile of the parent bank, at the reporting date was:

	Carrying Amount	
	2024 £'000	2023 £'000
United Kingdom	184,964	212,664
Republic of Ireland	92,287	86,931
Netherlands	12,048	11,381
Finland	15,940	21,282
Spain	3,267	–
France	50,924	51,681
	359,430	383,939

The majority of the Group's cash on deposit and cash balances is held with financial institutions that have an upper investment grade credit rating.

	2024 £'000	2023 £'000
Gross amounts of cash and cash equivalents	464,434	468,530
Amounts set off in the balance sheet*	(105,004)	(84,591)
Net amounts of cash and cash equivalents in the balance sheet	359,430	383,939

* The Group has netting arrangements in place with Bank of Ireland and HSBC Bank with cash balances and overdrawn positions being netted.

The maximum exposure to credit risk for fixed term cash deposits, based on the domicile of the parent bank, at the reporting date was:

	Carrying Amount	
	2024 £'000	2023 £'000
United Kingdom	150,000	200,000

21. Financial Instruments and Financial Risk continued

Foreign Currency Risk Management

Transactional foreign exchange risk arises from foreign currency transactions, assets and liabilities. Group operations manage foreign exchange trading risks against their functional currencies. The majority of trade conducted by the Group's Irish, Dutch, Finnish and Spanish businesses is in euro. Sterling is the principal currency for the Group's UK businesses. Currency risks are regularly monitored and managed by utilising forward foreign currency contracts as appropriate for settling liabilities arising from the purchase of goods for resale in non-functional currencies. The majority of transactions entered into by Group entities are denominated in functional currencies and no significant level of hedging is required.

A proportion of the Group's net worth is denominated in euro. This is reflected in profit after tax reserves retained in euro denominated trading and finance companies which gives rise to translation differences on conversion to sterling. Borrowings made in a non-functional currency are swapped into a functional currency.

Sensitivity Analysis

A ten per cent strengthening of the sterling exchange rate against the euro exchange rate at the balance sheet date would have decreased equity and profit after tax by the amount shown below. This assumes that all variables, in particular the results and financial position of each euro functional currency entity and interest rates, remained constant. A ten per cent weakening of the sterling exchange rate against the euro exchange rate would have an equal and opposite effect on the amounts shown below on the basis that all variables remain constant.

	Equity £'000	Profit after tax £'000
31 December 2024		
10% strengthening of sterling currency against the euro	(74,518)	(7,360)
31 December 2023		
10% strengthening of sterling currency against the euro	(71,567)	(7,756)

Hedging

The Group has exposure to changes in interest rates on certain debt instruments and can hedge an element of this risk by entering into interest rate swaps. There were no contracts outstanding at 31 December 2024 (2023: £Nil).

Interest Rate Risk

The majority of the Group's ongoing operations are financed from a mixture of cash generated from operations and borrowings. Bank borrowings are initially secured at floating interest rates and interest rate risk is monitored on an ongoing basis. Interest rate swaps are used to manage interest rate risk when considered appropriate having regard to the interest rate environment.

In September 2018, the Group raised €160 million (31 December 2024: £132.7 million before costs) through an issue of unsecured senior notes in the US Private Placement market with ten and twelve year maturities at an average fixed annual coupon of 2.5 per cent and used the proceeds received to refinance existing debt. The issue of these notes diversified the Group's sources of funding by re-entering the US Private Placement market, extended the maturity profile of debt and provided greater certainty over the cost of debt for an extended period at attractive rates. The Group is also exposed to interest rate risk on its deposits.

Cash Flow Sensitivity Analysis for Variable Rate Debt Instruments

A reduction of 50 basis points in interest rates at the reporting date would have increased profit before tax and equity by £0.5 million (2023: £0.3 million) on the basis of the Group's gross debt of £641.1 million at 31 December 2024. £105.1 million of the gross debt is exposed to variable rates with the interest rate on the US senior notes of £132.3 million and the implicit interest rate on lease liabilities of £403.7 million is fixed. An increase of 50 basis points, on the same basis, would have an equal and opposite effect.

Capital Management

The capital structure of the Group comprises share capital, reserves and net debt.

The overall approach is to optimise shareholder value by leveraging the balance sheet to an appropriate level having regard to economic and trading conditions in the Group's markets, the level of internal cash generation, credit conditions generally and interest rates payable.

The Group's capital structure is kept under ongoing review and the debt component is actively managed with a view to maintaining diversified sources of funding, significant undrawn facilities and cash deposits.

The Directors monitor the Company's share price and may from time to time exercise their powers to make market purchases of the Company's own shares, at price levels which they consider to be in the best interests of the shareholders generally, after taking account of the Company's overall financial position.

The principal bank covenants are a net debt to equity ratio limit of 85 per cent, EBITDA interest cover of 3 times, which excludes interest on lease liabilities, and a minimum shareholders' equity of £1.0 billion at 31 December 2024. The US notes covenants, which are tested on a pre-IFRS 16 basis, are a net debt to equity ratio limit of 85 per cent, EBITDA interest cover of 4 times and a minimum shareholders' equity of £1.3 billion at 31 December 2024.

Notes to the Group Financial Statements continued

21. Financial Instruments and Financial Risk continued

Capital Management continued

The group has complied with these covenants throughout the reporting period. As at 31 December 2024, the ratio of net debt to equity was 8.2 per cent (3.0 per cent as at 31 December 2023). There are no indications that the group would have difficulties complying with the covenants when they will next be tested as at the 30 June 2025 interim reporting date.

At 31 December 2024 the net debt to equity ratio was 8.2 per cent (2023: 3.0 per cent) as the Group was in a net debt position of £131.7 million (2023: net debt of £49.3 million). Shareholders' equity was £1.60 billion (2023: £1.66 billion). EBITDA for the year was £292.0 million (2023: £311.8 million) and underlying EBITDA interest cover for 2024 was not applicable as the Group had net credit interest in the year (2023: not applicable).

Funding and Liquidity

The Group has cash resources at its disposal through the holding of fixed term cash deposits of £150.0 million (2023: £200.0 million) and cash balances of £359.4 million at the year end (2023: £383.9 million) which together with undrawn bank facilities of £270.8 million (2023: £269.7 million) and cashflow from operation provides flexibility in financing its operations.

The following are the undiscounted contractual maturities of financial liabilities, including interest payments:

31 December 2024

	Carrying Amount £'000	Contractual Cash Flow* £'000	Within 1 Year £'000	Between 1 and 2 Years £'000	Between 2 and 5 Years £'000	Greater than 5 Years £'000
Non-Derivative Financial Liabilities						
Bank loans	56,053	68,699	2,449	2,449	63,801	–
Bank credit facilities	40,625	41,881	41,881	–	–	–
Bank overdrafts	8,375	8,421	8,421	–	–	–
US senior notes	132,319	148,243	3,297	3,297	74,144	67,505
Lease liabilities	403,728	470,076	85,795	79,103	180,336	124,842
Trade and other payables (Note 24)	354,319	354,319	354,319	–	–	–
Deferred consideration on acquisition of businesses	4,136	4,503	3,703	800	–	–
Derivative Financial Instruments						
Other derivatives	5	5	5	–	–	–
	999,560	1,096,147	499,870	85,649	318,281	192,347

* Includes interest based on the rates in place at 31 December 2024.

31 December 2023

	Carrying Amount £'000	Contractual Cash Flow* £'000	Within 1 Year £'000	Between 1 and 2 Years £'000	Between 2 and 5 Years £'000	Greater than 5 Years £'000
Non-Derivative Financial Liabilities						
Bank loans	65,597	82,725	3,396	3,387	75,942	–
US senior notes	138,622	158,831	3,456	3,456	79,366	72,553
Lease liabilities	428,978	503,382	79,389	76,187	184,894	162,912
Trade and other payables	357,604	357,604	357,604	–	–	–
Deferred consideration on acquisition of businesses	4,890	6,811	2,604	3,407	800	–
Derivative Financial Instruments						
Other derivatives	5	5	5	–	–	–
	995,696	1,109,358	446,454	86,437	341,002	235,465

* Includes interest based on the rates in place at 31 December 2023.

21. Financial Instruments and Financial Risk continued

Funding and Liquidity continued

The following table indicates the periods in which cash flows associated with derivatives that are cash flow hedges are expected to occur.

31 December 2024

	Carrying Amount £'000	Expected Cash Flow £'000	6 Months or Less £'000	6 to 12 Months £'000	1 to 2 Years £'000	2 to 3 Years £'000	3 to 4 Years £'000	4 to 5 Years £'000
Other derivatives	(5)	(5)	(5)	–	–	–	–	–

31 December 2023

	Carrying Amount £'000	Expected Cash Flow £'000	6 Months or Less £'000	6 to 12 Months £'000	1 to 2 Years £'000	2 to 3 Years £'000	3 to 4 Years £'000	4 to 5 Years £'000
Other derivatives	(5)	(5)	(5)	–	–	–	–	–

22. Derivatives

	2024 £'000	2023 £'000
Included in current liabilities and current assets:		
Fair value of other derivatives	(5)	(5)

There was no movement in derivatives at 31 December 2024.

Nature of Derivative Instruments as at 31 December 2024

	Hedge Period	Nature of hedging instrument	Notional payable amount of contracts outstanding £'000	Notional receivable amount of contracts outstanding £'000	Fair value asset £'000	Fair value liability £'000
Foreign Currency Forwards*	December 2024 – January 2025	Forward purchase of foreign currency liabilities	1,140	1,140	–	(5)

* The fair value of foreign currency forwards (derivative financial instruments) are shown as current liabilities of £5,000 in the balance sheet.

Nature of Derivative Instruments as at 31 December 2023

	Hedge Period	Nature of hedging instrument	Notional payable amount of contracts outstanding £'000	Notional receivable amount of contracts outstanding £'000	Fair value asset £'000	Fair value liability £'000
Foreign Currency Forwards*	December 2023 – January 2024	Forward purchase of foreign currency liabilities	1,280	1,280	–	(5)

* The fair value of foreign currency forwards (derivative financial instruments) are shown as current liabilities of £5,000 in the balance sheet.

Notes to the Group Financial Statements continued

23. Provisions

	2024 £'000	2023 £'000
Non-current liabilities		
Insurance provision	6,156	7,448
Dilapidations provision	6,181	4,925
Other provisions	705	1,478
	13,042	13,851
Current liabilities		
Insurance provision	2,051	2,482
Disposal provisions	1,303	1,366
Other provisions	1,492	1,533
	4,846	5,381

	Insurance		Dilapidations	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
At 1 January	9,930	11,882	4,925	4,709
Charge in year	1,883	2,642	1,483	329
Utilised	–	–	(77)	(69)
Released	(1,102)	(1,728)	(33)	–
Paid during the year	(2,075)	(2,628)	–	–
Foreign exchange	(429)	(238)	(117)	(44)
At 31 December	8,207	9,930	6,181	4,925
Non-current	6,156	7,448	6,181	4,925
Current	2,051	2,482	–	–

	Disposal Provisions		Other Provisions		Total	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
At 1 January	1,366	1,394	3,011	3,108	19,232	21,093
Charge in year	–	–	–	–	3,366	2,971
Utilised	–	–	(206)	–	(283)	(69)
Released	–	–	(550)	(69)	(1,685)	(1,797)
Paid during the year	–	–	–	–	(2,075)	(2,628)
Foreign exchange	(63)	(28)	(58)	(28)	(667)	(338)
At 31 December	1,303	1,366	2,197	3,011	17,888	19,232
Non-current	–	–	705	1,478	13,042	13,851
Current	1,303	1,366	1,492	1,533	4,846	5,381

Insurance Provision

The insurance provision relates to actual obligations under the self-insurance elements of the Group's overall insurance arrangements which are subject to limits in respect of both individual and aggregate claims. This provision was based on an independent actuarial valuation. The provision principally covers the combined public and employer liability claims for the Group's businesses. The Group has third party insurance cover above specific limits for individual claims and has an overall maximum aggregate payable for all claims for any one year. Given the nature of employer and public liability claims, the timing of cash outflows can vary significantly. The outflow arising from the payment of claims in 2025 is expected to be at a similar level to 2024. Based on historical experience, it is the Directors best estimate that the balance of claims which are provided for at 31 December 2024 will be paid over a two to six year period.

23. Provisions continued

Insurance Provision continued

The incurred but not reported ("IBNR") element of the insurance provision is classified as non-current as the normal cycle for settlement of such claims is likely to be more than 12 months from the year end.

Claims no longer being challenged by the Group are classified as current liabilities at year end. The Group no longer has an unconditional right to defer payment and it is only the timing of the payment that is uncertain.

Claims in legal process are classified as non-current liabilities at year end as the Group does not control the extent and duration of the legal process.

Dilapidations Provision

The dilapidations provision covers the cost of reinstating certain Group properties at the end of the lease term. This is estimated based on the terms of individual leases which set out the conditions relating to the return of property. The timing of the outflows will match the ending of the relevant leases which ranges from two to 20 years.

Disposals Provision

The disposal provision covers the future legal costs in relation to the disposal of the Belgium business.

Other Provisions

Other provisions relate to restructuring, pension contributions, legal provisions, deferred consideration and Waste Electrical & Electronic Equipment ("WEEE") provisions. None of these are individually material to require separate disclosure in the financial statements.

24. Trade and Other Payables

	2024 £'000	2023 [^] £'000
Trade payables	264,328	264,490
Accruals	89,991	93,114
	354,319	357,604
Social welfare	2,443	2,210
Employee income tax	6,418	6,351
Value added tax	37,962	34,086
	401,142	400,251

[^] Prior year comparatives have been updated to conform to the current year presentation, in line with the requirements of IFRS 9.

25. Deferred Taxation

Recognised Deferred Tax Assets and Liabilities

	Assets 2024 £'000	Liabilities 2024 £'000	Net (assets)/ liabilities 2024 £'000	Assets 2023 £'000	Liabilities 2023 £'000	Net (assets)/ liabilities 2023 £'000
Property, plant and equipment	(2,272)	33,682	31,410	(991)	30,211	29,220
Employee share schemes	(584)	–	(584)	(883)	–	(883)
Other items	(3,560)	1,071	(2,489)	(2,136)	1,122	(1,014)
Intangibles	–	27,287	27,287	–	28,901	28,901
Pension	(1,037)	–	(1,037)	(2,655)	–	(2,655)
(Assets)/Liabilities	(7,453)	62,040	54,587	(6,665)	60,234	53,569

The movement in the net deferred tax liability reflects a decrease in the deferred tax asset on the pension scheme deficit and an increase in the deferred tax liability in respect of property, plant and equipment offset by a decrease in the deferred liability on intangibles and an increase in the deferred tax asset on other items.

At 31 December 2024, there were unrecognised deferred tax assets in relation to capital losses of £0.7 million (31 December 2023: £0.7 million), trading losses of £1.3 million (31 December 2023: £1.1 million) and deductible temporary differences of £5.2 million (31 December 2023: £5.2 million).

Deferred tax assets were not recognised in respect of certain capital losses as they can only be recovered against certain classes of taxable profits. The Directors believe that it is not probable that such profits will arise in the foreseeable future. The trading losses arose in entities that have incurred losses in recent years and the Directors believe that it is not probable there will be sufficient taxable profits in the relevant entities against which they can be utilised. Separately, the Directors believe that it is not probable the deductible temporary differences will be utilised.

Notes to the Group Financial Statements continued

25. Deferred Taxation continued

Analysis of Net Deferred Tax (Asset)/Liability – 2024

	Balance 1 Jan 24 £'000	Recognised in profit or loss £'000	Recognised in equity/other comprehensive income £'000	Foreign exchange retranslation £'000	Arising on acquisitions £'000	Balance 31 Dec 24 £'000
Property, plant and equipment	29,220	2,972	–	(762)	(20)	31,410
Employee share schemes	(883)	257	42	–	–	(584)
Other items	(1,014)	1,180	–	37	(2,692)	(2,489)
Intangibles	28,901	(4,573)	–	(920)	3,879	27,287
Pension	(2,655)	511	1,081	26	–	(1,037)
	53,569	347	1,123	(1,619)	1,167	54,587

Analysis of Net Deferred Tax (Asset)/Liability – 2023

	Balance 1 Jan 23 £'000	Recognised in profit or loss £'000	Recognised in equity/other comprehensive income £'000	Foreign exchange retranslation £'000	Arising on acquisitions £'000	Balance 31 Dec 23 £'000
Property, plant and equipment	26,868	1,974	–	(330)	708	29,220
Employee share schemes	(909)	371	(345)	–	–	(883)
Other items	(2,393)	1,382	–	(3)	–	(1,014)
Intangibles	32,583	(4,415)	–	(490)	1,223	28,901
Pension	(3,201)	552	3	(9)	–	(2,655)
	52,948	(136)	(342)	(832)	1,931	53,569

26. Movement in Working Capital

	Inventory £'000	Trade and other receivables £'000	Trade and other payables [^] £'000	Total £'000
At 1 January 2023	399,565	267,694	(415,424)	251,835
Translation adjustment	(5,511)	(3,549)	5,629	(3,431)
Acquisitions	5,365	2,840	(2,970)	5,235
Movement in 2023	(37,821)	(4,222)	12,514	(29,529)
At 1 January 2024	361,598	262,763	(400,251)	224,110
Translation adjustment	(11,427)	(8,174)	12,511	(7,090)
Acquisitions (Note 27)	60,206	39,764	(20,520)	79,450
Interest accruals*	–	(87)	(834)	(921)
Movement in 2024	(28,574)	5,754	7,952	(14,868)
At 31 December 2024	381,803	300,020	(401,142)	280,681

* Interest accruals on long term borrowings are included separately in other payables as accrued interest is paid within 12 months.

[^] Prior year comparatives have been updated to conform to the current year presentation, in line with the requirements of IFRS 9.

27. Acquisition of Subsidiary Undertakings and Businesses & Acquisition Related Liabilities

Acquisition of Subsidiary Undertakings and Businesses

On 30 October 2024, the Group acquired 100% of the share capital of Salvador Escoda, S.A.U. ("Salvador Escoda"), one of Spain's leading distributors of heating, ventilation, air conditioning, water and renewable products serving professional installers across the residential, commercial and industrial sectors. Salvador Escoda, headquartered in Barcelona, operates from 92 strategically located branches throughout Spain which are supported by four distribution centres, including a new 18,000 square metre facility in Seville which opened in March 2024.

The acquisition of Salvador Escoda is consistent with Grafton's strategy of acquiring platform businesses with strong and unique propositions offering exciting growth opportunities and which operate in fragmented markets with strong underlying fundamentals.

This acquisition is incorporated in the Spanish Distribution segment.

The fair value of the net assets acquired have been determined on a provisional basis. Goodwill on the acquisition reflects the anticipated synergies to be realised as part of the enlarged Group.

The fair values of assets and liabilities acquired in 2024 are set out below:

	Total £'000
Property, plant and equipment (Note 13a)	14,218
Right-of-use asset (Note 13b)	24,413
Intangible assets – computer software (Note 15)	161
Intangible assets – trade names (Note 15)	8,259
Intangible assets – customer relationships (Note 15)	7,258
Inventories (Note 26)	60,206
Trade and other receivables (Note 26)*	39,764
Trade and other payables (Note 26)	(20,520)
Lease liability	(24,413)
Corporation tax liability	(2,467)
Deferred tax liability (Note 25)	(3,879)
Deferred tax asset (Note 25)	2,712
Cash acquired	1,614
Bank overdraft acquired	(4,541)
Bank loans acquired	(42,330)
Net assets acquired	60,455
Goodwill (Note 12)	3,863
Consideration	64,318
Satisfied by:	
Cash paid	64,318
Deferred consideration (Note 27)	–
	64,318
Net cash outflow – arising on acquisitions	
Cash consideration	64,318
Add: bank overdraft acquired	4,541
Less: cash and cash equivalents acquired	(1,614)
	67,245

* The fair value of acquired trade receivables is £39.8 million. The gross contractual amount for trade receivables due is £40.4 million, with a loss allowance of £0.6 million recognised on acquisition.

The acquisition would have contributed revenue of £197.4 million (unaudited) and operating profit of £12.7 million (unaudited) in the year ended 31 December 2024 on the assumption that it had been acquired on 1 January. The acquisition completed in 2024 contributed revenues of £29.7 million and operating profit of £0.3 million for the period from the date of acquisition until the year end.

In 2024, the Group incurred acquisition costs of £3.0 million (2023: £0.9 million) relating to actual and target acquisitions. These have been included in operating costs in the Group Income Statement.

The fair value of identifiable net assets acquired in 2024 was £60.5 million (2023: £22.7 million).

	Fair Value £'000	Consideration £'000	Goodwill £'000
Total acquisitions	60,455	64,318	3,863

Any adjustments to provisional fair value of assets and liabilities including recognition of any newly identified assets and liabilities, will be made within 12 months of respective acquisition dates. There were no material adjustments processed during the year to the fair value of business combinations completed during the year ended 31 December 2023.

Notes to the Group Financial Statements continued

27. Acquisition of Subsidiary Undertakings and Businesses & Acquisition Related Liabilities continued

Acquisition Related Liabilities

Deferred consideration is payable within three years from the date of acquisition. In addition to this deferred consideration, the Group has an agreement for three of the acquisitions to make further payments to certain selling shareholders who, as part of the agreement, are required to remain in employment with the Group for the deferred period.

Analysis of Deferred Consideration on Acquisition of Businesses

	2024 £'000	2023 £'000
At 1 January	4,890	5,229
Acquisitions (Note 27)	–	2,323
Paid during the year	(2,145)	(2,586)
Unwinding of discount applicable to deferred consideration (Note 7)	1,476	–
Translation adjustment	(85)	(76)
	4,136	4,890

	2024 £'000	2023 £'000
Non-current	599	3,289
Current	3,537	1,601
	4,136	4,890

28. Reconciliation of Net Cash Flow to Movement in Net (Debt)/Cash

	2024 £'000	2023 £'000
Net (decrease) in cash and cash equivalents	(24,069)	(324,904)
Net movement in fixed term cash deposits	(50,000)	200,000
Net movement in derivative financial instruments	–	24
Bank loans acquired with subsidiaries (Note 27)	(42,330)	–
Lease liabilities acquired with subsidiaries (Note 27)	(24,413)	(820)
Movement in debt and lease financing	49,531	61,260
Change in net (debt) resulting from cash flows	(91,281)	(64,440)
Translation adjustment	8,869	6,290
Movement in net (debt) in the year	(82,412)	(58,150)
Net (debt)/cash at 1 January	(49,263)	8,887
Net (debt) at 31 December	(131,675)	(49,263)

Analysis of Net Debt – 2024

	Balance 1 Jan 24 £'000	Cashflow £'000	Acquisition (Note 27) £'000	Non-cash movements £'000	Translation adjustment £'000	Balance 31 Dec 24 £'000
Cash and cash equivalents	383,939	(17,275)	1,614	–	(8,848)	359,430
Bank overdrafts	–	(3,867)	(4,541)	–	33	(8,375)
Fixed term cash deposits	200,000	(50,000)	–	–	–	150,000
Interest bearing loans and borrowings:						
Non-current liabilities	(204,219)	6,704	–	–	9,143	(188,372)
Current liabilities	–	1,452	(42,330)	–	253	(40,625)
Total interest-bearing loans and borrowings	(204,219)	8,156	(42,330)	–	9,396	(228,997)
Lease liabilities	(428,978)	86,666	(24,413)	(45,291)	8,288	(403,728)
Derivatives – current	(5)	–	–	–	–	(5)
Net (debt)	(49,263)	23,680	(69,670)	(45,291)	8,869	(131,675)

28. Reconciliation of Net Cash Flow to Movement in Net (Debt)/Cash continued

Analysis of Net Debt – 2023

	Balance 1 Jan 23 £'000	Cashflow £'000	Acquisition £'000	Non-cash movements £'000	Translation adjustment £'000	Balance 31 Dec 23 £'000
Cash and cash equivalents	711,721	(333,157)	8,253	–	(2,878)	383,939
Fixed term cash deposits	–	200,000	–	–	–	200,000
Interest bearing loans and borrowings:				–		
Non-current liabilities	(253,502)	44,494	–	–	4,789	(204,219)
Current liabilities	–	–	–	–	–	–
Total interest-bearing loans and borrowings	(253,502)	44,494	–	–	4,789	(204,219)
Lease liabilities	(449,303)	83,243	(820)	(66,477)	4,379	(428,978)
Derivatives – current	(29)	24	–	–	–	(5)
Net cash/(debt)	8,887	(5,396)	7,433	(66,477)	6,290	(49,263)

29. Capital Expenditure Commitments

At the year end the following commitments authorised by the Board had not been provided for in the financial statements:

	2024 £'000	2023 £'000
Contracted for	8,362	12,753
Not contracted for	52,038	48,718
	60,400	61,471

Capital expenditure commitments are analysed by geography in the table below:

	2024 £'000	2023 £'000
UK	26,428	27,500
Ireland	22,500	22,788
Netherlands	6,533	8,484
Finland	2,819	2,699
Spain	2,120	–
	60,400	61,471
Amounts relating to intangibles included above	7,275	9,980

30. Pension Commitments

A number of defined benefit and defined contribution pension schemes are operated by the Group and the assets of the schemes are held in separate trustee administered funds.

The actuarial reports are not available for public inspection.

IAS 19 – Employee Benefits

The Group operates three defined benefit schemes in Ireland and one defined benefit scheme in the UK (the “DB Schemes”). All schemes are closed to new entrants and to future accrual.

Two Irish schemes were closed to future accrual of DB benefits in 2023 and one Irish scheme closed to future accrual of DB benefits in 2022. The UK scheme was closed to future accrual of DB benefits in 2020.

An Annuity Buy-In transaction took place on the 12 December 2023 in which the Irish DB schemes fully insured their benefit obligation in respect of pensioners at that date.

The DB Schemes are administered by trusts that are legally separated from the Group. The Trustees of the DB Schemes are required by law to act in the interest of the members of the DB Schemes. The Trustees of the DB Schemes are responsible for the investment policy of the schemes.

Under the DB Schemes, employees are entitled to receive an annual payment on attainment of normal retirement age, which in Ireland is 67 or 68 depending on year of birth and in the UK is age 65 for the majority of benefits. The level of benefit payable depends on length of service. In the case of schemes closed to accrual, it depends on future revaluation from the date members ceased accruing benefits up to retirement. Salary for pension purposes is integrated with the State Pension. The DB Schemes provide post-retirement pension increases in the UK only and spouse's death in retirement pensions in both Ireland and the UK. No other post-retirement benefits are provided to employees.

The Group also provides other long term benefits to qualifying employees in the Netherlands which are unfunded and included in the liabilities shown.

Notes to the Group Financial Statements continued

30. Pension Commitments continued

Defined Benefit Pension Schemes – Principal Risks

Through its defined benefit pension schemes the Group is exposed to a number of risks the most significant of which are detailed below:

Asset Volatility

Under IFRS the assets of the Group's defined benefit pension schemes are reported at fair value. The majority of the schemes' assets comprise of bonds and investments in diversified growth funds which may fluctuate significantly from one reporting period to the next.

Discount Rates

The discount rates used in calculating the present value of scheme liabilities are determined by reference to market yields at the balance sheet date of high-quality corporate bonds consistent with the currency and term of the retirement benefit obligations. Changes to the discount rates can have a very significant impact on the amount of defined benefit scheme liabilities.

Price Inflation

Some of the Group's pension obligations are inflation linked. Higher price inflation will lead to higher liabilities.

Longevity Risk

In the majority of cases the Group's defined benefit pension schemes provide benefits for life. Increases in life expectancy will therefore give rise to higher liabilities.

The nature of these risks is not materially different across all schemes.

Financial Assumptions

The financial assumptions used to calculate the retirement benefit liabilities under IAS 19 were as follows:

	At 31 Dec 2024 Irish schemes	At 31 Dec 2024 UK schemes	At 31 Dec 2023 Irish schemes	At 31 Dec 2023 UK schemes
Valuation method	Projected Unit	Projected Unit	Projected Unit	Projected Unit
Rate of increase in salaries	N/A	N/A	N/A	N/A
Rate of increase of pensions in payment	–	3.00%	–	2.90%
Rate of revaluation of non-retired member benefits up to retirement	1.80%-1.85%	2.60%	1.95%-2.05%	2.40%
Discount rate	3.45%	5.50%	3.15%	4.50%
Inflation rate increase*	1.85%	2.60%/3.10%	2.05%	2.40%/3.00%

* The inflation assumption shown for the UK is based on both the Consumer Price Index (CPI) and the Retail Price Index (RPI).

The future life expectancy at age 65 for males and females (currently aged 55 and 65), inherent in the mortality tables used for the 2024 and 2023 year end IAS 19 disclosures are as follows:

2024 Mortality (years)				2023 Mortality (years)			
		Ireland	UK			Ireland	UK
Future Pensioner aged 65:	Male	22.1	20.9	Future Pensioner aged 65:	Male	22.4	20.7
	Female	24.8	24.4		Female	25.0	23.5
Current Pensioner aged 65:	Male	21.7	20.5	Current Pensioner aged 65	Male	21.9	20.3
	Female	24.1	23.8		Female	24.3	22.8

30. Pension Commitments continued**Scheme Assets**

The assets in these schemes are analysed below:

	%	2024 £'000	%	2023 £'000
UK equities	1	1,418	1	1,296
Overseas (non-UK) equities	14	24,943	9	17,546
Government bonds	29	51,348	24	46,116
Corporate bonds	7	12,349	15	28,724
Property	–	–	1	2,330
Diversified growth funds	8	14,376	16	31,965
Liability driven investment ("LDI")	21	37,439	14	27,357
Annuity buy-in	19	34,384	19	38,256
Cash/money market funds	1	2,118	1	1,514
	100	178,375	100	195,104
Actuarial value of liabilities		(177,034)		(200,931)
Asset/(deficit) in the schemes		1,341		(5,827)

Represented by:

Retirement benefit assets	10,932	9,536
Retirement benefit obligations	(9,591)	(15,363)
	1,341	(5,827)

The net pension scheme asset of £1,341,000 is shown in the Group balance sheet at 31 December 2024 as (i) retirement benefit obligations (non-current liabilities) of £9,591,000 of which £8,831,000 relates to a UK scheme and £760,000 to a Euro scheme and (ii) retirement benefit assets (non-current assets) of £10,932,000 relating to the other Euro schemes.

The net pension scheme deficit of £5,827,000 is shown in the Group balance sheet at 31 December 2023 as (i) retirement benefit obligations (non-current liabilities) of £15,363,000 of which £14,554,000 relates to a UK scheme and £809,000 to a Euro scheme and (ii) retirement benefit assets (non-current assets) of £9,536,000 relating to the other Euro schemes.

The retirement benefit assets have been recognised in accordance with IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' as it has been determined that the Group has an unconditional right to a refund of the surplus assets if the schemes are run off until the last member has left the scheme.

In 2023, the Trustees of the three Irish defined benefit pension schemes purchased annuities from one of Ireland's leading life insurance companies to match the benefits being paid to existing pensioners. Under these contracts, the insurer will reimburse the schemes for payments to these pensioners into the future. These insurance contracts are held by the trustees of the three schemes and represent assets of the schemes. This transaction has reduced the Company's exposure to pension risk by removing the longevity and investment risk associated with this portion of the Company's Defined Benefit liabilities. In future years' reporting, the value of the liabilities relating to these pensioners will exactly match the value of the associated annuity contracts.

The actual return on plan assets is set out below:

	2024 £'000	2023 £'000
Return on plan assets excluding interest income	(9,753)	6,450
Interest income on plan assets	7,151	7,917
Return on plan assets excluding impact of buy-in	(2,602)	14,367
Less: effect of annuity buy-in	–	(1,252)
Actual return on plan assets	(2,602)	13,115

Notes to the Group Financial Statements continued

30. Pension Commitments continued

Scheme Assets continued

Plan assets are comprised as follows:

	2024 Quoted £'000	2024 Unquoted £'000	2024 Total £'000	2023 Quoted £'000	2023 Unquoted £'000	2023 Total £'000
Equity – UK*	–	1,418	1,418	–	1,296	1,296
Equity – Other*	–	24,943	24,943	–	17,546	17,546
Bonds – Government*	–	51,348	51,348	–	46,116	46,116
Bonds – Corporate*	–	12,349	12,349	–	28,724	28,724
Property*	–	–	–	–	2,330	2,330
Cash/money market funds*	–	2,118	2,118	–	1,514	1,514
Diversified growth funds*	–	14,376	14,376	–	31,965	31,965
Annuity buy-in	–	34,384	34,384	–	38,256	38,256
LDI*	–	37,439	37,439	–	27,357	27,357
Total	–	178,375	178,375	–	195,104	195,104

* Assets are holdings in unithised funds where the underlying assets are liquid/quoted investments.

Sensitivity of Pension Liability to Judgements/Assumptions

Assumption	Change in Assumptions	Impact on Scheme Liabilities
Discount rate	Increase by 0.25%/Decrease by 0.25%	Reduce by 3.2%/Increase by 3.3%
Rate of inflation	Increase by 0.25%	Increase by 1.6%
Life expectancy	Increase by 1 year	Increase by 3.5%

The above sensitivity analysis is derived through changing an individual assumption while holding all other assumptions constant.

The following table provides a reconciliation of the scheme assets (at bid value) and the actuarial value of scheme liabilities:

	Year Ended 31 December					
	Assets		Liabilities		Net asset/(deficit)	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
At 1 January	195,104	192,298	(200,931)	(202,782)	(5,827)	(10,484)
Interest income on plan assets	7,151	7,917	–	–	7,151	7,917
Contributions by employer	2,604	3,574	–	–	2,604	3,574
Contributions by members	–	23	–	(23)	–	–
Benefit payments	(11,976)	(11,773)	11,976	11,773	–	–
Current service cost	–	–	–	(57)	–	(57)
Curtailed gain	–	–	–	403	–	403
Other long term (expense)/credit	–	–	(91)	(41)	(91)	(41)
Interest cost on scheme liabilities	–	–	(7,456)	(8,315)	(7,456)	(8,315)
Administration costs	(37)	(53)	–	–	(37)	(53)
Remeasurements						
Actuarial (loss)/gain arising from						
– experience variations	–	–	1,369	(978)	1,369	(978)
– financial assumptions	–	–	14,637	(7,432)	14,637	(7,432)
– demographic assumptions	–	–	(814)	4,532	(814)	4,532
Return on plan assets excluding interest income	(9,753)	5,198	–	–	(9,753)	5,198
Translation adjustment	(4,718)	(2,080)	4,276	1,989	(442)	(91)
At 31 December	178,375	195,104	(177,034)	(200,931)	1,341	(5,827)
Related deferred tax asset (net)					1,037	2,655
Net pension asset/(liability)					2,378	(3,172)

30. Pension Commitments continued**Expense Recognised in Income Statement**

	2024 £'000	2023 £'000
Current service cost	–	57
Curtailment gain	–	(403)
Other long term benefit (credit)/expense	91	41
Administration costs	37	53
Total operating expense/(credit)	128	(252)
Net finance costs on pension scheme obligations	305	398
Total expense recognised in income statement	433	146

Recognised Directly in Other Comprehensive Income

	2024 £'000	2023 £'000
Remeasurement gain on pensions	5,439	1,320
Deferred tax on pensions	(1,081)	(3)
	4,358	1,317

In Ireland, the DB schemes are assessed against the Funding Standard (the statutory minimum funding requirement). Funding Proposals were in place for all schemes and these have now ended. As at 31 December 2024, all Irish DB schemes are closed to future accrual. Ongoing funding valuations of the Schemes are required every three years. The next funding valuations are currently being carried out. In the interim, funding recommendations are due to be prepared setting out the recommended contributions to the schemes for the calendar year 2025 allowing for the fact that they will be nil. The schemes are closed to future accrual.

The Irish DB Schemes hold annuity contracts to insure the benefit obligation in respect of their members who were pensioners on 12 December 2023. No other explicit external contracts have been entered into to provide liability matching such as longevity swaps or annuity purchase.

In the UK, the DB schemes are subject to the Statutory Funding Objective under the Pensions Act 2004. Valuations of the DB Schemes are carried out at least once every three years to determine whether or not the Statutory Funding Objectives are met. As part of the process, the Group must agree with the Trustees of the DB Schemes the contributions to be paid to address any shortfalls against the Statutory Funding Objectives. The next valuation for the UK scheme is 31 December 2026.

The contributions expected to be paid to the Group's UK defined benefit schemes in 2025 total approximately £2.5 million.

In prior years, where some schemes were open to future accrual, employees paid contributions equal to a percentage of pensionable salary. The percentage payable varied by scheme. Triennial actuarial valuations were carried out to determine the Group's contribution rate required under the schemes.

Average Duration and Scheme Composition

	Ireland		UK	
	2024	2023	2024	2023
Average duration of defined benefit obligation (years)	15.00	15.00	12.00	13.00

Allocation of Total Defined Benefit Obligation by Participant

	2024	2023
Active plan participants	0%	0%
Deferred plan participants	56%	58%
Retirees	44%	42%
	100%	100%

Notes to the Group Financial Statements continued

31. Share Based Payments

The Group's employee share schemes are equity settled share based payments as defined in IFRS 2 Share Based Payments. The total share based payments expense for the year charged to the income statement was £1,162,000 (2023: £2,127,000), analysed as follows:

	2024 £'000	2023 £'000
LTIP	671	1,450
UK SAYE Scheme	491	677
	1,162	2,127

Details of the schemes operated by the Group are set out below:

Long Term Incentive Plan ("LTIP")

The Group's 2011 long term incentive share scheme expired in April 2021. The Grafton Group plc 2021 Long Term Incentive Plan (the "plan") was approved by shareholders at the AGM of the Company held on 28 April 2021. Details of the plan are set out in the Report of the Remuneration Committee on Directors' Remuneration on pages 102 to 119. Awards over 637,662 Grafton Units were granted under the 2021 Plan on 20 March 2024 (2022: 807,889 on 31 March 2023). In addition, awards over 23,524 and 4,802 Grafton Units were granted under the 2021 Plan on 8 October 2024 and 28 November 2024 respectively.

A summary of the material awards granted on 20 March 2024 and 31 March 2023 is set out below:

Grant date	LTIP 2024 20 March 2024	LTIP 2023 31 March 2023
Share price at date of award	£9.78	£8.87
Exercise price	N/A	N/A
Number of employees	58	161
Number of share awards	637,662	807,889
Vesting period	3 years	3 years
Expected volatility	29.2%	33.0%
Award life	3 years	3 years
Expected life	3 years	3 years
Risk free rate	4.07%	3.61%
Expected dividends expressed as dividend yield	3.45%	3.53%
Valuation model – EPS	Black Scholes/ Monte-Carlo	Black Scholes/ Monte-Carlo
Valuation model – TSR		
Fair value of share award – EPS component	£8.82	£7.98
Fair value of share award – TSR component	£5.65	£5.36

The expected volatility, referred to above, is based on volatility over the last three years. The expected life is equal to the vesting period. The risk free rate of return is the yield on bonds from the Bank of England for a term consistent with the life of the award at the grant date. The fair values of share awards granted under the 2021 Plan were determined taking account of peer group total share return volatility together with the above assumptions.

A reconciliation of all share awards granted under the LTIP is as follows:

	2024 Number	2023 Number
Outstanding at 1 January	1,374,973	1,454,899
Granted in year	665,988	807,889
Forfeited and expired	(555,220)	(510,127)
Exercised	(24,686)	(377,688)
Outstanding at 31 December	1,461,055	1,374,973

At 31 December 2024 and 31 December 2023 none of the LTIPs were exercisable as the conditions for exercise were not fulfilled before the year-end.

31. Share Based Payments continued

UK SAYE Scheme

Options over 762,425 (2023: 625,903) Grafton Units were outstanding at 31 December 2024, pursuant to the 2024 and the existing 2023 and 2022 three year saving contracts under the Grafton Group plc 2021 SAYE Plan at a price of £8.02, £6.83 and £7.93 respectively. These options are normally exercisable within a period of six months after the third anniversary of the savings contract, being June 2027 for the 2024 SAYE scheme, June 2026 for the 2023 SAYE scheme and June 2025 for the 2022 SAYE scheme.

The number of Grafton Units issued during the year under the 2019 SAYE Scheme was Nil (2023: 33,470) and the total consideration received amounted to £Nil (2023: £208,000). Options forfeited in the year were Nil (2023: 3,071).

The number of Grafton Units issued during the year under the 2020 SAYE Scheme was 44,393 (2023: 287,429) and the total consideration received amounted to £254,000 (2023: £1,675,000). Options forfeited in the year were 14,791 (2023: 19,900).

The number of Grafton Units issued during the year under the 2022 SAYE Scheme was 2,662 (2023: 385) and the total consideration received amounted to £21,000 (2023: £3,000). Options forfeited in the year were 29,169 (2023: 73,129).

The number of Grafton Units issued during the year under the 2023 SAYE Scheme was 1,092 (2023: Nil) and the total consideration received amounted to £7,000 (2023: £Nil). Options forfeited in the year were 41,132 (2023: 35,193).

The number of Grafton Units issued during the year under the 2024 SAYE Scheme was Nil and the total consideration received amounted to £Nil. Options forfeited in the year were 29,441.

A reconciliation of options granted under the 2020 SAYE, which was under the Grafton Group (UK) plc 2011 SAYE Plan, is as follows:

	Number	2024 Option price £	Number	2023 Option price £
Outstanding at 1 January	59,184	5.78	366,513	5.78
Forfeited	(14,791)	5.78	(19,900)	5.78
Exercised	(44,393)	5.78	(287,429)	5.78
Outstanding at 31 December	–		59,184	

A reconciliation of options granted under the 2022 SAYE, which was under the Grafton Group plc 2021 SAYE Plan, is as follows:

	Number	2024 Option price £	Number	2023 Option price £
Outstanding at 1 January	250,680	7.93	324,194	7.93
Forfeited	(29,169)	7.93	(73,129)	7.93
Exercised	(2,662)	7.93	(385)	7.93
Outstanding at 31 December	218,849		250,680	

A reconciliation of options granted under the 2023 SAYE, which was under the Grafton Group plc 2021 SAYE Plan, is as follows:

	Number	2024 Option price £	Number	2023 Option price £
Outstanding at 1 January	316,039	6.83	–	–
Granted	–	6.83	351,232	6.83
Forfeited	(41,132)	6.83	(35,193)	6.83
Exercised	(1,092)	6.83	–	–
Outstanding at 31 December	273,815		316,039	

A reconciliation of options granted under the 2024 SAYE, which was under the Grafton Group plc 2021 SAYE Plan, is as follows:

	Number	2024 Option price £
Outstanding at 1 January	–	–
Granted	299,202	8.02
Forfeited	(29,441)	8.02
Exercised	–	8.02
Outstanding at 31 December	269,761	

Notes to the Group Financial Statements continued

31. Share Based Payments continued

UK SAYE Scheme continued

There were no SAYE grants in 2021.

The weighted average share price for the period was £9.85 (2023: £8.58).

At 31 December 2024 none of the 2024 or the 2023 UK SAYE shares were exercisable other than as permitted under the applicable Plan rules. The weighted average remaining life is 1.8 years (2023: 2.1 years).

32. Accounting Estimates and Judgements

In the opinion of the Directors, the following significant judgement was exercised in the preparation of the financial statements:

Recognition of Surplus on Defined Benefit Pension Schemes

Where a surplus on a defined benefit scheme arises, the rights of the trustees to prevent the group obtaining a refund of that surplus in the future are considered in determining whether it is necessary to restrict the amount of the surplus that is recognised. The ROI defined benefit schemes are in surplus under IAS 19 valuation methodology as at 31 December 2024. The directors are satisfied that these amounts meet the requirements of recoverability on the basis that paragraph 11 (b) of IFRIC 14 applies, enabling a refund of the surplus assuming the gradual settlement of the scheme liabilities over time until all members have left the scheme, and a surplus of £10.9 million (2023: £9.5 million) has been recognised.

In the opinion of the Directors, the key sources of estimation uncertainty were as follows:

Goodwill

The Group has capitalised goodwill of £634.3 million at 31 December 2024 (2023: £645.1 million) as detailed in Note 12. Goodwill is required to be tested for impairment at least annually or more frequently if changes in circumstances or the occurrence of events indicate potential impairment exists. The Group uses value-in-use calculations to determine the recoverable amount of cash generating units containing goodwill. Value-in-use is calculated as the present value of future cash flows. In calculating value-in-use, management estimation is required in forecasting cash flows of the segments and in selecting an appropriate discount rate and the nominal growth rate in perpetuity.

Retirement Benefit Obligations

The Group operates a number of defined benefit retirement plans which are as set out in Note 30. The Group's total obligation in respect of defined benefit plans is calculated by independent, qualified actuaries and updated at least annually and totals £177.0 million at 31 December 2024 (2023: £200.9 million). Plan assets at 31 December 2024 amounted to £178.4 million (2023: £195.1 million) giving a net scheme asset of £1.3 million (2023: deficit of £5.8 million). The size of the obligation is sensitive to actuarial assumptions. The key assumptions are the discount rate, the rate of inflation, life expectancy, pension benefits and rate of salary increases. The sensitivities of the principal assumptions used to measure defined benefit pension scheme obligations are set out in Note 30.

Rebate Income

Rebate arrangements with suppliers are a common feature of trading in the distribution industry and the Group has agreements with individual suppliers related to purchases of goods for resale.

Rebates are accounted for as a deduction from the cost of goods for resale and are recognised in the financial statements based on the amount that has been earned in respect of each individual supplier up to the balance sheet date. Rebates receivable are determined using established methodologies and are only recognised in the income statement where there is an agreement in place with an individual supplier, any related performance conditions have been met and the goods have been sold to a third-party customer.

Rebates receivable from individual suppliers are typically calculated by applying an agreed percentage to the purchase price shown on the supplier invoice for products purchased for resale. A small proportion of rebates receivable are based on volumes purchased with certain supplier agreements providing for a stepped increase in rebates if purchases reach predetermined targets within a specified time period.

The majority of rebate arrangements cover a calendar year which coincides with the financial year of the Group and this reduces the requirement to estimate purchase volumes from suppliers when estimating rebates receivable at the year-end. Where estimation is used in the calculation of rebates receivable it is done on a consistent and prudent basis, based upon management's knowledge and experience of the suppliers and historic collection trends.

Rebates are classified in the balance sheet as follows:

Inventories

- The carrying value of inventories at the balance sheet date is reduced to reflect rebates receivable relating to inventory that has not been sold at the balance sheet date.

Trade and Other Receivables

- The amount of rebate receivable at the balance sheet date is classified as other receivables and separately disclosed in Note 17, Trade and Other Receivables.

32. Accounting Estimates and Judgements continued

Rebate Income continued

Trade and Other Payables

- Where the Group has the legal right to set-off rebates receivable against amounts owing to individual suppliers, any rebates receivable at the balance sheet date are netted against amounts payable to these suppliers and the amount, if material, is separately disclosed in Note 24, Trade and Other Payables. There were no amounts offset in this way as at 31 December 2024 or 31 December 2023.

Valuation of Inventory

Inventory comprises raw materials, finished goods and goods purchased for resale. Provisions are made against slow moving, obsolete and damaged inventories for which the net realisable value is estimated to be less than cost. Determining the net realisable value of the wide range of products held in many locations requires estimation to be applied to determine the likely saleability of products and the potential prices that can be achieved. In arriving at any provisions for net realisable value, the Directors take into account the age, condition, quality of the products in stock and recent sales trends. The actual realisable value of inventory may differ from the estimated value on which the provision is based. The Group held provisions in respect of inventory balances at 31 December 2024 amounting to £54.6 million (2023: £56.0 million).

IFRS 16 "Leases"

Where the Group has an option to extend or terminate a lease, management uses its judgement to determine whether such an option would be reasonably certain to be exercised. Management considers all facts and circumstances, including past practice and costs that would be incurred if an option were to be exercised, to help them determine the lease term. Management have also applied judgements in assessing the discount rate, which are based on the incremental borrowing rate. Such judgements could impact lease terms and associated lease liabilities. The Group availed of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and the guidance in IFRIC 4 will continue to be applied to those leases entered into or modified before 1 January 2019.

Valuation of Investment Property

The fair values derived are based on current estimated market values for the properties, being the amount that would be received from a sale of the assets in an orderly transaction between market participants. The valuation of the Group's investment property portfolio is inherently subjective as it requires among other factors, the estimation of the expected rental income in to the future, an assessment of a property's ability to remain attractive to existing and prospective tenants in a changing market and a judgement to be reached on the attractiveness of a building, its location and the surrounding environment. Further detail on the determination of fair value of investment properties is set out in Note 13.

33. Related Party Transactions

The principal related party transactions that require disclosure under IAS 24: Related Party Disclosures relate to subsidiaries, key management personnel and post-employment benefit plans.

Subsidiaries

Sales to and purchases from, together with outstanding payables and receivables to and from, subsidiaries are eliminated in the preparation of the consolidated financial information in accordance with IFRS 10, Consolidated Financial Statements.

Key Management Personnel

The term key management personnel for 2024 refers to the Board of Grafton Group plc and the Group Management Team. The cost of key management personnel is analysed in Note 6 to the Group Financial Statements. The Report of the Remuneration Committee on Directors' Remuneration on pages 102 to 119 provides detailed disclosure ('unaudited') for 2024 and 2023 of salaries, fees, performance-related pay, pension allowance, other benefits and entitlements to awards granted under the Group's 2021 LTIP schemes.

Post-Employment Benefit Plans

Pension commitments to existing and former employees under defined benefit pension scheme arrangements are disclosed in Note 30 to the Group Financial Statements.

34. Events after the Balance Sheet Date

The Company bought back, for cancellation, 0.2 million shares at a cost of £1.6 million between 1 January 2025 and 5 March 2025.

On 13 February 2025, the Group entered into an agreement, which is subject to approval from the Competition and Consumer Protection Commission (CCPC), for the sale of the MFP business to a subsidiary of Wienerberger AG which mainly operates through Pipelife Ireland Solutions Limited in Ireland.

In addition, the Board has today announced a sixth programme, commencing 6 March 2025, to buy back ordinary shares in the Company for an aggregate consideration of up to £30.0 million. The sixth share buyback programme will end no later than 31 August 2025, subject to market conditions.

There have been no other material events subsequent to 31 December 2024 that would require adjustment to or disclosure in this report.

35. Approval of Financial Statements

The Board of Directors approved the Group Financial Statements on pages 134 to 203 on 5 March 2025.

Company Balance Sheet

As at 31 December 2024

	Notes	2024 €'000	2023 €'000
Fixed assets			
Intangible assets	4(a)	390	463
Tangible assets	4(a)	755	817
Right-of-use asset	4(b)	1,327	1,513
Financial assets	5	948,431	948,314
Total fixed assets		950,903	951,107
Current assets			
Debtors	6	1,165,899	959,985
Cash at bank and in hand		113,731	119,049
Total current assets		1,279,630	1,079,034
Creditors: amounts falling due within one year	7	(991,675)	(967,242)
Net current assets		287,955	111,792
Total assets less current liabilities		1,238,858	1,062,899
Creditors: amounts falling due after one year	7	(1,377)	(1,551)
Net assets		1,237,481	1,061,348
Capital and reserves			
Called-up share capital	10	9,890	10,303
Share premium account	10	316,287	315,955
Capital redemption reserve		3,190	2,774
Shares to be issued reserve		8,252	7,983
Profit and loss account		905,608	730,618
Treasury shares held		(5,746)	(6,285)
Shareholders' equity		1,237,481	1,061,348

There was a profit after tax of €356.2 million (2023: profit of €236.9 million) attributable to the parent undertaking for the financial year.

On behalf of the Board.

Eric Born
Director
5 March 2025

David Arnold
Director

Company Statement of Changes in Equity

	Equity share capital €'000	Share premium account €'000	Capital redemption reserve €'000	Shares to be issued reserve €'000	Profit and loss account €'000	Treasury shares €'000	Total equity €'000
Year to 31 December 2024							
At 1 January 2024	10,303	315,955	2,774	7,983	730,618	(6,285)	1,061,348
Profit after tax for the financial year	–	–	–	–	356,184	–	356,184
Total other comprehensive income							
Remeasurement loss on pensions (net of tax)	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	356,184	–	356,184
Transactions with owners of the Company recognised directly in equity							
Dividends paid	–	–	–	–	(86,146)	–	(86,146)
Issue of Grafton Units	3	332	–	–	–	–	335
Purchase of treasury shares	–	–	–	–	–	(95,549)	(95,549)
Cancellation of treasury shares	(416)	–	416	–	(96,088)	96,088	–
Share based payments charge	–	–	–	1,309	–	–	1,309
Transfer from shares to be issued reserve	–	–	–	(1,040)	1,040	–	–
	(413)	332	416	269	(181,194)	539	(180,051)
At 31 December 2024	9,890	316,287	3,190	8,252	905,608	(5,746)	1,237,481
Year to 31 December 2023							
At 1 January 2023	11,195	313,786	1,847	10,797	756,175	(7,204)	1,086,596
Profit after tax for the financial year	–	–	–	–	236,943	–	236,943
Total other comprehensive income							
Remeasurement loss on pensions (net of tax)	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	236,943	–	236,943
Transactions with owners of the Company recognised directly in equity							
Dividends paid	–	–	–	–	(83,442)	–	(83,442)
Issue of Grafton Units	35	2,169	–	–	–	–	2,204
Purchase of treasury shares	–	–	–	–	–	(183,380)	(183,380)
Cancellation of treasury shares	(927)	–	927	–	(184,299)	184,299	–
Share based payments charge	–	–	–	2,427	–	–	2,427
Transfer from shares to be issued reserve	–	–	–	(5,241)	5,241	–	–
	(892)	2,169	927	(2,814)	(262,500)	919	(262,191)
At 31 December 2023	10,303	315,955	2,774	7,983	730,618	(6,285)	1,061,348

Notes to the Company Financial Statements

1. Basis of Preparation

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2014 and Generally Accepted Accounting Practice in the Republic of Ireland (Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)). Note 2 describes the principal accounting policies under FRS 101, which have been applied consistently.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for tangible fixed assets and intangible assets;
- The option to take tangible and intangible assets at deemed cost;
- Disclosures in respect of transactions with wholly-owned subsidiaries;
- Disclosures in respect of financial risk management;
- Disclosure of key management compensation;
- Certain requirements of IAS 1 Presentation of Financial Statements;
- Disclosures required by IFRS 7 Financial Instrument Disclosures;
- Disclosures required by IFRS 13 Fair Value Measurement;
- Certain disclosures required by IFRS 16 Leases; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of Grafton Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosure:

- IFRS 2 Share Based Payments in respect of group settled share-based payments.

In accordance with Section 304(2) of the Companies Act 2014, the income statement and related notes of the parent undertaking have not been presented separately in these financial statements.

2. Accounting Policies

Key Accounting Policies which involve Estimates, Assumptions and Judgements

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Financial Assets

Investments in subsidiaries are stated at cost less any accumulated impairment and are reviewed for impairment if there are any indicators that the carrying value may not be recoverable.

Loans Receivable and Payable

Intercompany loans receivable and payable are initially recognised at fair value. These are subsequently measured at amortised cost, less any provision for impairment.

Other Material Accounting Policies

Operating Income and Expense

Operating income and expense arises from the Company's principal activities as a holding company for the Group and are accounted for on an accruals basis.

Foreign Currencies

The functional and presentation currency of the Company is euro. Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date, with a corresponding charge or credit to the profit and loss account.

Share Issue Expenses

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Share-based Payments

The Company has applied the requirements of Section 8 of FRS 101. The accounting policy applicable to share-based payments is addressed in detail on page 148 of the Consolidated Financial Statements.

IFRS 16 Leases

The accounting policy applicable to IFRS 16 leases is addressed in detail on pages 144 and 145 of the Consolidated Financial Statements.

2. Accounting Policies continued

Treasury Shares

Own equity instruments (i.e. Ordinary Shares) acquired by the Company are deducted from equity and presented on the face of the Company Balance Sheet. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's Ordinary Shares.

Dividends

Dividends on Ordinary Shares are recognised as a liability in the Company's Financial Statements in the period in which they are approved by the shareholders of the Company.

Dividend Income

Dividend income is recognised when the right to receive payment is established.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated over their useful economic life on a straight line basis in line with Group policy as noted in Note 1 to the Consolidated Financial Statements.

Intangible Assets (Computer Software)

Acquired computer software is stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost comprises of purchase price and any other directly attributable costs. Computer software is recognised in line with the criteria as outlined in Note 1 to the Consolidated Financial Statements.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances held for the purpose of meeting short term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Bank overdrafts are included within creditors falling due within one year in the Company Balance Sheet.

3. Statutory and Other Information

The following items have been charged to the company income statement:

	2024 €'000	2023 €'000
Statutory audit (refer to Note 3 of Group Financial Statements)	85	83
Depreciation (Note 4a)	126	60
Depreciation on right-of-use assets (Note 4b)	217	332
Intangible asset amortisation (Note 4a)	97	84
Directors' remuneration	4,794	3,299

The interest expense on lease liabilities in the year was €85,000 (2023: €82,000).

The Directors' remuneration is set out in detail in the Report of the Remuneration Committee on Directors' Remuneration on pages 102 to 119.

The average number of persons employed by the Company during the year was 25 (2023: 22).

	2024 €'000	2023 €'000
The aggregate remuneration costs of employees were:		
Wages and salaries	7,148	5,910
Social welfare costs	262	241
Share-based payments charge	907	1,182
Defined contribution and pension related costs	388	335
Charged to operating profit	8,705	7,668
Net finance cost on pension scheme obligations	–	–
Charged to income statement	8,705	7,668
Actuarial loss on pension scheme	–	–
Total employee benefit cost	8,705	7,668

Notes to the Company Financial Statements continued

4. Tangible, Intangible and Right-of-Use Assets

4. (a) Tangible and Intangible Assets

	Plant and Equipment 2024 €'000	Intangible Assets 2024 €'000
Company Cost		
At 1 January	4,074	928
Additions	64	24
At 31 December	4,138	952
Depreciation		
At 1 January	3,257	465
Charge for year	126	97
At 31 December	3,383	562
Net book amount		
At 31 December	755	390
At 1 January	817	463

4. (b) Right-of-Use Asset

	Right-of-Use Asset* €'000
Year ended 31 December 2023	
Opening balance at 1 January 2023	1,743
Additions	84
Depreciation charge	(332)
Disposals	–
Remeasurements	18
Closing net book amount	1,513
Year ended 31 December 2024	
Opening balance at 1 January 2024	1,513
Additions	31
Depreciation charge	(217)
Disposals	–
Remeasurements	–
Closing net book amount	1,327

* The lease term remaining as at 31 December 2004 is 2.3 years (2023: 3.3 years).

5. Financial Assets

	Other Investments €'000	Investments in subsidiary undertakings €'000	Total €'000
At 1 January 2023	14	1,047,992	1,048,006
Additions*	–	405,234	405,234
Disposals**	–	(104,546)	(104,546)
Impairments***	–	(401,434)	(401,434)
Capital contribution – share-based payments	–	1,054	1,054
At 31 December 2023	14	948,300	948,314
Additions	–	–	–
Disposals	–	–	–
Impairments	–	–	–
Capital contribution – share-based payments	–	117	117
At 31 December 2024	14	948,417	948,431

* Additions in 2023 related to investments in a number of the Group's subsidiary holding companies, some of which were acquired from other group companies.

** One subsidiary entity was disposed intragroup during 2023.

*** The carrying values of investments in a number of non-trading group subsidiaries were impaired, some of which were placed into liquidation during the 2023.

Other investments represent sundry equity investments at cost less provision for impairment.

6. Debtors

	2024 €'000	2023 €'000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings [^]	1,162,046	956,581
Current income tax	406	884
Deferred tax	–	–
Other receivables	1,340	217
	1,163,792	957,682

[^] Amounts owed by subsidiary undertakings are interest free and repayable on demand.

	2024 €'000	2023 €'000
Amounts falling due after one year:		
Other receivables	2,107	2,303

7. Creditors

	2024 €'000	2023 €'000
Amounts falling due within one year:		
Trade and other payables	67	717
Accruals	8,877	6,801
Lease liability*	215	151
Bank overdraft	100,574	97,331
Amounts owed to subsidiary undertakings [^]	881,942	862,242
	991,675	967,242

	2024 €'000	2023 €'000
Amounts falling due after one year:		
Deferred tax	31	16
Lease liability*	1,346	1,535
	1,377	1,551

* The Company's incremental borrowing rate applied to the lease liability as at 31 December 2024 was 5.3 per cent (2023: 5.2 per cent).

[^] Amounts owed to subsidiary undertakings are interest free and repayable on demand.

The maturity analysis of the lease liability is as follows:

	2024 €'000	2023 €'000
Year 1	215	151
Year 2	212	195
Year 3	141	201
Year 4	191	140
Year 5	201	191
After year 5	601	808

Notes to the Company Financial Statements continued

8. Deferred Taxation

Recognised Deferred Tax (Assets) and Liabilities

	Assets 2024 €'000	Liabilities 2024 €'000	Net (assets)/ liabilities 2024 €'000	Assets 2023 €'000	Liabilities 2023 €'000	Net (assets)/ liabilities 2023 €'000
Other items	–	31	31	–	16	16

	Balance 1 Jan 24 €'000	Recognised in income €'000	Recognised in other comprehensive income €'000	Foreign exchange retranslation €'000	Arising on acquisitions €'000	Balance 31 Dec 24 €'000
Other items	16	15	–	–	–	31

	Balance 1 Jan 23 €'000	Recognised in income €'000	Recognised in other comprehensive income €'000	Foreign exchange retranslation €'000	Arising on acquisitions €'000	Balance 31 Dec 23 €'000
Other items	(17)	33	–	–	–	16

9. Pension Commitments

A defined benefit scheme and defined contribution pension schemes are operated by the Company and the assets of the schemes are held in separate trustee administered funds.

The actuarial reports are not available for public inspection.

IAS 19 – Employee Benefits

An actuarial valuation was updated to 31 December 2024 by a qualified independent actuary.

Financial Assumptions

The financial assumptions used to calculate the retirement benefit liabilities under IAS 19 were as follows:

	At 31 Dec 2024 Company scheme	At 31 Dec 2023 Company scheme
Valuation Method	Projected Unit	Projected Unit
Rate of increase of pensions in payment	–	–
Discount rate	3.45%	3.15%
Inflation rate increase	1.85%	2.05%

The Company's obligations to the scheme at the end of 2024 and 2023 were limited to providing a pension to an executive who retired in 2009 on a fixed pension.

	Year ended 31 December					
	Assets		Liabilities		Net asset/(deficit)	
	2024 €'000	2023 €'000	2024 €'000	2023 €'000	2024 €'000	2023 €'000
At 1 January	927	939	(927)	(939)	–	–
Interest income on plan assets	28	33	–	–	28	33
Benefit payments	(76)	(76)	76	76	–	–
Interest cost on scheme liabilities	–	–	(28)	(33)	(28)	(33)
Remeasurement (losses)/gains	(38)	31	38	(31)	–	–
At 31 December	841	927	(841)	(927)	–	–
Related deferred tax asset (net)	–	–	–	–	–	–
Net pension liability	–	–	–	–	–	–

No contributions are expected to be paid to the Company's defined benefit scheme in 2024 (2023: €Nil).

10. Share Capital and Share Premium

Details of equity share capital and share premium are set out below and in Note 18 to the Group Financial Statements.

	Issue Price	Number of Shares	2024 Nominal Value €'000	2023 Nominal Value €'000
Issued and fully paid:				
Ordinary shares				
At 1 January		206,060,972	10,303	11,195
Issued under UK SAYE scheme*		48,147	2	16
2021 Long Term Incentive Plan				
April 2021 LTIP Awards		24,686	1	19
Share Buyback				
Share Buyback – Programme 2		–	–	(330)
Share Buyback – Programme 3		–	–	(300)
Share Buyback – Programme 4		(5,520,921)	(276)	(278)
Share Buyback – Programme 5		(2,810,108)	(140)	–
Share Buyback – LTIP Awards		–	–	(19)
At 31 December		197,802,776	9,890	10,303
Total nominal share capital issued			9,890	10,303

* Refer to Note 31 to the Group Financial Statements which outlines the issue price of the SAYE Schemes.

Share Premium

Company	2024 €'000	2023 €'000
At 1 January	315,955	313,786
Premium on issue of shares under UK SAYE scheme	332	2,169
At 31 December	316,287	315,955

11. Share-Based Payments

Details of Share-Based Payments are set out in Note 31 of the Group Financial Statements.

12. Related Party Transactions

The principal related party transactions that require disclosure under IAS 24: Related Party Disclosures relate to subsidiaries and post-employment benefit plans.

Subsidiaries

The consolidated accounts of the Company and its subsidiaries include the following transactions that have been eliminated on consolidation:

- Management charges made by the Company to its subsidiaries of €8.1 million (2023: €8.0 million) for the year ended 31 December 2024;
- Loans, which are repayable on demand, were granted to and by the Company to its subsidiaries; and
- Dividend income in the year of €361.8 million (2023: €286.6 million) was received from Group subsidiary companies.

Post-Employment Benefit Plans

Pension commitments to existing and former employees under defined benefit pension scheme arrangements are disclosed in Note 9 to the Company Financial Statements.

Notes to the Company Financial Statements continued

13. Principal Operating Subsidiaries

The principal operating subsidiaries operating in Ireland are:

Name of Company	Nature of Business	Registered Office
Chadwicks Group Limited	Building materials distribution	c/o Grafton Group plc, The Hive, Carmanhall Road, Sandyford Business Park, Dublin 18, D18 Y2C9
Woodie's DIY Limited	DIY, home and garden retailing	c/o Grafton Group plc, The Hive, Carmanhall Road, Sandyford Business Park, Dublin 18, D18 Y2C9

The Company owns 100 per cent of the share capital of its principal operating subsidiary undertakings operating in Ireland.

The principal operating subsidiaries operating in the United Kingdom are:

Name of Company	Nature of Business	Registered Office
Macnaughton Blair Limited	Building materials distribution	10 Falcon Road, Belfast, BT12 6RD, Northern Ireland
Selco Trade Centres Limited	Building materials distribution	First Floor, Boundary House, 2 Wythall Green Way, Wythall, Birmingham, United Kingdom, B47 6LW
LSDM Limited	Building materials distribution	Ground Floor, Boundary House 2 Wythall Green Way, Wythall, Birmingham, United Kingdom, B47 6LW
CPI Mortars Limited	Mortar manufacturing	Ground Floor, Boundary House 2 Wythall Green Way, Wythall, Birmingham, United Kingdom, B47 6LW
TG Lynes Limited	Building materials distribution	Ground Floor, Boundary House 2 Wythall Green Way, Wythall, Birmingham, United Kingdom, B47 6LW
AVC (Stairbox) Limited	Wooden staircase manufacturing	Ground Floor, Boundary House 2 Wythall Green Way, Wythall, Birmingham, United Kingdom, B47 6LW

The Company owns 100 per cent of the share capital of its principal subsidiary undertakings operating in the UK.

The principal operating subsidiaries in the Netherlands are:

Name of Company	Nature of Business	Registered Office
Isero B.V.	Ironmongery, tools and fixings distribution	Dirk Verheulweg 3, 2742 JR, Waddinxveen, The Netherlands
Gunters en Meuser B.V.	Ironmongery, tools and fixings distribution	Egelantiersgracht 2-6, 1015 RL Amsterdam, the Netherlands
Polvo B.V.	Ironmongery, tools and fixings distribution	Tradeboulevard 5 a, 4761RL Zevenbergen, the Netherlands
GKL Ventilatie Techniek B.V.	Ventilation systems	Touwbaan 1 H, 2352CZ Leiderdorp

The Company owns 100 per cent of the share capital of its principal subsidiary undertakings operating in the Netherlands.

The principal operating subsidiaries in Finland are:

Name of Company	Nature of Business	Registered Office
IKH Oy	Technical trades distribution	Keskustie 26, 61850 Kauhajoki, Finland
IKH Retail Oy	Technical trades distribution	Keskustie 26, 61850 Kauhajoki, Finland

The Company owns 100 per cent of the share capital of its principal subsidiary undertakings operating in Finland.

The principal operating subsidiary in Spain is:

Name of Company	Nature of Business	Registered Office
Salvador Escoda	HVAC distribution	Carrer de Nàpols, 249, L'Eixample, 08013 Barcelona, Spain

The Company owns 100 per cent of the share capital of its principal subsidiary undertaking operating in Spain.

14. Section 357 Guarantees

Each of the following Irish registered subsidiaries of the Company, whose registered office is c/o Grafton Group plc, The Hive, Carmanhall Road, Sandyford Business Park, Dublin 18, D18 Y2C9 (company number: 8149) may avail of the exemption from filing its statutory financial statements for the year ended 31 December 2024 as permitted by section 357 of the Companies Act 2014 and, if any these Irish registered subsidiaries of the Company elects to avail of this exemption, there will be in force an irrevocable guarantee from the Company in respect of all commitments entered into by such wholly-owned subsidiary, including amounts shown as liabilities (within the meaning of section 357 (1) (b) of the Companies Act 2014) in such wholly-owned subsidiary's statutory financial statements for the year ended 31 December 2024:

Athina Limited, Atlantic DIY Limited, Beralt Developments Limited, Cardston Properties Limited, Chadwicks Group Limited, Chadwicks Holdings Limited, Chadwicks Limited, Cheshunt Unlimited Company, Cork Builders Providers Limited, CPI Limited, Daly Brothers (North-East) Limited, Davies Limited, Deltana Limited, Denningco Limited, Eddie's Hardware Limited, F & T Buckley (Holdings) Unlimited Company, Garvey Builders Providers Unlimited Company, Grafton Group European Holdings Limited, Grafton Group Finance plc, Grafton Group Management Services Limited, Grafton Group Investments Unlimited Company, Grafton Group Holdings Unlimited Company, Grafton Group Secretarial Services Limited, Grafton Group Treasury Limited, Haylen Investments Limited, Heiton Buckley Limited, Heiton Group plc, Jarkin Properties Limited, Jarsen Distribution Limited, Lacombe Properties Limited, Market Hardware Unlimited Company, Paddy Power (Kilbarry) Unlimited Company, Panelling Centre Limited, Plumbland Limited, Powlett Properties Limited, Resadale Properties Limited, Rooneys Homevalue Limited, Sam Hire Holdings Unlimited Company, Sitetech Building Products Limited, Stettler Properties Limited, Telford Group Limited, Telfords (Portlaoise) Limited, Tiska Limited, Titanium Limited, Topez Limited, W & S Timber Components Unlimited Company, Weeksbury Limited, Woodies DIY (Irl) Limited and Woodie's DIY Limited.

15. Other Guarantees

The Company has declared and assumes joint and several liability for any obligations arising from the legal acts of Grafton Holding Netherlands BV, Isero B.V., Gunters en Meuser B.V., Polvo B.V., Polvo Real Estate B.V., GKL Ventilatie Techniek B.V. and Regts B.V., in accordance with article 2:403 paragraph (f) of the Dutch Civil Code and such declarations will be filed at the Dutch commercial register (Kamer van Koophandel) in accordance with article 2:403 paragraph (g).

The Company has given guarantees in respect of the bank borrowings of subsidiary undertakings which amounted to €229.3 million at the balance sheet date. The guarantee is over bank debt of €69.3 million and US senior notes of €160.0 million. The Company has also guaranteed certain property lease obligations of subsidiary undertakings.

16. Approval of Financial Statements

The Board of Directors approved the Company Financial Statements in respect of the year ended 31 December 2024 on 5 March 2025.

Supplementary Financial Information

Not covered by Independent Auditors' Report

Alternative Performance Measures

Certain financial information set out in this consolidated year end financial statements is not defined under International Financial Reporting Standards ("IFRS"). These key Alternative Performance Measures ("APMs") represent additional measures in assessing performance and for reporting both internally and to shareholders and other external users. The Group believes that the presentation of these APMs provides useful supplemental information which, when viewed in conjunction with IFRS financial information, provides readers with a more meaningful understanding of the underlying financial and operating performance of the Group.

None of these APMs should be considered as an alternative to financial measures drawn up in accordance with IFRS.

The key Alternative Performance Measures ("APMs") of the Group are set out below. As amounts are reflected in £'m some immaterial rounding differences may arise. Numbers that refer to 2023 are available in the 2023 Annual Report.

The term "Adjusted" means before exceptional items and acquisition related items. These items do not relate to the underlying operating performance of the business and therefore to enhance comparability between reporting periods and businesses, management do not take these items into account when assessing the underlying profitability of the Group.

Acquisition related items comprise deferred consideration payments relating to the retention of former owners of businesses acquired, transaction costs and expenses, professional fees for new and target acquisitions, adjustments to previously estimated earn outs, impairment charges related to intangible assets recognised on acquisition of businesses and goodwill impairment charges. Customer relationships, technology and brands amortisation, the impact of unwinding acquisition related deferred consideration to present value and any associated tax are considered by management to form part of the total spend on acquisitions or are non-cash items resulting from acquisitions and therefore are also included as adjusting items.

APM	Description
Adjusted Operating Profit/EBITA	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items, net finance expense and income tax expense.
Adjusted Operating Profit/EBITA Before Property Profit	Profit before profit on the disposal of Group properties, amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items, net finance expense and income tax expense.
Adjusted Operating Profit/EBITA Margin Before Property Profit	Adjusted operating profit/EBITA before property profit as a percentage of revenue.
Adjusted Profit Before Tax	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items and income tax expense.
Adjusted Profit After Tax	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items and exceptional items but after deducting the income tax expense.
Capital Turn	Revenue for the previous 12 months divided by average capital employed (where capital employed is the sum of total equity and net debt at each period end).
Constant Currency	Constant currency reporting is used by the Group to eliminate the translational effect of foreign exchange on the Group's results. To arrive at the constant currency change, the results for the prior period are retranslated using the average exchange rates for the current period and compared to the current period reported numbers.
Dividend Cover	Group earnings per share divided by the total dividend per share for the Group.
EBITDA	Earnings before exceptional items, acquisition related items, net finance expense, income tax expense, depreciation and intangible assets amortisation. EBITDA (rolling 12 months) is EBITDA for the previous 12 months.

APM	Description
EBITDA Interest Cover	EBITDA divided by net bank/loan note interest.
Free Cash Conversion	Free cash flow as a percentage of adjusted operating profit.
Free Cash Flow	Cash generated from operations less replacement capital expenditure (net of disposal proceeds), less interest paid (net), income taxes paid and payment of lease liabilities. In the current year the definition has been refined to also deduct payment of deferred acquisition consideration, and the prior year has been restated to reflect this.
Gearing	The Group net (cash)/debt divided by the total equity attributable to owners of the Parent times 100, expressed as a percentage.
Like-for-like Revenue	Like-for-like revenue is a measure of underlying revenue performance for a selected period. Branches contribute to like-for-like revenue once they have been trading for more than twelve months. Acquisitions contribute to like-for-like revenue once they have been part of the Group for more than 12 months. When branches close, or where a business is disposed of, revenue from the date of closure, for a period of 12 months, is excluded from the prior year result.
Liquidity	The Group's accessible cash, including any undrawn revolving bank facilities.
Net (Debt)/Cash	Net (debt)/cash comprises current and non-current interest-bearing loans and borrowings, lease liabilities, fixed term cash deposits, cash and cash equivalents and current and non-current derivative financial instruments (net).
Operating Profit/EBIT Margin	Profit before net finance expense and income tax expense as a percentage of revenue.
Adjusted Return on Capital Employed	Adjusted operating profit divided by average capital employed (where capital employed is the sum of total equity and net debt at each period end) times 100.
Adjusted Earnings Per Share	A measure of underlying profitability of the Group. Adjusted profit after tax is divided by the weighted average number of Grafton Units in issue, excluding treasury shares.

Adjusted Operating Profit/EBITA Before Property Profit

	2024 £'m	2023 £'m
Revenue	2,282.3	2,319.2
Operating profit	152.6	183.1
Property (profit)	(4.0)	(1.3)
Acquisition related items	4.6	2.7
Amortisation of intangible assets arising on acquisitions	20.3	19.7
Adjusted operating profit/EBITA before property profit	173.5	204.2
Adjusted operating profit/EBITA margin before property profit	7.6%	8.8%

Operating Profit/EBIT Margin

	2024 £'m	2023 £'m
Revenue	2,282.3	2,319.2
Operating profit	152.6	183.1
Operating profit/EBIT margin	6.7%	7.9%

Adjusted Operating Profit/EBITA & Margin

	2024 £'m	2023 £'m
Operating profit	152.6	183.1
Acquisition related items	4.6	2.7
Amortisation of intangible assets arising on acquisitions	20.3	19.7
Adjusted operating profit/EBITA	177.5	205.5
Adjusted operating profit/EBITA margin	7.8%	8.9%

Supplementary Financial Information continued

Not covered by Independent Auditors' Report

Adjusted Profit Before Tax

	2024 £'m	2023 £'m
Profit before tax	152.5	183.5
Acquisition related items	4.6	2.7
Amortisation of intangible assets arising on acquisitions	20.3	19.7
Unwinding of discount applicable to deferred consideration	1.5	–
Adjusted profit before tax	178.9	205.9

Adjusted Profit After Tax

	2024 £'m	2023 £'m
Profit after tax for the financial year	122.0	148.7
Acquisition related items	4.6	2.7
Tax on acquisition related items	–	(0.2)
Amortisation of intangible assets arising on acquisitions	20.3	19.7
Tax on amortisation of intangible assets arising on acquisitions	(4.6)	(4.4)
Unwinding of discount applicable to deferred consideration	1.5	–
Adjusted profit after tax	143.8	166.5

Capital Turn

	2024 £'m	2023 £'m
Revenue	2,282.3	2,319.2
Average capital employed	1,716.5	1,720.9
Capital turn – times	1.3	1.3

Dividend Cover

	2024 £'m	2023 £'m
Group adjusted EPS – basic (pence)	71.78	77.88
Group dividend (pence)	37.0	36.0
Group dividend cover – times	1.9	2.2

Reconciliation of Profit to EBITDA

	2024 £'m	2023 £'m
Profit after tax for the financial year	122.0	148.7
Acquisition related items	4.6	2.7
Net finance expense/(income)	0.1	(0.4)
Income tax expense	30.5	34.8
Depreciation	112.4	104.7
Intangible asset amortisation	22.3	21.3
EBITDA	292.0	311.8

EBITDA Interest Cover

	2024 £'m	2023 £'m
EBITDA	292.0	311.8
Net bank/loan note interest including interest on lease liabilities	(0.1)	(0.3)
EBITDA interest cover – times	N/A	N/A

EBITDA Interest Cover (excluding interest on lease liabilities)

	2024 £'m	2023 £'m
EBITDA	292.0	311.8
Net bank/loan note interest excluding interest on lease liabilities	(15.1)	(15.9)
EBITDA interest cover – times	N/A	N/A

Free Cash Flow

	2024 £'m	2023 £'m
Cash generated from operations	298.3	334.3
Replacement capital expenditure	(23.9)	(27.4)
Proceeds on sale of property, plant and equipment	1.3	1.4
Proceeds on sale of properties held for sale/investment properties	4.4	2.2
Interest received	23.4	24.2
Interest paid	(22.5)	(23.1)
Payment of lease liabilities	(71.6)	(67.7)
Deferred acquisition consideration paid	(2.1)	(2.6)
Income taxes paid	(29.0)	(38.4)
Free cash flow	178.2	203.0

Free Cash Conversion

	2024 £'m	2023 £'m
Free cash flow	178.2	203.0
Adjusted operating profit	177.5	205.5
Free cash conversion	100%	99%

Gearing

	2024 £'m	2023 £'m
Total equity attributable to owners of the Parent	1,596.2	1,655.8
Group net debt	131.7	49.3
Gearing	8.2%	3.0%

Liquidity

	2024 £'m	2023 £'m
Cash and cash equivalents	359.4	383.9
Fixed term cash deposits	150.0	200.0
Less: cash held against letter of credit	(4.0)	(4.0)
Accessible cash	505.4	579.9
Undrawn revolving bank facilities	270.8	269.7
Liquidity	776.2	849.6

Supplementary Financial Information continued

Not covered by Independent Auditors' Report

Cash Outflow on Dividends and Share Buyback, excluding transaction costs

	2024 £'m	2023 £'m
Dividend payment	73.2	72.6
Purchase of treasury shares, excluding transaction costs	80.9	159.1
Exclude LTIP share purchase	–	(3.4)
Cash outflow on dividends and share buyback, excluding transaction costs	154.1	228.3

Like for like revenue

	2024 £'m	2023 £'m
2023/2022 revenue	2,319.2	2,301.5
Organic growth	(52.5)	(32.3)
Organic growth – new branches	5.5	11.3
Total organic growth	(47.0)	(21.0)
Acquisitions	47.2	12.1
Foreign exchange	(37.1)	26.6
2024/2023 revenue	2,282.3	2,319.2
Like-for-like movement (organic growth, excluding new branches, as % prior year revenue)	(2.3%)	(1.4%)

Net (Debt)

	2024 £'m	2023 £'m
Cash and cash equivalents	359.4	383.9
Bank overdrafts	(8.4)	–
Interest-bearing loans (non-current)	(188.4)	(204.2)
Interest-bearing loans (current)	(40.6)	–
Lease liabilities (non-current)	(331.6)	(364.1)
Lease liabilities (current)	(72.2)	(64.9)
Derivatives	(0.0)	(0.0)
Fixed term cash deposits	150.0	200.0
Net (Debt)	(131.7)	(49.3)

Net Debt to EBITDA

	2024 £'m	2023 £'m
EBITDA	292.0	311.8
Net debt	131.7	49.3
Net debt to EBITDA – times	0.45	0.16

Adjusted Return on Capital Employed

	2024 £'m	2023 £'m
Operating profit	152.6	183.1
Acquisition related items	4.6	2.7
Amortisation of intangible assets arising on acquisitions	20.3	19.7
Adjusted operating profit	177.5	205.5
Total equity – current period end	1,596.2	1,655.8
Net debt – current period end	131.7	49.3
Capital employed – current period end	1,727.9	1,705.1
Total equity – prior period end	1,655.8	1,745.6
Net debt/(cash) – prior period end	49.3	(8.9)
Capital employed – prior period end	1,705.1	1,736.7
Average capital employed	1,716.5	1,720.9
Adjusted return on capital employed	10.3%	11.9%

Net cash – Before leases

	2024 £'m	2023 £'m
Net (debt) – after leases	(131.7)	(49.3)
Lease liability	403.7	429.0
Net cash – before leases	272.1	379.7

Technical Guidance for 2025 Financial Year (unaudited)**Interest costs:**

c. £9-£10 million but dependent on rate of reduction of interest rates by Central Banks together with impact of corporate development activity.

Effective tax rate:

c. 20.4% and trend likely to be upwards toward 21.5% in subsequent years.

Depreciation and asset amortisation (pre-IFRS 16):

c. £50 million.

Depreciation and amortisation including right of use**assets (leases) and acquired intangibles:**

c. £150 million.

Gross replacement capital expenditure:

c. £30 - £35 million.

Organic development capital expenditure:

c. £30 million.

Grafton Group plc Financial History – 2004 to 2024*

Group Income Statements	2024 £'m	2023 £'m	2022 £'m	2021 £'m	2020 £'m	2019 £'m	2018 £'m	2017 £'m
Revenue	2,282.3	2,319.2	2,301.5	2,109.9	2,509.1	2,672.3	2,952.7	2,715.8
Operating profit	173.5	204.2	260.5	271.2	190.7	197.9	189.6	160.9
Operating margin %	7.6%	8.8%	11.3%	12.9%	7.6%	7.4%	6.4%	5.9%
Restructuring (costs)/credit	–	–	–	–	(24.7)	0.0	(1.9)	0.0
Intangible amortisation on acquisitions & acquisition related items	(24.9)	(22.4)	(21.6)	(18.8)	(8.9)	(7.0)	(5.1)	(2.8)
Property profit	4.0	1.3	25.4	16.7	2.6	6.9	4.9	2.7
Net finance (expense)/income	(0.1)	0.4	(12.6)	(19.4)	(26.9)	(25.1)	(6.1)	(6.4)
Profit before taxation	152.5	183.5	251.7	249.8	132.7	172.6	181.3	154.5
Taxation	(30.5)	(34.8)	(43.1)	(43.0)	(25.2)	(28.7)	(30.9)	(26.6)
Profit after taxation	122.0	148.7	208.6	206.8	107.5	143.9	150.4	127.8
Group Balance Sheets	2024 £'m	2023 £'m	2022 £'m	2021 £'m	2020 £'m	2019 £'m	2018 £'m	2017 £'m
Capital employed								
Goodwill and intangibles	769.2	784.0	789.5	744.1	820.0	761.1	726.0	646.1
Property, plant and equipment and ROU Asset	745.1	768.6	774.5	740.6	999.5	1,023.2	521.6	504.4
Financial assets	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Net current assets**	253.0	204.1	224.7	142.3	100.3	173.6	161.7	136.3
Other net non-current liabilities	(39.5)	(51.7)	(52.1)	(46.5)	(97.9)	(61.5)	(59.8)	(49.4)
	1,727.9	1,705.1	1,736.7	1,580.6	1,822.0	1,896.5	1,349.6	1,237.5
Financed as follows:								
Shareholders' equity	1,596.2	1,655.8	1,745.6	1,719.6	1,467.0	1,362.7	1,296.5	1,174.6
Non-controlling interest	–	–	–	–	–	–	–	–
Net debt/(cash)	131.7	49.3	(8.9)	(139.0)	355.0	533.8	53.1	62.9
	1,727.9	1,705.1	1,736.7	1,580.6	1,822.0	1,896.5	1,349.6	1,237.5
Other Information								
Net (cash)/debt pre-IFRS 16	(272.1)	(379.7)	(458.2)	(588.0)	(181.9)	(7.8)	53.1	62.9
Acquisitions & investments	109.6	27.9	46.0	123.3	47.5	92.6	73.8	40.4
Purchase of fixed assets and investment in intangible assets	46.8	52.8	57.8	43.6	35.2	52.4	73.6	81.4
	156.4	80.7	103.8	166.9	82.7	145.0	147.4	121.8
Depreciation and intangible amortisation	134.7	126.0	114.6	115.1	121.4	114.8	49.0	43.5
Financial Highlights	2024	2023	2022	2021	2020	2019	2018	2017
Adjusted EPS*** (pence)	71.8	77.9	96.6	93.0	56.7	62.8	66.0	54.9
Dividend/share purchase per share (pence)	37.0	36.0	33.0	30.5	14.5	19.0	18.0	15.5
Cash flow per share (pence)	128.1	128.5	138.4	134.5	96.0	108.8	83.9	72.4
Net assets per share (pence)	809.0	805.5	781.4	717.8	613.7	573.0	545.3	495.0
Underlying EBITDA interest cover (times)	N/A	N/A	32.2	18.0	11.9	12.1	48.0	48.4
Dividend/share purchase cover	1.9	2.2	2.9	3.0	3.9	3.3	3.7	3.5
Net debt to shareholders' funds	8%	3%	(1%)	(8%)	24%	39%	4%	5%
ROCE	10.3%	11.9%	17.2%	19.4%	10.4%	10.8%	15.0%	13.6%

* The summary financial information is stated under IFRS. The financial years 2019-2024 are presented as the post-IFRS 16 reported balances.

** Excluding net debt/(cash).

*** Before amortisation of intangible assets arising on acquisitions, exceptional items and acquisition related items in 2021, 2022, 2023 and 2024. Before amortisation of intangible assets arising on acquisitions in 2020 and exceptional items. Before amortisation of intangible assets arising on acquisitions in 2019. Before amortisation of intangible assets arising on acquisitions and profit/(loss) on disposal of Group businesses in 2018. Before amortisation of intangible assets arising on acquisitions in 2017. Before exceptional items and amortisation of intangible assets arising on acquisitions in 2016. Before pension credit, asset impairment and amortisation of intangible assets arising on acquisitions in 2015 (restated).

2016 £'m	2015 £'m	2014 £'m	2013 £'m	2012 £'m	2011 £'m	2010 £'m	2009 £'m	2008 £'m	2007 £'m	2006 £'m	2005 £'m	2004 £'m
2,507.3	2,212.0	2,081.7	1,899.8	1,760.8	1,782.5	1,719.4	1,763.8	2,128.5	2,193.3	2,000.0	1,798.1	1,270.5
137.1	121.5	110.1	77.2	59.1	47.5	41.5	21.3	92.7	180.4	165.4	146.2	109.3
5.5%	5.5%	5.3%	4.1%	3.4%	2.7%	2.4%	1.2%	4.4%	8.2%	8.3%	8.1%	8.6%
(19.7)	–	–	2.8	(21.2)	(27.8)	(13.2)	(17.0)	(13.7)	–	–	–	–
(2.2)	(0.5)	–	–	–	–	–	–	–	–	–	–	–
4.9	6.7	–	–	–	–	–	–	–	5.0	25.9	6.6	5.1
(5.9)	(7.9)	(8.9)	(12.3)	(12.9)	(10.8)	(6.4)	7.8	(28.0)	(24.0)	(21.4)	(21.4)	(15.5)
114.2	120.3	101.2	67.7	25.0	8.9	21.9	12.1	51.0	161.4	169.9	131.4	98.9
(21.1)	(23.8)	(21.2)	(5.6)	6.6	(6.7)	33.0	(0.2)	(5.1)	(21.0)	(22.0)	(17.8)	(13.5)
93.1	96.5	80.0	62.1	31.6	2.2	54.9	11.9	45.9	140.4	147.9	113.6	85.4
2016 £'m	2015 £'m	2014 £'m	2013 £'m	2012 £'m	2011 £'m	2010 £'m	2009 £'m	2008 £'m	2007 £'m	2006 £'m	2005 £'m	2004 £'m
610.8	554.2	485.9	481.0	476.2	474.9	479.7	489.3	516.0	448.7	400.3	375.4	174.2
461.7	430.1	423.4	413.4	458.3	471.9	489.6	537.1	603.2	516.1	460.8	427.1	286.4
0.1	0.1	0.1	0.1	0.2	0.1	3.4	3.5	0.2	0.6	0.3	0.2	33.2
141.5	149.6	112.8	136.5	133.7	121.2	122.2	122.6	193.0	256.9	225.4	207.8	137.6
(52.6)	(31.3)	(40.6)	(23.0)	(85.9)	(58.4)	(22.8)	(56.4)	(69.9)	(35.7)	(35.8)	(52.4)	(35.8)
1,161.5	1,102.7	981.6	1,008.0	982.5	1,009.7	1,072.1	1,096.1	1,242.5	1,186.6	1,051.0	958.1	595.6
1,062.1	985.7	902.3	870.3	813.5	821.0	852.5	809.7	827.6	783.0	681.1	557.7	349.4
3.1	3.4	4.0	4.0	4.1	–	–	–	–	–	–	–	–
96.3	113.6	75.3	133.7	164.9	188.7	219.6	286.4	414.9	403.6	369.9	400.4	246.2
1,161.5	1,102.7	981.6	1,008.0	982.5	1,009.7	1,072.1	1,096.1	1,242.5	1,186.6	1,051.0	958.1	595.6
96.3	113.6	75.3	133.7	164.9	188.7	219.6	286.4	414.9	403.6	369.9	400.4	246.2
11.9	98.6	33.1	5.9	17.6	11.1	2.1	6.1	22.4	61.0	59.4	326.7	60.2
60.4	51.6	46.9	24.7	23.0	30.6	8.2	11.0	62.6	71.7	84.8	68.8	60.3
72.3	150.2	80.0	30.6	40.6	41.7	10.3	17.1	85.0	132.7	144.2	395.5	120.5
38.1	33.1	32.5	31.5	33.9	37.1	40.1	44.7	45.0	40.4	37.8	34.5	23.5
2016	2015	2014	2013	2012†	2011	2010	2009	2008	2007	2006	2005	2004
47.7	41.2	34.4	22.3	15.1	13.4	15.9	4.8	25.6	57.7	53.2	46.4	38.1
13.8	12.5	10.8	8.5	7.0	6.5	6.0	4.5	11.9	15.1	12.8	10.8	8.8
64.0	54.9	48.4	39.5	29.9	24.9	44.8	26.6	39.6	74.1	68.4	60.4	49.1
449.5	419.0	387.9	374.4	350.6	354.1	368.5	351.0	359.5	341.2	284.7	234.9	163.7
37.9	27.3	19.4	11.0	8.6	6.4	10.0	5.6	4.5	8.2	10.2	9.4	9.9
3.5	3.3	3.2	2.6	2.2	2.1	2.6	1.1	2.1	3.8	4.2	4.3	4.3
9%	12%	8%	15%	20%	23%	26%	35%	50%	52%	54%	72%	70%
12.5%	12.2%	11.1%	7.8%	6.1%	4.6%	3.8%	1.8%	7.6%	16.1%	16.5%	18.8%	19.3%

Corporate Information

Corporate & Registered Office	The Hive Carmanhall Road Sandyford Business Park Dublin 18, D18 Y2C9 Phone: +353 (0)1 216 0600 Email: email@griftonplc.com www.griftonplc.com
Registrars	MUFG Corporate Markets PO Box 7117, Dublin 2, Ireland Phone: +353 (0)1 553 0050 Email: enquiriesireland@cm.mpms.mufg.com www.mpms.mufg.com
Solicitors	Arthur Cox, Dublin & Belfast A&L Goodbody, Dublin Squire Patton Boggs, London Allen & Overy, Amsterdam
Bankers	Bank of Ireland HSBC Bank plc ABN AMRO Bank N.V. Barclays Bank plc
Stockbrokers	Goodbody, Dublin Numis Securities Limited (trading as Deutsche Numis), London
Auditors	PricewaterhouseCoopers
Company Registration Number	8149

Financial Calendar 2025

Final Results for 2024	6 March 2025
Annual General Meeting 2025	8 May 2025
Half-Year Results for 2025	4 Sept 2025
Final Dividend for 2024	
Record date	22 April 2025
Payment date	15 May 2025

Annual General Meeting 2025

The Annual General Meeting of the Company will be held at the Irish Management Institute (IMI), Sandyford Road, Dublin, D16 X8C3, Ireland at 10.30am on Thursday 8 May 2025.

Glossary of Terms

AGM	Annual General Meeting
APM	Alternative Performance Measure
BES 6001	Framework Standard for Responsible Sourcing
bps	Basis Points
BU	Business Unit
CA14	Companies Act 2014
CBAM	Carbon Borders Adjustment Mechanism
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CNG	Compressed Natural Gas
CO₂e	Carbon Dioxide Equivalent
CPI	Consumer Price Index
CRR	Corporate Risk Register
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
DB Schemes	Defined Benefit Schemes
EBITA	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items, net finance expense and income tax expense
EBITDA	Earnings before exceptional items, acquisition related items, net finance expense, income tax expense, depreciation and intangible assets amortisation
EEDI	Equality, equity, inclusion & diversity
EFRAG	European Financial Reporting Advisory Group
EGM	Extraordinary General Meeting
EPS	Earnings per Share
ERP	Enterprise Resource Planning
ESC	Executive Sustainability Committee
ESG	Environmental, Social, Governance
ESOS	The Energy Savings Opportunity Scheme
ESRS	European Sustainability Reporting Standards
FRS	Financial Reporting Standard
GAAP	Generally Accepted Accounting Principles
GDPR	EU General Data Protection Regulation
GHG	Greenhouse Gas
Grafton	Grafton Group plc
GRC	Group Risk Committee
HVAC	Heating, Ventilation and Air Conditioning
HVO	Hydrogenated Vegetable Oil
IAS	International Accounting Standards
IAASA	Irish Auditing and Accounting Supervisory Authority
IBNR	Incurred But Not Reported

Glossary of Terms continued

IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IPCC	International Panel on Climate Change
IR	Investor Relations
ISAs (Ireland)	International Standards on Auditing (Ireland)
ISSC	Information Security Steering Committee
KPI	Key Performance Indicators
LDI	Liability Driven Investment
LSDM Limited	Leyland SDM Limited
LTIFR	Lost Time Injury Frequency Rate
LTIP	Long Term Incentive Plan
LTISR	Group Lost Time Injury Severity Rate
OCI	Other Comprehensive Income
PDMR	Persons Discharging Managerial Responsibilities
PPE	Property, Plant & Equipment
RCP	Representative Concentration Pathway
Record Date	The date on which holders of Grafton Units must be on the Company's Register of Members at the close of business to be eligible to receive a dividend payment
RMI	Repair, Maintenance and Improvement
ROCE	Return on Capital Employed
SBTi	Science Based Targets initiative
TCFD	Task Force on Climate-related Financial Disclosures

Notes

Notes

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