



# HOWDENS

## Annual Report and Accounts 2024

Howden Joinery Group Plc



**The UK's number 1  
trade kitchen supplier**



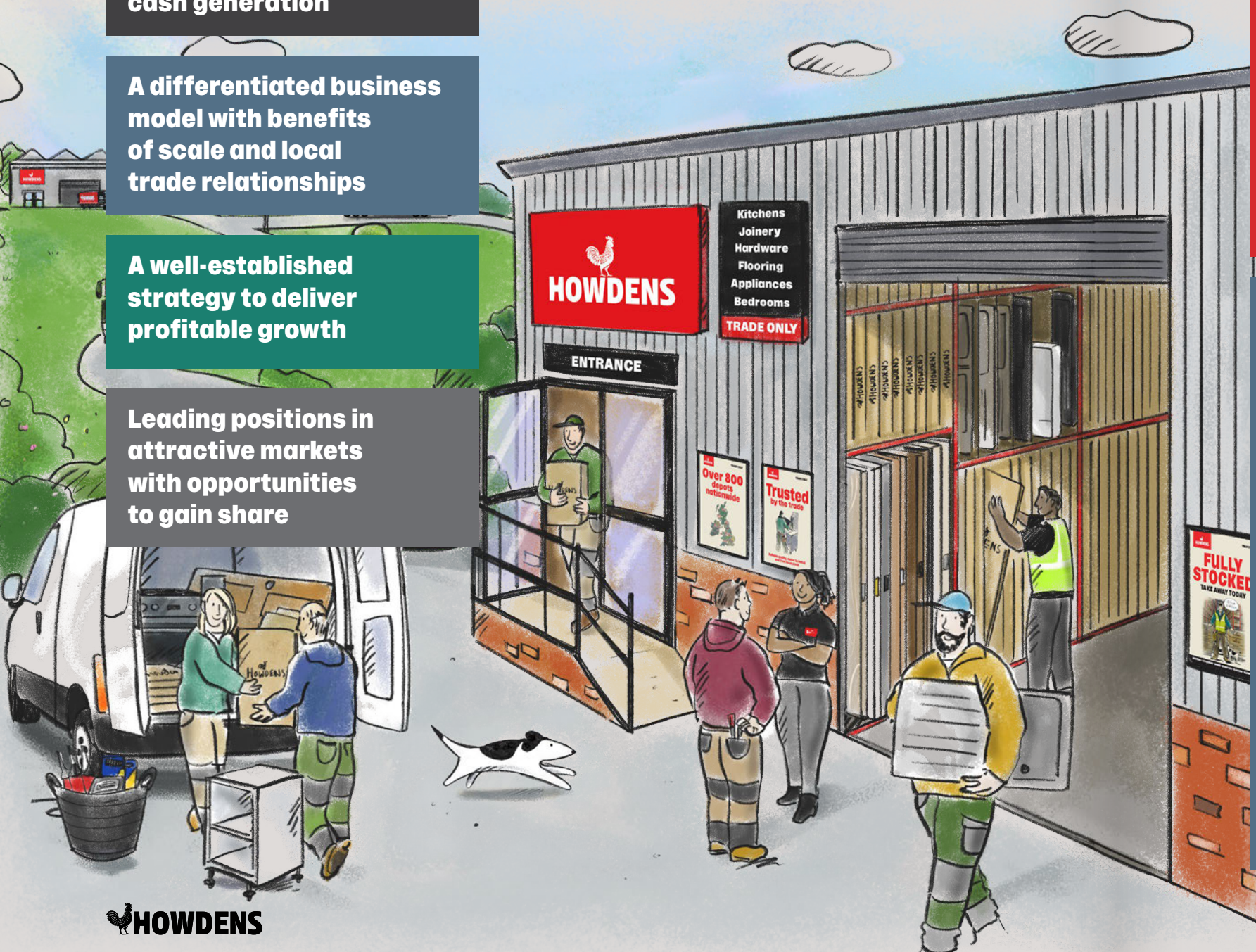
# The UK's #1 specialist trade-only kitchen supplier

**Sustainable growth,  
sector-leading  
margins and strong  
cash generation**

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

## A well-established strategy to deliver profitable growth

**Leading positions in attractive markets with opportunities to gain share**



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**About this report**

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Performance in 2024



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

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

Operational highlights

29  
new UK depots



Continued progress against our ESG goals



3  
new depots in Republic of Ireland



Making more products in our own UK factories



11  
new kitchen ranges



Continuing to strengthen our digital offering



Financial highlights

Revenue

£2.3bn

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

Gross margin

61.6%

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

Operating profit

£339m

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

Profit before tax

£328m

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

Earnings per share

45.6p

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

Dividends per share

21.2p

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

Net cash at year end

£344m

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

Dividends paid in year

£115.9m

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

Investment in assets - capex

£122m

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

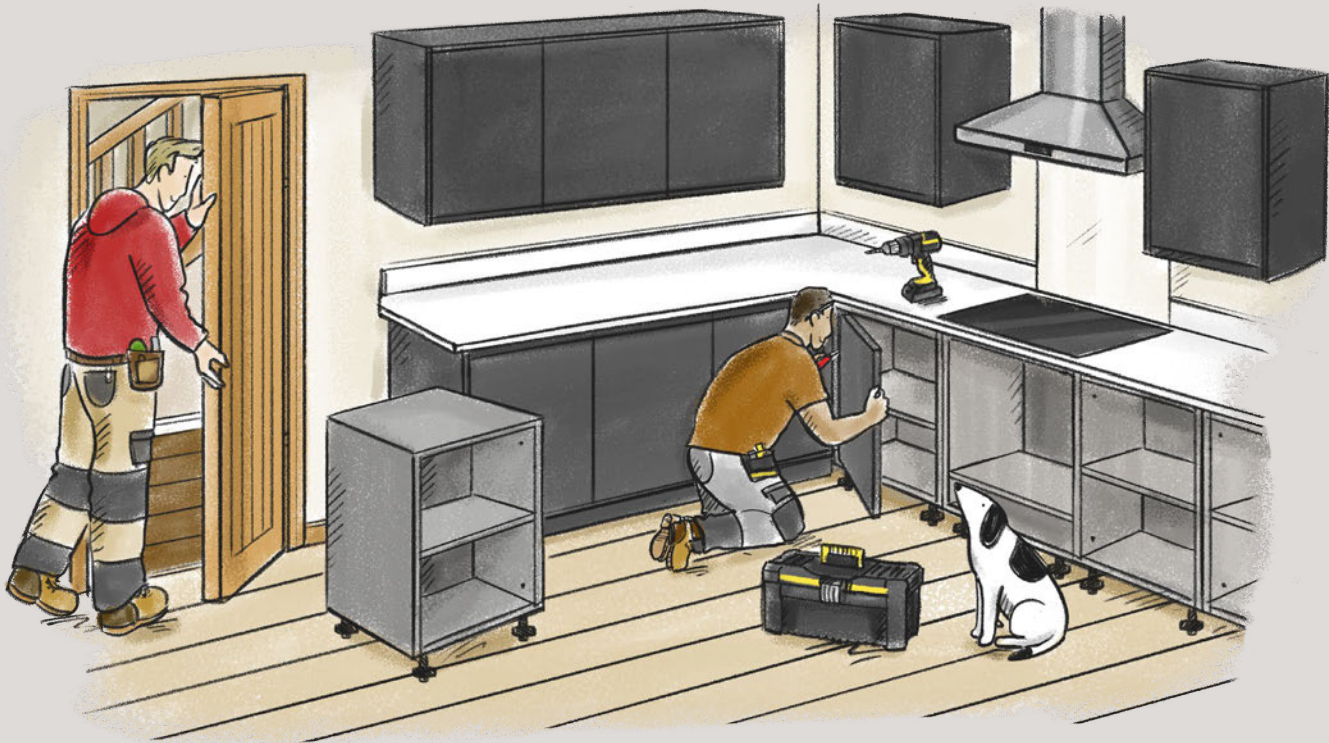
Strategic Report  
Howdens at a glance

The UK's largest  
specialist trade-only  
kitchen supplier

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

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

Global sourcing	UK manufacturing & distribution	Nationwide depot network
<p><b>Resources and relationships</b></p> <ul style="list-style-type: none"><li>Global supply chain expertise</li><li>Trusted supplier relationships, and the scale of our operations, give us access to the latest products at the best prices</li><li>Responsible purchasing practices</li></ul>	<p><b>Resources and relationships</b></p> <ul style="list-style-type: none"><li>Skilled and motivated workforce</li><li>UK's largest trade kitchen supplier - economies of scale</li><li>Our own UK factories - the choice to make or buy</li><li>Our own warehousing and distribution network enables our in-stock business model</li></ul>	<p><b>Resources and relationships</b></p> <ul style="list-style-type: none"><li>Decentralised business model</li><li>Empowered local depot managers, close to the trade</li><li>Trusted customer relationships with around half a million builders</li><li>Local depot network with a nationwide reach</li><li>The right product. In stock in local depots at best local price</li></ul>



Supporting the builder	Worthwhile for all concerned
<p><b>Resources and relationships</b></p> <ul style="list-style-type: none"><li>Trade only, with excellent service</li><li>Helping our trade customers to succeed in selling to their customers:<ul style="list-style-type: none"><li>Trade accounts support the builder's cashflow</li><li>Design and planning services</li><li>Home visits for end-users</li><li>Marketing materials</li><li>The right product. In-stock in local depots</li></ul></li><li>Competitive confidential pricing</li><li>Digital tools to help the trade and end-users</li></ul>	<p><b>Outcomes</b></p> <ul style="list-style-type: none"><li>Happy builders and end-users</li><li>Sustainable profit growth, sector-leading margins and strong cash generation</li><li>Returns to shareholders</li><li>Investment for growth:<ul style="list-style-type: none"><li>Our employees</li><li>New depots</li><li>New product</li><li>New manufacturing and logistics</li><li>Digital assets to support the business model</li></ul></li><li>Giving back to local communities</li><li>Science-based Net Zero targets in place</li></ul>



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create value

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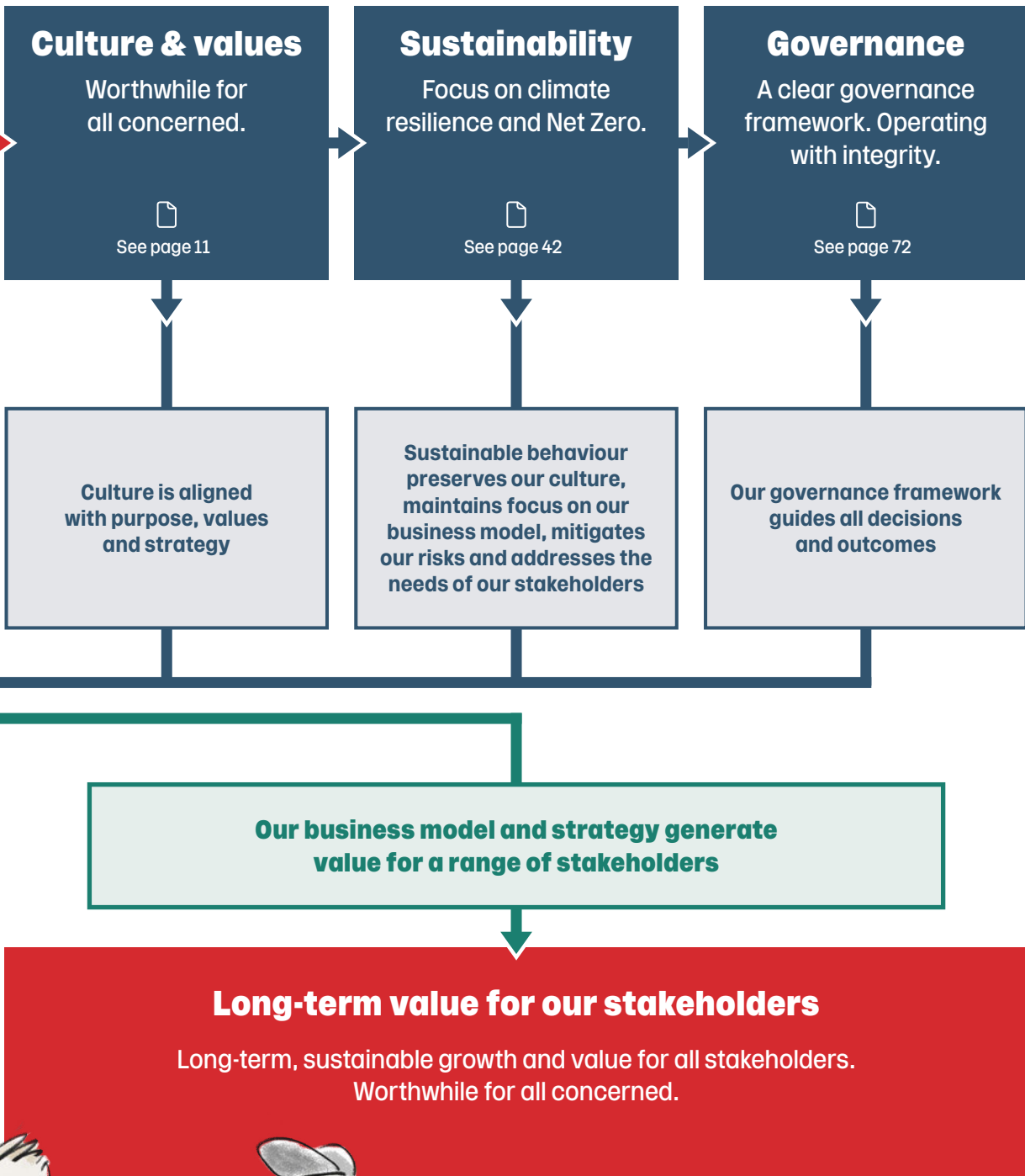
Going concern and Viability statements

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CEO's review	KPIs	Financial review
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Risks and uncertainties	Sustainability	Going concern
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How we create value





Strategic Report

Our purpose



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

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

**Trade service and convenience**

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

**Product leadership**

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

**Trade value**

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

Our culture and values



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

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

- Worthwhile for our trade customers**

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

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

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

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



Strategic Report

Our market

The kitchen market

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

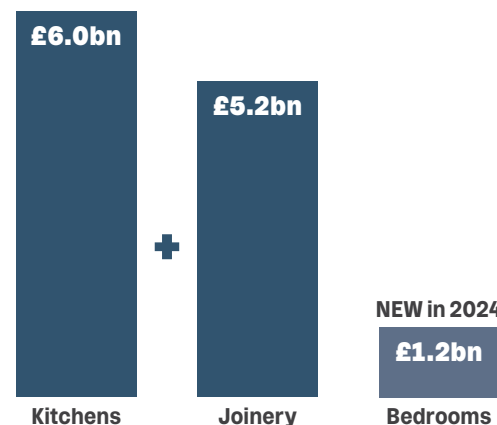
Structural drivers

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

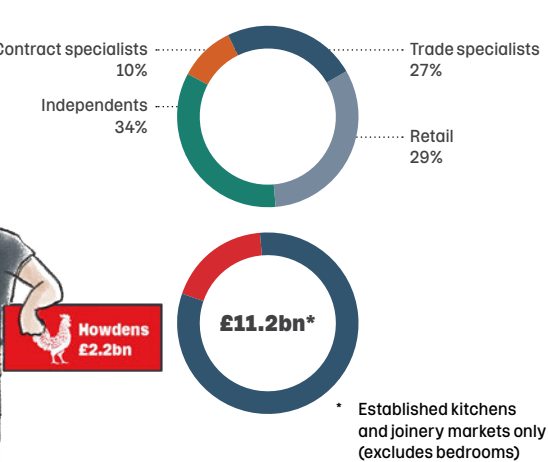
Recent trends

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

UK market by revenue<sup>1</sup>



UK market revenue by vendor category<sup>1</sup>



Large and attractive markets with significant growth potential

1 Howdens' estimates based on proprietary data.

Our strategy

Our purpose

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

Achieved through:

Our long-term strategic objectives

Reach more builders

Grow market share.  
Increase trade convenience.

Product innovation

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

Operational excellence

Increase customer service, efficiency, trade value and profitability.

Prudent financial management

Giving us the tools to do the job.

Measured by:

KPIs page 28

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

Supported by:

Our medium-term strategic initiatives page 25

Evolving our depot model

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

Improving our product range and supply management

- Helping customers' buying decisions
- Improving service and productivity

Developing our digital platforms

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

Expanding our international operations

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



Strategic Report

Our resilient business model

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

What we do

1 Product manufacturing and sourcing

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

2 Distribution

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

3 Depots designed for our trade customers

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

4 Consumers/homemakers

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



The value we create

1 Customers

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

2 Staff

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

3 Suppliers

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

4 Investors

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

5 Communities and environment

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



Strategic Report  
Chairman's statement

Howdens performed well in challenging market conditions



Peter Ventress  
Chairman

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

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

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

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

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

Financial performance

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

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

Cash generation remains the hallmark of every good business and Howdens delivered strong operating cashflow in the year. We also maintained a robust balance sheet, which supports our growth investments through the cycle. In 2024, we invested in further revamps to the mature depot network, manufacturing upgrades and further vertical integration and digital investments to support our customers. During the year we returned £115.9m of cash to shareholders in ordinary dividends ending 2024 with cash of £343.6m.

Strategic initiatives

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

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

Sustainability

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

Governance and Board changes

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

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

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

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

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

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



Strategic Report

Chairman's statementcontinued

Capital allocation and returns to shareholders

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

In July 2024 the Board declared an interim dividend of 4.9p per ordinary share (2023: 4.8p per ordinary share). The Board is recommending a final dividend for 2024 of 16.3p per ordinary share (2023: 16.2p per ordinary share), resulting in a total dividend of 21.2p per ordinary share (2023: 21.0p per ordinary share). The total dividend represents a year-over-year increase of 1.0% and the final dividend will be paid on 23 May 2025 to shareholders on the register on 11 April 2025, if approved by shareholders. Considering the Group's prospects and strong financial position, the Board is announcing today a £100m share buyback programme which will be completed over the next 12 months.

Looking ahead

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

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

Peter Ventress  
Chairman

26 February 2025

Further reading

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Chief Executive Officer's review

Further market share gains in 2024



Andrew Livingston  
Chief Executive Officer

“

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



Q&A with Andrew Livingston, Chief Executive Officer

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

Q

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

A

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

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



Strategic Report

Chief Executive Officer's review continued

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

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

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

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

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

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

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

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

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

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

**A**  
High service levels, including local proximity and immediate availability are very important to our customers and we continue to see profitable opportunities to open depots. We are using our updated format for all depot openings, which enables us to provide the best depot environment in which to work and conduct business and to make space utilisation and productivity gains in a cost-effective way.

We opened 29 UK depots during the year with a total of 869 trading at the year end. Overall, we have a line of sight to around 1,000 depots in the UK, and we expect to open around 20 more depots in 2025 as we continue to take a highly disciplined approach to depot openings.

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

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

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

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



**Q**  
**So where are you focusing your efforts across the range?**

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

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

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



Strategic Report

Chief Executive Officer's review continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Strategic Report

Chief Executive Officer's review continued

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

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

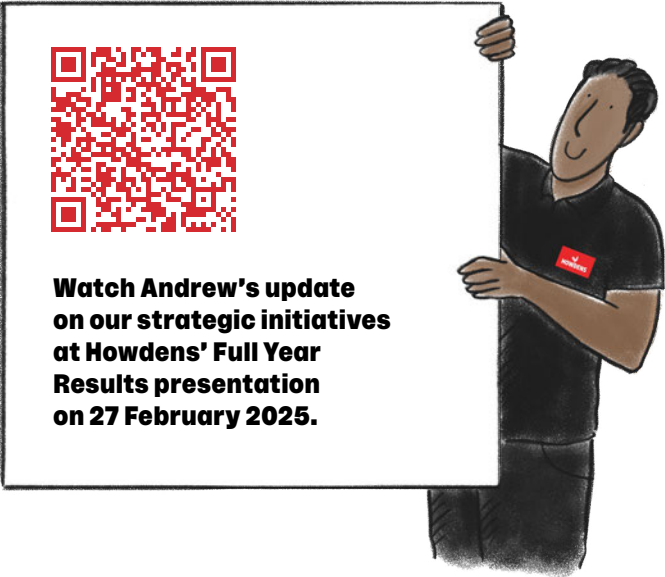
By the end of 2023 we had ten depots trading with eight of these clustered around Dublin and two serving the Cork area. In 2024 we opened three new depots, taking the total trading to 13 at the year-end. Our growing presence in the Irish market continues to attract much attention locally and in 2025,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

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

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

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

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



Our strategic initiatives

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

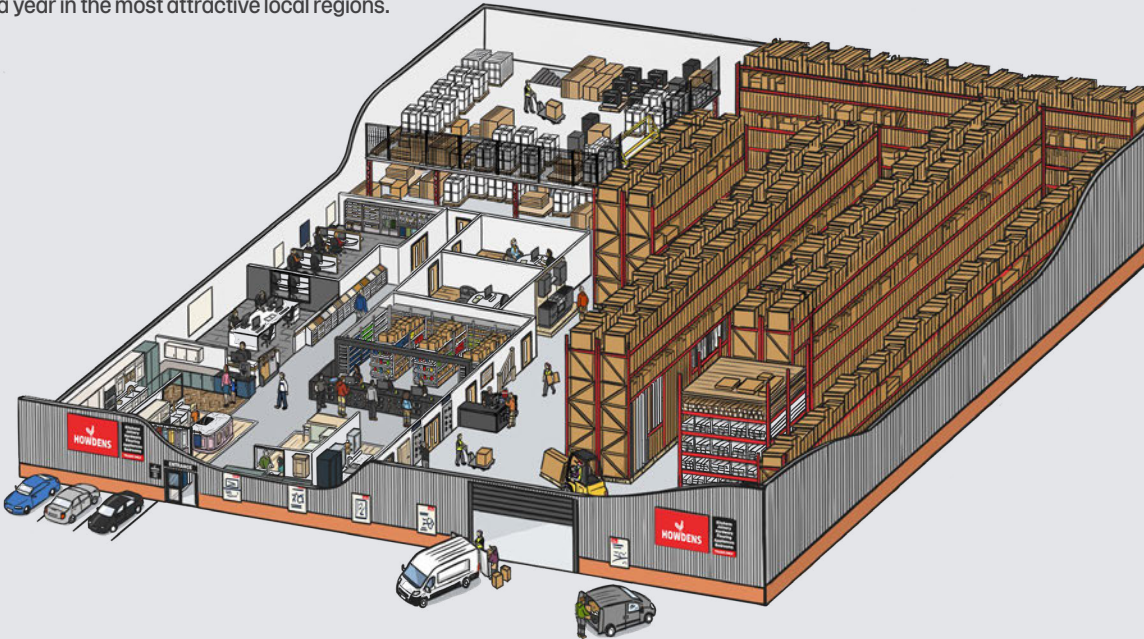
- 1 Evolve our depot model
- 2 Improve our range and supply management
- 3 Develop our digital capabilities and services
- 4 Expand our international operations

**1**  
**Evolve our depot model - we want to improve our depot network over time to ensure we use space more efficiently, and to provide the best environment for our customers to do business in.**

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

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

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



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



## Strategic Report

### Chief Executive Officer's review continued

#### Our strategic initiatives continued

2

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

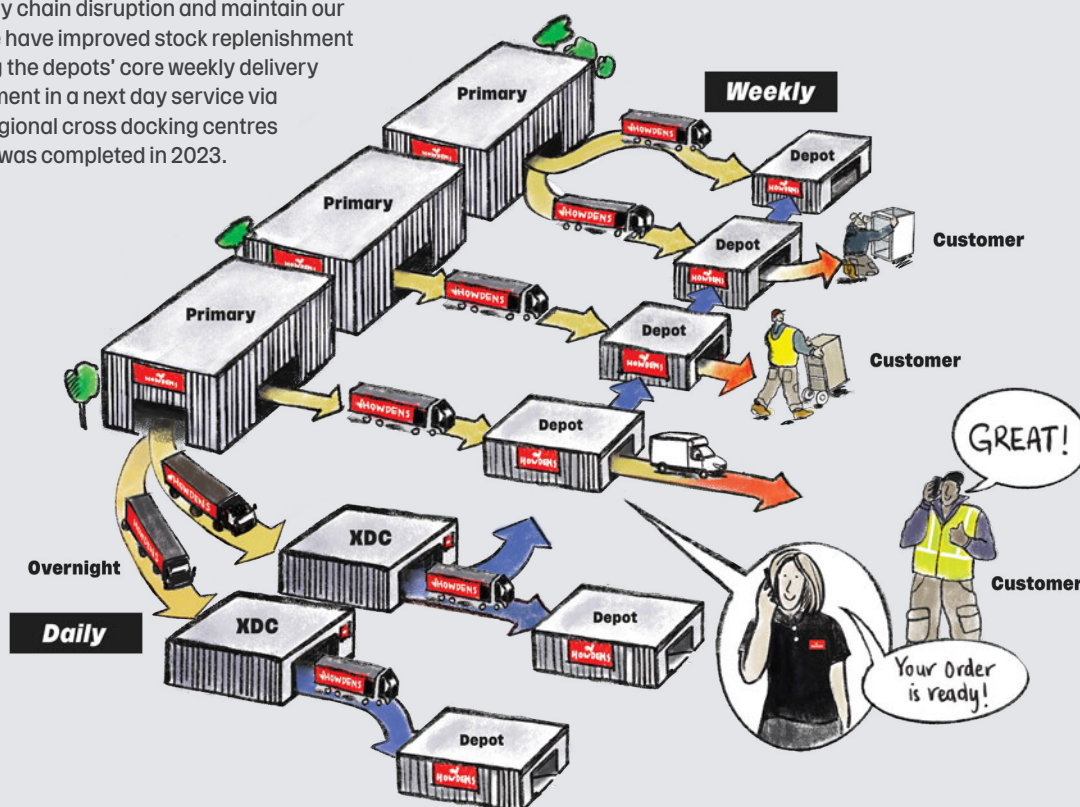
As product lifecycles shorten, managing the number of kitchen ranges efficiently is crucial for both our customers, who want best availability, and for profitability. We are managing range introductions and clearances so that we are offering the right number of range families, designed to fit all budgets.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

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

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

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

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



3

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

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

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

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

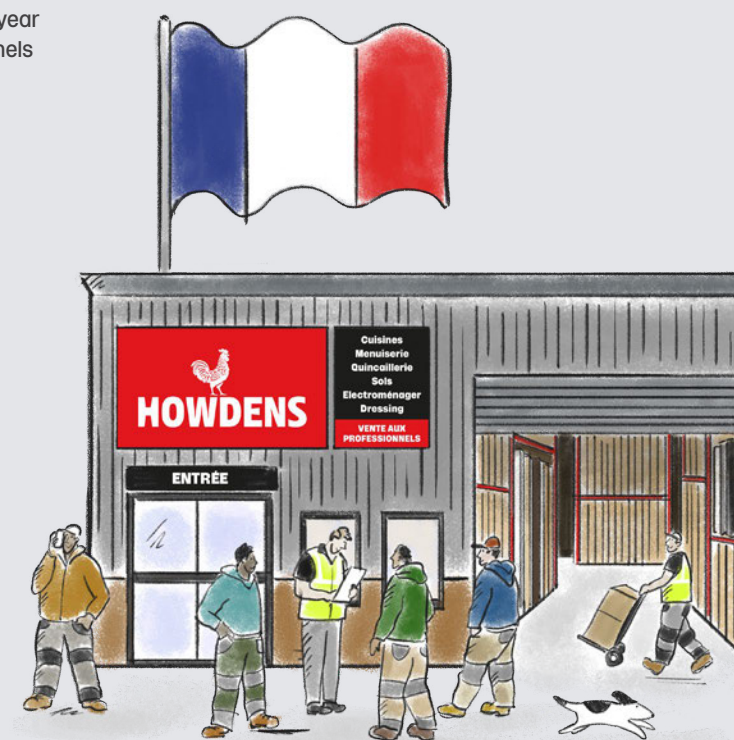
We have also invested in capabilities which help end users interact with Howdens online at each stage of their buying decision. As our digital presence has grown, awareness of Howdens amongst end users has increased. We ended the year with 719,000 followers across the major social media channels with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

4

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

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

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



Strategic Report

Key performance indicators

Links to:  
Strategy Risk Remuneration

Financial

Sales

Why we measure it

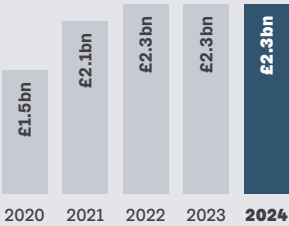
We believe that there are considerable opportunities to grow sales. As sales grow, we believe there are economies of scale which will also allow us to grow long-term profitability.

Links to strategy, risks and remuneration

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

Progress

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



Profit before tax

Why we measure it

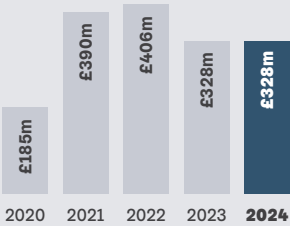
Profit before tax is a simple and widely understood measure. We consider that it gives a complete picture of our performance as it includes all of our operating, selling and distribution, admin and financing expenses.

Links to strategy, risks and remuneration

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

Progress

Profit before tax of £328m in 2024.



Cash

Why we measure it

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

Links to strategy, risks and remuneration

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

Progress

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

£344m  
year end cash

£122m  
capex

£116m  
dividends paid



Non-Financial

Depot openings

Why we measure it

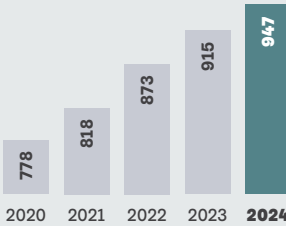
We believe that there is some way to go before the UK market is saturated. We continue to identify possible sites for new depots whilst at the same time keeping our model flexible, and allowing us to take account of economic conditions and phase the speed of our growth accordingly. We are also developing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

Links to strategy, risks and remuneration

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

Progress

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



Use of FSC® or PEFC certified materials

Why we measure it

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

Links to strategy, risks and remuneration

- Product innovation
- Product relevance
- Continuity of supply

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

Health & Safety

Why we measure it

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

Links to strategy, risks and remuneration

- Operational excellence
- Health & Safety

Progress

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



Zero to landfill

Why we measure it

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

Links to strategy, risks and remuneration

- Operational excellence
- Prudent financial management
- LTIP performance measure



Progress

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



Strategic Report

Financial review

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



Paul Hayes  
Chief Financial Officer

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

Financial results for 2024<sup>1</sup>

Revenue

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

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

Gross profit

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

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

Operating profit and profit before tax

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

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

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

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

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

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

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

Profit before tax

Disciplined pricing management and purchasing efficiencies delivered higher gross margins

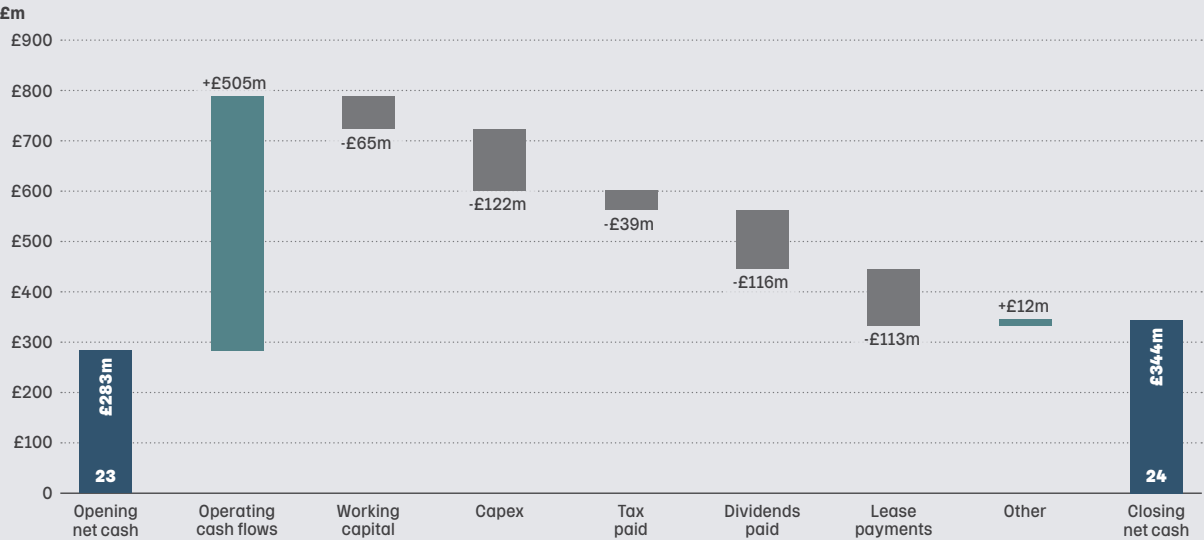


Strategic Report

Financial review continued

How we make cash and how we spend it

Changes in net cash

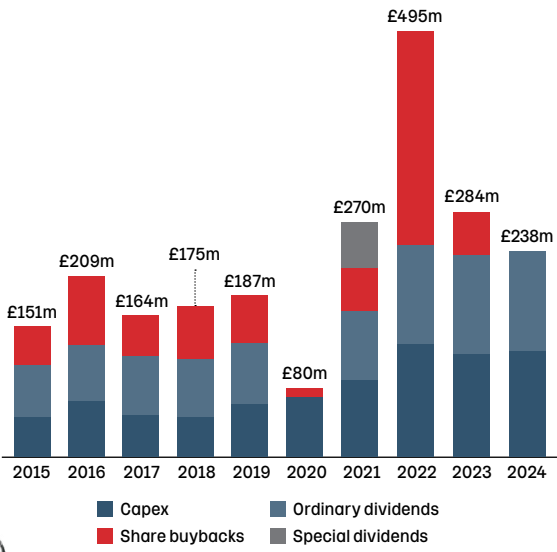
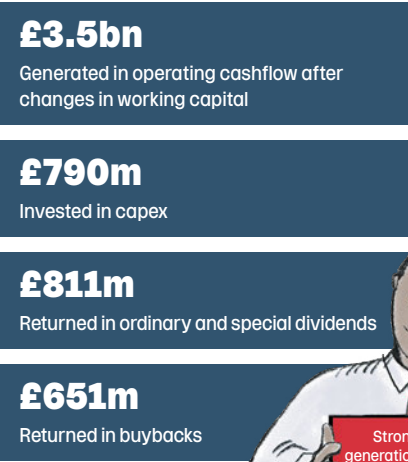


Uses of cash



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

Over the past 10 years:



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

Tax, profit after tax and basic earnings per share

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

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

Cash

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

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

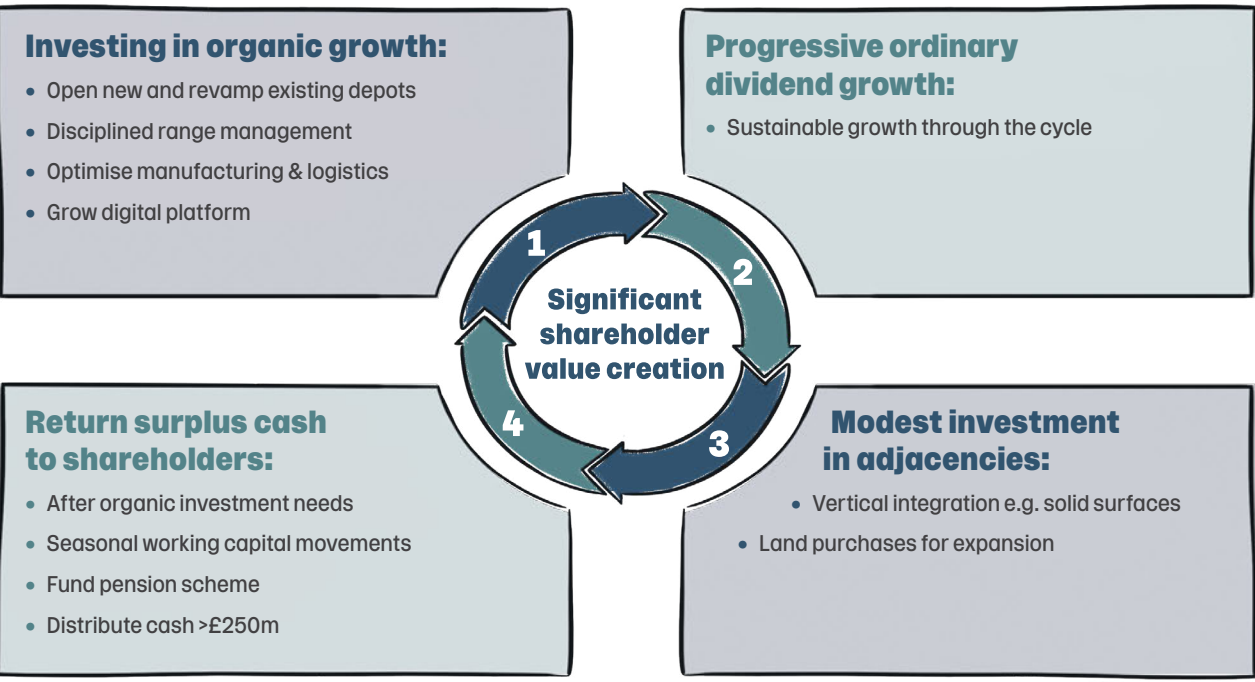
Reflecting the above, cash increased by £60.8m (2023: decrease of £25.2m), leaving the Group with cash at the year end of £343.6m (30 December 2023: £282.8m).

Capital allocation and returns to shareholders

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

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

Howdens' approach to capital structure





Strategic Report

Financial review continued

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

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

Pensions

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

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

Technical guidance for 2025

Income statement

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

Cashflow

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

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

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

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

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

Foreign currency risk

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

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

Counterparty risk

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

Funding and liquidity

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

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

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

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

Section 172(1) statement

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

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

Interest rate risk

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

New accounting standards

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

Cautionary statement

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

By order of the Board

Paul Hayes  
Chief Financial Officer

Non-financial and sustainability information

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

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



Strategic Report

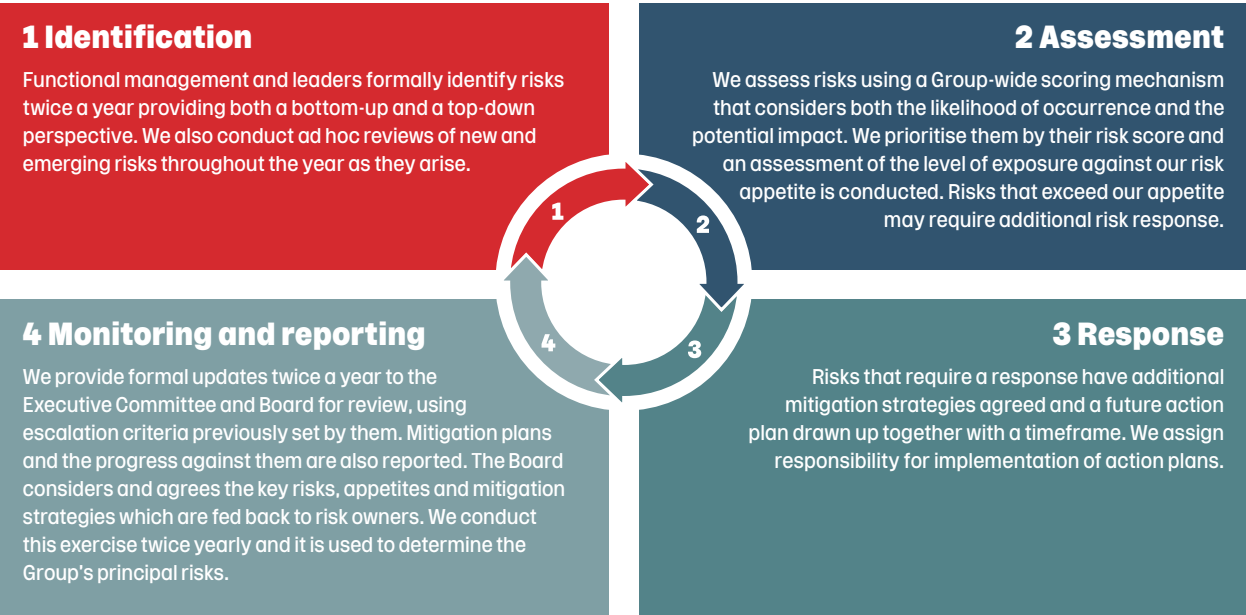
# Risk management

Our approach to risk

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

The risk management process

The main steps in the process are set out below:



Risk governance

Key activities	People responsible	Reports/documents
<b>Risk monitoring and reporting</b> <p>We determine our principal risks from the key risk report and agree them with Executive Committee and Board.</p> <p>Executive Committee and Board challenge and agree the Group's key risks, appetites and mitigation strategies twice yearly.</p> <p>Key risks, assessments and responses are consolidated into a key risk report.</p>	<b>Top-down</b> <p>Board Executive Committee Audit Committee Risk team</p>	<b>Principal risks</b> <p>We consolidate the principal risks from the key risk report. These are those risks that we consider could have a potentially material impact on our operations and/or achievement of our strategic objectives.</p>
<b>Risk response</b> <p>Where risks exceed our appetite, mitigation plans are drawn up by functional leaders and agreed with the Executive Committee.</p>		<b>Key risk report</b> <p>We consolidate our key risk report from the risk registers. This report outlines the highest scoring risks, emerging risk issues, the biggest influences to our risk profile and changes to the risks reported. The key risk report also provides a Group-wide perspective on risks escalated.</p>
<b>Risk assessment</b> <p>Risks are prioritised using a Group-wide scoring mechanism and are compared to our risk appetite.</p>	<b>Functional leaders</b> Operational management Risk team	<b>Risk register</b> <p>We record risk registers for each functional area, aligned with the operating model of the business. The register includes all of the information required to accurately capture the risk and is maintained on our risk management information system. We identify an owner for each risk register responsible for its maintenance as well as the risks it contains.</p>
<b>Risk identification</b> <p>We conduct operational risk register reviews regularly to monitor current and emerging risks.</p> <p>We review internal/external emerging issues prior to each register review.</p>	<b>Bottom-up</b>	

Risk appetite

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

<b>Low</b> <p>If the risk presents a hazard to our people operations or strategy</p>	<b>Higher</b> <p>If the risk presents us with a sale or service improvement opportunity</p>	<b>Balanced</b> <p>For all other risks we carefully balance the risk and our mitigation efforts with the potential reward</p>
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Emerging risks

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

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

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

Compliance risks

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

2024 Principal risks and uncertainties

The arrows alongside each risk show the year on year change

Links to strategy

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

1. Market conditions	
<b>Risk and impact</b> <p>We sell our products to independent builders who install them in different types of housing. Our sales depend on the demand for repair, maintenance, and improvement services. If activity falls in these areas, it can affect our sales.</p>	<b>Mitigating factors</b> <ul style="list-style-type: none"><li>We have proven expertise in managing selling prices and costs. Data on competitors, depot activity and pricing is discussed by the Executive Committee at each meeting.</li><li>We use insights from our depot network, our builders' forums and other channels. This is reviewed regularly by the Executive Committee and the Board.</li><li>We use our good relationships with our suppliers to alert us of any changes. Our suppliers update us on their assessment of trading and market performance through regular reviews with our leadership team. We also gather insights from supplier visits and our Supplier Conference.</li></ul>
<b>Risk appetite</b> <p>We have a low appetite for market conditions risks and we maintain close relationships with our customers and suppliers to identify movements early to enable appropriate action to be taken.</p>	<b>Trend</b> <p>Cost of living, political change and ongoing inflationary pressures all continue to impact on our end-users' confidence. Whilst some factors of this risk have reduced slightly over the year, the economic uncertainty has remained throughout 2024.</p>



Strategic Report

# Risk management

continued

2024 Principal risks and uncertainties

continued

The arrows alongside each risk show the year on year change

</

Links to strategy

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

Strategic Report

# Risk management

continued

2024 Principal risks and uncertainties

continued

The arrows alongside each risk show the year on year change

6. Cyber security		R	O	P	F	◀	▶
<b>Risk and impact</b> A major cyber security breach could result in systems being unavailable, causing operational difficulties, and/or sensitive data to be unavailable or compromised.	<b>Mitigating factors</b> <ul style="list-style-type: none"><li>• We place continuous focus on training our people in cyber security, as we recognise that these risks are dynamic, not always technical and awareness is our first point of mitigation.</li><li>• We employ industry standard IT security controls and regularly engage external specialists to validate the effectiveness of our controls against best practice.</li><li>• We have robust disaster recovery and business continuity plans that are tested regularly.</li><li>• We adopt a continuous improvement approach to IT security and continue to invest in the security of our systems.</li></ul>						
<b>Risk appetite</b> We have a low appetite for cyber security risk and manage IT security closely to secure the confidentiality, integrity and availability of these systems.	<b>Trend</b> Cyber security threats continue to develop globally through the combined use of emerging technologies such as artificial intelligence, increasingly dynamic use of social engineering techniques and gaining physical access.						

7. Business model & culture		R	O	P	F	◀	▶
<b>Risk and impact</b> If we lose sight of our values, model, or culture we will not successfully service the needs of the local independent builder and their customers, and our long-term profitability may suffer.	<b>Mitigating factors</b> <ul style="list-style-type: none"><li>• Our values, business model and culture are at the centre of our activities and decision-making processes, and they are led by the actions of the Board, Executive Committee, and senior management.</li><li>• The Board and Executive Committee regularly visit our depots and factories, our logistics and support locations and hold events to reinforce the importance of our values, model, and culture.</li><li>• Regular 'Town Hall' meetings are held to bring together teams and discuss our successes and challenges ahead.</li></ul>						
<b>Risk appetite</b> We have a low appetite for risks that can adversely impact on our business model and culture and put great emphasis on identifying issues and addressing them early.	<b>Trend</b> Growing international operations, bringing in many new people, has required increased focus on ensuring the Howdens culture is maintained across all areas of the business. UK operations remained stable with established management teams' consistent focus on our core principles and business model.						

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

Links to strategy

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

8. Product		R	O	P	F	◀	▶
<b>Risk and impact</b> If we do not support the builder with products that they and their customers want, we could lose their loyalty and sales could diminish.	<b>Mitigating factors</b> <ul style="list-style-type: none"><li>• Our product team regularly refresh our offerings to meet builders' and end-users' expectations for design, price, quality, availability and sustainability.</li><li>• We work with our suppliers, external design and brand specialists and attend product design fairs to monitor likely future trends.</li><li>• Our local depot staff have close relationships with their customers and end-users, and we actively gather feedback from them about changes in trends.</li></ul>						
<b>Risk appetite</b> We have a balanced appetite for product risk and are willing to take some calculated risks when selecting new products to continue to meet the need of our customers.	<b>Trend</b> Over the year we have continued to work on understanding our customers' and end-consumers' wants and needs, regularly reviewing our product offering to ensure we continue to meet them.						

9. Business continuity & resilience		R	O	P	F	◀	▶
<b>Risk and impact</b> We have some key business operations and locations in our infrastructure that are critical to the continuity of our business operations.	<b>Mitigating factors</b> <ul style="list-style-type: none"><li>• We maintain and regularly review our understanding of what our critical operations are.</li><li>• We ensure resilience by design, building high levels of protection into key operations and spreading risk across multiple sites where possible.</li><li>• We ensure appropriate business continuity plans are in place for these and have a Group wide incident management team and procedures established.</li><li>• We regularly review our continuity plans covering our sourcing and logistics approaches to support peak trading.</li></ul>						
<b>Risk appetite</b> We have a low appetite for business continuity risk, ensuring that critical functions are resilient and appropriate business continuity plans are in place to protect them.	<b>Trend</b> Though we have not experienced any significant events we continue to develop and test our business continuity capabilities, whilst ensuring resilience by design as we continue to grow.						

**Emerging risk**

**Geopolitical risk**

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

**Legislative environment**

Increasing legislative requirements around climate and corporate governance have the potential to impact our operations at home and abroad and/or to distract our focus on our customer.

We review emerging legislative requirements as well as our compliance with existing legislation to understand how and when they could impact on us and what we need to do to comply.

**Climate-related risk**

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



Sustainability Matters

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Our SECR and Scope 3 reporting

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Strategic Report - Sustainability Matters

Why Sustainability matters to us

Sustainability generates long-term value

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

Sustainability is part of our culture

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

Sustainability supports our business model

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

Sustainability mitigates our risks

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

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

Our material sustainability areas and our ESG strategy

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

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

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

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

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

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

ESG strategic highlights of 2024

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

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

**Climate resilience**  
Climate physical risk assessment updated (pages 49 and 66).

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

The Board and Executive Committee lead our commitment to sustainability

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

Our sustainability strategy

Our sustainability vision

**UK's leading responsible kitchen business**

A sustainable product offering, responsibly manufactured or sourced, that meets the needs of the builder and the end consumer.

**A unique and sustainable culture**

Maintaining and building on our culture of being worthwhile for all concerned. Continuing to grow a sustainable business that appeals to current and future stakeholders.

**Leader in risk and resilience governance**

An agile and resilient business, proactively managing ESG risks, with transparent high-quality stakeholder reporting.

Our sustainability strategy

Strategic objectives	Net Zero			Climate resilience	
Strategic pillars	Supply chain emissions	Renewable energy /sustainable operations	Decarbonise the fleet	Sustainable product offer & innovation	Supply chain risk mapping & resilience
	See page 49	See page 50	See page 51	See page 52	See pages 49 and 66

Foundations

**EDI: Strategic priorities & wellbeing** See pages 54 and 55

**Behavioural health & safety: Maintain & next steps** See page 56

**Effective waste management: Zero to landfill** See page 56

**Emissions reductions: Carbon neutral** See page 56

Governance

Effective reporting & disclosure

Our material SDGs

UN SDG description and relevant targets under each SDG

8 DECENT WORK AND ECONOMIC GROWTH

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

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG targets 12.2, 12.5, 12.6, 12.7: sustainable management and efficient use of natural resources; reduce waste, increase recycling and reuse; publish sustainability information; sustainable procurement.

13 CLIMATE ACTION

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

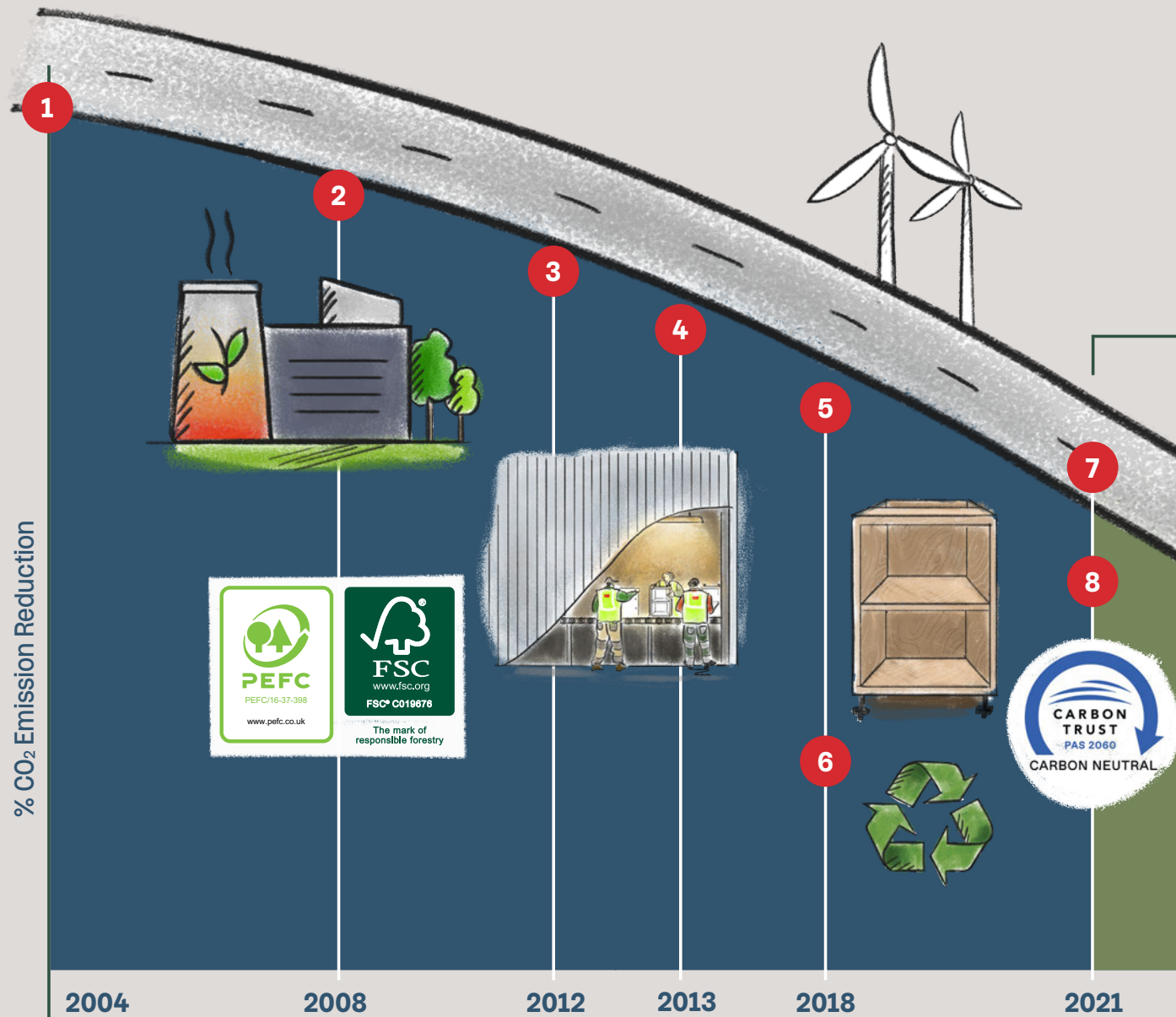
15 LIFE ON LAND

SDG targets 15.1, 15.2: conservation and sustainable use of forests.



Strategic Report - Sustainability Matters

Our Net Zero commitment and targets



Our history of positive action

- 1 Biomass boilers (in use since 1995)
- 2 FSC® and PEFC chain of custody introduced
- 3 Carbon Trust standard (first carbon reduction plan)
- 4 Further investment in biomass for factory heating
- 5 Development and introduction of 100% recycled and 100% recyclable cabinet legs
- 6 Zero to landfill achieved from manufacturing
- 7 Introduction of renewable electricity in our supply operations
- 8 Carbon neutral status achieved\*
- 9 Introduction of renewable electricity in depots

\* In our Howden and Runcorn factories.  
\*\* tCO<sub>2</sub> per £m.



How we plan to reduce our emissions

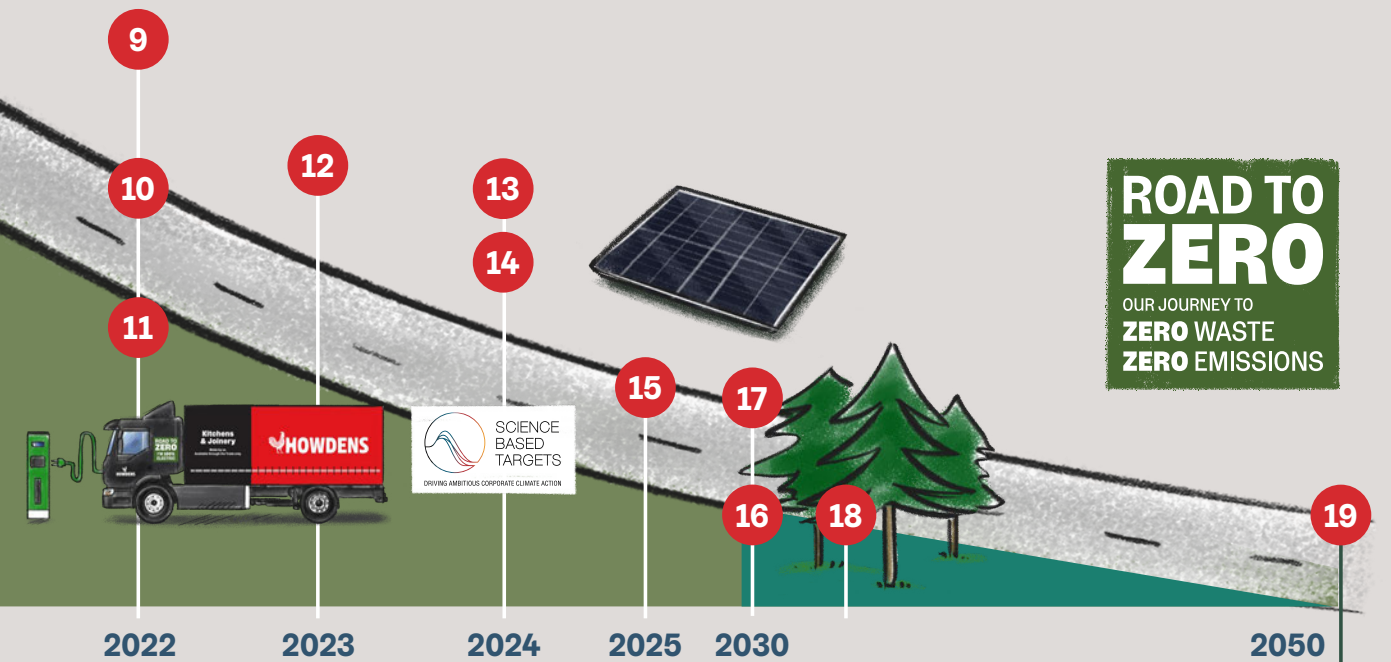
SBTi targets: 2021 - 2030  
(against a 2021 baseline)

42% Reduction in  
Scope 1+2 emissions

25% Reduction in  
Scope 3 emissions

What does Net Zero mean?

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



ROAD TO  
ZERO  
OUR JOURNEY TO  
ZERO WASTE  
ZERO EMISSIONS

Our SBTi targets to 2030

- 10 Committed to Science Based Targets initiative (SBTi) with NET ZERO plan
- 11 Introduction of HVO alternative fuel
- 12 Introduction of EV trucks in our XDC network
- 13 Long-term exploration of alternative fuels, materials & technologies
- 14 Approval of our SBTi targets
- 15 Solar panels start to generate energy at our Howden factory

2030-2050

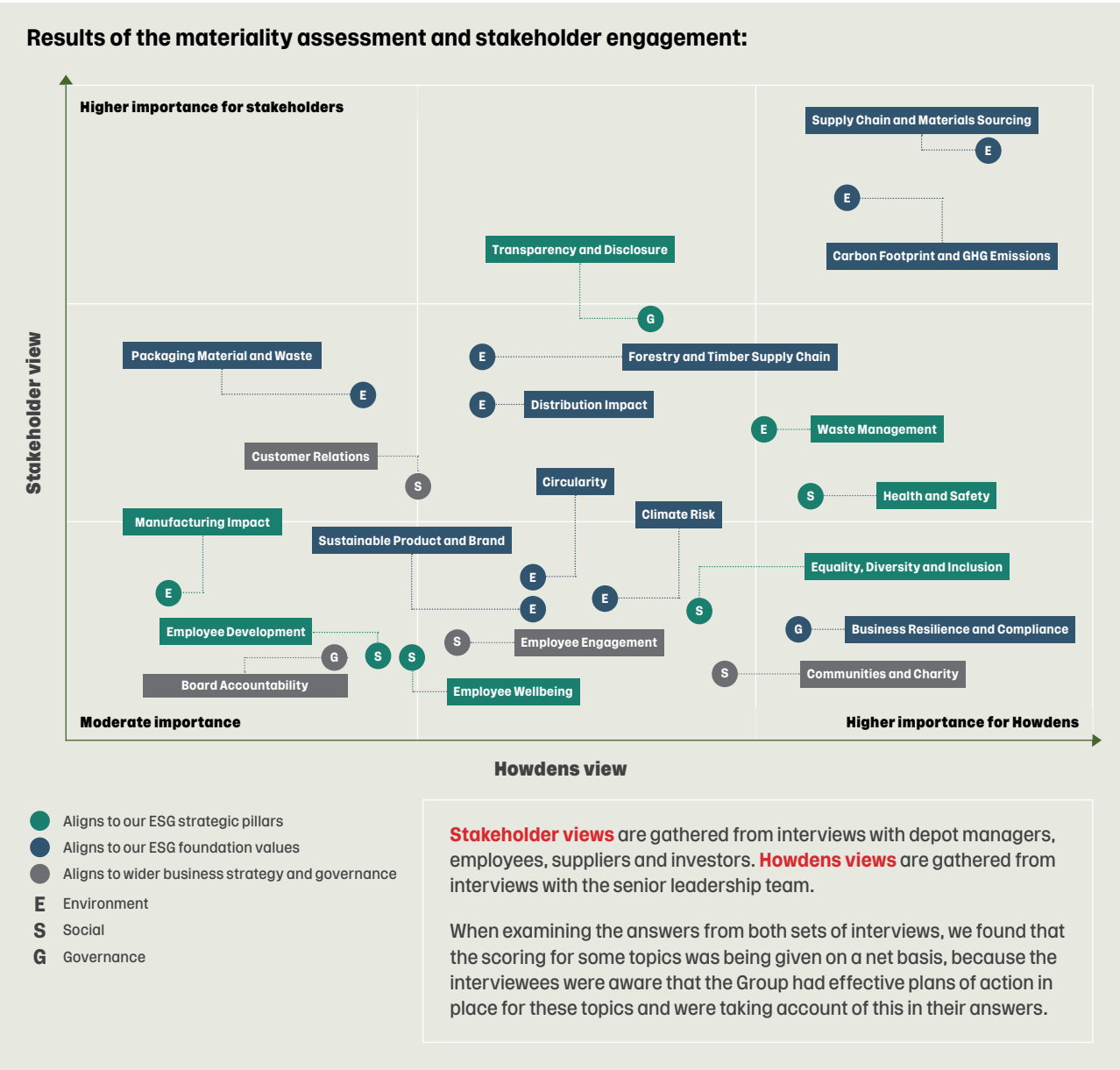
- 16 Increased use of HVO and solar
- 17 Interim 2030 emission reduction targets (reduce by 50%)\*\*
- 18 Monitoring and using new technologies, where appropriate for our business
- 19 NET ZERO - 90% reduction in emissions against a 2021 baseline

Strategic Report - Sustainability Matters

Our material sustainability issues

Our ESG materiality assessment

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



Correlation of material topics with our ESG strategy

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

Double materiality

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

Supplier engagement - addressing Scope 3 emissions together

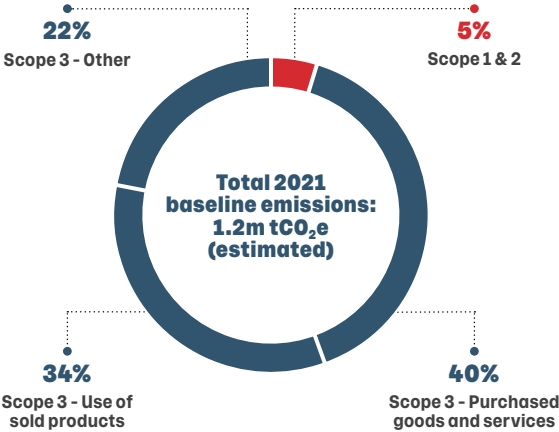
Why supplier engagement is important

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

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

Our history of supplier engagement

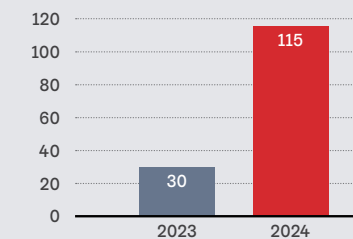
See our website: [www.howdenjoinerygroupplc.com/sustainability/supplier-engagement](http://www.howdenjoinerygroupplc.com/sustainability/supplier-engagement)



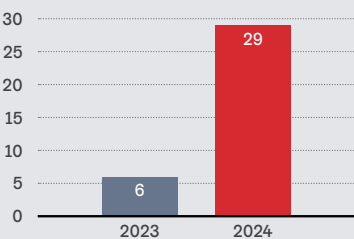
Supplier engagement headlines in 2024

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

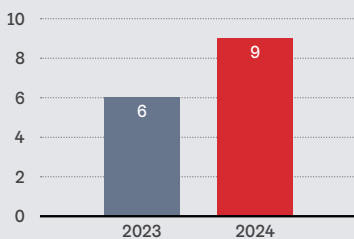
Suppliers signed up to Howdens' decarbonisation programme



Suppliers who have submitted decarbonisation plans



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



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

264 delegates from suppliers attended Howdens sustainability training webinars in 2024

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

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

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

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

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

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




Strategic Report - Sustainability Matters


Renewable energy & sustainable operations

KPI

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



PEFC  
PEFC16-37-398  
By sourcing PEFC, we are supporting sustainably managed forests globally  
www.pefc.co.uk



FSC  
www.fsc.org  
FSC® C019676  
The mark of responsible forestry

**KPI - FSC®/PEFC**

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

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

Renewable energy headlines in 2024

Solar energy investment at Howden

The Board approved an investment of £3.5m at our manufacturing site in Howden to put PV panels on our main warehouse roof, covering an area of 350,000ft². The work began in 2024 and we expect to see the benefits start in 2025. Whilst dependent on the sun, the emissions reduction is calculated to be in the region of 1,000 tCO₂e/year, with an 8% reduction in purchased energy. The investment is expected to pay back within 5 years. We intend to install more solar panels across our estate in the future.

Policies

- Read our Modern slavery statement: [www.howdenjoinerygroupplc.com/governance/modern-slavery-statement](http://www.howdenjoinerygroupplc.com/governance/modern-slavery-statement)
- Read our human rights policy: <https://investorcom.sitfinity.cloud/docs/librariesprovider25/archives/governance/human-rights-policy.pdf>

More information

- More information on renewable energy and sustainable operations on our website: [www.howdenjoinerygroupplc.com/sustainability/renewable-energy-and-sustainable-operations](http://www.howdenjoinerygroupplc.com/sustainability/renewable-energy-and-sustainable-operations)

HOWDENS

Howden Joinery Group Plc  
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Decarbonising the distribution fleet

Strategic importance and current position

We operate our own transport fleet, and it accounts for around a third of our Scope 1 baseline CO₂ emissions, so it's a clear ESG strategic priority area for us, as well as being a key part of our SBTi 2030 emission reduction target.

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

Fleet decarbonisation headlines in 2024

Doubling the use of HVO in our fleet vs 2023

Hydrotreated vegetable oil ("HVO") is a sustainably sourced biofuel. It is plant based and can replace diesel without requiring engine modifications. It reduces CO₂ by 90% compared to diesel, and also has lower nitrogen oxide and particulate emissions. We doubled our 2023 usage in 2024, and we plan to increase HVO usage further in 2025.

Trialling LNG lorries in our fleet

Bio-LNG is produced by anaerobic digestion of organic waste, manure and sewage and produces 80% less CO₂ than diesel. We have 15 LNG vehicles in the fleet at the end of 2024.

Electric vehicles in our XDC network

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

Metrics and targets: link to LTIPs

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

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

Progress against these targets is show below:

Year	Actuals CO₂KG/Km	Target CO₂KG/Km
2021 baseline	0.72	
2022 actual	0.68	
2023 actual	0.65	
2024 actual	0.62	
2025 - minimum		0.63
2025 - maximum		0.61

More information

- More information on reducing fleet emissions, on our website: [www.howdenjoinerygroupplc.com/sustainability/decarbonising-the-distribution-fleet](http://www.howdenjoinerygroupplc.com/sustainability/decarbonising-the-distribution-fleet)

HOWDENS

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Governance

Financial Statements

Additional Information



## Strategic Report - Sustainability Matters

### Sustainable product offer and product innovation

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

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

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

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

#### 1 Cabinets

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

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

#### 2 Worktops

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

#### 3 Plastic pledge and packaging

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

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

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

We have redesigned our tower cabinets in 2024, removing the need for a fifth leg, which reduces our annual plastic use by around 39 tonnes and our annual emissions by 110 tonnes of CO<sub>2</sub>.

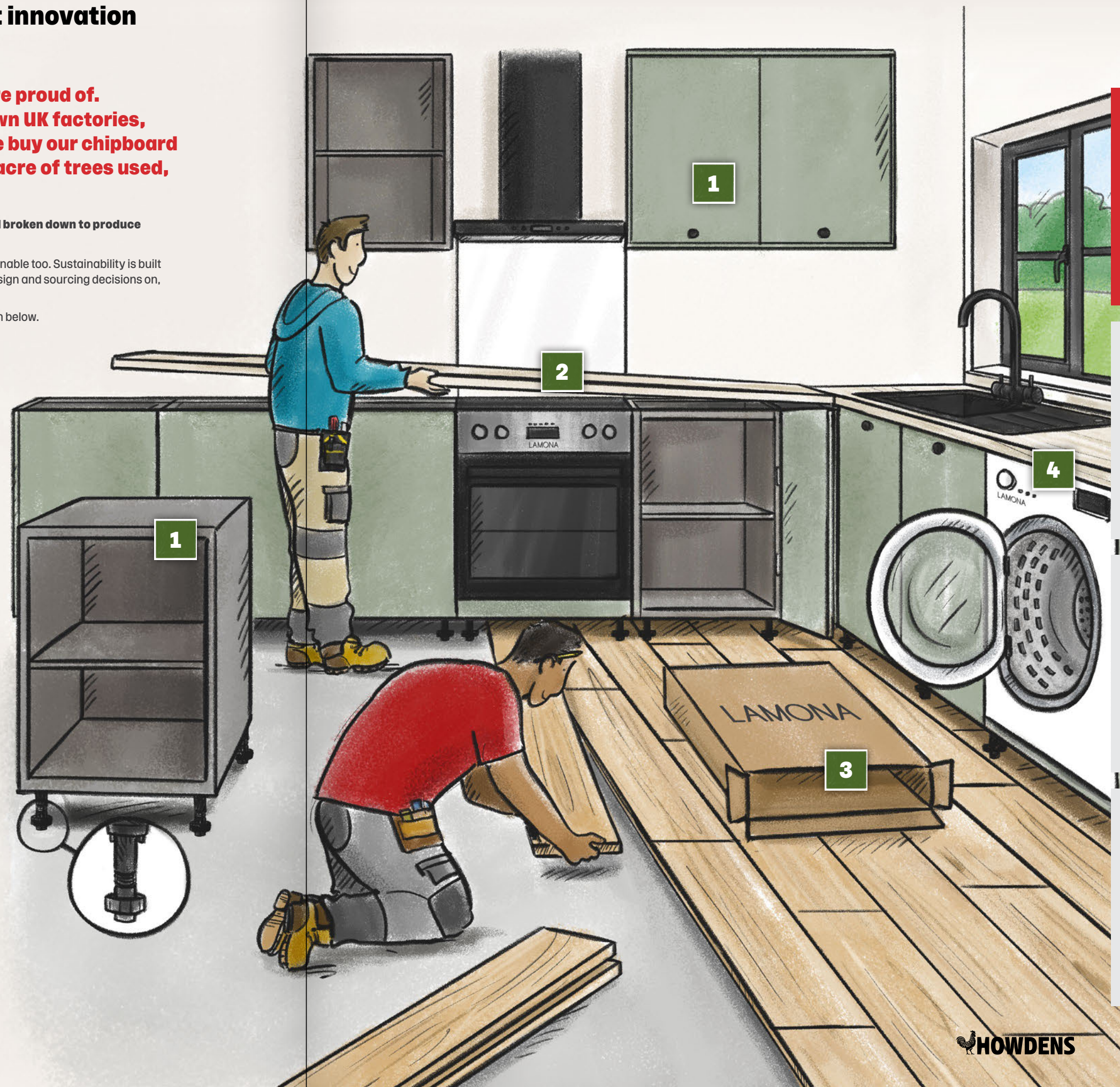
#### 4 Appliances

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

Energy efficiency improvements in cooling, our performance on cooling products has improved with reduction equivalent to 9,656 tonnes of CO<sub>2</sub> over the lifetime of the products.

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

As we continue to improve the high quality of our Lamona products, we saw 4,600 fewer engineer visits in 2024 than in 2023. Each engineer visit for a simple repair emits 2.4Kg of CO<sub>2</sub> so this is an annual reduction of 11 tonnes of CO<sub>2</sub>.





Strategic Report - Sustainability Matters

EDI & wellbeing

Worthwhile careers, opportunities to develop and thrive

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

Andrew Livingston - CEO

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

See our website: [www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing](http://www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing)

Headlines from 2024

Employee inclusion survey

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

73%  
said Howdens is a great place to work.

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

68%  
said they were proud to work for Howdens.

Worthwhile careers for ALL

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

Building manager capability

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

Apprentice levy transfer - training tomorrow’s customers

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



Developing skills to sell more kitchens

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

Our EDI priority areas

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

More information

More information on our EDI priorities: [www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing](http://www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing)

Our wellbeing strategy

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

More information

More information on our Wellbeing strategy: [www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing](http://www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing)

EDI headlines in 2024

Menopause Friendly and Wellbeing of Women

We are proud to have achieved Menopause Friendly Workplace accreditation in April and we are also a founding member of Wellbeing of Women Employer’s Programme.



Wellbeing headlines in 2024

Supporting mental wellbeing

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

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

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

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



Strategic Report - Sustainability Matters

Health & safety, carbon neutral, renewable energy and waste

Keeping our people safe and healthy



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

Developments in 2024

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

More information

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

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

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

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

We were very pleased to achieve the Route to Net Zero Standard at the Taking Action tier in 2024. This tier is the first of three tiers, and it required us to show historical reduction in operational emissions, greenhouse gas emissions reduction targets, and foundational CO<sub>2</sub>e management practices. We look on this achievement as an important step in our Net Zero journey and a way to demonstrate our commitment to climate leadership, moving on from the achievement of Carbon Neutrality. The standard is aligned with our science-based carbon reduction targets and provides assurance that we are on track to achieve our targets and are adopting sustainability best practices.



Reducing waste



Our baseline: zero to landfill across all UK operations

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

Future challenges for our waste management

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

More information

More information on our approach to reducing waste on our website: [www.howdenjoinerygroupplc.com/sustainability/waste-management](http://www.howdenjoinerygroupplc.com/sustainability/waste-management)

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

Our approach to TCFD

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

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

No identified material climate-related risks in the medium term

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

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

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

Confirming compliance with the TCFD recommendations

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

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

TCFD recommended disclosure	Our disclosure and developments in 2024	Focus areas for 2025 and beyond
GOVERNANCE		
<b>A</b> Describe the Board's oversight of climate-related risks and opportunities.	<ul style="list-style-type: none"><li>This process is led by the Board's Sustainability Committee, whose report is at page 150.</li><li>The Sustainability Committee met three times during 2024. The Director of ESG* reported to the Sustainability Committee at each meeting and provided updates on the climate-related risks and opportunities.</li><li>The Board considers climate risks together with other risks as part of its overall risk review processes described in detail starting at page 36.</li><li>When considering any material investment proposition, the Board considers the likely climate-related consequences.</li></ul>	<ul style="list-style-type: none"><li>The Sustainability Committee will meet regularly in 2025 and will make recommendations to the Board as appropriate.</li><li>The Director of ESG will provide regular progress updates.</li><li>The Board incorporated environmental measures for the 2024 executive share plan. The Remuneration Committee regularly monitor progress against each of these measures. Updated environmental measures are in place for the 2025 plan - see page 137.</li></ul>



Strategic Report - Sustainability Matters

TCFD - building climate resiliencecontinued

TCFD recommended disclosureOur disclosure and developments in 2024Focus areas for 2025 and beyond

GOVERNANCE CONTINUED

<b>B</b> Describe management's role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"><li>It is the Executive Committee's (ExCo) responsibility to execute Group strategy and to manage and mitigate climate risks and take advantage of opportunities. The role of the ExCo is set out on pages 80 and 81.</li><li>The ExCo are responsible for delivering the climate-related targets determined by the Board.</li><li>In 2024, the ExCo established a Sustainability Steering Group (SSG) which is chaired by the Supply Chain Director. The role of the SSG is to monitor progress against our 2030 SBTi targets, including costs and data requirements to achieve those targets. The SSG met 5 times in 2024.</li><li>The Director of ESG* advises both Board and ExCo on progress against targets and other initiatives. He presented at all of the Sustainability meetings in 2024.</li><li>ExCo reviewed the TCFD materiality impact assessments and scenario analysis in 2023, when they were last refreshed.</li><li>The Director of ESG* worked with ExCo during the year to develop strategies to manage risks and pursue opportunities.</li><li>Our supplier engagement activities in 2024 (pages 49, 90 and 91) demonstrated industry leadership and provided clear messaging that our suppliers need to be active on emissions reductions.</li></ul>	<ul style="list-style-type: none"><li>ExCo members have been assigned key responsibilities on managing climate risks and opportunities.</li><li>The SSG will meet regularly in 2025 and will make recommendations to the ExCo as appropriate.</li><li>Management will continue to engage with our supply chain in 2025.</li></ul>
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STRATEGY

<b>A</b> Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	<ul style="list-style-type: none"><li>Our climate risk assessment identified no significant short or medium-term climate-related risks.</li><li>We give more detail on the potential risks and opportunities starting at page 61.</li></ul>	<ul style="list-style-type: none"><li>Continuing to engage with our supply chain to obtain further data, which may also give additional information on ESG risks and opportunities as they evolve.</li></ul>
<b>B</b> Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	<ul style="list-style-type: none"><li>We updated our physical climate risk assessment over various timeframes and pathways in 2024. No significant short or medium-term risks were identified.</li><li>We have continued to explore ways of building potential risks and opportunities into strategic and financial planning.</li><li>We give more detail on possible impacts starting on page 61.</li><li>We discuss our Net Zero commitment on page 46.</li></ul>	<ul style="list-style-type: none"><li>Climate-related risk screening is being incorporated into the due diligence process for major capital expenditure decisions.</li><li>As we continue to collect data from more of our suppliers (page 49), this will increase our knowledge on specific climate risks and opportunities that may inform our strategy and financial planning.</li><li>The outputs of our double materiality assessment (page 48) will inform our strategy.</li></ul>

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

TCFD recommended disclosureOur disclosure and developments in 2024Focus areas for 2025 and beyond

STRATEGY CONTINUED

<b>C</b> Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"><li>We constructed draft climate impact scenarios in 2021, including a scenario aligned with below 2°C. These were scrutinised by management, ExCo and Board in 2022 and are described on page 61. They did not identify any material challenges to strategy in the short or medium term.</li><li>In 2023, we established a TCFD working group to review the Net Zero strategy. No significant short or medium-term implications for our strategy were identified. In 2024 this group's role was expanded and it now has an ExCo owner (Supply Chain Director).</li></ul>	<ul style="list-style-type: none"><li>We intend to refresh our scenario analysis in 2025.</li><li>We will continue to review various options for decarbonisation, including new technology, as and when it becomes available, and to consider whether there are any emerging implications for our future strategy.</li></ul>
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RISK MANAGEMENT

<b>A</b> Describe the organisation's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"><li>We use the same approach as for other risks (see pages 36-37), combined with horizon scanning to improve identification of medium and longer-term climate transition and physical risks.</li><li>We use an approach modelled on British Standards, based on risk impact and our adaptive capacity.</li><li>We have built the outputs of our climate risk assessment into operational risk registers.</li><li>We updated our climate physical risks assessment in 2024 using our modelling tool that covers all of our operations over a short, medium and long term for three different recognised climate pathways see page 66.</li><li>We have engaged with our stakeholders, including our insurers, to understand how their focus on climate risk is likely to develop.</li></ul>	<ul style="list-style-type: none"><li>Continue to improve our risk identification process, incorporating more data streams and trends.</li><li>Review the external environment for changes in climate risks and new mitigation strategies (e.g. through our brokers, insurers, external professional bodies and forums).</li></ul>
<b>B</b> Describe the organisation's processes for managing climate-related risks.	<ul style="list-style-type: none"><li>We manage climate-related risks in the same way as our other risks (see pages 36-37), albeit that time horizons may be longer.</li><li>A member of the ExCo owns each risk and leads the relevant operational teams as they control day-to-day risk management and mitigation.</li></ul>	<ul style="list-style-type: none"><li>Challenge the business on the effectiveness and accuracy of mitigation plans, including evidence of progress.</li><li>We continue to have no climate risk which we treat as a principal risk, and to view potential climate risks as emerging risks (see page 41).</li></ul>
<b>C</b> Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	<ul style="list-style-type: none"><li>We use the same approach as for other risks (see pages 36-37). We record them in our risk registers alongside our other operational, financial and strategic risks, albeit that we typically use longer time horizons when looking at climate risks.</li><li>We review and update them twice a year.</li><li>We have an emerging risk identification and management approach, with dedicated reporting to Exec and Board.</li></ul>	<ul style="list-style-type: none"><li>Continue with specific climate-focused risk register reviews.</li><li>Continue to develop reporting to Exec and Board.</li></ul>

Strategic Report - Sustainability Matters

TCFD - building climate resiliencecontinued

TCFD recommended disclosureOur disclosure and developments in 2024Focus areas for 2025 and beyond

METRICS AND TARGETS

<b>A</b> Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"><li>Our emissions reporting starts at page 67. This is central to our SBTi targets (42% reduction in Scope 1 and 2 emissions, and 25% reduction in Scope 3 emissions by 2030. 90% reduction in all emissions by 2050 - all against a 2021 baseline), which were approved in January 2024, and which will be key metrics for the future.</li><li>We have long-standing KPIs on use of FSC® and PEFC raw materials (target of 100% of all wood used in manufacturing to be certified) and on production waste recycling (target of 100% of waste not going to landfill). We report on these on pages 50 and 56.</li><li>We have amended our standard contract terms with all direct suppliers to make it clear that we expect them to set SBTi targets or a clear and validated Net Zero plan.</li></ul>	<ul style="list-style-type: none"><li>As we continue with supplier engagement, we will collect further supply chain emissions data, which will allow us to encourage suppliers to set SBTi targets and Net Zero plans (page 49).</li></ul>
<b>B</b> Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	<ul style="list-style-type: none"><li>See our emissions reporting, starting on page 67. We have disclosed estimated Scope 3 emissions for the first time in 2023.</li><li>We consider the risks relating to emissions as part of our overall climate risk reporting, summarised above.</li></ul>	<ul style="list-style-type: none"><li>We will continue to work with our supply chain to gather additional data to inform our Scope 3 emissions reporting and progress against our SBTi targets.</li></ul>
<b>C</b> Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"><li>Performance against non-financial KPIs is shown on pages 29, 50, 56 and 57.</li><li>Our SBTi Net Zero targets are shown at page 47.</li><li>We have incorporated environmental targets, aligned with our SBTi Net Zero targets, into the terms of our employee share awards since 2022. More details are given on pages 137 and 140.</li></ul>	<ul style="list-style-type: none"><li>Continue to monitor performance against targets, including assessing the industry specific metrics and targets introduced by latest frameworks and standards such as TPT (Transition Plan Taskforce) and ISSB.</li><li>We plan to publish our Transition Plan in 2025.</li></ul>

Main risks and opportunities from our scenario modelling so far

Details of the scenarios and time horizons

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

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

Results and next steps

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

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

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

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

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



Strategic Report - Sustainability Matters

TCFD - building climate resiliencecontinued

Overview of opportunities	Most relevant time horizons	Impact	Potential outcomes/enabling actions
OPPORTUNITY: Area of impact - Access to capital			
Building a climate resilient strategy and communicating it effectively to the market could increase the demand for our shares and could also give us access to lower-cost financing.	Short to medium term (2024-2026)	Increased demand for shares.  Access to sustainable finance opportunities.	Clearly communicating our sustainability and climate resilient actions to our existing and future investors.
OPPORTUNITY: Area of impact - Brand			
Delivering on our aim to be the UK's leading responsible kitchen business and creating a brand that is recognised as a leader in managing climate-related risk could result in increased sales, greater brand awareness, increased market share and increased attractiveness to current and future employees.	Medium to long term (2026-2030)	Increased sales.  Greater brand awareness.  Increased market share.  Stronger employee retention/relations.	Promoting awareness of our sustainability and Net Zero ambitions to employees, customers and end users.  Sustainable customer offering and bringing the suppliers on the Net Zero and sustainability journey with us.
OPPORTUNITY: Area of impact - Cost reduction			
Continuing to focus on energy efficiency, pushing through our targeted improvements and taking future steps on the path to decarbonisation could lead to a lower cost base.  Relevant factors could be things such as: <ul style="list-style-type: none"><li>Access to grants, subsidies and favourable tax treatment for adopting decarbonisation technologies.</li><li>Absolute reductions in energy and materials consumption will lower costs, particularly in times of rising energy prices, extended application of carbon pricing and an increase in the underlying carbon price.</li></ul>	Grants and subsidies: short to medium term (2024-2026)  Absolute reductions in energy consumption: medium to long term (2026-2030)  Deployment of decarbonisation technologies such as hydrogen: medium to long term (2026-2030)	Capitalise on energy opportunities: installation of solar panels/wind turbines etc., will help in reducing costs and lead to carbon emission savings.  Own energy generation: by accessing grants and subsidies and deploying latest decarbonisation technologies.	Reducing energy consumption will help mitigate the impact of rising energy prices/carbon pricing.  Deploying new renewable technologies with grants will lower the own capex requirements and improve energy security.
OPPORTUNITY: Area of impact - Product design			
Taking the lead in producing sustainable products before our competitors could increase our competitive advantage and market share.	Medium to long term (2026-2030)	Support the future sustainability of our assets and the Howdens brand.	Sustainable design is built in as a pillar of our new product development process.

Overview of risks	Most relevant time horizons	Impact	Mitigation actions
RISK: Area of impact - Sourcing			
Future physical or legal barriers arising from climate change could bring challenges to sourcing some of our products in the future - principally items which we currently source from overseas.  Causes could be things such as: <ul style="list-style-type: none"><li>Carbon pricing.</li><li>Pressure on supply chains to decarbonise, especially in emerging markets.</li><li>Some current raw materials could increase in cost or become unavailable in the future, so alternatives would have to be found.</li></ul>	Carbon pricing: medium to long term (2026-2030)  Pressure on supply chains to decarbonise: medium to long term (2026-2030)  Raw materials cost increase/unavailability: medium to long term (2026-2030)	Carbon pricing: £2.9m - £5.1m (assumption of £50 per tonne of CO <sub>2</sub> e carbon price).  Pressure on supply chains to decarbonise: as climate change is a global issue, our supplier base will also be impacted with the drive to decarbonise.  Raw materials cost increase/unavailability: there may be adverse impact on availability of certain raw materials in the future.	Our commitment to SBTi Net Zero targets will help with mitigating the impact of future carbon prices due to absolute reductions in our emissions.  We are using technology to collect data directly from our suppliers, which will give us an increased understanding of potential supply chain impacts and allow us to collaborate with suppliers to mitigate the potential future effects.  For instance, the supply chain data should give us a more detailed view of potential effects on key raw materials and help us formulate mitigation strategies where necessary.
RISK: Area of impact - Operations			
The physical risk to our operations from climate change can include extreme weather events and rising sea levels. These risks could require additional capital expenditure or could interrupt operations.	The physical risk assessment: identifies potential risks in the short, medium and long term for three separate recognised pathways (RCPs 2.6, 4.5 and 8.5).	Interruption to operations: No significant inherent physical climate risk has been forecasted in our modelling for any of our critical infrastructure, distribution, and/or manufacturing locations over short, medium or long term perspectives for any climate pathway. No significant inherent climate risk to our global depot network with just 2% of sites potentially affected by climate risk in the poorest case pathway by 2100.  No significant climate risk exposures in the short or medium term for our key suppliers with an increasing potential exposure to drought across some European suppliers in the long term (by 2100) in the worst climate scenario.	We have modelled our exposure to physical climate risk over short, medium and long term perspectives for three separate recognised climate pathways. We will conduct further detailed validation workshops on key assets to understand specific climate risks, local mitigations and plans.  (See Physical Climate Risk Case Study on page 66 for more details).
RISK: Area of impact - Decarbonisation			
Decarbonisation of our distribution and depot fleets could require transitional investment and/or adjustments to current working practices.	Adjustments to current working practices: short to medium term (2024-2026)  Transitional investment: medium to long term (2026-2030)	Additional capital expenditure: to decarbonise our own operations, e.g. our buildings and fleet.	We are currently carrying out a study, which will clarify levers of decarbonisation available to us.  We have estimated the incremental costs of meeting our SBTi targets over the next three years, and neither the capex requirements nor the net annual effect on operating profit are material.
RISK: Area of impact - Customer expectations			
Failure to meet customer demands for sustainable products could reduce market share.	Failure to meet demands: medium to long term (2026-2030)	Impact on future sales: from inability to meet customer needs.	Our ESG strategic ambition is to be the UK's leading responsible kitchen business. This commitment drives us to maintain a focus on sustainable product (pages 52 and 53).



Strategic Report - Sustainability Matters

Our impact on our stakeholders

Environment

- 100%** All of our chipboard is from sustainably managed UK forests
- Zero to landfill** across our UK operations
- £3.5m** invested in solar energy generation at our Howdens factory. Short payback period. Further investment planned.
- 82%** of company cars are PHEV/EV as we move away from fossil fuels

Apprentices

- 603** apprentices in training
- 11%** of our current employees started their Howdens career as an apprentice
- 229** apprentices completed programmes in 2024
- 9%** of our highest performing kitchen sales designers started their Howdens career as an apprentice

Shareholders

- £116m** dividends paid in 2024
- £839m** returned to shareholders in 5 years 2020 - 2024

The wider economy

- £453m** of tax generated or collected. Corporation tax, NI PAYE and VAT
- £343m** of working capital extended to our customers in our peak trading period
- Over 550,000** small business customers supported by our trade account facility in our peak trading period. No fees, up to 8 weeks to pay

Community & charity

- 147** kitchens, worth c.£1m, donated and installed in grassroots football clubs as part of the 'Game Changer' programme
- £100K** two-year partnership with National Parks launched

People

- Over 12,000** full-time jobs with prospects. In manufacturing, in almost 950 local depots, and in distribution, systems and support
- Over 950** local communities where we employ people
- £688m** salaries and benefits paid to our employees in 2024
- £255m** cash contributed to our pension schemes in the last 5 years
- 100%** of UK employees in share ownership schemes
- 10th** in the 2022 Best Big Companies to work for awards





2024 Physical Climate Risk assessment

The work that we have done in 2024

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

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

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

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

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

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

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

What our analysis identified

Our current modelling outcomes forecast:

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

Future actions

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

Our SECR and Scope 3 reporting

SECR - Emissions reporting

Absolute carbon emissions reduced 1.7% against 2023

Emissions reporting methodology

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

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

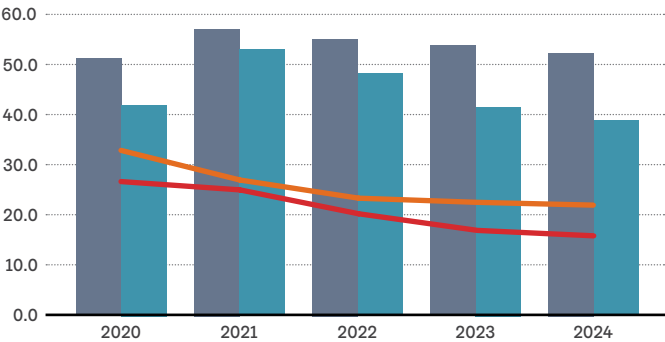
	Total emissions (tonnes CO <sub>2</sub> equivalent)	
	2024	2023
Scope 1 - Direct: Gas	11,489	13,075
Scope 1 - Direct: Owned Transport (LGV/Van/Car)	24,356	24,665
Scope 1 - Direct: Other fuels	1,225	1,380
Scope 1 - Direct: Biomass	408	408
Scope 1 - Direct: Total	37,478	39,528
Scope 2 - Indirect: purchase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

Strategic Report - Sustainability Matters

Our SECR and Scope 3 reporting continued

SECR Reporting

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

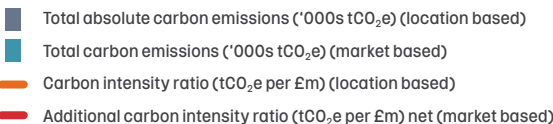


Energy efficiency initiatives

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

Use of renewable energy sources

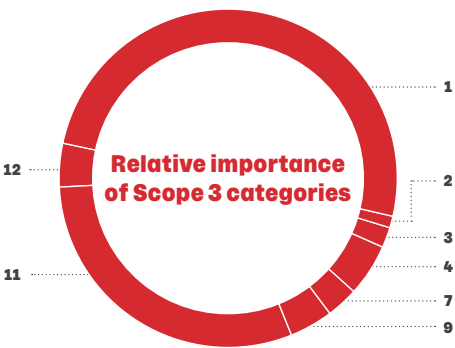
We discuss this on pages 50 and 51.



Our Scope 3 emissions

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

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



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

Key to Scope 3 data

Source of data

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

Status of data

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

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

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

Strategic Report

Going concern and Viability statements

Going concern

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

Going concern review period

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

Assessment of principal risks

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

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

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

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

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

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

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

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

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

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

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

Borrowing facility and covenants

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

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



Going concern and Viability statements continued

Going concern continued

Results of scenario testing

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

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

Conclusion on going concern

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

Long-term prospects and viability

Assessment of long-term prospects

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

Current position

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

Strategy and business model

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

Robust assessment of principal risks

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

Long-term prospects and viability continued

Assessment of viability

Time period and scenario modelling

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

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

1. **The base case scenario** takes the base case described in the discussion of going concern above and extends it over the viability assessment period. It assumes future revenue and profit in line with management expectations, investments in capital expenditure and cash outflows for dividends and share buybacks in accordance with our capital allocation model (see pages 33 and 34).
2. **The severe but plausible downturn scenario** takes the same decline over the going concern period as described in the discussion of going concern above, and then assumes a phased recovery over the rest of the three-year period. It assumes capex at a lower level than in the base case but which is still in line with our announced strategic priorities for growth, and dividends and share buybacks in line with our capital allocation model.
3. **The reverse stress-test scenario** assumes a phased recovery of margin and profit on the same bases as for the severe but plausible downturn scenario. This is then stress-tested to find the maximum amount by which sales in the first year would have to fall before the Group would no longer have headroom at any point in the viability assessment period, without taking further mitigating actions. It assumes capex at a maintenance level and no dividends or share buybacks.

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

Results of scenario testing

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

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

Conclusion on viability

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

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

Governance

# How we preserve value

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<b>Chairman's introduction</b>	<b>Board of Directors</b>	<b>Executive Committee &amp; Company Secretary</b>
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Governance

Corporate governance report



Peter Ventress  
Chairman of the Board

Using the Corporate governance report

The following sections may be found in this corporate governance report:

- Page 74: Chairman's Introduction
- Page 76: Board of Directors profiles
- Page 80: Executive Committee & Company Secretary profiles
- Page 82: Key Board activity during the year and for the year ahead
- Page 84: Directors' duties and s.172 disclosure
- Page 86: Stakeholder engagement
- Page 94: UK Corporate Governance Code application and compliance

Introduction from the Chairman

2024 was a busy year for the Howdens Board and its Committees. Against an uncertain and challenging macroeconomic backdrop, operational and trading matters remained high on the Board's agenda. But testament to the resilient nature of the business and its employees, there was also full consideration of strategic opportunities, capital allocation and good governance considerations.

We have built on our existing processes for determining risks and opportunities (more detail on which can be found in the Strategic Report on pages 36 to 41) and worked more closely as a Board on the matters most fundamental to the Howdens business. The Board spent time with divisional management on areas of key risk such as health & safety and cyber security and worked with senior management on Executive succession and talent.

From a corporate governance perspective, we made good progress in boardroom diversity and monitoring our progress against our SBTi approved Net Zero targets. We updated and consulted with shareholders on the Directors' Remuneration Policy and progressed plans towards further reliance on key controls. The Board has already begun work to address the changes in the updated UK Corporate Governance Code and more detail is provided in the following reports on how it will affect the work of the Board in 2025.

However, the central tenet of leadership at Howdens remains that the business must be worthwhile for all concerned. I hope that the reports that follow showcase our governance achievements and some of our priorities for the year ahead.

Board succession

Having an effective and collegiate Board is vital for Howdens to deliver its growth strategy, provide support and challenge for the Executive team and maintain proper governance practices. 2024 saw us build on our Board refreshment programme initiated in 2023 and during the year we welcomed three new independent Non-Executive Directors to the Board: Vanda Murray, Roisin Currie and Suzy Neubert. These new Directors bring a wealth of strategic, operational and financial experience to the Board, which complements our existing skill set.

We also announced the appointment of Tim Lodge who joined the Board in January 2025. This followed an extensive search to identify the replacement of Andrew Cripps as Audit Committee Chair when he retires from the Board at the AGM in May. Tim is an experienced CFO and Audit Committee Chair and has enjoyed a handover period with Andrew during the 2024 year-end. I am also pleased to confirm that Vanda Murray will take over from Andrew Cripps as Senior Independent Director. Vanda's experience of such roles and excellent interpersonal skills makes her a perfect candidate for this role.

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

Strategy

It is one of the Principles of the UK Corporate Governance Code that boards should establish the company's purpose, values and strategy.

The Board discussed strategy and strategic initiatives throughout the year. In November, we approved a £128m capital investment plan for the purchase (subject to planning) and redevelopment of the Runcorn manufacturing site. The Runcorn factory is the Group's high-volume, low-cost cabinet manufacturing site and is a critical part of our business. Something of an unsung hero, Runcorn helps us achieve lower costs, higher quality, and improved service and resilience. I look forward to the Board visiting the site as part of our 2025 calendar.

During 2024, the Board held a meeting in Dublin to showcase the Irish business. International growth remains an important lever of strategic growth for Howdens and the Board has continued to invest away from the UK during 2024. While in Ireland, the Board received presentations from management on the local market and the long-term opportunity. Following the meeting, the Board visited a number of depots and had the opportunity to meet local employees.

Stakeholders and culture

The Code also provides that boards must satisfy themselves that a company's purpose, values and strategy are aligned to its culture. Howdens has a unique, entrepreneurial culture but one that is underpinned by high quality controls and an ethos of personal accountability. Proximity to the business and stakeholder engagement is fundamental to really understanding the Howdens culture.

The Board is collectively responsible for engagement with our stakeholders and therefore we have removed the role of the Non-Executive Director responsible for employee engagement. We have replaced it with a programme of employee events with Non-Executive Directors expected to attend a minimum number of dedicated sessions each year and to provide feedback on all sessions attended. These have included (but are not limited to) Regional Board meetings, depot visits, town hall briefings, site visits and incentive events. Feedback from members of the Board on the new programme, which was in full effect for the duration of 2024, has been universally positive.

The shareholder consultation in respect of our Directors' Remuneration Policy has been another key stakeholder engagement during the year. Vanda Murray has led the consultation in her new role as Remuneration Committee Chair and more information on how we engaged with shareholders is set out in detail in the Remuneration Committee report on page 110.

More information on the employee engagement programme and other stakeholder engagement is set out in detail in this report, starting on page 86.

Board meeting attendance in 2024

Peter Ventress	(6/6)	
Karen Caddick	(3/3)	Retired 2 May 2024
Andrew Cripps	(6/6)	
Roisin Currie	(3/3)	Appointed 1 July 2024
Louis Eperjesi	(6/6)	
Louise Fowler	(6/6)	
Paul Hayes	(6/6)	
Andrew Livingston	(6/6)	
Vanda Murray	(5/5)	Appointed 1 February 2024
Suzy Neubert	(2/3) <sup>1</sup>	Appointed 1 July 2024

<sup>1</sup> Suzy was appointed to the Board on 1 July 2024 and was unable to attend the September meeting due to a commitment made prior to her appointment. She was provided with all the Committee papers ahead of the meeting and provided her feedback to the Chair and Company Secretary.

Additional information

The disclosures and information shown below may be found in the Additional Information section beginning on page 222:

- 2025 Annual General Meeting (AGM) details
- 2024 Final Dividend timetable
- Share capital information
- Significant agreements disclosure

The Board in 2025

We will continue to build on the 'spotlight sessions' held during 2024, which have provided the Board with opportunities to speak to management below the Executive Committee. Details of the Board's programme for 2025 can be found on pages 82 and 83.

I also look forward to engaging with our shareholders at the AGM in May.

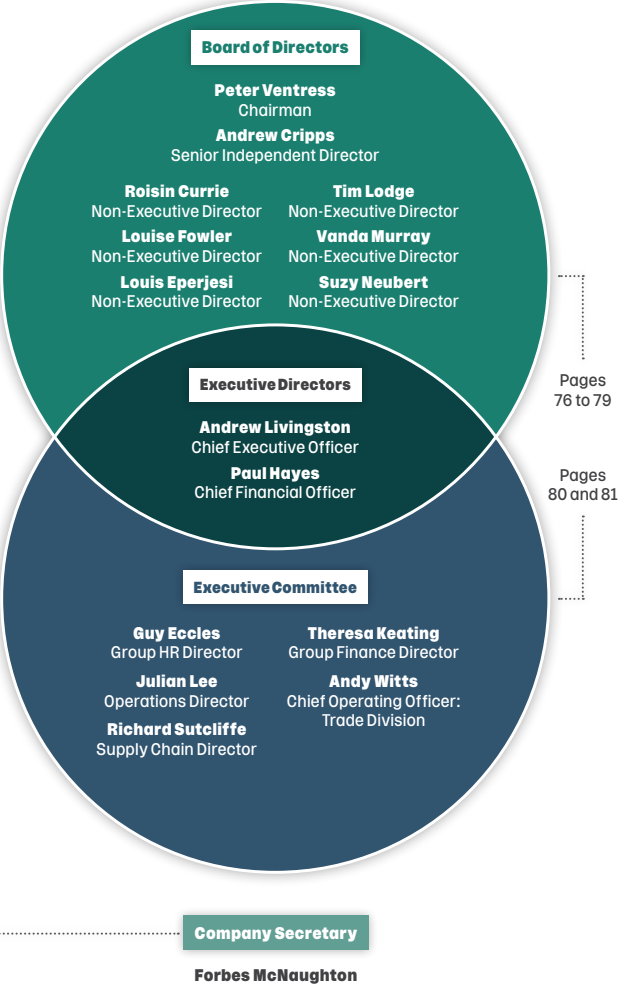
Peter Ventress  
Chairman of the Board

Governance

Corporate governance report continued

Board of Directors

Board and Executive Committee structure



**Andrew Livingston**  
Chief Executive Officer



**Paul Hayes**  
Chief Financial Officer



**Peter Ventress**  
Non-Executive Chairman

**N S**



**Andrew Cripps**  
Senior Independent Director

**A N R S**



**Roisin Currie**  
Independent  
Non-Executive Director

**A N R S**



**Louis Eperjesi**  
Independent  
Non-Executive Director

**A N R S**



**Louise Fowler**  
Independent  
Non-Executive Director

**A N R S**



**Tim Lodge**  
Independent  
Non-Executive Director

**A N R S**



**Vanda Murray OBE**  
Independent  
Non-Executive Director

**A N R S**



**Suzy Neubert**  
Independent  
Non-Executive Director

**A N R S**

Key to Board Committee membership

**A** Audit Committee **N** Nominations Committee **R** Remuneration Committee **S** Sustainability Committee **C** Chair of Committee

Roles

Further information about the role of the Board, the Executive and Non-Executive Directors, the Company Secretary, and external advisors can be found on our website: [www.howdenjoinerygroupplc.com/governance/division-of-responsibilities](http://www.howdenjoinerygroupplc.com/governance/division-of-responsibilities)

**Andrew Livingston**  
Chief Executive Officer

**Appointed**

Andrew was appointed to the Board as Chief Executive Officer on 2 April 2018.

**Contribution to the long-term sustainable success of the Company**

Andrew has a strong track record of performance, execution and driving change through improving digital capability, ranges and new site openings. He also has knowledge of key European geographies, is a competent French speaker, and has an entrepreneurial mindset. This mindset fits the Howdens culture which has served the Company well and is fundamental to its success. He was previously the CEO of Screwfix and has an MBA from the London Business School.

**Other listed company appointments**

Non-Executive Director of LondonMetric Property Plc

**Paul Hayes**  
Chief Financial Officer

**Appointed**

Paul was appointed to the Board as Chief Financial Officer on 27 December 2020.

**Contribution to the long-term sustainable success of the Company**

Paul is an experienced finance executive and has a proven track record in consumer and manufacturing businesses. From 2017 until its acquisition by Recipharm AB in February 2020, Paul was CFO of Consort Medical Plc, a leading drug and device manufacturing business. Before this, he was the Group Finance Director of Vitec Group Plc from 2011 to 2017. Paul has extensive experience in senior finance roles at a number of UK and US listed companies, including Signet Jewelers, RHM Plc and Smiths Group Plc. He is a Chartered Accountant having qualified with Ernst & Young and has a first class masters degree in Mechanical Engineering, Manufacture & Management.

**Other listed company appointments**

None

Independence

The Board considered that all of the Non-Executive Directors were independent for the full duration of the period being reported on and that Peter Ventress was independent upon his appointment as Chairman.

**Peter Ventress**  
Non-Executive Chairman

**Appointed**

Peter was appointed to the Board as an independent Non-Executive Director in July 2022 and became Chairman and Chairman of the Nominations and Sustainability Committees in September 2022.

**Contribution to the long-term sustainable success of the Company**

As former Chairman of Galliford Try Plc and current Chairman of Bunzl Plc, Peter has in-depth knowledge of UK listed companies and the associated high corporate governance standards required by such companies. He was also formerly Chief Executive Officer of Berendsen Plc and has held several senior executive roles, including International President of Staples Inc and Chief Executive Officer of Corporate Express NV, meaning he has extensive experience in international distribution businesses and brings a wealth of relevant commercial, financial and high-level management experience to the Board.

**Other listed company appointments**

Non-Executive Chairman of Bunzl Plc

**Andrew Cripps**  
Senior Independent Director

**Appointed**

Andrew was appointed to the Board in December 2015 and became Chair of the Audit Committee in May 2016 and Senior Independent Director in July 2023. He will retire from the Board following the conclusion of the 2025 AGM.

**Contribution to the long-term sustainable success of the Company**

Andrew brings extensive experience as a non-executive director and audit committee chair with particular knowledge of branded consumer and business-to-business products, manufacturing and distribution in the UK and continental Europe. His experience of multisite wholesale distribution to small business customers at Booker Group Plc is valuable to the Board's decision-making process. He is a Chartered Accountant and former Finance Director with extensive recent and relevant financial experience.

**Other listed company appointments**

None



Governance

Corporate governance report continued

Board of Directors continued

Roisin Currie  
Independent Non-Executive Director

**Appointed**  
Roisin was appointed Non-Executive Director in July 2024.

**Contribution to the long-term sustainable success of the Company**  
Roisin's experience in a number of senior executive roles within the consumer sector provides her with a strong diversity of perspective and customer-centric focus. She has been the Chief Executive of Greggs Plc since May 2022 having joined as Group People Director in 2010. During her tenure she was also Retail and Property Director. This breadth of experience means Roisin has a comprehensive understanding of vertically integrated and multi-site businesses, and she has experience working at both a strategic and operational level. Roisin began her career at Asda where she spent 20 years, latterly as Retail People Director and then Distribution People Director. She is currently Chair of the Employers Forum for Reducing Re-offending, a voluntary role working with the Ministry of Justice and New Futures Network, and she is a Trustee of the Duke of Edinburgh Awards Scheme. Her HR and people background brings valuable perspectives on culture, talent and reward.

**Other listed company appointments**  
Chief Executive Officer of Greggs Plc

Louise Fowler  
Independent Non-Executive Director

**Appointed**  
Louise was appointed to the Board in November 2019.

**Contribution to the long-term sustainable success of the Company**  
Louise has over 25 years of customer, brand and digital experience at a senior level. Her experience encompasses publicly listed and private businesses, the mutual sector and not-for-profit organisations. Louise's background in consumer experience and reputation is valuable to the Company as it strives to provide a strong aftersales service to further support the builder customer. Her digital experience also provides valuable insight given the investment the Company continues to make in its digital programme. Louise is an Honorary Professor in Marketing at Lancaster University Management School.

**Other listed company appointments**  
Non-Executive Director of Assura Plc

Louis Eperjesi  
Independent Non-Executive Director

**Appointed**  
Louis was appointed Non-Executive Director in June 2023.

**Contribution to the long-term sustainable success of the Company**  
Louis has a strong background of manufacturing and supply of building products in international markets, together with commercial, strategy development, and change management experience. He is currently a Non-Executive Director of Ibstock Plc, Trifast Plc, and AIM-listed Accsys Technologies Plc. Louis has had a long career in the building materials sector, most recently serving as CEO of Tyman Plc, a leading international supplier of engineered components and access solutions to the construction industry. He has also held senior executive roles in Kingspan Plc, Baxi Group Ltd, Lafarge SA and Caradon Plc.

**Other listed company appointments**  
Non-Executive Director of Ibstock Plc, Trifast Plc, and Accsys Technologies Plc

Tim Lodge  
Independent Non-Executive Director

**Appointed**  
Tim was appointed to the Board in January 2025. He will become Audit Committee Chair in May 2025 upon Andrew Cripps' retirement.

**Contribution to the long-term sustainable success of the Company**  
Tim has substantial recent and relevant financial experience, having spent over 30 years in finance and accounting roles. He is a fellow of the Chartered Institute of Management Accountants and spent 26 years at Tate & Lyle Plc in various finance and commercial roles, including six years as Chief Financial Officer. He has also held Chief Financial Officer roles at the COFCO International group and the role of Non-Executive Director and Audit Committee Chair at Aryzta AG. Tim is currently independent Non-Executive Director and Audit Committee Chair of both SSP Group Plc and Serco Group Plc, and Senior Independent Director of Arco Limited. He is also a trustee of the charity Gambia School Support and a Director of An African Canvas (UK) Limited.

**Other listed company appointments**  
Non-Executive Director and Audit Committee Chair of both SSP Group Plc and Serco Group Plc

Vanda Murray OBE  
Independent Non-Executive Director

**Appointed**  
Vanda was appointed to the Board in February 2024 and became Remuneration Committee Chair in May 2024. She will become Senior Independent Director (SID) in May 2025 upon Andrew Cripps' retirement.

**Contribution to the long-term sustainable success of the Company**  
Vanda has over 25 years of senior management experience across a range of sectors, including manufacturing, industrial, and support services in Europe, the USA, and Asia. She has previously served as Senior Independent Director and Chair of the Remuneration Committee at Bunzl Plc, Chief Executive Officer of Blick Plc, and UK Managing Director of Ultrafame Plc, and she is currently the Chair of Marshalls Plc. Vanda's extensive experience in both executive and non-executive roles benefit Howdens from both a leadership and a strategy perspective, and her tenure as a remuneration committee chair means she transitioned easily into the Howdens Remuneration Committee Chair role in May 2024. Vanda's experience as a SID also stands her in good stead to succeed Andrew Cripps in this role in May 2025.

**Other listed company appointments**  
Non-Executive Chair of Marshalls Plc

Suzy Neubert  
Independent Non-Executive Director

**Appointed**  
Suzy was appointed Non-Executive Director in July 2024.

**Contribution to the long-term sustainable success of the Company**  
Suzy's experience in sell-side equity research at Merrill Lynch, and additionally on the buy-side in her role at JO Hambro, has given her a thorough understanding of capital markets and the expectations of institutional investors. She has worked for large organisations but also in more dynamic environments, which is a valuable mix of experience for Howdens as a FTSE 100 business with a strong entrepreneurial culture. She is a qualified barrister and brings valuable legal insight and experience to the Board. Suzy is also an experienced non-executive director. She served as Non-Executive Director, and latterly as Senior Independent Director, of Witan Investment Trust plc until 2023, and is currently a Non-Executive Director of LondonMetric Property Plc, Liverpool Victoria Financial Services Limited (where she is also Chair of the Investment Committee), and Jupiter Fund Management Plc. Alongside her commercial board roles, Suzy is also a trustee and council member at the Prince's Trust. **Other listed company appointments**  
Non-Executive Director of LondonMetric Property Plc and Jupiter Fund Management Plc

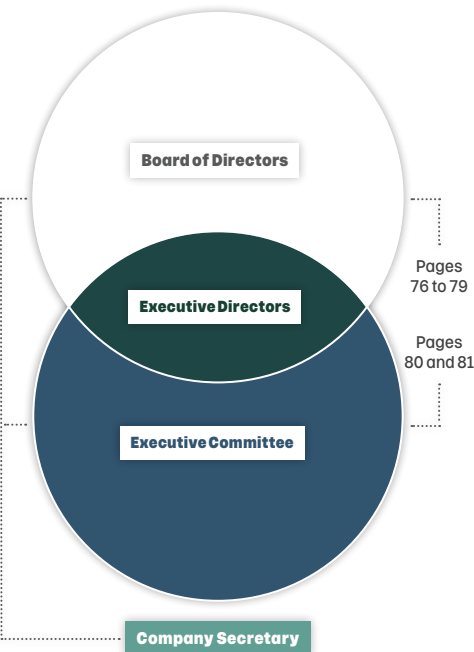


Governance

Corporate governance report continued

Executive Committee and Company Secretary

Board and Executive Committee structure



Executive Directors\*

**Andrew Livingston**  
Chief Executive Officer

**Paul Hayes**  
Chief Financial Officer

\* Andrew and Paul's profiles can be found on page 77.



**Guy Eccles**  
Group HR Director



**Theresa Keating**  
Group Finance Director



**Julian Lee**  
Operations Director



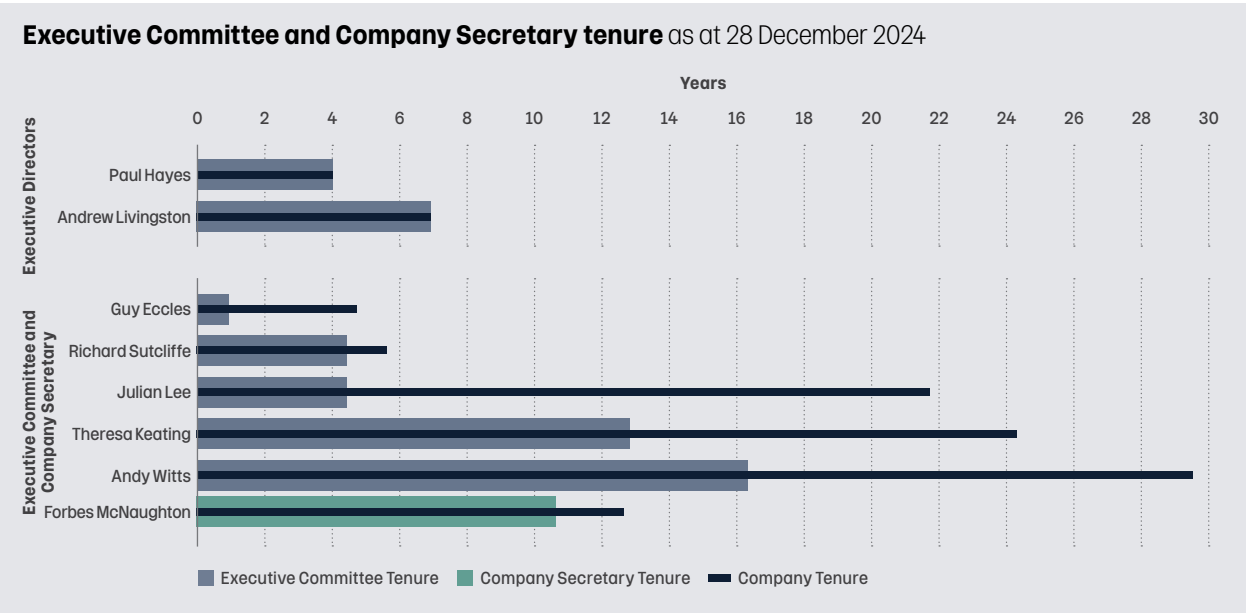
**Richard Sutcliffe**  
Supply Chain Director



**Andy Witts**  
Chief Operating Officer: Trade



**Forbes McNaughton**  
Company Secretary



**Guy Eccles**  
Group HR Director

**Appointed**  
Guy joined Howdens in April 2020 and was appointed Group HR Director and a member of the Executive Committee in February 2024.

**Contribution to the long-term sustainable success of the Company**  
Guy joined Howdens as Interim Group HR Director in 2020. Previously he had been running his own consultancy, providing HR support to numerous privately and publicly owned companies across a range of sectors, including retail, healthcare and hospitality. Prior to that he was HR Director of B&Q and Screwfix.

Guy has overall responsibility for all HR matters.

**Julian Lee**  
Operations Director

**Appointed**  
Julian joined Howdens in 2003 and was appointed to the Executive Committee in July 2020.

**Contribution to the long-term sustainable success of the Company**  
Prior to joining Howdens, Julian worked in a number of strategic and operational roles within the Silentnight Group. He joined Howdens in 2003 as a leader of the Manufacturing Division and from 2005 to 2009 was head of international sourcing and supply chain in Asia. Since 2009, Julian has made a major contribution to the transformation of our supply chain and operations and in 2020, he was appointed Operations Director, encompassing both manufacturing and logistics.

Julian leads our strategic manufacturing investments, including increased in-house manufacturing capability and capacity.

**Richard Sutcliffe**  
Supply Chain Director

**Appointed**  
Richard joined Howdens in January 2019 and was appointed to the Executive Committee in July 2020.

**Contribution to the long-term sustainable success of the Company**  
Prior to joining Howdens, Richard was Director of Supply Chain at Screwfix. Before this, he held senior supply chain and business planning roles at Hobbycraft, Wyevale Garden Centres and B&Q.

Richard's role as Supply Chain Director encompasses optimising stock holdings across the business and ensuring Howdens maintains market leading stock availability. He led the highly successful XDC project, which is delivering superior service levels and availability to depots. Richard's role also encompasses leading our IT team.

**Theresa Keating**  
Group Finance Director

**Appointed**  
Theresa joined Howdens in September 2000 and has been a member of the Executive Committee since February 2012. She will retire from Howdens in March 2025.

**Contribution to the long-term sustainable success of the Company**  
Theresa was appointed Group Finance Director in May 2014, having been Group Financial Controller since 2007. She joined the Group Finance team in 2000 having previously held various commercial finance roles at Waterstones, HMV and Heals.

Theresa also oversaw the key controls project, which identified operational, IT and financial controls to mitigate our key business risks.

**Andy Witts**  
Chief Operating Officer: Trade

**Appointed**  
Andy joined Howdens in July 1995 and has been a member of the Executive Committee since September 2008.

**Contribution to the long-term sustainable success of the Company**  
Andy was one of the founding members of the Howdens depot management team, having joined from Magnet in 1995. Andy was promoted to Sales Director in January 2007 and was appointed Chief Operating Officer of Trade in January 2014.

Andy has overall responsibility for the performance and culture of the depots in the UK. He oversees the evolution of our depot estate, including our strategically important depot reformatting and the opening of new depots.

**Forbes McNaughton**  
Company Secretary

**Appointed**  
Forbes joined Howdens in July 2012 and was appointed Group Company Secretary in May 2014.

**Contribution to the long-term sustainable success of the Company**  
Forbes joined the Company as Deputy Company Secretary in 2012 following a period of secondment from KPMG. He is a Fellow of the Chartered Governance Institute (CGI) and is Secretary to the Executive Committee as well as to the Board of Directors.

Forbes is the link between the Executive Committee and the Board and is responsible for managing a number of external stakeholder relationships such as with the Pensions Trustees and external regulators. He is the head of the legal function in addition to his corporate governance responsibilities and is Chair of the Howdens Worthwhile Foundation.



Governance

Corporate governance report continued

Key Board activity

Set out below and on the facing page are highlights of the matters the Board considered in 2024 and will consider in 2025. Not all of the matters the Board considered or will consider are listed, so this should not be taken as an exhaustive list of activities.

In addition to the matters shown on the 2024 timeline, at each meeting the Board received strategic, operational and financial updates from the CEO and CFO. The Board also considered aspects of Group culture and strategy at various points during the year.

2024

January

- Health and safety update
- CEO and CFO updates
- Investor relations update
- 2024 Budget review
- Principal Risks review
- Whistleblowing update

Executive Committee presenters:  
SL DS

Spotlight:  
Trade Service and Convenience

February

- Health and safety update
- CEO and CFO updates
- Investor relations update
- Draft 2023 Full Year Results announcement, draft 2023 Annual Report and Accounts and 2024 AGM documents
- Shareholder and capital returns consideration
- Principal advisors review

April

- Health and safety update
- Board evaluation feedback
- CEO and CFO updates
- Pensions update
- Investor relations update
- Broker update
- NED appointments consideration
- NED fees review
- Group policies approval

Spotlight:  
Product Leadership

May - AGM

- All resolutions were passed with the requisite majority. Further details about the meeting may be found on page 92.

2025

January

- Health and safety update
- CEO and CFO updates
- Update from Chair of the Pension Trustees
- Product update
- Investor relations update
- 2025 Budget review
- Principal Risks review
- Whistleblowing update
- Board evaluation feedback

February

- Health and safety update
- CEO and CFO updates
- Draft 2024 Full Year Results announcement, draft 2024 Annual Report and Accounts and 2025 AGM documents
- Shareholder and capital returns consideration
- Review of risk management framework
- NED fees review
- Principal advisors review

April

- Health and safety update
- CEO and CFO updates
- Pensions update
- Employee engagement
- Investor relations and Broker update
- Group policies approval
- UK Tax Strategy approval

Spotlight session

May - AGM

- Further details can be found on page 225.

Governance and risk

The Board received governance, legal, and regulatory updates at regular intervals from the Company Secretary and the Board's advisors.

Risk remains a matter reserved for the Board and a detailed review of our risk management processes and principal risks can be found on pages 36 to 41 and on page 98. We have reviewed our risk management processes and remain satisfied that they are robust and effective. The annual review of the risk and control framework was presented to the Audit Committee in November 2024. Reporting from our whistleblowing helpline is also considered by the Board on a bi-annual basis.

July

- Health and safety update
- Board engagement with employees
- CEO and CFO updates
- Supply investment consideration
- Business continuity management
- Investor relations update
- Draft 2024 Half Year results and announcement, including consideration of an interim dividend
- Key and Principal risks review
- Whistleblowing update

Executive Committee presenters:  
AW JL

Spotlight:  
Period 21 Readiness

September

- Health and safety update
- CEO and CFO updates
- 'Make vs Buy' update
- Investor relations update
- 2024 Board evaluation planning

Spotlight:  
Development of the business in the Republic of Ireland

Executive Committee presenters:  
AW

November

- Health and safety update
- CEO and CFO updates
- Manufacturing site development plan
- Pensions update<sup>1</sup>
- Investor relations update
- Employee engagement update
- Corporate conflicts register review
- Schedule of Matters Reserved for the Board and Board Committee Terms of Reference
- 2025 Board calendar approval

Executive Committee presenters:  
DS

Spotlight:  
Technology Roadmap

Executive Committee presenters

JL Julian Lee  
(Operations Director)

SL Stuart Livingstone  
(Trade Director)

DS David Sturdee  
(Chief Customer Officer)

AW Andy Witts  
(COO: Trade)

July

- Health and safety update
- CEO and CFO updates
- Investor relations update
- Draft 2025 Half Year results and announcement, including consideration of an interim dividend
- Market update
- Key and Principal risks review and review of risk management framework
- Whistleblowing update

Spotlight session

September

- Health and safety update
- CEO and CFO updates
- Investor relations update
- Employee engagement
- 2025 Board evaluation planning

Spotlight session

November

- Health and safety update
- CEO and CFO updates
- Pensions update
- Investor relations update
- Corporate conflicts register review
- Schedule of Matters Reserved for the Board and Board Committee Terms of Reference
- 2026 Board calendar approval
- Director training

Spotlight session

Spotlight sessions

Spotlight sessions are sessions with the wider Executive team and their direct reports to discuss the fundamentals of the business model, strategy and future plans. Sessions focus on topics within the five pillars of the business:

- Trade service and convenience
- Product leadership
- Trade value
- Entrepreneurial culture
- Trusted trade relationships

1 The Company's actuaries reported to the Board on routine funding and investment matters.

Governance

Corporate governance report continued

Directors' duties

Section 172(1) of the Companies Act 2006

A director of a company is required to act in a way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, the director must have regard, amongst other matters, to the following:

- **Environment and community:**  
the impact of the company's operations on the community and the environment.
- **Long-term thinking:**  
the likely consequences of any decision in the long term.
- **Reputation:**  
the desirability of the company for maintaining a reputation for high standards of business conduct.
- **Investors:**  
the need for every member to be treated fairly and for no member to be favoured over another member.
- **Workforce:**  
the interests of the company's employees.
- **Suppliers and customers:**  
the need to foster the company's business relationships with (amongst others) suppliers and customers.

Section 172(1) Statement

Howdens was founded on the principle that the business should be worthwhile for all concerned. It's a principle that the business continues to live into today. Balancing the needs and views of all our stakeholders can be challenging as there are often competing interests at stake, and this is why the Board first and foremost considers our purpose, our culture, and our strategy to ensure all decisions have a clear and consistent rationale. For details on the matters which the Board discussed and considered during 2024, please see pages 82 and 83.

The Board regularly considers feedback from the Company's stakeholders. These are set out in detail on pages 86 to 93. This engagement is effective and in keeping with the Company's culture. For example, much of the feedback is through face-to-face conversations, but where there is need for formality and confidentiality, such as whistleblowing, this is also provided. Stakeholder feedback can directly affect the Board's decision making, such as feedback received from investors in relation to the proposed Directors' Remuneration Policy and direct employee feedback at Regional Board meetings, but it also provides the context for decision making, particularly where there are competing stakeholder interests.

As Directors, when we discharge our duty as set out in section 172 of the Companies Act 2006 ("Section 172"), we have regard to the factors set out on the left side of this page beneath the heading 'Section 172(1) of the Companies Act 2006'. In addition to these factors, we also consider the interests and views of other stakeholders, including our pensioners, regulators and the government, and the customers of our trade customers.

We have set out some examples below of how the Directors have had regard to the matters in section 172(1)(a)-(f) when discharging their Section 172 duty and the effect on certain decisions taken by them in 2024.

Investment in vertical integration

Vertical integration in manufacturing and logistics is a critical part of our business model, providing low cost and high-quality products, exemplary service to our depots to fulfil our in-stock offer, and better resilience. This creates a significant and sustainable competitive advantage.

During 2024, the Board considered manufacturing and logistics investments to underpin long-term growth and security of supply, which would benefit the Company's investors, the workforce and its customers and further bolster its reputation as the UK's number one trade kitchen supplier.



Runcorn site development

In November, the Board approved up to £128m capital expenditure for the Runcorn manufacturing site to replace our high-volume panel machining line, to expand our warehousing facilities, and to enter into negotiations to procure the freehold of the site. This investment will enhance Howdens' agility and mitigate our supply risks as demand continues to grow, which in turn represents good value for shareholders.

The Board considered the business case for each aspect of the Runcorn site investment, including the payback on investment. For the replacement of the panel machining line, the Board considered how the investment compared to the cost premium for buying panels in from third party providers and concluded that manufacturing a core product such as panels would ultimately represent better value for our depots and therefore our customers.

Purchase of land

In July, the Board considered the purchase of additional land close to one of our existing manufacturing facilities. It was noted that the land could not be used for warehousing but, in time, could be used to extend manufacturing capacity and/or capability, or to build a large-scale solar farm, which would further support the business' environmental sustainability plans as well as providing energy cost savings. Although other strategic opportunities would also be considered, the Board agreed that the purchase of the land would provide optionality. The Board therefore approved the proposal to purchase the land, subject to requisite planning approval.

Consolidation of warehousing

In July, the Board considered a proposal to enter into a long-term lease of a new purpose-built warehouse in Doncaster. It was noted that temporary warehousing solutions had led to network inefficiencies with increased transport movements between locations and that the current setup would not support projected demand. The Board approved the leasing of the new site as it was noted that, in addition to the cost benefits of a simplified and less complex logistics network, the site was located near to a rail head, which could release further benefits for both inbound and outbound freight costs, as well as reduce emissions by reducing transportation from spot warehousing. The Board also noted that environmental due diligence had been undertaken on the site and that the labour requirements at the new site were similar to existing requirements, so there would be no material reduction in staff numbers.

Shareholder returns

In February, the Board recommended a final dividend for 2023 of 16.2p per ordinary share and, in July, it further recommended an interim dividend for 2024 of 4.9p per ordinary share.

The Board takes regular feedback from its shareholders on the most appropriate method of returning capital, including at the AGM where all shareholders, regardless of the size of their shareholding, are invited to attend and ask questions of the Board. Our CEO and CFO also discuss this during investor roadshows following results announcements (further information about investor engagement can be found on page 93).

Howdens has a prudent risk appetite towards balance sheet management, an approach which has provided a source of great strength in challenging past years, for example during the Covid-19 pandemic.

Share Incentive Plan extension

The Company believes that share plans are an effective way to help employees engage with the business and to benefit from its success. For many years, the Company has offered free shares to its UK employees, with the only condition being that they remained employed by the business for three years. Since 2015, the Company awarded free shares under a UK tax-advantaged Share Incentive Plan (SIP), meaning free shares awarded under the SIP would not be liable to income tax and National Insurance contributions after being held in the SIP trust for five years.

In 2024, following feedback from our colleagues working in our Isle of Man depot, who expressed a keen interest in share plans, the Isle of Man Tax Office was engaged to find out if it would be willing to allow those employees to be offered free shares on the same tax-advantaged basis as our UK employees. The Isle of Man Tax Office granted this concession. In July, the Board formally nominated the Isle of Man employees as eligible to be offered free shares under the SIP and, in August, the Isle of Man employees were awarded SIP free shares for the first time.

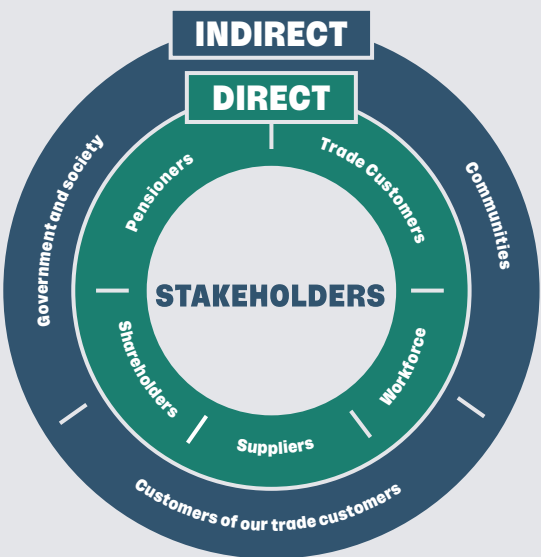
The Company has been an advocate of employee share plans for many years. In 2023, it supported an industry response to a call for evidence on tax-advantaged employee share plans. The response urged the Chancellor of the Exchequer to consider the reform of SIPs by reducing the holding period from five years to two years to make the SIP more relevant for more employees, especially those in younger and lower paid groups. Participation in a SIP increases employee engagement and allows employees to benefit from the success of the companies they work for.



Corporate governance report continued

Stakeholder engagement

Howdens' stakeholders



Stakeholder and forms of engagement

Trade customers	pages 86 and 87
Workforce	pages 88 and 89
Suppliers	pages 90 and 91
Shareholders	pages 92 and 93
Pensioners	pages 92 and 93

Trade customers

Engagement with our trade customers included the following:

- 1 Local depots
- 2 Builder forums
- 3 Customer surveys and research

Key outcomes of engagement:

- We have continued to refine our rigid cabinet design with the technical and manufacturing teams, and we have invested in new equipment to ensure a high minimum standard of quality.
- We have given depots the tools to be more competitive on the pricing of several products following customer feedback.
- Our strategy for depot improvements has also been informed by feedback from builder forums, including developing our product scanning system.
- Extended gable and panels for kitchens have been made available through our depot network as a result of the feedback from builder forums.



Local depots

The primary method of engaging with our trade customers since Howdens opened its doors in 1995 has been through conversations at the local depot. The relationship between depot managers and trade customers has always been at the heart of what we do.

Our depot managers feed back our trade customers' views to management at regional board meetings (see 'Workforce' on page 88 for further information), which the COO of Trade is present at and which the CEO and other members of the Executive Committee frequently attend. Feedback from regional board meetings influences product and pricing decisions. However, it also reinforces our strategic decisions on new depot openings, and ensures that we are maintaining high standards of customer service and investing in new products. From these meetings, managers were able to feed back directly to the CEO, the COO of Trade, and other senior executives about any matters affecting their customers.

Board members, Executive Committee members and senior managers regularly visit depots to ensure they hear from trade customers and the depot teams first hand. Depot visits also form a key aspect of new Board members' inductions.

Builder forums

Around 20 builder forums were held during 2024. These are arranged by area managers or regional directors with depots inviting their regular customers to attend and to provide their views on the business, our products, and particular initiatives. Most forums will have the area manager present and a regional director may also attend. Depot managers may also be invited. The COO of Trade, CEO, and other members of the Executive Committee may also attend forums. Typically, six to eight customers participate in each forum.

Feedback from the forums is disseminated to the leaders of the appropriate teams, including commercial, digital, marketing, quality assurance and aftersales, finance, customer services and credit control. Once an identified action has been discussed and a way forward agreed, regional teams and depots receive communications about the feedback and any resulting actions. Where it is decided that changes should be made, this is also fed back to our customers in future forums to demonstrate the impact that their feedback can have.

Internal bi-monthly meetings are held to discuss the current 'live actions' monitor maintained by the depot support team and progress made to date. This progress is communicated to regional and depot teams where appropriate and to the Trade Director and, latterly, the COO of Trade.

Trade customer surveys

In addition to the frequent face-to-face conversations we have with our customers in our depots, we run monthly trade customer surveys to better understand our customers' sentiment, price and value perceptions, purchase behaviour, business prospects, 'cost of living impacts' and planned activity.

Ad hoc 'deep dive' surveys are also used to ask trade customers about various product categories, including what is important to them within those product categories, what more they need from us, and what could cause them to trade elsewhere. In 2024, we completed these surveys across all of our core categories. We received over 10,000 responses from our customers which has informed category strategy, brand and ranging plans and depot education.

Each month we conduct research to monitor customer satisfaction levels, as part of our Voice of the Customer research, receiving an average of around 1,000 responses per month. This, combined with our external brand tracking activity amongst the wider trade audience (including non-customers), helps Howdens ensure that we are delivering strong customer service and succeeding in making life easier for tradespeople.

Brochure research focus group

In 2024, we carried out research with both depots and end users to understand the purchase journey and the role of the brochure, the brochure's performance versus our competitor set, and perceptions of Howdens. A mix of qualitative and quantitative methodologies was used, including focus groups, online and face-to-face interviews, and online surveys. The research findings highlighted potential improvements that could be made to the purchase journey for all of our key stakeholders.

Corporate governance report continued

Stakeholder engagement continued

Workforce

Engagement with our workforce included the following:

- 1 The Board's engagement arrangements
- 2 Regional board meetings
- 3 CEO focus groups
- 4 Town halls and feedback sessions
- 5 Trade union and works council meetings
- 6 Surveys
- 7 The Howdens Show
- 8 Whistleblowing helpline

Key outcomes of engagement:

- As a result of regional board meetings and CEO focus groups, a new pricing and margin tool has been developed and is being tested for roll-out across the depot estate.
- Depots were given the tools to be more competitive locally on entry-level solid surface worktops following feedback at regional board meetings.
- A new extra tall larder cabinet was designed and rolled out to depots following feedback at regional board meetings that the previous system should be simplified to save our customers time when fitting them.
- The number of 'flex hours' employees were expected to work in our supply operations teams was reduced as a result of feedback sessions.
- We have expanded and developed our wellbeing support framework in supply operations, including through training new wellbeing representatives, as a result of engagement with our trade union and works council group.

Board workforce engagement arrangements

In 2023, a review of workforce engagement by the Board was undertaken. Given the complexity of Howdens' operations (when considering the variety of role types in our vertically integrated business and its various geographies), it was agreed by the Board that workforce engagement would become a collective responsibility for all the Non-Executive Directors (rather than one member of the Board being designated as being responsible for workforce engagement) to ensure that the diversity of Howdens' workforce was properly and proportionately represented. Non-Executive Directors are expected to attend at least two employee engagement sessions each year and to provide feedback after each session, focusing on positive themes emerging from the session, any issues raised, and whether any follow-up actions are needed.

In 2024, Non-Executive Directors attended regional board meetings (see below), visited depots, attended The Howdens Show (see opposite page), and visited manufacturing sites. Most of the issues raised as a result of the engagement sessions were focused around local operational and market challenges, but there was also feedback that the culture of the business came through strongly, especially at regional board meetings, and there was a lot of motivation and positivity in the depot teams ahead of the peak autumn sales period.

Regional board meetings

Regional board meetings are a forum for the depot leadership team and management to discuss strategy and day-to-day business matters on a regular basis. Our Chief Operating Officer of Trade attends nearly all meetings and regional directors, area managers, and depot managers are expected to attend the meetings applicable to their region. Our CEO also attends a majority of these meetings and other members of the Executive Committee attend on an ad hoc or as-required basis. Certain support functions (including credit control, product development, quality & assurance, finance, and HR) also regularly attend. Members of the Board attend regional board meetings as part of their induction and periodically thereafter as part of their ongoing collective responsibility for workforce engagement.

In 2024, a total of 54 meetings were held across the nine UK regions. Notes of each meeting are taken and sent to the regional team the same day following the meeting. Where issues have been raised, relevant teams are notified and requested to find a solution or to provide an answer. Updated notes are then sent out again within 10 days of the meeting, which contain updated information on actions being taken to issues raised.

CEO focus groups

Our CEO, holds face-to-face monthly CEO focus meetings with depot managers in different regions. These focus groups provide a forum for managers to have a two-way conversation with the CEO and to discuss new ideas within a smaller group setting than Regional Board meetings.

As a result of one of these focus groups in Scotland (as well as feedback in regional board meetings), a new discount management tool was developed and is being rolled out across the depot estate to help depot managers to improve their competitiveness and margin management.

Town halls and feedback sessions

The Operations Director continues to hold at least two business updates each year for all employees based at our manufacturing and logistics locations, supported by members of the Operations Leadership Team. The Operations Leadership Team also hold 'Ask away' sessions with groups of employees. All new starters are invited to a 'Meet and Greet' session with members of the Operations Leadership Team and, as part of that, all new starters are asked for their feedback about what they are enjoying and what we could do better.

At each of our manufacturing and logistic sites regular feedback sessions are held with employees. It was through these channels that employees continue to express any concerns or opportunities for improvement. Following some of these sessions in 2023, we committed to improving our agreement for flexible working arrangements, ensuring people have a better balance, while also ensuring we continue to maintain our excellent service levels. In 2024, we reduced the number of 'flex hours' people were expected to work in response to that feedback.

Monthly town halls are hosted by our Supply Chain Director, who is also acting Commercial Director, and separately by our Chief Customer Officer, our HR Director and our Chief Financial Officer. The town halls focus on business updates and updates on work ongoing within specific teams. Employees are given the opportunity to ask questions and the meetings also act as an opportunity to give recognition to employees who are going 'above and beyond' in their work.

Trade union and works councils meetings

Howdens respects the collective bargaining of its employees and actively engages with the trade union and works councils collectively at least quarterly. Local sites host trade union representative meetings and works councils meetings monthly. Site leadership and HR attend these meetings.

In 2024, we continued to engage with the collective groups and undertook further training through ACAS to wider groups of our management teams. This helped us build even more productive and effective working relationships.

As a result of the feedback from our trade union and works council groups, we have made enhancements to some of our flexibility arrangements, continued to embed the new in-house occupational health service, expanded and developed our wellbeing support framework, including new wellbeing representative training, and continued to enhance benefits access and provision.

Employees and trade union representatives were also involved in the selection process for a new HR and payroll system, the aim of which is to enhance overall functionality and employee accessibility. Following selection of a provider, employees and trade unions representatives will continue to be involved during the implementation phase.

Surveys

During 2024, we conducted an inclusion survey to establish how close we were to meeting our ambition of being famous for being 'worthwhile for all concerned'. The results of this survey can be found on page 54.

Our supply operations team also conducted a pulse survey during the year. Overall, 75% of respondents stated that they are proud to work for Howdens. Line managers shared their results with their teams and committed to one or two things that they would put in place to help make Howdens an even better place to work.

The Howdens Show

In January 2024, we hosted the Howdens Show, which welcomed over 1,100 employees to the International Convention Centre in Wales. Our CEO hosted the event, which was a chance to set the scene for the year ahead and it featured business, charity and community updates from senior members of staff from across the business.

A number of other Board members also attended the event and were able to engage with a significant cross-section of the workforce.

Whistleblowing helpline

The Company uses a third-party operated, confidential whistleblowing helpline, which is multilingual and available 24 hours a day. The Board receives a bi-annual report detailing the number and nature of whistleblowing instances made during the period. Although no specific complaints were escalated for Board attention, the governance processes are in place should this be necessary.





Corporate governance report continued

Stakeholder engagement continued

Suppliers

Engagement with our suppliers included the following:

- 1 Suppliers conference
- 2 Category team relationships

Key outcomes of engagement:

- An increased number of suppliers committed to submitting their emissions data to our platform and over 260 supplier representatives attended training on emission data submission.
- Targeted commercial support was provided by suppliers to the French business.



Maintaining strong supplier relationships based on trust is a key facet of our resilient business model. Co-operative engagement with suppliers on sustainability, new products and the scale necessary to support suppliers' businesses and investment plans helps us to ensure the relationships are enduring and worthwhile for both parties.

Suppliers conference

Supplier conferences are an important way of helping us maintain enduring relationships with our supply base. At the conferences, which usually occur once every other year, we celebrate our successful partnerships and ensure that suppliers understand, and can align with, our priorities in the short, medium and long term. Supplier engagement is also key in our plans to achieve our Net Zero SBT Plans (further detail about our Net Zero SBT Plans can be found on pages 46 to 49).

In March 2024, around 150 supplier representatives joined us for a conference in Scotland. The CEO, Group Finance Director, Supply Chain Director and acting Commercial Director, Supply Operations Director, Trade Director, HR Director, Chief Customer Officer and Company Secretary were all present at the conference.

The conference, held over two days, saw presentations being given by senior leaders across Howdens and a chance for questions to be asked by the suppliers. Over the two days, there was also ample opportunity for Howdens' senior leaders to have face-to-face discussions with supplier representatives.

- The key messages from Howdens to its suppliers at the conference were as follows:
- Suppliers must sign up to Howdens' Net Zero targets and to support the Company's environmental ambitions with regular and accurate sustainability reporting. Our CEO stated that ESG is a "non-negotiable" and supplier plans needed to align with our Net Zero plan.

- Suppliers need to design and supply more products that reduce workload for our builder customers and maintain our 'no call-back' quality standards.
- Suppliers are invited to attend builder forums hosted by Howdens so that they can hear first hand from our customers what works well and what needs improving from a product perspective.
- Suppliers should engage more with the needs of the Howdens business in France.

Following the conference, a number of suppliers provided assistance to the French business. The major kitchen frontals suppliers visited the team in France and assisted with market and competitor intelligence and improved pricing on France-specific ranges. Suppliers have also provided commercial support for a flooring promotion, helped us launch a new range of budget taps made specifically for France, and helped us successfully launch tools in the French market.

Also, following the conference, 115 suppliers signed up to submitting their emissions data to our ESG platform. At the end of 2024, around 50% of our suppliers had submitted data against our baseline year of 2021.

Four training webinar sessions were also held with suppliers during the year to help suppliers to submit their emissions data correctly. Over 260 delegates in total attended the sessions. Further information about supplier engagement in relation to Scope 3 emissions can be found in the Sustainability report on page 49.

Internal training sessions were also held for our Commercial teams to help ensure they could support their suppliers with the data collection.

Category team relationships and supplier management

Howdens benefits from deep and long-standing relationships with many of our suppliers, to the mutual benefit of both parties and, ultimately, our trade customers. Product design and innovation is central to our success. Suppliers understand this and support us by responding quickly to new product initiatives and coming to Howdens first with their own innovations. This is a virtuous circle: lessons learned when dealing with Howdens flow back into our suppliers' own plans and initiatives. These lessons are not restricted to product innovation but may also include quality processes, packaging improvements (typically with environmental benefits) and insight into market trends.

At Howdens we work with our suppliers to identify promotional opportunities, typically marketed through our popular Rooster Deals publications. These promote footfall into depots, create a talking point between depot staff and customers, and offer exceptional value to our customers.

Our internal commercial structure is organised into categories. The use of categories provides clear accountabilities for product range decisions and with greater internal accountability comes the fostering of stronger relationships with our suppliers. Suppliers are engaged with focused teams within the organisation and this clarity brings the opportunity for even more valuable discussions.

In addition, we are partnered with SAP Ariba to further strengthen the way we do business with our suppliers in an efficient and more sustainable (paperless) way. SAP Ariba Supplier Life Cycle Performance (SLP) has helped improve the onboarding and management of our suppliers and allows them to transact and communicate with us digitally.

Corporate governance report continued

Stakeholder engagement continued

Shareholders

Engagement with our shareholders included the following:

- 1 Annual General Meeting
- 2 Remuneration consultation
- 3 Investor relations programme

Key outcomes of engagement:

- The Executive Directors' shareholding requirement has been increased as a result of the Directors' Remuneration Policy shareholder consultation.
- Relative total shareholder returns (TSR) has been retained as a performance measure for 2025 following engagement with shareholders as part of the wider Directors' Remuneration Policy consultation.

Annual General Meeting (AGM)

The 2024 AGM was held in-person and was an opportunity for the Board members to speak with shareholders and to present their updates to them directly. Members of our Executive Committee and senior leadership team were also present to meet with shareholders outside of the formal business of the meeting.

During the question and answer session at the AGM, the Board was asked questions on the following topics:

- shareholder returns;
- performance in France and the Republic of Ireland and potential further international expansion;
- expansion of product range into bedrooms; and
- cyber security preparedness and internal skills, and the use of artificial intelligence in the business.

The questions raised were answered fully on the day and no further action or considerations were required.

Shareholders were provided with the opportunity to submit any questions they had of their Board of Directors through a question facility on the Company's corporate website, which remained open throughout the year.

Executive remuneration consultation

In July and November 2024, the Remuneration Committee consulted with the Company's top 30 shareholders and proxy advisory agencies on proposed changes to our Executive Director remuneration. Details of these consultations are set out in the Remuneration Committee report on page 113.

The Remuneration Committee received a high level of support for its proposals but, following shareholder feedback at meetings with the Remuneration Committee Chair, it agreed to increase the Executive Director shareholding requirement in the updated Directors' Remuneration Policy. It was further agreed to retain relative TSR as a performance measure for the 2025 Performance Share Plan award, albeit at a reduced weighting.

Investor relations programme

During 2024, we supported our Institutional shareholders with regular meetings and updates both face-to-face and virtually.

The Board is provided with an investor relations update each period, which gives an overview of investor feedback and the Director of Investor Relations and the Company's brokers regularly provide verbal feedback at Board meetings on the investor relations programme.

Following the half-year and full-year results, more detailed feedback sessions were held with the Board to discuss shareholder views on the results and the Company's strategy. Overall, investors continue to be supportive of the Company's strategic initiatives and the resilience of Howdens' business model despite challenging market conditions.

Howdens also hosted four small group site visits with investors to showcase both revamped depots and our operations. The visits combined tours of our facilities (for example, our major manufacturing site in Howden) and short presentations. The visits were hosted by the CEO and Finance Director alongside other senior managers. The visits enabled investors to see Howdens' strategic initiatives first hand, and to give them a better idea of the significant growth opportunities in our markets and how we are addressing them. The feedback from attendees of the visits was very positive and so we will continue to run these meetings in 2025.

Pensioners

Engagement with the members of our pension plans includes the following:

- 1 Board engagement with the Trustee Board
- 2 Newsletters
- 3 Factor reviews

The Howden Joinery Defined Benefit Pension Plan (the "DB Plan") has over 10,200 members, of whom c.5,500 are deferred members, and c.4,700 are pensioners and dependants.

The DB Plan is governed by a Trustee Board who is responsible for the Plan's administration and for the investment of its assets. While pensioners (as former employees and their dependants) are an important stakeholder group for the Company, Howdens' primary engagement is with the Trustee Board.

Board engagement with the Trustee Board

The Trustee Board, chaired by an independent trustee, is responsible for investment strategy and for the day-to-day running of the DB Plan. There are a number of matters reserved for the Company as sponsor under the Trust deed, and the Board invites the Chair of the Trustee to present to the Board every year and provide an update on matters affecting the membership. The Company and Trustee have an information sharing protocol in place which is reviewed annually.

In 2024, the Company engaged with the Trustee Board on a number of matters outside of the normal engagement cycle of investment and funding strategy, including:

- collaboration on the Plan factor review;
- review of the Plan's endgame strategy;
- enhanced monitoring of LDI collateral headroom and overall liquidity;
- progressing the GMP equalisation project following the Lloyds bank judgement;
- review and approval of information sharing protocols; and
- preparations for the pensions dashboard roll out.

Newsletters

In March and December 2024, Plan newsletters were sent by the Trustee Board to all members of the DB Plan. The newsletter provided updates on matters such as Pension team changes, enhancements to the online member portal, latest funding position and financial review, and an update on the DB Plan's climate governance work in the year.

Plan factor review

The Plan has in place various actuarial factors which are used to calculate and adjust the benefits of Plan members under different scenarios. It is good practice to review the actuarial factors on a regular basis, to ensure that they still meet the requirements of legislation and the Plan rules. These factors determine the value and cost of various member options. Following completion of the 2023 triennial valuation, the Trustee agreed to undertake a factor review (last updated in 2021).

The Trustee is ultimately responsible for setting the factors but engaged the Company for its feedback. The updated factors were agreed and implemented from 1 September 2024.





Governance

Corporate governance report continued

UK Corporate Governance Code: application and compliance

This Annual Report and Accounts has been prepared under the 2018 version of the UK Corporate Governance Code (the "2018 Code"), which applies to accounting periods beginning on or after 1 January 2019. We are pleased to report that the Company applied all the Principles of the 2018 Code throughout the period, and we have reported in summary over the next few pages how we have done so. Throughout the financial period under review, the Company was compliant with all Provisions of the 2018 Code, except for Provisions 40 and 41.

Provision 40 provides that when determining executive director remuneration policy and practices, remuneration committees should address whether remuneration arrangements promote effective engagement with the workforce. Provision 41 provides that the annual report of remuneration committees should include a description of the engagement that has taken place with the workforce to explain how executive remuneration aligns with wider company pay policy.

The Remuneration Committee did not directly consult with the workforce on Executive Director pay arrangements during 2024; however, the Committee receives reports from management on pay and benefits across the workforce to ensure that there is good alignment on remuneration across the organisation. In addition, through the Company's Share Incentive Plan (SIP), nearly all employees in the UK and the Isle of Man (the majority of our workforce) have been awarded free shares, which gives them voting rights on those shares from the day they are awarded. This means they can vote on the Directors' remuneration report and the Directors' remuneration policy (when applicable) at general meetings of the Company. The Remuneration Committee will keep under review the need to engage the workforce more directly on Executive remuneration arrangements. Details of how Executive Director pay is considered in the context of the workforce is set out on pages 115 and 123.

Provision 5 of the 2018 Code states that one or a combination of the methods listed below should be used for engaging with the workforce or an explanation provided for the alternative arrangements that are in place and why they are considered effective:

- a director appointed from the workforce;
- a formal workforce advisory panel;
- a designated non-executive director.

For the reporting period, the Board chose to put in place alternative arrangements and workforce engagement was a matter for which all the Non-Executive Directors were responsible. A full explanation of how these arrangements work and why they are considered effective for Howdens can be found on pages 75 and 88.

The Financial Reporting Council (FRC) published the 2024 version of the UK Corporate Governance Code on 22 January 2024 (the "2024 Code"). That iteration of the UK Corporate Governance Code applies to all companies listed in the commercial companies category or the closed ended investment funds category, whether incorporated in the UK or elsewhere. The 2024 Code applies to accounting periods beginning on or after 1 January 2025, except for Provision 29, which is applicable for accounting periods beginning on or after 1 January 2026. It is anticipated that Howdens will prepare its Annual Report and Accounts for the financial year ending 27 December 2025 under the 2024 Code, with the exception of Provision 29.



UK Corporate Governance Code: application of Principles

Section 1: Board leadership and company purpose

**A A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.**

Howdens' founding principle of being worthwhile for all concerned supports the premise that its role is to ensure long-term, sustainable growth and value for all its stakeholders.

Further information on our resilient business model and strategy can be found in the Strategic Report beginning on page 2. Our contribution to wider society and our statement of the extent of consistency with the TCFD framework can be found in our Sustainability Matters report beginning on page 42.

Governing in an effective way ensures the framework and controls needed to align our operations with our strategy are in place. It is only by doing this that we can ensure long-term strategic success of the Company for our stakeholders. We discuss throughout the Governance section how our actions help to preserve the value that the business generates and how they support the strategy. For example, we have set out the way our Executive remuneration structure supports our strategic aims on pages 118 to 121.

**B The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.**

An explanation of our purpose, values and strategy are set out in the Strategic Report which starts on page 2. The Board regularly discusses the importance of Howdens' unique culture and is mindful that it remains aligned with its purpose, values and strategy. Direct engagement with the workforce is a key part of the Board's agenda. Since 2024, all Non-Executive Directors share the responsibility of workforce engagement, allowing the Board to experience and monitor the culture first hand.

More information about the Board's engagement with the workforce may be found on pages 88 and 89.

Integrity and sympathy to the Howdens culture are paramount when the Board appoints new members of the Board. More information about our recruitment and inductions process can be found on pages 105 to 107.

**C The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.**

The Board is satisfied that the necessary resources are in place to ensure that the Company meets its objectives and measures performance against them. Our KPIs and how we have performed against them can be found on pages 28 and 29.

More information on our risk processes, including our principal and emerging risks, can be found on pages 36 to 41. Our Audit Committee report provides a summary of our internal control framework on pages 147 to 148.

**D In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.**

Howdens has a broad group of clearly defined stakeholders and Board members actively engage with each of these groups. A detailed explanation of our engagement with our shareholders and wider stakeholder base, and where this engagement has

informed the Board's decision making processes, can be found on pages 84 to 93. How the Board members discharged their 'Section 172' statutory directors' duties is set out on pages 84 and 85.

**E The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.**

The Board and its committees review workforce policies and practices on a regular basis. A Group policy framework has been established and is reported on to the Board on an annual basis, as well as any updates needed for Group policies. Part of this review includes ensuring that policies remain aligned to the Howdens culture and support long-term success.

One example of this is how our Remuneration Committee considers the pay policies and practices of the wider workforce when determining Executive reward. More information in this regard can be found on pages 115, 123, and 131.

All employees are able to raise any matters of concern using the confidential whistleblowing helpline. The helpline is available 24 hours a day, it is multilingual, and it is operated by an independent third party. The Board receives reporting from the helpline twice a year and any matters of significant concern are escalated as appropriate by the Company Secretary who oversees the helpline with support from the internal audit team.

Governance

Corporate governance report continued

UK Corporate Governance Code: application of Principles continued

Section 2: Division of responsibilities

**F** The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.

The Board confirms that Peter Ventress was independent on appointment when assessed against the circumstances set out in Provision 10 of the Code. The roles of Chief Executive and Chairman are not held by the same individual and the Chairman has never held the position of Chief Executive of the Company. These factors help ensure that the Chairman demonstrates objective judgement throughout his tenure.

The Chairman is mindful of his role in facilitating constructive Board relations and promoting a culture of openness and debate amongst the Board. This in turn encourages the effective contribution of all the Non-Executive Directors.

The 2024 internal Board evaluation concluded that the Board was effective, supportive of management and doing well. Further information about the outcomes and process of the evaluation may be found on pages 108 and 109.

The Chairman is also mindful of the need for the Directors to receive information which is accurate, timely and clear. He is supported in this by the Company Secretary, who ensures the effective flow of information in a timely manner between the Board and senior management.

**G** The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.

At least half of the Board was made up of Independent Non-Executive Directors (not including the Chairman) throughout the reporting period. The Non-Executive Directors that the Board considered to be independent are shown as such on page 76. The Board confirms that all the Non-Executive Directors (excluding the Chairman) were independent during the reporting period and that the Chairman was independent on appointment.

There is a clear division of responsibilities between the leadership in the organisation. The responsibilities of the Chairman, Chief Executive, and Senior Independent Director may be found on the Company's website ([www.howdenjoinerygroupplc.com/governance/division-of-responsibilities](http://www.howdenjoinerygroupplc.com/governance/division-of-responsibilities)) and the function of the Board Committees may be found in the respective committee terms of reference, also available on the Company's website ([www.howdenjoinerygroupplc.com/governance/tor-and-schedule-of-matters](http://www.howdenjoinerygroupplc.com/governance/tor-and-schedule-of-matters)).

**H** Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

The number of Board meetings which were held during the reporting period and the attendance at each of these meetings may be found on page 75. Similarly, the number of meetings of each Board Committee and the attendance may be found on the following pages: 100 (Nominations Committee), 110 (Remuneration Committee), 142 (Audit Committee), and 150 (Sustainability Committee).

When reviewing the Nominations Committee's recommendation to appoint a new Director, the Board will always assess whether the candidate is able to allocate enough time to the role. Similarly, when assessing the acceptability of an existing Director's wish to take on external appointments, the Board will assess the additional demand on that Director's time before authorising the appointment. This occurs within the Board's agreed existing protocol whereby any significant appointments taken on while serving as a Director of the Company must be approved by the Board before they are entered into.

This is set out in the Schedule of Matters Reserved for the Board which may be found on the Company's website ([www.howdenjoinerygroupplc.com/governance/tor-and-schedule-of-matters](http://www.howdenjoinerygroupplc.com/governance/tor-and-schedule-of-matters)). During the reporting period, no existing Directors took on additional external appointments.

Members of the senior management team regularly presented to the Board (see pages 82 and 83 for a timeline of Board meetings and information regarding any Executive Committee attendees), which provided an opportunity for the Board to constructively challenge and to provide advice to our senior management team.

Information about the management of conflicts between the duties Directors owe the Company and either their personal interests or other duties they owe to a third party may be found on pages 145 and 149.



Section 2: Division of responsibilities continued

**I** The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

All of the Directors of the Company have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters.

The Board has implemented a Group policy framework, which is considered by the Board on an annual basis. Individual policies and associated practices are considered alongside the framework review process.

As stated in the Schedule of Matters Reserved for the Board (which may be found at [www.howdenjoinerygroupplc.com/governance/tor-and-schedule-of-matters](http://www.howdenjoinerygroupplc.com/governance/tor-and-schedule-of-matters)) the appointment and removal of the Company Secretary is a decision for the Board as a whole.

Section 3: Composition, succession and evaluation

**J** Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

The Nominations Committee engages external search consultancies when searching for Board position candidates. Further information about the appointments process is available on page 105 of the Nominations Committee report and the Board's diversity policy is available on page 104.

The Nominations Committee regularly reviews the skills matrix and the tenure of each Board member (see pages 102, 105 and 107 for further details). This ensures the Board's succession plan remains aligned with the natural rotation of Directors off the Board and the strategic objectives of the business.

The succession plans for the senior management team are also regularly considered by the Board.

**K** The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.

The Board uses a skills matrix to ensure it has the necessary combination of skills, experience and knowledge to meet its strategic objectives, business priorities and to ensure the unique Howdens culture is maintained. The skills matrix may be found on page 102. The tenure of each Director can be found on pages 80

(Executive Directors) and 105 (Non-Executive Directors). The Board has a good balance of new and longer-serving Directors. As at the year end date, tenures of the Non-Executive Directors (including the Chairman) range from six months to just over nine years, and the average tenure is just under three years.

**L** Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

Details of the 2024 internal Board evaluation process and outcomes may be found on pages 108 and 109.

The specific reasons why the Board considers that each Director's contribution is, and continues to be, important to the Company's long-term sustainable success may be found on pages 77 to 79. Reference to the specific reasons and where to find them in the

Annual Report and Accounts will accompany the resolutions to elect or re-elect Directors in the 2025 AGM Notice. The Board recommends that shareholders vote in favour of the election or re-election of all the Directors standing.



Governance

Corporate governance report continued

UK Corporate Governance Code: application of Principles continued

Section 4: Audit, risk and internal control

**M** The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.

The Board has established formal and transparent policies and procedures, which ensure the external auditor and internal audit function are independent and effective and are accountable to the Audit Committee.

The Board also monitored the integrity of the annual and interim financial statements of the Company through the Audit Committee. Further information about the work of the Audit Committee, including the subjects above, may be found in the Audit Committee report, which begins on page 142.

**N** The board should present a fair, balanced and understandable assessment of the company’s position and prospects.

A statement regarding the Directors’ responsibility for preparing the Annual Report and Accounts and the Directors’ assessment of the Annual Report and Accounts, taken as a whole, as being fair, balanced and understandable and providing the necessary information for shareholders to assess the Company’s position, performance, business model and strategy, can be found in the Strategic Report beginning on page 2.

**O** The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

The Board is responsible for the Group’s systems of internal control and risk management, and for reviewing their effectiveness. The Board is assisted with these responsibilities by the Audit Committee. Such a system is designed to manage rather than eliminate the risks of failure to achieve business objectives, as well as to help the business take appropriate opportunities. The Board has conducted reviews of the effectiveness of the system of internal controls through the processes described within the ‘Risk management’ section (see pages 36 to 41) and is satisfied that it accords with the Code and with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. As described in the Audit Committee report on pages 147 to 148, the management team continued to strengthen our overall control framework.

This work to further enhance internal controls will lead to better assurance and efficiencies through opportunities to formalise and automate controls and improve visibility to the Executive Committee, Audit Committee and Board in a consistent way across the Group.

The assessment of the principal and emerging risks, the uncertainties facing the Group, and the ongoing process for identifying, evaluating and managing the significant risks faced by the Group is set out in the ‘Risk management’ section (see pages 36 to 41). The Board confirms that it has conducted a robust assessment of the principal and emerging risks.



Section 5: Remuneration

**P** Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company’s long-term strategy.

The way the Remuneration Committee has ensured our remuneration policies and practices are aligned with our culture, our strategy, our KPIs and risk management is discussed in the Remuneration Committee report, which starts on page 110.

**Q** A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.

The Remuneration Committee has delegated responsibility for setting the Executive Directors’ remuneration under the shareholder-approved Directors’ Remuneration Policy (the full policy is set out at [www.howdenjoinerygroupplc.com/governance/remuneration-policy](http://www.howdenjoinerygroupplc.com/governance/remuneration-policy)). The Remuneration Committee also has delegated responsibility for setting the Chair of the Board’s remuneration and the remuneration of senior management (i.e. the members of the Executive Committee, the Company Secretary and the Director of Risk and Assurance). No Director is able to determine their own remuneration outcome.

The Remuneration Committee reviews workforce remuneration and related policies when setting Executive Director remuneration. Ensuring these factors are always considered means our remuneration policies are clear and as predictable as possible. Further information can be found in the Remuneration Committee report, which starts on page 110.

**R** Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

The Remuneration Committee membership is made up of only independent Non-Executive Directors.

Details of whether the Remuneration Committee exercised its discretion during the year can be found in the Annual Remuneration Committee Chair’s Statement (pages 112 to 116).

By order of the Board

Peter Ventress  
Chairman

26 February 2025

Governance  
Nominations  
Committee report



Peter Ventress  
Nominations Committee Chair

Introduction

I am pleased to present the Howden Joinery Group Plc Nominations Committee report for 2024. This report is divided into the following sections:

- 1. Key information at a glance
- 2. Activities of the Committee in 2024 and key activities in the year ahead
- 3. Composition and diversity
- 4. Succession (including a case study on Non-Executive Director succession)
- 5. Evaluation

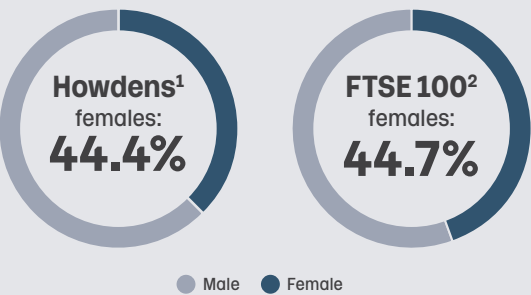
The Nominations Committee has been progressing a phased transition on Board succession and is pleased with the balance of gender, skills, experience, and background that the Board and its Committees now have. We have moved forward in terms of diversity of ethnicity but continue to keep our targets under review. A case study on Non-Executive Director succession can be found on page 107.

I look forward to answering any questions on the work of the Nominations Committee from shareholders at the AGM in May.

Peter Ventress  
Nominations Committee Chair

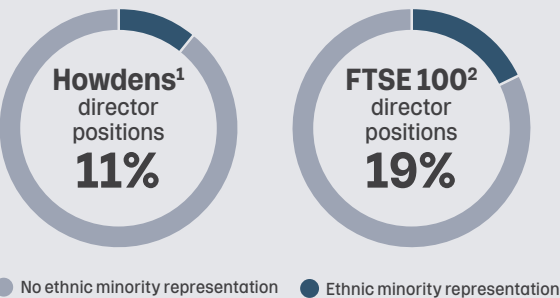
Key information at a glance

Board gender diversity



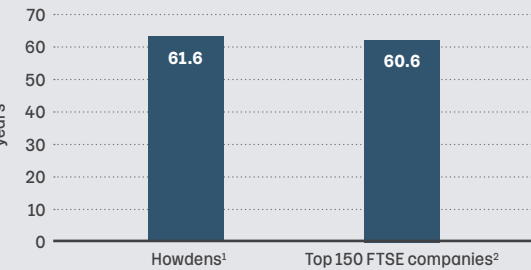
1 Figures correct as at 28 December 2024.  
2 Figures derived from the FTSE Women Leaders Review (published February 2025).

Board ethnicity



1 Figures correct as at 28 December 2024.  
2 Figures derived from the March 2024 Parker Review update 'Improving the Ethnic Diversity of UK Business'.

Board average age



1 Figures correct as at 28 December 2024.  
2 Figures derived from the 2024 UK Spencer Stuart Board Index.

Key Committee activities in 2024

February
Non-Executive Director appointment
<ul style="list-style-type: none"><li>Vanda Murray</li></ul>
February
Committee meeting
<ul style="list-style-type: none"><li>Board evaluation process and outcomes</li><li>Non-Executive Director succession update</li><li>Board recommendations for AGM elections</li><li>Boardroom diversity policy approval</li></ul>
May
Non-Executive Director retirement
<ul style="list-style-type: none"><li>Karen Caddick</li></ul>
July
Non-Executive Director appointments
<ul style="list-style-type: none"><li>Roisin Currie</li><li>Suzy Neubert</li></ul>
November
Committee meeting
<ul style="list-style-type: none"><li>Non-Executive Director succession, including consideration of diversity, tenure and skills matrix</li><li>Internally facilitated Board evaluation approval</li><li>Review of Board diversity policy</li><li>2025 Nominations Committee calendar</li><li>Nominations Committee Terms of Reference</li></ul>

Committee meeting attendance in 2024

Peter Ventress	(2/2)	
Karen Caddick	(1/1)	Retired 2 May 2024
Andrew Cripps	(2/2)	
Roisin Currie	(1/1)	Appointed 1 July 2024
Louis Eperjesi	(2/2)	
Louise Fowler	(2/2)	
Vanda Murray	(2/2)	Appointed 1 February 2024
Suzy Neubert	(1/1)	Appointed 1 July 2024

Committee evaluation in 2024

**Areas of focus:**

- Role and operations of the Committee
- Composition
- Leadership
- Process and procedures

**Methodology:**  
See page 108.

**Outcomes:**  
In all areas of focus (see above), the Committee's scores were above the benchmark<sup>1</sup>. Feedback from the Committee members was positive on the whole, with the leadership of the Committee being cited as "effective" and the culture of the Committee being described overall as "collaborative". In the year ahead, members commented that the key priorities for the Committee should be to focus on senior management succession planning and processes and to improve diversity.

1 Benchmark is derived from over 1,000 board evaluations, which include feedback from more than 3,000 board members across 400 organisations.

Key Committee activities in the year ahead

- The Committee to recommend the election and re-election of all current Directors at the AGM on 1 May 2025, with the exception of Andrew Cripps who is due to retire at the AGM.
- Executive Committee and senior management succession and talent planning.
- The Committee will undertake its review of skills, composition and size of the Board.
- Review of the Boardroom Diversity Policy.
- Board external evaluation planning.
- Review of the Committee's Terms of Reference.



Governance

Nominations Committee reportcontinued

Composition

Skills and experience matrix

The Nominations Committee used a skills matrix when assessing its Non-Executive Director succession plans. The matrix highlights where the skills and experience of our Non-Executive Directors are particularly strong, where there are opportunities to further grow the Board’s collective knowledge, and to inform the Board’s future composition as Non-Executive Directors naturally rotate off the Board. The information below is correct at 26 February 2025.

Skills and experience	Importance	Number of Non-Executive Directors	
		Direct experience	Indirect experience
Industry/Sector			
Business-to-business	H	7	1
Manufacturing	H	6	1
Logistics, distribution and supply chain management	H	5	3
Consumer goods	H	6	1
Geographic exposure			
UK	H	8	0
Europe	M	6	1
Governance			
UK listed companies	H	8	0
Company chair experience	M	4	1
Remuneration committee chair experience	M	4	3
Audit committee chair experience	M	3	3
Senior independent director experience	M	6	0
Policy development	M	7	1
Technical			
Accounting and Finance	H	3	4
Audit	H	2	4
Executive management	H	8	0
Risk management	H	7	1
HR/Remuneration	M	3	5
Ecommerce	M	2	5
Marketing	M	5	2
IT/Cyber security	M	0	6
Legal	M	1	4
Howdens-specific considerations			
Vertical integration	H	6	1
Multisite depot operation	H	3	3

Importance  
M Medium H High

Diversity

Board and Executive Committee diversity

UK Listing Rule (UKLR) 6.6.6R(9) requires that a company state whether it has met certain targets on diversity. These targets and whether the Company has met them as at the reference date<sup>1</sup> of 28 December 2024 are set out below. The Board confirms that no changes to the membership of the Board have occurred between the reference date and 26 February 2025 that have affected the Company’s ability to meet one or more of the targets. The appointment of Tim Lodge as Non-Executive Director on 1 January 2025 reduces the proportion of women on the Board to 40%, which remains in line with target (i) below; however, this will increase back to 44.4% following the retirement of Andrew Cripps on 1 May 2025.

Target:	(i) At least 40% of the individuals on the Board of Directors are women.	(ii) At least one of the following senior positions on the Board of Directors is held by a woman: (a) the Chair; (b) the Chief Executive; (c) the Senior Independent Director; or (d) the Chief Financial Officer.	(iii) At least one individual on the Board of Directors is from a minority ethnic background.
Has the target been met by the Company?	The Company has met target (i). The Board is made up of 44% women at the reference date.	The Company has not yet met target (ii).	The Company has met target (iii). Suzy Neubert is from an ethnic minority background.
If the target has not been met, why this is the case:	The Company has a well established CEO and CFO and appointed a new Chair in 2022. However, while the Company has not met this target at the reference date, upon Andrew Cripps’s retirement on 1 May 2025, Vanda Murray will be appointed Senior Independent Director. The Company therefore expects to meet this target at the next reference date.		

The data below is presented in accordance with UKLR 6.6.6R(10). The applicable reference date<sup>1</sup> for this data is 28 December 2024. To collect this data, the Company asked members of the Board and Executive Management<sup>2</sup> to complete a confidential and anonymous online survey.

Gender identity or sex:

	Board Members		Number of senior positions on the board (CEO, CFO, SID and Chair)	Executive Management <sup>2</sup>	
	Number	Percentage		Number	Percentage
Men	5	55.6%	4	5	83.3%
Women	4	44.4%	-	1	16.6%
Not specified/prefer not to say	-	-	-	-	-

Ethnic background:

	Board Members		Number of senior positions on the board (CEO, CFO, SID and Chair)	Executive Management <sup>2</sup>	
	Number	Percentage		Number	Percentage
White British or other White (including minority white groups)	8	88.9%	4	6	100%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	-	-	-	-	-
Black/African/Caribbean/Black British	1	11.1%	-	-	-
Other ethnic group, inc. Arab	-	-	-	-	-
Not specified / prefer not to say	-	-	-	-	-

1 The reference date follows the Company’s year end date. The Company operates a financial reporting calendar of 13 periods and therefore the year end date will change year-on-year.  
2 ‘Executive Management’ means members of the Executive Committee (not including the Executive Directors) and the Company Secretary.

Governance

Nominations Committee report continued

Composition continued

Group gender diversity

The Nominations Committee reviews the gender statistics shown in the table below. Where other data is available, this is presented to the Committee in order to determine whether there are any implicit diversity issues. The reference date for the data below is 28 December 2024.

	Board of Directors		Senior Management <sup>1</sup>		Grades 1 to 3 <sup>2</sup>		Group <sup>3</sup>	
	Number	%	Number	%	Number	%	Number	%
Men	5	55.6%	5	83.3%	141	75.4%	8,426	69.0%
Women	4	44.4%	1	16.6%	46	24.6%	3,780	31.0%

1 Members of the Executive Committee, excluding Executive Directors and including the Company Secretary.  
2 These are generally the direct reports of Senior Management and includes Grades 1 to 3 equivalents.  
3 Calculated on an individual basis, not on an FTE basis. Includes UK, France, Belgium, the Republic of Ireland, the Isle of Man, Jersey, and Guernsey.

Boardroom Diversity Policy

The Board recognises the importance of ensuring that there is diversity of perspective, background, and approach in its management team and on its Board. Since the business was established in 1995, it has sought to enable individuals to progress within the organisation regardless of age, gender, socio-economic background, sexual orientation, disability, or formal qualifications.

We believe that it is in the interests of the business and of its shareholders for us to build a Board whose membership is diverse in perspective and experience, as this facilitates better decision-making. We are also mindful of the outputs and recommendations from both the Parker Review and the FTSE Women Leaders Review when making appointments to the Board. It is the Board’s intention that it will continue to have at least one member from an ethnic minority and will maintain a minimum female membership of 40% going forward. The Board will also aim to have at least one woman director for one of the ‘Big 4’ roles (those being Senior Independent Director, Chair, CEO, and CFO) at any time.

The Nominations Committee will continue to seek diversity of mindset as well as of gender, race, ethnicity, and socio-economic background when considering new appointments in 2025, and it will continue to review this policy on an annual basis to ensure it remains appropriate. This policy shall also apply to each of the Audit, Nominations, and Remuneration Committees of the Board and we will ensure that at least 40% of members of each of these committees are female. More widely, we are committed to developing a long-term pipeline of executive talent that reflects the diversity of Howdens’ business and its stakeholders. As at 28 December 2024, 44.4% of Board members were women. Both of the Executive Directors were male. There was one member of the Board from an ethnic minority group as at 28 December 2024.

Group Diversity Policy

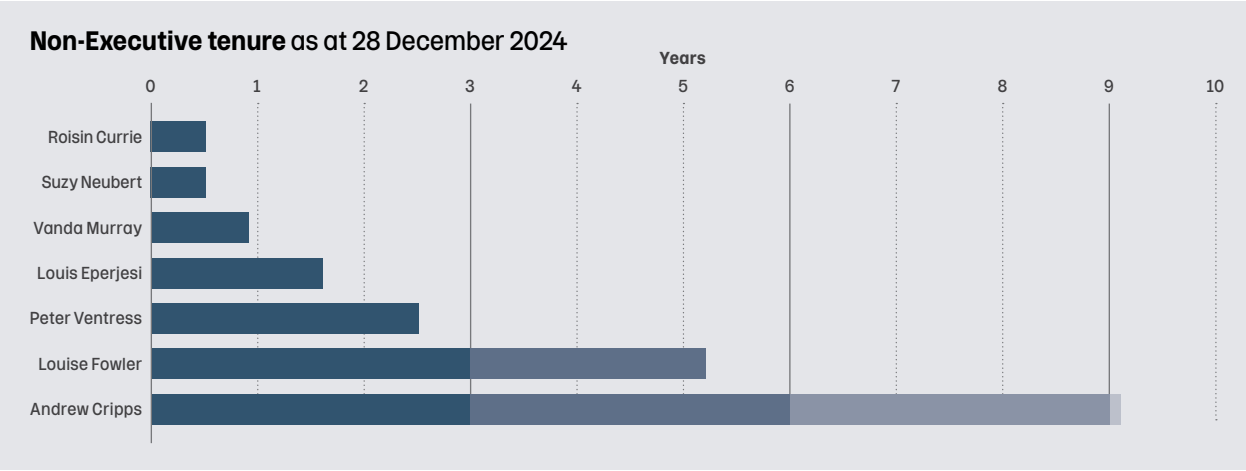
We want Howdens to be a place where everyone is welcomed and has the opportunity to thrive, being Worthwhile for ALL concerned. We’re committed to encouraging diversity, inclusion and equality amongst our workforce and to eliminating unlawful discrimination. We value the difference a diverse workforce brings and want each employee to be respected, able to be themselves and give their best. Howdens will aim to:

- Create a working environment free of bullying, harassment, victimisation and unlawful discrimination, promoting dignity and respect for all, and where individual differences and the contributions of all workers are recognised and valued regardless of background.
- Seek to ensure that no one is unlawfully discriminated against or harassed inside or outside the workplace (when dealing with customers, suppliers or other business contacts or when wearing Howdens branded clothing) and on work-related trips or events, including social events.
- Encourage equality, diversity, and inclusion in the workplace by providing training opportunities, booklets and toolkits and facilitating open conversations.
- Take seriously complaints of bullying, harassment, victimisation and unlawful discrimination by employees and other workers, customers, suppliers, visitors, the public and any others during the organisation’s work activities.
- Make opportunities for training, development and progress available to all staff, who will be helped and encouraged to develop to their full potential, so their talents and resources can be fully utilised to maximise the efficiency of the organisation.
- Make decisions concerning employees based on merit, apart from those limited exemptions and exceptions set out under the Equality Act 2010.
- Ensure recruitment practices are fair and transparent and regularly updated to reflect changes in the law.
- Monitor the make-up of the workforce regarding information such as age, sex, ethnic background, sexual orientation, religion, or belief, so that we continue to meet the aims and commitments set out in this policy.

Succession

An integral part of the work of the Nominations Committee is to establish and maintain a stable leadership framework and to proactively manage changes and their impacts on the future leadership needs of the Company, in terms of both Executive and Non-Executive leadership. Ensuring the correct leaders are in place enables the organisation to compete effectively in the marketplace and therefore to meet its various obligations to its stakeholders.

As detailed in the rest of the report, the Nominations Committee has managed succession programmes for both the Board and senior management, which have ensured that the necessary skills, expertise and experience are present in the leadership of the organisation.



Board succession

The Nominations Committee regularly reviews the skills and expertise that are present on the Board and compares these to the expertise that it believes are required given the strategy, business priorities and culture of the organisation.

Since Howdens began trading in 1995, its core strategy has remained largely unchanged. The market, the size, and the stage of maturity of our organisation however have changed, and so our Board has needed to evolve through sensible and well managed succession planning that does not compromise the stability of the Board.

The process normally used in relation to Non-Executive Director appointments is set out below and this year we have also included a case study on page 107, which sets out in more detail the succession planning that has been undertaken since Peter Ventress was appointed Chair.

Retirement

During the year, Karen Caddick retired from the Board at the Annual General Meeting (AGM) in May 2024. She was succeeded in her role as Remuneration Committee Chair by Vanda Murray.

Following just over 9 years of service, Andrew Cripps will retire at the AGM in May 2025. Prior to his retirement, Andrew will complete a thorough handover of his Audit Committee duties with Tim Lodge and of his Senior Independent Director duties with Vanda Murray.

Appointment

During the year, the Nominations Committee recommended the appointments of Vanda Murray, Roisin Currie, Suzy Neubert, and Tim Lodge to the Board.

The Nominations Committee engaged Russell Reynolds<sup>1</sup>, an external search consultancy, to undertake the process of recruiting the new Non-Executive Directors.

The Russell Reynolds is aware of our Boardroom Diversity Policy and the Nominations Committee specifically tasked them with producing a diverse shortlist of candidates for all the positions.

The skills matrix (the current version of which may be found on page 102), together with the collective knowledge, experience and diversity of the Board and the length of service of the Directors, was used by the Committee to highlight where there were opportunities for new Non-Executive Directors to contribute to the skillset of the Board and informed the search that Russell Reynolds undertook.

Following longlisting and shortlisting processes, and prior to any recommendation being made by the Nominations Committee to the Board, the preferred candidates for each position met with existing members of the Board.

1 The Committee confirms that Russell Reynolds has no other connection with the Company or its Directors other than in relation to the recruitment of members of the Board.



Governance

Nominations Committee report continued

Succession continued

Inductions

Over 2024 and early 2025, four Non-Executive Directors were appointed to the Board: Vanda Murray, Roisin Currie, Suzy Neubert, and Tim Lodge. All our new Non-Executive Directors received (or are receiving, in the case of Tim Lodge) a full, formal, and tailored induction upon joining the Board.

There are a number of crucial areas that all inductions cover. One of these areas is meeting key senior managers (such as members of the Executive Committee, the Director of Investor Relations, and Director of Risk and Assurance) and key advisors to the Company (such as the Board’s pension advisors and external audit partner).

Vanda Murray, who was appointed as the Remuneration Committee Chair successor, also spent additional time in her induction familiarising herself with Howdens-specific remuneration matters, which included time spent with the Company’s Remuneration Committee advisors. She also spent additional time with Karen Caddick, the now retired Remuneration Committee Chair, to ensure there was a thorough handover of responsibilities.

Tim Lodge, who has been appointed as the Audit Committee Chair successor, has spent additional time with the Company’s external audit team, the Director of Risk and Assurance, the Group Director of Finance, and the Board’s pension advisors. He will also spend additional time with Andrew Cripps, the retiring Audit Committee Chair, as part of the handover of Audit Committee responsibilities.

Furthering understanding of our enduring and resilient business model is another crucial part of all our induction programmes (see pages 14 and 15 for full detail of our business model). Our business model can be grouped into four key sections: ‘Product manufacturing and sourcing’, ‘Distribution’, ‘Depots designed for our trade customers’, and ‘Consumers / homemakers’. Details of how the business model is covered in inductions is set out below.

Product manufacturing and sourcing

New Directors visit one or more of our manufacturing facilities as part of their induction. Our manufacturing is based in Runcorn, Cheshire, and at sites in and around Yorkshire (Howden, Thorne, Holme-on-Spalding-Moor).

Our in-house manufacturing capacity and capabilities are of significant strategic importance (see ‘Our strategy’ on page 13) and has always been a feature of our business model. Ensuring our Directors experience first hand the scale of our manufacturing and the culture at the sites is crucial early in their tenure.

As part of their inductions, the Non-Executive Directors below visited the following sites:

- Vanda Murray: Howden, Runcorn
- Suzy Neubert: Howden, Holme-on-Spalding-Moor (Howdens Work Surfaces facility), and Runcorn
- Roisin Currie: Howden, Thorne (Paint to Order facility)
- Tim Lodge: Howden<sup>1</sup>

All of the above met with the Director of Supply Operations, the Supply Operations senior leadership team, and with graduates and apprentices<sup>2</sup>. They also toured the Expo facility in Howden, which is open to the public and showcases our products.

Distribution

Our in-house distribution operation is another key aspect of our enduring business model.

While Directors visit our manufacturing sites, we also ensure they see our logistics facilities at those sites. Where possible, Directors are also encouraged to visit our primary distribution site in Raunds.

In April, Vanda Murray visited the Raunds site as part of the Board’s meetings which were held there. Suzy Neubert also joined an investor visit to the site in November (further information about investor site visits can be found on page 93), which included a comprehensive tour covering warehousing, inbound product, outbound product, XDC services, and transport.

Depots designed for our trade customers

A fundamental part of any Directors’ induction is visiting our depots as this is where our depot teams build trusted relationships with their local builder customers.

Our Directors are able to choose a geographic area that suits them and the Howdens Regional Director responsible for that area will take the Director to a number of depots within it.

Our Directors live and travel round to a broad range of areas where we have depots, so the Board as a whole has diverse experience of depots as a result. This is particularly important as our depot locales can, and do, vary enormously – a key reason why we ensure our depot managers are entrepreneurial and are empowered to offer best local pricing.

As part of their inductions, the Non-Executive Directors visited depots in the following regions: South West, North West, London and the Republic of Ireland.

Consumers / homemakers

Our purpose is to help our trade customers achieve exceptional results for their customers and to profit from it – when our customers succeed, we succeed. So, it is important that new Directors understand the needs of our trade customers’ customers (‘end users’).

As part of their inductions, Directors meet our kitchen designers while undertaking depot tours. Our specialist kitchen designers support our trade customers by working with end users to plan and design their kitchens free of charge.

Directors also tour one of our Expo spaces in Howden or Raunds. The Expos showcase our kitchens, joinery and bedroom products, providing inspiration for our customers and end users.

Case study

Non-Executive Director succession

When I took over as Chair of the Board in September 2022, I committed to spending more time reviewing the make-up of the Board in order to align it to Howdens’ long-term growth prospects.

I inherited a Board with a good mix of skills and experience, but it was apparent that we needed to accelerate recruitment to replace a number of our most experienced Non-Executive Directors, including the Senior Independent Director and Audit Committee Chair. In addition, we had additional vacancies from Non-Executive Directors moving into other roles away from Howdens. In fact, since September 2022, Non-Executive Directors with more than 38 years of experience at Howdens have retired (or have announced their retirement) from the Board.

When refreshing membership of the Board, I was mindful to ensure that we retain the skills required to support Howdens’ continued growth, its strategic activities and its ever broadening commitments on environmental, social and governance matters. Partnering with Russell Reynolds (with whom the Company has no other connection), the Nominations Committee undertook an appointment programme which built on the existing strengths of the Board, but also looked to build out particular areas of skills to support business performance.

Over the past two years we have supplemented our skill set by adding experience specific to:

- manufacturing and supply of building products in international markets;
- vertically integrated and multi-site businesses;
- extensive non-executive experience, including current experience in Audit, Remuneration Committee and Senior Independent Director roles;
- leadership and strategy;
- commercial markets and finance;
- commercial property; and
- accounting and governance.

We also wanted to improve the diversity of the Board and to bring Howdens in line with the recommendations of the FTSE Women Leaders Review and Parker Review. I am satisfied that following the AGM in 2025 we will have met these requirements and will look to maintain them going forward. It was also important to us to increase the mix of current executive talent and I am very pleased with how we have progressed this.

Most importantly, Non-Executive Directors at Howdens need to have a deep understanding of the unique culture of the business, its business model and people. I’m pleased (but not surprised) that we have attracted a high calibre of Non-Executive Directors and I look forward to leading this Board in the next stage of Howdens’ development.

Peter Ventress  
Board and Nominations Committee Chair

1 Tim Lodge was appointed on 1 January 2025 and his induction is therefore still underway at the date of this report.  
2 Further information about our Chartered Manager Degree Apprenticeships can be found on page 153.



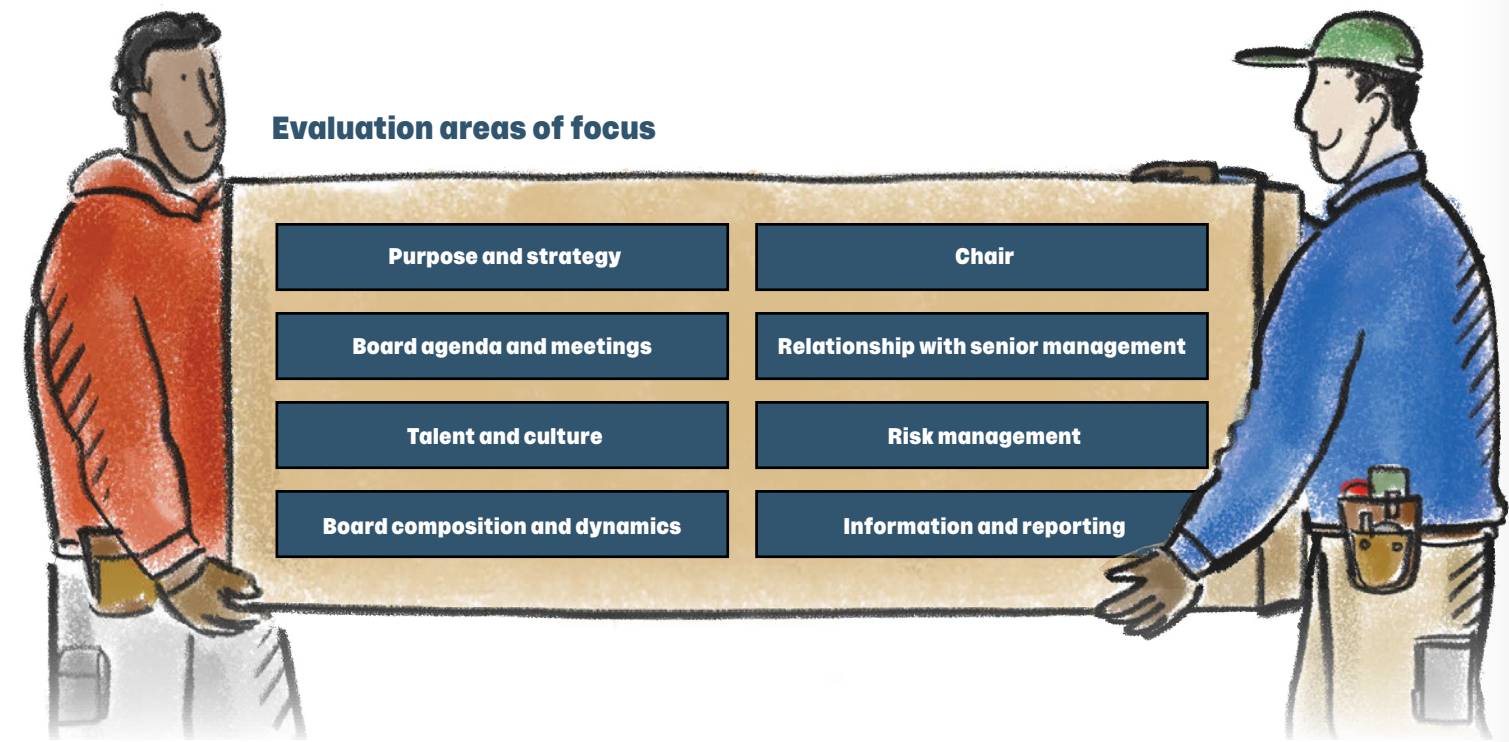
Governance

Nominations Committee report continued

Evaluation

Following the external Board effectiveness review in 2022, and in line with the Board’s policy to undertake an external effectiveness review every three years, both the 2023 and 2024 Board effectiveness reviews were conducted internally using third-party platform, BoardClic, to facilitate the review.

The BoardClic platform has streamlined the Board evaluation review process compared to previous years where the evaluations had relied heavily on quantitative data gathered through interviews with the Board members. The platform allows collation of more quantitative data on the Board’s perceptions of its priorities, strategic objectives, and leadership, as well as governance structures and process, and also enables the Committee to benchmark its review data against other boards.



Methodology

The process is outlined below:

- Instructions were sent to Board members on how to create an account and access the platform.
- All Directors were invited to provide feedback on the Board and the Committees of the Board of which they were members. Each section contained a mix of rating questions based on scale of 1 to 7 as to how much the participant agreed or disagreed with a particular statement and free text questions where the participant could provide an answer in their own words. Some roles were automatically excluded from participating in certain questions (generally where this pertained to their own role, such as the Chair).
- Directors were also invited to provide their observations of the Board evaluation review and any other points they wanted to raise outside of the platform.
- The observations and conclusions of the evaluation were presented to the Chairman and the detailed report was presented to the Board at their meeting in January 2025.
- The Chairman, CEO, and Company Secretary prepared recommendations for development and actions to be presented to the Nominations Committee at a future meeting.



Conclusions and recommendations

The report showed an improvement on prior year scores, with the Board’s overall ‘Value Index’ increasing by 7%. This score was ahead of the ‘Value Benchmark’ provided by the platform.

Areas of particular strength included:

- Confidence in the CEO’s execution capability;
- Alignment of strategy with purpose; and
- Prioritisation of the most important strategic topics covered at Board meetings.

The individual Committee effectiveness reviews also demonstrated that good progress continued to be made across all of the Board’s Committees. Details of each of these effectiveness reviews can be found in the individual Committee reports.

Recommended areas for development and actions going forward

Following the review, the Board will:

- Allow more time in the agenda for 2025 to further consider the impacts of artificial intelligence on the overall strategy;
- Undertake a strategy review day in 2025/2026; and
- Dedicate more of the Board’s time to business intelligence.

The Nominations Committee will also undertake a ‘deep dive’ into senior management talent and succession.

Influence on Board composition

There were no matters arising from the evaluation which will influence the composition of the Board in the short term.

By order of the Board

Peter Ventress  
Nominations Committee Chair

26 February 2025



Governance

Remuneration  
Committee report



Vanda Murray OBE  
Remuneration Committee Chair

Using this report

We have sought to make our Remuneration Committee report as straightforward to access as possible. The content of the report is governed by various legislation and listed company disclosure requirements and, on occasion, this results in duplication of information. We have tried to reduce this wherever possible and present the information in an accessible and more intuitive way. The report is split into three sections:

1. This Committee Chair's Statement
2. The Directors' Remuneration Policy  
(to be proposed to shareholders at the 2025 AGM)
3. The Directors' Remuneration Report

Part 1Company performance and stakeholder experience

Part 2Application of policy in 2024

Part 3Implementation of policy in 2025

Part 4Additional disclosures

We believe that this format clearly differentiates each of the relevant sections of the Remuneration Committee report, directs users to the sections relevant to their use, and is also fully compliant with all applicable rules.

Committee meeting  
attendance in 2024

Vanda Murray	(5/5)	Appointed 1 February 2024
Karen Caddick	(3/3)	Retired 2 May 2024
Andrew Cripps	(6/6)	
Roisin Currie	(3/3)	Appointed 1 July 2024
Louis Eperjesi	(6/6)	
Louise Fowler	(6/6)	
Suzy Neubert	(2/3) <sup>1</sup>	Appointed 1 July 2024

1 Suzy was unable to attend the September meeting due to commitments entered into before her appointment. She was provided with all the Committee papers ahead of the meeting and provided her feedback to the Committee Chair and Company Secretary.

Key Committee activities  
in the year ahead

- Governance updates from advisors.
- Performance updates on in-flight awards.
- Agree fees for Chair of the Board.
- Review the UK defined contribution pension benefits.
- Agree 2025 annual bonus and LTIP targets.
- Review of the Remuneration Committee Terms of Reference.
- Approval of the 2026 Remuneration Committee calendar.
- Planning for 2026 incentives (taking into account risk and other matters).

Committee evaluation  
in 2024

Areas of focus:

- Role and operations
- Composition
- Leadership
- Process and procedures

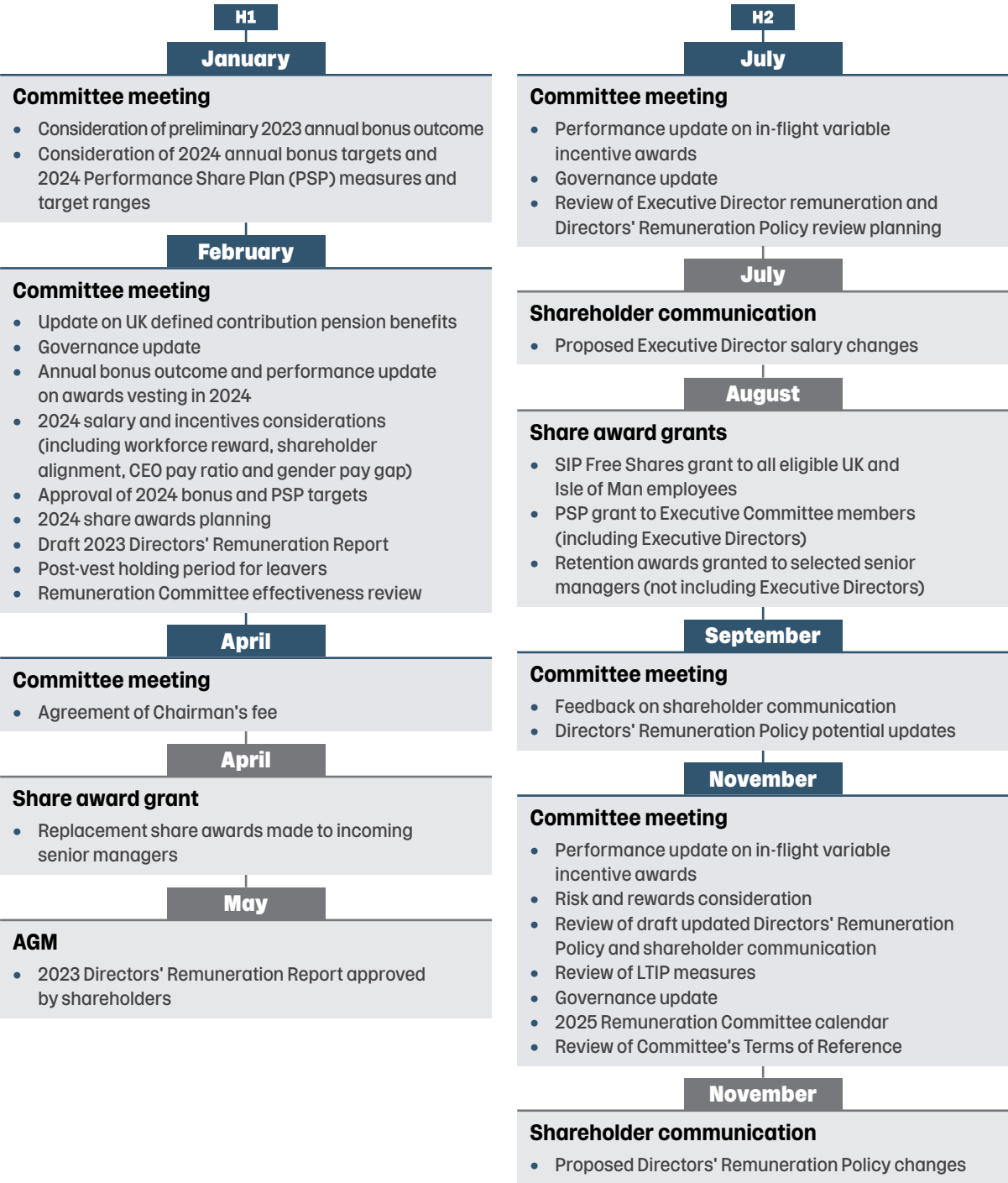
Methodology:

See page 108 of the Nominations Committee report.

Outcomes:

The Remuneration Committee evaluation showed that good progress had been made across all areas. The Committee consistently surpassed external benchmarks and the performance of the Committee Chair was highlighted as a particular strength. Areas of focus for the Committee in 2025 include performance target setting and maintaining an engaged dialogue with management.

2024 Remuneration Committee activity



Governance

Remuneration Committee report continued

Annual Remuneration Committee Chair's Statement

I am pleased to present the Howden Joinery Group Plc Remuneration Committee report for 2024. The report has been prepared in compliance with the requirements of the Large and Medium-sized Companies and Groups Regulations 2013 and incorporates changes made under the updated EU Shareholder Rights Directive (SRD II).

I took over as Chair of the Howdens Remuneration Committee at the AGM in May 2024 and it's fair to say that it has been a busy time for the Committee since then. We have onboarded three new Committee members, undertaken a root-and-branch review of Executive Director remuneration and refreshed and consulted with shareholders on our proposed updates to the Directors' Remuneration Policy. I would like to take this opportunity to thank Karen Caddick, the previous Chair, for her handover to me and for all her work with the Committee over the previous five years. I would also like to thank Korn Ferry, our Committee advisors, who also ensured a smooth handover and who provided important support throughout the year.

Review of Executive remuneration at Howdens

Our remuneration philosophy at Howdens is to pay above-market levels of reward for above-market levels of performance, and we were concerned that a disconnect had developed between the remuneration experience of our CEO and CFO and the overall shareholder experience in recent years. Howdens has now firmly established its position in the FTSE 100 index and is a larger and more complex business, having grown organically in the UK and through complementary acquisitions, expanded into the Republic of Ireland and France and increased the number of manufacturing sites from two to five. The strong foundations laid in recent years by our Executive team mean we are well set for future growth.

The Committee's detailed review of Executive pay, and our subsequent review of the Directors' Remuneration Policy, considered this growth as well as the Company's strategic objectives going forward. To ensure we realign with our stated remuneration philosophy, the Committee is implementing increases to the Executive Directors' salaries and proposing to increase the maximum opportunity available under the Performance Share Plan (PSP). We consulted with our largest shareholders on these changes in July and November 2024 and received a high level of support.

Further details of these changes are set out later in this statement and in the report, but the Committee firmly believes that market-aligned salary levels and stretching variable incentives are required for the Executive Committee, including the Executive Directors, to ensure our policy supports our stated philosophy with future growth.

2024 reward outcomes

2024 was another challenging year for Howdens, but the business continued to demonstrate its resilience by outperforming its competitor set. Relative performance was strong and there was further consolidation of Howdens' position as the leader in the trade kitchen sector.

Management delivered profits that were in line with market expectations and the Company continued to invest in strategic initiatives. The increase in market share and investment in strategic initiatives means that Howdens is well placed to take advantage of any market opportunities that arise.

During the year, the Committee received updates on the wider employee benefit landscape, including on the Group pension scheme and Howdens' gender pay gap. The gender pay gap report can be found on [www.howdenjoinerygroupplc.com/governance/gender-pay-gap-reports](http://www.howdenjoinerygroupplc.com/governance/gender-pay-gap-reports).

Annual bonus

Consistent with prior years, the 2024 annual bonus performance was based on the delivery of both profit and cash flow targets.

2024 followed a similar trading pattern to 2023, with the kitchen market contracting more than had been forecast when the budget was agreed with management. Despite this, adjusted PBT performance has resulted in an above target level of achievement across bonus plans for Executive Directors and across the Company more widely where employees are incentivised on Group performance. In considering this outcome, the Committee noted expenditure that was incurred during the year on strategic senior personnel changes designed to generate future growth, for example in France. The part of this expenditure that was invested in driving future growth and profitability rather than into 2024 PBT was excluded from the PBT figure for the purposes of the annual bonus.

The Committee reflected on the formulaic outcome alongside the level of expenditure and the strong overall performance Howdens has delivered relative to the market. Having considered these factors, the Committee concluded that a fair and appropriate outcome under the PBT element in these circumstances would be to exercise discretion to reduce the outcome to target performance, which delivers 50% of the part of the bonus weighted to PBT.

Cash flow performance remained robust and demonstrated the continued focus of management on this key measure. The cash flow outturn was above the maximum outperformance target for this measure, resulting in a bonus of 15% of the maximum annual bonus opportunity being achieved.

This strong performance meant that a total annual bonus of 57.5% of the maximum annual bonus opportunity for our Executive Directors was earned. Further details of the annual bonus outturn for 2024 can be found on page 133.

Performance Share Plan (PSP)

The 2022 PSP was based on the delivery of both a three-year adjusted PBT growth measure and a relative total shareholder returns (TSR) measure. The weightings for the two performance measures were 67% PBT and 33% TSR. The calculation of adjusted PBT excludes any costs or income that the Remuneration Committee assesses to be exceptional in nature so that the vesting outcome results in a fair reflection of the performance achieved over the period.

PBT performance targets for the period required 5% per annum PBT growth to achieve threshold vesting and 12% per annum PBT growth to achieve maximum vesting. The 2022 PSP performance was measured to FY 2024.

Over the three-year period, adjusted PBT increased by 11.1% per annum, which equated to vesting at 88.9% of the total opportunity for this measure.

To determine TSR performance, Howdens was ranked against a comparator group of similar sized companies, those being 50 above and 50 below Howdens by market capitalisation in the FTSE All Share index at or shortly before the start of the performance period (excluding Investment Trusts). There is zero pay out for below median performance and threshold vests at 15% of the maximum opportunity at median. 100% of the opportunity is paid out when performance is equal to or more than upper quartile performance and there is straight-line vesting between the threshold and maximum opportunities. Howdens' TSR performance during the three-year period equated to vesting at 44.6% of the total opportunity for this measure.

In aggregate, the 2022 PSP will vest at 74.3% of the maximum opportunity. The Committee assessed this outcome in the context of the overall performance of the Company, including the gaining of market share over the year and, until shortly before the TSR end averaging period, strong share price growth over the three year period and determined that the outcome was an appropriate and fair reflection of performance.

Updated Directors' Remuneration Policy

Our proposed updated Directors' Remuneration Policy (the "Proposed Policy") will be put to shareholders for approval at the AGM in May 2025. The Proposed Policy is set out in full on pages 117 to 126.

We undertook an extensive shareholder consultation on the Proposed Policy, details of which can be found in a case study on page 116. There were high levels of engagement and support for our proposals, and I enjoyed my conversations with our shareholders who are clearly supportive of management and what the Remuneration Committee is trying to achieve. We listened to the views of our shareholders and amended our proposals to incorporate their feedback in relation to increasing Executive Director share ownership requirements to take account of the increase to PSP opportunity and the retention of TSR as a measure for the PSP.

Our review of the current Directors' Remuneration Policy (the "Current Policy") concluded that it is generally working effectively and is well aligned with institutional investors' 'best practice' expectations. Therefore, there are no wholesale changes to the Directors' Remuneration Policy proposed. However, we are recommending updates which afford the Remuneration Committee greater flexibility in the granting of awards to Executive Directors, which provide better alignment of Executive remuneration with the current and near-term scale of our business, alongside our strategic objectives and to reflect normal market practice.

The main changes we are proposing are:

- The maximum PSP limit will be increased to 300% of salary from 270%;
- Dividend equivalents will be payable on vested PSP awards; and
- Increasing the Executive Director share ownership requirement to 300% of salary.

PSP maximum

The increase to the PSP maximum opportunity recognises the growth in Howdens since the last policy review and will enable the Committee to provide a market competitive total remuneration package to the Executive Directors that can deliver above-market levels of reward for above-market levels of performance. As part of our due diligence on the operation of the PSP, we looked at how it has vested over recent years compared to levels for the FTSE 100 and companies in our broad sector. Howdens' long-term incentives have vested at around the median level for both groups, notwithstanding the strong performance that has been delivered. This confirmed our view that stretching targets have been set for these awards historically.

The new maximum opportunity will not apply for the PSP award for 2025. However, the PSP opportunity for 2025 for the CEO will be increased to 285% of salary (2024: 270%), and for the CFO to 235% of salary (2024: 220%). The performance measures have been reviewed for 2025 and further details of these are set out later in this statement. In line with 'best practice', in operating the Proposed Policy, the Committee will take account of the increased PSP opportunity when it sets the performance targets and will have the ability to adjust remuneration outcomes if it feels that the formulaic outcome is not reflective of overall underlying performance and the experience of its shareholders.

Dividend equivalents

In relation to the accrual of dividend equivalents, the Current Policy is unusual in not permitting the value of dividends to accrue to vested performance shares. This has always been permitted under the rules of the Long Term Incentive Plan (under which the Performance Share Plan is awarded) and creates a strong alignment with shareholders when determining both dividend and share buyback policies. Dividends will be added at the point of vesting, normally in shares.

Share ownership requirements

Following feedback from shareholders, the Committee is proposing to increase the share ownership requirement for the Executive Directors from 200% to 300% of salary. This reflects the increased Proposed Policy PSP maximum award and will further align the experience of the Executive Directors with that of our shareholders.





Governance

Remuneration Committee report continued

Annual Remuneration Committee Chair's Statement continued

Other updates

No changes to the operation or measures associated with the annual bonus are being proposed, including the level of deferral. Unvested deferred bonus shares (net of income tax and national insurance contributions) will now be counted towards the shareholdings of the Executive Directors in line with normal market practice. The annual bonus payout at threshold performance will be changed from 20% of salary to “up to” 20% of salary to afford the Remuneration Committee more flexibility when setting targets. Similarly, the achievement of the threshold performance targets for the PSP will now result in “up to” 15% of each element vesting (previously 15%).

Clawback and malus provisions have been expanded to include corporate failure and serious reputational damage. The full range of circumstances provided for in the Group Malus and Clawback Policy is now aligned with those set out in the 2024 version of the UK Corporate Governance Code.

We believe that the proposed changes detailed above will enable the Remuneration Committee to effectively retain and attract Executive talent as we continue to execute our strategy in 2025 and beyond. I would again like to thank shareholders for the engagement and support of the Proposed Policy process.

2025 reward and incentives

Our approach to Executive remuneration continues to recognise the need to balance the views of our shareholders with our ambitions to retain and incentivise a strong performing Executive team over the economic cycle, and to live into our remuneration philosophy to pay above-market levels of reward for above-market levels of performance.

In 2025, we will rebase our Executive Director salaries to better reflect the experience and expertise of our top team, as well as providing closer alignment with the median peer group position. We will also implement, subject to shareholder approval at the 2025 AGM, the updates within the Proposed Policy. These changes, taken in aggregate, position the Remuneration Committee well for the next three years of the reward cycle.

Salary

In July 2024, I wrote to Howdens’ 30 largest shareholders to inform them of a root-and-branch review of Executive remuneration that I undertook when I assumed the position of Remuneration Committee Chair in May 2024. Central to this review was a reassessment of the salaries of the Executive Directors, which it transpired had fallen too far behind market levels. Salaries are the cornerstone of our reward framework with all variable pay and other benefits derived directly from it. Therefore, the Remuneration Committee feel that it is important that we establish the right base level from 2025 as failing to do so risks undermining the effectiveness of our reward framework as a tool to motivate and retain our top talent.

The Committee firmly believes that the Executive Directors should receive a fair and appropriate level of remuneration for their role and contribution to the business and are awarding one-off salary increases for the CEO and CFO. The Committee annually reviews salary levels against the market and has previously communicated that Executive Director salary levels have been assessed to be below mid-market by c.10%. On that basis, the CEO’s full-year annual salary will be increased by 17% to £855,000, effective from 1 January 2025. The CFO’s full-year salary will be increased by 7.7% to £515,000, effective from 1 January 2025.

These increases reflect the increased size and complexity of the business, higher revenues, and increased international exposure, and they better reflect the excellent past performance, experience, and skills of our Executive team. These increases to salary are supported by external benchmarking. As part of my review of Executive Remuneration, I engaged two separate advisors (Korn Ferry, the Committee’s existing advisor, and FIT Remuneration Consultants, who had no previous connection to Howdens) to undertake this review.

The Committee considered market benchmarking for companies of a comparable size and/or operating in a similar sector in determining what it feels is mid-market. The Committee considered the FTSE 61 - 100 (excluding banks and investment trusts) as the primary reference point, which we feel is an appropriate size of group based on Howdens’ market capitalisation. Revenues and profits are also broadly comparable with this group of companies.

The increases will position the CEO and CFO around the median of the peer groups and are inclusive of an estimate for the general market salary increase in 2025 of 3%. It is expected that, other than in the event of a future material change in the size or complexity of the Group, that salary increases during the three-year lifecycle of the Directors’ Remuneration Policy will be limited to annual general workforce increases.

Annual bonus

The Committee has maintained the annual bonus opportunity of 200% of base salary for Executive Directors. The Committee believes that this remains appropriate having reviewed the position with reference to market data for companies that operate in the same or similar industries and UK listed companies of a similar size and complexity.

For the 2025 annual bonus, we replicated the methodology of PBT and cash flow measures used in the 2024 annual bonus. The measures retain their previous weighting: PBT represents 85% of maximum opportunity and cash flow represents 15% of maximum opportunity. This maintains the focus on profit in incentives and alignment with our depot teams, while maintaining a healthy stretch between ‘target’ and ‘maximum’ bonus levels to ensure strong shareholder alignment. These targets will be disclosed in the 2025 Annual Report and Accounts.

PSP

As set out above, in 2025 we intend to increase the long-term incentive opportunity for the Executive Directors. Our proposal, which is subject to shareholder approval of the Proposed Policy, is for the CEO to receive an award equivalent to 285% of salary and for the CFO to receive an award of 235% of salary. This is less than the Proposed Policy maximum of 300% of salary.

Since 2023, the four performance measures for the PSP have been: PBT, TSR, Return on Capital Employed (ROCE) and a basket of complementary environmental measures. The Remuneration Committee has reviewed the performance measures for the 2025 PSP and will introduce strategic performance measures.

The TSR measure has been down-weighted to 10% of the award reflecting views expressed by some shareholders during our consultation that they wished to see it retained as a measure. The strategic performance measures will improve the line of sight for PSP participants and provides additional focus on the execution of the Company’s long-term growth strategy.

The new strategic performance measures, with a total weighting of 10%, are based on the achievement of quantifiable targets over the three-year performance period and include:

- (i) international sales growth;
- (ii) the % of sales we generate from new product initiatives; and
- (iii) vertical integration (measuring the % of our sales that are manufactured in-house).

For the 2025 award, performance will also continue to be measured against PBT (60% of total award), TSR (10%), ROCE (10%), and environmental measures (10%). The new strategic measures will be 10% of the total award in aggregate, 3.3% for each strategic metric. The Committee believes that these measures and their respective weightings are appropriate for the 2025 PSP award, but this will be kept under review by the Committee in future years. The Committee has retained the methodology for calculating the PBT targets (first adopted in 2023), that being that the PBT target range reflects a combination of analyst consensus estimates, internal forecasts and our long-term strategic goals.

The Committee considered the impact on the weighting of financial and non-financial measures when selecting the new strategic measures. The metrics used are either entirely financial or based heavily on financial information and therefore the Committee is satisfied that the weighting of financial measures remains comfortably above the Current Policy and Proposed Policy minimum of 75% financial measures for the PSP.

Achievement of the threshold performance targets would result in 15% of each element vesting, rising to 100% for achieving the maximum target or better. The Committee has set targets in the context of the higher proposed incentive opportunity and will also consider external market expectations for our future performance.

Performance targets for the 2025 PSP are set out on pages 136 and 137 of this report.

Senior management and the wider workforce

In addition to the Executive Directors, the Remuneration Committee also sets remuneration for senior management. We classify ‘senior management’ as members of the Executive Committee (excluding Executive Directors), the Company Secretary, and the Director of Risk and Assurance.

The Committee also received updates on all-employee remuneration policies to provide the context for, and to ensure alignment with, the Proposed Policy. In 2019, the Committee adopted a dashboard in line with Provision 33 of the 2018 version of the UK Corporate Governance Code, which shows some of the key internal and external measures that the Committee is aware of when determining Executive Director and senior management remuneration (further detail on the dashboard may be found on page 131).

The Committee did not consult with the wider workforce on Executive Director pay arrangements in 2024 (as in previous years). The Committee has safeguards in place (as considered in this report), which ensure good alignment on remuneration across the organisation. All employees with shares in the Share Incentive Plan (SIP) - the significant majority of employees as SIP free shares have been granted to all UK employees since 2015 - have a de facto say on Executive Director pay at general meetings.

We are satisfied there remains strong alignment between Executive remuneration and that of the wider workforce due to Howdens’ unique incentive culture across all roles and, when setting Executive pay, the Committee has regard to factors including wider workforce pay, CEO and gender pay gap ratios, and the experience of our shareholders. The Committee was pleased to note the reduction in contractual hours from 44 hours to 40 hours per week for employees in UK depots from 1 January 2025. This change benefitted 7,189 employees, 61.2% of the total UK workforce.

The Committee considers that the policy has operated as intended in terms of pay for performance for 2024, taking into account the exercise of Committee discretion in relation to the PBT element of the 2024 annual bonus outcome. The Committee firmly believes the changes to policy, and the approach to implementation for 2025, are considered necessary to realign our executive packages with our stated philosophy and strategy.

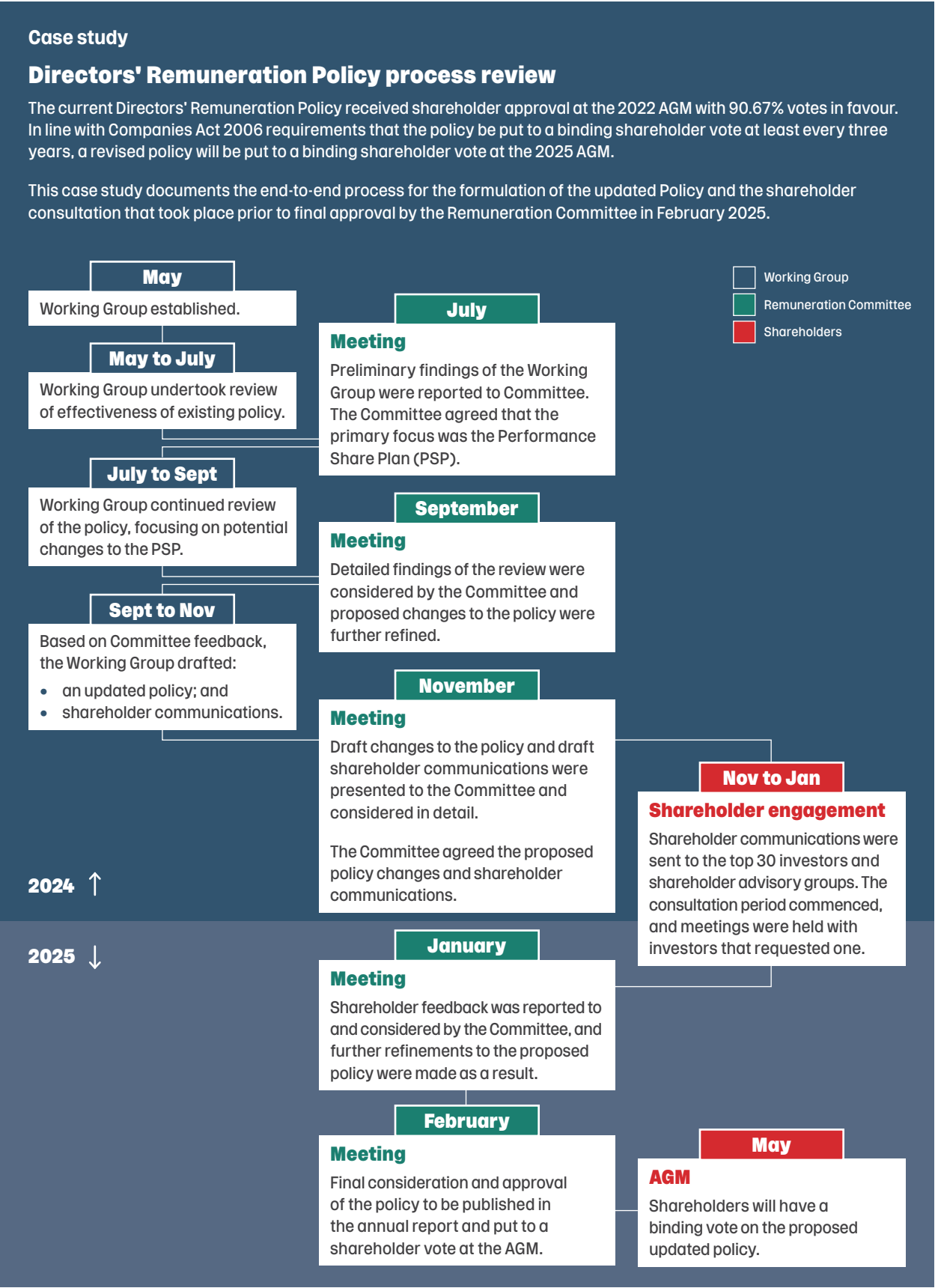
We continue to be committed to an open and transparent dialogue with our stakeholders, and the Committee would welcome any feedback or comments you have on this report, our Proposed Policy, or how we intend to implement the Proposed Policy in 2025. In the meantime, I look forward to answering any questions on the work of the Committee from shareholders at our AGM in May.

Vanda Murray OBE  
Remuneration Committee Chair

Governance

Remuneration Committee report continued

Annual Remuneration Committee Chair's Statement continued





Governance

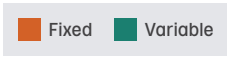
Remuneration Committee report continued

Directors' Remuneration Policy continued

Underlying principles

When determining the Directors' Remuneration Policy, the Committee was mindful of its obligations under Provision 40 of the 2018 version of the UK Corporate Governance Code to ensure that the Policy and other remuneration practices were clear, simple, predictable, proportionate, safeguarded the reputation of the Company and were aligned to Company culture and strategy. Set out below are examples of how the Committee addressed these factors:

Clarity
<p><b>Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.</b></p> <p>The Company invited its principal shareholders and shareholder representative groups to consult on the updated Directors' Remuneration Policy and received supportive feedback. The draft policy was updated following feedback from shareholders, details of which can be found on pages 113, 114, and 123.</p> <p>All UK and Isle of Man employees are awarded Free Shares in the Company through the Share Incentive Plan (SIP). UK employees are also able to participate in a partnership and matching shares programme (known as the "Buy As You Earn" Plan or "BAYE"), which also operates through the SIP. Employees with shares held in the SIP trust may exercise voting rights at general meetings, including on resolutions relating to the Directors' Remuneration Report and Directors' Remuneration Policy. Further information on workforce engagement can be found on pages 88 and 89.</p>
Simplicity
<p><b>Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.</b></p> <p>The Remuneration Policy has received positive feedback from stakeholders in relation to its simplicity.</p> <p>The Committee's approach to performance measures had always been that they must be understandable for participants in the schemes in order to ensure they are effective.</p>
Risk
<p><b>Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.</b></p> <p>While the Committee has consciously not set an absolute annual quantum on Executive Director remuneration, this is something that the Committee will keep under review. The total pay of the Executive Directors is considered by the Committee as well as pay ratios with the wider workforce and shareholder returns.</p>
Predictability
<p><b>The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.</b></p> <p>The range of possible rewards for the Executive Directors is considered on page 123 as part of the proposed Directors' Remuneration Policy. The Committee has a wide range of discretion in relation to variable pay awards, new joiners, and leavers, which are identified and explained in the Remuneration Policy.</p>
Proportionality
<p><b>The link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance.</b></p> <p>The Committee remains confident that the awards used to ensure continued delivery of strategy and long-term performance are working as intended.</p>
Alignment to culture
<p><b>Incentive schemes should drive behaviours consistent with company purpose, values and strategy.</b></p> <p>The Committee remains confident that the incentive schemes operated under the Remuneration Policy are aligned with purpose, values and strategy.</p> <p>Howdens staff are paid on the performance of their local depot or on the profitability of the Group as a whole. This has created an autonomous, entrepreneurial, profit-focused culture and is reflected in the heavy weighting given to profit measures in our incentive schemes for Executive Directors and senior management.</p>



Future policy table - Executive Directors

The table below sets out the key components of Executive Directors' pay packages, including why they are used and how they are operated in practice. Remuneration is benchmarked against rewards available for equivalent roles in a suitable comparator group. In addition to benchmarking, the Committee considers general pay and employment conditions of all employees within the Group and is sensitive to these, to prevailing market conditions, and to governance requirements.

Base salary	
How this element of remuneration supports our strategy	Recognises the market value of the Executive Director's role, skill, responsibilities, performance and experience.
Operation	Salaries are normally reviewed annually, and are generally effective from 1 January each year.
Opportunity	<p>Increases will normally be only for inflation and/or in line with the wider employee population. Salaries are set with consideration of each Executive Director's performance in role and responsibilities, and within a range defined by a market benchmark derived from companies of a comparable size, including those operating in a similar sector. The peer group used is reviewed whenever benchmarking is performed, and the Committee applies judgement in identifying appropriate peer group constituent companies. The individual's level of total remuneration against the market is considered at the same time.</p> <p>Reviews will also take into account the performance of the individual, any changes in their responsibilities, pay increases for the wider workforce and internal relativities.</p>
Performance measures	None.
Benefits	
How this element of remuneration supports our strategy	Provides a competitive level of benefits.
Operation	Howdens pays the cost of providing the benefits on a monthly basis or as required for one-off events.
Opportunity	<p>Benefits are based upon market rates and currently include receipt of a company car or car allowance, health insurance and death-in-service insurance payable by the Company.</p> <p>Other benefits may be provided where appropriate and reasonable business-related expenses can be reimbursed if determined to be a taxable benefit.</p>
Performance measures	None.
Pension	
How this element of remuneration supports our strategy	Provides competitive long-term savings opportunities.
Operation and opportunity	Executive Directors will be entitled to participate in the Howdens Retirement Savings Plan with contribution rates in line with the wider workforce. The level of salary supplement is aligned to the maximum pension benefit available to the Executive Director.
Performance measures	None.

Governance

Remuneration Committee report continued

Directors' Remuneration Policy continued

Annual bonus	
How this element of remuneration supports our strategy	Incentivises performance over the financial year. Deferral links bonus payout to share price performance over the medium term.
Operation	At least 30% of any bonus earned is deferred into shares. Shares are paid out on the second anniversary of deferral date.  The Committee has the discretion to adjust the bonus outcome if it feels that the formulaic outcome is not reflective of overall underlying performance. Any adjustment made using this discretion will be explained in the following Annual Report on Remuneration.  Payment is normally subject to continued employment.  Malus provisions apply for the duration of the performance period and to shares held under deferral.  Clawback provisions apply to cash amounts paid for two years following payment. Therefore, clawback and/or malus will operate on the award for a total period of up to two years after the performance period.  Clawback may be applied in the following scenarios: <ul style="list-style-type: none"><li>material misstatement of accounts;</li><li>erroneous assessment of a performance target;</li><li>where the number of plan shares under an award was incorrectly determined;</li><li>gross misconduct by a Director;</li><li>corporate failure; or</li><li>serious reputational damage.</li></ul>
Opportunity	The threshold payout for the annual bonus will be up to 20% of salary. The maximum opportunity under the annual bonus is 200% of salary.
Performance measures	At least 75% of the bonus will be based on financial metrics.

Performance Share Plan (PSP)	
How this element of remuneration supports our strategy	Focuses management on longer-term financial growth than addressed by the annual bonus. Long-term financial growth is key to the generation of shareholder value.
Operation	Executives have the opportunity to participate in the PSP on an annual basis. The PSP operates over a three-year vesting cycle.  Awards will generally be granted towards the beginning of the performance period and vest based on performance over a three-year performance period.  The Committee has the discretion to adjust the PSP outcome if it feels that the formulaic outcome is not reflective of overall underlying performance. Any adjustment made using this discretion will be explained in the following Annual Report on Remuneration.  Vested awards are subject to a two-year holding period following vesting, during which no performance measures apply. The holding period continues to apply post-employment.  Malus provisions apply for the duration of the vesting period.  Clawback provisions apply for the duration of the holding period, through which vested awards may be reclaimed in the event of: <ul style="list-style-type: none"><li>material misstatement of accounts;</li><li>erroneous assessment of a performance target;</li><li>where the number of plan shares under an award was incorrectly determined;</li><li>gross misconduct by a Director;</li><li>corporate failure; or</li><li>serious reputational damage.</li></ul> A payment equivalent to the dividends accrued on vesting performance shares may be made at the point of vesting, normally in shares.
Opportunity	The threshold vesting for the PSP will be up to 15% of maximum. The maximum opportunity under the PSP is 300% of salary.
Performance measures	At least 75% of the PSP will be based on financial metrics.

FixedVariable

Shareholding requirement	
How this element of remuneration supports our strategy	Shareholding requirement strengthens alignment of interests between participants and shareholders.
Operation	Executive Directors are expected to retain vested shares from deferred bonus and long-term incentive awards (net of income tax and National Insurance contributions) until they reach the minimum requirements.  Unvested long-term incentive shares are not taken into account. PSP shares and deferred bonus shares (net of income tax and National Insurance contributions) within a holding period are counted towards the requirement.
Opportunity	The Executive Directors will be required to retain a minimum shareholding of 300% of base salary. Post-cessation of employment, Executive Directors will be required to retain 300% of base salary, or full actual holding if lower, for two years post-cessation from the Board of Howden Joinery Group Plc.

All-employee share incentive plan	
How this element of remuneration supports our strategy	To encourage employee share ownership.
Operation	Executive Directors are able to participate in the tax-advantaged Share Incentive Plan available to all eligible UK employees.
Opportunity	The maximum participation levels will be set based on the applicable limits set by HMRC.
Performance measures	None.

Performance measures and targets

As part of the Committee's review of our remuneration arrangements, we have reviewed the appropriateness of the performance measures that we have historically used and considered whether any changes to performance measures are required in light of the strategy over the next three years.

The Committee has agreed to introduce strategic measures alongside the existing PSP performance measures (PBT, relative TSR, ROCE and environmental measures). This change recognises that strategic measures will drive the delivery of our strategy over the next three-year period and provide a strong line of sight for LTIP participants throughout the business. Therefore, for 2025, PBT and cash flow will continue to be the measures used for the annual bonus, and PBT, relative TSR, ROCE, environmental measures, and strategic measures will be used for the PSP.

We want to continue to ensure that the Committee is positioned to maintain alignment between incentives and the challenges facing the business. As such, during the life of this policy it may become appropriate to amend the performance measures used for our future incentives. It is for this reason that we safeguard the flexibility in our policy to change performance measures, subject to at least 75% of the annual bonus and 75% of the PSP being based on financial metrics.

Annual bonus

The table below sets out additional information on performance conditions relating to the 2025 annual bonus:

Measure	Definition	How targets are set
PBT	Pre-exceptional profit before tax from continuing operations.	Set by the Remuneration Committee with reference to Howdens' Budget and analysts' consensus forecasts.
Cash flow	Net cash flow from operating activities, taking into account the efficiency with which working capital is used, and adjusted for exceptional items.	Cash flow targets generated by Howdens' financial model, based on modelled scenarios under which threshold, target and outperformance levels of PBT are achieved.

Commercial sensitivity precludes the advance publication of bonus targets, but targets will be disclosed retrospectively in the Remuneration Committee report.



Governance

Remuneration Committee report continued

Directors' Remuneration Policy continued

Performance Share Plan (PSP)

The PSP will be based on PBT performance, relative TSR, ROCE, environmental measures and strategic measures for the 2025 award. Targets are considered by the Remuneration Committee to provide a range that represents long-term success for Howdens and are set taking into account analysts' consensus forecasts and inflation forecasts. The targets for the 2025 PSP grants are detailed on pages 136 and 137.

Remuneration policy for other employees

The remuneration policy described above applies specifically to Executive Directors of the Group. However, the Remuneration Committee believes it is appropriate that all reward received by senior management is directly linked to the performance of the Company and aligned with shareholder value. Accordingly, Executive Committee members participate in the same incentive schemes as the Executive Directors at a reduced level to ensure alignment between the leadership team and with our shareholders.

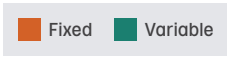
Below the Executive Committee level, the promotion of share ownership is cascaded through all tiers of management. Individuals within the upper tiers of the organisation participate in a similar bonus plan that is linked to PBT and cash flow. These individuals also participate in a long-term plan, which vests dependent on PBT performance. Share grants are made at a reduced level to a wider population within Howdens that do not use performance conditions. These awards are made in order to encourage share ownership throughout the Company.

Non-Executive Directors' Remuneration Policy

The Group's policy on Non-Executive Director (NED) and Chairman fees and benefits is set out below.

Fees	
How this element of remuneration supports our strategy	To attract NEDs who have a broad range of experience and skills to oversee the implementation of our strategy.
Operation	<p>The fees for the Non-Executive Directors are determined by the Chairman and Chief Executive and approved by the Board.</p> <p>The fee for the Chairman is determined by the Remuneration Committee while the Chairman is absent.</p> <p>No other services are provided to the Group by Non-Executive Directors.</p>
Opportunity	<p>Fees for Non-Executive Directors are set out in the statement of implementation of policy on page 135.</p> <p>The fees reflect the time commitment and responsibilities of the roles. Accordingly, committee chairmanship and the Senior Independent Director (SID) are paid in addition to the NEDs' basic fee. Committee chairmanship fees currently apply only to the Audit and Remuneration Committees. The Chairman receives no fees in addition to the Chairman's fee. In exceptional circumstances, additional fees may be paid where there is a substantial increase in the temporary time commitment required of NEDs.</p> <p>Fees may be reviewed every year and are set within a range defined by a market benchmark of comparably sized companies and having regard to the base salary increase payable to the wider workforce.</p>
Performance measures	NEDs are not eligible to participate in any performance-related arrangements.

Benefits	
How this element of remuneration supports our strategy	To attract NEDs who have a broad range of experience and skills to oversee the implementation of our strategy.
Operation and opportunity	NEDs are entitled to receive expenses in respect of reasonable travel and accommodation costs and any income taxes charged on these.
Performance measures	None.



Statement of consideration of employment conditions elsewhere in the Group

When making decisions on Executive reward, the Remuneration Committee considers the pay arrangements across the wider Group, the wider economic environment and conditions within the Company. In particular, the Committee considers pay conditions for the wider workforce when reviewing base salaries for Executive Directors in addition to a range of applicable pay ratios.

Additionally, some of the Company's workforce are unionised or belong to a works council. Howdens maintains open lines of communication with these bodies and the Committee is always made aware of any relevant information in relation to remuneration policy.

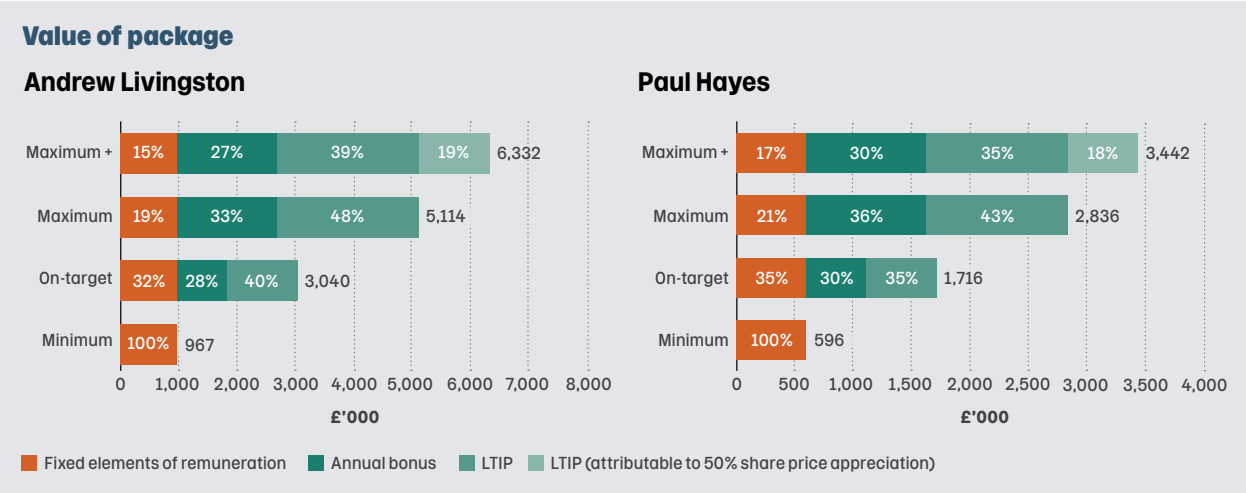
Statement of consideration of shareholder views

The Committee remains committed to maintaining an ongoing and transparent dialogue with its shareholders. The Committee undertook a shareholder consultation in 2024 on Executive Director remuneration and the proposed new Directors' Remuneration Policy. The proposed policy was shared with our major shareholders and shareholder representation bodies. Following the consultation and feedback from shareholders, the Committee agreed to increase the Executive Directors' shareholding requirement to 300% of salary in the new policy and to retain relative TSR as a performance measure for the 2025 PSP. This consultation was carried out in advance of the publication of this report.

2025 remuneration scenarios

The remuneration package for the Executive Directors is designed to provide an appropriate balance between fixed and variable performance-related components, with a significant proportion of the package weighted towards long-term variable pay. The Committee remains satisfied that the composition and structure of the remuneration packages is appropriate, clearly supports the Company's strategic ambitions and does not incentivise inappropriate risk-taking. The Committee reviews this on an annual basis.

The composition and value of the Executive Directors' remuneration packages in a range of performance scenarios are set out in the charts below. These charts show that the proportion of the package delivered through long-term performance is in line with our proposed new Remuneration Policy and changes significantly across the performance scenarios. As a result, the package promotes the achievement of superior long-term performance and aligns the interests of the Executive Directors with those of other shareholders. A brief description of the remuneration scenarios and the elements they are made up of is set out below the charts.



Fixed elements of remuneration consist of the annual salary that the Executive Director will receive for 2025, alongside their 2025 pension entitlement, and actual benefits received in 2024 (as a proxy for 2025).

Annual bonus is based on a maximum opportunity of 200% of salary and an on-target opportunity of 100% of salary.

LTIP is based on a maximum opportunity of 285% of salary for Andrew Livingston and 235% of salary for Paul Hayes. Target opportunity is calculated as 50% of maximum (142.5% of salary for Andrew Livingston and 117.5% of salary for Paul Hayes).

The 'Maximum +' includes share price appreciation of 50%. This column is calculated on the same basis as the maximum column; however, it includes an uplift of 50% total over three years for the PSP.

Governance

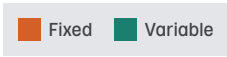
Remuneration Committee report continued

Directors' Remuneration Policy continued

Approach to recruitment remuneration

The treatment and design of the various elements of remuneration paid to new recruits is set out in the table below. The Committee's policy is to pay no more than is necessary to attract appropriate candidates to the role. However, in unusual circumstances, an arrangement may be established specifically to facilitate recruitment of a particular individual. Any such arrangement would be made only where critical to the recruitment of an exceptional candidate, and within the context of minimising the cost to the Company.

Component	Policy
General	The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract appropriate candidates to the role. Any new Executive Director's ongoing package would be consistent with our remuneration policy as set out in this report.
Salary	<p>The Committee will take into consideration a number of factors, including the skills and experience of the individual and the current market rate for the role in determining the salary level.</p> <p>The Committee may consider it appropriate to set salary below the market rate, and award phased increases over a period of time to bring it to the desired positioning, subject to individual performance in role.</p>
Pension and benefits	<p>The Executive Director will be able to participate in the defined contribution scheme or to receive a supplemental cash payment in lieu in line with the wider workforce.</p> <p>Benefits will be provided in line with policy. The Committee may agree that the Company will meet appropriate relocation costs and tax thereon.</p>
Annual bonus	<p>The Executive Director will be eligible to participate in the annual bonus scheme as set out in the remuneration policy table. The maximum potential opportunity under this scheme is 200% of salary.</p> <p>Depending on the timing of the appointment, the Committee may deem it appropriate to set different annual bonus performance metrics to the existing Executive Directors for the performance year of appointment.</p>
Long-term incentives	The Executive Director will be eligible to participate in the PSP set out in the remuneration policy table. Accordingly, the Executive Director may be offered a maximum opportunity under the PSP of up to 300% of salary in performance shares.
Replacement awards	<p>The Committee may grant the Executive Director awards to replace awards from a previous employment that are forfeited. Should replacement awards be made, any awards granted would be no more generous overall in terms of quantum or vesting period than the awards due to be forfeited. In determining the quantum and structure of these commitments, the Committee will take into account the fair value and, as far as practicable, the timing and performance requirements of remuneration foregone.</p> <p>For an internal candidate appointed as an Executive Director, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms.</p>



Service contracts and letters of appointment

Executive Directors

Executive Directors' employment contracts are not fixed term, but have a maximum of twelve months' notice of termination on both sides. In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation. In other circumstances, Executive Directors may be entitled to receive compensation for loss of office, which will be paid monthly for a maximum of twelve months. Such payments will be equivalent to the monthly salary that the Executive Director would have received if still in employment with the Company. Executive Directors will be expected to mitigate their loss within a maximum twelve month period, as appropriate, of their departure from the Company.

Executive Director	Date of service contract	Notice from the Company	Notice from the individual
Andrew Livingston	6 July 2017	12 months	12 months
Paul Hayes	15 October 2020	12 months	12 months

In their service contracts, Executive Directors have the following remuneration-related contractual provisions:

- receipt of a salary, which is subject to annual review;
- receipt of a car allowance;
- health insurance and death-in-service insurance payable by the Group;
- eligibility to participate in any bonus scheme or arrangement, which the Company may operate from time to time, subject to the plan's rules; and
- participation in the Company's pension plan.

Non-Executive Directors

Non-Executive Director appointments are for an initial period of three years. They are subject to re-appointment annually in accordance with the UK Corporate Governance Code. Non-Executive Directors are not entitled to any form of compensation in the event of early termination for whatever reason. Copies of the Directors' service contracts and letters of appointment are available at the Company's registered office during usual business hours.

Director	Original date of appointment	Effective date of appointment in most recent letter	Unexpired term at 28 December 2024
Peter Ventress	1 July 2022	1 July 2022	0.5 years
Andrew Cripps	1 December 2015	1 December 2024	0.9 years
Roisin Currie	1 July 2024	1 July 2024	2.5 years
Louis Eperjesi	1 June 2023	1 June 2023	1.4 years
Louise Fowler	1 November 2019	1 November 2022	0.8 years
Tim Lodge	1 January 2025	1 January 2025	N/A
Vanda Murray	1 February 2024	1 February 2024	2.1 years
Suzy Neubert	1 July 2024	1 July 2024	2.5 years



Governance

Remuneration Committee report continued

Directors' Remuneration Policy continued

Policy on payment for loss of office

The treatment of the various elements of remuneration payable to Executive Directors in a loss of office scenario is set out in the table below. In exceptional circumstances an arrangement may be established specifically to facilitate the exit of a particular individual; however, any such arrangement would be made within the context of minimising the cost to the Company. The Committee will only take such a course of action where it considers it to be in the best interests of shareholders. Full disclosure of any payments will be made.

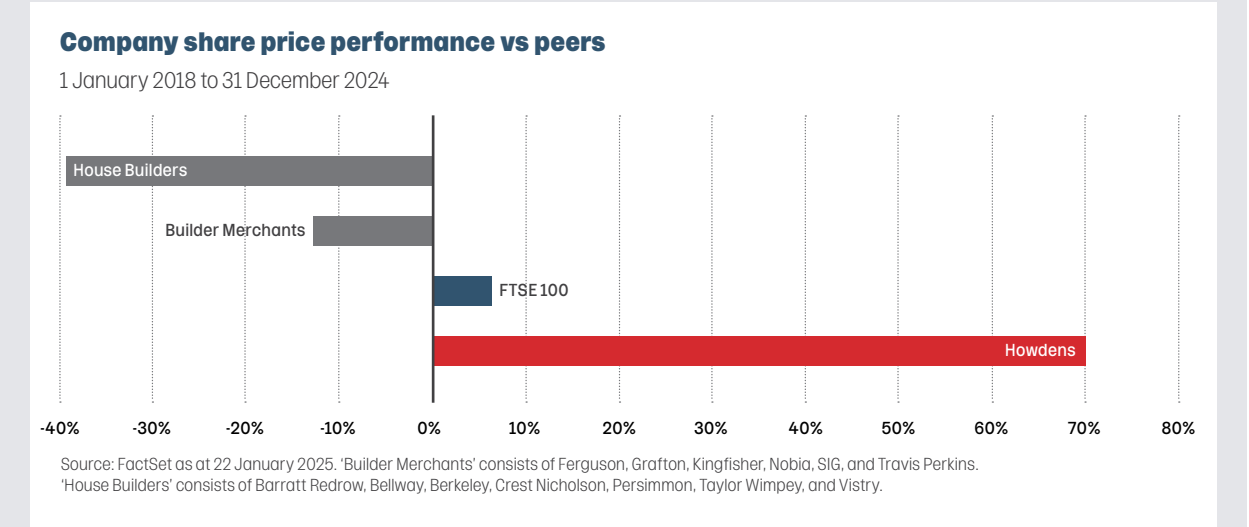
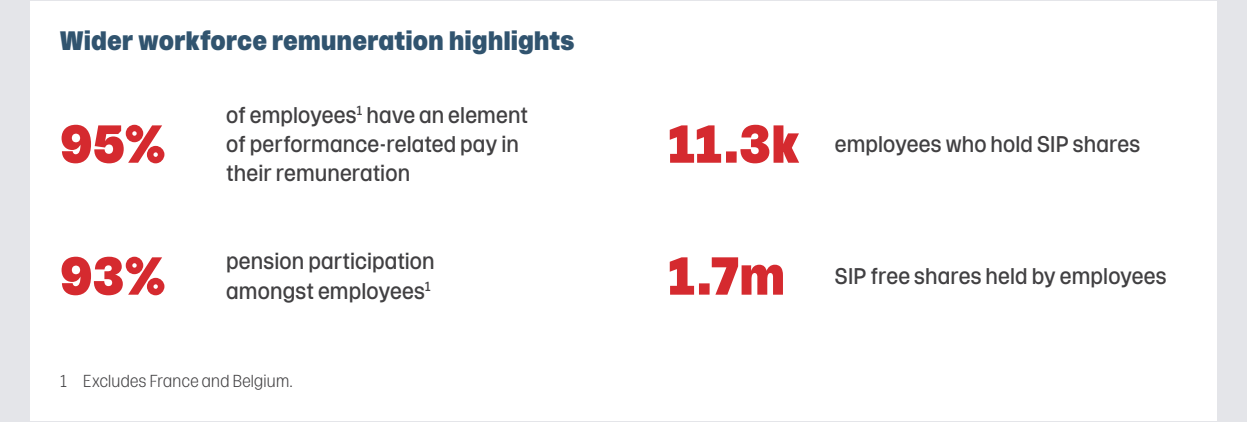
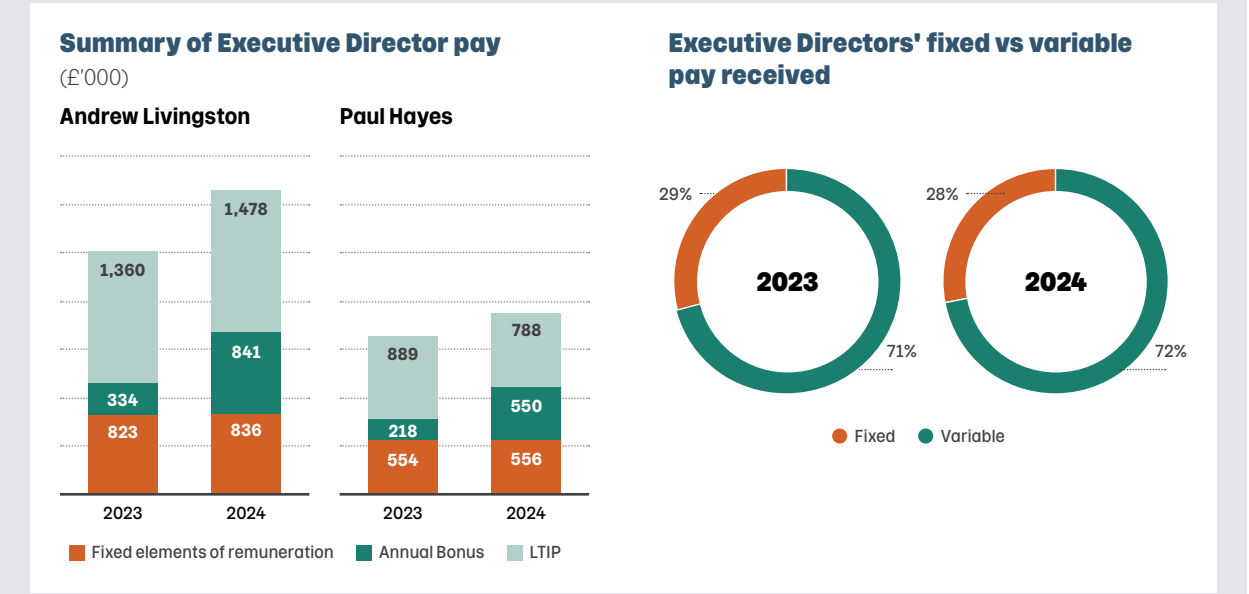
Component	Policy
General	When determining any loss of office payment for a departing individual, the Committee will always seek to minimise cost to the Company while seeking to reflect the circumstances in place at the time. As an overriding principle there should be no element of reward for failure.
Base salary and benefits	In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation. In other circumstances, Executive Directors may be entitled to receive compensation for loss of office which will be paid monthly for a maximum of twelve months. Such payments will be equivalent to the monthly salary that the Executive Director would have received if still in employment with the Company.
Annual bonus	<p>Where an Executive Director's employment is terminated after the end of a performance year but before the payment is made, the Executive Director may be eligible for an annual bonus award for that performance year subject to an assessment based on performance achieved over the period. No award will be made in the event of gross misconduct.</p> <p>Where an Executive Director's employment is terminated during a performance year, a pro rata annual incentive award for the period worked in that performance year may be payable subject to an assessment based on performance achieved.</p>
Long-term incentives and deferred annual bonus	<p>The treatment of outstanding deferred annual bonus is governed by written agreements with individuals and the treatment of long-term incentive awards by the rules of the relevant plan. Individuals are defined as either a good or bad leaver for the purposes of outstanding incentive awards. Good leavers are those leaving under pre-specified circumstances (such as retirement, ill-health or disability) or those deemed by the Committee at its absolute discretion as a good leaver given the circumstances surrounding the loss of office. All other leavers are bad leavers.</p> <p>If an individual is a good leaver then they will either continue to hold the award, which will vest on the normal vesting date based on Howdens' performance (where applicable), or the Committee may exercise discretion to accelerate vesting of the award, prorated to reflect the extent to which the performance targets have been met (allowing for the curtailed performance period). In both scenarios, the amount vesting may be prorated for the proportion of the performance period elapsed when the individual leaves.</p> <p>If an individual is a bad leaver then all awards to which they are conditionally entitled will lapse in full.</p>
Post-cessation shareholding requirement	Upon departure, individuals will be required to retain 100% of their shareholding requirement (or full actual holding if lower) for a period of two years post-cessation from the Board of Howden Joinery Group Plc.

Change of Control

There are no enhanced provisions on a change of control, but the Remuneration Committee can exercise judgement and discretion in line with the respective incentive plan rules.

Directors' Remuneration Report

Remuneration at a glance



Governance

Remuneration Committee report continued

Directors' Remuneration Report - Part 1: Company performance and stakeholder experience

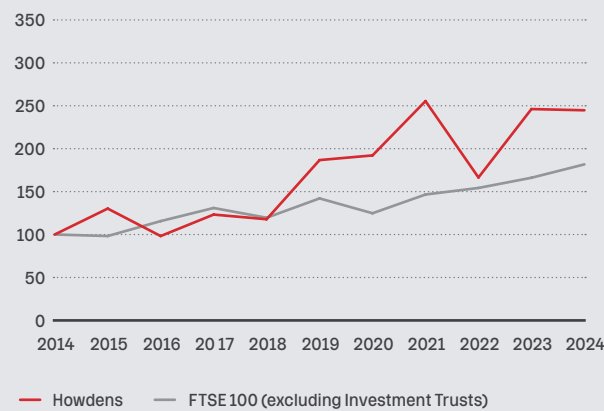
In this section of the Directors' Remuneration Report, we detail some of the considerations the Committee has regard to when implementing the Directors' Remuneration Policy. Contained in this section are specific disclosures on Group performance, as well as comparative disclosures on the relative importance of spend on pay, historic CEO single figure, CEO ratio and all-Director remuneration relative to average employees.

Group performance

Total shareholder return (TSR)

The graph below illustrates the Company's TSR performance relative to the constituents of the FTSE 100 (excluding investment trusts) of which the Company is a constituent. It shows that over the past 10 years Howdens has generated significantly higher returns than the FTSE 100 (excluding Investment Trusts).

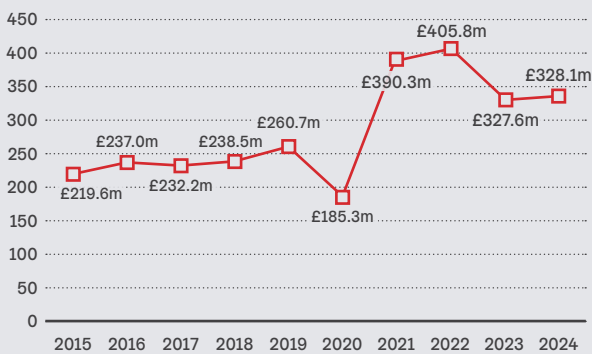
Howdens historical TSR



Profit before tax (PBT)

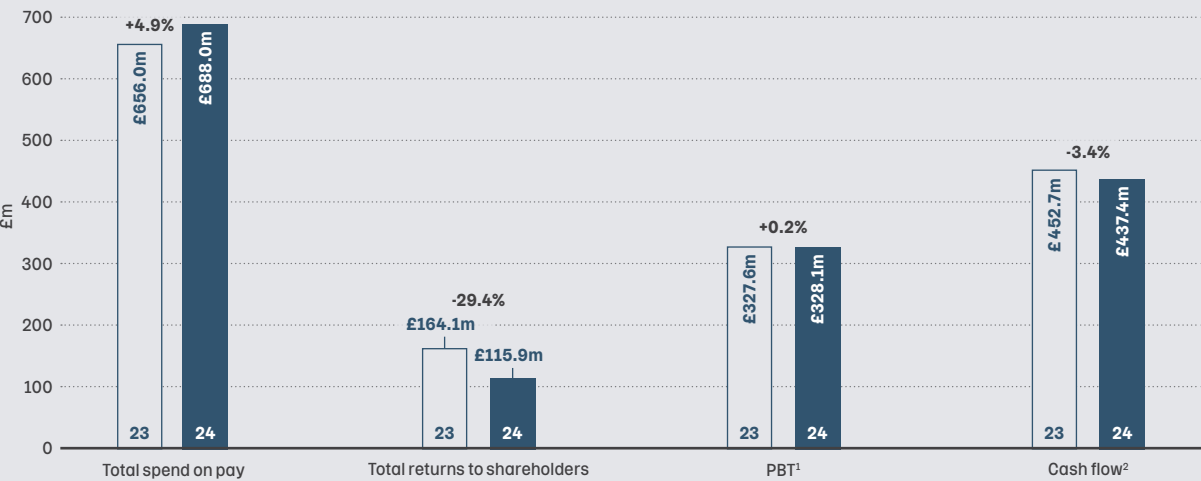
The graph below illustrates the Company's historical PBT performance.

Howdens historical PBT (£m)



Relative importance of spend on pay

The graph below sets out the change in the Group's total remuneration spend from 2023 to 2024 compared to the total returns to shareholders of the Group and the two incentive performance measures PBT and cash flow.



1 See consolidated income statement on page 175.  
2 Net cash flow from operating activities is the definition used for the annual bonus scheme (see page 135).

Fixed Variable

CEO historical pay reporting

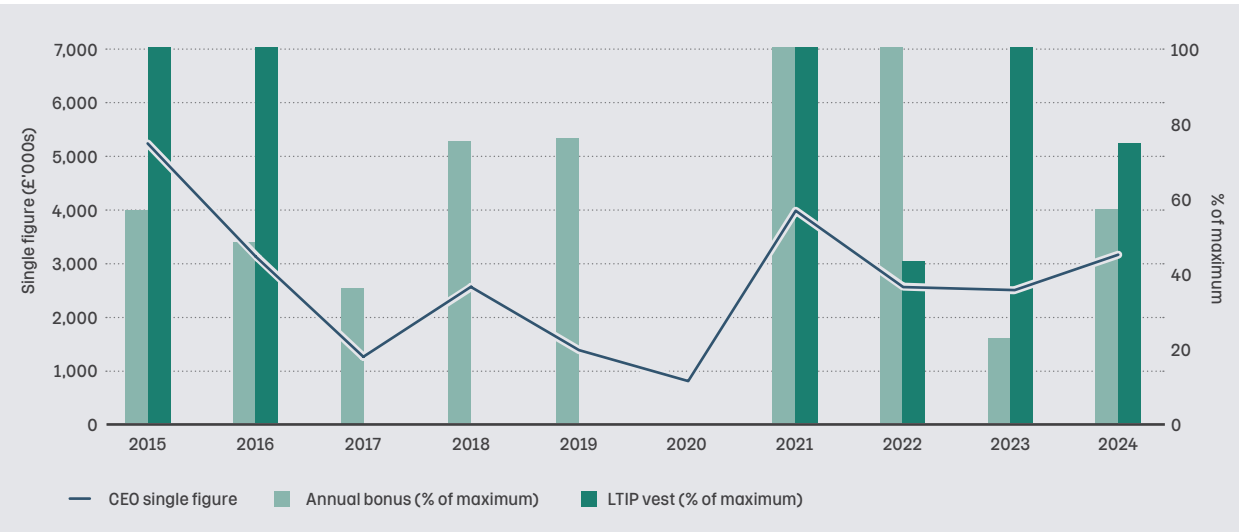
Historical single figure

The table and graph below show the historical CEO single figure and incentive payout levels. They show that the performance of the annual bonus and long-term incentives have reflected the challenging market conditions.

From 2016 to 2022, the maximum bonus opportunity reduced from 200% of basic salary to 150%. In 2023, following consultation with shareholders, the maximum bonus opportunity returned to 200% of basic salary and it remained at this level for 2024.

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
CEO single figure (£'000)	5,225	3,098	1,268	2,569	1,391	816	3,951	2,571	2,517	3,155
Annual bonus (% of maximum)	56%	48%	35%	75%	76%	0%	100%	100%	24%	58%
LTIP vest (% of maximum)	100%	100%	0%	0%	0% <sup>1</sup>	0%	100%	43%	100%	74%

1 Andrew Livingston was appointed as CEO in April 2018 and therefore he was not granted an award under the LTIP in 2017.





Governance

Remuneration Committee report continued

Directors' Remuneration Report - Part 1: Company performance and stakeholder experience continued

CEO pay ratio reporting

Howdens has calculated the CEO pay ratio for 2024 in line with the Directors' Remuneration Reporting Regulations. The data used to calculate the CEO pay ratio and the pay and benefits of the reference employees was accurate as at 31 December 2024.

CEO pay ratio				
Year	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2024	A <sup>1</sup>	90:1	79:1	65:1
2023	A	76:1	65:1	54:1
2022	A	74:1	64:1	53:1
2021	A	135:1	113:1	93:1
2020	A	31:1	25:1	21:1
2019	A	71:1	58:1	48:1
2018	A	122:1	100:1	81:1

1 In accordance with section 17 of The Companies (Miscellaneous Reporting) Regulations 2018, method A was used in the calculation of the pay ratios; ranking the pay and benefits of all our UK employees for the relevant financial year to identify the 25th, 50th, and 75th percentile-ranked employees and using the pay and benefits figures for these employees to determine the pay ratios at each quartile. Method A has been used as it has been identified by the Department for Business and Trade in its guidance as the most statistically accurate method for identifying the pay ratios.

Pay and benefits of reference employees

The total pay, benefits, and salary of each employee who is the best equivalent of the 25th, 50th, and 75th ranked employee is as follows:

	25th percentile	50th percentile	75th percentile
Total pay and benefits (FTE) <sup>2</sup>	£35,190	£40,039	£48,676
Salary (including overtime) (FTE) <sup>2</sup>	£25,662	£29,179	£36,144

2 The pay and benefits of employees was calculated in line with the Single Total Figure of Remuneration methodology. In our calculations we used actual pay from 1 January 2024 to 31 December 2024. Joiners, leavers and part-time employees' earnings have been annualised on an FTE basis (excluding any payments of a one-off nature). Where bonus payments are made on a monthly or quarterly basis, we included payments made in the 2024 compensation year; however, for annual bonus payments, we estimated the bonus due to employees for the 2024 compensation year (payment is due in March 2025). P11D values are based on the 2023-24 reportable values; however, they have been annualised accordingly.

2024 pay ratio explanation<sup>3</sup>

A significant proportion of the CEO's remuneration for 2024 is made up of variable pay (i.e. annual bonus and share awards). Since the 2022 Performance Share Plan (PSP) award was granted, the Company's share price (three-month average to 28 December 2024) has increased by just over 10% and it is the three-month average share price on 28 December 2024 on which the value of the PSP award, which is reported in the single figure of remuneration table on page 132, is based. The annual bonus is also due to pay out at 58% of maximum for the CEO. In the previous year, the CEO's bonus paid out at 24% of maximum.

3 Explanations for the CEO ratios of previous years may be found in the respective annual report for that year.

How executive pay relates to pay and reward throughout the Company

Howdens' vertically integrated business means that our workforce is made up of a wide range of roles from kitchen designers to skilled engineers, and from warehouse staff to senior management. We work on the premise that Howdens must be worthwhile for all concerned and our reward structures across the business are designed to reflect the levels of personal autonomy and outperformance we expect from every individual. Our pay structures vary between roles to deliver an appropriate balance between fixed and variable pay. Emphasis on profit in our reward structures, from the depots to the Executive Directors, helps to provide some alignment of reward across the business.

It is a feature of our pay structure that senior management often receive a larger proportion of their total pay through incentives and the outcome of incentives is likely to be the main cause of variability in the ratio in future years. The Remuneration Committee is regularly updated on the benefits provided across the business and is mindful that consistency of approach and fairness are two key principles and important drivers for change.



All-Director remuneration relative to average employees

Listed companies are required to disclose the annual change in each director's pay in comparison to the average change in employee pay. This comparison is made on salary, bonus, and taxable benefits, so does not include some of the elements disclosed under the single figure of remuneration table such as pension contribution or long-term incentives. While there is only a requirement for a listed entity to provide employee pay information for that entity (i.e. not on a group-wide basis), a 'Group' comparator has instead been included in the table below as this provides a more representative comparison as Howden Joinery Group Plc did not employ any individuals during 2019 to 2024.

Footnotes have been included beneath the table in relation to the 2023 to 2024 period. Footnotes relating to prior years can be found in the previous applicable annual report.

	% change in basic salary					% change in benefits					% change in bonus				
	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020
Average Howdens Group employee remuneration	3%	9%	5%	1%	4%	(17)%	5%	(9)%	(15)%	9%	6%	(18)%	(4)%	38%	12%
Executive Directors															
Andrew Livingston	2%	6%	3%	12%	3%	(18)%	40%	5%	(85)%	84%	152%	(67)%	3%	100%	(100)%
Paul Hayes	2%	6%	3%	-	-	(26)%	(6)%	80%	-	-	152%	(67)%	3%	-	-
Non-Executive Directors															
Andrew Cripps <sup>1,4</sup>	24%	11%	6%	3%	5%	0%	0%	0%	0%	0%	-	-	-	-	-
Roisin Currie <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Louis Eperjesi <sup>3,4</sup>	83%	-	-	-	-	100%	-	-	-	-	-	-	-	-	-
Louise Fowler <sup>4</sup>	13%	0%	3%	4%	515%	20%	25%	300%	0%	100%	-	-	-	-	-
Vanda Murray <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Suzy Neubert <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Peter Ventress	2%	101%	-	-	-	0%	0%	-	-	-	-	-	-	-	-
Former Directors															
Karen Caddick <sup>4,5</sup>	(65)%	4%	6%	3%	18%	(100)%	0%	100%	0%	(89)%	-	-	-	-	-
Debbie White <sup>6</sup>	-	0%	3%	4%	3%	-	600%	(100)%	(50)%	390%	-	-	-	-	-

1 Andrew Cripps was appointed Senior Independent Director part-way through 2023 and therefore 2024 was the first year he received a full year's worth of fees for that additional role.

2 Vanda Murray was appointed to the Board in February 2024, and Roisin Currie and Suzy Neubert were appointed to the Board in July 2024; therefore, comparative figures cannot be calculated for any of the periods reported above.

3 Louis Eperjesi was appointed to the Board in June 2023 and so did not receive a full year of fees until 2024 and did not have any taxable benefits in 2023, which is why the percentage change in taxable benefits is shown as a 100% increase.

4 In 2023, Non-Executive Directors (NEDs) waived an increase in their basic NED fee. This meant that in 2024 the basic NED fee fell below lower quartile when considered against FTSE companies of a similar size. It was agreed by the Board in April 2024 to increase the basic NED fee to the level shown on page 135.

5 Karen Caddick retired from the Board on 2 May 2024 and so did not receive a full year of fees in 2024.

6 Debbie White retired from the Board on 30 December 2023 and therefore comparative figures cannot be calculated for the period 2023 to 2024.

Wider workforce considerations

When determining the base salary, benefits and variable pay awards for the Executive Directors and senior management, the Committee had regard to the information referred to in a 'Provision 33 of the UK Corporate Governance Code Dashboard', which includes information such as the CEO pay ratio, gender pay gap statistics, and the salary, bonus, pensions, benefits and share plan arrangements available to the wider workforce.

Governance

Remuneration Committee report continued

Directors' Remuneration Report - Part 2: Application of policy in 2024

In this section of the Directors' Remuneration Report we set out how the Committee has executed the policy for 2024. Disclosures in this section are retrospective and where applicable are shown against prior year comparator.

Single figure of remuneration (audited)

£'000	Salary/fees		Taxable benefits		Pension		Total fixed		Bonus		LTIP		Total variable		Total remuneration	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023 <sup>1</sup>	2024	2023 <sup>1</sup>	2024	2023 <sup>1</sup>
Executive Directors:																
Andrew Livingston	726	710	23	28	87	85	836	823	841	334	1,478	1,667	2,319	2,001	3,155	2,824
Paul Hayes	474	464	25	34	57	56	556	554	550	218	788	1,090	1,338	1,308	1,894	1,862
Total	1,200	1,174	48	62	144	141	1,392	1,377	1,391	552	2,266	2,757	3,657	3,309	5,049	4,686
Non-Executive Directors:																
Karen Caddick <small>Retired May 2024</small>	27	77	0	2	-	-	27	79	-	-	-	-	-	-	27	79
Andrew Cripps	102	82	0	0	-	-	102	82	-	-	-	-	-	-	102	82
Roisin Currie <small>Appointed Jul 2024</small>	35	-	4	-	-	-	39	-	-	-	-	-	-	-	39	-
Louis Eperjesi	66	36	1	0	-	-	67	36	-	-	-	-	-	-	67	36
Louise Fowler	68	60	6	5	-	-	74	65	-	-	-	-	-	-	74	65
Vanda Murray <small>Appointed Feb 2024</small>	76	-	3	-	-	-	79	-	-	-	-	-	-	-	79	-
Suzy Neubert <small>Appointed Jul 2024</small>	35	-	1	-	-	-	36	-	-	-	-	-	-	-	36	-
Peter Ventress	332	325	0	0	-	-	332	325	-	-	-	-	-	-	332	325
Debbie White <small>Retired Dec 2023</small>	-	60	-	6	-	-	66	-	-	-	-	-	-	-	-	66
Total	741	640	15	13	-	-	756	653	-	-	-	-	-	-	756	653

1 The vesting value of the 2021 PSP award for the Executive Directors has been restated to reflect the actual share price on vesting on 6 April 2024 of £8.6882.

Notes to the single figure table

Executive Directors

Salary

Salaries will not usually be changed outside of the annual review, unless there are exceptional circumstances, such as a mid-year change in role. Increases will normally be only for inflation and/or in line with the wider employee population. Salaries are set within a range defined by market benchmark derived from companies in a similar sector. Salaries for 2025 can be found on page 135. The peer group used is reviewed whenever benchmarking is performed, and the Committee applies judgement in identifying appropriate peer group constituent companies. The individual's level of total remuneration against the market is considered at the same time.

Taxable benefits

Executive Directors' benefits are based upon market rates and include receipt of a company car or car allowance, health insurance, and death-in-service insurance payable by the Company. Non-Executive Directors are entitled to receive expenses in respect of reasonable travel and accommodation costs.

Pension

Both Executive Directors received a cash benefit in lieu of pension during the year. More information about Executive Director pension benefits can be found on page 138.

Fixed Variable

Notes to the single figure table continued

Annual bonus (audited)

Targets

Our annual bonus for 2024 was based on PBT and cash flow measures subject to an aggregate maximum of 200% of salary. The PBT and cash flow measures were weighted as follows:

	PBT component		Cash flow component		Total
	Target	% of salary	Target	% of salary	% of salary
Threshold	£297m	17%	£329m	3%	20%
Target	£330m	85%	£342m	15%	100%
Outperformance	£363m	170%	£356m	30%	200%

Outcome

The PBT figure for the year in relation to the annual bonus is £330m. As explained in the Chair's annual statement, the Committee applied judgement in reviewing whether the adjusted PBT outcome of £331.9m was appropriate, taking into account all relevant factors, and it determined that it would be appropriate to exercise discretion to reduce the outcome for the PBT component to 'Target' performance.

The cash flow figure for the year in relation to the bonus was £437.4m. In aggregate, the Executive Directors will receive an annual bonus of 115% of salary for 2024, which is equivalent to 57.5% of the maximum bonus opportunity.

70% of the bonus will be paid in cash and 30% will be deferred into Company shares for two years following the deferral date (subject to continued employment).

	Andrew Livingston	Paul Hayes
PBT (% of salary)	85%	85%
Cash flow (% of salary)	30%	30%
Total bonus (% of salary)	115%	115%
Total bonus (£'000)	841	550

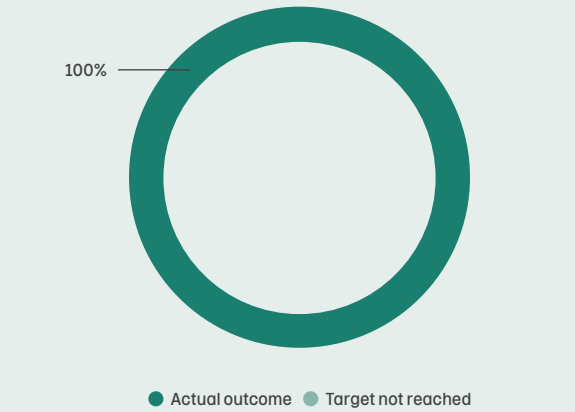
PBT outcome

Worth 85% of maximum bonus opportunity (170% of salary)



Cash flow outcome

Worth 15% of maximum bonus opportunity (30% of salary)





Governance

Remuneration Committee report continued

Directors' Remuneration Report - Part 2: Application of policy in 2024 continued

Performance Share Plan (PSP) (audited)

Targets

The 2022 PSP award is measured against PBT growth and relative total shareholder returns (TSR) over a three-year period between FY 2021 to FY 2024. Any shares that vest under the PSP award are subject to a two-year post-vest holding period for serving Executive Directors.

PBT growth measure			Relative TSR measure		
Performance level	Growth in PBT	Proportion of PBT tranche that will vest	Performance level	Position at which the Company's TSR is ranked compared to the Comparators' TSRs	Proportion of TSR tranche that will vest
Below threshold	Below 5% p.a.	0%	Below threshold	Below median	0%
Threshold	5% p.a.	15%	Threshold	At median	15%
Exceptional	12% p.a. or above	100%	Exceptional	At or above upper quartile	100%

Outcome

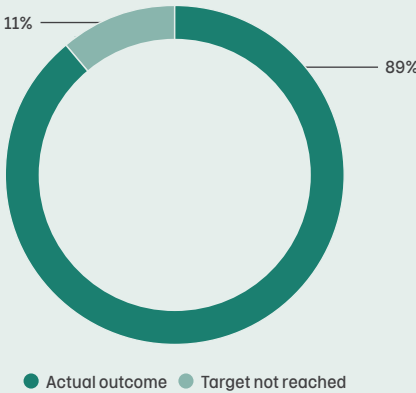
67% of the 2022 PSP award was based on a PBT growth threshold requirement of 5% p.a. and a maximum requirement of 12% p.a. At the threshold requirement, 15% of the PBT growth component of the award would vest. The actual growth on FY 2021 PBT was 11.1% p.a, calculated on an adjusted basis, excluding those costs and income that the Remuneration Committee assessed to be exceptional in nature so that the vesting outcome results in a fair reflection of the performance achieved over the period. The costs that were assessed to be exceptional in nature related to a combination of strategic investments made to deliver growth beyond 2024 and one-off costs linked to events not envisaged when the targets were set in 2022. This component of the award will vest at 88.9% of maximum opportunity.

33% of the 2022 PSP award was based on a relative TSR measure. The threshold vesting for the TSR component of the award was where the Company was ranked 'median' compared to the comparator group of companies. The maximum vesting was where the Company ranked 'at or above upper quartile'. At threshold, 15% of the TSR component would vest. Based on performance to FY 2024, the Company was ranked 'median to upper quartile' compared to the comparator group and therefore 44.6% of the TSR component of the award will vest.

The overall final vesting of the 2022 PSP award is 74.3% of the maximum opportunity. The share price at the date of grant was 770.8p and the three month average to 28 December 2024, the price on which the value of the award is calculated, was 848.4p. Therefore, £135,214 of Andrew Livingston's LTIP award and £72,037 of Paul Hayes's LTIP award, both shown in the single figure of remuneration table, is attributable to share price appreciation.

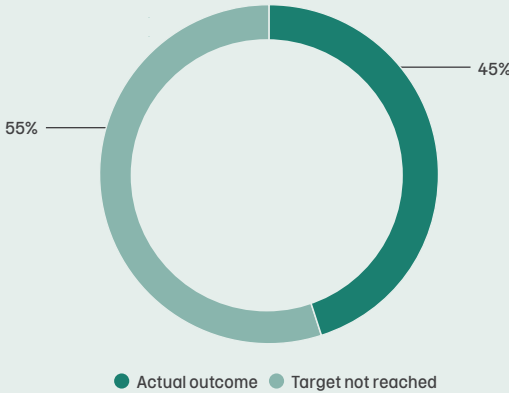
PBT growth outcome

Worth 67% of maximum opportunity under award



Relative TSR outcome

Worth 33% of maximum opportunity under award



Fixed Variable

Directors' Remuneration Report - Part 3: Implementation of policy in 2025

In this section of the Directors' Remuneration Report we set out how the Committee has implemented policy for 2025. Disclosures in this section are forward looking. The outcome of any variable award for Executive Directors will be reported in the Remuneration Committee report for the financial year 2025.

Non-Executive Director fees

Current fee levels for Non-Executive Directors are set out in the table below. Increases in Non-Executive Director fees are generally aligned to the average increase for the wider workforce, which, effective 1 April 2025, are anticipated to be on average 2% of salary across the Group. During 2024, the NED fees were reviewed alongside market benchmarks for comparably sized companies. As a result, fees were increased effective 1 April 2024 taking into account the time commitment of the roles and to reflect the mid-market level for a company of Howdens' size.

		Basic NED fee <sup>1</sup>	Chair fee	SID fee	Committee Chair fee
2025	Annual fee	£71,400	£341,445	£17,340	£20,400
	Effective date	1 April 2025			
2024	Annual fee	£70,000	£334,750	£17,000	£20,000
	Effective date	1 April 2024			

1 The Chair of the Board of Directors does not receive the basic Non-Executive Director fee or an additional fee for chairing the Nominations and Sustainability Committees.

Executive Director base salaries

Executive Directors' base salary increases are set out in the table below. The rationale for the increases may be found in the Annual Remuneration Committee Chair statement on page 114.

Executive Directors	2025		2024	
	Salary (£'000)	Effective date	Salary (£'000)	Effective date
Andrew Livingston (CEO)	855	1 January 2025	731	1 April 2024
Paul Hayes (CFO)	515	1 January 2025	478	1 April 2024

Executive Director annual bonus measures

The table below sets out annual bonus measures for 2025. Targets for these measures are considered commercially sensitive by the Board and so are not disclosed here. Performance targets, together with achievement against them, will be set out in full in the 2025 Remuneration Committee report.

Bonus measure	Definition	Performance level	Payout level
PBT	Pre-exceptional profit before tax from continuing operations	Threshold	17% of salary
		Target	85% of salary
		Maximum	170% of salary
Cash flow	Net cash flow from operating activities, taking into account the efficiency with which working capital is used, and adjusted for exceptional items	Threshold	3% of salary
		Target	15% of salary
		Maximum	30% of salary

Governance

Remuneration Committee report continued

Directors' Remuneration Report - Part 3: Implementation of policy in 2025

Executive Director Performance Share Plan (PSP) measures

Set out below and on the next page are the performance measures and relative weightings for each of the measures for the 2025 PSP award. Further detail about the measures may be found on pages 115 and 120. The maximum opportunity under the PSP is 285% of base salary for the CEO and 235% of base salary for the CFO. The performance period is three years, measured over the relevant financial years. The award will also be subject to a two-year post-vesting holding period and malus and clawback provisions. See page 140 for scheme interests awarded in 2024.

PBT - 60% weighting		
PBT component vesting schedule	PBT performance condition	Payout level
	£360m	100% of maximum
	Straight-line vesting between these points	
	£320m	15% of maximum
	Less than £320m	0% of maximum

Return on Capital Employed (ROCE) - 10% weighting		
ROCE component measurement details	Calculated by dividing the Group operating profit by the average capital employed under management's control, expressed as a percentage. The capital employed will include investments in assets, working capital and related balances but will exclude balances that relate to historical or long-term financing or are outside the control of current management. Excluded items include: cash, pension deficit repair contributions, deferred tax and long-term financing of the Group, such as lease liabilities and borrowings.	
Performance assessment	ROCE performance condition	Payout level
	24%	100% of maximum
	Straight-line vesting between these points	
	21%	15% of maximum
	Less than 21%	0% of maximum

Strategic measures - 10% weighting		
Performance condition		Payout level
International sales growth	See note 1 below	Up to 33.3% of the strategic measures component of the award
Year-on-year cumulative sales over performance period versus three-year cumulative sales to YE 2024		
New product introductions	See note 1 below	Up to 33.3% of the strategic measures component of the award
Average % of sales generated from products launched in the performance period		
Vertical integration	See note 1 below	Up to 33.3% of the strategic measures component of the award
Average % of COGs manufactured in-house over the performance period		

1 Commercial sensitivity precludes the advance publication of the strategic measures targets; however, they will be disclosed retrospectively in the applicable Remuneration Committee report.

FixedVariable

Relative TSR - 10% weighting		
Comparator group and averaging period for TSR performance	<ul style="list-style-type: none"><li>Companies ranked up to 50 above and 50 below Howdens by market capitalisation in the FTSE All Share index at or shortly before the start of the performance period (excluding Investment Trusts).</li><li>TSR average for the two months preceding the first day of the performance period and two months TSR average for the final two months of the performance period.</li></ul>	
Performance assessment	Performance against comparator group	Payout level
	Equal to or above upper quartile	100% of maximum
	Straight-line vesting between these points	
	Equal to median	15% of maximum
	Below median	0% of maximum
Environmental measures - 10% weighting		
Environmental component measurement details	All carbon emission and waste targets to be achieved by 31 December 2027. Base year for all targets is 2021.	
Improving our carbon intensity ratio	Performance condition	Payout level
	4.2% p.a. reduction	50% of maximum
	Straight-line vesting between these points	
	Year-on-year cumulative average Scopes 1 and 2 carbon emissions reduction, based on tCO <sub>2</sub> e per £m	7.5% of maximum
	Below 4.0% p.a. reduction	0% of maximum
Fleet emissions reduction	15% reduction	50% of maximum
	Straight-line vesting between these points	
	12% reduction	7.5% of maximum
	Below 12% reduction	0% of maximum
A target of a minimum average over three years of 99% waste avoiding landfill across UK operations will apply which, if not achieved, will result in a downward modifier to the outcome under this Environmental measure.		



Governance

Remuneration Committee report continued

Directors' Remuneration Report - Part 4: Additional disclosures

In this section of the Directors' remuneration report, more detail is provided in respect of a number of key disclosures. These disclosures include Executive Director pension entitlements, shareholdings, and external appointments. More detail is also provided on the operation of the Remuneration Committee and AGM voting performance.

Consideration by the Directors of matters relating to Directors' remuneration

The Committee met six times during 2024 and discussed a number of items for which it is responsible. Under its Terms of Reference, which are reviewed on an annual basis, the Committee is responsible for determining the broad policy and specific remuneration packages for Executive Directors and senior management (that being the members of the Executive Committee, the Company Secretary and the Director of Risk and Assurance), including pension rights and, where applicable, any compensation payments. The Committee is also regularly updated on pay and conditions applying to other employees in the Company.

Loss of office payments or payments to past Directors (audited)

No loss of office payments or payments to past Directors were made in the year under review.

External appointments

It is recognised that Executive Directors may be invited to become non-executive directors of other companies and that exposure to such duties can broaden their experience and skills, which will benefit the Company. Howdens allows Executive Directors and other appropriate senior employees to accept a maximum of one external non-executive appointment outside the Company, subject to permission from the Committee, provided this is not with a competing company nor likely to lead to conflicts of interest. Andrew Livingston is currently Non-Executive Director of LondonMetric Property Plc, a FTSE 100 REIT. Andrew received £60,896 in fees in respect of his role as Non-Executive Director. Andrew held this position upon appointment. Paul Hayes does not have any external appointments. Executive Directors may retain the fees paid to them in respect of their non-executive duties.

Total pension entitlements (audited)

Executive Directors are invited to participate in the Howdens Retirement Savings Plan (the "Plan") or receive an amount in lieu of membership of the Plan. More information on pension entitlements for Executive Directors can be found in the proposed Directors' Remuneration Policy.

The table below sets out the payments made in lieu of membership of the Plan for the Executive Directors who served during the year. No additional benefits become receivable if Executive Directors retire early.

	Executive Directors	
	Andrew Livingston	Paul Hayes
Accrued pension at 28 December 2024 (£'000)	-	-
Normal retirement date	-	-
Pension value in the year from defined benefit component (£'000)	-	-
Pension value in the year from defined contribution component (£'000)	-	-
Pension value in the year from cash allowance (£'000)	87	57
Total	87	57



Executive Director shareholdings (audited)

Executive Directors are currently expected to build up and maintain a personal shareholding in the Company of at least 200% of salary so that their interests are aligned with those of shareholders. Subject to shareholder approval of the updated Directors' Remuneration Policy at the AGM in May 2025, this will increase to 300% of base salary.

The table below sets out the total shares held together with unvested Performance Share Plan awards and those held subject to deferral conditions. Neither of the Executive Directors held share options that were subject to performance conditions or held share options that were vested but unexercised. Subject to shareholder approval of the updated Directors' Remuneration Policy at the AGM in May 2025, unvested deferred bonus shares (net of income tax and National Insurance contributions) will be taken into account in calculating the Executive Directors' shareholdings.

	Current Executive Directors	
	Andrew Livingston	Paul Hayes
Shareholding requirement (% of salary)	200%	200%
Shareholding requirement (number of shares) <sup>1</sup>	172,322	112,664
Shares owned outright (including by connected persons) <sup>2,5</sup>	521,308	105,503
Current shareholding (% of salary) <sup>1</sup>	605%	187%
Guideline met	Y	N
Unvested deferred bonus shares	29,598	19,353
Share awards subject only to continued employment <sup>3</sup>	194	189
Share awards subject to performance conditions and continued employment <sup>4</sup>	730,354	389,105

1 Based on a share price of £8.484, being the three-month average price to 28 December 2024, and basic salary as at 28 December 2024. This is calculated by using only those shares owned outright by the Executive Directors and their connected persons at 28 December 2024 and the Executive Director's salary at that date.

2 Includes Share Incentive Plan (SIP) partnership and dividend shares.

3 Includes only SIP free and matching shares.

4 Performance Share Plan awards under the Long-Term Incentive Plan.

5 Between 28 December 2024 (the end of the period) and 26 February 2025, Andrew Livingston has acquired 37 SIP partnership Shares and Paul Hayes has acquired 38 SIP partnership Shares. No other changes to the Executive Directors' total shareholdings (including any holdings of their connected persons) have occurred between the end of the period and 26 February 2025.

Non-Executive Director shareholdings (audited)

There is no shareholding requirement for Non-Executive Directors. The shareholding figures below include any shares held by connected persons. With the exception of Karen Caddick, who was not a member of the Board as at 26 February 2025<sup>1</sup>, the Company can confirm that no changes to the Non-Executive Directors' total shareholdings (including any holdings of their connected persons) have occurred between the end of the period and 26 February 2025.

	Non-Executive Director							
	Karen Caddick <sup>1</sup>	Andrew Cripps	Roisin Currie	Louis Eperjesi	Louise Fowler	Vanda Murray	Suzy Neubert	Peter Ventress
Shareholding:	6,000	7,500	-	3,100	470	3,000	7,305	20,316

1 Karen retired from the Board on 2 May 2024. Her respective reported shareholding is therefore given as at the date she retired from the Board.

Governance

Remuneration Committee report continued

Directors' Remuneration Report - Part 4: Additional disclosures continued

Scheme interests awarded during the financial year (audited)

During 2024, the Executive Directors were invited to participate in the Performance Share Plan (PSP) and Share Incentive Plan (SIP), as set out in the table below. Further information on conditional shares and SIP free and matching shares may be found in note 23 of the consolidated financial statements:

Nature of award:		Conditional shares under the PSP			
	CEO		CFO		
Number of shares under award:	207,528		110,563		
Face value of award <sup>2</sup> :	£1,973,591.28		£1,051,454.13		
	Performance period	Grant date	Vest date	Additional holding period	
	See individual Performance Conditions below	30 August 2024	30 August 2027	Two years	
Performance Conditions:					
Profit Before Tax (PBT) (60% weighting)  Performance period: FY2024 to FY 2026	PBT at end of performance period		Proportion of PBT component of award that can vest		
	£420m		100%		
	Straight-line vesting between these points				
	£340m		15%		
	Less than £340m		0%		
Relative Total Shareholder Returns (TSR) (20% weighting)  Performance period: FY2024 to FY2026	Howdens' rank versus comparator group		Proportion of TSR component of award that can vest		
	At or above upper quartile		100%		
	Straight-line vesting between these points				
	At median		15%		
	Below median		0%		
Return on Capital Employed (ROCE) (10% weighting)  Performance period: FY2024 to FY 2026	ROCE achieved		Proportion of ROCE component of award that can vest		
	28%		100%		
	Straight-line vesting between these points				
	23%		15%		
	Less than 23%		0%		
Environmental measure (EM) (10% weighting)  Performance period: All carbon emission and waste targets to be achieved by 31 December 2026. Base year for all targets is 2021.	Improving our carbon intensity ratio		Fleet emissions reduction		Waste avoiding landfill
	Per annum reduction	Proportion of EM that can vest	Reduction	Proportion of EM that can vest	A target of a minimum average over three years of 99% waste avoiding landfill across UK operations will apply which, if not achieved, will result in a downward modifier to the outcome under this Environmental measure.
	4.2%	50%	15%	50%	
	Straight-line vesting between these points		Straight-line vesting between these points		
	4.0%	7.5%	12%	7.5%	
	Below 4.0%	0%	Below 12%	0%	

1 Based on a share price of £9.51, being the closing price on 29 August 2024.

Nature of award:		Free and matching shares under the SIP <sup>1</sup>				
		Award type	Award date	Vest date	Number of shares under award	Face value of award <sup>2</sup>
CEO	Matching shares	17 May 2024 to 19 Aug 2024	17 May 2027 to 19 Aug 2027	20	Average £9.123	Average £45.615
	Free shares	30 Aug 2024	30 Aug 2027	26	£9.510	£247.26
CFO	Matching shares	19 Apr 2024 to 19 Aug 2024	19 Apr 2027 to 19 Aug 2027	43	Average £9.022	Average £76.144
	Free shares	30 Aug 2024	30 Aug 2027	26	£9.510	£247.26

1 Free and matching share awards under the SIP do not have performance conditions; however, there is a service condition of three years from the award date during which time the participant must remain employed by a UK Howdens Group company to avoid forfeiting the award.  
2 The face value of the award is calculated using the share price at grant (the "Award price").

FixedVariable

Advisors to the Committee

The Committee regularly consults with the CEO, CFO and the Group HR Director on matters concerning remuneration, although they are never present when their own reward is under discussion. The Company Chair attends the Remuneration Committee by invitation except when his own remuneration is determined. The Company Secretary acts as secretary to the Committee but is never present when his own reward is determined.

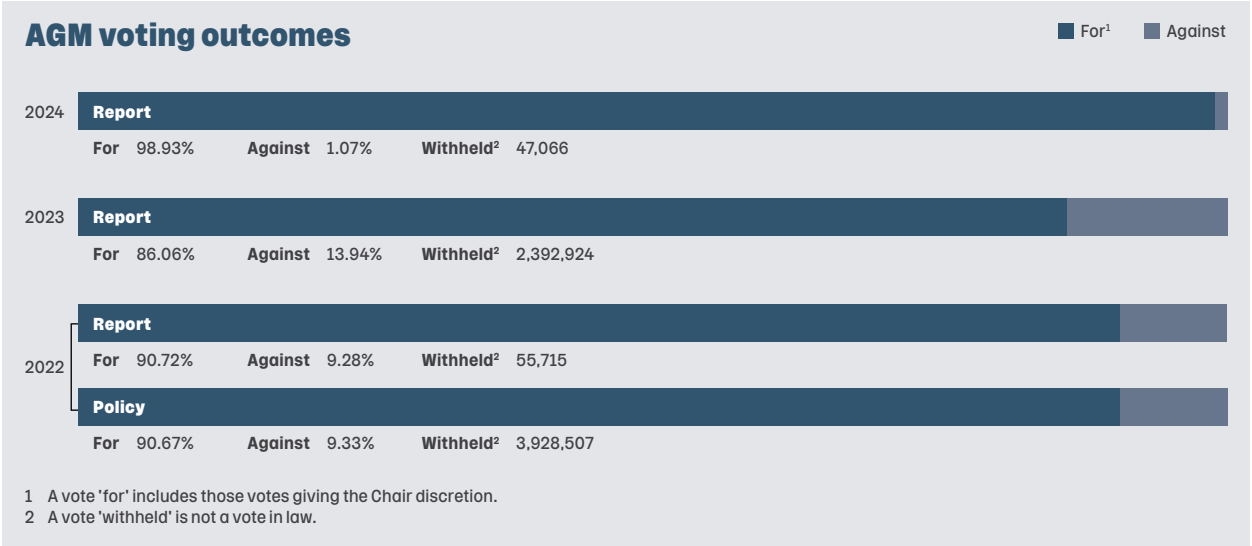
The Committee also has access to detailed external information and research on market data and trends from independent consultants. A representative from the Committee's independent advisor usually attends each meeting of the Remuneration Committee. Korn Ferry was appointed by the Committee as its retained independent advisor in September 2022 following a competitive tender process. Korn Ferry is a member of the Remuneration Consultants' Group, which operates a code of conduct in relation to executive remuneration consulting, and it does not provide any other services to the Group.

The Committee is satisfied that Korn Ferry provided robust, objective and independent advice during the year. Work undertaken during the year for the Committee included Directors' Remuneration Policy review, updating the Committee on trends in compensation and governance matters, and advising the Committee in connection with benchmarking of the total reward packages for the Executive Directors and other senior members of staff. Total fees paid to Korn Ferry in relation to remuneration services provided to the Committee totalled £136,038 with fee levels based on the quantity and complexity of work undertaken.

During the year, the Committee engaged FIT Remuneration Consultants ("FIT") to carry out additional benchmarking work on Executive Director pay. The total fees paid to FIT were £14,320. The Committee confirms that FIT had no previous connection to Howdens upon undertaking this work.

Voting at the 2024 AGM

The result of the advisory vote in respect of the Directors' Remuneration Report ("Report") at the 2024 AGM is shown in the chart below. The 2023 AGM results and the 2022 AGM results, which included a binding vote on the Directors' Remuneration Policy ("Policy"), are also shown in the chart below.



By order of the Board

Vanda Murray OBE  
Remuneration Committee Chair

26 February 2025



Governance  
Audit Committee report



Andrew Cripps  
Audit Committee Chair

Introduction

I am pleased to present the Howden Joinery Group Plc Audit Committee report for 2024. This report is divided into the following sections:

- 1. Key information at a glance
- 2. Activities of the Committee in 2024 and key activities in the year ahead
- 3. Financial reporting
- 4. Governance
- 5. External auditor
- 6. Controls and internal audit

As announced in November 2024, I will be retiring from the Board and my position as Audit Committee Chair at the AGM in May. Upon my retirement, Tim Lodge will become Audit Committee Chair. Since Tim's appointment to the Board at the beginning of January 2025, he has been undertaking an induction to the business, with a particular emphasis on meeting with the Audit Committee's key stakeholders. I will continue to work with Tim over the coming months until my retirement to ensure there is an effective handover of Audit Committee Chair duties.

I look forward to answering any questions on the work of the Audit Committee from shareholders at the AGM in May.

Andrew Cripps  
Audit Committee Chair

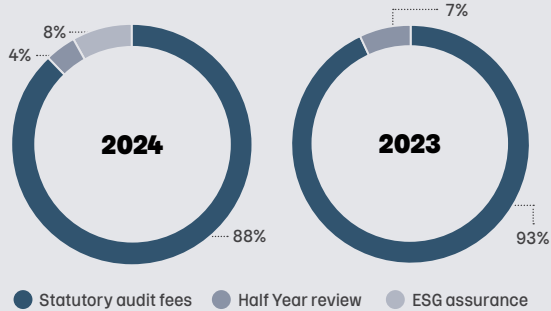
Key information at a glance

External auditor<sup>1</sup>

External auditor	KPMG LLP ("KPMG")
External auditor appointed	12 May 2022
Lead audit partner	Zulfikar Kamran Walji
Lead audit partner tenure	Year one (of a five-year cycle)
Reappointment of external auditor to be recommended by the Board	Yes

<sup>1</sup> The information above is correct as at 28 December 2024.  
Further information on page 146.

Audit fees



Further information on pages 146 and 147.

Areas of significant financial judgement

Inventory obsolescence provisioning

Defined benefit pension scheme obligation

Further information on page 144.

2024 Audit Committee activity

H1 February	H2 July
<b>Committee meeting</b> <ul style="list-style-type: none"><li>2023 draft Annual Report and Accounts and Full Year Announcement</li><li>Year End 2023: key judgements</li><li>External audit report</li><li>External audit policies</li><li>External auditor independence</li><li>Key controls: year end assurance</li><li>Internal Audit report</li><li>Audit Committee effectiveness</li><li>Conflict of interest review</li><li>Discussion with external auditor (without management present)</li></ul>	<b>Committee meeting</b> <ul style="list-style-type: none"><li>2024 Half Year results, including going concern considerations</li><li>External auditor Half Year review</li><li>Key controls and Half Year control reviews update</li><li>Internal Audit report</li><li>Cyber security and SAP access controls review</li><li>French audit and compliance update</li><li>FRC review of 2023 Annual Report and Accounts</li><li>Provision of non-audit services by the external auditor (ESG assurance)</li><li>Discussion with external auditor (without management present)</li></ul>
April	September
<b>Committee meeting</b> <ul style="list-style-type: none"><li>Cyber security update</li><li>Internal audit report</li><li>Effectiveness of the external auditor and audit processes</li><li>2024 external audit plan</li><li>Finance Director (France) update</li><li>Update on French external audit</li><li>Lead audit partner succession.</li><li>Discussion with Head of Internal Audit (without management present)</li></ul>	<b>Committee meeting</b> <ul style="list-style-type: none"><li>Internal Audit report</li><li>2024 Annual Report timetable</li><li>Key controls and fraud controls</li><li>Annual review of risk and control framework</li><li>Internal Audit charter</li><li>Director of Risk and Assurance reporting line</li><li>Health and safety in France</li></ul>
May	November
<b>AGM</b> <ul style="list-style-type: none"><li>The reappointment of KPMG LLP as the external auditor and authority for the Directors to determine the auditor's remuneration were approved by shareholders</li></ul>	<b>Committee meeting</b> <ul style="list-style-type: none"><li>Corporate Governance update</li><li>External audit plan update</li><li>Internal Audit report</li><li>2025 internal Audit plan and budget</li><li>Key controls and fraud controls</li><li>Commercial Finance Director update</li><li>Depot compliance update</li><li>Terms of reference review</li><li>2025 Audit Committee calendar</li><li>Discussion with Director of Risk and Assurance (without management present)</li></ul>

Committee meeting attendance in 2024

Andrew Cripps	(5/5)	
Karen Caddick	(2/2)	Retired on 2 May 2024
Roisin Currie	(3/3)	Appointed 1 July 2024
Louis Eperjesi	(3/3)	
Louise Fowler	(5/5)	
Vanda Murray	(4/4)	Appointed 1 February 2024
Suzy Neubert	(2/3) <sup>1</sup>	Appointed 1 July 2024

<sup>1</sup> Suzy was unable to attend the September meeting due to commitments entered into before her appointment. She was provided with all the Committee papers ahead of the meeting and provided her feedback to the Committee Chair and Company Secretary.

Key Committee activities in the year ahead

- Review of the Annual Report and Accounts and preliminary results announcement.
- Review of Audit Committee effectiveness.
- KPMG's reappointment as auditor to be recommended to shareholders at the Annual General Meeting (AGM).
- Review of the 2025 interim results.
- Consideration of Internal Audit's annual plan, findings, independence, and resources.
- Review of key controls.
- Approval of the 2026 Audit Committee calendar.

Governance

Audit Committee report continued

Financial reporting

Results review

The Audit Committee reviewed the Group's 2023 Annual Report and Accounts published in March 2024 and the half-yearly financial report published in July 2024.

As part of these reviews, the Committee scrutinised papers from management on accounting policy, areas of significant judgement, the Group's key risks, going concern considerations and longer-term viability. The Committee also discussed reports from KPMG on their audit of the Annual Report and Accounts and review of the half-yearly financial report.

The Committee considered whether the Annual Report and Accounts were fair, balanced and understandable and contained the information necessary for shareholders to assess the Company's position, performance, business model, and strategy.

Controls over financial reporting

The Committee received the results of management's key control assessments prepared by Group and Divisional management half yearly as well as a report from the Head of Internal Audit and Risk on the scope of those controls and adequacy of evidence retained. The effectiveness of the Group's internal financial controls (with specific reference to controls in place on a divisional basis) and the disclosures made in the Annual Report and Accounts on this matter were reviewed by the Audit Committee.

The Committee also debated regular updates in respect of the wider key controls programme during the year. More information on the key controls programme can be found on page 148.

Accounting policies

There were no changes in accounting policies in the year.

Areas of significant financial judgement

The Committee exercises its judgement in deciding the areas of accounting that are significant to the Group's accounts. In addition to requesting papers from management, the Committee reviews the external audit plan and highlights which areas are of particular concern to the Committee and on which it would further question audit conclusions. The external auditor's report details the results of their procedures in relation to these areas to the Committee.

The matters shown below have been discussed with the Chief Financial Officer, Group Finance Director, and the external auditor. The Committee has challenged the underlying assumptions and is satisfied that each matter has been fully and adequately addressed by the Executive Committee, appropriately tested, and reviewed by the external auditor, and the disclosures made in the 2024 Annual Report and Accounts are appropriate.

Inventory obsolescence provisioning

The Group's in-stock model (further information about which can be found in the Strategic Report beginning on page 2) and the scale of our product range necessitates tight management of inventory to ensure local availability of stock while at the same time minimising obsolescence and wastage. In 2024, management continued to take a strategic position on stock holding. The Committee challenged management's conclusions on stock valuation and provisioning.

The external auditor provided reports to the Committee which evaluated the appropriateness of provisions held against the carrying value of inventory, while also having regard to the age of discontinued lines and volumes of continuing lines relative to the expected usage and the levels of historical write-offs. The Committee considered the auditor demonstrated appropriate scepticism in their approach.

The Committee considered the processes used to value each category of inventory, including the assumptions behind obsolescence provisions, and was satisfied with the judgements made, and the auditor's conclusions.

Actuarial valuation of pension fund liabilities

The Committee reviewed the report of the Company's actuaries, concluding that:

- the actuarial assumptions applied to pension fund liabilities, and in particular the discount, inflation and mortality assumptions, were appropriate; and
- they concurred with the views of the external auditors.

Other key judgements

Valuation of pension fund assets

The Audit Committee also considered processes to value pension fund assets. At 28 December 2024, 49% of total pension fund assets (2023: 57%) were assets for which there is no observable market value (see note 22 of the consolidated financial statements).

Some of the asset valuations required judgement because manager valuations at the balance sheet date were not expected to be available until after the finalisation of this report. To minimise the risk that the valuations were not in line with assumptions, the asset managers were contacted to check for indicators of impairment or expected impairments, any significant market events that may have impacted the assets since the latest valuation, or any significant changes in fund composition which would lead them to think that there had been any impairment since the most recent valuation date. The Committee concurred with the approach taken.

FRC review of the 2023 Annual Report and Accounts

Howdens' 2023 Annual Report and Accounts was selected by the Financial Reporting Council's Corporate Reporting Review team ("CRR") for a limited scope review during the year. Their review raised one question about our approach to, and disclosure of, impairment testing.

While preparing the response on behalf of the Company, management consulted with KPMG, the Chair of the Board and Chair of the Audit Committee. Our updated disclosure can be found in notes 9 and 10 of the consolidated financial statements.

The FRC ask accounts preparers to note that the FRC's reviews of annual report and accounts do not benefit from detailed knowledge of the business or an understanding of the underlying transactions entered into. The reviews are, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. FRC reviews do not provide assurance annual report and accounts are correct in all material respects; the FRC's role is not to verify information provided to it but to consider compliance with reporting requirements. The FRC accepts no liability for reliance on its review by Howdens or any third party, including but not limited to, investors and shareholders.

Governance

Governance updates

Updates on the latest governance practices for audit committees and changes in reporting requirements were reviewed with the external auditor. In addition to other resources, members of the Audit Committee are members of the KPMG Board Leadership Centre and other bodies, which provide updates on financial and reporting matters.

During the year, the Committee received regular updates on the proposed corporate governance reforms. This included strengthened board accountability for the effectiveness of the risk and internal control framework and declarations on the effectiveness of risk management and internal control systems as set out in the updated UK Corporate Governance Code 2024. The Company will report compliance against all relevant provisions of the updated UK Corporate Governance Code 2024 in the 2025 Annual Report and Accounts.

Committee effectiveness

An effectiveness review was carried out on the Committee and its members as part of the wider internal Board evaluation process (further detail regarding the effectiveness review methodology can be found on page 108). The review concluded that the Committee was collaborative and independent in how it operated and that members were prepared to probe and challenge assumptions presented to them. It was also concluded that the current mix of financial, commercial and relevant sector experience of the Committee, and that of its advisors, was such that the Committee could effectively exercise its responsibilities.

In the year ahead, the review noted that members were keen to ensure that Tim Lodge, who will take over as Committee Chair following Andrew Cripps's retirement in May 2025 (see 'Committee membership and Chair' section below), will be well supported and embedded in his new role. It was also noted that operational controls must remain a priority topic for the Committee and that the relationship with the new external audit partner continue to be built and strengthened.

Policies and conflicts

The Committee reviewed its policies in relation to allocation of non-audit work (further detail on this policy may be found on page 147) and employment of ex-audit firm personnel. It also reviewed the Directors' related parties and conflicts of interest register. Further information about the Committee's review of related parties and conflicts of interest may be found on pages 143 and 149.

Competition and Markets Authority Order (the "Order") compliance

The Audit Committee confirms that the Company has complied with the provisions of the Order throughout its financial period ended 28 December 2024 and up to the date of this report.

Audit Committees and the External Audit: Minimum Standard (the "Minimum Standard")

Since the introduction of the FRC's Minimum Standard in May 2023, and in undertaking its role and responsibilities during the year, the Audit Committee has complied with the Minimum Standard throughout the year. Information about the last external audit tender can be found on page 146 and in the 2022 Annual Report and Accounts. The Committee's assessment of the effectiveness of the external auditor can be found on page 146.

Committee membership and Chair

Independence is critical for fair assessment of the management team and the external and internal audit functions. The Committee is composed entirely of independent Non-Executive Directors.

Andrew Cripps was appointed Audit Committee Chair in May 2016. He is responsible for determining the Committee's agenda and for maintaining the key relationships between the Group's senior management, Director of Risk and Assurance, the Company Secretary and senior representatives of the external auditor. He is also responsible for ensuring that key audit issues are reported to the Board in an effective and timely manner and that they are reported to shareholders in the Annual Report. As already reported, Andrew will retire from the Board and Audit Committee at the AGM on 1 May 2025. Upon Andrew's retirement, Tim Lodge will be appointed as Chair of the Audit Committee.

Recent and relevant financial experience

Andrew Cripps is a qualified Chartered Accountant and has held executive director roles in the UK and Europe with Rothmans International, where he was Corporate Finance Director. More recently, Andrew has been Audit Committee Chair of a number of FTSE 250 and other public companies.

Tim Lodge is a fellow of the Chartered Institute of Management Accountants and has over 30 years' finance and accounting experience. He spent six years as Chief Financial Officer (CFO) at Tate & Lyle PLC and held CFO roles at the COFCO International group. He is currently the Audit Committee Chair of SSP Group plc and Serco Group Plc, both public companies.





Governance

Audit Committee report continued

Competence relevant to the sector

The unique business model of Howdens means it does not naturally fit into one sector and therefore when the Committee undertook an assessment of its skills and experience it assessed them against a number of sectors relevant to the Company. These included building and construction, multi-site wholesale, manufacturing and logistics, and service to customers.

The Committee concluded that competence relevant to these sectors was well represented within the current membership. Thorough inductions are provided to the Committee members and opportunities to meet with senior management and Executives further enhance their working knowledge of the way the Company operates.

External Auditor

External auditor appointment

Following a comprehensive external audit tender process, the Board recommended KPMG’s appointment to its shareholders at the 2022 AGM and shareholders approved the appointment with 98.8% of votes in favour. The Board recommended KPMG’s re-appointment to shareholders at both the 2023 AGM and 2024 AGM and shareholders approved the re-appointment with 98.9% and 99.2% of votes in favour, respectively.

External auditor independence

Auditor independence is an essential part of the audit framework and the assurance it provides. The Committee therefore undertook a comprehensive review of auditor independence prior to appointment and during 2024, which included:

- A review of the independence of the external auditor and the arrangements which they have in place to restrict, identify, report and manage conflicts of interest.
- A review of the changes in key external audit staff for the current year and the arrangements for the day-to-day management of the audit relationship.
- Consideration of the overall extent of non-audit services provided by the external auditor, in addition to case-by-case approval of the provision of non-audit services as appropriate.
- Deliberation of the likelihood of a withdrawal of the auditor from the market and note taken of the fact that there are no contractual obligations to restrict the choice of external auditor.

At the year end, the external auditor formally confirmed that they had complied with the requirements of the FRC Ethical Standard as well as internal requirements and their independence and objectivity had been maintained. The Audit Committee also has a policy in relation to the employment of former members of the external audit team.

Lead Audit Partner

Robert Brent retired from KPMG LLP in April 2024 following completion of the 2023 external audit process. There was a detailed handover process, overseen by the Audit Committee, to the new Lead Audit Partner, Zulfikar Kamran Walji, who was responsible for the audit assurance work undertaken at the Half Year and the 2024 external audit. The Committee would like to extend its thanks to Robert for his service to Howdens, in particular managing the transition from Deloitte in 2022.

External auditor effectiveness

To assess the effectiveness of the external auditor, the Committee reviewed:

- The proposed plan of work presented by the external auditor, including audit risks, materiality, terms of engagement and fees prior to commencement of the 2024 audit.
- The external auditor’s fulfilment of the agreed audit plan and any variations from the plan.
- Evaluation from key management personnel and members of the Committee of the external auditor’s exercise of professional scepticism and challenge.
- Robustness, scepticism, and perceptiveness of the auditor in their handling of the key accounting and audit judgements.
- Internal control and risk content of the external auditor’s report.
- Independence of thought and potential for conflict.

The Lead Audit Partner also met with all members of the Board to discuss their expectations and areas of focus for the audit process. The Committee concluded that the external auditor remained effective and audit quality remained high, and therefore the Board will once again recommend KPMG’s reappointment to shareholders at the 2025 AGM.

External auditor fees

All relevant fees proposed by the external auditor must be reported to and approved by the Audit Committee. Details of external audit fees may be found in the figure on page 142 and in note 4 to the consolidated financial statements.

In July 2024, the Audit Committee approved a proposal from KPMG to undertake certain ESG assurance services for the Group. The Committee determined that it was in the Company’s best interests to acquire these services from KPMG due to the benefit of efficiencies created by having one audit and assurance provider, though day-to-day assurance work was to be carried out by a team separate from the financial audit team. Approval was given for two limited assurance engagements in accordance with International Standard on Assurance Engagements UK and ISAE 3410. The Committee took into account both the FRC Ethical Standard and Howdens’ own policy for the provision of non-audit services when considering the proposals and concluded that the engagements were a permitted service under the policy.

Performance expectations for the external auditor

Specific auditor responsibilities

- Discuss the audit plan, materiality, and areas of focus in advance.
- Report issues at all levels within the Company in a timely fashion.
- Ensure clarity of roles and responsibilities between local KPMG and Howdens’ Finance teams.
- Respond to any issues raised by management on a timely basis.
- Meet agreed deadlines.
- Provide continuity and succession planning of key staff members of KPMG.
- Provide sufficient time for management to consider draft auditor’s reports and respond to requests and queries.
- Ensure consistent communication between local and central audit teams.

Wider responsibilities

- Adhere to all independence policies.
- Provide timely up-to-date knowledge of technical and governance issues.
- Serve as an industry resource, communicating best practice trends in reporting.
- Deliver a focused and consistent audit approach for the Group that reflects local risks and materiality.
- Liaise with the Howdens Internal Audit and Risk team to avoid duplication of work.
- Provide consistency in advice at all levels.
- Ultimately, provide a high-quality service to the Board, be scrupulous in their scrutiny of the Group and act with utmost integrity.

Independence

The Committee reviews the independence of the external auditor bi-annually. This includes consideration of the potential for conflicts of interest as well as the auditor’s internal procedures to ensure independence of its staff.

Policy for non-audit services provided by the external auditor

The main aims of this policy are to:

- Ensure the independence of the auditor in performing the statutory audit; and
- Avoid any conflict of interest by clearly detailing the types of work that the auditor can and cannot undertake.

The Audit Committee has reviewed the policy for non-audit services to ensure that it is in line with the FRC’s Revised Ethical Standards 2019 (which took effect from 15 March 2020) and the FRC’s Audit Quality Practice Aid 2019.

The policy, in line with regulation, substantially limits the non-audit services which can be provided by the external auditor. The policy provides:

- a 70% cap of the value of the audit fee for all non-audit services calculated on a rolling three-year basis; and
- categories of service that are prohibited from being carried out by the auditor.

The policy specifies a de minimis limit as well as the type of non-audit work that the auditor may be engaged in without the matter first being referred to the Audit Committee, which considers each referral on a case-by-case basis.

The policy ensures that the auditor does not audit its own work or make management decisions for the Company or any of its subsidiaries. The policy also clarifies responsibilities for the agreement of fees payable for non-audit work.

In the year, the Committee has only authorised KPMG to review the half yearly financial report and conduct a limited assurance review of ESG disclosures. Both of these are technically non-audit services, but are so closely connected with external audit that it is appropriate that KPMG conduct the work and their independence is not compromised.

Controls and internal audit

Internal control framework

The Group has enhanced its established framework of internal controls, which includes the following key elements:

- The Board approves the Group’s strategy and annual budgets; the Executive Committee is accountable for performance against these.
- The Group and its subsidiaries operate control procedures designed to ensure complete and accurate accounting of financial transactions and to limit exposure to loss of assets or fraud.
- The Audit Committee meets regularly and its responsibilities are set out in the Audit Committee Terms of Reference (which can be found on the Company’s website at [www.howdenjoinerygroupplc.com/governance/corporate-governance-report/terms-of-reference-of-the-audit-committee](http://www.howdenjoinerygroupplc.com/governance/corporate-governance-report/terms-of-reference-of-the-audit-committee)). The Audit Committee receives reports from the Internal Audit function on the results of work carried out under an annually agreed audit programme. Operational and compliance controls are considered when the Committee reviews the annual Internal Audit programme. The Audit Committee has full and unfettered access to the internal and external auditors.
- Operating entities provide certified statements of compliance with key financial and non-financial risk areas aligned with principal risks. These include IT and cyber controls, supplier management, ESG, health & safety and data protection as well as other operational areas. These controls are cyclically tested by Internal Audit to ensure they remain effective and are being consistently applied.
- The Audit Committee annually assesses the effectiveness of the assurance provided by the internal and external auditors.

Governance

Audit Committee report continued

Case study

Preparedness for the UK Corporate Governance Code changes (risk management and internal controls)

The 2024 version of the UK Corporate Governance Code has introduced a new Provision (Provision 29), requiring boards to monitor their company’s risk management and internal control framework and, at least annually, to conduct a review of its effectiveness. For financial years beginning on or after 1 January 2026, a description of how the board monitored and reviewed the effectiveness of the framework, a declaration of the effectiveness of material controls, and a description of any material controls that have not operated effectively (including action taken or proposed to improve them) must be reported in the annual report.

In readiness for these changing requirements, Howdens has completed a two-year Company-wide readiness project. Sponsored jointly by the CEO and CFO with the oversight of the Audit Committee, the Key Controls Project was a wide-reaching improvement programme to further improve our governance, controls and evidence. A key objective of the project was to retain Howdens’ culture of empowered, entrepreneurial teams operating efficiently while demonstrating effective control and governance.

Our approach mapped our principal risks as well as wider legal, financial, compliance and operational risk areas to a revised governance framework with clear accountability for each Executive Committee member. To do this we have revised our risk appetite matrix and developed a clear link to both operational and financial materiality, ensuring that our governance approach focuses on truly material

controls, while allowing the business to keep track of its wider operational control effectiveness.

For each area, a control framework was developed, focused on providing the Executive member responsible with appropriate information and evidence to ensure it remains effective. Directly aligned with our deeply embedded risk management process, all control owners and reviewers are responsible for understanding individual, evidenced risks in their area and signing off that controls are effective and have fully operated during the period.

Throughout the project we have aimed for a clear and efficient process, covering governance and controls to manage both Economic Crime and Corporate Transparency Act 2023 (ECCTA) and the revised UK Corporate Governance Code in one simple process. We have upgraded our governance, risk and compliance (GRC) tooling, which was already familiar to the business, to provide both management sign-off of control effectiveness and evidence management to support it. Our GRC solution is directly linked with our 3rd line Internal Audit activity, providing a clear link between control sign-off, review and assurance activity for the Executive Committee and Audit Committee.

We are continuing to develop our compliance functions to align against this new model and to ensure that this approach is effective.

Material controls

As previously reported, management continued a Group-wide controls and governance oversight improvement project in 2024. Sponsored by the CEO and CFO, and reporting regularly to the Audit Committee, this work is improving our capability over our operational, compliance, IT and financial controls, which mitigate our key and principal risks and evidence their effective implementation.

Work on tightening and evidencing our IT and financial controls was largely completed in 2023. In 2024, the focus has been on rolling this out to all other areas of operations and governance, with regular updates being provided to the Audit Committee. Work has focused on refining embedded internal control frameworks and reporting, as well as our systems used to improve process efficiency and the use of data analytics.

The Committee remains committed to the activities to further strengthen the control environment across the business, as well as preparing for compliance with Provision 29 requirements of the updated 2024 version of the UK Corporate Governance Code (see case study above).

Internal audit

The Internal Audit team has focuses on the development of our processes and frameworks to align with both new Institute for Internal Audit (IIA) standards and the requirements of the function for the revised Corporate Governance Code. This has included training for the full team and the wider business.

An updated Internal Audit Charter has been approved by the Committee and communicated to management, thereby refreshing understanding of responsibilities for internal controls and their verification, based on the three lines of defence model.



The Committee reviewed and challenged:

- internal Audit’s programme of work and resources and approved its annual plan and budget;
- the level and nature of assurance activity performed by Internal Audit;
- results of audits and other significant findings, including the adequacy and timeliness of management’s response;
- staffing, reporting and effectiveness of divisional audit; and
- independent assurance.

Independent assurance

The Committee assessed the coverage of independent assurance by reviewing the annual internal audit and compliance plans against the Group’s controls governance process.

Internal audit effectiveness

The Committee considered that the Internal Audit function remained effective and provided a comprehensive level of assurance through its programme of work.

The Internal Audit team has reviewed and ensured compliance with the revised IIA Standards. The revised Standards become effective in 2025. The team also remains compliant with the International Professional Practices Framework (IPPF).

The Audit Committee has commissioned an external assessment of the internal audit function every five years to assess the performance and effectiveness of the Internal Audit department, next scheduled for completion in 2025-26 against the new Standards.

The last assessment was completed in 2021 and no areas reviewed were considered to be of concern.

Fraud risk & ECCTA

The Committee has reviewed management’s progress in implementing required developments to comply with ECCTA. The Committee considered the controls in place to mitigate fraud risk and received a report from Internal Audit and other compliance functions to confirm controls are effective. The Committee will continue to regularly assess best practice for ECCTA compliance over the course of 2025.

Cyber and information security risk

The risk of a cyber security incident is considered to be one of the Group’s principal risks. More information on this risk can be found on page 40.

Updates on cyber and information security were presented to the Committee by the Chief Customer Officer, Head of Information Security and the Director of Infrastructure and Service Delivery at the Committee meetings in April and July. In July, the Committee noted that certification had been received in respect of the ISO 27001 (management of information security) accreditation. Other areas considered by the Committee during these updates included threat landscape, cyber insurance, and access controls.

There were no significant information security breaches during the year and there have been no such breaches during the preceding three-year period.

Divisional controls

Members of senior management are invited to Audit Committee meetings to discuss financial reporting, succession planning, risk management, and controls in their business areas. The Finance Director for France and Belgium and the UK Commercial Finance Director each presented to the Committee during the year, setting out their respective team’s priorities and risks and opportunities. The Head of Compliance for the Trade division also presented to the Committee on the progress of the UK depot compliance programme and the Chief Customer Officer attended to present on SAP controls and cyber security.

Whistleblowing

Complaints on accounting, risk issues, internal controls, auditing issues and related matters are reported to the Audit Committee as appropriate. Oversight of the Company’s whistleblowing policy is a matter considered by the Board. The Board receives biannual updates on whistleblowing statistics and trends (see pages 82 and 83).

Conflicts of interest and related parties

The Companies Act 2006 places a duty upon Directors to ensure that they do not, without the Company’s prior consent, place themselves in a position where there is a conflict, or possible conflict, between the duties they owe the Company and either their personal interests or other duties they owe to a third party. If any Director becomes aware that they, or any party connected to them, have an interest in an existing or proposed transaction with the Company, they must notify the Board as soon as practicable. The Board has the authority to authorise a conflict if it is determined that to do so would be in the best interests of the Company. The Audit Committee reviews the output of this process annually to ensure it is appropriately monitored.

By order of the Board

Andrew Cripps  
Audit Committee Chair

26 February 2025



Governance

# Sustainability Committee report



**Peter Ventress**  
Sustainability Committee Chair

Introduction

I am pleased to present the Sustainability Committee report for 2024. This report is organised into the following sections:

- Committee member attendance, Committee evaluation results, Committee activity in 2024 and key activities in the year ahead.**
- Committee environmental and social considerations in the year**
- Case study: Chartered Manager Degree Apprenticeships**

Having a sustainable business is a priority for the Board. It is central to everything we do and the Sustainability Committee helps to ensure that it is given as much of the Board's time and attention as our other business priorities. Many of the items considered and approved at the Committee are considered in detail in the Sustainability matters report (beginning on page 42), so this Committee report is necessarily shorter than others to avoid duplication but to still highlight some of the key work of the Committee during the year, and to consider the work in the year ahead.

**Peter Ventress**  
Sustainability Committee Chair

Committee meeting attendance in 2024

Peter Ventress	(3/3)	
Karen Caddick	(2/2)	Retired 2 May 2024
Andrew Cripps	(3/3)	
Roisin Currie	(1/1)	Appointed 1 July 2024
Louis Eperjesi	(3/3)	
Louise Fowler	(3/3)	
Vanda Murray	(2/2)	Appointed 1 February 2024
Suzy Neubert	(1/1)	Appointed 1 July 2024

Committee evaluation in 2024

Areas of focus:

- Role and operations of the Committee
- Composition
- Leadership
- Process and procedures

Methodology:

See page 108 of the Nominations Committee report.

Outcomes:

In all areas of focus (see above), the Committee scored above benchmark<sup>1</sup>. In particular, it was felt that the Committee had the appropriate competence relevant to the Company's sector and was collaborative in its approach.

It was noted by Committee members that a key focus for the Committee in the year ahead would be ensuring sufficient resource was in place for the Company to identify and meet the ever-growing and significant reporting and legislative requirements and to ensure appropriate verification of data was carried out.

<sup>1</sup> Benchmark is derived from over 1,000 board evaluations, which include feedback from more than 3,000 board members across 400 organisations.

2024 Sustainability Committee activity

February

Committee meeting

- SBTi Net Zero approval and progress update
- ESG materiality review results
- EDI update
- Gender pay gap report
- 2023 Sustainability Committee report
- Sustainability Committee effectiveness review

April

Committee meeting

- Scope 3 emissions update
- Gender Working Group update
- Early careers, including presentations from graduate apprentices

November

Committee meeting

- EU Deforestation Regulations update
- ESG performance and compliance update
- Climate risk
- EDI update
- 2025 Sustainability Committee calendar
- Committee Terms of Reference

Key Committee activities in the year ahead

- Receive updates on execution of the Group's sustainability strategy, including the roadmap for SBTi Net Zero targets.
- Receive updates on the Group's equality, diversity and inclusion priorities, workforce skills and development.
- Review the Sustainability Committee's Report and Terms of Reference.
- Approval of the 2025 Sustainability Committee calendar.

Committee environmental and social considerations in the year

Net Zero<sup>1</sup>

Having the Group's Net Zero targets approved by SBTi, as reported to the Committee during the year, represents a significant milestone for Howdens' ESG agenda. The Committee received regular updates on progress against targets from the Director of ESG and will continue to do so in 2025 and in future years.

The Committee is mindful of 2030 targets which include the reduction of absolute Scope 1 and 2 GHG emissions by 42% and absolute Scope 3 GHG emissions by 25%. In addition, the Committee will monitor the target for 25% of suppliers (by spend) to set science based targets by 2027.

The Director of ESG reported to the Committee that a new website had been launched during the year to support the Group's sustainability activities. This can be accessed at <https://howdens.foleon.com/sustainability/our-road-to-zero/>

Supplier engagement

Supplier engagement is key to the execution of the Net Zero strategy and reduction of Scope 3 emissions. The Committee received an update from the Director of ESG in April on the ESG messaging at the Supplier Conference in March. At that conference, the CEO delivered the message that meeting the Group's ESG long-term targets was non-negotiable. Further information about the Supplier Conference and supplier engagement can be found on pages 49, 90 and 91.

The Sustainability Committee also received updates on ESG360, the Group's ESG supplier engagement tool.

<sup>1</sup> See page 47 for a definition of 'Net Zero'.

Governance

Sustainability Committee report continued

ESG compliance

The regulatory burden for companies relating to ESG disclosure and compliance is significant and increasing at pace. During the year, the Committee received updates in relation to EU Deforestation Regulation (EUDR) and the EU Zero Deforestation policy, Corporate Sustainability Reporting Directive (CSRD), TCFD disclosures (to be superseded by disclosures under International Sustainability Standards Board (ISSB)), TNFD disclosures, Greenwashing Directive as well as voluntary disclosures under the Carbon Disclosure Project (CDP).

The Committee will work with the Audit Committee on a CSRD implementation plan during 2025 and work has already commenced on double-materiality assessments. CSRD will apply to the French business from 2025.

Climate risk

The Director of Risk and Assurance provided the Committee with an update on physical climate risk at the November meeting.

The climate risk assessment looked to identify inherent physical climate risk exposures using Recognised Climate Pathways (RCPs) to analyse the risk of precipitation, river floods, storms, sea level rises, heat fire and drought to Howdens' depots (including international operations), manufacturing and distribution sites along with other critical infrastructure locations (such as IT data centres); all Tier 1 suppliers globally that are relied upon to derive £2.5m or more of profit; and any planned major future investment locations and new depot locations. Risk was assessed over three time horizons: short, medium and long-term.

More information on our 2024 physical climate risk assessment can be found on page 66.

Equality, diversity and inclusion (EDI) and skills

The Committee continued to have oversight of management's EDI strategy and received regular updates from the HR team throughout the year. The Committee received a presentation on Chartered Manager Degree Apprenticeships in July, a case study of which is set out on page 153.

The Committee considered and approved the Group's Gender pay gap report in February and will continue to monitor this with the Remuneration Committee in 2025. Information was provided to the Committee at their request in respect of bonus differentials, although it was noted that this was due to new joiner, leavers and apprentices not being in receipt of performance-related bonuses.



Case study

Chartered Manager Degree Apprenticeships

Howdens has a strong track record of promoting social mobility and organically growing its talent pool through apprenticeships. In 2024, the Sustainability Committee received an update from the Operations Leadership team on the first cohort of Chartered Manager Degree Apprenticeships (CMDAs), which included presentations from two of the students enrolled in the programme.

The primary objective of the programme is to nurture talented individuals capable of leading the Company's strategic initiatives across key business areas and enhancing business performance.

The rotational programme is structured to offer participants exposure to critical areas of our manufacturing and logistics business, helping them to gain insights and develop a breadth of knowledge, skills and experience. By immersing themselves in diverse roles and functions, participants gain a broad understanding of the business, resulting in a well-rounded skill set, which will support business performance.

Key to the success of this initiative is the recruitment of high-calibre candidates who demonstrate the attitude and drive to excel. Through a thorough assessment and selection process, we identify individuals who embody our core values and exhibit a passion for continuous learning and growth, curiosity, leadership and initiative - all critical to be successful at Howdens.

The business partnered with Corndel, a third-party educational partner, to develop the Chartered Manager Degree Apprenticeship programme. In its first year,

the programme received over 120 applications. Applicants were shortlisted and 18 were invited to attend an assessment centre in Howden, East Yorkshire. Members of the Operations leadership team were part of the assessor pool and Julian Lee (Operations Director) opened the assessment centre, demonstrating our commitment to this new programme. The calibre of the applicants at the assessment centre was very strong and five offers were made to applicants.

The first placement of the programme lasts nine months and has included placements in Safety, Health & Environment (SHE), quality, engineering, procurement, HR, finance, manufacturing, and warehousing. For the first time this year, we also included a placement in ESG. Subsequent placements last for six months and every apprentice spends one placement on shift in either our manufacturing or warehousing operations. Apprentices gain invaluable experience working with and managing colleagues in operational roles.

In addition, each apprentice has one day a week to do their university studies remotely, supported by Corndel. At the end of the two-and-a-half-year programme, they receive a Level 6 Chartered Management Degree.

The Howdens CMDA programme, which is now in its second year, has 10 apprentices across Operations. As well as the Sustainability Committee, apprentices have presented to the Executive Committee, Operations leadership team, and shareholders at our investor days.



Governance

Directors' report

The Directors have pleasure in submitting their report and the audited financial statements for the 52-week period ended 28 December 2024. Comparative figures relate to the 53 weeks ended 30 December 2023.

To make our Annual Report and Accounts more accessible, a number of the sections traditionally found in this report can be found in other sections of this Annual Report and Accounts where it is deemed that the information is presented in a more connected and accessible way. The Directors' report comprises the sections detailed below, including the statement on political donations and research and development. Any sections that have been moved have been cross-referenced below.

Located in the Strategic Report:

Matters of strategic importance, principal Group activities, business review, and results: pages 2 to 35.

Dividend and other returns to shareholders: pages 17, 18, 33, and 34.

Located in the Sustainability matters report:

Greenhouse gas emissions and streamlined energy and carbon reporting (SECR): Details of the Group's greenhouse gas emissions, as required by Sch. 7 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulation 2008 as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, are set out on page 67. Information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SI 2018/1155), can be found on pages 67 and 68.

Located in the Governance section:

Directors of Howden Joinery Group Plc: The names of anyone who served as a Director during the period can be found on page 75 under 'Board meeting attendance'.

2018 version of the UK Corporate Governance Code (the "Code"): How the Company applied the Principles and complied with the Provisions of the Code can be found on pages 94 to 99. A copy of the Code can be accessed via [www.frc.org.uk](http://www.frc.org.uk).

Internal control and risk management arrangements: Internal control arrangements information can be found in the Audit Committee report on pages 147 to 149. Risk management arrangements information can be found on pages 36 to 41.

Board and Group Diversity policies: page 104.

Stakeholder engagement: Details regarding the engagement with suppliers, customers, and others in business relationships with the Company, as required by Sch. 7 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), can be found on pages 86 to 93.

Employees: The total number of employees and gender diversity statistics are located on page 104. The methods of engaging with the workforce can be found on pages 88 and 89. All eligible UK employees have been invited to participate in a free shares award under the Company's Share Incentive Plan (the "SIP") each year since 2015 and, since 2024, Isle of Man employees have been invited to participate in Free Shares awards. Since 2021, eligible UK employees have also been invited to participate in a SIP Partnership and Matching Shares plan.

Directors' statement of disclosure of information to the auditor: page 156.



Located in the financial statements:

Employees: The average number of employees and their remuneration are shown in note 21. Details of the SIP can be found in note 23.

Financial risk management (relating to SI 2008/410 Schedule 7 Part 1.6): note 20.

Disclosure required under UKLR 6.6.1R:

- Details of long-term incentive schemes: note 23.
- Details of any tax relief, including amount and treatment: note 7.

The remaining disclosures required by UKLR 6.6.1R (with the exception of those described below under subheading 'Located in the additional information section') are not applicable to the Company.

Dividend: note 17.

Located in the Additional Information section:

Annual General Meeting (AGM): Information about the AGM can be found on page 225. The recommendation to reappoint KPMG LLP as the Group's auditor can be found on page 146.

Share capital, substantial shareholdings and whether the Company's acquired its own shares (including nominal value of shares purchased): pages 225 and 226.

Directors' Indemnity and Insurance: page 226.

Significant agreements, which take effect, alter or terminate upon a change of control: page 226.

Disclosure required under Listing Rule 6.6.1R:

- Dividend waivers: page 225.
- Published profit forecasts made during the reporting period to 28 December 2024: page 226.

Political donations

The Group made no political donations during the current and previous financial years. Nor has it made any contributions to any non-UK political party during the current or previous financial years.

Research and development (R&D)

The Group undertakes development activities in relation to its product design and innovation work. The five pillars that new product design and sourcing decisions are based on are: sustainability, quality, design, cost, and availability (further information on new product introductions can be found on pages 21, 26 and 52). The Group also undertakes development work in relation to its digital capabilities to make life easier for our trade customers and our depots (further information about our digital developments can be found on pages 23 and 27).

By order of the Board

Forbes McNaughton  
Company Secretary

26 February 2025

Governance

Directors' statements

Disclosure of information to the auditor

Having made the requisite enquiries, the Directors in office at the date of this report have each confirmed that, so far as they are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Group's auditor is unaware, and each of the Directors has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts and the Group and parent Company financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and, in respect of the parent Company financial statements only, prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ("DTR") 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Directors' responsibility statement

We confirm to the best of our knowledge:

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

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

Andrew Livingston  
Chief Executive Officer

Paul Hayes  
Chief Financial Officer

26 February 2025

Non-financial and sustainability information

Non-financial measures are an important part of our business and we have recognised the importance of non-financial information in our annual reports for many years. The Board is committed to acting responsibly and working with our stakeholders to manage the social and ethical impact of our activities. The Howdens culture is to be 'worthwhile for all concerned' and so we aim to treat all our stakeholders fairly and with integrity.

We have a number of Group policies to provide guidance to our employees. The policies are designed to be easily understood and they generally include examples of acceptable and unacceptable behaviours.

To consolidate our reporting requirements under sections 414CA and 414CB of the Companies Act 2006 in respect of non-financial reporting and sustainability information, the table below shows where in this Annual Report and Accounts to find each of the disclosure requirements.

Focus area	Policies and statements	More information and outcomes
Environmental matters	Sustainability and Corporate Social Responsibility Statement of Intent (see Group website).	<ul style="list-style-type: none"><li>• Greenhouse gas emissions and streamlined energy and carbon reporting (pages 67 and 68).</li><li>• Discussion about the Company's sustainability strategy and SBT Net Zero commitment and targets (pages 45 to 47).</li><li>• Climate-related financial disclosure as defined in section 414CA(2a) Companies Act 2006 (Governance - (a) on pages 57 and 58; Strategy - (f) on pages 58 and 59; Risk management - (b), (c), (d) and (e) on page 59 and pages 61 to 63; Metrics and Targets - (g) and (h) on page 60).</li><li>• Discussion of the Company's progress on implementing the recommendations of the Task Force on Climate-Related Financial Disclosures (pages 57 to 63).</li><li>• Discussion of the UN Sustainable Development Goals (UN SDGs) (page 45).</li><li>• Discussion of our progress on 'zero waste to landfill' (page 56), Route to Net Zero (pages 46 to 47), decarbonisation of the distribution fleet (page 51), our sustainable product offer and product innovation (pages 52 and 53) and our use of renewable energy sources (page 50).</li><li>• KPIs on production waste reduction (page 56) and our target of 100% of wood-based material used in manufacturing processes being made from FSC® or PEFC certified sources (page 50).</li></ul>
Social matters	Sustainability and Corporate Social Responsibility Statement of Intent (see Group website).	<ul style="list-style-type: none"><li>• Our impact on our stakeholders (pages 64 and 65) and engagement with stakeholders (starting on page 86).</li><li>• Our progress on equality, diversity and inclusion and wellbeing matters (pages 54 and 55).</li><li>• Our Boardroom and Group Diversity Policies (page 104).</li></ul>
Respect for human rights	Human Rights Policy and Modern Slavery Statement (see Group website).	<ul style="list-style-type: none"><li>• Discussion of our EDI and wellbeing initiatives (pages 54 and 55).</li><li>• Our Modern Slavery Statement (see Group website) sets out how we actively monitor suppliers and train our procurement staff.</li><li>• Internationally recognised labour standards form part of our contracts of employment.</li></ul>
Anti-bribery and corruption	Anti-bribery and corruption, conflicts of interest, corporate gifts and hospitality, anti-money laundering, anti-tax evasion and competition law.	<ul style="list-style-type: none"><li>• The Board considers and approves the following Group policies: anti-bribery and corruption, anti-money laundering, anti-tax evasion, competition law policy, market abuse compliance and the Modern Slavery Statement and whistleblowing.</li><li>• We have a rolling programme of refresher training on human rights, modern slavery, human rights, and anti-bribery for our compliance team and buyers.</li><li>• Further information about our whistleblowing facility may be found on page 89.</li></ul>
Employees	Health & Safety Statement of Intent (see Group website), market abuse compliance, data protection and privacy, and whistleblowing.	<ul style="list-style-type: none"><li>• KPI on Health and Safety and discussion of Health and Safety performance and initiatives (page 56).</li><li>• Discussion of employee rewards and benefits, development opportunities and apprentice schemes (pages 54, 55, 64, 115, and 131).</li><li>• Diversity policies and statistics (pages 103 and 104).</li><li>• Workforce engagement (pages 88 and 89).</li><li>• Directors' Remuneration Policy (see Group website for the full current policy and pages 117 to 126 for the full proposed new policy).</li></ul>

We outline our resilient business model on pages 14 and 15. All of our non-financial KPIs are presented together on page 29. A discussion of our principal and emerging risks, including those related to our business relationships, products and services, as well as a description of our risk management process, starts at page 36.



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Revenue	
£2.3bn (2023: £2.3bn)	
2020	£1.5bn
2021	£2.1bn
2022	£2.3bn
2023	£2.3bn
2024	£2.3bn

Profit before tax	
£328m (2023: £328m)	
2020	£185m
2021	£390m
2022	£406m
2023	£328m
2024	£328m

Net cash	
£344m (2023: £283m)	
2020	£431m
2021	£515m
2022	£308m
2023	£283m
2024	£344m

Operating profit	
£339m (2023: £340m)	
2020	£196m
2021	£402m
2022	£415m
2023	£340m
2024	£339m

EPS	
45.6p (2023: 46.5p)	
2020	24.9p
2021	53.2p
2022	65.8p
+2023	46.5p
2024	45.6p

Dividends paid	
£115.9m paid in 2024	
2020	£0.0m
2021 (inc. £54.1m special dividend)	£133.6m
2022	£115.0m
2023	£114.1m
2024	£115.9m





Financial Statements

Independent auditor's report

To the members of Howden Joinery Group Plc

1. Our opinion is unmodified

- In our opinion:
- the financial statements of Howden Joinery Group Plc give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 28 December 2024, and of the Group's profit for the 52 week period then ended;
  - the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
  - the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
  - the Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What our opinion covers

We have audited the Group and Parent Company financial statements of Howden Joinery Group Plc ("the Company") for the 52 week period ended 28 December 2024 (FY24) included in the Annual Report and Accounts, which comprise:

Group (Howden Joinery Group Plc and its subsidiaries)	Parent Company (Howden Joinery Group Plc)
<ul style="list-style-type: none"><li>Consolidated income statement</li><li>Consolidated statement of comprehensive income</li><li>Consolidated balance sheet</li><li>Consolidated statement of changes in equity</li><li>Consolidated cash flow statement</li><li>Notes 1 to 25 to the Group financial statements, which include the accounting policies.</li></ul>	<ul style="list-style-type: none"><li>Company balance sheet</li><li>Company statement of changes in equity</li><li>Notes 1 to 7 to the Parent Company financial statements, which include the accounting policies.</li></ul>

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit Committee ("AC").

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

2. Overview of our audit

Factors driving our view of risks

We have undertaken a risk assessment to identify those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. We have considered the sector in which the Company operates and the external factors that drives the key underlying risks.

Our risk assessment also considers the Group's operations, the macro-economic and other relevant external factors which impact the judgements and estimates made by the Group. Having considered these external factors, we have identified the same key audit matters and level of risk in relation to these, as in the prior year.

We have determined that accounting for inventory is of significance to our audit given the scale of the Group's product range which means there is significant judgement in determining the adequacy and completeness of the inventory obsolescence provision. Inventory provisioning includes estimation based on both historic usage and forward-looking demand assumptions, and as a result, the continued uncertainty in the macro-economic environment during FY24 is not considered to have a significant impact on the already high estimation uncertainty associated with this key audit matter. Inventory quantity and cost is also included within this audit matter due to the effect it has on our audit effort.

We have identified the defined benefit plan obligation as a key audit matter given the significant level of estimation required to determine the valuation of the gross defined benefit liability. The sensitivity of this estimation is heightened when there is volatility in macro-economic conditions, as experienced in the UK in FY23 and FY24. The risk has therefore not moved significantly from the prior year.

The recoverability of the Parent Company's investments in subsidiaries is not at a high risk of significant misstatement, however is identified due to its materiality in the context of the Parent Company financial statements.

Key Audit Matters	Vs FY23	Item
Accounting for inventory (Group)	↔	4.1
Defined benefit pension obligation (Group)	↔	4.2
Recoverability of Parent Company's investments in subsidiaries (Parent Company)	↔	4.3

Audit committee interaction

During the year, the AC met 5 times. KPMG are invited to attend all AC meetings and are provided with an opportunity to meet with the AC in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the AC in section 4, including matters that required particular judgement for each.

The matters included in the Audit Committee report on page 144 are materially consistent with our observations of those meetings.

Our independence

<p>We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.</p> <p>We have not performed any non-audit services during FY24 or subsequently which are prohibited by the FRC Ethical Standard.</p> <p>We were first appointed as auditor by the shareholders for the 52 week period ended 24 December 2022. The period of total uninterrupted engagement is for the three financial years ended 28 December 2024.</p> <p>The Group engagement partner is required to rotate every 5 years. As these are the first set of the Group's financial statements signed by Zulfikar Walji, he will be required to rotate off after the FY28 audit.</p>	<table><tr><td>Total audit fee</td><td>£1.4m</td></tr><tr><td>Audit-related fees (including interim review)</td><td>£0.1m</td></tr><tr><td>Other services</td><td>£0.1m</td></tr><tr><td>Non-audit fee as a % of total audit and audit related fee %</td><td>6.7%</td></tr><tr><td>Date first appointed</td><td>12 May 2022</td></tr><tr><td>Uninterrupted audit tenure</td><td>3 years</td></tr><tr><td>Next financial period which requires a tender</td><td>2032</td></tr><tr><td>Tenure of Group engagement partner</td><td>1 year</td></tr></table>	Total audit fee	£1.4m	Audit-related fees (including interim review)	£0.1m	Other services	£0.1m	Non-audit fee as a % of total audit and audit related fee %	6.7%	Date first appointed	12 May 2022	Uninterrupted audit tenure	3 years	Next financial period which requires a tender	2032	Tenure of Group engagement partner	1 year
Total audit fee	£1.4m																
Audit-related fees (including interim review)	£0.1m																
Other services	£0.1m																
Non-audit fee as a % of total audit and audit related fee %	6.7%																
Date first appointed	12 May 2022																
Uninterrupted audit tenure	3 years																
Next financial period which requires a tender	2032																
Tenure of Group engagement partner	1 year																



Financial Statements

Independent auditor's report continued

To the members of Howden Joinery Group Plc

Materiality (item 6 below)

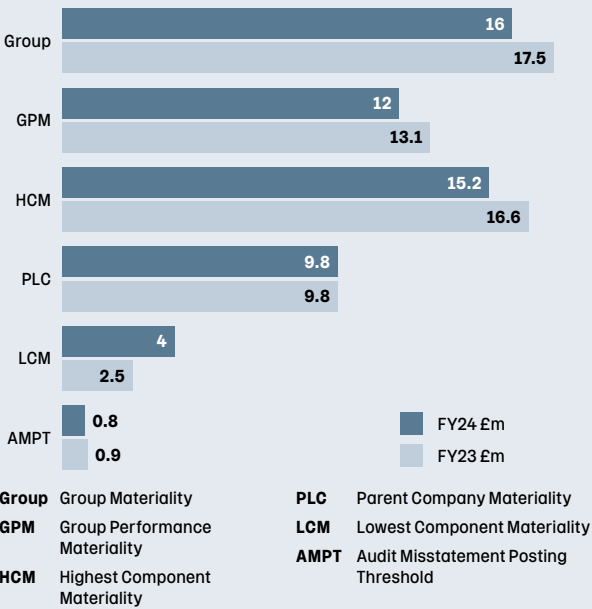
The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

We have determined overall materiality for the Group financial statements as a whole at £16.0m (FY23: £17.5m) and for the Parent Company financial statements as a whole at £9.8m (FY23: £9.8m).

Consistent with FY23, we determined that profit before tax remains the benchmark for the Group. As such, we based our Group materiality on profit before tax, of which it represents 4.9% (FY23 5.3%).

Materiality for the Parent Company financial statements was determined with reference to a benchmark of Parent Company total assets of which it represents 1% (FY23: 1%).

Materiality levels used in our audit



Group scope (item 7 below)

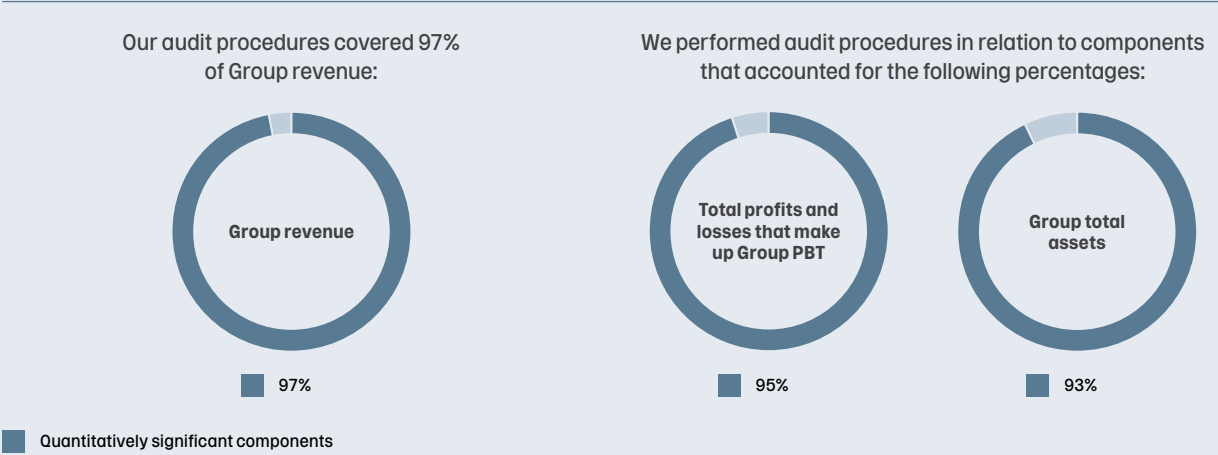
We have performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, what audit procedures to perform at these components and the extent of involvement required from our component auditors around the world.

We performed procedures at 4 components. We determined which components are likely to include risks of material misstatements to the Group financial statements. We identified 4 quantitatively significant components as those contributing at least 10% of total revenue or total assets. We selected these because these are the most representative of the relative size of the components.

In addition, for the remaining components for which we performed no audit procedures, we performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

Our audit of the Group was undertaken to the materiality levels specified above and was performed by a single audit team.

We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.



The impact of climate change on our audit

We have considered the potential impacts of climate change on the financial statements as part of planning our audit.

On page 41, the Group has explained that climate change is an emerging risk. It identifies this both in terms of transitional risks as the world moves towards a zero-carbon economy, and the physical risks presented as climate change. The Group has set its own targets to reduce emissions, as described on page 47.

Climate change impacts the Group in a variety of ways, and pages 61 to 66 describe the associated risks and opportunities identified by the Directors. These include the impact of climate risk on the reputation of the Group. However, the Group has not identified any risks which have a material impact on the preparation of the financial statements.

We performed a risk assessment, taking into account climate change risks and commitments made by the Group, of how climate change may impact the financial statements and our audit. This included enquiries of management, consideration of the Group's processes for assessing the potential impact of climate change risk on the financial statements and assessing the TCFD scenario analysis performed by the Group.

We held discussions with our own climate change professionals to challenge our risk assessment.

Based on our risk assessment we determined that the climate related risks to the Group's business, strategy and financial planning do not have a significant impact on balances in the financial statements or on our key audit matters.

We have read the Group's disclosure of climate related information in the front half of the annual report as set out on pages 57 to 68, and considered consistency with the financial statements and our audit knowledge.

3. Going concern, viability and principal risks and uncertainties

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Going concern

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and Company's available financial resources over this period was:

- Customer confidence in light of the current cost of living challenges, and the possibility of this negatively impacting the Group's sales.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumptions that, individually and collectively, could result in a liquidity issue, taking into account the Group's and Company's current and projected cash and facilities (a reverse stress test).

We assessed the completeness of the going concern disclosure in note 1 to the financial statements.

Accordingly, based on those procedures, we found the Directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

Our conclusions

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- The related statement under the Listing Rules set out on page 69 is materially consistent with the financial statements and our audit knowledge.

Financial Statements

Independent auditor's reportcontinued

To the members of Howden Joinery Group Plc

Disclosures of emerging and principal risks and longer-term viability		
<p><b>Our responsibility</b></p> <p>We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.</p> <p>Based on those procedures, we have nothing material to add or draw attention to in relation to:</p> <ul style="list-style-type: none"><li>the Directors' confirmation within the Long-term prospects and viability statement that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;</li><li>the 2024 principal risks and uncertainties disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated; and</li><li>the Directors' explanation in the Long-term prospects and viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.</li></ul> <p>We are also required to review the Long-term prospects and viability statement set out on page 70 under the Listing Rules.</p> <p>Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.</p>		<p><b>Our reporting</b></p> <p>We have nothing material to add or draw attention to in relation to these disclosures.</p> <p>We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.</p>

4. Key audit matters

What we mean	
<p>Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:</p> <ul style="list-style-type: none"><li>the overall audit strategy;</li><li>the allocation of resources in the audit; and</li><li>directing the efforts of the engagement team.</li></ul>	

We include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

4.1 Accounting for inventory (Group)				
Financial Statement Elements			Our assessment of risk vs FY23	Our results
	FY24	FY23		
Inventories gross value	£435.6m	£432.4m	◀▶ Our assessment is that the risk is similar to FY23.	FY24: Acceptable
Inventory provision	£44.9m	£49.6m		FY23: Acceptable

Description of the Key Audit Matter	Our response to the risk
<p>The Group holds a significant amount of inventory across its large depot network and a number of warehouses. The accounting for inventory is the key audit matter which has the greatest effect on our overall audit strategy. As at 28 December 2024, net inventory, after recognising relevant provisions is £390.7 million (FY23: £382.8 million).</p> <p><b>Subjective estimate</b></p> <p>The scale of the Group's product range means there is significant judgement in determining the adequacy and completeness of the inventory obsolescence provision, in particular the provision applied to discontinued and slow-moving product lines. Given the judgement required in determining this provisioning, we have identified this as an area at higher risk of fraud or error.</p> <p>The continued uncertainty in the macro-economic environment during FY24 is not considered to have a significant impact on the already high estimation uncertainty associated with this key audit matter.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the inventory obsolescence provision has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.</p> <p><b>Accounting for inventory (quantities and cost)</b></p> <p>The Group's inventory is composed of a wide product range, typically held in large quantities. The Group conducts periodic inventory counts at its warehouses and at each of its depots, which are performed throughout the year. It updates its inventory records to reflect the results of the counts.</p> <p>Cost of inventory is based on a standard cost which is updated annually. Variances to standard cost are analysed and apportioned to inventory at the period end.</p> <p>Whilst the quantities and cost of inventory is not considered to represent a significant risk of material misstatement, it is one of the matters that has the greatest effect on our overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team in order to conclude.</p>	<p>Our procedures to address the risk included:</p> <ul style="list-style-type: none"><li><b>Count attendance:</b> for the Group's depots and warehouses we tested the operating effectiveness of the inventory cycle counts control. We counted a sample of inventory lines and assessed the accuracy of the Group's inventory quantities through comparing the results to the Group's inventory records.</li><li><b>Tests of detail:</b> we assessed the accuracy of the cost of inventory through testing a sample of inventory lines to relevant source data.</li><li><b>Our sector experience:</b> we assessed the Directors' methodology and key assumptions supporting the inventory provision, including the provision percentages applied to discontinued and slow-moving products, the expected level of inventory that may not be in demand and its respective sales price, against our knowledge of the business and industry.</li><li><b>Historical comparisons:</b> we assessed the Directors' assumptions made in the inventory obsolescence provision by comparing to the historical utilisation.</li><li><b>Test of detail:</b> we evaluated the appropriateness of each of the key assumptions within the provision which are supported by data elements back to relevant source data and challenged the level of provision applied by the Directors to discontinued items.</li><li><b>Test of detail:</b> we evaluated the completeness of the provision by testing a sample of current inventory lines for slow moving items or sales prices below cost to evaluate whether additional provisioning is required.</li><li><b>Assessing transparency:</b> we assessed the adequacy of the financial statement disclosures about the degree of estimation uncertainty in arriving at the net realisable value.</li></ul> <p>We performed the detailed tests above over inventory provisioning rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p>
<p><b>Communications with the Howden Joinery Group Plc's Audit Committee</b></p> <p>Our discussions with and reporting to the Audit Committee included:</p> <ul style="list-style-type: none"><li>Our approach to the audit of inventory including details of our planned substantive procedures and the extent of our control reliance; and</li><li>Our conclusions on the appropriateness of the Group's inventory provisioning methodology and disclosures.</li></ul> <p><b>Areas of particular auditor judgement</b></p> <p>We identified the following as the areas of particular auditor judgement:</p> <ul style="list-style-type: none"><li>Subjective auditor judgement was required in assessing the adequacy of the inventory obsolescence provision, in particular the provision percentages applied to the discontinued and slow-moving inventory lines.</li></ul> <p><b>Our results</b></p> <p>We found the carrying value of inventory, including the level of inventory obsolescence provisioning, to be acceptable (FY23: Acceptable).</p>	

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 144 for details on how the Audit Committee considered inventory obsolescence provisioning as an area of significant attention, page 193 for the accounting policy on inventory obsolescence provisioning, and note 12 for the financial disclosures.



Financial Statements

Independent auditor's report continued

To the members of Howden Joinery Group Plc

4.2 Defined benefit pension obligation (Group)				
Financial Statement Elements			Our assessment of risk vs FY23	Our results
	FY24	FY23	↔	
Gross defined benefit liability	£808.0m	£913.6m	Our assessment is that the risk is similar to FY23.	FY24: Acceptable
				FY23: Acceptable

Description of the Key Audit Matter	Our response to the risk
<p><b>Subjective estimate</b></p> <p>A significant level of estimation is required in order to determine the valuation of the gross defined benefit liability. Small changes in the key assumptions (in particular, discount rates, inflation and mortality rates) can have a material impact on the amount recognised in the financial statements.</p> <p>The sensitivity of this estimation is heightened when there is volatility in macro-economic conditions, as experienced in the UK in FY23 and FY24. The risk has therefore not moved significantly from the prior year.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that valuation of the gross defined benefit obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 22) disclose the sensitivities estimated by the Group.</p>	<p>Our procedures to address the risk included:</p> <ul style="list-style-type: none"><li>• <b>Benchmarking assumptions:</b> we challenged, with the support of our own actuarial specialists, the key assumptions applied in the estimation of the pension liability, being the discount rate, inflation rate and mortality/life expectancy, by comparing to externally derived data.</li><li>• <b>Actuary's credentials:</b> we assessed the competence, capabilities and objectivity of the Group's actuarial expert.</li><li>• <b>Assessing transparency:</b> we considered the adequacy of the Group's disclosures in respect of the sensitivity of the pension liability to these assumptions.</li></ul> <p>We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p>
<p><b>Communications with the Howden Joinery Group Plc's Audit Committee</b></p> <p>Our discussions with and reporting to the Audit Committee included:</p> <ul style="list-style-type: none"><li>• We discussed our audit response to the Key Audit Matter which included the use of specialists to challenge the key aspects of the actuarial valuation;</li><li>• Our conclusions on the appropriateness of the key actuarial assumptions applied to the valuation of the gross defined benefit liability; and</li><li>• The adequacy of the disclosures, particularly as it relates to the sensitivities disclosed by the Group.</li></ul>	
<p><b>Areas of particular auditor judgement</b></p> <p>We identified the following as the areas of particular auditor judgement:</p> <ul style="list-style-type: none"><li>• Subjective and complex auditor judgement was required in evaluating the key actuarial assumptions used by the Group (including the discount rate, inflation and mortality assumptions).</li></ul>	
<p><b>Our results</b></p> <p>We found the valuation of the gross defined benefit pension liability to be acceptable (FY23: Acceptable).</p>	

Further information in the Annual Report and Accounts: See the Audit Committee report on page 144 for details on how the Committee considered validity of pension assumptions as an area of significant attention, pages 203 and 204 for the accounting policy on defined benefit pensions, and note 22 for the financial disclosures.

4.3 Recoverability of Parent Company's investments in subsidiaries (Parent Company)				
Financial Statement Elements			Our assessment of risk vs FY23	Our results
	FY24	FY23	↔	
Investments in subsidiaries	£699.0m	£699.0m	Our assessment is that the risk is similar to FY23.	FY24: Acceptable
				FY23: Acceptable

Description of the Key Audit Matter	Our response to the risk
<p><b>Low risk, high value</b></p> <p>The carrying amount of the Parent Company's investments in subsidiaries balance represents 70% (2023: 71%) of the Parent Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.</p>	<p>Our procedures to address the risk included:</p> <ul style="list-style-type: none"><li>• <b>Tests of detail:</b> Assessing 100% of the investments in subsidiaries against the net assets of the relevant subsidiary included with the Group consolidation to identify whether the entity net asset value, being an approximation of its minimum recoverable amount, was in excess of the carrying amount. Our procedures also included assessing whether those individual subsidiary entities have historically been profit-making.</li><li>• <b>Comparing valuations:</b> For the investments where the carrying amount exceeded the net asset value, we compared the carrying amount of the Company's investments to the market capitalisation of the Group as Howden Joinery Holdings Limited either directly or indirectly owns all other subsidiaries of the Group.</li></ul> <p>We performed the tests above rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p>
<p><b>Communications with the Howden Joinery Group Plc's Audit Committee</b></p> <p>Our discussions with and reporting to the Audit Committee included:</p> <ul style="list-style-type: none"><li>• Our approach to the audit of Parent Company investments in subsidiaries including details of our planned substantive procedures and the extent of our control reliance; and</li><li>• Our conclusions on the recoverability of the Parent Company's investments in subsidiaries balances.</li></ul>	
<p><b>Areas of particular auditor judgement</b></p> <p>Limited auditor judgement was required in relation to the carrying amount of the Parent Company's investments in subsidiaries</p>	
<p><b>Our results</b></p> <p>We found the carrying value of investments in subsidiaries balance to be acceptable (FY23: Acceptable)</p>	

Further information in the Annual Report and Accounts: See page 218 for the accounting policy on Parent Company investments and note 3 for the financial disclosures.

Financial Statements

Independent auditor's report continued

To the members of Howden Joinery Group Plc

5. Our ability to detect irregularities, and our response

Fraud - identifying and responding to risks of material misstatement due to fraud
Fraud risk assessment
Fraud and breaches of laws and regulations - ability to detect
Identifying and responding to risks of material misstatement due to fraud
To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:
<ul style="list-style-type: none"><li>Enquiring of Directors, the Audit Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.</li><li>Reading Board and Audit Committee meeting minutes.</li><li>Considering remuneration incentive schemes and performance targets for management and Directors including the long-term incentive plan for management remuneration.</li><li>Using analytical procedures to identify any unusual or unexpected relationships.</li></ul>
Risk communications
We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.
Fraud risks
As required by auditing standards, and taking into account possible pressures to meet profit targets and market expectations, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as the inventory obsolescence provisions and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because there are limited opportunities to fraudulently adjust revenue recognition given the high volume and low value nature of purchases.
We identified a fraud risk related to the inventory obsolescence provision in response to possible pressures to meet profit targets or market expectations and the opportunities for bias in the subjective estimate.
Link to KAMs
Further detail in respect of the inventory obsolescence provision is set out in the key audit matter disclosures in section 4 of this report.
Procedures to address fraud risks
We performed procedures including:
<ul style="list-style-type: none"><li>Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by users outside of their expected business area and those posted to unusual accounts.</li><li>Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.</li></ul>

Laws and regulations - identifying and responding to risks of material misstatement relating to compliance with laws and regulations

Laws and regulations risk assessment
Identifying and responding to risks of material misstatement related to compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors (as required by auditing standards), and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.
As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.
Risk communications
We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
Direct laws context and link to audit
The potential effect of these laws and regulations on the financial statements varies considerably.
The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, pension scheme legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Most significant indirect law/regulation areas
The Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and product safety and employment laws recognising the nature of the Group's activities.
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context
Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.



Financial Statements

Independent auditor's reportcontinued

To the members of Howden Joinery Group Plc

6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

£16.0m (FY23: £17.5m) Materiality for the Group financial statements as a whole	
What we mean	Basis for determining materiality and judgements applied
A quantitative reference for the purpose of planning and performing our audit.	Materiality for the Group financial statements as a whole was set at £16.0m (FY23: £17.5m). This was determined with reference to a benchmark of Group profit before tax.
	Consistent with FY23, we determined that Group profit before tax remains the benchmark for the Group as this is the primary measure by which stakeholders and the market assess the performance of the Group.
	Our Group materiality of £16.0m was determined by applying a percentage to the Group profit before tax. When using a benchmark of Group profit before tax to determine overall materiality, KPMG's approach for public interest entities considers a guideline range 3% - 5% of the measure. In setting overall Group materiality, we applied a percentage of 4.9% (FY23: 5.3%) to the benchmark.
	Materiality for the Parent Company financial statements as a whole was set at £9.8m (FY23: £9.8m), determined with reference to a benchmark of Parent Company total assets, of which it represents 1% (FY23: 1%).

£12.0m (FY23: £13.1m) Performance materiality	
What we mean	Basis for determining performance materiality and judgements applied
Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.	We have considered performance materiality at a level of 75% (FY23: 75%) of materiality for Howden Joinery Group Plc Group financial statements as a whole to be appropriate.
	The Parent Company performance materiality was set at £7.4m (FY23: £7.4m), which equates to 75% (FY23: 75%) of materiality for the Parent Company financial statements as a whole.
	We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk in FY24 following our reassessment of aggregation risk.

£0.8m (FY23: £0.9m) Audit misstatement posting threshold	
What we mean	Basis for determining the audit misstatement posting threshold and judgements applied
This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud.  This is also the amount above which all misstatements identified are communicated to Howden Joinery Group Plc's Audit Committee.	We set our audit misstatement posting threshold at 5% (FY23: 5%) of our materiality for the Group financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group financial statements of £16.0m (FY23: £17.5m) compares as follows to the main financial statement caption amounts:

	Total Group Revenue		Group profit before tax		Total Group Assets	
	FY24	FY23	FY24	FY23	FY24	FY23
Financial statement Caption	£2,322.1m	£2,310.9m	£328.1m	£327.6m	£2,237.5m	£2,064.5m
Group Materiality as % of caption	0.7%	0.8%	4.9%	5.3%	0.7%	0.8%

7. The scope of our audit

Group scope		
What we mean		
How the Group auditor determined the procedures to be performed across the Group.		
This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.		
In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement ("RMMs"). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.		
We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.		
In total, we identified 15 components, having considered our evaluation of the Group's operational structure, the existence of common risk profile across divisions and the presence of key audit matters and our ability to perform audit procedures centrally.		
Of those, we identified quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.		
The below summarises where we performed audit procedures:		
Component type	Number of components where we performed audit procedures	Range of materiality applied
Quantitatively significant components	4	£4.0m - £15.2m
Total	4	
We set the component materialities having regard to the mix of size and risk profile of the Group across the components. We also performed the audit of the Parent Company.		
Our audit procedures covered 97% of Group revenue.		
We performed audit procedures in relation to components that accounted for 95% of total profits and losses that make up Group profit before tax and 93% of Group total assets.		

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Independent auditor's reportcontinued

To the members of Howden Joinery Group Plc

7. The scope of our auditcontinued

Controls approach for group audit
We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.
The Group relies on a number of IT systems and applications. We identified that the following key IT systems were relevant to our Group audit:
<ul style="list-style-type: none"><li>The ERP system used across all in scope components that is used to record underlying transactions.</li><li>The trade EPOS and stock control system used in all the Group's depots.</li><li>The warehouse management system used to provide operational and stock control processes.</li></ul>
As noted by the Audit Committee on page 148, the Group's control environment is undergoing a programme of review and strengthening of the key controls, including IT. We involved IT specialists and obtained an understanding of the controls related to the three key IT systems identified above, which are integrated with one another.
On this audit we take a predominantly substantive approach, with the exception of inventory, as our belief is that it is more efficient not to rely on controls. We have identified some control findings in relation to the IT environment and manual journal entries, and following incremental risk assessment, we determined that no significant changes were required to our planned approach to journal testing. We adopted a data-oriented approach to auditing revenue by performing data and analytics routines and, given we did not rely on the Group's IT environment, we directly tested the completeness and reliability of the data used in those routines.
For inventory, we tested the operating effectiveness of, and were able to rely on, the Group's manual inventory cycle count controls and therefore were able to reduce the extent of our substantive procedures in this area.

8. Other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

All other information	
Our responsibility	Our reporting
Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.	Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

Strategic Report and Directors' Report
Our responsibility and reporting
Based solely on our work on the other information described above we report to you as follows:
<ul style="list-style-type: none"><li>we have not identified material misstatements in the strategic report and the Directors' report;</li><li>in our opinion the information given in those reports for the financial year is consistent with the financial statements; and</li><li>in our opinion those reports have been prepared in accordance with the Companies Act 2006.</li></ul>

Directors' Remuneration Report	
Our responsibility	Our reporting
We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.	In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance disclosures	
Our responsibility	Our reporting
We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and:	Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.
<ul style="list-style-type: none"><li>the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;</li><li>the section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and</li><li>the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.</li></ul>	
We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.	We have nothing to report in this respect.

Other matters on which we are required to report by exception	
Our responsibility	Our reporting
Under the Companies Act 2006, we are required to report to you if, in our opinion:	We have nothing to report in these respects.
<ul style="list-style-type: none"><li>adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or</li><li>the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or</li><li>certain disclosures of Directors' remuneration specified by law are not made; or</li><li>we have not received all the information and explanations we require for our audit.</li></ul>	



Financial Statements

Independent auditor's report continued

To the members of Howden Joinery Group Plc

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 156, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group and Parent 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 they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Zulfikar Walji (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

26 February 2025

Consolidated income statement

	Notes	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Revenue	2	2,322.1	2,310.9
Cost of sales		(891.0)	(907.0)
<b>Gross profit</b>		<b>1,431.1</b>	1,403.9
Operating expenses		(1,091.9)	(1,063.7)
<b>Operating profit</b>	4	<b>339.2</b>	340.2
Finance income	5	9.9	5.5
Finance costs	6	(21.0)	(18.1)
<b>Profit before tax</b>		<b>328.1</b>	327.6
Tax on profit	7	(78.8)	(73.0)
<b>Profit for the period attributable to the equity holders of the parent</b>		<b>249.3</b>	254.6
<b>Earnings per share:</b>			
Basic earnings per 10p share	8	45.6p	46.5p
Diluted earnings per 10p share	8	45.4p	46.3p

Consolidated statement of comprehensive income

	Notes	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Profit for the period		249.3	254.6
<b>Items of other comprehensive income:</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Actuarial gains/(losses) on defined benefit pension scheme	22	12.7	13.3
Deferred tax on actuarial gains and losses on defined benefit pension scheme	7	(3.2)	(2.9)
Change of tax rate on deferred tax	7	-	(0.4)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Currency translation differences		(3.1)	(0.5)
<b>Other comprehensive income for the period</b>		<b>6.4</b>	9.5
<b>Total comprehensive income for the period attributable to equity holders of the parent</b>		<b>255.7</b>	264.1

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## Consolidated balance sheet

	Notes	28 December 2024 £m	30 December 2023 £m
<b>Non-current assets</b>			
Intangible assets	9	58.1	43.5
Property, plant and equipment	10	500.6	456.9
Lease right-of-use assets	11	642.3	647.9
Deferred tax asset	7	10.5	15.6
Long-term prepayments		1.4	0.8
		<b>1,212.9</b>	<b>1,164.7</b>
<b>Current assets</b>			
Inventories	12	390.7	382.8
Corporation tax	7	25.7	39.7
Trade and other receivables	13	264.6	194.5
Cash and cash equivalents	20	343.6	282.8
		<b>1,024.6</b>	<b>899.8</b>
<b>Total assets</b>			
		<b>2,237.5</b>	<b>2,064.5</b>
<b>Current liabilities</b>			
Lease liabilities	11	(89.3)	(85.3)
Trade and other payables	14	(386.8)	(373.2)
Provisions	15	(8.3)	(9.5)
		<b>(484.4)</b>	<b>(468.0)</b>
<b>Non-current liabilities</b>			
Pension liability	22	(2.1)	(12.6)
Lease liabilities	11	(591.7)	(599.2)
Deferred tax liability	7	(26.4)	(3.3)
Provisions	15	(4.2)	(3.0)
		<b>(624.4)</b>	<b>(618.1)</b>
<b>Total liabilities</b>			
		<b>(1,108.8)</b>	<b>(1,086.1)</b>
<b>Net assets</b>			
		<b>1,128.7</b>	<b>978.4</b>
<b>Equity</b>			
Share capital	16	55.4	55.4
Capital redemption reserve	16	9.8	9.8
Share premium	16	87.5	87.5
ESOP and share-based payments	16	21.3	16.6
Treasury shares	16	(18.8)	(24.0)
Retained earnings	16	973.5	833.1
<b>Total equity</b>			
		<b>1,128.7</b>	<b>978.4</b>

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

Paul Hayes  
Chief Financial Officer

## Consolidated statement of changes in equity

	Share capital £m	Capital redemption reserve £m	Share premium account £m	ESOP and share-based payments £m	Treasury shares £m	Retained earnings £m	Total £m
<b>At 24 December 2022</b>	56.1	9.1	87.5	11.7	(25.5)	732.8	871.7
Accumulated profit for the period	-	-	-	-	-	254.6	254.6
Other comprehensive income for the period	-	-	-	-	-	9.5	9.5
Total comprehensive income for the period	-	-	-	-	-	264.1	264.1
Current tax on share schemes	-	-	-	-	-	0.3	0.3
Movement in ESOP	-	-	-	6.4	-	-	6.4
Buyback and cancellation of shares	(0.7)	0.7	-	-	-	(50.0)	(50.0)
Transfer of shares from treasury into share trust	-	-	-	(1.5)	1.5	-	-
Dividends	-	-	-	-	-	(114.1)	(114.1)
<b>At 30 December 2023</b>	55.4	9.8	87.5	16.6	(24.0)	833.1	978.4
Accumulated profit for the period	-	-	-	-	-	249.3	249.3
Other comprehensive income for the period	-	-	-	-	-	6.4	6.4
Total comprehensive income for the period	-	-	-	-	-	255.7	255.7
Current tax on share schemes	-	-	-	-	-	0.5	0.5
Deferred tax on share schemes	-	-	-	-	-	0.1	0.1
Movement in ESOP	-	-	-	9.9	-	-	9.9
Transfer of shares from treasury into share trust	-	-	-	(5.2)	5.2	-	-
Dividends	-	-	-	-	-	(115.9)	(115.9)
<b>At 28 December 2024</b>	55.4	9.8	87.5	21.3	(18.8)	973.5	1,128.7

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

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

We present a description of the nature and purpose of each reserve at note 16.



Financial Statements

Consolidated cash flow statement

	Notes	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Profit before tax		328.1	327.6
Adjustments for:			
Finance income		(9.9)	(5.5)
Finance costs		21.0	18.1
Depreciation and amortisation of owned assets	9, 10	57.1	50.8
Depreciation, impairment and loss on termination of leased assets	11	97.0	90.1
Share-based payments charge		9.6	6.0
(Increase)/decrease in long-term prepayments		(0.6)	0.3
Difference between pension operating charge and cash paid		1.9	(16.9)
Loss on disposal of property, plant and equipment and intangible assets		0.4	0.3
Operating cash flows before movements in working capital		504.6	470.8
Movements in working capital			
Increase in inventories		(7.9)	(9.5)
(Increase)/decrease in trade and other receivables		(70.1)	38.8
Increase/(decrease) in trade and other payables and provisions		12.7	(64.3)
		(65.3)	(35.0)
Cash generated from operations		439.3	435.8
Tax paid		(39.2)	(63.5)
Net cash flow from operating activities		400.1	372.3
Cash flows used in investing activities			
Payments to acquire property, plant and equipment and intangible assets		(122.0)	(118.9)
Receipts from sale of property, plant and equipment and intangible assets		0.1	0.0
Interest received		9.8	4.7
Net cash used in investing activities		(112.1)	(114.2)
Cash flows used in financing activities			
Payments to acquire own shares		-	(50.0)
Receipts from release of shares from share trust		0.4	0.5
Dividends paid to Group shareholders		(115.9)	(114.1)
Interest paid - including on lease liabilities		(20.7)	(16.8)
Repayment of capital on lease liabilities		(92.7)	(105.0)
Net cash used in financing activities		(228.9)	(285.4)
Net increase/(decrease) in cash and cash equivalents		59.1	(27.3)
Cash and cash equivalents at beginning of period		282.8	308.0
Effect of movements in exchange rates on cash held		1.7	2.1
Cash and cash equivalents at end of period		343.6	282.8

We present an analysis of cash and non-cash changes in liabilities due to financing activities in note 18.

Notes to the consolidated financial statements

The order of the notes is set out below. Significant accounting policies and, where applicable, information relating to significant judgements and sources of estimation uncertainty are presented as part of the related note.

General information

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Financial Statements

Notes to the consolidated financial statementscontinued

General Information

Company and currency details

Howden Joinery Group Plc ("the Company") is a company incorporated in the United Kingdom under the Companies Act 2006. Its registered office address is 105 Wigmore Street, London W1U 1QY. The nature of the Group's operations and principal activities are set out in the Strategic Report.

These financial statements are presented in pounds sterling, the currency of the primary economic environment in which the Group operates. Foreign operations are included on the basis set out below.

Foreign currency transactions

Transactions in foreign currency are translated at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate at the balance sheet date. Foreign exchange gains and losses are recognised in the income statement.

Foreign operations

The assets and liabilities of foreign operations are translated into sterling at foreign exchange rate at the balance sheet date. The results and cash flows of overseas subsidiaries are translated into sterling on an average exchange rate basis, weighted by the actual results of each month.

Exchange differences arising from the translation of the results and net assets of overseas subsidiaries are taken to equity via the statement of comprehensive income.

Accounting period

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

Impairment of assets

The carrying amount of the Group's assets is reviewed at least annually to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated.

Apart from in the case of trade and other receivables, and inventories, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income statement.

For trade and other receivables and inventories which are considered to be impaired, the carrying amount is reduced through the use of an allowance for estimated irrecoverable amounts. Changes in the carrying value of this allowance are recognised in the income statement.

Statement of compliance and basis of preparation

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

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

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

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



Going concern

The Directors have undertaken a robust assessment and concluded that it is appropriate to prepare the financial statements on the going concern basis. They have not identified any material uncertainties and there were no significant judgements involved in coming to this conclusion. Full details are set out in the strategic review, starting on page 69.

Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following standards, amendments to standards, and interpretations, were in issue but not yet effective for the Group in these financial statements:

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 - Classification of liabilities as Current or Non-Current
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IAS 21: Lack of Exchangeability
- Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments
- Annual Improvements to IFRS Accounting Standards–Volume 11
- IFRS 18 - Presentation and disclosure in financial statements
- IFRS 19 - Subsidiaries without Public Accountability-Disclosures

Significant accounting judgements and major sources of estimation uncertainty

The Group recognises significant judgement and estimation uncertainty in connection with its defined benefit pension. It also recognises estimation uncertainty over making allowances against the carrying value of inventory. More details are given in the relevant notes.

Other significant accounting policies

These are presented as part of the related notes to these financial statements.

Earnings

2 Revenue

Accounting policy

The Group recognises revenue when it has satisfied its performance obligations to the customer and the customer has obtained control of the goods or services being transferred. Revenue from sales of goods will typically account for more than 95% of total revenue, and is recognised on collection or delivery of the goods. Revenue from services is a small percentage of total revenue, and is recognised when the customer confirms that the services are complete.

We measure revenue at the fair value of the consideration received or receivable, excluding sales taxes and discounts. We recognise interest income as it accrues and measure it using the effective interest rate method.

3 Segmental reporting

(a) Basis of segmentation, and other general information

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

The Howden Joinery business derives its revenue from the sale of kitchens and joinery products and related services.

(b) Geographical information

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



Financial Statements

Notes to the consolidated financial statements continued

Earnings continued

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

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

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

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

	28 December 2024 £m	30 December 2023 £m
Non-current assets (excluding non-current deferred tax)		
UK	1,129.4	1,068.3
France, Belgium and Ireland	73.0	80.8
	1,202.4	1,149.1

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Additions to property plant and equipment and intangible assets		
UK	114.2	108.3
France, Belgium and Ireland	3.3	9.1
	117.5	117.4

4 Operating profit

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

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

All of the items above relate to continuing operations.

A more detailed analysis of auditor's total remuneration is given below:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
<b>Audit services:</b>		
Fees paid to the Company's auditor for the audit of the Company's annual financial statements	(0.3)	(0.3)
Fees paid to the Company's auditor and their associates for other services to the Group:		
- the audit of the subsidiary companies pursuant to legislation	(1.1)	(1.0)
Total audit fees	(1.4)	(1.3)
<b>Other services:</b>		
Audit-related assurance services	(0.1)	(0.1)
Non-audit-related assurance services	(0.1)	-
Total non-audit fees	(0.2)	(0.1)

Details of the Group's policy on the use of auditors for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity were safeguarded are set out in the Corporate Governance Report. No services were provided pursuant to contingent fee arrangements.

Financial Statements

Notes to the consolidated financial statements continued

Earnings continued

5 Finance income

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Bank interest receivable	9.9	5.5
	9.9	5.5

6 Finance costs

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Interest expense on lease liabilities	(20.7)	(16.8)
Other finance expense - pensions	(0.3)	(1.3)
Total finance costs	(21.0)	(18.1)

7 Current and deferred tax

Accounting policy

Income tax

The tax expense represents the sum of current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is based on taxable profit for the financial period and any adjustments to tax payable or receivable for prior years. 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 financial years as well as items that are never taxable or deductible.

It is calculated as the best estimate of the tax expected to be paid or received. It reflects any uncertainty related to income taxes and is measured using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on the temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is accounted for using the balance sheet liability method. It is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised, based on tax laws and rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.



Current tax:

(a) Tax in the income statement

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

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

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

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

(c) Reconciliation of the total tax charge

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

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Profit before tax	328.1	327.6
Tax at the UK corporation tax rate of 25.0% (2023: 23.5%)	82.0	77.0
IFRS2 share scheme charge	0.1	0.5
Expenses not deductible for tax purposes	1.7	2.9
Overseas losses not utilised	6.3	6.2
Non-qualifying depreciation	1.6	1.0
Rate change	-	0.7
Patent box claim	(10.0)	(8.0)
Other tax adjustments in respect of previous years	(2.9)	(7.3)
<b>Total tax charged in the income statement</b>	<b>78.8</b>	<b>73.0</b>

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



Financial Statements

Notes to the consolidated financial statements continued

Earnings continued

Deferred tax:  
Analysis of deferred tax assets and liabilities, and the movements on them during the period.

	Retirement benefit obligations £m	Accelerated capital allowances £m	Company share schemes £m	Leasing £m	Other temporary differences £m	Total £m
At 24 December 2022	10.6	12.7	2.2	3.5	3.1	32.1
(Charge)/credit to income statement	(4.1)	(11.6)	-	(0.6)	0.5	(15.8)
(Charge) to the income statement - change of rate	-	(0.7)	-	-	-	(0.7)
(Charge) outside the income statement - change of rate	(0.4)	-	-	-	-	(0.4)
Charge outside the income statement	(2.9)	-	-	-	-	(2.9)
At 30 December 2023	3.2	0.4	2.2	2.9	3.6	12.3
Credit/(charge) to income statement	0.5	(25.4)	(1.6)	(0.6)	2.0	(25.1)
(Charge)/credit outside the income statement	(3.2)	-	0.1	-	-	(3.1)
At 28 December 2024	0.5	(25.0)	0.7	2.3	5.6	(15.9)

The year-on-year movement in the deferred tax liability relating to accelerated capital allowances reflects the impact of the first full year of HMRC's "full expensing" rules, and temporary differences on recognition of fixed asset additions.

Deferred tax arising from accelerated capital allowances can be further analysed as a £1.4m asset and a £26.4m liability (2023: £3.5m asset and £3.1m liability).

The presentation in the balance sheet is as follows:

	28 December 2024 £m	30 December 2023 £m
Deferred tax assets	10.5	15.6
Deferred tax liabilities	(26.4)	(3.3)
	(15.9)	12.3

At the balance sheet date the group had unused tax losses as disclosed below. These losses are carried forward by particular group companies and may only be offset against profits of that particular company. Deferred tax assets are not recognised in relation to these losses as it is not considered probable that suitable future taxable profits will be available in the relevant company against which the unused losses can be utilised. Specifically, in the case of the trading and non-trading losses this is due to the unpredictability of future profit streams in the relevant entities, while for the capital losses it is due to future capital gains not currently being forecast to arise. All unrecognised losses may be carried forward indefinitely and have been valued in GBP at the year end closing exchange rate.

The analysis below does not include any tax losses attributable to our former subsidiaries in the Netherlands and Germany, which have now ceased to trade.

	28 December 2024 £m	30 December 2023 £m
Trading losses	123	100
Non-trading losses	20	20
Capital losses	86	86
Total losses	229	206

The losses disclosed above relate to activities both in the UK and in overseas jurisdictions. Of the trading losses, £31m relate to UK activities with the remainder being attributable to Belgium (£1m), Ireland (£5m) and France (£86m). All of the non-trading losses and capital losses are attributable to UK activities.

Global minimum tax Legislation - Pillar Two

The Group is in scope of this Legislation. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent filings, country by country reporting and financial statements for the Group entities. Based on this assessment, the Pillar Two effective rates in most jurisdictions in which the Group operates are above 15%. Consequently, the Pillar two regulation does not materially impact the Group's effective tax rate.

The Group has applied the temporary mandatory relief under IAS12 from accounting for deferred tax that arises under the Pillar Two rules meaning the Group is effectively exempt from providing for and disclosing deferred tax related to top-up tax.

8 Earnings per share

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

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

Operating assets and liabilities

9 Intangible assets

(a) Total amounts recognised in the balance sheet

	28 December 2024 £m	30 December 2023 £m
Goodwill - cost and carrying value	12.4	12.4
Software	45.7	31.1
	58.1	43.5

(b) Goodwill

Accounting policy

Goodwill arising on a business combination represents the excess of the cost of acquisition over the share of the aggregate fair value of identifiable net assets (including intangible assets) of the acquired business at the date of acquisition. Goodwill is initially recognised as an asset and allocated to cash-generating units that are expected to benefit from the synergies of the business combination. Goodwill is not amortised, but is reviewed at least annually for impairment. Any impairment is recognised immediately in the income statement. Goodwill is stated in the balance sheet at cost less any provisions for impairment, if required.

The goodwill shown above all arose on the acquisition of 100% of Sheridan Fabrications Ltd ("SFL") in 2022. The trading activities of SFL have been integrated into the Howden Joinery UK operations, to which we have allocated all of the related goodwill. The Howden Joinery UK operations is a group of cash-generating units comprising smaller groups of assets (for example, individual depots).

The recoverability of the goodwill is assessed by looking at the value in use of the Howden Joinery UK operations.

The Howden Joinery UK operations, as shown in the geographical analysis at note 3(b) to these financial statements, represent over 95% of the consolidated Group sales. This is reflected in their contribution to total Group profit and cashflow. Given the size and contribution of this cash-generating unit in comparison with the £12.4m cost and carrying value of the allocated goodwill, it has not been considered necessary to look further ahead than the next 12 month forecast to verify that projected cashflows from the Howden Joinery UK operations are significantly in excess of the carrying value of the associated goodwill.

Financial Statements

Notes to the consolidated financial statements continued

Operating assets and liabilities continued

(c) Software

Accounting policy

Directly attributable costs incurred for the development of computer software controlled by and for use within the business are capitalised and written off over their estimated useful lives, which are reviewed annually and which range between three and seven years. No amortisation is charged on assets under construction.

Amounts paid to third parties for development of assets not controlled by the Group are expensed over the period where the Group receives the benefit of the use of these assets. Licence fees for using third-party software are expensed over the period the software is in use.

Intangible assets are amortised on a straight line basis over their useful lives, which range from 4 to 10 years.

	Intangible assets in use £m	Assets under construction £m	TOTAL £m
<b>Cost</b>			
At 24 December 2022	45.8	7.8	53.6
Additions	3.0	10.6	13.6
Disposals	(1.4)	-	(1.4)
Reclassifications	4.9	(4.9)	-
At 30 December 2023	52.3	13.5	65.8
Exchange adjustments	(0.1)	-	(0.1)
Additions	9.9	10.7	20.6
Disposals	(1.2)	-	(1.2)
Reclassifications	9.0	(9.0)	-
<b>At 28 December 2024</b>	<b>69.9</b>	<b>15.2</b>	<b>85.1</b>
<b>Accumulated depreciation</b>			
At 24 December 2022	(30.1)	-	(30.1)
Exchange adjustments	-	-	-
Charge for the period	(6.0)	-	(6.0)
Disposals	1.4	-	1.4
At 30 December 2023	(34.7)	-	(34.7)
Charge for the period	(5.8)	-	(5.8)
Disposals	1.1	-	1.1
<b>At 28 December 2024</b>	<b>(39.4)</b>	<b>-</b>	<b>(39.4)</b>
<b>Net book value at 28 December 2024</b>	<b>30.5</b>	<b>15.2</b>	<b>45.7</b>
Net book value at 30 December 2023	17.6	13.5	31.1

10 Property, plant and equipment

Accounting policy

All property, plant and equipment is stated at cost (or deemed cost, as applicable) less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is provided to write off the difference between their cost and their residual value over their estimated lives on a straight-line basis. The current range of useful lives is as follows:

Freehold property	25 - 50 years
Leasehold property improvements and fittings	the period of the lease, or the individual asset's life, if shorter
Plant, machinery & vehicles	4 - 25 years
Fixtures & fittings	4 - 25 years

Capital work-in-progress and freehold land are not depreciated.

Residual values, remaining useful economic lives and depreciation periods and methods are reviewed regularly and adjusted if appropriate.

Property, plant and equipment is assessed for impairment at least annually, with individual depots considered to be cash-generating units for this purpose.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the income statement.

	Freehold property £m	Leasehold property improvements £m	Plant, machinery & vehicles £m	Fixtures & fittings £m	Assets under construction £m	TOTAL £m
<b>Cost</b>						
At 24 December 2022	73.1	108.1	206.4	264.2	59.7	711.5
Exchange adjustments	-	-	(0.1)	(0.4)	(0.1)	(0.6)
Additions	2.1	12.0	17.6	39.1	33.0	103.8
Disposals	-	(1.7)	(12.2)	(2.3)	-	(16.2)
Reclassifications	1.8	3.4	19.4	6.6	(31.2)	-
At 30 December 2023	77.0	121.8	231.1	307.2	61.4	798.5
Exchange adjustments	-	(0.1)	(0.4)	(1.5)	(0.1)	(2.1)
Additions	3.3	13.9	15.2	42.0	22.5	96.9
Disposals	-	(0.1)	(6.0)	(1.7)	-	(7.8)
Reclassifications	0.8	-	14.1	16.3	(31.2)	-
<b>At 28 December 2024</b>	<b>81.1</b>	<b>135.5</b>	<b>254.0</b>	<b>362.3</b>	<b>52.6</b>	<b>885.5</b>
<b>Accumulated depreciation</b>						
At 24 December 2022	(10.8)	(34.4)	(133.0)	(134.6)	-	(312.8)
Exchange adjustments	-	-	-	0.1	-	0.1
Charge for the period	(1.9)	(6.2)	(13.9)	(22.8)	-	(44.8)
Disposals	-	1.6	12.1	2.2	-	15.9
At 30 December 2023	(12.7)	(39.0)	(134.8)	(155.1)	-	(341.6)
Exchange adjustments	-	-	0.2	0.4	-	0.6
Charge for the period	(2.0)	(6.9)	(16.7)	(25.7)	-	(51.3)
Disposals	-	0.1	5.9	1.4	-	7.4
Reclassifications	-	-	0.5	(0.5)	-	-
<b>At 28 December 2024</b>	<b>(14.7)</b>	<b>(45.8)</b>	<b>(144.9)</b>	<b>(179.5)</b>	<b>-</b>	<b>(384.9)</b>
<b>Net book value at 28 December 2024</b>	<b>66.4</b>	<b>89.7</b>	<b>109.1</b>	<b>182.8</b>	<b>52.6</b>	<b>500.6</b>
Net book value at 30 December 2023	64.3	82.8	96.3	152.1	61.4	456.9



Notes to the consolidated financial statementscontinued

Operating assets and liabilitiescontinued

11 Lease right-of-use assets and lease liabilities

Accounting policy

We assess whether a lease exists at the inception of the related contract. If a lease exists, we recognise a right-of-use asset and a corresponding lease liability with effect from the date the lease commences.

The lease liability

The lease liability is initially measured at the present value of the lease payments due. As the discount rate inherent in our leases is not readily determinable, we use an estimate of the Group's incremental borrowing rate to discount the payments and arrive at net present value.

The Group does not have a history of borrowing, and therefore it does not have a credit agency credit rating. Therefore, we derive the incremental borrowing rate by a process of:

- discussion with our bankers to estimate a reasonable proxy credit rating for the Group;
- using an independent third-party borrowing rate curve, giving indicative costs of borrowing for companies with a comparable credit rating over various durations, and
- selecting borrowing rates from the appropriate points on that curve to best match the duration of our lease portfolios.

Our leases are on relatively simple terms. Lease payments included in the measurement of the lease liability comprise fixed lease payments, less any lease incentives. We do not have variable lease payments which depend on an index, residual value guarantees, purchase options or termination penalties.

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.

We remeasure the lease liability (and make a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- the lease payments have changed as a result of a change in an index, or, as is common with property leases, to reflect changes in market rental rates. In these cases, the lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

In any cases other than those described immediately above, where a lease contract is modified and the lease modification is not accounted for as a separate lease, the lease liability is remeasured by discounting the revised remaining lease payments using a revised discount rate.

The lease liability is presented as a separate item in the balance sheet and is split between current and non-current portions.

The lease right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability and any initial direct costs of obtaining the lease. It is subsequently measured at cost less accumulated depreciation and any impairment losses. Whenever we incur an obligation for costs to restore a leased asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Right-of-use assets are depreciated over the lease term as this is always shorter than the useful life of the underlying asset. Depreciation starts at the commencement date of the lease. We do not have any leases that include purchase options or transfer ownership of the underlying asset.

The right-of-use assets are presented as a separate line item in the balance sheet.

Lease term

It is uncommon for any of our leases to have extension options, although in the case of property leases it is common for us to enter into a new lease of the same property when the current lease expires. It is also uncommon for us to exit any leases before the end of their specified maximum term. Therefore we assume on inception that our leases will run to the maximum term in the lease agreement.



Property leases treated as short-term leases when in the process of being renewed

From time to time when renewing a property lease, the new lease may not be formally signed before the end date of the previous lease. In these circumstances, although both we and the landlord will have agreed our willingness to renew the lease in principle, and we may also have protection under property law which grants us the right to renew the lease, our interpretation of IFRS 16 is that there is no enforceable right to renew the lease until the new lease is formally signed.

Therefore, we treat any lease payments made in this period between expiry and renewal as short-term lease payments under IFRS 16 and we expense them, taking advantage of the IFRS16 short-term lease exemption.

Amounts treated as variable lease payments - rent reviews

It is common for property leases to contain a clause whereby the rent is reviewed every five years and adjusted in line with prevailing market rates. The process of agreeing rent reviews can sometimes be a lengthy one, and some reviews are not agreed until after their effective date.

In these cases we will continue to pay rent at the old rate until the rent review is agreed and neither the lease asset nor the lease liability is remeasured. If the new rent is agreed at a higher rate than the old rent, there will be a one-off payment to the lessor, covering the increase in rent for the period between the date from which the rent review was effective and the date on which the rent review was agreed.

This payment is treated as a variable lease payment and is not included in the remeasurement of the lease liability.

The lease asset and liability are remeasured from the rent review agreement date, based on the future agreed cashflows at the new agreed rent.

Nature of the Group's leasing activities

Around 90% of our leases by value are for depot, warehouse, and office properties. A typical depot lease would be for a period of 10 to 15 years, with warehouse and factory leases being for significantly longer and typical office lease periods being shorter. We also lease other smaller assets such as fork lift trucks, lorries, vans and cars, with typical lease periods ranging up to around 5 years.

Amounts recognised in the balance sheet

	28 December 2024 £m	30 December 2023 £m
Right-of-use assets		
Property	589.3	591.7
Vehicles, plant & machinery	53.0	56.2
	642.3	647.9
Additions to right-of-use assets in the period	96.6	122.9
Lease liabilities		
Current	(89.3)	(85.3)
Non-current	(591.7)	(599.2)
	(681.0)	(684.5)

Financial Statements

Notes to the consolidated financial statementscontinued

Operating assets and liabilitiescontinued

Amounts recognised in the income statement

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
<b>Included in net operating expenses</b>		
Depreciation of right-of-use assets:		
- property	76.5	72.7
- vehicles, plant & machinery	20.6	17.8
Impairment and net gain on lease termination	(0.1)	(0.4)
Total - recognised in net operating costs	97.0	90.1
Expense relating to short-term leases	3.4	4.8
Variable lease payments, not included in the measurement of lease liabilities	2.7	2.6
<b>Included in finance costs</b>		
Interest expense on lease liabilities	20.7	16.8

Cash flows and maturity analysis of lease liabilities

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Total cash outflow for leases	113.4	121.8

	28 December 2024 £m	30 December 2023 £m
<b>Maturity analysis of lease liabilities</b>		
Contractual undiscounted cashflows due		
- within 1 year	108.4	102.9
- 1 to 5 years	329.5	316.5
- more than 5 years	371.6	382.6
	809.5	802.0

Sublettings

From time to time the Group has leases on properties which it no longer requires. The Group will sublease any such properties wherever possible.

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Sublease income recognised in the period	0.7	0.7

12 Inventories

! Estimation uncertainty - allowances against the carrying values of inventories

In order to achieve the accounting objective that inventories are stated at the lower of cost and net realisable value, the Group carries an allowance against products which it estimates may not sell at a price above cost, or where we may be holding levels of product in excess of estimated future demand. The Group bases these estimates on regular reviews of stock levels, as well as of product lifecycles, selling prices achieved in the market and historical sales profiles of products after they have been discontinued. These estimates are regularly reviewed against actual experience, and revised to reflect any differences, but the accuracy of the estimates at any point in time can be affected by the extent to which current products may not follow historical patterns.

Both the gross inventory balance and the amount of the allowance against carrying value are material items and we would expect this to remain the case as the Group grows in size, and as consumer demand for regular introductions of new product continues.

We derive our allowance against carrying value based on specific kitchen ranges and stock items where a decision has been made to discontinue future sales or where our monitoring of current sales indicates that the rate of sales is in decline and the product may be coming to the end of its life cycle. The level of judgement and estimation involved requires assessing the obsolescence risk across a high volume of SKUs, which can have different risk profiles. As such, the allowance is specific in nature and does not lend itself to meaningful sensitivity analysis in the same way as a figure which is derived by a general formula. The potential range of reasonable outcomes could be material. In the analysis of the allowance below, we have separately identified the aggregate gross value of stock against which an allowance has been made.

Once a decision is made to discontinue future sales of a product, it will still be available for sale in depots for a standard period of time, after which any remaining units of that product will be removed from sale. Our stock allowance is calculated so that the carrying value of any unsold units is progressively written down to nil over the period during which they are available for sale. The rate at which the units are written down to nil is based on actual historical experience of realised selling prices for previous similar products, and recognises that higher selling prices are typically achievable at the beginning of the period than at the end of the period. Rates are reviewed regularly against historical experience and are adjusted if necessary.

Accounting policy

Inventories are stated at the lower of cost and net realisable value. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity, calculated using a standard cost which is regularly updated to reflect average actual costs. An allowance is made for obsolete, slow-moving, or defective items where appropriate.

	28 December 2024 £m	30 December 2023 £m
Raw materials	25.9	28.0
Work in progress	9.5	9.5
Finished goods and goods for resale	400.2	394.9
Allowance against carrying value of inventories	(44.9)	(49.6)
	390.7	382.8

The aggregate carrying amount of specific inventories against which allowances have been made is given below:

	2024		2023	
	Gross value of stock £m	Allowance against carrying value £m	Gross value of stock £m	Allowance against carrying value £m
Stock with no allowance against it	351.9	-	338.3	-
Stock with an allowance	83.7	(44.9)	94.1	(49.6)
	435.6	(44.9)	432.4	(49.6)



Notes to the consolidated financial statementscontinued

Operating assets and liabilitiescontinued

13 Trade and other receivables

Accounting policy

Trade receivables do not contain a significant financing component and are stated at their nominal value, reduced by an allowance for expected credit losses. This approximates to their fair value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses. This uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses trade receivables have been grouped based on shared credit risk characteristics and the days past due.

To determine expected credit losses, the Group uses historical observed default rates for these different groups of receivables, adjusted for forward-looking estimates. The default rates and forward-looking estimates are revised at each reporting date.

	28 December 2024 £m	30 December 2023 £m
Trade receivables (net of allowance)	217.1	159.5
Prepayments	39.1	29.2
Other receivables	8.4	5.8
	264.6	194.5

An analysis of the Group's allowance for expected credit losses on debtors is as follows:

	28 December 2024 £m	30 December 2023 £m
Balance at start of period	18.0	17.6
(Decrease)/increase in allowance recognised in the income statement	(1.1)	0.4
Balance at end of period	16.9	18.0

Trade receivables - exposure to credit risk and allowance for expected credit losses

We have no significant concentration of credit risk, as our exposure is spread over a large number of customer accounts. We charge interest at appropriate market rates on balances which are in litigation.

Before accepting any new credit customer, we obtain a credit check from an external agency to assess the potential customer's credit quality, and then we set credit limits on a customer-by-customer basis. We review credit limits regularly, and adjust them if circumstances change. In the case of one-off customers, our policy is to require immediate payment at the point of sale, and not to offer credit terms.

The historical level of customer default is low as a percentage of sales, and we consider the credit quality of period end trade receivables to be high. We regularly review trade receivables which are past due but not impaired, and we make an allowance against them based on any expected credit losses. We base our assessment both on past experience and also on whether there are any other likely significant future factors which might affect recoverability and influence our assessment of expected credit losses. We maintain regular contact with customers with overdue debts and, where necessary, we take legal action to recover the receivable.

We wrote off £9.8m of debts in the period (2023: £10.2m). Included within our aggregate trade receivables balance are specific debtor balances with customers totalling £47.0m before allowance for expected credit losses (2023: £46.1m before allowance) which are past due as at the reporting date. We have assessed these balances for recoverability and we believe that their credit quality remains intact.

An ageing analysis of these past due trade receivables is as follows:

	28 December 2024 £m	30 December 2023 £m
1-30 days past due	21.7	21.4
31-60 days past due	5.9	6.8
61-90 days past due	4.0	3.9
90+ days past due	15.4	14.0
Total overdue amounts, excluding allowance for doubtful receivables	47.0	46.1

The Group does not renegotiate credit terms.

14 Trade and other payables

Accounting policy

Trade payables are not interest-bearing and are stated at their nominal value, which approximates to their fair value.

	28 December 2024 £m	30 December 2023 £m
Current liabilities		
Trade payables	178.6	174.5
Other tax and social security	77.4	70.4
Other payables	33.3	29.8
Accruals	97.5	98.5
	386.8	373.2

The average credit taken for trade purchases during the period, based on total operations, was 52 days (2023: 53 days).

The Group's policy on payment of creditors is to agree terms of payment prior to commencing trade with a supplier, and to abide by those terms on the timely submission of satisfactory invoices.

Notes to the consolidated financial statementscontinued

Operating assets and liabilitiescontinued

15 Provisions

Accounting policy

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount required to settle the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation, and are discounted to present value where the effect is material.

	Property £m	Warranty £m	Other £m	French post- employment benefits £m	Total £m
At 24 December 2022	5.0	11.2	-	0.3	16.5
Additional provision in the period	1.5	4.0	0.2	-	5.7
Provision released in the period	(1.6)	-	-	-	(1.6)
Utilisation of provision in the period	(1.1)	(7.0)	-	-	(8.1)
At 30 December 2023	3.8	8.2	0.2	0.3	12.5
Additional provision in the period	0.7	7.7	0.1	-	8.5
Provision released in the period	(1.1)	-	-	-	(1.1)
Utilisation of provision in the period	(0.6)	(6.6)	(0.2)	-	(7.4)
At 28 December 2024	2.8	9.3	0.1	0.3	12.5
Presented as current liabilities	1.6	6.6	0.1	-	8.3
Presented as non-current liabilities	1.2	2.7	-	0.3	4.2
At 28 December 2024	2.8	9.3	0.1	0.3	12.5

Property provision

The property provision covers obligations to make dilapidation payments to landlords of leased properties. Following the guidance in the IFRSs governing leases and provisions, our assessment is that, in general, the likelihood of a cash outflow for dilapidations at the time of signing a lease is remote, and therefore it would be unusual for us to recognise any costs relating to dilapidations at that time.

In these cases, the event which changes our assessment of the likelihood of a cash outflow for dilapidations from being remote to being probable, and which therefore triggers our recognition of a provision for that probable outflow, typically occurs as we come towards the end of a lease and we can assess the condition of the leased property and the likelihood of dilapidations being payable.

The timing of any outflows from the provision is variable, and is dependent on the timing of dilapidations assessments and works. Although circumstances will differ from property to property, a typical pattern would be that the outflow would occur within 1-3 years of the provision being made. The amounts provided are specific to each property and are based on our best estimate of the cost of performing any required works or, in cases where we will not be directly contracting for the works to be done, our best estimate of the outflow required to settle any claim from the landlord. Where the amounts involved are significant, we would typically take advice on the likely costs from third-party property maintenance specialists.

For the purposes of allocating this provision between current liabilities and non-current liabilities we have used our best estimate of when we would reasonably expect outflows to occur, based on circumstances at each relevant property.

Warranty provision

The warranty provision relates to the estimated costs of product warranties. As products are sold, the Group makes provision for claims under warranties, based on actual sales and on historical average warranty costs incurred. As claims are made, the Group utilises the provision and then uses the historical data on the rate and amount of claims to periodically revise our expectations of the amount of future warranty costs and therefore the rate at which it is appropriate to provide for warranty costs on each sale in the future.

For the purposes of allocating this provision between current liabilities and non-current liabilities we have used the historical data on timing and amount of claims to estimate the costs for the next 12 months and have classified this as a current liability.

Other

Other miscellaneous small amounts.

French post-employment benefits provision

This provision relates to a benefit which is payable to employees in our French subsidiary under French law on retirement. It is a lump sum payable on retirement, not a recurring pension. There will only be an outflow from this provision if any of the eligible employees are employed by our French subsidiaries immediately before their retirement.

The provision represents our best estimate of the potential liability and it is calculated based on several factors, mainly the age profile and salary details of the current workforce in France, and the current rate of staff turnover. The calculation to arrive at the best estimate of the required provision is revised periodically by third-party specialists and our provision is adjusted in line with the results of this calculation if necessary.

We have assumed that the whole of this provision is non-current.

Capital structure and risk

16 Share capital and reserves

	28 December 2024 No.	53 weeks to 30 December 2023 No.	28 December 2024 £m	53 weeks to 30 December 2023 No.
Ordinary shares of 10p each:				
Allotted, called up and fully paid				
Balance at the beginning of the period	553,591,720	560,916,049	55.4	56.1
Bought back and cancelled during the period	-	(7,324,329)	-	(0.7)
Balance at the end of the period	553,591,720	553,591,720	55.4	55.4

Share capital

The Company has one class of ordinary share that carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Description of the nature and purpose of the other reserves shown in the balance sheet

The share premium represents the amounts above the nominal value received for shares sold. The capital redemption reserve represents the nominal value of share capital bought back and cancelled. The ESOP reserve relates to share-based payments and is explained at the foot of the consolidated statement of changes in equity. The treasury share reserve represents the cost of shares bought from the market and held in treasury. The retained earnings reserve represents the Group's cumulative results.



Financial Statements

Notes to the consolidated financial statementscontinued

Capital structure and riskcontinued

17 Dividends

Amounts recognised as distributions to equity holders in the period:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Final dividend for the 52 weeks to 24 December 2022 - 15.9p/share	-	87.8
Interim dividend for the 53 weeks to 30 December 2023 - 4.8p/share	-	26.3
Final dividend for the 53 weeks to 30 December 2023 - 16.2p/share	89.0	-
Interim dividend for the 52 weeks to 28 December 2024 - 4.9p/share	26.9	-
	115.9	114.1

Dividends proposed at the end of the period (but not recognised in the period):

	52 weeks to 28 December 2024 £m
Proposed final dividend for the 52 weeks to 28 December 2024 - (16.3p/share)	89.2

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

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

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

18 Cash and cash equivalents and note to the cash flow statement

Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and on hand together with demand deposits. Cash at bank is either in current accounts, or is placed on short term deposit, and is available on demand. The carrying value of these assets approximates to their fair value.

Note to the cash flow statement: changes in liabilities arising from financing activities

The only liabilities which have changed due to financing activities are lease liabilities. The cash and non-cash changes in lease liabilities are analysed below.

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Opening balance	(684.5)	(665.3)
Cash movement: repayment of principal on lease liabilities	92.7	105.0
Cash movement: lease interest paid	20.7	16.8
Non cash movement: net additions to lease liabilities	(109.9)	(141.0)
Closing balance	(681.0)	(684.5)

19 Borrowing facility

Accounting policy

Fees relating to borrowing facilities are recorded as prepayments and released over the life of the facility.

During the current period, the Group extended the end date of its existing £150m borrowing facility. At 28 December 2024, the Group had a £150m committed multi-currency revolving credit facility due to expire in September 2029. The Group did not use the facility in the year.

As at 28 December 2024, the full £150m of the facility was available in addition to the Group's cash as shown on the Balance Sheet.

If the Group were to use the facility, it would carry interest at a rate of SONIA plus a margin of between 100 and 175 basis points, with the margin being dependent on the ratio of total net debt to EBITDA.

The facility has two covenants, both of which are calculated on a 12 month rolling basis twice each year, at year end and then again at half year end. Under one covenant the ratio of EBITDA to net debt has to be less than 3:1, and under the other covenant the ratio of EBITDA to net finance charges has to be greater than 4:1.

20 Financial risk management

(a) Capital risk management

The Group manages its capital structure to maximise shareholder returns through its debt and equity balance, trading-off the benefits of financial leverage with the expected future costs of financial distress.

The capital structure of the Group consists of cash and short term investments, the committed borrowing facility discussed further in note 19 - if needed - and equity attributable to equity holders of the parent (including issued share capital and reserves as disclosed in the Consolidated Statement of Changes in Equity, and in note 16).

The Board of Directors reviews the capital structure regularly, including at the time of preparing annual budgets, preparing three-year corporate plans, and considering corporate transactions. As part of this review, the Board reviews the costs and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buybacks, taking on or issuing new debt or repaying any existing debt.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are included in the relevant notes to the financial statements. An index to the notes is located between the cash flow statement and note 1.

(c) Categories of financial instruments

	28 December 2024 £m	30 December 2023 £m
<b>Financial assets (current and non-current)</b>		
Trade receivables	217.1	159.5
Cash and cash equivalents	343.6	282.8
<b>Financial liabilities (current and non-current)</b>		
Trade payables	178.6	174.5
Other payables <sup>1</sup>	21.0	21.2

<sup>1</sup> These balances are included in the total Other payables balances shown in note 14

Financial Statements

Notes to the consolidated financial statementscontinued

Capital structure and riskcontinued

(d) Financial risk management

General

The Group is exposed in varying degrees to a variety of financial instrument related risks. The Board has approved and monitors the risk management processes, including documented treasury policies, counterparty limits, and controlling and reporting structures. The types of risk exposure, the way in which these exposures are managed, and the quantification of the level of exposure in the balance sheet is shown below (subcategorised into credit risk, liquidity risk and market risk). The Group is actively engaged in the management of all of these financial risks in order to minimise their potential adverse impact on the Group's financial performance.

The principles, practices and procedures governing the Group-wide financial risk management process have been approved by the Board and are overseen by the Executive Committee. In turn, the Executive Committee delegates authority to a central treasury function ('Group Treasury') for the practical implementation of the financial risk management process across the Group and for ensuring that the Group's entities adhere to specified financial risk management policies. Group Treasury regularly reassesses and reports on the financial risk environment, identifying and evaluating financial risks. The Group does not take positions on derivative contracts and only enters into contractual bank deposit or lending arrangements with counterparties that have appropriate credit ratings, as detailed in section (e) below.

Cash and cash equivalents

Cash at bank and in hand, which is the term used in the balance sheet, comprises cash on hand together with demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. Cash and cash equivalents, which is the term used in the cash flow statement, is the same as cash at bank and in hand.

Arrangements are in place to ensure that cash is utilised most efficiently for the ongoing working capital needs of the Group's operating units and to ensure that the Group earns competitive rates of interest. The prime consideration in the investment of cash balances is the security of the asset, followed by liquidity and then yield.

Management of trade receivables is discussed in note 13.

(e) Credit risk

The Group's principal financial assets are cash, and trade and other receivables. We do not consider other receivables to carry any significant credit risk. Our main credit risk is the risk of trade customers defaulting their debts. We have a policy of only dealing with creditworthy counterparties in order to mitigate the risk of defaults.

We describe our policy on dealing with trade customers in note 13. Trade receivables are spread over a large number of customers, and we do not have a significant exposure to any single counterparty.

We limit our exposure to credit risk on liquid funds and investments through adherence to a policy of minimum short-term counterparty credit ratings assigned by international credit-rating agencies (Standard & Poor's A-1 and Moody's P-1). However, when accounts are opened in new territories there may be instances where there is no appropriate partner which meets the Group's credit rating conditions. In such circumstances, arrangements with a counterparty which does not meet the Group's credit rating criteria can be made only at the specific approval of the Board and is subject to a maximum cash holding limit.

In addition, the Group Treasury function monitors counterparty risk through credit agency ratings.

Our maximum exposure to credit risk is presented in the following table:

	28 December 2024 £m	30 December 2023 £m
Trade receivables (net of allowance)	217.1	159.5
Cash	343.6	282.8
Total credit risk exposure	560.7	442.3

(f) Liquidity risk

Liquidity risk is the risk that the we could experience difficulties in meeting our commitments to creditors as financial liabilities fall due for payment. The Group manages its liquidity risk by using reasonable and retrospectively-assessed assumptions to forecast the future cash-generative capabilities and working capital requirements of the businesses it operates and by maintaining sufficient cash and investment reserves, committed borrowing facilities and other credit lines as appropriate. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has agreed an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities as far as is possible. Included in note 19 is a description of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk. In addition, the Strategic Review contains a section describing the interaction of liquidity risk and the going concern review.

Maturity profile of outstanding financial liabilities

Our only outstanding financial liabilities are our trade payables and an element of our other payables as shown in part (c) above. These are capital liabilities, with no associated interest, and are payable within one year.

(g) Market risk

This is the risk that financial instrument fair values will fluctuate owing to changes in market prices. The significant market risks to which we are exposed are foreign exchange risk, and interest rate risk. These are discussed further below:

Foreign exchange risk

We are exposed to foreign exchange risk, principally as a result of costs incurred in foreign currencies, and to a lesser extent, from non-sterling revenues. Our policy is generally not to hedge such exposures. The exposure of the our financial and other assets and liabilities to currency risk is as follows:

	28 December 2024 £m	30 December 2023 £m
<b>Euro</b>		
Trade receivables	10.2	8.4
Other receivables	3.8	3.1
Cash and cash equivalents	17.8	57.7
Trade payables	(34.5)	(35.4)
Other payables	(8.5)	(4.6)
	(11.2)	29.2
<b>US Dollar</b>		
Other receivables	0.5	-
Cash and cash equivalents	0.4	19.7
Trade payables	(0.3)	(0.8)
	0.6	18.9
<b>TOTAL</b>	(10.6)	48.1

Interest rate risk

The Group does not have any significant exposure to interest rate risk.



Notes to the consolidated financial statementscontinued

Capital structure and riskcontinued

(h) Financial instrument sensitivities

Financial instruments affected by market risk include deposits, trade receivables and trade payables. The following analysis, required by IFRS 7, is intended to illustrate the sensitivity of the Group’s financial instruments as at its year end to changes in market variables, being exchange rates and interest rates. The sensitivity analysis has been prepared on the basis that the components of net cash and the proportion of financial instruments in foreign currencies are all constant. For floating rate instruments, the analysis is prepared assuming that the amount outstanding at the year end date was outstanding for the whole year. As a consequence, this sensitivity analysis relates to the position as at the balance sheet date. The following assumptions were made in calculating the sensitivity analysis:

- Deposits are carried at amortised cost and therefore carrying value does not change as interest rates move.
- No sensitivity is provided for accrued interest as accruals are based on pre-agreed interest rates and therefore are not susceptible to further rate movements.
- Finance lease interest payments are fixed at the inception of the contract and are not subject to repricing. They have therefore been excluded from this analysis.
- Translation of foreign subsidiaries and operations into the Group’s presentation currency have been excluded from the sensitivity.

Using the above assumptions, the following analyses show the illustrative effect on the income statement and equity that would result from reasonably possible changes in the relevant foreign currency or interest rates:

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for floating rate non-derivative instruments at the balance sheet date. The Group holds no derivative financial instruments. Fixed rate instruments are not susceptible to changes in interest rates, and are omitted from the analysis below. For floating rate instruments, the analysis is prepared assuming the amount outstanding at the balance sheet date was outstanding for the whole year. A 50 basis points increase is used as this represents management’s assessment of the possible change in interest rates.

At the reporting date, if interest rates had been 50 basis points higher and all other variables were held constant, the Group’s net profit and profit and loss reserve would increase by £1.6m (2023: increase by £0.6m).

For a decrease of 50 basis points, the current year figures would decrease by £1.6m (2023: decrease by £0.9m).

Exchange rate sensitivity

As noted above, the Group is mainly exposed to movements in Euro and US dollar exchange rates. The following information details our sensitivity to a 10% weakening or strengthening in Sterling against the Euro and the US Dollar. These percentages are the rates used by management when assessing sensitivities internally and represent management’s assessment of the possible change in foreign currency rates. The sensitivity analysis of our exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the end of the financial period, and based on the outstanding foreign currency balances at the period end.

	28 December 2024 £m	30 December 2023 £m
10% weakening of Sterling to Euro	(1.2)	3.2
10% strengthening of Sterling to Euro	1.0	(2.7)
10% weakening of Sterling to US dollar	0.1	2.1
10% strengthening of Sterling to US dollar	(0.1)	(1.7)

Employees

21 Staff costs and number of employees

The aggregate payroll costs of employees, including Executive Directors, were:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Wages and salaries	(591.1)	(561.4)
Social security costs	(51.5)	(49.8)
Pension operating costs (note 22)	(45.4)	(44.8)
	(688.0)	(656.0)

Wages and salaries includes a charge in respect of share-based payments of £9.6m (2023: £6.0m).

The average monthly number of persons (including Executive Directors) employed by the Group during the period was as follows:

	52 weeks to 28 December 2024 No.	53 weeks to 30 December 2023 No.
UK depots, support and administration	9,382	9,417
Manufacturing and logistics	2,481	2,288
International	744	707
	12,607	12,412

22 Retirement benefit obligations

!	Significant judgement and source of estimation uncertainty
	There is significant judgement involved in selecting appropriate measurement bases for the actuarial assumptions used to measure the pension liability.
	There is also estimation uncertainty relating to the assumptions, as reasonable alternative assumptions could have led to measurement at a materially different amount.
	The key assumptions within this calculation are discount rate, inflation rates and mortality rates. These are set out below, together with sensitivity analysis that shows the effect that these estimates can have on the carrying value of the pension deficit.

Notes to the consolidated financial statementscontinued

Employeescontinued

Accounting policies

Defined contribution pensions

Payments to defined contribution pension schemes are charged to the income statement as they fall due.

Defined benefit pensions

The calculation of the Group’s net asset or obligation is performed by a qualified actuary using the projected unit method. When the calculation results in a potential asset, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. The Group considers that there are no restrictions caused by IFRIC 14 on recognising any pension surplus as the trustee does not have the unilateral power to either enhance member benefits or to wind up the scheme and distribute any surplus to members and therefore any surplus remaining once the final scheme benefits are paid to members would be returned to the Group under scheme rules.

Scheme liabilities are calculated by estimating the amount of future benefit that employees have earned in return for their service. That benefit is then discounted to determine its present value. The discount rate used is selected to closely approximate the yield at the balance sheet date on AA-rated bonds that have maturity dates approximating to the terms of the Group’s obligations. This discount rate is also used to calculate the net pension scheme finance charge or credit.

Scheme assets are carried at fair value. More details are given in this note as part of the analysis of plan assets.

The Group determines the net interest 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 annual period to the net defined benefit liability/(asset). Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

(a) Overview of all retirement benefit arrangements

Defined contribution plans

The Group operates an auto-enrolment defined contribution plan for employees. Under the terms of this scheme, employees make pension contributions out of their salaries, and the Group also makes additional contributions.

There is also a defined contribution plan relating to the defined benefit plan described below. This plan closed at the same time as the defined benefit plan and the company had no further cost obligations after it closed.

The total cost charged to income in respect of defined contribution pensions in the current period was £43.5m (2023: £42.5m). This represents the Group’s contributions due and payable in respect of the period, as was also the case in the previous period.

Defined benefit plan

Characteristics and risks of the plan:

The Group operates a funded pension plan which provides benefits based on the career average pensionable pay of participating employees. This plan was closed to new entrants from April 2013, and closed to future accrual on 31 March 2021.

The assets of the plan are held separately from those of the Group, being held in a trustee-administered pension plan and invested with independent fund managers. The trustee directors of the plan comprise three member-elected trustees, two independent trustees, and three Group-appointed trustees. All trustees are required to act in the best interests of the plan beneficiaries.

The plan exposes the Group to actuarial risks, such as longevity risk, interest rate risk, inflation risk and market (investment) risk.

Longevity risk is the risk that members live for longer than is currently expected. That results in pensions being paid for longer than expected, thus costing schemes more money.

Examples of interest rate risk are that a decrease in corporate bond yields increases the present value of the defined benefit obligations, or that a decrease in gilt yields results in a worsening in the Scheme’s funding position.

An example of inflation risk is that an increase in inflation results in higher benefit increases for members which in turn increases the Scheme’s liabilities.

Investment risk comes from three main sources: risk that the fund will fall in value, risk that the pension fund’s returns will not keep pace with inflation (i.e. that real returns are negative), and risk that the pension fund does not perform well enough to keep pace with the growth in the cost of providing pension benefits.

A description of how the plan’s asset allocation strategy seeks to address some of these risks is given below in the “Asset allocation” section.

Accounting and actuarial valuation

Contributions are charged to the consolidated income statement so as to spread the cost of pensions over the employees’ working lives with the Group. The present value of the defined benefit obligation is determined by a qualified actuary using the projected unit method. The most recent completed actuarial valuation was carried out at 5 April 2023 by the plan actuary. The actuary advising the Group has subsequently rolled forward the results of the 5 April 2023 valuation to 28 December 2024. This roll-forward exercise involves updating all the assumptions which are market-based (i.e. inflation, discount rate, rate of increase in pensions and rate of CARE revaluation) to values as at 28 December 2024. We are using CMI 2023 mortality tables, being the most recent tables available.

Funding and estimated contributions

The Group’s contributions in the current and prior periods are shown in the tables below. The Group bears the plan’s administration costs. The Group also has an agreement with the pension plan trustees to make additional deficit contributions to the plan of £12m per year until 31 May 2026, if the plan is underfunded on the Technical Provisions (“TP”) basis. Under the agreement, the scheme’s funding position is monitored on a monthly basis and deficit contributions are suspended if the scheme’s funding position is 100% or greater as at the last working day of two consecutive months on a TP basis, and is resumed if the funding position subsequently falls back to below 100% on the last working day of two consecutive months.

No additional benefit contributions were paid in 2024, and the Group’s estimated total cash contributions to the defined benefit plan in the 52 weeks ending 27 December 2025 are also nil. As noted in the paragraph above, additional deficit contributions may cease and recommence during the year, depending on the scheme’s funding position.

Differences between the defined benefit pension deficit on an IAS 19 basis and on a funding basis

As is mandatory under International Financial Reporting Standards, the Group values its pension deficit in these accounts on an IAS19 basis. As shown below, the IAS 19 deficit at the current period end is £2.1m. On a funding basis (also known as a “Technical Provisions basis”, being the basis on which the triennial actuarial valuations are carried out), the funding surplus at the current period end is estimated at £16.4m, this estimate being based on an approximate roll-forward of the 2023 triennial funding valuation, updated for market conditions. The IAS 19 valuation requires ‘best estimate’ assumptions to be used whereas the funding valuation uses ‘prudent’ assumptions.

Virgin Media case

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

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



Financial Statements

Notes to the consolidated financial statements continued

Employees continued

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

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

(c) Other information - defined benefit pension plan

Key assumptions used in the valuation of the plan

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

Sensitivities

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

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

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

Analysis of plan assets

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

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

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

Notes to the consolidated financial statementscontinued

Employeescontinued

Valuation of plan assets

All of the quoted assets have a daily price, and therefore are valued using market prices within one day of our Saturday year end date.

Unquoted investments are stated at values provided by the fund manager in accordance with relevant guidance. Some of the unquoted funds are valued on a monthly basis and others are valued on a quarterly basis. Based on asset values at the current year end, 15% of the unquoted assets are valued based on a valuation from the fund manager within two trading days of our year end date, and a further 23% are valued at 30 November 2024, all of them being adjusted for cash movements and rolled forwards using a suitably-correlated index if one is available. The fund managers' 31 December 2024 valuations for the remaining 62% of unquoted assets, which have a carrying value of £244.6m at the current period end, are not available until after these consolidated financial statements are approved and so the only available valuations for these funds at the current year is the 30 September 2024 valuations from the fund managers, which are adjusted for cash movements and rolled forward to our year end date using a suitably-correlated index where one is available.

Asset allocation

The plan's asset allocation strategy, as set out in the plan's September 2024 Statement of Investment Principles, is set out below:

The Plan's asset allocation strategy was determined with regard to the characteristics of the Plan, in particular the funding level, the liability profile, the security offered by Howden Joinery Group plc to the Plan and the ability of Howden Joinery Group plc to meet the required contributions. The objective is to reduce risk as the funding level improves, using an approach based upon the expected returns (and risk) relative to the Plan's liabilities. This involves considering the Plan's assets as either "return seeking" or "risk-reducing".

"Return-seeking" assets target a higher expected return than that of risk reducing/matching assets and typically have a higher associated volatility, relative to liabilities. These assets would typically involve equities and could possibly include alternative asset classes such as different types of absolute return and hedge funds, infrastructure, property and illiquid credit approaches. Assets used to predominantly manage liquidity and cashflows within the Secure Income portfolio are also deemed "Return-seeking".

"Risk-reducing" (or matching) assets have characteristics that are broadly similar in nature to the liabilities. These assets are predominantly government or corporate bonds and could also include other financial instruments such as interest rate and inflation swaps, credit default swaps and cash.

The Plan will initially have asset allocations as set out below but over time will move towards the target weight (particularly as the Secure Income assets return capital over the coming years).

Asset class

	Target weighting %	Range %
<b>RETURN-SEEKING ASSETS</b>	<b>55</b>	<b>45-65</b>
- Absolute return	7	2-12
- Multi-asset credit	13	8-18
- Secure income assets	35	25-45
<b>RISK-REDUCING ASSETS</b>	<b>45</b>	<b>35-55</b>

The Risk-Reducing Assets will be initially structured to target interest rate and inflation hedge ratios of c90% (as a proportion of funded liabilities), measured on the Plan's long term liability basis. This section of the portfolio also provides exposure to credit markets via credit default swaps.

The level of liability hedging will increase over time as the Secure Income assets return capital and the overall liquidity of the portfolio is able to support higher hedging levels.

The Trustee will monitor the actual asset allocation versus the target weightings and the ranges at regular intervals. The Trustee recognises that from time to time the actual asset allocation may move outside the ranges due to market movements and will consider whether to rebalance back to the target weightings, taking into account current market conditions and medium-term market views.

Analysis of plan members, scheme liability split and duration

	2024 <sup>1</sup>		
	No. of members	% of total liability	Duration (years)
Deferred members	5,542	52%	16
Pensioners	4,680	48%	10
Total No./average duration	10,222	100%	13

1 The membership figures are as given in the plan accounts and are as at 31 March 2024, the date of the latest audited pension plan accounts. The duration and % of liability figures are as calculated by the Group's actuary as at the Group's current year end.

	2023 <sup>2</sup>		
	No. of members	% of total liability	Duration (years)
Deferred members	5,905	52%	17
Pensioners	4,428	48%	11
Total No./average duration	10,333	100%	14

2 The membership figures are as given in the plan accounts and are as at 31 March 2023, the date of the latest audited pension plan accounts. The duration and % of liability figures are as calculated by the Group's actuary as at the Group's current year end.



Notes to the consolidated financial statements continued

Employees continued

Balance sheet

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

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

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

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

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

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

Movements in the deficit during the period are as follows:

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

Income statement

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

Amount charged to operating profit:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Current service cost	-	-
Administration cost	1.9	2.3
Total pensions cost	1.9	2.3

The total pensions cost is included in Staff Costs (note 21).

Amount credited to other finance charges:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Interest income on plan assets	(40.3)	(41.5)
Interest cost on defined benefit obligation	40.6	42.8
Net charge	0.3	1.3

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

Financial Statements

Notes to the consolidated financial statementscontinued

Employeescontinued

Statement of comprehensive income

Amounts taken to equity via the statement of comprehensive income in respect of the Group's defined benefit plan are shown below:

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Actuarial loss on plan assets	(91.3)	(8.2)
Decrease/(Increase) in plan liabilities due to financial assumptions	102.7	(14.2)
(Increase)/decrease in plan liabilities due to experience	(0.3)	9.2
Decrease in plan liabilities due to demographic assumptions	1.6	26.5
Net actuarial gain before associated deferred tax	12.7	13.3

23 Share-based payments

Accounting policy

The Group issues equity-settled share-based payments. They are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

1) Details of each scheme

The Group recognised a charge of £9.6m (2023: charge of £6.0m) in respect of share-based payments during the period. The Group has various share-based payment schemes, which are all equity-settled. The main details of all schemes which existed during the period are given below.

Share Incentive Plan ('SIP')

This is an 'all-employee' share plan. Shares shown below as "SIP (i)" represent free shares. Shares shown as "SIP (ii)" are matching shares which are awarded to employees who choose to take part in the Group's buy as you earn arrangement, which allows employees to purchase Group shares from pre-tax salary. Both of these share awards have no performance conditions other than continued employment and have a three-year vesting period.

Howden Joinery Group Long-Term Incentive Plan ('LTIP')

This is a discretionary employee share plan under which the Company may grant different types of award including options, conditional awards, and restricted share awards. With the exception of (iv) below, neither dividends nor dividend equivalents are payable during the vesting period. The different types of awards are as follows:

- (i) **Conditional Share Awards**, which have a vesting period of three years, and no performance conditions other than continued employment.
- (ii) **Market value options**, which have a vesting period of three years, and performance conditions based on growth in Group profits over the three financial years starting with the year during which they are awarded. The vesting conditions provide for a minimum level of performance, below which no shares will be awarded, as well as a maximum level of performance which must be achieved in order for the awards to vest fully.

The vesting conditions for some of the awards depend solely on growth in Group profit, in the same way as described for the market value options above.

For some other awards, the vesting conditions depend partly on growth in profit and partly on growth in total shareholder returns relative to comparator companies ("TSR").

For some other awards, the vesting conditions depend on a mixture of growth in profit, TSR, return on capital employed, and environmental measures based on carbon emissions reduction targets.

Vesting under the various measures above is determined on a straight-line basis between threshold and maximum payout. Performance below threshold will result in no awards being granted.
- (iii) **Performance Share Plan awards**, which have a vesting period of three years, and performance conditions based on the three financial years starting with the year during which they are awarded.

- (iv) **Restricted Share Awards**, where the participant receives beneficial entitlement to shares upon grant of the award. The legal interest, however, is not transferred to the participant until the forfeiture provisions and restrictions applicable to the awards cease to apply. The shares are not subject to any performance conditions other than continued employment. Dividends are payable during the vesting period.

2) Movements in the period

	SIP (i) Number	LTIP (i) Number	LTIP (iii) Number	LTIP (iv) Number
52 weeks to 28 December 2024				
In issue at start of period	1,924,596	461,777	2,793,278	12,854
Granted in period	304,980	509,374	778,873	-
Lapsed in period	(81,476)	(16,668)	(70,594)	-
Exercised in period	(456,274)	(164,406)	(858,664)	(5,646)
In issue at end of period	1,691,826	790,077	2,642,893	7,208
Exercisable at end of period	805,491	-	-	-
Number of options in the closing balance granted before 7 November 2002	9,853	-	-	-
Weighted average share price for options exercised during the period (£)	8.80	8.42	8.70	8.24
Weighted average life remaining for options outstanding at the period end (years)	1.6	1.0	1.3	0.0
Weighted average fair value of options granted during the period (£)	9.51	7.94	8.47	N/A
Exercise price for all options (£)	N/A	N/A	N/A	N/A

	LTIP (ii)		SIP (ii) Number
	Number	WAEP (£)	
In issue at beginning of period	100,899	3.79	106,741
Granted in period	-	N/A	48,617
Lapsed in period	-	N/A	(30,438)
Exercised in period	(100,899)	4	(2,948)
In issue at end of period	-	N/A	121,972
Exercisable at end of period	-	N/A	9,269
Number of options in the closing balance granted before 7 November 2002	N/A	-	-
Weighted average share price for options exercised during the period (£)	9	-	9
Weighted average life remaining for options outstanding at the period end (years)	-	-	2
Weighted average fair value of options granted during the period (£)	N/A	-	9
Exercise price for all options (£)	N/A	-	N/A



Financial Statements

Notes to the consolidated financial statements continued

Employees continued

53 weeks to 30 December 2023	SIP (i) Number	LTIP (i) Number	LTIP (iii) Number	LTIP (iv) Number
In issue at start of period	2,073,661	382,200	3,066,207	-
Granted in period	393,295	105,000	953,327	12,854
Lapsed in period	(74,665)	(25,423)	(777,627)	-
Exercised in period	(467,695)	-	(448,629)	-
In issue at end of period	1,924,596	461,777	2,793,278	12,854
Exercisable at end of period	1,009,826	-	67	-
Number of options in the closing balance granted before 7 November 2002	12,692	-	-	-
Weighted average share price for options exercised during the period (£)	6.96	N/A	7.37	N/A
Weighted average life remaining for options outstanding at the period end (years)	1.00	1.80	1.3	0.60
Weighted average fair value of options granted during the period (£)	7.03	6.70	5.70	7.05
Exercise price for all options (£)	0.00	0.00	0.00	0.00

	LTIP (ii)		SIP (iii) Number
	Number	WAEP <sup>1</sup> (£)	
In issue at beginning of period	240,346	3.48	79,271
Granted in period	-	N/A	58,928
Lapsed in period	-	N/A	(29,814)
Exercised in period	(139,447)	3.26	(1,644)
In issue at end of period	100,899	3.79	106,741
Exercisable at end of period	100,899	3.79	-
Number of options in the closing balance granted before 7 November 2002	-	-	-
Weighted average share price for options exercised during the period (£)	7.11	-	6.87
Weighted average life remaining for options outstanding at the period end (years)	-	-	1.90
Weighted average fair value of options granted during the period (£)	N/A	-	7.04
Exercise price for all options (£)	3.79	-	-

3) Fair value of options granted

The fair value of most of the share awards is considered to be the market value of the potential shares awarded, at market close on the day before the grant of the award.

The fair value of the Performance Share Plan ("LTIP (iii) above) awards granted is estimated on the date of grant using a Monte Carlo option valuation model.

The key assumptions used in this model were:

	52 weeks to 28 December 2024	53 weeks to 30 December 2023
Dividend yield (%)	2.2 - 5.9	3.4
Expected life of options (years)	0-3	3
Expected share price volatility (%)	24.6-29.5	30.50

Other supporting notes

24 Financial commitments

Capital commitments

	28 December 2024 £m	30 December 2023 £m
Contracted for, but not provided for in the financial statements:		
- Tangible assets	16.2	15.2
- Intangible assets - software	0.6	-
	16.8	15.2

25 Related party transactions

Companies which are related parties

Transactions between Group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note. All transactions between the Group and the Group's pension schemes have been disclosed in note 22.

Remuneration of key management personnel

Key management personnel comprise the Board of Directors (including Non-Executive Directors) and the Executive Committee. Details of the aggregate remuneration to these personnel is set out below. The figure disclosed for share-based payments represents the gain realised on the exercise of share awards in the year, albeit that those options will have been granted in previous periods. All figures include any related employer's National Insurance.

	28 December 2024 £m	30 December 2023 £m
Short-term employment benefits	6.9	10.2
Termination benefits	-	0.5
Share-based payments	5.6	2.3
	12.5	13.0

Other transactions with key management personnel

There were no other transactions with key management personnel.

Other transactions with persons closely related to key management personnel

The Group purchased services on an arms-length, commercial basis from a company run by a close family member of one of the key management personnel. Total spend in the current period was £0.1m (2023: £0.1m). At the current and prior period end, there were no balances owing.

Financial Statements

Company balance sheet

	Notes	28 December 2024 £m	30 December 2023 £m
<b>Non-current assets</b>			
Investments in subsidiaries	3	699.0	699.0
Property, plant and equipment	4	36.3	37.4
Lease right-of-use assets	5	171.2	179.1
Amounts owed by wholly-owned subsidiary companies	6	86.6	69.4
Deferred tax assets		0.8	0.9
Long term prepayments		0.9	0.7
		994.8	986.5
<b>Current assets</b>			
Other debtors		0.3	0.3
<b>Total assets</b>		995.1	986.8
<b>Current liabilities</b>			
Lease liabilities	5	(6.9)	(6.8)
Trade and other payables		-	(0.4)
		(6.9)	(7.2)
<b>Non-current liabilities</b>			
Lease liabilities	5	(190.5)	(197.1)
Deferred tax liabilities		(0.1)	
		(190.6)	(197.1)
<b>Total liabilities</b>		(197.5)	(204.3)
<b>Net assets</b>		797.6	782.5
<b>Equity</b>			
Called up share capital	6	55.4	55.4
Capital redemption reserve		9.8	9.8
Share premium		87.5	87.5
Treasury shares		(18.8)	(24.0)
Retained earnings		663.7	653.8
<b>Total equity</b>		797.6	782.5

The Company profit after tax for the 52 weeks to 28 December 2024 was £125.8m (53 weeks to 30 December 2023: profit after tax of £266.2m).

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

Paul Hayes  
Chief Financial Officer

For and on behalf of Howden Joinery Group Plc, registered number 02128710

Company statement of changes in equity

	Called up share capital £m	Capital redemption reserve £m	Share premium account £m	Treasury shares £m	Retained earnings £m	Total £m
At 24 December 2022	56.1	9.1	87.5	(25.5)	551.6	678.8
Retained profit for the period	-	-	-	-	266.2	266.2
Buyback and cancellation of shares	(0.7)	0.7	-	-	(50.0)	(50.0)
Transfer of shares from treasury into share trust	-	-	-	1.5	-	1.5
Dividends declared and paid	-	-	-	-	(114.1)	(114.1)
<b>At 30 December 2023</b>	55.4	9.8	87.5	(24.0)	653.8	782.5
Retained profit for the period	-	-	-	-	125.8	125.8
Transfer of shares from treasury into share trust	-	-	-	5.2	-	5.2
Dividends declared and paid	-	-	-	-	(115.9)	(115.9)
<b>At 28 December 2024</b>	55.4	9.8	87.5	(18.8)	663.7	797.6

	28 December 2024 £m
The Company's distributable reserves at period end are:	
Retained earnings	663.7
Treasury shares	(18.8)
<b>Distributable reserves</b>	644.9



Financial Statements

Notes to the Company financial statements

1 Significant Company Accounting policies

General information

Howden Joinery Group Plc is a company incorporated in the United Kingdom under the Companies Act 2006. The Company’s principal activity is being the Parent company of the Howden Joinery Group. More information about the Group structure is given at page 223.

Basis of presentation

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

Basis of accounting

These financial statements have been prepared on the going concern basis and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the UK Companies Act.

The accounts are prepared under the historical cost convention. Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement or statement of comprehensive income.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Statement of Cash Flows and related notes;
- a comparative period reconciliation for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries;
- comparative period reconciliations for tangible fixed assets and intangible assets;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of Key Management Personnel.

As the Group Financial Statements include the equivalent disclosures, the Company has also taken advantage of the exemptions under FRS 101 available in respect of IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments.

Going concern

This Company controls, directly or through one of its 100% owned subsidiaries, the operations of the whole Group. Consequently, when assessing the going concern status of this Company, the Directors have made their assessment based on the work done to assess the going concern status of the consolidated Group as a whole.

The Directors have undertaken a robust assessment and concluded that it is appropriate to prepare the financial statements of this Company on the going concern basis. They have not identified any material uncertainties and there were no significant judgements involved in coming to this conclusion. Full details are set out in the strategic report, starting on page 69.

Investments in subsidiaries

These investments are shown at cost less any provision for impairment.

Other accounting policies

The Company’s accounting policies are the same as those for the Group, which are disclosed as part of the relevant notes to the Group consolidated financial statements.

2 Profit and loss account information

The Company has no employees (2023: none). The fees payable to the Company’s auditor for the audit of the Company’s annual accounts, and Directors’ emoluments, were paid by another Group company in the current and prior periods.

3 Investments in subsidiaries

	Total £m
<b>Cost and carrying value:</b>	
At 30 December 2023 and 28 December 2024	<b>699.0</b>

The investment represents the Company’s 100% ownership and control of Howden Joinery Holdings Limited, which in turn holds 100% of all other Group companies – either directly or through one of its own 100%-owned subsidiaries. The combined results and financial position of the subsidiaries and this Company are shown in the consolidated Howden Joinery Group Plc financial statements.

The Company has no income receivable other than from transactions with its 100%-owned subsidiaries. It is therefore considered that the market capitalisation of the Group, which was significantly in excess of the carrying value of the investment in subsidiaries at both the current and prior period end, is a useful proxy for the net present value in use of expected future cashflows from the investment in subsidiaries, and that therefore there is no indicator of any impairment in the Company’s investment in subsidiaries.

Details of all Group subsidiaries are given on page 223, which forms part of these financial statements.

4 Property, plant and equipment

	Leasehold property improvements £m	Plant, machinery & vehicles £m	Fixtures & Fittings £m	Assets under construction £m	Total £m
<b>Cost</b>					
At 24 December 2022	-	-	-	-	-
Additions	44.6	-	-	1.7	46.3
At 30 December 2023	44.6	-	-	1.7	46.3
Additions	<b>0.6</b>	-	-	<b>0.4</b>	<b>1.0</b>
Transfers	<b>1.6</b>	<b>0.1</b>	<b>0.2</b>	<b>(1.9)</b>	-
<b>At 30 December 2024</b>	<b>46.8</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>47.3</b>
<b>Accumulated depreciation</b>					
At 24 December 2022	-	-	-	-	-
Charge for the period	(8.9)	-	-	-	(8.9)
At 30 December 2023	(8.9)	-	-	-	(8.9)
Charge for the period	<b>(2.0)</b>	-	<b>(0.1)</b>	-	<b>(2.1)</b>
<b>At 30 December 2024</b>	<b>(10.9)</b>	-	<b>(0.1)</b>	-	<b>(11.0)</b>
<b>Net book value at 28 December 2024</b>	<b>35.9</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>36.3</b>
Net book value at 30 December 2023	35.7	-	-	1.7	37.4

Financial Statements

Notes to the Company financial statementscontinued

5 Lease right-of-use assets and lease liabilities

Nature of the Company’s leasing activities

The Company is the signatory for leases relating to factory, warehouse and office properties which are used by other Group companies.

Amounts recognised in the balance sheet

	28 December 2024 £m	30 December 2023 £m
Right-of-use assets		
Property	171.2	179.1
Additions to right-of-use assets in the period	-	12.9
	28 December 2024 £m	30 December 2023 £m
Lease liabilities		
Current	(6.9)	(6.8)
Non-current	(190.5)	(197.1)
	(197.4)	(203.9)

Amounts recognised in the income statement

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Included in net operating expenses		
Depreciation of property right-of-use assets	7.9	8.6
Included in finance costs		
Interest expense on lease liabilities	4.6	4.6
Variable lease payments, not included in the measurement of lease liabilities	0.3	-

Cash flows and maturity analysis of lease liabilities

	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Total cash outflow for leases	11.1	14.7
	28 December 2024 £m	30 December 2023 £m
Maturity analysis of lease liabilities		
Contractual undiscounted cashflows due		
- within 1 year	11.6	11.1
- 2 to 5 years	46.8	46.7
- more than 5 years	192.8	204.5
	251.2	262.3

6 Amounts owed by wholly-owned subsidiary companies

These amounts are reviewed at each year end by examination of the subsidiary company financial position. If there is an indication that the counterparty will not be able to repay all or part of the balance on demand, an allowance is made for expected credit losses.

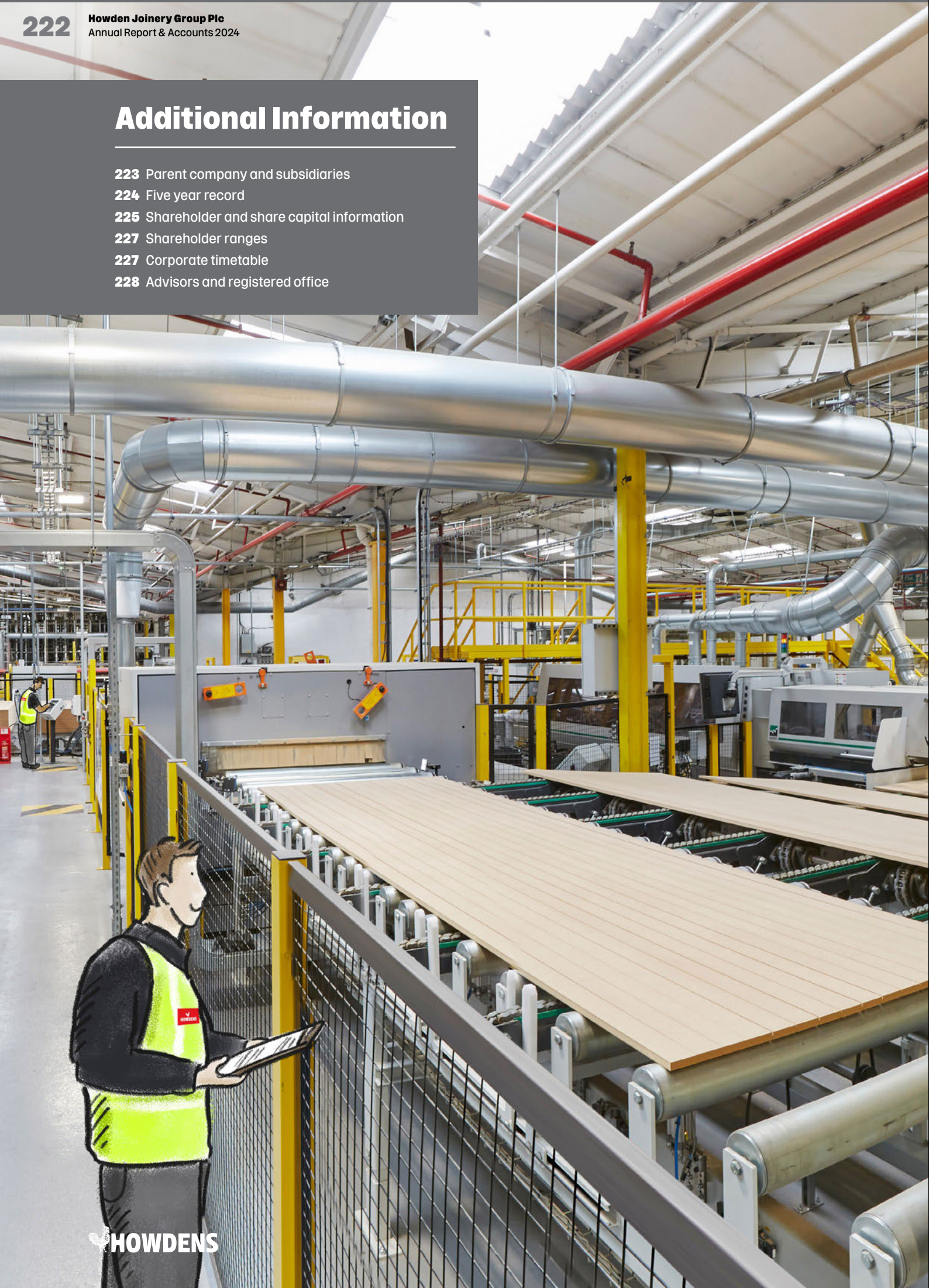
7 Share capital

	52 weeks to 28 December 2024 No.	53 weeks to 30 December 2023 No.	52 weeks to 28 December 2024 £m	53 weeks to 30 December 2023 £m
Ordinary shares of 10p each:				
Allotted, called up and fully paid				
Balance at the beginning of the period	553,591,720	560,916,049	55.4	56.1
Bought back and cancelled during the period	-	(7,324,329)	-	(0.7)
Balance at the end of the period	553,591,720	553,591,720	55.4	55.4



Additional Information

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Parent company and all subsidiary undertakings

At 28 December 2024

	Country of registration or incorporation	Registered office
Parent company		
Howden Joinery Group Plc	England and Wales	105 Wigmore Street, London, W1U 1QY
All subsidiary undertakings		
Intermediate Holding Companies:		
Howden Joinery Holdings Limited	England and Wales	105 Wigmore Street, London, W1U 1QY
Howden Joinery International Holdings Limited	England and Wales	105 Wigmore Street, London, W1U 1QY
Trading:		
Howden Joinery Limited	England and Wales	105 Wigmore Street, London, W1U 1QY
Howdens Cuisines SAS	France	1 Rue Calmette, ZA Du Bois Rigault Nord, 62880 Vendin-Le-Vieil
Howdens Cuisines SRL	Belgium	Rue du Cerisier 05-12, 6041 Gosselies
Howden Joinery (Ireland) Limited	Republic of Ireland	Suite 3, One Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland
Sheridan Fabrications Limited	England and Wales	105 Wigmore Street, London, W1U 1QY
Property Management:		
Howden Joinery Properties Limited	England and Wales	105 Wigmore Street, London, W1U 1QY
Howden Kitchens Properties Limited	England and Wales	105 Wigmore Street, London, W1U 1QY
Administration and Employee Services:		
Howden Joinery Corporate Services Limited	England and Wales	105 Wigmore Street, London, W1U 1QY
Howden Joinery People Services Limited	England and Wales	105 Wigmore Street, London, W1U 1QY
Dormant:		
Howden Kitchens Limited	England and Wales	105 Wigmore Street, London, W1U 1QY
Foreign Company Registrations of UK Companies:		
Howden Joinery Limited	Isle of Man	33-37 Athol Street, Douglas, Isle of Man, IM1 1LB
Howden Joinery Limited	Jersey	105 Wigmore Street, London, W1U 1QY
Howden Joinery Properties Limited	Isle of Man	33-37 Athol Street, Douglas, Isle of Man, IM1 1LB



Additional Information

Five year record

	December 2024 52 weeks £m	December 2023 53 weeks £m	December 2022 52 weeks £m	December 2021 52 weeks £m	December 2020 52 weeks £m
Summarised Income Statement					
Revenue	2,322.1	2,310.9	2,319.0	2,093.7	1,547.5
Operating Profit	339.2	340.2	415.2	401.7	195.7
Profit before tax	328.1	327.6	405.8	390.3	185.3
Basic EPS (pence)	45.6	46.5	65.8	53.2	24.9
Full year dividend per share (pence)	21.2	21.0	20.6	19.5	18.2
Summarised Balance Sheet					
Non-current assets excluding leases and pension	570.6	516.8	471.5	332.1	290.7
Non-current lease right-of-use assets	642.3	647.9	614.3	555.8	544.2
Inventories	390.7	382.8	373.3	301.6	255.0
Receivables	264.6	194.5	265.6	205.8	166.6
Payables and provisions (including tax)	(400.0)	(349.3)	(454.2)	(468.7)	(338.2)
Pension asset/(liability)	(2.1)	(12.6)	(41.5)	140.8	(47.7)
Total lease liabilities	(681.0)	(684.5)	(665.3)	(591.2)	(580.5)
	(427.8)	(469.1)	(522.1)	(411.7)	(544.8)
Net cash & short-term investments	343.6	282.8	308.0	515.3	430.7
Total net assets	1,128.7	978.4	871.7	991.5	720.8
Number of depots at end of year					
UK	869	840	808	778	748
France & Belgium	65	65	60	40	30
Republic of Ireland	13	10	5	-	-
TOTAL	947	915	873	818	778
Capital expenditure	122	119	141	86	70

Shareholder and share capital information

Annual General Meeting

The 2025 Annual General Meeting (AGM) will be held at Freshfields Bruckhaus Deringer LLP, 100 Bishopsgate, London, EC2P 2SR on 1 May 2025 at 11.00am.

Shareholders will have the opportunity to discuss Howdens' progress and operations directly with the Board at the AGM. The notice of the AGM will be sent to shareholders at least 21 clear days before the meeting and will detail the resolutions to be voted on.

Dividend

Subject to the 2024 final dividend payment being approved by shareholders at the AGM on 1 May 2025, the following timetable will apply:

2024 Final Dividend	
Ex-Dividend date	10 April 2025
Record Date	11 April 2025
Payment Date	23 May 2025

Dividend reinvestment plan ("DRIP")

Howden Joinery Group Plc ("Howdens") offers a DRIP for our shareholders in eligible countries who wish to elect to use their dividend payments to purchase additional ordinary Howdens shares, rather than receive a cash payment. The DRIP is provided and administered by Equiniti Financial Services Limited ("Equiniti"). Further details regarding the DRIP can be found on Equiniti's website: [www.shareview.co.uk/info/drip](http://www.shareview.co.uk/info/drip)

Dividend payments directly to a bank or building society account

If you are a shareholder with a UK bank or building society account, you can arrange through our registrar, Equiniti, to have dividends paid directly to your account using a bank or building society mandate. You can arrange this by completing the form attached to a previous dividend confirmation you have received, through Equiniti's Shareview Portfolio website, [portfolio.shareview.co.uk](http://portfolio.shareview.co.uk) (registration is required), or by calling Equiniti on +44 (0) 333 207 6558.

Existing dividend mandate details can be amended to have dividends paid to a different UK bank or building society account. Dividend mandate details can also be de-selected if you would prefer to receive payments by cheque.

Share Capital

As at 28 December 2024, the Company had only fully paid up ordinary 10 pence shares in issue ("Shares"). Below sets out the share capital position at 28 December 2024 and at 30 December 2023:

	% change	Number of Shares	
		28 Dec 2024	30 Dec 2023
Total Shares in issue	-	553,591,720	553,591,720
Treasury Shares	(21.8)%	3,844,331	4,918,375
Shares with voting rights	0.2%	549,747,389	548,673,345

Shares held in Treasury have no voting or dividend rights and are used solely for the satisfaction of employee share awards. Details of employee share schemes are set out in note 23 to the consolidated financial statements.

Shares held by the Howden Joinery Group Plc Employee Benefit Trust abstain from voting at the Company's general meetings and waive dividends. Shares held in the Share Incentive Plan Trust, which have been allocated to employees through all-employee share plans available in the UK and Isle of Man, have both voting and dividend rights.

Shares in public hands<sup>1</sup> ("Free Float" shares)

As at 28 December 2024, 0.69% of the Company's issued share capital was held in Treasury, 0.28% was held by Directors, persons discharging managerial responsibility (PDMRs) or connected persons of those Directors or PDMRs. 0.19% was held in employee share trusts (excluding any allocated shares which are not forfeitable), and 5.21% was held by major shareholders (those who have declared holdings above 5%).

Free Float shares therefore accounted for 93.63% of the Company's issued share capital at 28 December 2024.

Acquisition of the Company's own shares

At the AGM on 2 May 2024, the Directors were granted authority by shareholders to purchase up to 54,867,335 of the Company's ordinary shares through the market<sup>2</sup>. The authority expires at the conclusion of the 2025 AGM or within 15 months from the date of passing the resolution (whichever is earlier).

The Company did not repurchase any of its own shares in the 52 weeks to 28 December 2024.

1 The definition of "Shares in public hands" may be found in UK Listing Rule 5.5.3R. The Company considers shares which meet the definition of "shares in public hands", as set out in the Listing Rules, to be Free Float shares.

2 At prices ranging between 10p and the higher of (a) 105% of the average middle market quotation for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased; and (b) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System.



Additional Information

Shareholder and share capital informationcontinued

Rights and restrictions

Issued share classes:	Ordinary only (fully paid)
Voting rights at general meetings:	One vote per share
Fixed income rights:	None
Individual special rights of control:	None
Holding size restrictions <sup>1</sup> :	None
Transfer restrictions <sup>1</sup> :	None

The Directors are not aware of any agreements between holders of the Company’s shares that may result in restrictions on the transfer of shares or on voting rights.

Substantial shareholdings

The Company had been notified, in accordance with Rule 5 of the Disclosure and Transparency Rules, of the following voting rights held by a shareholder of the Company:

Interests disclosed following the period under review (the 52 weeks ended 28 December 2024) until 26 February 2025 <sup>2</sup> :		
Substantial Shareholder	% of total voting rights	Date of last notification
Invesco Ltd	4.99%	21 February 2025

Interests disclosed in the period under review (the 52 weeks ended 28 December 2024):		
Substantial Shareholder	% of total voting rights	Date of last notification
BlackRock, Inc	5.24%	4 November 2024
Norges Bank	3.16%	7 March 2024

The percentage interest is as stated by the shareholder at the time of notification and is based on voting rights and capital information at the time of the notification. Current interests may therefore vary.

Significant agreements

There are a number of agreements that take effect, alter or terminate upon a change of control such as commercial contracts, bank loan agreements and employee share plans. The only one of these which is considered to be significant in terms of likely impact on the business of the Group as a whole is the bank facility (as described on page 35 and in note 19 of the consolidated financial statements). If the lender were not prepared to consent to a change of control, a mandatory repayment of the entire facility would be triggered.

The Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

Provision for indemnity against liability incurred by a Director

The Company has provided indemnities to the Directors (to the extent permitted by the Companies Act 2006) in respect of liabilities incurred as a result of their office. Neither the indemnity nor any insurance provides cover in the event that the Director is proven to have acted dishonestly or fraudulently.

Listing Rule 6.6.1R(2) disclosure

The following statement, characterised as a profit forecast, was included in the Group’s Trading Update on 7 November 2024 for the financial year ended 28 December 2024:

“Given ongoing market conditions, Howdens expects profit before tax in 2024 will be within the range of current analysts’ consensus forecasts.”

A footnote to the statement above read:

“2024 Full Year Profit Before Tax consensus published on the Company’s website is an average of £341m with a range of £328m to £350m.”

The actual Group profit before tax figure for the period ended 28 December 2024 is set out in the consolidated income statement on page 175.

Shareholder ranges as at 28 December 2024

	Number of holders	Number of shares	Percentage of holders	Percentage of shares
Corporate holders				
0 to 1,000	86	23,373	1.32	0.00
1,001 to 5,000	75	175,175	1.15	0.03
5,001 to 10,000	51	369,075	0.78	0.07
10,001 to 50,000	137	3,594,202	2.10	0.65
50,001 to 100,000	69	4,957,726	1.06	0.90
100,001 to 250,000	105	16,909,909	1.61	3.05
Over 250,000	214	521,532,411	3.28	94.21
	737	547,561,871	11.30	98.90
Individual holders				
0 to 1,000	4,718	1,634,050	72.34	0.30
1,001 to 5,000	913	2,081,504	14.00	0.38
5,001 to 10,000	93	669,144	1.43	0.12
10,001 to 50,000	56	1,013,162	0.86	0.18
50,001 to 100,000	3	211,989	0.05	0.04
100,001 to 250,000	0	0	0.00	0.00
Over 250,000	1	420,000	0.02	0.08
	5,784	6,029,849	88.70	1.10
Total	6,521	553,591,720	100	100

Corporate timetable

2025	
Trading update	29 April
Annual General Meeting	1 May
Half-Yearly Report	24 July
Trading update	6 November
End of financial year	27 December

1 Governed by the general provisions of the Articles of Association (which may be amended by special resolution of the shareholders) and prevailing legislation.  
2 26 February 2025 is the date not more than one month before the date of the 2025 Notice of Annual General Meeting, that being 19 March 2025.

Additional Information

Advisors and registered office

Principal Banker

Lloyds  
25 Gresham Street  
London  
EC2V 7HN

Joint Financial Advisers  
and Stockbrokers

Deutsche Numis Securities  
45 Gresham Street  
London  
EC2V 7BF

Barclays

1 Churchill Place  
Canary Wharf  
London  
E14 5HP

Solicitors

Freshfields  
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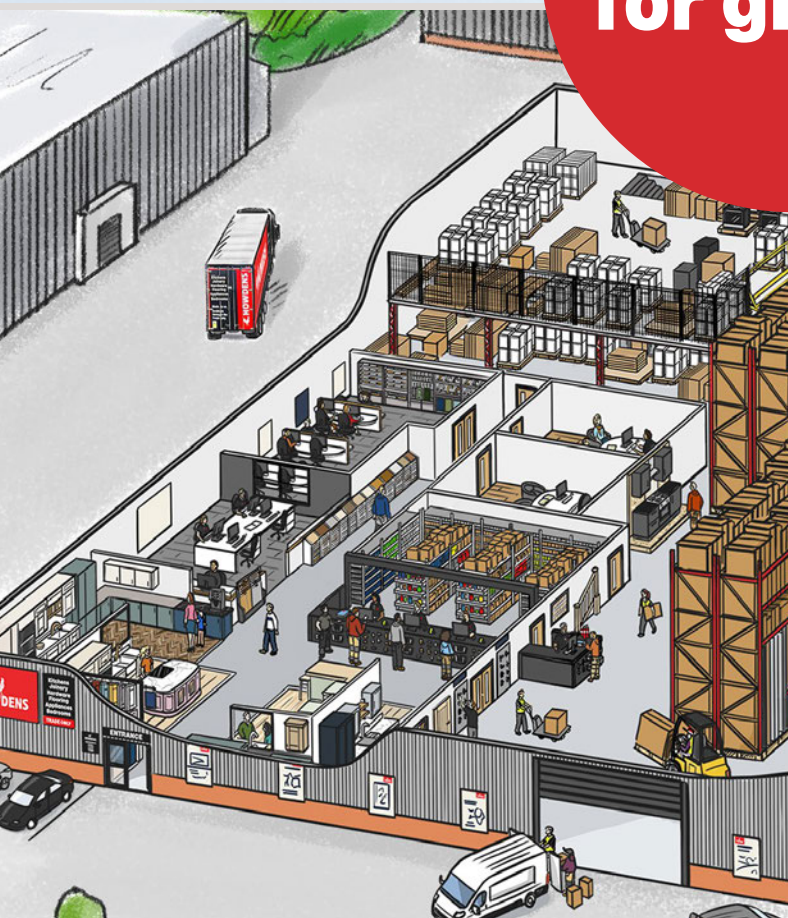


**More depots**



**Digital for the builder**

## Investing for growth



**Improved depot format**



**UK Manufacturing**

**Available through  
the Trade only**