Well positioned for sustainable growth

Stelrad Group plc
Annual Report 2024

Stelrad Group plc

Strong 2024 performance positions Stelrad well for sustainable future growth

Revenue
£290.6m
(2023: £308.2m)

Operating profit
£31.4m
(2023: £26.7m)

Adjusted operating profit(1)
£31.5m
(2023: £29.3m)

Free cash flow(1)
£9.6m
(2023: £17.8m)

EPS
12.97p
(2023: 12.11p)

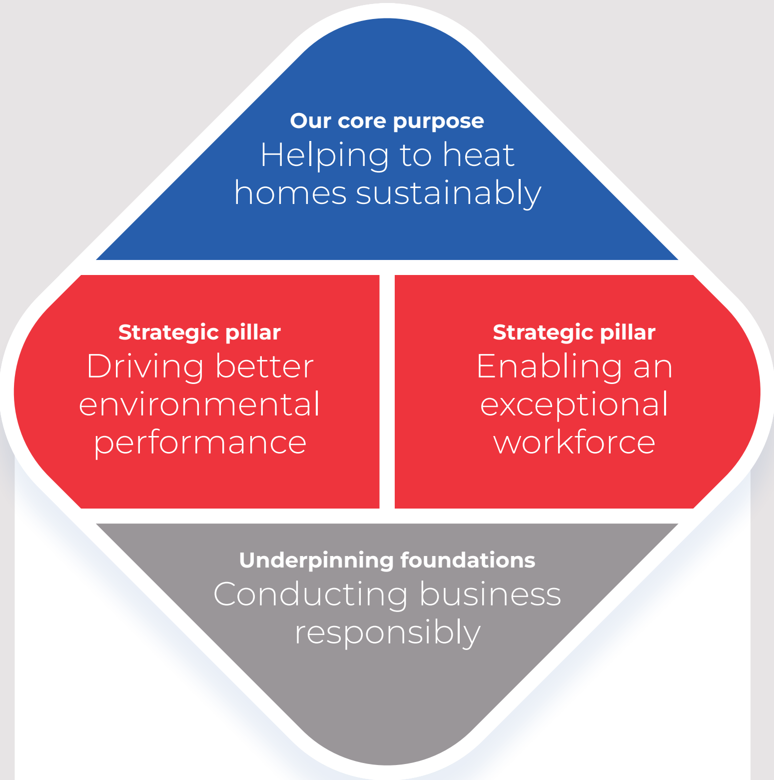
Adjusted EPS(1)
13.05p
(2023: 13.62p)

Financial and operational highlights

- Operating profit for the year up 17.6% to £31.4 million, an increase of £4.7 million (2023: £26.7 million), due to continued cost base optimisation initiatives, favourable materials pricing, strong product mix and the impact of exceptional items in 2023. Adjusted operating profit for the year up 7.6% to £31.5 million, an increase of £2.2 million (2023: £29.3 million).
- Contribution per radiator increased again, by 11.4% to £20.15, the first time the Group has achieved a figure in excess of £20, driven by margin control, an increased volume of higher output radiators in the UK market and an increase in overall premium panel sales mix to 5.7%.
- Revenue decline of 5.7% to £290.6 million as a result of ongoing challenges in RMI and new build markets, with high interest rates and inflation suppressing activity.
  - UK & Ireland: revenue down 1.5%, a creditable result despite wider market headwinds.
  - Europe: revenue down 6.8% due to Euro devaluation and continued sales volume declines.
  - Turkey & International: revenue down 27.7% to £14.2 million, driven by significantly lower sales volumes.
- Return on capital employed grew by 1.6 ppts to 27.1% boosted by strong operating profit.
- On Time In Full ("OTIF") delivery of 98% (2023: 97%) in the UK & Ireland, reflecting the Group's market-leading customer service and product availability.
- Investment in working capital to enhance service levels meant that free cash flow decreased by £8.2 million to £9.6 million (2023: £17.8 million).
- Leverage at 31 December 2024 was 1.37x (2023: 1.47x), based on net debt before lease liabilities.
- Recommended final dividend up 2% to 4.81 pence per share (2024 final dividend: 4.72 pence per share), to be paid on 27 May 2025, reflecting the Board's confidence in the Group's prospects and balance sheet.

(1) The Group uses some alternative performance measures to track and assess the underlying performance of the business. Alternative performance measures are defined in the glossary of terms on page 144 and reconciled to the appropriate financial statements line item in note 31. Note 31 also outlines the limitations of using alternative performance measures.

We are Europe's leading radiator manufacturer and our core purpose is helping to heat homes sustainably



Our ESG strategy

Fit for the Future is Stelrad's sustainability framework, setting out our approach to delivering both our business strategy and our sustainability commitments to stakeholders and the environment. It reflects Stelrad's vision of the significant role we can play in the transition to a low – and ultimately zero – carbon heating industry.

Underpinned by the fundamental issues of safety, governance and responsible supply chain management, **Fit for the Future** has two strategic pillars.

Driving better environmental performance focuses on reducing Stelrad's environmental impact whilst engaging, educating and influencing others to transition effectively to the heating systems of the future.

Enabling an exceptional workforce ensures our people contribute positively to the delivery of our strategy and our sustainability objectives.

» **Read more in the Sustainability section on page 26**

Our brands

Stelrad

Europe's number one brand

Stelrad, the Group's premier brand, is sold across all our markets.

HENRAD

The Netherlands' number one brand

With a strong presence in the Netherlands, France, the UK and Belgium, Henrad is a channel differentiated European brand.

termoteknik

Stelrad Group's value brand

Mainly sold into Turkey and Eastern European markets, the Termo Teknik brand offers a high quality-to-cost ratio.

HUDEVAD RADIATOR DESIGN

Premium design brand

Representing the best of Danish design, Hudevad is a favourite brand of architects, interior designers and commercial specifiers.

DL RADIATORS

Innovative design brand

Combining advanced technology with designer style, the DL Radiators brand offer includes heat emitters suitable for a wide variety of heat sources and heating systems.

Data source: BRG Building Solutions.

Our products


Standard steel panel radiators


Premium steel panel and low surface temperature steel panel radiators


Towel warmers


Column and decorative steel tubular radiators


Electric, hybrid and dual fuel radiators

Our markets

UK & Ireland
£137.4m

Europe
£139.0m

Turkey & International
£14.2m

» Read more in our financial statements on page 102

Market-leading international presence

Supported by an extensive sales and marketing network, Stelrad's well-invested, state-of-the-art manufacturing and distribution operations provide our customers with high levels of service and product availability, wherever they are based.

» Read more in our market overview on page 10

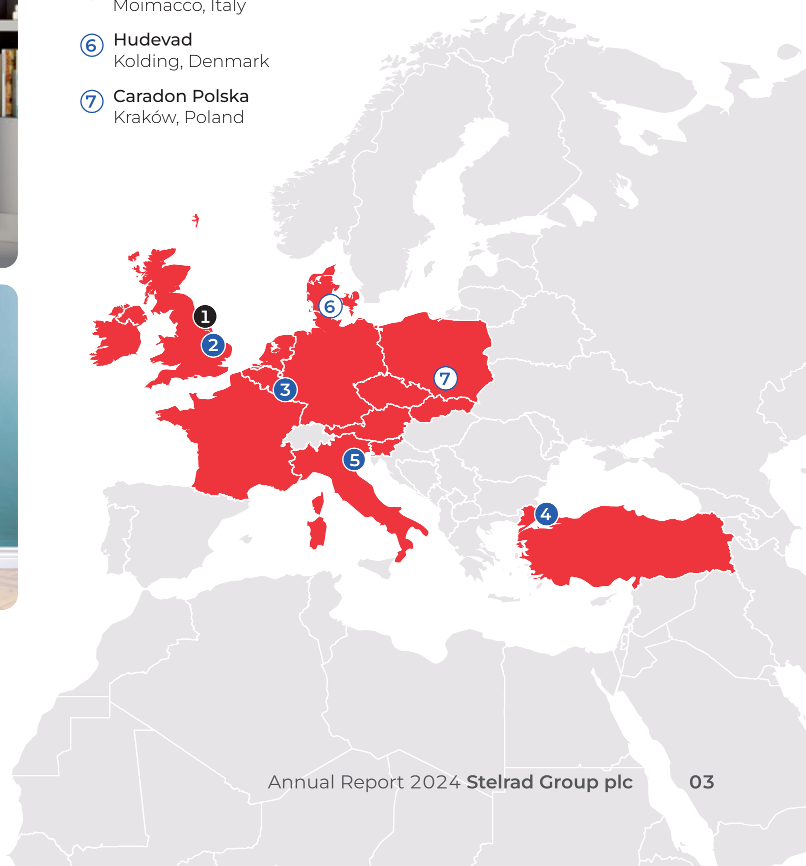
500+ customers

40+ countries

1,400 people

1. Head office
   Newcastle upon Tyne, UK
2. UK Radiators
   Mexborough, UK
3. Continental Radiators
   Nuth, Netherlands
4. Termo Teknik
   Çorlu, Istanbul, Turkey
5. Radiators SpA
   Moimacco, Italy
6. Hudevad
   Kolding, Denmark
7. Caradon Polska
   Kraków, Poland

Key
- Head office
- Manufacturing, distribution and sales
- Distribution warehouse
- Sales presence



Our investment case

"Stelrad's performance in 2024 further demonstrates the strength and resilience of our business model, as we delivered strong profit growth despite ongoing macroeconomic challenges. With an experienced management team and a clear strategic focus, the Group is well positioned to benefit from market recovery alongside the structural growth drivers of increasing premiumisation and the drive for decarbonisation.

Trevor Harvey
Chief Executive Officer

Leading market position

#1

steel panel radiator market share position in Europe, leading in seven countries – the UK, Ireland, France, the Netherlands, Belgium, Denmark and Greece – and with a top 3 position in eleven more

A long-term player of scale in the European heat emitter market

- Operating in a market with high barriers to entry
- Providing cost leadership and unrivalled operational flexibility from a multi-site manufacturing and logistics platform
- Opportunities for organic growth and complementary acquisitions from future market consolidation

» **Read more about our markets on page 10**

Robust business model

14.4%

designer radiator mix, an increase of 7.0 percentage points since 2019

Attractive long-term dynamics led by replacement demand in mature European markets

- Underlying growth in higher value design radiators, coupled with broad geographic spread and focused, agile cost management
- Proven financial resilience through challenging economic cycles, including 2008's global financial crisis, the Covid-19 pandemic and sustained macroeconomic challenges from 2022 onwards

» **Read more about our business model on page 14**

Experienced management and effective strategy

500+

customers in 40+ countries

A lean, customer-orientated leadership team with unparalleled sector experience

- Flat management structure with clear focus on quality, customer service and innovation
- Effective channel management driven by a multibrand strategy and proactive adaptation to evolving routes to market

» Read more about our strategy on page 16
» Read more about our Board of Directors on pages 58 and 59

Strong financial position

80.6%

growth in contribution per radiator between 2019 and 2024

A track record of consistent growth

- Sector-leading margins
- Strong cash generation and return on capital employed

» Read more about our KPIs on page 20

Long-term focus on decarbonisation and ESG

41.6%

energy from renewable sources

With a growing range of innovative heat emitters and our **Fit for the Future** framework ensuring delivery of both our business strategy and sustainability commitments, Stelrad is positioned effectively for the transition to low and zero carbon heating over the coming decades

- Evolving pan-European legislation driving reduced fossil fuel use in home heating is expected to present favourable growth drivers for higher output heat emitters
- Stelrad and all its stakeholders will benefit from long-term sector transition to a more sustainable heating model

» Read more about our ESG priorities on page 28

Strong financial performance despite challenging market conditions

> In 2024, Stelrad made meaningful progress on key strategic and sustainability objectives, delivering a robust profit performance despite ongoing macroeconomic headwinds.
>
> **Bob Ellis**
> **Chair**

Dear shareholders

Stelrad delivered another strong performance despite the continued macroeconomic challenges that we have seen across our core geographies of the UK, Europe and Turkey & International, with ongoing high interest rates and inflation continuing to suppress activity in both RMI and new build markets.

This performance, and the progress made during the year, reinforce our confidence in the resilience of the Stelrad business, with a flexible, low-cost manufacturing footprint, leading levels of customer service and unrivalled product availability underpinning our competitive positioning in the market.

Equally, one of our greatest assets remains the experience of both the Executive and senior management within the Group, many of whom have been with Stelrad for more than 20 years, and their combined experience of trading through numerous other challenging market cycles remains invaluable.

Performance and results

Despite a 5.7% reduction in revenue to £290.6 million, management actions delivered a robust profit performance with operating profit of £31.4 million, an increase of £4.7 million, or 17.6% (2023: £26.7 million) and adjusted operating profit(1) up by £2.2 million to £31.5 million, an increase of 7.6% (2023: £29.3 million).

The business also recorded its seventh consecutive annual increase in contribution per radiator, delivering an 11.4% increase in contribution per radiator during the year through proactive margin and cost management, in addition to the price benefit of further increases in average radiator size.

Capital Markets Event

The Group's Executive and Senior management team hosted a number of analysts and investors at our Capital Markets Event in November 2024. The event outlined the Group's leading competitive position and attractive market opportunity. Key structural growth drivers of premiumisation and decarbonisation are underpinned by the Group's sustainable competitive advantages of flexible, well-invested, lowest-cost manufacturing, leading levels of product availability and customer service and a competitive position of scale.

In addition, we outlined Stelrad's capital allocation priorities alongside the following medium-term targets:

- Market share improvements of 1-2%
- Contribution per radiator of >£21
- Operating profit margin of 13%
- Operating cash flow conversion of >90%
- Return on capital employed of >30%.

These new targets are underpinned by Stelrad's four overarching strategic objectives of growing market share, improving product mix, optimising routes to market and positioning effectively for decarbonisation, alongside the Group's continued focus on operational excellence.

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Purpose

Stelrad's purpose is **helping to heat homes sustainably**. Given Stelrad's influential market position with system specifiers, suppliers and customers, we have a pivotal role to play in the transition to decarbonised heating systems. We continue to develop our product range in this area, ensuring that we can both capture market share arising from legislative tailwinds, and drive the wider transition to low-carbon systems.

Environmental, social and governance ("ESG") objectives

Achieving our purpose, **helping to heat homes sustainably**, demands relentless focus on reducing Stelrad's own environmental impact, a consistently high level of employee engagement and high standards of corporate governance.

These elements are at the heart of Stelrad's culture and values.

Our sustainability framework, **Fit for the Future**, is consistent with that core purpose, setting out our approach to delivering both our business strategy and our sustainability commitments to stakeholders and the environment. It reflects Stelrad's vision of the significant role the Group can play in the transition to a low – and ultimately zero – carbon heating industry.

Alongside this, we continue to make progress in reducing the Group's energy usage, with our fuel usage reducing by 13% in 2024, transitioning away from LPG in the Netherlands and investing in several electric lift trucks in the UK.

Above everything else, the safety of our people is our number one priority.

We continue to make meaningful progress, with a 45% reduction in the number of lost time incidents in 2024. This significant shift has been driven by improvements at Radiators SpA and reflects the benefit of instilling our strong safety culture and applying Group safety processes.

Board

Annette Borén stepped down from the Board on 30 June 2024. I would like to thank Annette for her positive contribution during her time with Stelrad and she left with our best wishes for her future endeavours.

Having been appointed Interim Chief Financial Officer on 1 July 2024, we were delighted to appoint Leigh Wilcox as Chief Financial Officer on 1 October 2024. Leigh previously served as the Group's Finance Director, having joined Stelrad in 2012. He has a deep commercial understanding of the Group alongside extensive financial experience and has played a pivotal role in the Group's development as a listed Company.

During the year, the Board carried out an internal Board evaluation, which confirmed that the Board continues to have the appropriate mix of skills and experience. It is the intention of the Board to evaluate the commission of an external, independent review of the Board's effectiveness during the current financial year.

Governance

In line with its status as a company with a premium listing on the Main Market of the London Stock Exchange, Stelrad is committed to high levels of corporate governance. Our compliance with the 2018 edition of the UK Corporate Governance Code is set out in the Governance Report on page 61.

Dividend

The Board is recommending a final dividend of 4.81 pence per share, a rise of 2% on the prior year. The final dividend will be paid on 27 May 2025 to shareholders on the register on 25 April 2025, subject to approval by shareholders at the Annual General Meeting on 21 May 2025. We thank our shareholders for their continuing support of the Group.

Summary

While overall RMI and new build activity remains subdued, we are continuing to see signs of our volumes recovering in some of the Group's core European territories, including in Belgium, the Netherlands and Poland, where our competitive strength has driven volume gains.

While we expect continued softness in market conditions to persist at least through the first half of 2025, we remain confident that the Group is well positioned for growth, with strong embedded replacement demand across Europe, an increasing drive for premiumisation and long-term regulatory tailwinds for decarbonised heating systems.

Bob Ellis
Chair
7 March 2025

Resilient 2024 performance positions Stelrad effectively for sustainable future growth

"As market leader, Stelrad's scale and flexible, low-cost manufacturing operations, coupled with leading levels of customer service and product availability, put the Group in prime position to take advantage of the long-term growth drivers of increasing premiumisation and heating system decarbonisation, as well positioning Stelrad effectively for market recovery.

Trevor Harvey
Chief Executive Officer

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Overview

2024 largely saw a continuation of the challenging conditions that have characterised the wider marketplace in recent years. However, Stelrad's rigorous focus on operational excellence, the flexibility of our business model and the strength of the Group's market positioning meant that the business was still able to deliver a strong financial performance despite declines in revenue and volume.

The Group's ongoing focus on proactive margin management initiatives resulted in contribution per radiator exceeding £20 for the first time and is testament to the continued transfer of production to lower cost facilities and the price benefit of larger radiators sold.

Furthermore, alongside the operational gains made during the period, the Group also made investments in working capital to ensure that the business is well placed to benefit from a market recovery.

While we are not expecting the wider market backdrop to improve during the first half of 2025, we are encouraged by our continued volume recovery in some of the Group's core European territories and remain confident that, regardless of wider macro conditions, Stelrad is able to outperform its peers and deliver continued growth for our stakeholders.

Continued profit growth despite ongoing volume declines

Revenues during 2024 fell 5.7% to £290.6 million, a decrease of £17.6 million on the prior year (2023: £308.2 million), driven primarily by ongoing volume declines which fell 5.8% alongside the impact of the Euro devaluing against GBP.

Operating profit for the year was up 17.6% to £31.4 million, an increase of £4.7 million (2023: £26.7 million) while adjusted operating profit(1) for the year was £31.5 million, an increase of 7.6% or £2.2 million (2023: £29.3 million).

Revenue in UK & Ireland was £137.4 million (2023: £139.4 million), a fall of 1.5% that was driven mainly by the reduction in volumes during the period offset by the benefit of favourable product mix, meaning that adjusted operating profit increased by 20.7%.

Europe revenues fell 6.8% due to the devaluation of the Euro against GBP, continued sales volume declines and adverse mix, resulting in an adjusted operating profit reduction of 12.4%. This combination of challenging market conditions particularly impacted the Radiators SpA business in 2024, but the underlying strategic case for our 2022 acquisition remains compelling. Radiators SpA provides access to key territories and channels to market, alongside a product range aligned with the structural drivers of increased premiumisation and the drive for decarbonisation.

In Turkey & International markets, revenues were down 27.7% as a result of significantly lower sales volumes with adjusted operating profit falling by 22.7% as a result. The division represents 4.9% of Group revenues and 3.3% of adjusted operating profit respectively.

Market conditions during the year remained similar to the prior year and were characterised by subdued demand in RMI and new build markets, principally as a result of high interest rates and levels of inflation which continue to suppress demand levels.

Nevertheless, Stelrad's focus on operational excellence and cost control initiatives meant that the Group was able to continue to support margin management initiatives, resulting in our contribution per radiator exceeding £20 for the first time, at £20.15 (2023: £18.09).

Investing in future growth

During the period, the Group has made investments across the business to ensure that Stelrad is well placed for market recovery.

Continued investment was made in our operating plant and equipment as part of various maintenance and upgrade projects, designed to ensure that our operating platform remains best-in-class. We also made additional investment in our IT infrastructure alongside significant investment in inventory.

The actions taken to optimise our operational facilities during the second half of 2023 have resulted in the cost-saving benefits in 2024 with the continued transfer of volumes to our low-cost facility in Çorlu, Turkey progressing as planned. Our fully invested, flexible and low-cost Turkish manufacturing capability remains a significant source of competitive advantage for the Group.

Our strategy in action

Increasing premiumisation

To capitalise on the structural growth opportunity provided by higher margin, higher added-value designer radiators, Stelrad is pursuing a clear strategy to leverage its trade strengths, boost its consumer appeal and optimise its routes to market. In the UK, the Group continues to respond to evolving buying patterns by supporting installers and merchant staff in the upsell process and, in parallel, by optimising the Stelrad.com customer journey.

» **Read more on page 16**

Data source: BRG Building Solutions.

Premiumisation and decarbonisation

As outlined at the Group's Capital Markets Event in November 2024, increasing premiumisation and the drive for decarbonisation are two key structural growth drivers that will underpin demand for higher margin, higher added-value product, enabling Stelrad to grow ahead of the market.

Year on year, the proportion of premium panel sales to total volumes increased by 0.1 ppts to 5.7% while the penetration of premium panel products into the UK & Ireland increased in the period from 2.9% to 3.1%, with additional work being undertaken to drive this growth further. The UK market remains under-developed compared to other core countries and Stelrad has developed a clear, three-point strategy to leverage trade strengths, boost consumer appeal and optimise routes to market for designer radiators. In addition to providing extended support for traditional trade partners, the Group will further develop its stelrad.com online trading platform in 2025.

The range of electrical radiators launched in the UK market as the Electric Series in the second half of 2023 positions Stelrad effectively in a segment with significant decarbonisation growth potential and has generated favourable project pipeline potential.

The launch of Stelrad's new range of electrically fan-assisted hybrid radiators in July 2024 also received strong customer support and our partnership with a leading European heat source manufacturer and system supplier continues to position the Group well in this area.

The Group also continues to work closely with new build, social housing and commercial specifiers to find cost-effective, high-performance solutions for low-temperature systems and as a result, in 2024 we have seen a 66% volume increase in high-heat output K3, 900mm high and vertical radiators in the UK market, relative to the prior year.

Outlook

Although RMI and new build markets continued to experience subdued levels of demand during 2024, the robust performance delivered by the Group in the twelve months to 31 December 2024 has continued into 2025 with trading since the period end remaining in line with management's expectations.

While Stelrad continues to expect softness in market conditions, at least through the first half of 2025, the Group has seen a recovery in its volumes in some of the Group's core European territories such as Belgium, the Netherlands and Poland where Stelrad volume gains have been driven by our sustainable competitive advantages.

The Group continues to believe that management's considerable experience of successfully steering the business through other challenging market cycles will enable the business to navigate the ongoing market challenges and deliver another year of progress.

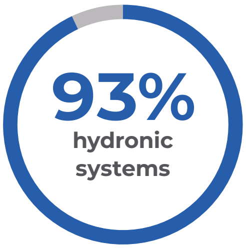
Furthermore, the long-term market drivers of premiumisation and decarbonisation continue to underpin the Group's confidence in the future which, alongside our market leadership, flexible lowest-cost manufacturing and leading levels of customer service ensure that the Group enters 2025 in a strong position.

Trevor Harvey
Chief Executive Officer
7 March 2025

An attractive market opportunity, with positive underlying dynamics and a significant installed base

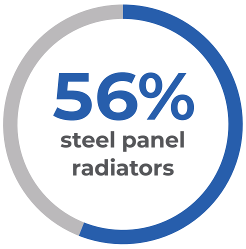
Hydronic heating systems dominate the market

Replacement demand underpins and drives the European heating market. Hydronic systems, which function through water circulation, currently represent 93% of home heating installations. As a result, hydronic heat emitters dominate the European market and are expected to do so in the future. As the most popular hydronic heat emitter, steel panel radiators will be a key enabler of the transition to low-carbon, low-temperature heating systems.



In 2023, hydronic systems accounted for 93% of European residential heating

321m
homes with central heating



Steel panel radiators represented 56% of European hydronic heat emitter volume in 2023

41m
heat emitters sold in 2023

"Stelrad's flexible, low-cost operational platform, leading levels of product availability and #1 market position will enable above market growth, underpinned by a significant long-term replacement market and two key structural growth drivers: increasing premiumisation and the drive for decarbonisation.

Trevor Harvey
Chief Executive Officer

Stelrad's strong distributor and specifier relationships provide unrivalled market access

Across its core markets, Stelrad has strong, long-term relationships with all major distributors, retailers and key specifiers, including housing developers, contractors and installers, creating high barriers to entry for competitors. The Group has a strong track record for identifying emerging distribution trends and capitalising on this potential through Stelrad's powerful multibrand strategy.

Data source: BRG Building Solutions.

Three key macro trends

1 Replacement
Primary volume driver

Growing market share 1
Optimising routes to market 3

Trend

Over the past ten years, replacement demand has generally represented around 60% of total steel panel volume. In 2023, this fell to 55%, as a result of the challenging macroeconomic environment negatively impacting household spending. Over the next three years, replacement demand is forecast to return to a more typical 60% share, growing at a faster rate than residential new build, the secondary market volume driver, which represented 35% share in 2023.

1.8bn
estimated installed base ensures long-term demand for hydronic radiators

55%
of 2023 steel panel volume was replacement demand

Opportunity

Adapting to evolving routes to market, Stelrad continues to develop multichannel, retail and online channels to complement the Group's historically strong position with traditional trade distributors. In both cases, Stelrad's position of scale, strong brands, high levels of specification and well-invested logistics capability position the Group effectively to capitalise from future market recovery. Close relationships with new build residential specifiers also position Stelrad well for longer-term growth as economic conditions improve.

2 Premium and designer radiators
Profitable growth potential

Improving product mix 2
Optimising routes to market 3

Trend

The long-term fundamentals for premium steel panel and other designer radiators remain positive. As economic conditions improve, increased consumer focus on home design has the potential to drive profitable growth in higher added-value products. This is particularly true in the UK, which has low levels of premium steel panel penetration compared to Stelrad's other core countries. Across mature European markets, an increase in home heating system renovation is forecast, driven by heat source decarbonisation.

71.5%
growth in Stelrad designer radiator volume since 2019

14.4%
Stelrad designer mix in 2024

Opportunity

2022's acquisition of Radiators SpA provided Stelrad with a comprehensive manufactured range of designer products to complement the Group's premium steel panel offer. Leveraging Stelrad's unrivalled channel access in our core markets will enable us to grow profitably outside the Group's traditional steel panel product portfolio. In the UK market, Stelrad has a significant opportunity to leverage its strong leadership position to develop sales of premium steel panel and other designer radiators through both trade and retail channels.

3 Decarbonisation
Long-term demand driver

Optimising routes to market 3
Positioning effectively for decarbonisation 4

Trend

Accelerating demand for decarbonised heating systems will gain increasing momentum over the longer term. Whilst the recent economic backdrop has led some governments to delay more ambitious shorter-term initiatives, long-term net zero targets remain unchanged. These will drive the installation of higher output, higher value conventional radiators alongside hybrid assisted convection heat emitters. Electric heat emitter volume is also likely to grow, as renewable energy sources deliver lower cost electricity and electricity prices become increasingly decoupled from those of fossil fuels.

80%
of 2050's building stock already exists today

93%
of Europe's existing homes have hydronic heating systems

Opportunity

With a clear focus on promoting high-heat output conventional radiators, developing hybrid products for low-temperature systems and introducing electric ranges into core markets, Stelrad's product development strategy positions the Group effectively for profitable growth as the market develops. Coupled with Stelrad's position as a trusted adviser to heating system specifiers, this approach will enable the Group to influence the selection of heat emitters appropriate for low and zero carbon heating systems, whether hydronic or electric.

1

Growing market share

Having moved into the number one position for the first time in 2022, Stelrad significantly extended its steel panel radiator market leadership in 2023, according to the latest available data.

» Read more in the Strategy section on page 16

Stelrad is outperforming its traditional competitors

The Group's share increased to 20.2%, a 1.4 percentage point gain relative to 2022, whilst traditional Western European competitors experienced further year on year share decline. In 2023, as well as organic gains in core markets, Stelrad also benefited from the relative strength of the UK market compared to mainland Europe.

Number 1 in seven countries and Top 3 in eleven more

In 2023, Stelrad secured a top 3 position in 18 countries, gaining two top 3 positions in comparison to 2022. The Group maintained market leadership positions in France, Belgium, the Netherlands, Ireland, Denmark and Greece, as well as in the UK, Europe's largest market, where Stelrad's share exceeded 50%.

> Leadership of the European hydronic heat emitter market positions Stelrad effectively to capitalise from both market recovery and future consolidation. Our clear strategic focus on ten core countries has enabled consistent share growth at the expense of our traditional competitors.

Trevor Harvey
Chief Executive Officer

Europe, the UK and Turkey

#1
market position

In 2023, Stelrad's share of the European steel panel radiator market increased by 1.4 percentage points relative to 2022 and has risen by 1.8 percentage points since 2021. Driven by both organic growth and 2022's acquisition of Radiators SpA, Group share reached a record level of 20.2%.

20.2% ↑ 1.4

Stelrad's ten core countries

#1
market position

In its ten core geographic markets, Stelrad increased share in 2023 by 2.1 percentage points compared to the prior year, growing from 26.5% to 28.6%. The Group's focused share growth strategy has driven a 3.6 percentage point share gain since 2021.

28.6% ↑ 2.1

UK

#1
market position

Stelrad's highest market share is in the UK, Europe's largest market. In 2023, the Group gained a 1.1 percentage point share, to reach a record level of 52.6%. Since 2020, Stelrad's share has been in excess of 50%.

52.6% ↑ 1.1

France

#1
market position

In 2023, Stelrad extended its lead in the French market, gaining a further 4.0 percentage points in comparison to 2022. Driven primarily by organic growth through traditional distribution channels, the Group has increased its market share by 8.2 percentage points since 2021.

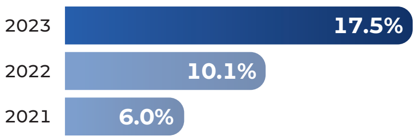
34.6% ↑ 4.0

Germany

#3
market position

In 2023, Stelrad's 17.5% share of the German market represented a 7.4 percentage point gain relative to the prior year. 2022's acquisition of Radiators SpA was the key driver for share growth in this important European market, moving the Group from a #5 position in 2021 to #3 in 2023.

17.5% ↑ 7.4



The Netherlands

#1
market position

In 2023, Stelrad's share in the Netherlands was 47.6%, some 24.4 percentage points ahead of its nearest competitor and representing a 4.0 percentage point share gain compared to 2022.

47.6% ↑ 4.0

Stelrad's resilient business model drives sustainable long-term stakeholder value

Our resources

People
Stelrad has a lean organisation of 1,400 full-time employees and the most stable and experienced management team in the industry, with an average of 19 years' experience.

International network
Benefiting from a manufacturing, distribution and sales and marketing presence across the vast majority of key global radiator markets, Stelrad endeavours to provide exceptional technical, logistical and commercial support for specifiers, distributors, retailers, contractors, installers and consumers.

Brands
Stelrad has a portfolio of strong brands, each with long-established and loyal customers. Stelrad is the number one European steel panel radiator brand. Henrad and Termo Teknik are leading, industry recognised steel panel radiator brands, whilst the DL Radiators brand is known for technical innovation across a range of heat emitter technologies. Hudevad is a premium Danish design brand favoured by specifiers in the profitable commercial and high-end residential sectors.

Operational assets
Stelrad has a flexible, well-invested, efficient and low-cost Group operational platform, following our recent five-year investment programme focusing on manufacturing automation and logistics infrastructure and the integration of Radiators SpA's multi-product manufacturing facility.

What makes us different

Brand strength
As the leading European steel panel radiator brand, Stelrad is at the heart of the Group's powerful multibrand strategy. Stelrad's strong brand portfolio enables the Group to optimise channels to market and to maximise specifier access in all segments.

Product availability
Aiming to provide best-in-class lead times, Stelrad has the largest radiator distribution centres in the UK and mainland Europe, with respective capacities of 350k and 200k units and our customers are further supported by additional regional distribution hubs. With trade distributors and retailers reducing stockholding levels, this provides Stelrad with significant competitive advantage.

Range innovation
Stelrad pioneered premium steel panel radiators, offering a unique combination of design aesthetic, ease of installation and value for money. The Group has achieved high levels of market penetration in Western Europe and has a clear objective to expand the under-developed UK market. Acquiring Radiators SpA in 2022 added electric, hybrid and dual fuel heat emitters suitable for low and zero carbon heating systems to Stelrad's portfolio.

Standardised core design
The Group's core steel panel radiator design is used in all standard and premium steel panel ranges produced in the Çorlu, Mexborough and Nuth facilities. This ensures high quality levels at the lowest possible cost by enabling production flexibility, cost efficiency and risk mitigation.

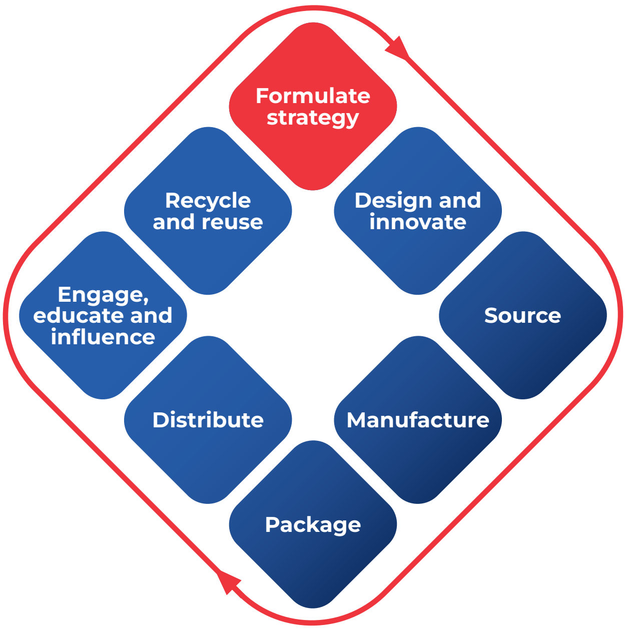
ESG – Fit for the Future

Helping to heat homes sustainably
Consistent with our core purpose, helping to heat homes sustainably, **Fit for the Future** is Stelrad's sustainability framework. It sets out our approach to delivering both our business strategy and our sustainability commitments to stakeholders and the environment. It reflects Stelrad's vision of the significant role we can play in the transition to a low – and ultimately zero – carbon heating industry.

Driving better environmental performance
Stelrad recognises the urgent need to reduce emissions and manage resources efficiently. We are committed to reducing our environmental footprint by focusing on energy and material usage, the lifecycle impact of our products and the decarbonisation of heating. We will innovate, introducing products as part of a coherent offer for low and zero carbon systems. We will understand and quantify our impacts, reducing the environmental impact of the raw materials we use and targeting improvements as part of a long-term net zero journey.

How we create value

Driving better environmental performance is a core element in Stelrad's strategy. We innovate to provide an appropriate, coherent heat emitter offer for low and zero temperature heating systems regardless of heat source and engage with our value chain to minimise environmental impact, using our position of influence to encourage positive behavioural changes from heating system specifiers.



Shared value

People

Our people are fundamental to delivering our strategy and driving the future performance of the Group. We aim to be a responsible employer providing a safe and attractive place to work, offering competitive pay, attractive benefits and continuous investment in training.

Customers

Trusted relationships with our customers and high standards of business conduct are critical to Stelrad's performance. At all times, we strive to build and strengthen these key relationships and conduct business professionally and with integrity.

Suppliers

Our suppliers are intrinsic to our business performance. Maintaining a fully integrated supply chain ensures our security of supply and speed to market, driving both quality and competitiveness, enabling Stelrad to gain the support of our suppliers as we pursue the Group's sustainability initiatives.

Investors

Helping investors understand our business model, strategy and sustainability initiatives through providing balanced and understandable information is key to their engagement and motivation to support future investment opportunities and is fundamental to meeting our regulatory requirements.

Communities and the environment

Striving to make a positive impact in the communities where it is based, Stelrad has clear ESG initiatives in each of our main operational territories. We are aware of the Group's impact on the environment and this represents a critical part of our decision making and business planning process.

Enabling an exceptional workforce

Our people are fundamental to the success of our business and we are proud of our culture of collaboration and teamwork at Stelrad. We are passionate about providing a workplace fostering an inclusive, encouraging environment, where everybody can thrive and contribute to the Group's future growth. We support all areas of our workforce, with particular focus on employee engagement, training and development, wellbeing and diversity and inclusion. Outside of our business, we invest in community initiatives tailored to local needs across our different geographical sites.

Conducting business responsibly

Conducting business responsibly is the key foundation in everything we do, underpinning all Stelrad's activities. As well as the fundamental principles of international labour standards and human rights, we are guided by a strong business culture and a clear set of values overseen by the Board. Our strengths in corporate governance, safety, supply chain management and labour standards enable progress in all aspects of sustainability and corporate strategy. Our number one priority is to keep our employees and contractors safe and healthy and we aim for zero harm across all our operations.

Stelrad's strategy is driven by four key objectives

1 Growing market share

Links to risks 1 2 3 4 5 6 7 8 9

Strive for cost leadership

Now In addition to its position of scale as Europe's #1 radiator manufacturer, Stelrad has invested for cost leadership, having upgraded all Group manufacturing facilities in recent years, including its low-cost Turkish operation.

Future Stelrad will leverage its cost-leading multi-site manufacturing platform for maximum profitable growth as smaller, higher cost competitors exit the market.

Provide market-leading product availability

Now A standardised core product design across three facilities ensures production planning flexibility. Market-leading UK and European distribution centres, supported by dedicated inventory in key geographies, provide best-in-class logistics.

Future The Group will maximise the benefits of its distribution centres, increasing availability for premium steel panel and other designer radiators to expand the market for higher added-value ranges.

Selectively target share growth in key geographic markets

Now Stelrad is market leader in seven countries and holds a Top 3 position in eleven more. The 2022 acquisition of Radiators SpA enabled further share gains, notably in France and Germany.

Future The Group will further develop relationships with established players in core geographies, adapting to evolving routes to market and leveraging strong brands to build its presence in key countries.

Act as a market consolidator

Now Stelrad, a long-term player of scale, is a proven market consolidator.

Future For smaller manufacturers, continued challenging market conditions will increase pressure on profitability, providing opportunities for Stelrad to gain share as competitors exit, either through organic gains or by acquisition.

2 Improving product mix

Links to risks 1 2 3 4 5 6

Accelerate upselling to premium steel panel and other designer products

Now In 2024, Stelrad's mix of higher added-value designer radiators was 14.4%, representing a 9.2 percentage point improvement compared to 2015 and up 7.0 percentage points since 2019.

Future Stelrad is well positioned for profitable growth when European radiator markets recover. The underlying positive trend for designer radiators is anticipated to accelerate mix improvement over the longer term. The Group will continue to leverage its brand strength and leading market position to expand the market for designer radiators, notably in the UK, where premium steel panel penetration is at low levels relative to the European average.

Pursue complementary acquisition opportunities

Now Having acquired Radiators SpA in 2022 and Danish premium design brand Hudevad in 2018, Stelrad now has a significant presence in higher added-value radiator categories. The Group is focused on maximising sales of its extensive designer portfolio across all core markets, through its well-established sales and distribution network.

Future At a manufacturer level, the designer radiator market is fragmented, with many small players. Driven by ongoing cost-of-living pressures, this category has experienced greater relative volume decline compared to higher volume products, such as standard steel panel radiators. As a result, designer radiator producers without a position of scale in high volume radiator manufacturing will face additional profitability pressures, potentially providing acquisition opportunities.

Risk key

1 Business disruption
2 Customers
3 Loss of competitive advantage
4 Supply chain risk
5 IT failure or cyber breach
6 People and culture
7 Health and safety
8 Political and economic environment
9 Climate change

3 Optimising routes to market

Links to risks 1 2 3 4 5 6

Adapt quickly to channel evolution

Now Stelrad's multibrand strategy has allowed the Group to manage the evolving dynamics of market channel evolution effectively. As a result, Stelrad continues to maintain unrivalled access to all routes to market, including retail channels as well as the traditional trade distribution model.

Future Stelrad will continue to maintain and develop close customer relationships across its core geographies, investing in its leading brands to maximise profitable growth as routes to market evolve and the distribution channel consolidates. Following the acquisition of Radiators SpA, the Group will continue to develop sales through leveraging improved access to DIY and other retail channels.

Embrace digital transformation

Now Despite continued challenging market conditions, the Group's sales through UK online channels have grown and are strongly orientated towards higher added-value designer radiators. Stelrad continues to invest in Building Information Modelling ("BIM") and specification databases for building products, ensuring consulting engineers and architects can easily access the technical data needed to incorporate the Group's heat emitters into their designs.

Future Stelrad will continue to develop digital capability and invest in its online presence to reinforce and develop awareness of the Group's leading brands with all potential specifiers and installers, regardless of their preferred market channel.

4 Positioning effectively for decarbonisation

Links to risks 1 3 4 6 8 9

Maximise sales of products compatible with low-temperature systems

Now With a significant installed base and long replacement cycles, the heat emitter market will not feel the full impact of decarbonised heating systems for decades. However, particularly in new housing, legislation to decarbonise heat sources is driving a requirement for higher output heat emitters compatible with low-temperature systems.

Future As decarbonisation initiatives gain momentum, Stelrad's brand strength, channel access and operational infrastructure position the Group effectively to play a pivotal role in the development of European heating distribution channels. Stelrad will leverage its technological capabilities in conventional, hybrid and electric heat emitters to provide appropriate products for all decarbonised heat sources.

Develop products appropriate for low-temperature and decarbonised systems

Now In 2024, we continued to develop our higher output hydronic portfolio, notably in the UK market, and introduced a new range of hybrid heat emitters into the German market whilst expanding our electric product offer across Europe.

Future Stelrad's product development strategy positions the Group effectively for profitable growth as the market develops over the longer term. Stelrad will innovate to promote high output conventional radiators, develop hybrid products for low-temperature systems and introduce electric ranges into core markets.

» **Read more in the Sustainability section on page 26**

4

Positioning effectively for decarbonisation

“Leveraging our scale, technical know-how, strong brands, access to market and trusted adviser status, Stelrad is innovating to ensure profitable future growth as the heating market decarbonises. We have a clear, three pillar product development strategy to promote high heat output conventional radiators, develop hybrid products for low-temperature systems and introduce electric ranges into core markets.

Trevor Harvey
Chief Executive Officer

Develop hybrid products for low-temperature systems

Stelrad has been proactive in developing products suitable for very low system temperature, heat pump compatible products, working with specifiers and key distribution partners to offer a growing range of electrically fan-assisted hybrid radiators.

In 2024, Stelrad launched a new range of hybrid heat emitters, targeting the German RMI market. This range was developed in co-operation with a long-established customer, a leading heat source and system provider. Initial market feedback has been extremely positive.

80%
of 2050's building stock exists today

Introduce electric ranges into core markets

In many markets, electricity costs more than gas, making electric heating systems costly to run. However, increased generation from renewable sources is expected to reduce electricity costs. Coupled with benefits such as ease and flexibility of installation, this product category has clear long-term growth potential.

Stelrad has a comprehensive portfolio of electric radiators, which, until 2023, were not commercialised outside Italy, France and Germany. The Group is now leveraging its brand strength and channel influence to introduce a focused electrical offer into its core markets.

ETS2 **emissions trading system**
New EU legislation intended to shift taxation from electricity to fossil fuels

» Read more in the Sustainability section on page 26

Promote high output conventional radiators

Higher value, higher heat output conventional radiators remain the most appropriate solution for the vast majority of hydronic heating systems. Stelrad is promoting conventional products suitable for lower system temperatures by extending its vertical and multipanel, multiconvector steel panel ranges, whilst working closely with new build, social housing and commercial specifiers to find cost-effective, high-performance solutions.

66%

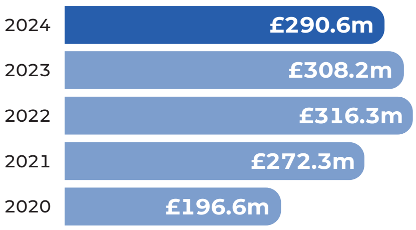
2024 UK volume growth for Stelrad's high output K3, 900mm high and vertical radiators

Measuring and analysing the Group's performance

Management considers a variety of financial and non-financial measures when analysing the Group's performance, and the Directors believe that each of these measures provides useful information with respect to the Group's business and operations. With the exception of revenue, these are alternative performance measures.(1)

Revenue

£290.6m



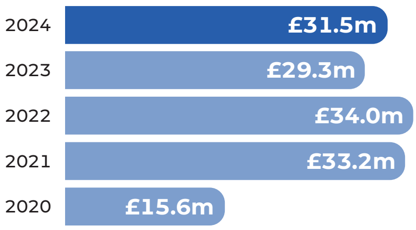
Links to strategy 1 2 3 4

Description
The Group generates revenue from three operating segments: the UK & Ireland, Europe, and Turkey & International. Revenue arises from the sale of products to consumers and represents the gross invoiced sales less credit notes and rebates.

Performance
Revenue declined by £17.6 million or 5.7% mainly due to a decrease in sales volumes of 5.8% and the devaluation of the Euro against GBP, partially offset by the impact of selling price increases and product mix improvements.

Adjusted operating profit

£31.5m



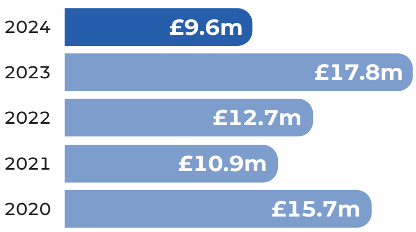
Links to strategy 1 2 3 4

Description
Adjusted operating profit is the Group's key profit measure to show performance from operations.

Performance
Adjusted operating profit rose by 7.6%. The increase in adjusted operating profit was mainly the result of proactive margin and cost management, in addition to the price benefit of increases in average radiator size, offset by a reduction in sales volumes year on year.

Free cash flow

£9.6m



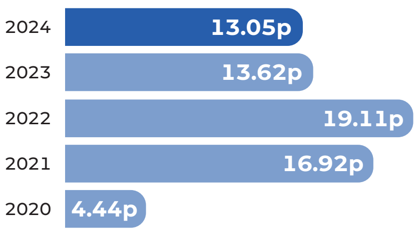
Links to strategy 1 2 3 4

Description
Free cash flow shows the cash available to make distributions to shareholders.

Performance
Despite an increase in EBITDA, free cash flow reduced in the year due to investments in working capital and the cash unwind of provisions for one-off restructuring costs incurred to support the profitability of the Group.

Adjusted EPS

13.05p



Links to strategy 1 2 3 4

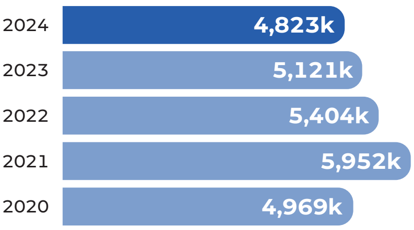
Description
Adjusted EPS is the adjusted profit for the year of the Group per share in issue.

Performance
Adjusted EPS decreased in the year, despite an increase in adjusted operating profit of 7.6% due to increased interest costs and a significant one-off tax credit in 2023.

(1) The Group uses some alternative performance measures to track and assess the underlying performance of the business. Alternative performance measures are defined in the glossary of terms on page 144 and reconciled to the appropriate financial statements line item in note 31. Note 31 also outlines the limitations of using alternative performance measures.

Total radiator volumes sold

4,823k units



Links to strategy 1 3

Description

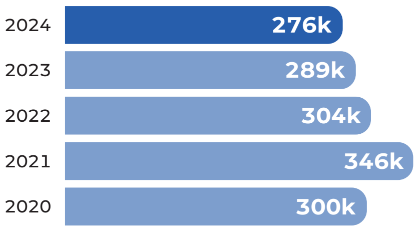
The sales volumes of radiators across all geographical segments in the reporting period.

Performance

Volumes decreased by 5.8% in the year as a result of ongoing challenges in RMI and new build markets, with high interest rates and inflation suppressing activity.

Total premium panel radiator volumes sold

276k units



Links to strategy 2

Description

The sales volumes of premium panel radiators sold across all geographical segments. Premium panel radiators include vertical radiators and are differentiated from standard steel panel radiators by their higher margin and design. Increasing premium panel penetration will enhance the profitability of the Group.

Performance

Premium panel volumes fell by 4.5% due to a decline in overall volumes. Premium panel penetration experienced a small improvement on 2023.

Strategy key

1 Growing market share

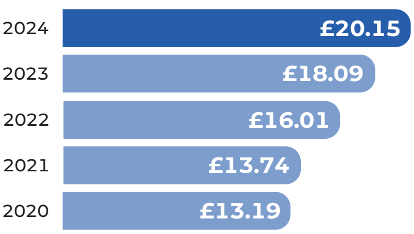
2 Improving product mix

3 Optimising routes to market

4 Positioning effectively for decarbonisation

Contribution per radiator

£20.15



Links to strategy 2 4

Description

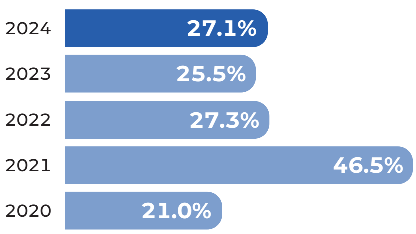
The value of contribution generated per radiator sold.

Performance

Contribution per radiator has increased by 11.4%, benefiting from the continued transfer of production to lower cost facilities, the price benefit of larger radiators sold and strong margin management, partially offset by the impact of inflationary cost increases.

Return on capital employed

27.1%



Links to strategy 1 2 3 4

Description

Return on capital employed is adjusted operating profit as a percentage of business capital employed.

Performance

Return on capital employed increased in the year, primarily due to a 7.6% growth in adjusted operating profit, partially offset by a 1.0% increase in business capital employed due to an investment in working capital.

We are committed to engaging our stakeholders in all aspects of our strategic vision

People

Their material priorities

- A company with a strong sense of purpose that lives by its values.
- A culture where people are rewarded and can thrive with opportunities for training, development and progression.
- A diverse and inclusive work environment, where overall safety, health and wellbeing are valued.

How we engage

- Our recognition and reward programmes offer competitive pay and attractive benefits.
- Training is provided to enable colleagues to continuously develop and enhance their skills.
- Annual engagement surveys provide an opportunity for colleagues to provide feedback.
- Strong collaborative relationships are maintained with our trade unions and employee representatives.
- Regular internal newsletters facilitate information sharing between colleagues and teams.
- Board members visit operating sites and attend meetings with colleagues from across Europe to hear their views.
- An anonymous whistleblowing scheme enables concerns to be reported.
- The Group's Code of Conduct and Equality, Diversity and Inclusion Policy set out the Group's values and priorities in these areas.

Outcomes

- Improved level of engagement, lower absence rates and higher retention rates.
- Development and improvement of skills throughout the workforce.
- Improved awareness and support for health and wellbeing issues.
- High standards of health and safety performance maintained.
- Clear, relevant and timely communications to all employees.
- Knowledge sharing, process improvement, development of initiatives and management buy-in across the business.

UK Employee Engagement Survey

Participation in the 2024 Employee Engagement Survey during October/November was strong across all areas of the business and a total of 87% of employees completed the survey.

Sarah Riley, Chief People Officer, said: "The survey is a great opportunity for all UK staff to express their views and to share thoughts on how we are doing as a business in areas such as involvement, recognition, development, diversity and wellbeing."

» **Read more about our workforce in our Sustainability Report on page 32, in particular our spotlights on alternative employment routes and inclusion**

» **Read more in our spotlight on safety engagement on page 34 of our Sustainability Report**

» **Metrics and targets covering training and development, labour practices, workforce characteristics and health and safety are reported on page 41 of our Sustainability Report**

The Board of Directors of Stelrad Group plc, both individually and together, consider that they have acted in good faith and in a way that would be most likely to promote the long-term success of the Group and Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a–f) of the Act) when making decisions during the year ended 31 December 2024.

» Read more about how stakeholders were taken into account in decision making on page 60

Customers

Their material priorities

- Availability of a wide range of products and services on time and at competitive prices.
- Online capability and ease of access to products.
- Provision of responsibly sourced, energy efficient options.
- Integrity and professionalism.

How we engage

- We engage closely with our customers to ensure that we deliver the highest-quality customer service and a product range that meets existing and developing customer expectations.
- We have invested heavily in our online trading capacity and in our Customer Service departments.
- We participate in industry forums, exhibitions and customer events and product launches.

Outcomes

- Continued customer satisfaction and loyalty.
- Establishment of long-term partnerships.
- Successful and mutually beneficial product development as we transition to zero carbon heating systems.

Heating Installer Awards 2025 sponsors

Once again Stelrad has been confirmed as an official sponsor of the Heating Installer Awards as it returns this year.

Now entering its tenth anniversary, the Heating Installer Awards holds an annual search for the best installers in the nation. The competition builds a positive conversation in the industry and promotes excellent engineers and their work which can often go unrecognised.

Sarah Baker, UK Marketing Communications Manager, commented: “At Stelrad, we have the pleasure of working with many talented installers on a regular basis but the Heating Installer Awards allows us to build our community even further and establish long-lasting relationships with the best of the best. Each year we have been amazed at the quality of installers’ work and we can’t wait to see the projects entered again this year.”

» Read more about how we are positioning effectively for decarbonisation through our product range on page 18

» Read more in our spotlight on decarbonisation on page 29 of our Sustainability Report

Stakeholder engagement *continued*

Suppliers

Their material priorities

- Consistent and reliable demand for their products from a partner they can trust.
- Long-term collaboration to build strong, lasting relations.
- Clear and timely communication and engagement.

How we engage

- Our commercial teams maintain ongoing dialogue with our suppliers to build strong, long-term relationships.
- Engagement with suppliers is primarily through a combination of day-to-day interactions and formal review meetings and audits. Key areas of focus include innovations, product development, health and safety and compliance with our ethical standards.
- We partner with key suppliers to develop initiatives for innovative solutions and collaborate as appropriate on product development.
- Timely payment of suppliers is a key element of the relationship with our suppliers.

Outcomes

- Stable sourcing, product quality and competitive pricing.
- Long-term partnering, reducing supply chain volatility.
- Fair payment terms.
- Support of our ESG initiatives.

Supplier spotlight

Commenting on the relationship, one of our top tier suppliers said:

"As one of the UK's leading manufacturers of corrugated cardboard packaging, we have been a longstanding supplier to Stelrad since 2012. We have developed a wide range of fully sustainable, recyclable corrugated cardboard packaging solutions for Stelrad's portfolio of radiators. For a company like Stelrad that places such a high emphasis on sustainability and ethical resourcing, we are delighted to continue being the packaging supplier of choice for them."

» **Read more in our spotlight on supply chains on page 31 of our Sustainability Report**

» **Metrics and targets covering business and supply chain ethics are reported on page 41 of our Sustainability Report**

Investors

Their material priorities

- Financial performance and growth that maximises shareholder returns in a responsible way.
- A clearly communicated strategy and business model.
- Appropriate and considered decision making that is in the long-term interest of the Group.

How we engage

- Executive Management engages at results presentations, the Annual General Meeting, Capital Markets Events and investor roadshows.
- Executive Management also maintains an open dialogue with shareholders and potential investors to ensure that their views are considered and factored into key decisions taken by the Board.
- Shareholder and investor feedback and details of significant movements in our shareholder register are monitored and reported to the Board on a regular basis.
- The corporate website includes a dedicated investor section.

Outcomes

- Maximising demand for the Group's shares.
- Support for investment opportunities, including potential acquisitions or capital investment programmes.

Capital Markets Event

Stelrad Group plc hosted a Capital Markets Event on 14 November 2024. The event was hosted by the Stelrad executive team and senior leaders from across the business. Topics included the Group's market positioning, its operational capabilities including manufacturing, customer service and product availability and wider market drivers around the themes of premiumisation and decarbonisation.

The event was well attended and well received; commenting on the November 2024 Capital Markets Event, investors said:

- "Thought the Capital Markets Event content was excellent. Resilient performance supports the view that it is a very well-managed business."
- "Great company. I really rate the management and enjoyed seeing the full team."

Communities and the environment

Their material priorities

- Business operations that respect the environment and biodiversity.
- Benefiting from a positive impact upon the communities in which we operate.
- Support for local and national causes.
- Benefiting from a successful and sustainable business that respects people and planet.

How we engage

- We engage with the community through local activity at branch level, volunteering, giving charitable donations and providing employment and work experience opportunities.
- Our sustainability steering group and sustainability working group identify and monitor initiatives to help reduce the environmental impact of our business.
- We are dedicated to supporting customers with the design of low-temperature heating systems.

Outcomes

- Support and development of local educational institutions.
- Longstanding sponsorship of local sport clubs, regular charitable events and fundraising.
- Cleaner and friendlier areas for the local communities.
- A long-term strategy for improving our impact on the environment.
- Successful product development as we transition to zero carbon heating systems.

National Manufacturing Day

Stelrad Mexborough opened its doors as part of Make UK's National Manufacturing Day celebrations on 26 September 2024.

Stelrad showcased potential careers and jobs on offer and ran scheduled "through the keyhole" tours of its business, welcoming pupils from Ridgewood School to have a first-hand experience of local manufacturing. The aim is to encourage all age groups from school leavers to more experienced workers looking at reskilling, to consider the possibilities of a career in manufacturing as well as helping local communities understand more about businesses on their doorstep.

David Taylor, Operations Director, said: "The day gives us the opportunity to interact with students, teachers and career advisers and show the exciting opportunities on offer and get behind the scenes of success."

» **Read more about our environmental performance in our Sustainability Report on page 29, in particular our spotlights on decarbonisation, energy usage and supply chains**
» **Metrics and targets covering energy and carbon, water and waste and materials are reported on page 41 of our Sustainability Report**

Paving the path for sustainable progress

Highlights of 2024

- Joined the UN Global Compact initiative, committing to align our operations and strategies with ten universally accepted principles.
- Launch of the Green Compact range of low-carbon radiators in the UK (see page 29).
- Certified for sending zero avoidable waste to landfill in the UK.
- Published additional Environmental Product Declarations, covering sales in Scandinavia.
- Achieved a record low lost time frequency rate of 4.75, a reduction of 45% from 2023 (see page 34).

Next steps for 2025

- Development of our net zero climate transition plan in line with best practice.
- Expand and strengthen internal reporting processes, including preparing for reporting in line with upcoming regulation.
- Continue progress towards a zero-harm workforce, building upon the recommendations of recent health and safety audits (see page 34).
- Implementation of our action plan for packaging improvements, targeting progress in our key packaging-related metrics.

2024 marked a year of further strengthening our commitment to sustainability, with clearer alignment to stakeholder needs. We have operated our Fit for the Future sustainability programme for over two years now, enabling us to fully embed many of its related policies and processes. With increased focus, we are addressing our key sustainability issues more effectively.

Conducting climate scenario modelling to evaluate the resilience of our strategy in alternative scenarios (see page 36) is a prime example of how we are developing our approach to sustainability, as we strive to identify the potential impact on the Stelrad Group of longer-term climate-related opportunities and risks.

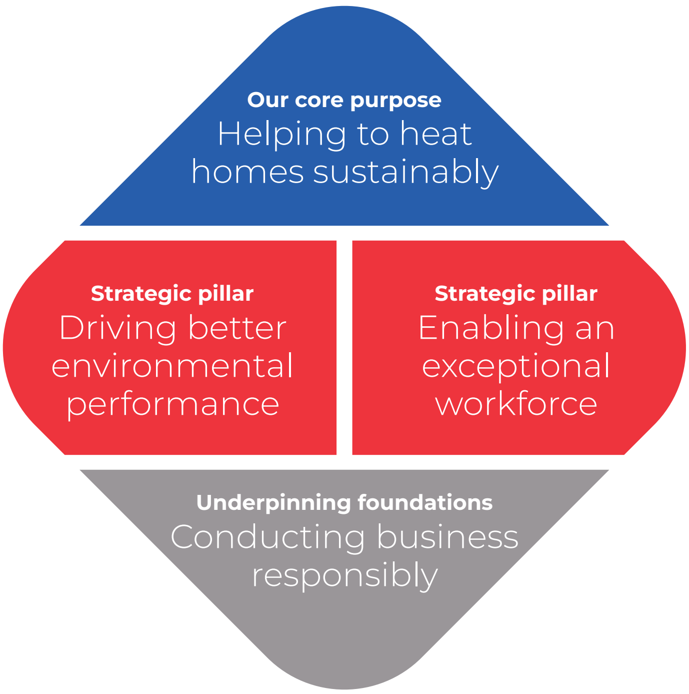
We are also proud to support the United Nations Global Compact initiative, whose principles align strongly with our values and overall approach. We are committed to aligning our business with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption and to acting in support of the Sustainable Development Goals.

In-depth analysis of our approach to packaging has identified significant opportunities for progress and we will continue to drive these initiatives forwards over the coming years. Our Green Compact radiator is a clear statement of intent, being Stelrad's first range to contain zero plastic packaging.

Above everything else, the safety of our people is our number one priority. We continue to make meaningful progress, with a 45% reduction in the lost time incident rate in 2024. This significant shift has been driven by improvements at Radiators SpA and reflects the benefit of instilling our strong safety culture and applying Group safety processes.

As our approach to sustainability develops, I'm confident that we will continue to build on our well-established foundations to make further progress in fulfilling our core purpose: helping to heat homes sustainably.

Trevor Harvey
Chief Executive Officer
7 March 2025



Sustainability metrics

The table below shows our key sustainability metrics and any targets associated with these. Further metrics are shown on page 40. During 2024, we have incrementally evolved these metrics and additional targets are detailed below. In addition, we are now focusing on and reporting the gender split in managerial positions, instead of the overall gender split, because we consider that we have a greater ability to impact the outcome of this metric. The overall gender breakdown is reported on page 33.

We have also recalculated some historical data as data coverage and quality improved. The baseline carbon emissions intensity has been adjusted from 0.18 to 0.17 due to a greater scope of products being included in the weight of production. This increase in scope also impacted our packaging metrics and Scope 3 emissions. Finally, the methodology for calculating our two safety metrics has been altered in two subsidiaries to ensure greater consistency across the Group. The changes relate to the recording of lost time and hours worked.

In 2024, our absolute, operational carbon emissions increased, driven by an increase in energy usage in Turkey, and by changes in the residual emissions factor in Italy. The increase was mitigated by an increase in the proportion of energy coming from renewable sources, which reached 41.6% in 2024. Our absolute Scope 1 and 2 emissions are now 62% below the baseline in 2021. Our Scope 3 emissions reduced, driven by reductions in purchased goods and services.

Our packaging metrics remained in line with 2023 with more significant changes planned for 2025.

The amount of training provided remains above our ongoing target, despite a reduction from 2023. The full year voluntary labour turnover result was also better than target, despite a period of significant additional recruitment in Turkey. The steady rise in turnover rate since 2022 is an area of focus for the next few years. The percentage of managerial positions increased from last year, and has improved significantly since 2022. Details of how we are encouraging women in our workforce can be found on page 33.

We achieved a significant reduction in the number of lost time incidents, driven primarily by a 64% reduction in Italy, and two sites achieving a full year without a lost time incident ("LTI"). LTSR finished above 2023 due to some significant lost time in Turkey. Finally, we saw improvement in the number of suppliers with up-to-date audits.

Additional sustainability targets

This year our sustainability targets reflect the goal to reduce net carbon emissions from our operations and our supply chain to zero by 2050, in line with national goals. We have also added targets to maintain performance above important thresholds on the amount of training, voluntary employee turnover and recycled content of packaging. Two of these are also reflected in our executive remuneration (see page 87). Targets for the remaining key metrics will be developed over 2025, when we will also assess the possibility of strengthening existing targets.

Metric	2024	2023	2022	Target	Progress towards target
Driving better environmental performance					
Total market-based Scope 1 and 2 emissions (tCO_2e)	**12,382**	12,122	14,827	Net zero emissions by 2050	62.2% reduction from 2021
Market-based Scope 1 and 2 emissions intensity (tCO_2e/t)	**0.10**	0.10	0.11	45% reduction from 2021 by 2030	40.6% reduction from 2021
Total Scope 3 emissions (tCO_2e)	**368,654**	445,516	531,456	Net zero emissions by 2050	30.5% reduction from 2022
Energy from renewable sources (%)	**41.6%**	41.5%	39.5%	45% by 2030	41.6%
Plastic packaging intensity (kg/t)	**12.0**	12.0	11.0	—	—
Recycled content of packaging material used (%)	**66.5%**	67.0%	60.1%	Above 65% in 2024	Above target
Enabling an exceptional workforce					
Training days per employee	**2.5**	2.9	2.6	2 days	Above the target of 2 days
Voluntary labour turnover rate	**7.8%**	6.6%	6.3%	Lower than the average for UK manufacturers	Below the target of 9.9%[2]
% of managerial positions held by women	**23.8%**	22.2%	18.9%	—	—
Conducting business responsibly					
Lost time frequency rate[1]	**4.75**	8.61	8.99	Zero harm	45% reduction
Lost time severity rate[1]	**54.8**	42.6	62.1	Zero harm	29% increase
% of key suppliers with up-to-date audits	**70.1%**	64.3%	19.7%	75% by 2030	70.1%

(1) Any incident resulting in an employee not being able to attend work the following day is regarded as a lost time incident.
(2) Source: XpertHR.
Definitions of these key metrics are available on page 144.

Our Fit for the Future framework covers a variety of strategic issues as shown in the table below. These were determined through an in-depth consultation process with a wide range of the Group's key stakeholders. These were then aligned with the structure, capabilities and processes of the Group.

Description	Objective	Progress
Driving better environmental performance		
1 Decarbonisation of heating Reducing the amount of carbon produced by domestic and commercial heating systems	Ensure we maintain a coherent offering suitable for lower-carbon heating systems, regardless of the heat source	On track
2 Energy and carbon Managing business activities that consume energy and emit greenhouse gases into the atmosphere, contributing to climate change	Target improvements as part of a long-term journey to net zero carbon emissions, within our operations and our wider value chain	On track
3 Upstream lifecycle impacts Managing the environmental impact of a product in the extraction, processing and distribution of raw materials	Understand and quantify our indirect impacts, and engage elements of our value chain to minimise these impacts	On track
4 Packaging Managing the lifecycle environmental impacts of the packaging used to protect products during transportation	Develop an approach to packaging products that is fit for the future, environmentally and commercially	Work to do
Enabling an exceptional workforce		
5 Training and development Developing the skills needed to maintain and enhance our market position	Review and strengthen existing training and development programmes	On track
6 Diversity and inclusion Enhancing the presence of differences such as gender or ethnicity within the workplace, and ensuring that all people share a sense of belonging	Be representative of the communities in which we operate and broaden the diversity of our population	Work to do
7 Employee engagement Understanding the motivations of employees and working to foster an engaged workforce	Develop employee engagement programmes with ongoing two-way communication	On track
8 Employee wellbeing Supporting employees' mental, emotional and physical health	Provide and foster a safe and supportive working environment that promotes personal wellbeing	On track
Conducting business responsibly		
9 Health and safety Protecting the health and safety of the workforce during all business-related activities	Aim for continuous improvement in accident frequency rates by nurturing a positive safety culture throughout the business	On track
10 Supply chain management Identifying and managing issues within the supply chain, and promoting the improvement of standards	Engage with suppliers to optimise sustainability in our supply chain	Work to do
11 Corporate governance and ethics Ensuring the system of rules and processes fosters ethical business practices and supports the needs of all stakeholders	Maintain high ethical and corporate governance standards and a culture of accountability	On track

Driving better environmental performance

Our approach to driving better environmental performance focuses on four areas, as shown on the previous page. Two of these relate to climate change – our mitigation of it by reducing our carbon emissions and our adaptation to the decarbonisation of our markets. The others relate to the impact of our sourcing, particularly of steel, and the impact of our packaging.

Spotlight on decarbonisation

We supplied radiators for a residential refurbishment project in the South Downs, UK. The owners wanted to reduce their energy usage by installing an air source heat pump and reducing the system temperature. This project was unusual because the house was 300 years old and owned by a retired couple who needed to be able to heat their homes efficiently for the whole day. Further challenges were encountered due to the wattle and daub (wood- and clay-based) walls and the timber structure of the house, but the system was designed and commissioned successfully utilising a mix of double panel and triple panel Stelrad radiators.

Climate change

Positioning effectively for decarbonisation is one of our four key objectives, as shown on page 18. Changes in the heating market are driven by legislation focused on decarbonising heat sources which requires heat emitters compatible with low-temperature systems. We have continued to expand and develop our product range in recent years, including adding to our offering of electric, dual fuel and hybrid ranges. In addition, we introduced our first lower-carbon radiator range in 2024, with the launch of the Green Compact in the UK.

The spotlight on decarbonisation demonstrates how radiators can be used in low-carbon systems in even the most challenging circumstances.

On top of our direct activities, we believe that co-operation and communication within the construction industry will be key enablers of decarbonisation. In support of this, Stelrad has joined the Future Homes Hub – a not-for-profit organisation set up to help transition the residential building industry in the UK to net zero. Membership of this hub will enable us to work in partnership on the identified core priorities.

Besides ensuring the suitability of our product range, we have continued to enable our customers to make informed decisions on the products that they use. Raising awareness of the flexibility and suitability of radiators in a decarbonised heating system is a key activity, and we have supported this with the publication of Environmental Product Declarations ("EPDs") in certain priority markets. EPDs provide factual, neutral and verified information on the environmental effect of products and ensure that our customers have access to all the relevant information.

41.6%

of energy from renewable energy sources

Spotlight on energy usage

An important approach to decarbonising operations is to reduce the use of fossil fuels. The primary fossil fuel used within our operations is natural gas and we are regularly assessing our ability to convert these processes to alternative fuels where current technology allows us to achieve this.

Our vehicle use offers an opportunity to transition immediately from fossil fuels. Our fuel usage reduced by 13% in 2024, with significant reductions in diesel and LPG. We recently transitioned away from LPG entirely in the Netherlands and have invested in seven electric lift trucks in the UK to reduce our LPG usage there also. In addition, we continue to progress towards our target for all passenger vehicles to emit less than 50g CO_2e per km. At the end of 2024, 55% of cars in the Group meet this standard.

Driving better environmental performance continued

Streamlined Energy and Carbon Reporting

In tandem with our focus on industry decarbonisation, we have a strong emphasis on our own carbon emissions. The table below summarises the Group's position during 2024. Our chosen intensity metric is tCO_2e per tonne of product and our baseline year is 2021.

Scope 1 and 2 intensity	2024	2023	Baseline	Baseline variance
Market-based	**0.10**	0.10	0.17	(40.6)%
Location-based	**0.18**	0.18	0.17	6.1%

		2024			2023			
		UK	Non-UK	Total	UK	Non-UK	Total	YoY variance
Consumption (MWh)	Scope 1	**5,468**	**38,585**	**44,053**	6,539	36,506	43,045	2.3%
	Scope 2	**4,969**	**40,767**	**45,735**	6,349	39,399	45,749	0.0%
	Total	**10,436**	**79,352**	**89,788**	12,889	75,905	88,794	1.1%

		Tonnes of carbon dioxide equivalent (tCO_2e)						
		2024			2023			
		UK	Non-UK	Total	UK	Non-UK	Total	YoY variance
Scope 1		**1,025**	**7,188**	**8,213**	1,235	6,838	8,073	1.7%
Scope 2	Market-based	**3**	**4,166**	**4,169**	3	4,046	4,049	3.0%
	Location-based	**1,029**	**12,608**	**13,637**	1,315	12,613	13,928	(2.1)%
Total Scope 1 and 2	Market-based	**1,028**	**11,353**	**12,382**	1,238	10,885	12,122	2.1%
	Location-based	**2,054**	**19,795**	**21,850**	2,549	19,452	22,001	(0.7)%
Scope 3 category 1		**39,620**	**307,677**	**347,297**	88,114	336,999	425,113	(18.3)%
Scope 3 category 4		**1,722**	**6,301**	**8,023**	1,103	7,625	8,728	(8.1)%
Other Scope 3 emissions(1)		**2,431**	**10,903**	**13,334**	1,978	9,697	11,675	14.2%
Total gross Scope 3 emissions		**43,773**	**324,881**	**368,654**	91,195	354,321	445,516	(17.3)%
Total Scope 1, 2 and 3 emissions(1)	Market-based	**44,802**	**336,234**	**381,036**	92,433	365,205	457,638	(16.7)%
	Location-based	**45,827**	**344,676**	**390,504**	93,744	373,772	467,517	(16.5)%

(1) Category 11 emissions are not included, as products use energy indirectly.

Our emissions have been calculated following the GHG Protocol's standard, with all seven Kyoto gases reported in tonnes of carbon dioxide equivalent ("tCO_2e"). Where available, country-specific emissions factors have been utilised and residual emissions factors have been used for non-renewable energy reported under market-based calculations.

Our Environmental Policy identifies three goals related to energy and carbon:

- Reduce energy usage. In 2024, we saw an increase in the amount of energy used, with increases in our electricity and natural gas consumption for production. However, our use of other fuels reduced, due to initiatives such as those highlighted in the spotlight on energy usage.
- Reduce our use of non-renewable energy sources. In 2024, our renewable energy use continued its steady increase – from 41.5% to 41.6% – remaining on track to reach our target of 45% by 2030.
- Reduce carbon emissions throughout the supply chain. 2024 saw a 17% decrease in Scope 3 carbon emissions, primarily due to a reduction in emissions associated with purchased goods and services (category 1). Our operational emissions remained very similar to 2023, as increases in residual emissions factors offset efficiencies achieved. Overall, our Scope 1 and 2 emissions increased by 2.1%. More details can be found in our Carbon Balance Sheet Report, published on our website at steladplc.com/sustainability/driving-better-environmental-performance/.

Packaging

Packaging is an essential part of our offering, as our products are heavy and bulky and can be damaged if packaged incorrectly. We continue to develop our understanding of the packaging that we use and have expanded the coverage of our data in 2024.

This data helps us to identify the potential for improvements to the packaging we use. Our primary aims are:

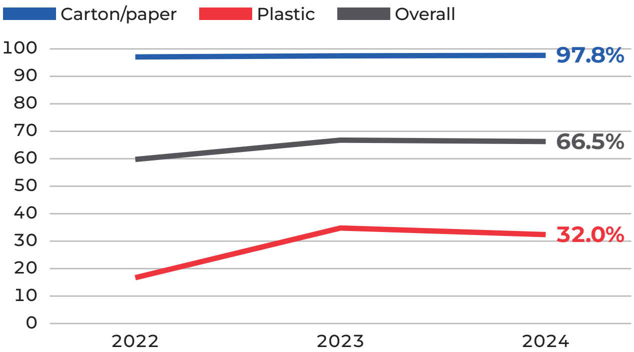
- to reduce our use of packaging;
- where packaging is essential, transition away from single-use plastics to alternative materials; and
- to support the circular economy by increasing the recycled content and improving recyclability.

These aims are supported by our key metrics of plastic packaging intensity and the recycled content of packaging.

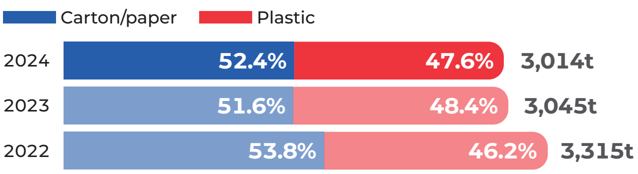
In 2024, our absolute use of packaging decreased, and we made some progress in pursuit of our goals. The weight of plastic reduced by 38 tonnes and our plastic packaging intensity reduced by 0.1%. We expect this to reduce further in 2025 as we remove bubble wrap and polystyrene from some products. We have also identified several opportunities to increase the recycled content of our packaging.

Although there exist opportunities for improvement, there are many positive aspects of our packaging use. The charts below show an improving trend in the proportion of packaging provided by plastic, the recycled content and the recyclability of our packaging. In 2024, we used 3,014 tonnes of packaging material, down 1.0% from 2023.

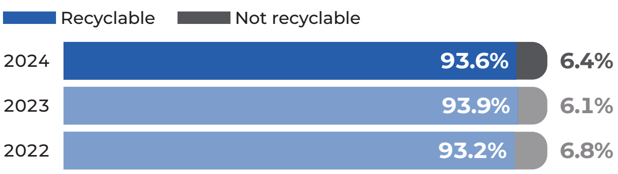
Recycled content



Packaging weight



Recyclability



Upstream lifecycle impacts

Our emissions analysis on page 30 demonstrates the huge impact that our sourcing has on our carbon emissions, with purchased goods and services accounting for 91% of our emissions. Addressing this will rely on our relationships with suppliers and our approach to procurement.

Our Sustainable Procurement Policy assists us in achieving the best combination of whole-life costs and benefits by considering appropriate environmental, social and economic factors in all purchasing decisions. The policy outlines our objectives in the areas of human rights, labour standards, the environment, materials, and resources, including proactively tackling labour exploitation, protecting nature, reducing the energy use in our supply chain, seeking reductions in materials consumption, and reducing the use of single-use plastic.

The most important element of our sourcing activities relates to steel, as steel makes up c.96% of the weight of our products. We faced some challenges on this during 2024 as we were forced to move away from a major supplier of steel. This is explored in the spotlight on supply chains.

Spotlight on supply chains

During 2024, Tata Steel, a key, long-term supplier of ours, announced that it was planning to invest in state-of-the-art electric arc furnace steel making in South Wales. This is a key step in decarbonising the UK steel industry and could result in a c.90% reduction in CO_2 emissions compared to the current process. However, one associated change is the closure of the continuous annealing processing line that is key to supplying the type of steel that we use. We therefore needed to find alternative supply.

Over recent years, we have maintained relationships with alternative suppliers, meaning we were able to switch relatively easily, including finding alternative supply for the low-carbon steel used in our Green Compact range. Our strong relationship with Tata Steel also ensured that we were able to maintain supply during a transitional period in 2024. We recently signed a contract to ensure that we have security of supply into the future, and we look forward to strengthening our relationships with our chosen suppliers even further.

Enabling an exceptional workforce

Our people are fundamental to the success of our business, and we are passionate about providing a workplace environment where everybody can thrive and contribute to our future growth. We support all areas of our workforce, with particular focus in the areas of employee engagement, training and development, wellbeing, and equality, diversity and inclusion.

Our people

Our geographical footprint is shown on page 3. Across the Group, we have a total of 1,436 employees, with 1,240 of those outside the UK. The table below shows the make-up of our workforce by contract type, showing that the majority of our workers are permanent, full-time staff.

Headcount at 31 December	2024	2023
Number of employees	**1,436**	1,414
Number of permanent employees	**1,426**	1,413
Number of temporary/ zero hours employees	**10**	1
Number of non-employee workers	**55**	50
Number of full-time employees	**1,405**	1,379
Number of part-time employees	**31**	35

Our geographic span gives us a diversity of cultural norms as well as a breadth of differing statutory requirements. Our culture, with its emphasis on respect, integrity, service, stewardship and excellence, bridges these different cultures. Our strategy of local-led implementation ensures we are delivering for our employees in each country and our flat management structure assists us in maintaining close working relationships across the Group.

Training and development

We have a highly skilled and experienced workforce with a deep understanding of our industry. We offer a wide range of training and development opportunities and target the provision of at least two days of training per employee each year. The number of training days provided in 2024 was lower than in 2023, but remained 26% above this target.

As a manufacturing-led business, the majority of our workforce are operatives, and we provide opportunities for people to develop their skills with extensive on the job training. Each site maintains a competency matrix which identifies the range of skills required for each task within the manufacturing process and individuals are developed across this matrix through a detailed programme of training and assessment. This is complemented by external market insight, technical skills and knowledge development received through partnerships with various suppliers and subject matter experts. This is all supported by extensive sharing of best practice across the Group. Underpinning this is our commitment to supporting all employees with a continuous health and safety training programme, with 12% of training provided being related to health and safety.

Spotlight on alternative employment routes

Across the Group, we are constantly looking to evolve our approach to attracting new talent. In the UK, we work with The Work-wise Foundation on its sector routeways programme for engineering and manufacturing. This supports job seekers from a mixture of age groups who want to change the direction of their career – wanting either an apprenticeship or a job within manufacturing and warehousing. The programme provides information on local opportunities, and interested attendees can then access a short-term work placement.

Similarly, Radiators SpA has engaged and enthused the local community by partnering with other local businesses and employment agencies to present the business and the opportunities that exist, and to screen a selection of people interested in technical roles.

Leadership is developed at several levels in the organisation. For example, Continental Radiators followed up on the leadership class of 2023 with a second course, further developing seven team leaders with an advanced class, and expanding the training to 28 new participants.

We also foster multiple relationships with local education facilities to encourage enthusiasm and engagement in technical and manufacturing skills among current students. There are many examples of these partnerships, including:

- hosting work experience and shadowing events at our sites;
- informing local teachers in the Netherlands about operations and mechanical professions, enabling better information for students considering further education;
- providing scholarships to local students; and
- participating in schemes such as Procestechniek & Maintenance Limburg ("PML") that promote enrolment in technical training courses.

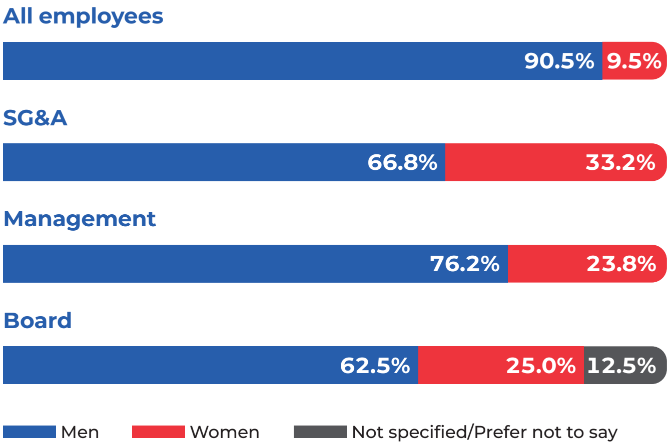
Equality, diversity and inclusion

As an international group, we recognise and enjoy the benefits of working with a diverse group of colleagues. We are committed to providing an environment where everyone feels valued and respected, and this commitment is encapsulated by our Group Equality, Diversity and Inclusion Policy. This policy sets out our aim to:

- prevent discrimination;
- eliminate prejudice;
- promote inclusion;
- celebrate diversity; and
- ensure that equality, diversity and inclusion are embedded in everything that we do.

We report on the composition of the Board and Executive Management in relation to gender and ethnicity on page 72. In addition, we voluntarily report on gender pay statistics in the UK, with a report available on our website.

We are consistent with the wider manufacturing sector in that the majority of our workforce is male. We recognise that further increasing the number of women in our business and in leadership roles is important to our future success, and we continue to do all we can to promote female representation in all roles. We have chosen to focus on the proportion of women in management roles as one of our key sustainability metrics as a key driver for wider representation.



Employee engagement

Our approach to employee engagement is decentralised and tailored to local workforces. We listen to and communicate with our employees through multiple approaches, including feedback schemes, team meetings, magazines and employee dinners. The focus across our locations is on establishing ongoing two-way dialogue with all employees. This is reinforced through formal employee representation partnerships, and we have well-established, positive relationships with trade union partners across our sites. A more detailed review of employee engagement at Board level is shown on page 94.

We conducted a follow-up engagement survey in the UK. All UK employees were invited to participate on a voluntary basis, and we were delighted to achieve a response rate of 87%, with a 76% positive rating for the questions overall.

Wellbeing

We continued to develop our health and wellbeing support with a focus on physical and mental wellbeing. Our approach is underpinned by detailed policies and resources that support employees' wellbeing, including:

- workplace physicians and nurses;
- external specialist services;
- preventative medical examinations; and
- an Employee Assistance Programme.

A significant change this year to promote increased employee wellbeing is the extension of flexible working to all employees in Italy. This has been implemented to promote better work-life balance and involved putting in place a variety of different working patterns.

76%

positive rating in UK Employee Engagement Survey

Spotlight on inclusion

We actively contribute to initiatives that promote a safe, inclusive, and forward-thinking work environment. Through our affiliation with the Metalektro collective labour agreement ("CAO") in the Netherlands, we participated in a pilot project focused on enhancing social safety and exploring the role of women in technical roles. This study delivered valuable conclusions and recommendations and, by engaging in this pilot, we have reinforced our dedication to creating a workplace that values diversity, fosters safety and supports continuous development for all employees.

Conducting business responsibly

Conducting business responsibly is a key foundation in everything we do and underpins our business activities. Our approach is guided by a strong culture and a clear set of values overseen by the Board. Our strengths in corporate governance, safety, supply chain management and ethics enable our progress in other elements of sustainability and corporate strategy.

Health and safety

Our number one priority is to keep our employees and contractors safe and healthy, and we aim for zero harm across all our operations. During 2024, we had clear opportunities for improvement in Radiators SpA, where the number of safety incidents in 2023 was notably greater than at other sites. We can report significant progress on this aspect, with lost time incidents ("LTIs") falling from 14 in 2023 to five in 2024. This, along with sites in the UK, the Netherlands and Belgium all recording zero LTIs in 2024, contributed to a 44.9% reduction in the Group lost time frequency rate ("LTFR"). The number of recordable incidents also fell (by 10.5%), but our lost time severity rate increased by 28.6% due to some long-term absentees in Turkey.

Whilst these results show positive progress on safety, we are constantly looking to improve towards our aim of zero harm. In 2024, we engaged an industry expert to conduct an independent safety audit at each of our manufacturing sites. The objective was to identify opportunities to raise standards further, and the scope included the organisation of safety, risk assessment and analysis, fire detection and protection, and site security among other aspects. A detailed report has been provided to each site, along with a comprehensive set of recommendations. The implementation of these recommendations will be a chief focus for 2025 and will be supported by additional training provision where required.

Fatality rate

2024	0
2023	0
2022	0

Lost time frequency rate

2024	4.75
2023	8.61
2022	8.99

Lost time severity rate

2024	54.77
2023	42.60
2022	62.07

Total recordable incident rate

2024	5.0
2023	5.7
2022	5.7

Definitions of these metrics are available on page 144.

Spotlight on safety engagement

A key requirement in support of continuous improvement in safety is to ensure that all relevant employees are engaged. This was addressed by Continental Radiators through the hosting of a safety day in March 2024, which addressed all Netherlands-based employees in production, warehouse and office-based roles. The day involved training on last minute risk analysis, and also provided an opportunity for employees to broadly discuss safety, raise any thoughts, and identify any opportunities for improvement.

The result of the day was an increase in interest, knowledge and enthusiasm for safety, boosting the safety culture of the Group. The day was a success and will be repeated annually. This is also supported by the installation of on-site banners stating that "safety is enhanced when you work together".

Corporate governance and ethics

We maintain high standards, ensuring we respect fundamental principles of human rights, and comply with all applicable laws and regulations. This approach is enacted locally but supported by a range of Group policies.

During 2024, we implemented greater structure into the training of these Group policies, ensuring that all senior managers are aware of their contents. We require an annual review of all eight Group policies by our management population. This mandatory requirement is managed through an online training platform, ensuring visibility of compliance. We plan to adopt a similar approach to the provision of anti-corruption training in support of our policy, with senior and at-risk employees identified and addressed.

We also continue our use of the EcoVadis platform, with Hudevad joining our manufacturing sites in being assessed in 2024. All our sites were awarded at least a bronze medal, and Continental Radiators received a gold medal – putting it among the top 5% of companies assessed by EcoVadis in 2024.

Supply chain management

Our approach to supply chain management through regular audits of key suppliers is now well established across the Group. Audits cover a range of areas including health and safety, human rights, the environment and product quality. At the end of the year, we had completed audits on 70% of our key suppliers and we have a target of reaching and maintaining this above 75% of our key supplier base by 2030.

TCFD Report

In this report we make disclosures against the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), including the 2021 TCFD Annex guidance. These disclosures show progress towards the TCFD recommendations and the requirements of the IFRS Sustainability Disclosure Standards. The main progress has been achieved with the completion of climate scenario analysis to assess strategy resilience. We have also expanded our climate-related targets, and aim for net zero Scope 1, 2 and 3 carbon emissions by 2050. This progress means we are now fully compliant with the UK government's Climate-related Financial Disclosures ("CFD") regulations, as stated on page 56, and are consistent with each of the eleven TCFD recommended disclosures.

Our future focus is on mitigation of our climate-related risks and maximising our opportunities. We will continue to strengthen our alignment with the IFRS standards in preparation for full compliance with future UK Sustainability Reporting Standards.

Chief Executive Officer

Has overall accountability for our corporate strategy, including ensuring that this appropriately takes account of sustainability matters and climate-related risks and opportunities.

Board

Responsible for ensuring that appropriate systems and processes are in place to monitor and manage progress against our strategy and the identified climate-related risks and opportunities.

Ensures that sustainability is an essential consideration of all key decisions, alongside the section 172 requirements.

Audit & Risk Committee

Guides the Board in matters related to risk, including climate-related risk.

Responsible for overseeing the implementation of the overall risk management framework and for reviewing the Group's risk assessment capabilities and processes.

Sustainability steering group

Monitors progress on the execution of our sustainability strategy. Periodically updates the Board and the Chief Executive Officer on progress. Responsible for the initial assessment of emerging climate-related risks and for the co-ordination of identified mitigation actions.

Sustainability working group

Comprises representatives from each of the business units. Responsible for the day-to-day delivery of our sustainability strategy and co-ordination of actions within each business unit.

Operational teams

Responsible for site-level delivery of agreed initiatives and involvement in discrete projects as appropriate.

Interaction is co-ordinated by either the working group or the steering group.

Governance

The management of climate-related risks and opportunities follows the same structures as the governance of broader sustainability issues. The diagram shows the main parties involved in the governance of sustainability and their main roles and responsibilities.

Central to this governance structure is the sustainability steering group. This group comprises cross-functional leadership and operates according to defined terms of reference, which identify its responsibilities. These responsibilities include conducting a periodic review of strategy and prioritisation and communicating, co-ordinating and managing resources across the Group. These activities are led by our Group Sustainability Manager.

The terms of reference for the steering group specify its role in managing climate-related risks and opportunities. A climate-related risk and opportunity register is maintained by the Group Sustainability Manager, and emerging climate-related risks are monitored by both the working group and the steering group. These risks and opportunities are then assigned to a member of the steering group who is responsible for managing the response and updating the business on any changes relevant to the topic. The register is subject to wide review every six months, firstly by both the working group and the steering group, and then by the Audit & Risk Committee, alongside business unit registers. The Audit & Risk Committee is responsible for ensuring that the key risks and opportunities identified in the climate-related register are properly reflected in the Group risk register and that they provide appropriate context for Board decision making.

The steering group's terms of reference also outline the group's role in setting climate-related targets and ensuring sufficient reporting to monitor progress against these targets. All targets are discussed and agreed by the steering group before being communicated to the Group Board. Communication on progress is then completed monthly and shared with those involved in our sustainability efforts.

Other key activities for the steering group in 2024 include the quantification of financial impacts, climate scenario modelling and preparation for reporting in line with upcoming regulation.

Strategy

We have a clear business strategy (outlined on page 16) which is supported by our core purpose: helping to heat homes sustainably. Ensuring that we position ourselves effectively for the potential impacts of decarbonisation of the heating industry forms a key part of our strategy and is strongly linked to climate-related risks and opportunities, including the risk related to alternative technologies and the opportunity for differentiation of our offering which are outlined on the following pages.

We believe that our strategy appropriately addresses the risks and opportunities arising from climate change, including our Fit for the Future sustainability framework, which is outlined on page 28. This year, we have strengthened our understanding of the impact of climate-related risks and opportunities on our strategy through the completion of scenario modelling. We have also assessed our climate-related risks and opportunities and have quantified the estimated financial impact, outlining potential changes in operating profit. This impact is shown on pages 38 and 39. Finally, development work continues on a comprehensive climate transition plan in line with the recommendations of the Transition Plan Taskforce. This plan will set out the detailed actions needed to mitigate our climate impact and to adapt to a low-carbon economy.

TCFD Report continued

Climate resilience

We have identified five principal climate-related risks and one climate-related opportunity that are material to our business because of their potential financial and strategic impact. These risks and opportunities are shown below and on pages 38 and 39. In 2024 we conducted a scenario analysis to better understand the resilience of our strategy and business model to these risks and opportunities. In doing so, we focused on specific elements of the overriding principal risks, such as considering the impact of specific regulations on the new build housing market in the UK.

In conducting this modelling, we applied widely used reference scenarios, specifically a transition scenario based on RCP1.9 and a BAU scenario using RCP8.5. The transition pathway limits global warming to a 1.5°C increase, which is the aspirational goal of the Paris Agreement. The BAU pathway assumes that emissions continue to rise throughout the 21st century and represents a worst-case scenario where physical climate change-related events will be more severe and frequent, which results in an increased likelihood of impact on our business. Physical impacts also exist under the transition pathway, but these will be lower. Instead, the main aspect of this pathway is the increase in transition risks and opportunities, driven by earlier and more aggressive policy action, regulation and market scrutiny.

In applying these scenarios, we used two timescales – evaluating transition risks and opportunities in 2035, and physical risks in 2050. These time horizons were chosen to give the best balance between allowing for sufficient differentiation between the scenarios and not allowing uncertainties to overwhelm useful analysis. The conclusion from this scenario analysis is that the current strategy and business model is resilient across a range of climate scenarios.

Transition scenario (1.5°C)	BAU (4°C)
Increasing expectations of stakeholders (T)	
There is an increased focus on sustainability, including purchase decisions directly related to sustainability performance. Acting unsustainably comes with increased costs.	Stakeholder expectations do not increase significantly, and customers deprioritise sustainability considerations.
Increased climate-related legislation increases costs (T)	
Frequent legislation introductions affect our markets, supply chains and production. Costs for key materials and energy increase and increased product development is necessary to maintain revenue.	Announced legislation (such as CBAM) is introduced as planned but further legislation is not implemented. The impact of carbon pricing reduces.
Increasingly stringent regulatory requirements (T)	
Reporting requirements and product standards consistently evolve and get more onerous.	Reporting requirements increase as already announced but no further expansion is seen.
An increase in the use of alternative technology (T)	
Radiators will maintain a strong position but may face increasing competition from technologies specifically targeted at low-carbon heating systems.	Radiators will maintain the strong position they hold in our key markets, with no significant changes in market considerations.
Opportunity for differentiation of our product and service offering (O)	
Increased uptake of lower-carbon heating systems alters the demand for heating products, favouring more differentiated products such as those with increased heat output.	Market demand stays similar to the present, with no large growth in alternative products.
Increased severity and frequency of extreme weather events (P)	
The frequency and severity of impacts increase, but only to a mild degree, and stay within our capability to adjust using the Group's flexibility.	Direct impacts on our production are limited but increased disruptions to supply chains lead to increased impacts.

Key

The circles show the extent of the financial impact under each scenario.

Highest risk/ lowest opportunity **Lowest risk/ greatest opportunity**

T Transition risk
O Opportunity
P Physical risk

Risk management

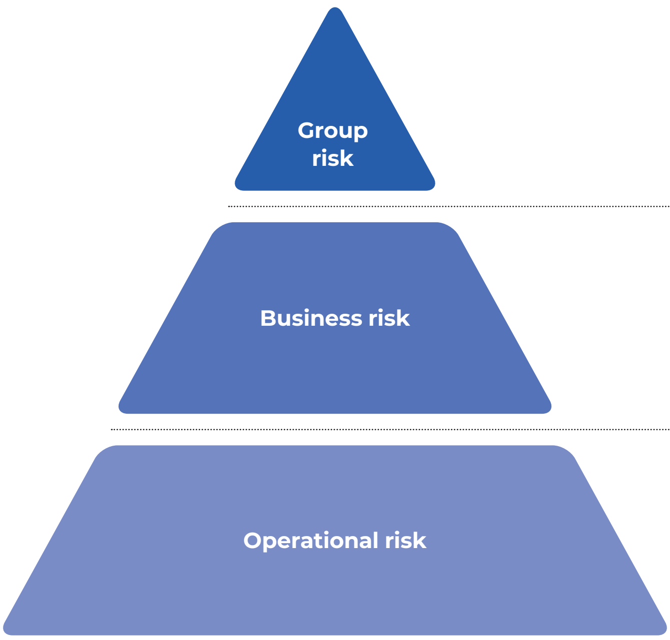
Our wider risk management processes are explained in detail on pages 48 to 54. Climate change is included as a principal risk for the Group. Climate-related risks and our planned responses are reviewed and updated twice a year, along with all principal risks, using the climate-related risk and opportunity register. This ensures that significant emerging or evolving climate risks are reviewed and assessed by the Audit & Risk Committee on an ongoing basis.

The climate register captures the transitional risks associated with adapting to a lower-carbon economy, the physical risks associated with climatic temperature increases and any opportunities that may arise and from which we may gain commercial advantage. Climate-related risks and opportunities are managed and mitigated by our operational management team, with a member of senior management being assigned as the risk owner and being responsible for implementing the chosen response.

Our climate-related risks and opportunities are assessed in terms of the likelihood of the risk arising over three different time periods. Short term covers the next financial year (2025), medium term covers up to five years (to 2030) and long term considers the impacts beyond this. These time periods are consistent with the recommendations outlined in the European Sustainability Reporting Standards ("ESRS"). The likelihood of occurrence is expressed in levels from one to three, with level one meaning that the risk or opportunity is unlikely to occur in the period and level three suggesting that the risk is more likely than not to happen.

The likelihood is assessed in conjunction with the potential impact if a risk does occur. This impact is defined based on the likely financial or reputational damage or gain that could result, with the highest impact relating to events that could halt our ability to service our customers for a period.

Climate-related risk integration into ERM framework



Responsibility: Board, Audit & Risk Committee

- Climate change identified as a principal risk
- Climate change evaluated in context with other risks and the Group risk appetite
- Control processes related to climate risk reviewed in line with the wider risk management process

Responsibility: steering group

- Climate-related risk and opportunity register developed and managed by the Group Sustainability Manager
- The status of key climate-related risks is regularly communicated to the Board and the Audit & Risk Committee

Responsibility: steering group, working group

- Climate-related risks are identified at the operational level and assessed for their potential impact and likelihood
- Response actions are identified and implemented at local level, co-ordinated by the sustainability steering group

Metrics and targets

The key metrics we use to monitor our strategically material sustainability issues are shown on page 27, and further metrics are included on page 40. These metrics address our material issues and relate to identified risks enabling us to identify potential areas of targeted action.

Our key metrics include Scope 1, 2 and 3 emissions for the full Group, measured in accordance with the Greenhouse Gas Protocol. This is shown on page 30 and is also available on our website. Category 11 emissions are excluded from the Scope 3 data due to energy use being indirect, and our inability to materially impact these emissions through our actions. We have specific targets related to these carbon emissions, also shown on page 27. We aim to reduce our Scope 1 and 2 emissions intensity by 45% from 2021 levels by 2030 across our whole Group and to reduce our absolute carbon emissions to net zero by 2050, including limited use of carbon offsetting.

These targets are in line with the reductions needed to fulfil the Paris Agreement and we will assess the potential value in having these targets verified over the coming years. These metrics and targets address the first three transition risks shown on page 38 as they track our progress on reducing carbon emissions, in line with stakeholder expectations and legislation.

In addition to our carbon targets, we have a target to source 45% of our energy from renewable sources by 2030 and to promote the circular economy and reduce waste by targeting at least 65% of our packaging material to be from recycled sources. The target related to recycled content of packaging is also included in the executive remuneration scheme as shown on page 87, with 5% of potential annual bonus linked to climate considerations.

Our priority over the coming years is to extend our reporting of climate-related metrics to cover all material cross-industry and industry-specific metrics recommended in the TCFD Annex.

TCFD Report continued

Climate-related risks and opportunities

Increasing expectations of stakeholders related to sustainability

Category
Transition risk

Timeframe
Medium | Long

Financial impact
Medium

Description

There is a growing awareness and focus from stakeholders, including customers, investors and regulators, of a company's sustainability performance, especially around climate and achieving carbon reductions. There is a risk that these increasing expectations are not met.

Impact

- A poor sustainability reputation may lead to customers switching their business to competitors.
- Stelrad's access to capital may worsen, making it more difficult or costly to invest.
- Regulators may increase regulation or take action against the Company.

Our response

An appropriate governance structure exists to ensure that sustainability matters are prioritised according to materiality and that we meet stakeholders' climate expectations.

This includes engaging with major stakeholders, ensuring that perceptions are accurate.

Increased levels of climate-related legislation leading to increased costs

Category
Transition risk

Timeframe
Short | Medium | Long

Financial impact
High

Description

Many nations and regions are introducing legislation to encourage companies to reduce their climate impacts, including introducing carbon pricing through emissions trading schemes or border adjustment mechanisms.

This legislation may increase the costs of materials by adding costs to suppliers or through funding the investment in lower-carbon alternatives.

Impact

- Procurement costs for raw materials may increase.
- The relative competitiveness of products may change due to price restructuring.
- Increased prices may reduce demand.

Our response

We actively monitor and assess all legislation, developing appropriate responses. Our existing governance structure allows us to identify any issues that may arise and ensure that the appropriate skills and resources are deployed.

Increasingly stringent and new regulatory requirements

Category
Transition risk

Timeframe
Short | Medium | Long

Financial impact
Medium

Description

Regulators are increasing the level of sustainability-related regulation, including regulation on reporting sustainability performance as well as product standards.

Entry into new markets or products may also expose Stelrad to new requirements.

Impact

- The cost of compliance may increase, for example due to investing in processes or people.
- Non-compliance may also bring financial penalties or a loss of reputation.

Our response

Governance processes exist to identify and assess regulatory requirements, which are analysed and understood. Remaining compliant is an ongoing priority and this is done efficiently and effectively.

An increase in the use of alternative technology

Category	Timeframe	Financial impact
Transition risk	Medium – Long	**High**

Description	Impact	Our response
The drive to reduce carbon in heating may lead to new heat emitting technology entering the market, or an increase in market share of existing competing technology. This could be driven by consumer behaviour and could be intensified by policy or legislation. This also gives rise to an opportunity for differentiation (see below).	• Any increase in the presence of competing technologies may reduce the relative share of radiators and may impact on Stelrad's market share and profitability.	We continue to monitor legislative changes and assess these for their likely impact on product choices. We maintain strong relationships with customers and specifiers to ensure the positive attributes of radiators are understood and incorporated. Where appropriate, alternative technologies will continue to be brought to market as part of our offering.

Differentiation of Stelrad's product and service offering

Category	Timeframe	Financial impact
Opportunity	Medium – Long	**Medium**

Description	Impact	Our response
The drive to reduce carbon in heating may also lead to changes that could benefit us, including an increasing demand for higher output products. There is also the opportunity to bring new technology to market as part of our offering. The buying decision on heating products is likely to encompass broader considerations, leading to greater opportunity for differentiation.	• Opportunities for development of our product and service offering. • Diversified or increased revenue streams through growing market share and from new products.	Realising this opportunity requires that we have an offering that meets the changing demands of customers. To this end, we will continue to focus on increasing our technical capability, as well as adapting and optimising our product offering, such as the launch of the low-carbon Green Compact.

Increased severity and frequency of extreme weather events

Category	Timeframe	Financial impact
Physical risk	Medium – Long	**Medium**

Description	Impact	Our response
The severity and frequency of extreme events with the capability to cause damage are increasing. These events include intense rainfall, flooding, heatwaves and droughts.	• Damage or disruption to our production facilities may reduce our ability to fulfil customer demand. • Disruption to global supply chains may reduce our ability to move product and materials. • Extreme heat may necessitate changes to working practices to maintain worker welfare, which may impact on productivity or cost. • Prolonged periods of heat may create drought conditions, reducing access to water in our operations.	All facilities have reactionary processes in place to adapt to acute events. Proactive defences (such as fire prevention or flood defences) are regularly assessed for adequacy. Production volume can be flexed across the Group if specific facilities have issues. Many inputs are sourced from multiple suppliers across different regions, reducing the risk if specific supply routes are disrupted.

Sustainability metrics

Sustainability metrics table

The below table shows our wider set of sustainability metrics, referring to Sustainability Accounting Standards Board ("SASB") metrics where relevant. Some historical data has been recalculated due to changes in scope or methodology. These changes are described on page 27.

	Unit of measure	SASB reference	2024	2023	2022
Energy and carbon					
Total energy consumed	GJ	CG-BF-130a.1	**323,238**	319,657	376,349
Grid energy	%	CG-BF-130a.1	**58.4%**	58.5%	60.5%
Renewable energy	%	CG-BF-130a.1	**41.6%**	41.5%	39.5%
Energy consumed from renewable sources	MWh	n/a	**37,388**	36,889	41,273
Fuel consumed from renewable sources	MWh	n/a	**—**	—	—
Purchased electricity from renewable sources	MWh	n/a	**35,630**	34,942	39,084
Self-generated renewable energy	MWh	n/a	**1,758**	1,947	2,189
Global Scope 1 emissions	$kgCO_2e$	EM-IS-110a.1	**8,212,882**	8,072,896	9,660,097
Global market-based Scope 2 emissions	$kgCO_2e$	n/a	**4,168,925**	4,049,320	5,166,732
Global location-based Scope 2 emissions	$kgCO_2e$	n/a	**13,636,631**	13,928,224	17,041,370
Global Scope 3 emissions	$kgCO_2e$	n/a	**368,654**	445,516	531,456
Market-based Scope 1 and 2 emissions intensity per tonne	$kgCO_2e$/tonne	n/a	**103**	99	106
Market-based Scope 1 and 2 emissions intensity per net revenue	$kgCO_2e$/£m	n/a	**42,611**	39,333	42,041

Driving better environmental performance

Energy consumption and operational carbon emissions increased, driven by increased production in Turkey. The proportion of energy from renewable sources also increased, despite reductions in the amount of energy generated.

	Unit of measure	SASB reference	2024	2023	2022
Water and waste					
Total water withdrawn	m^3	EM-IS-140a.1	**83,484**	101,298	109,044
Water usage in areas of water stress	%	EM-IS-140a.1	**37.9%**	37.2%	36.8%
Water intensity per tonne	l/tonne	n/a	**696**	823	781
Water intensity per net revenue	l/£m	n/a	**287**	329	309
Total waste generated	tonnes	EM-IS-150a.1	**7,515**	7,547	8,687
Waste intensity	kg/tonne	n/a	**62.6**	61.3	62.2
Waste sent to landfill	%	n/a	**2.1%**	2.3%	1.2%

Water usage and intensity reduced significantly, reflecting changes in production mix.
The amount of waste produced also reduced, reflecting reduced production. The proportion of waste sent to landfill remains very small.

	Unit of measure	SASB reference	2024	2023	2022
Materials					
Low-gauge steel purchased	%	n/a	**9.9%**	17.8%	16.3%
Packaging material used	tonnes	n/a	**3,014**	3,045	3,315
Plastic packaging material	%	n/a	**47.6%**	48.4%	46.2%
Plastic packaging intensity	kg/tonne	n/a	**12.0**	12.0	11.0
Recycled content of packaging material used	%	n/a	**66.5%**	67.0%	60.1%

Our purchases of low-gauge steel reduced, reflecting changes in our supplier mix. Our use of packaging also decreased, with our use of plastic reducing more than other materials.

		Unit of measure	SASB reference	2024	2023	2022
	Training and development					
	Training days per person	days	n/a	**2.5**	2.9	2.6
	Training provision reduced from 2023 but remains 26% higher than our target of two days per employee.					
	Labour practices					
	Voluntary employee turnover	headcount	n/a	**108**	92	98
	Employee turnover rate	%	n/a	**7.8%**	6.6%	6.3%
	Absence rates	%	n/a	**5.3%**	5.3%	7.4%
	Voluntary turnover increased from 2023 but remained below our target of 9.9%. Turnover in Turkey was above target, reflecting extensive recruitment in that unit. Turnover from all other sites was significantly better than target.					
Enabling an exceptional workforce	**Workforce characteristics**					
	Total employees at period end	headcount	n/a	**1,436**	1,414	1,454
	Permanent employees at period end	headcount	n/a	**1,426**	1,413	1,440
	Temporary employees at period end	headcount	n/a	**10**	1	14
	Full time employees at period end	headcount	n/a	**1,405**	1,379	1,416
	Part time employees at period end	headcount	n/a	**31**	35	38
	All employees – female	%	n/a	**9.5%**	10.5%	11.1%
	All employees – male	%	n/a	**90.5%**	89.5%	88.9%
	Management – female	%	n/a	**23.8%**	22.2%	18.9%
	Management – male	%	n/a	**76.2%**	77.8%	81.1%
	Health and safety					
	Workers covered by ISO 45001 certified management systems	%	n/a	**77.2%**	73.5%	74.6%
	Lost time frequency rate	rate	n/a	**4.75**	8.61	8.99
	Lost time severity rate	rate	n/a	**54.8**	42.6	62.1
	Total days lost	days	n/a	**750**	569	898
	Total recordable incidents	number	n/a	**68**	76	82
	Total recordable incident rate	rate	EM-IS-320a.1	**5.0**	5.7	5.7
	Total fatalities	number	n/a	**—**	—	—
	Fatality rate	rate	EM-IS-320a.1	**—**	—	—
Conducting business responsibly	Significant reductions in lost time and recordable incidents were achieved in 2024.					
	Business and supply chain ethics					
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	£m	RT-EE-510a.2	**—**	—	—
	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	£m	RT-EE-510a.3	**—**	—	—
	% of key suppliers with up-to-date audits	%	n/a	**70.1%**	64.3%	19.7%

Operational excellence and strong fixed cost control

> The Group has used its significant experience to deliver operational excellence and strong fixed cost control.
>
> **Leigh Wilcox**
> **Chief Financial Officer**

Group overview

The following table summarises the Group's results for the years ended 31 December 2024 and 31 December 2023.

	2024 £m	2023 £m	Movement £m	Movement %
Revenue	**290.6**	308.2	(17.6)	(5.7)
EBITDA[1]	**43.5**	41.2	2.3	5.6
Adjusted operating profit[1]	**31.5**	29.3	2.2	7.6
Exceptional items	**—**	(2.5)	2.5	100.0
Amortisation of customer relationships	**(0.1)**	(0.1)	—	2.8
Operating profit	**31.4**	26.7	4.7	17.6
Net finance costs	**(8.0)**	(7.5)	(0.5)	(6.7)
Profit before tax	**23.4**	19.2	4.2	21.9
Income tax expense	**(6.9)**	(3.8)	(3.1)	(82.7)
Profit for the year	**16.5**	15.4	1.1	7.1
Earnings per share – basic (p)	**12.97**	12.11	0.86	7.1
Adjusted profit for the year[1]	**16.6**	17.3	(0.7)	(4.2)
Adjusted earnings per share – basic (p)[1]	**13.05**	13.62	(0.57)	(4.2)
Total dividend per share (p)	**7.79**	7.64	0.15	2.0
Return on capital employed (%)[1]	**27.1**	25.5	n/a	1.6 ppts
Net debt before lease liabilities[1]	**59.7**	60.4	(0.7)	(1.2)

(1) The Group uses some alternative performance measures to track and assess the underlying performance of the business. Alternative performance measures are defined in the glossary of terms on page 144 and reconciled to the appropriate financial statements line item in note 31. Note 31 also outlines the limitations of using alternative performance measures.

Financial overview

A strong operating performance driven by ongoing operational excellence and proactive margin management allowed the Group to more than offset the impact of a continued reduction in market demand during 2024. In a trend consistent with 2023, renovation activity across the majority of European countries remained weak throughout the year, driven by a challenging macroeconomic environment related to high interest rates and inflation.

Revenue for the year was £290.6 million, a decrease of £17.6 million, or 5.7%, on last year (2023: £308.2 million). The decline in revenue was due to a 5.8% decrease in sales volumes during the year and the impact of the Euro devaluing against GBP, partially offset by selling price benefits. Selling prices have benefited from further increases in average radiator size and the impact of 2024 price increases, which were applied to recover ongoing inflationary cost increases, partially offset by adverse mix and modest price concessions in some European markets.

Operating profit for the year was £31.4 million, an increase of £4.7 million, or 17.6%, compared to last year (2023: £26.7 million). The increase in operating profit arose despite the 5.8% decrease in sales volumes. Operating profit grew due to the benefits of cost base management initiatives, favourable material price, strong product mix in UK & Ireland and the impact of exceptional items in 2023, partially offset by lower sales volumes and continued wage inflation. Cost management initiatives include the transfer of further volume to Turkey and the optimisation of our facilities in the UK and the Netherlands.

Adjusted operating profit for the year was £31.5 million, an increase of £2.2 million, or 7.6%, compared to last year (2023: £29.3 million). Adjusted operating profit is stated before the deduction of exceptional items of £nil (2023: £2.5 million) and the amortisation of customer relationships of £0.1 million (2023: £0.1 million). The exceptional costs in 2023 relate largely to a restructuring exercise undertaken in quarter four of the year in order to drive cost savings for future periods.

Supported by ongoing operational excellence and margin management, in addition to favourable UK product mix, the contribution per radiator has increased by 11.4% in the period to over £20 for the first time. The Group continues to push the sale of premium products throughout its markets, recognising the additional margin that these products generate. Year on year the proportion of premium panel sales to total volumes increased by 0.1ppts to 5.7%. Positively, the penetration of premium panel products into the UK & Ireland increased in the period from 2.9% to 3.1% as a result of targeted management action in the Group's largest segment, with additional work being undertaken to drive this growth further. This positive trend was partially offset by a decline in sales to Germany where the penetration of these products is high.

Profit for the year increased by £1.1 million, or 7.1%, to £16.5 million (2023: £15.4 million). Adjusted profit for the year decreased by £0.7 million, or 4.2%, to £16.6 million (2023: £17.3 million) due to an increase in adjusted operating profit offset by increased interest charges and a return to a more normal effective tax rate after a large deferred tax credit in 2023. Earnings per share was 12.97 pence (2023: 12.11 pence). Adjusted earnings per share was 13.05 pence (2023: 13.62 pence).

At 31 December 2024 the Group had cash of £18.6 million (2023: £21.4 million) and undrawn available facilities of £21.1 million (2023: £18.7 million), with net debt before lease liabilities of £59.7 million (2023: £60.4 million).

Revenue by geographical market

The table below sets out the Group's revenue by geographical market.

Revenue by geographical market	2024 £m	2023 £m	Movement £m	Movement %
UK & Ireland	**137.4**	139.4	(2.0)	(1.5)
Europe	**139.0**	149.1	(10.1)	(6.8)
Turkey & International	**14.2**	19.7	(5.5)	(27.7)
Total	**290.6**	308.2	(17.6)	(5.7)

UK & Ireland

The Group's revenue in UK & Ireland for the year was £137.4 million (2023: £139.4 million), a decrease of £2.0 million, or 1.5%. This was principally a result of a decrease in sales volumes of 7.2%, partially offset by a continued increase in the average selling price of radiators sold due to a 6% year on year higher heat output of radiators sold, an increase in the penetration of premium panel products and the application of a price increase.

Europe

The Group's revenue in Europe for the year was £139.0 million (2023: £149.1 million), a decrease of £10.1 million, or 6.8%. European revenue has been negatively impacted on consolidation by the GBP strengthening against the Euro, which reduced revenue by 2.6%. Additionally, revenue has been negatively impacted by a 0.6% decline in sales volumes, adverse country and customer mix and the impact of modest price concessions. Encouragingly, we note certain key geographies in Europe have shown a year on year increase in volumes led by business gains, including Belgium, the Netherlands and Poland.

Turkey & International

The Group's revenue in Turkey & International for the year was £14.2 million (2023: £19.7 million), a decrease of £5.5 million, or 27.7%. This was principally a result of significantly lower sales volumes to Turkey due to the economic slowdown and also lower sales to China.

Adjusted operating profit by geographical market

The table below sets out the Group's adjusted operating profit by geographical market

Adjusted operating profit by geographical market	2024 £m	2023 £m	Movement £m	Movement %
UK & Ireland	**29.6**	24.5	5.1	20.7
Europe	**7.9**	9.1	(1.2)	(12.4)
Turkey & International	**1.0**	1.3	(0.3)	(22.7)
Central costs	**(7.0)**	(5.6)	(1.4)	(25.0)
Total	**31.5**	29.3	2.2	7.6

UK & Ireland

The Group's adjusted operating profit in UK & Ireland for the year was £29.6 million (2023: £24.5 million), an increase of £5.1 million, or 20.7%. This result includes the benefits of the 2023 restructure, favourable selling and material prices, the increase in the average size of radiators and stronger premium panel penetration. These factors have combined to more than offset the lower sales volumes and the impact of ongoing inflation.

Europe

The Group's adjusted operating profit in Europe for the year was £7.9 million (2023: £9.1 million), a decrease of £1.2 million, or 12.4%. Whilst European sales volumes improved in the second half of the year, they still fell 0.6% year on year due to a weak macroeconomic environment. Additionally, adverse country and customer mix has led to a small reduction in the average contribution per radiator. Ongoing inflation, combined with the sales volume decrease and adverse mix, has led to a reduction in operating margin percentage. The Group continues to focus on improving the margins of Radiators SpA's sales, and whilst initiatives to drive efficiencies have to date been offset by lower volumes, we expect margins for Radiators SpA, and the wider Europe segment, to recover in line with market recovery.

Turkey & International

The Group's adjusted operating profit in Turkey & International for the year was £1.0 million (2023: £1.3 million), a reduction of £0.3 million, or 22.7%. This decrease is due to a decline in sales volumes partially offset by favourable material prices.

Central costs

Central costs for the year were £7.0 million (2023: £5.6 million), an increase of £1.4 million, or 25.0%. The increase is primarily due to inflationary cost increases, alongside one-off consultancy costs related to our investment in appraisal of premium panel penetration strategies.

Exceptional items

During the year the charge for exceptional items was £nil (2023: £2.5 million).

The exceptional items in 2023 mainly relate to a £2.9 million restructuring exercise undertaken in quarter four of the year in order to drive cost savings for future periods, partially offset by exceptional income related to the acquisition of Radiators SpA of £0.4 million.

These costs are one-off in nature and disclosing these costs as exceptional allows the true underlying performance of the Group to be better understood.

Finance costs

The Group's net finance costs for the year were £8.0 million (2023: £7.5 million). The increase of £0.5 million is due to an increase in the interest rate of the Group's debt from a blended rate of 6.3% (including a margin of 2.25%) during 2023 to a blended rate of 6.6% (including a margin of 2.25%) during 2024.

Income tax expense

The Group's income tax expense for the year was £6.9 million (2023: £3.8 million), an increase of £3.1 million, or 82.7%. The 2023 tax charge benefited from a deferred tax credit associated with higher tax asset values allowed by the Turkish government due to hyperinflation. The Group's 2023 effective tax rate of 19.6% was low because of the deferred tax credit. In 2024, the effective tax rate was 29.4% which was in line with expectations. In 2025, the Group's effective tax rate is expected to rise to around 30% due to the announcement of a 5% increase in the withholding tax charges applied to dividends received from Turkey.

Earnings per share and adjusted earnings per share

Profit for the year increased by £1.1 million, or 7.1%, to £16.5 million (2023: £15.4 million) and basic earnings per share was 12.97 pence (2023: 12.11 pence). The weighted average number of shares was 127.4 million (2023: 127.4 million). Adjusted profit for the year decreased by £0.7 million, or 4.2%, to £16.6 million (2023: £17.3 million) and, consequently, basic adjusted earnings per share was 13.05 pence (2023: 13.62 pence).

Dividends and reserves

The Group is committed to delivering returns for its shareholders via a progressive dividend policy. The Board has confidence in the Group's financial position and believes that its leading market positions, regulatory tailwinds, product premiumisation upside and favourable contribution per radiator will lead to strong future financial performance, as demonstrated by the Group's medium-term targets published at our Capital Markets Event in November 2024. On this basis, despite suppressed earnings caused by short-term trading headwinds, the Board recommends payment of a final dividend of 4.81 pence per share (2023: 4.72 pence per share) on 27 May 2025 to shareholders on the register at 25 April 2025, an increase of 2% on the 2023 final dividend. The cost to the Group of the 2024 final dividend is £6.1 million.

The Group paid an interim dividend in respect of the year ended 31 December 2024 of 2.98 pence per share (2023: 2.92 pence), also an increase of 2% on the 2023 interim dividend. Therefore, the total dividend in respect of the year ended 31 December 2024 will be 7.79 pence per share (2023: 7.64 pence), an increase of 2% on 2023.

Cash flow

The following table summarises the Group's cash flow for the years ended 31 December 2024 and 31 December 2023.

	2024 £m	2023 £m	Movement £m
EBITDA[1]	43.5	41.2	2.3
Exceptional items	—	(2.5)	2.5
Gain on disposal of property, plant and equipment	(0.1)	—	(0.1)
Share-based payment charge	0.4	0.5	(0.1)
Working capital	(10.1)	(0.6)	(9.5)
Working capital – exceptional items	(2.3)	2.2	(4.5)
Net capital expenditure	(8.4)	(9.3)	0.9
Cash flow from operations[1]	23.0	31.5	(8.5)
Income tax paid	(6.2)	(7.5)	1.3
Net interest paid	(7.2)	(6.2)	(1.0)
Free cash flow[1]	9.6	17.8	(8.2)

	2024 £m	2023 £m	Movement £m
Cash flow from operations	23.0	31.5	(8.5)
Adjusted for			
Exceptional items	—	2.5	(2.5)
Exceptional items, impact on working capital	2.3	(2.2)	4.5
Adjusted cash flow from operations[1]	25.3	31.8	(6.5)

	2024	2023	Movement
Cash flow from operations[1] (£m)	23.0	31.5	(8.5)
Adjusted cash flow from operations[1] (£m)	25.3	31.8	(6.5)
Adjusted operating profit[1] (£m)	31.5	29.3	2.2
Cash flow from operations conversion[1] (%)	73.0	107.6	(34.6)
Adjusted cash flow from operations conversion[1] (%)	80.3	108.6	(28.3)

(1) The Group uses some alternative performance measures to track and assess the underlying performance of the business. Alternative performance measures are defined in the glossary of terms on page 144 and reconciled to the appropriate financial statements line item in note 31. Note 31 also outlines the limitations of using alternative performance measures.

The Group's free cash flow for the year was £9.6 million (2023: £17.8 million), a decrease of £8.2 million. This reflects investments in working capital, the cash unwind of provisions for one-off restructuring costs and higher interest paid, partially offset by an increase in EBITDA, lower tax paid and reduced capital expenditure as the Group returned to a lower level of spend. The significant working capital investment in the year was in inventories as the Group continues to invest to ensure that it is able to continue to be well placed to respond to market demand and maintain best-in-class delivery performance. During quarter four of 2024, the Group undertook a proactive price realignment exercise on its core range of contract products in the UK with equal reductions in both list prices and rebates. The price realignment is a commercial initiative designed to make the price points of our contract products more competitive and enhance customer relationships. During 2025, because of the reduction in the level of rebates, there will be an increase in working capital.

The Group's cash flow from operations for the year was £23.0 million (2023: £31.5 million), a decrease of £8.5 million. Adjusted operating profit for the period was £31.5 million (2023: £29.3 million), an increase of £2.2 million. Cash flow from operations conversion for the year was 73.0% (2023: 107.6%), a decrease of 34.6 ppts. Adjusted cash flow from operations conversion for the year was 80.3% (2023: 108.6%), a decrease of 28.3 ppts.

Capital expenditure

The Group's capital expenditure mainly relates to investment in operating plant and equipment. Key capital expenditure in the year ended 31 December 2024 related to various maintenance and upgrade projects. Capital expenditure for 2025 will continue to focus on ensuring our operating platform is well maintained whilst making a periodic investment in our IT infrastructure.

Return on capital employed and capital allocation priorities

Return on capital employed for the year was 27.1% (2023: 25.5%), an increase of 1.6 ppts. This improvement is largely due to the increase in adjusted operating profit and a lower level of capital expenditure, partially offset by an investment in working capital.

Capital allocation considerations remain high on the Group's agenda, and both the 2024 and 2025 investments in working capital are considered a key part of the Group's prioritisation of investment for organic growth. Additionally, alongside the investment in organic growth during 2024, dividends have progressively increased by 2%, whilst the Group's debt leverage ratio before lease liabilities has reduced to 1.37x (2023: 1.47x), demonstrating a controlled and balanced approach to capital allocation.

Net debt and leverage

At 31 December 2024, net debt (including lease liabilities) of £67.6 million (2023: £70.3 million) comprises £78.3 million (2023: £81.8 million) drawn down against the multicurrency facility and £7.9 million (2023: £9.9 million) lease liabilities net of £18.6 million (2023: £21.4 million) cash.

	2024 £m	2023 £m
Revolving credit facility – GBP	**41.8**	46.9
Revolving credit facility – Euro	**13.1**	10.4
Term loan	**23.4**	24.5
Cash	**(18.6)**	(21.4)
Net debt before lease liabilities	**59.7**	60.4
Lease liabilities	**7.9**	9.9
Net debt	**67.6**	70.3
EBITDA	**43.5**	41.2
Debt leverage ratio before lease liabilities	**1.37x**	1.47x

The debt leverage ratio before lease liabilities at 31 December 2024 was 1.37x (2023: 1.47x).

Leigh Wilcox
Chief Financial Officer
7 March 2025

Monitoring and mitigation of existing risks and the early identification of emerging risks

The Board has ultimate responsibility for the Group's system of internal control and risk management, supported by the Audit & Risk Committee. The Board understands that successful delivery of its strategic objectives depends on effective risk management processes that enable the monitoring and mitigation of existing risks and the early identification of emerging risks.

Risk management approach

The Group's approach to risk management combines a top down strategic assessment of risk and risk appetite with a bottom up operational identification and reporting process. Top down activities are carried out by the Group Board and Audit & Risk Committee and consider the strategy and operating environment of the Group. Bottom up activities take place across the Group and capture risks that are significant at a business unit, project or functional level.

The risk evaluation process begins in the business units with regular exercises undertaken by management to identify and document the significant risks facing the businesses. This process ensures risks are identified and monitored and mitigating management controls are embedded in the businesses' operations. Risk management teams are also set up for specific projects or operations to consider the risks associated with that project or specific operational area of the business; for example, there is a separate climate risk management team and a separate information security risk management team. The risk assessments from each of the operating businesses, and from the project and operational risk teams, are reported to Group management twice a year and are considered in determining the principal risks of the Group with reference to the Group's strategy and operating environment. The principal risks of the Group are presented to the Audit & Risk Committee and the Board for review and consideration. The principal risks of the Group are mapped to key performance indicators, where applicable, and these are reported to the Board at each Board meeting.

New and emerging risks are considered through the regular risk activities outlined here, the regular review of risk research and other publications, and the results of assurance activities. Emerging risks are also collated from assessments made by the business units and through considered risk oversight across the Group and industry.

New and emerging risks

Product risk	Product risk, related to the extended range of products in Radiators SpA, including electrical products with fire risks and shorter lifecycle products, gives rise to risk of increased product claims and stock obsolescence.

The Group considers that the process for the management of risk consists of three lines of defence.

First line of defence

Business unit and management activity
Aligns to the bottom up activities detailed here.

Second line of defence

Group Board and Audit & Risk Committee assurance model
Corresponds to the top down activities outlined here.

Third line of defence

Independent review
Internal audit and other external assurance providers.

Risk management framework

Top down, bottom up approach

Identification of emerging risks

Board	**Ultimate responsibility for risk management** • Sets Group strategy • Approves the Group risk management framework • Sets the Group's risk appetite • Top down risk identification • Reviews the Group's principal risks • Sets delegated levels of authority
Audit & Risk Committee	**Monitors risk management and assurance arrangements** • Supports the Board in risk management responsibilities and activities • Reviews the effectiveness of key risk management and control processes
Executive Directors	**Monitor performance and changes in key risks** • Provide regular risk management update reports to the Board and the Audit & Risk Committee • Report to the Board and the Audit & Risk Committee on the status of key risks • Provide guidance and advice to operating companies to assist with identifying risks, assessing the extent of the impact of identified risks and implementing mitigating actions • Oversee health and safety activities
Business units / operational and project level risk management teams	**Identify, manage and report local risks** • Maintain local risk registers and risk management plans • Identify risks • Identify and implement mitigating actions • Assess the likelihood and impact of each risk before and after mitigating and contingent actions are taken

Risk appetite

The Group Board is responsible for setting and monitoring the Group's risk appetite. The Group Board accepts that, in order to achieve its strategic objectives, and generate suitable returns for shareholders, it must accept, and manage, a certain level of risk.

The Group's approach is to minimise exposure to reputational, financial and operational risk, while accepting and recognising a risk and reward trade-off in the pursuit of its strategic and commercial objectives. The Group Board assesses its risk appetite across a number of risk categories according to a five-point scale, where one is zero tolerance of risk and five is a high tolerance of risk. For example, the Group has zero tolerance for risks relating to health and safety.

The Group establishes its risk appetite through use of delegated authorities so that matters considered higher risk require the approval of senior management or the Group Board. The Group's risk appetite remains unchanged in the year.

Principal risks

The Board confirms that it has carried out a thorough assessment of the principal and emerging risks facing the Group. Set out below is the Board's view of the principal risks currently facing the Group, along with details of the impact and strategic relevance of the risks and an explanation of how the risks are managed or mitigated. Each risk has been assigned to a risk owner, who is a member of the Group Board or senior management. The risk rating and risk appetite have been reported, alongside the trend for each risk, based upon the changes from prior year. The Board acknowledges that the Group is exposed to a wide range of risks; however, only the risks that are believed to have the greatest impact on the Group delivering its strategic objectives have been listed.

The climate-related disclosures on pages 35 to 39 document our approach to climate risk management and our compliance with the TCFD requirements.

Principal risks continued

1. Business disruption

Risk owner	Chief Executive Officer and Group Operations Director
Trend	No change
Risk appetite	Medium
Risk rating	Low
Key stakeholders	Customers, suppliers and people
Link to strategy	1 2 3 4

Risk description

The Group could be subject to disruption due to incidents including, but not limited to, pandemics, major accidents or natural disasters.

Impact

- The Group's production and distribution facilities and processes could be disrupted, due to events including major accidents and natural disasters, leading to an inability to meet customer demands.
- A global pandemic could reduce market demand for the Group's products.
- There is a risk of widespread absence caused by infection without any control measures in place and a consequential loss of production capacity due to staff shortages.

Mitigations

- Appropriate fire safety measures are in place at key sites.
- Building modifications have been made to address flooding risk.
- The majority of stock is stored in racking high off the ground.
- Accident prevention measures are put in place.
- Infection and pandemic risk assessments and response procedures are in place and reviewed regularly. Measures that could be implemented at short notice include:
  - social distancing;
  - regular testing on site;
  - working from home and segregation of staff; and
  - following all applicable government guidance in each location as prescribed.
- There is an option and ability to flex production volume across facilities around the Group.
- Appropriate business interruption insurance is in place.

2. Customers

Risk owner	Chief Executive Officer and Group Strategic Marketing Director
Trend	No change
Risk appetite	Medium
Risk rating	Low
Key stakeholders	Customers
Link to strategy	1 2 3

Risk description

The Group, in some geographies, is overly dependent on a small number of customers, or on a particular market or business segment.

Impact

- In certain markets, particularly the UK, the Group derives a significant proportion of its revenue from a small number of customers. Failure to manage these relationships or a change in the organisational structure of these entities could lead to a loss of demand.
- Customers in declining markets could consolidate suppliers.
- Evolving routes to markets could see a shift in demand.

Mitigations

- The Group continues to maintain and develop strong relationships in all market channels.
- The Group continues to maintain strong specifier relationships to generate demand for the Group's brands through the distribution channel.
- The Group actively manages and maintains its ongoing customer relationships.
- The Group will take appropriate measures to seek to regain lost customers.
- The Group attends customer events and product launches, and participates in industry forums, exhibitions and events.
- The Group actively manages and maintains brand websites and its social media presence to establish and maintain a relationship with the final consumer.
- Commercial strategies will be reviewed and modified as appropriate.
- Regular strategic planning sessions and analysis of routes to market.
- Customer surveys and interviews are carried out, particularly focused on sustainability.

Strategy key

1 Growing market share
2 Improving product mix
3 Optimising routes to market
4 Positioning effectively for decarbonisation

3. Loss of competitive advantage

Risk owner	Chief Executive Officer and Group Strategic Marketing Director
Trend	No change
Risk appetite	Medium
Risk rating	Low
Key stakeholders	Customers
Link to strategy	1 2 3 4

Risk description

New products, innovations or routes to market could cause a loss of competitive advantage.

Impact

- Competitors could gain a cost, reputation or product advantage that results in a loss of market share for the Group or leads to price erosion.
- New product types or heating system designs could enter the market or increase market share as part of the drive to "zero carbon", for example underfloor heating, electrification or fan-assisted heat exchanger products. There could be a resultant loss of Group sales volumes.

Mitigations

- The Group continues to monitor legislative changes.
- The Group will continue to evaluate the potential impact of zero carbon initiatives.
- The Group continues to maintain strong customer and specifier relationships to determine the most appropriate solutions.
- Appropriate product types are brought to market under the Group's brands, including the introduction of electrical products across the Group.
- The Group continues to maintain and develop strong relationships in all market channels.
- The Group continues to maintain strong specifier relationships to generate demand for the Group's brands through the distribution channel.
- The Group attends customer events and product launches, and participates in industry forums, exhibitions and events.
- The Group actively manages and maintains brand websites and its social media presence to establish and maintain a relationship with the final consumer.
- Customer surveys and interviews are carried out, particularly focused on sustainability.
- The Group invests in the development of new products to maintain a competitive advantage in changing markets.
- The Group invests in appropriate energy saving initiatives across its sites in line with its sustainability strategy.
- The Group will continue to tightly monitor and control costs.
- The Group builds relationships with developers which are most likely to adopt alternative solutions.
- The Group closely monitors and reacts to heating system studies that are published.

Risk management in action

» **Read more about how we are positioning effectively for decarbonisation on page 18**
» **Read more in our spotlight on decarbonisation on page 29**

4. Supply chain risk

Risk owner	Chief Executive Officer and Group Operations Director
Trend	Increasing Reflecting the risk of changes to steel tariffs
Risk appetite	Low
Risk rating	Medium
Key stakeholders	Suppliers
Link to strategy	1 2 3 4

Risk description

Failure of the supply chain either due to lack of availability or unforeseen price increases.

Impact

- A reduction of raw material availability, in particular steel availability, could restrict the ability of the Group to manufacture products or negatively impact profit margins.
- Reduced security and availability of energy supply could restrict the ability of the Group to manufacture products.
- Unforeseen increases in raw material prices, in particular steel price and energy prices, could harm profit margins.
- The introduction of local tariffs and cross border adjustment mechanisms on raw materials, particularly steel and energy, will impact profit margins.
- Inflationary price increases could harm profit margins.
- The Group has a complex, wide-ranging distribution chain which is critical to the success of the Group and any disruption in the supply chain could impact on the ability of the Group to meet customer demands and/or cause a reduction in profitability.

» **Continued on next page**

Principal risks continued

4. Supply chain risk continued

Mitigations

- Raw material is dual sourced with all key components and materials having a secondary provider; this extends to location dual sourcing.
- Raw material prices are constantly monitored by the business. For the purchase of raw materials, stocks are maintained to protect against sharp price rises and buy prices are agreed in advance which gives a clear understanding of future prices.
- Where prices are rising the business has sufficient foresight to implement selling price increases.
- Sufficient stock levels are maintained across the Group to prevent against short-term supply issues.
- The Group undertakes ongoing supplier performance and relationship building meetings, alongside supplier reviews and audits.
- Long-term relationships are maintained on good terms with trusted shipping partners.
- Options are available to use alternative forms of transport, for example trucks instead of shipping.
- Energy prices are fixed with suppliers for the forthcoming year where this option is available.
- There is an option and ability to flex production volume across facilities around the Group.
- The Group pays suppliers on a timely basis.
- The Group will review and control any discretionary spend.
- The Group will continue to tightly monitor and control costs.
- Solar panels are in place at the warehouse in Heerlen, the Netherlands, and at the Radiators SpA factory in Italy.
- The Group monitors legislation associated with local tariffs and cross border adjustment mechanisms on raw materials and has undertaken financial modelling to assess the impact.

Risk management in action

» **Read more in our spotlight on supply chains on page 31**
» **Go to page 27 to view the KPI for suppliers with up-to-date audits**

5. IT failure or cyber breach

Risk owner	Chief Executive Officer, Chief Financial Officer and Group Finance Director
Trend	No change
Risk appetite	Low
Risk rating	High
Key stakeholders	Customers, suppliers, people and investors
Link to strategy	1 2 3

Risk description

Prolonged or major failure of the Group's IT systems or a significant security breach.

Impact

- A cyber attack at one of the Group's facilities could disrupt its production and/or distribution capabilities leading to an inability to meet customer demands.
- Failure of our IT and communication systems could affect any or all of our business processes and have significant impact on our ability to trade, collect cash and make payments.
- IT lifecycle risk results in behind-the-curve reaction to IT developments, meaning that new and emerging opportunities are missed.

Mitigations

- IT and cyber training and education, particularly around the identification of fraud, are delivered to all staff.
- Appropriate access rights are applied on all IT systems across the business.
- Appropriate security software is installed, including firewalls and anti-malware, to protect our IT systems.
- Email scanning processes are implemented.
- Robust systems and processes are in place including data back-ups.
- Third party penetration testing is carried out by all sites.
- The business uses internal and third party expertise to keep up to date with the latest developments.
- Disaster recovery plans are in place.
- There is continued investment in and maintenance of IT systems across the Group.
- The Group appointed cyber security consultants to provide a security operations centre and other related services to the Group.
- An information security working group has been set up to share best practice across the Group.
- Working groups are set up for major technology change projects, including accounting and operating system upgrades.

6. People and culture

Risk owner	Chief Executive Officer and Chief People Officer
Trend	No change
Risk appetite	Low
Risk rating	Medium
Key stakeholders	People
Link to strategy	1 2 3

Risk description

Being unable to retain key personnel and attract skilled individuals or deterioration of our relationships with unions and workers' representatives.

Impact

- The loss of key personnel or the inability to put the correct succession planning in place could lead to a shortage of experience that could damage business performance.
- Labour shortages/workforce strikes or the increase in costs of skilled labour could increase the costs of the Group or lead to delays in production.
- Inflationary increases in staff costs could harm profit margins.
- Lower than inflationary pay increases could result in workforce losses.

Mitigations

- Deputies are in place for immediate interim assumption of key roles.
- Longer-term succession planning focuses on identification and development of potential successors for key roles.
- Documented processes are in place for key functions to ensure continuity of process.
- Policies and procedures are embedded to ensure appropriate management practices and to minimise the risk of fraud or error.
- Knowledge sharing and support are available from other functions and sites.
- Any necessary recruitment process will be identified, commenced and progressed in a timely manner, where necessary.
- Relationships with unions and works councils are managed closely.
- Pay rates are maintained at a competitive level to attract and retain staff.
- Training and development programmes are in operation, including apprenticeship and other formal trainee programmes, alongside individual performance reviews.
- Employee relationships are well maintained locally through employee engagement activities and regular communications, including newsletters.
- The Group regularly reviews, updates and broadens its Group policies.

Risk management in action

» **Read more in our spotlight on alternative employment routes on page 32 and our spotlight on inclusion on page 33**
» **Go to page 41 to view our KPIs on enabling an exceptional workforce**

7. Health and safety

Risk owner	Chief Executive Officer, Chief People Officer and Group Operations Director
Trend	No change
Risk appetite	Low
Risk rating	Low
Key stakeholders	People
Link to strategy	1

Risk description

Failure to comply with health and safety legislation and regulatory requirements including obligations to take the correct measures to prevent fatalities or serious injury.

Impact

- The Group's production, manufacturing and distribution operations are carried out under potentially hazardous conditions. Accidents, events or conditions that are detrimental to the health and safety of the Group's employees, including, for example, as a result of operating heavy machinery, could have a material adverse effect on the Group's business, reputation and financial results.

Mitigations

- Health and safety are proactively managed with robust processes in place to identify and manage risks.
- Health and safety training is provided regularly across the Group.
- The Group has invested heavily in reducing risk, for example by introducing appropriate machinery guarding and also introducing robotics.
- Where health and safety incidents arise, there are rigorous processes in place to learn from these incidents and put in place procedures and training to prevent them from reoccurring.

Risk management in action

» **Read more in our spotlight on safety engagement on page 34**
» **Go to page 34 to view our health and safety KPIs**

Principal risks continued

8. Political and economic environment

Risk owner	Chief Executive Officer, Chief Financial Officer, Group Operations Director and Group Strategic Marketing Director
Trend	No change
Risk appetite	Medium
Risk rating	Medium
Key stakeholders	Customers, suppliers, people and investors
Link to strategy	1 4

Risk description

Failure to evolve business practices and operations in response to the changing political and economic environment.

Impact

- The change in political conditions in Turkey could give rise to an adverse change in the Group's Turkish operations, either due to the costs to produce, the availability of labour or the ability for Turkey to interact globally with other economies.
- A change in political conditions in any of the countries in which the Group operates could give rise to an adverse change in the Group's operations.
- The Group is exposed to potential changes in economic circumstances as a consequence of political events, examples of which include exchange rate fluctuations and reductions in private disposable income.
- Inflationary price increases could harm profit margins; this is a particular risk in Turkey where the Turkish Lira has been hyperinflationary in recent years.
- High inflation across Europe could lead to a reduction in consumer spending.
- A significant increase in interest rates would increase interest costs for the Group.
- Market lending capacity could reduce.

Mitigations

- The Group continuously monitors legislative changes and evaluates any potential impact.
- Exchange rate fluctuations are mitigated using the natural hedge of key currency spend where possible.
- For currencies where there is no natural hedge and where deemed necessary, appropriate exchange forward contracts are entered into to fix the parity over the short to medium term in line with the Group's hedging policy.
- A Group currency hedging strategy, approved by the Audit & Risk Committee, is in place.
- The Group monitors and actions loan renewals on a timely basis. The existing loan facility is in place until November 2026.
- There is an option and ability to flex production volumes at each of the Group's facilities.

9. Climate change

Risk owner	Chief Executive Officer and Group Strategic Marketing Director
Trend	Increasing Due to heightened awareness of the impacts of changes in global climate
Risk appetite	Low
Risk rating	Medium
Key stakeholders	Communities and the environment
Link to strategy	1 4

Risk description

Failure to evolve business practices and operations in response to climate change.

Impact

- See climate-related risks on pages 38 and 39.

Mitigations

- See climate-related risks on pages 38 and 39.

Risk management in action

» Read more in our spotlight on energy usage on page 29
» Go to page 40 to view our KPIs for driving better environmental performance

Climate change

Failure to manage and mitigate climate change is identified as a risk on the Group register. Given the scale and the potentially significant impact of climate risk on the Group, it is essential to understand how climate change might impact the business and which strategies may be employed to mitigate any exposure to the business. Expertise and resources have been allocated to manage climate risk across the organisation and to determine the impact that this risk may have on the business model and the broader Group strategy over the short, medium and long term. Climate risk is considered at a Board level when discussing Group strategy and making Board decisions.

Work undertaken by the Group to date to understand the impact of climate change, as well as potential risks and opportunities considered by the business, are further outlined in the TCFD section found on pages 35 to 39.

Viability statement and going concern

Viability statement

The Board has considered the viability of the Group over a three-year period to 31 December 2027, taking into account the Group's current financial position and forecasts, as well as the potential impact of the principal and emerging risks and uncertainties facing the Group. The three-year period chosen is one for which the Board believes that it can forecast with a degree of accuracy and certainty. While the Board has no reason to believe that the Group will not be viable over a longer period, it recognises that there is inherent uncertainty involved in looking further forward than three years. The Board believes that this timeframe also increases reliability in the modelling and stress testing of the Group's viability and provides the users of the Annual Report with a reasonable degree of confidence over the Group's viability. Additionally, three years aligns with the Group's business planning cycle and a three-year horizon is typically the period over which the Group reviews its external banking facilities.

The Group's annual business plan process looks at financial projections for the next three years, including profitability, balance sheet liquidity and cash flow. The business plan is a detailed bottom up process and is used to perform central debt, headroom and covenant compliance analysis. A sensitivity review is performed on the most significant risks, as well as a combination of those risks. The output of the annual business plan process is reported to the Board for consideration. The Group monitors performance through the financial year against this budget and prior year actual performance with a formal reforecast process conducted on at least a quarterly basis.

The financial position of the Group remains robust. The Group has in place a £100 million multicurrency facility, made up of a £76.027 million revolving credit facility and a €28.346 million term loan facility. At 31 December 2024, the whole term loan was drawn along with £54.9 million of the revolving credit facility. The facility matures in November 2026.

As the £100 million bank loan facility is maturing in November 2026, refinancing discussions with lenders will commence during the first half of 2025. The expectation is that the loan will be refinanced.

The Board believes that the business model remains highly relevant to the long-term viability of the Group. The regulatory drive towards making new and existing homes more energy efficient will continue, meaning that there will be increased opportunities to play a part in providing greener solutions for heating homes.

The Board has carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, liquidity or solvency. Principal and emerging risks to the business are identified through the risk management process and are set out on pages 48 to 54. They are recorded in a Group risk register, which is reviewed and discussed at Audit & Risk Committee meetings, which are held at least three times per annum.

The review has considered all the principal and emerging risks identified by the Group, but a selection of risks was considered to pose a severe but plausible downside scenario if they occurred. These risks have been stress tested to assess the viability of the Group. The sensitivities modelled used the same assumptions as for the going concern statement up to the end of the going concern period, as set out in the going concern statement later on this page, with further assumptions applied for the period outside of the going concern period up to 31 December 2027.

The Board has carefully considered the principal and emerging risks of the Group and the impact of those risks on the viability of the Group and the Board confirms that it has 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 assessment.

Going concern statement

The financial position of the Group, its cash flows and its liquidity position are set out in the financial statements. Furthermore, note 29 to the consolidated financial statements includes the Group's objectives and policies for capital management, and note 30 to the consolidated financial statements outlines the Group's financial risk management objectives and policies, details of its financial instruments and its exposure to credit and liquidity risk.

As part of its year-end review, the Directors have performed a detailed going concern review looking at the Group's current financial position and forecasts, cash flows, liquidity and loan covenant compliance over the forecast period, and taking into account the potential impact of the principal and emerging risks facing the Group. The Directors have also applied severe but plausible downside scenario testing to the Group forecasts. Under a severe but plausible downside scenario, the Group remains within its debt facilities and its financial covenants until the end of the going concern period.

Based on the output of this going concern review, the Directors have concluded that, at the time of approving the financial statements, the Group will be able to continue to operate within its existing facilities and is well placed to manage its business risks successfully. The Directors also used the financial forecasts as the basis for their assessment of the Group's ability to continue as a going concern for at least twelve months from the date of approval of the financial statements. Therefore, the financial statements have been prepared on a going concern basis.

The Group meets its day-to-day working capital requirements through a £100 million bank loan facility, made up of a £76.027 million revolving credit facility and a €28.346 million term loan facility, which is in place up to November 2026. At the year-end date the Group had drawn down the whole term loan along with £54.9 million of the revolving credit facility. The remainder of the facility and cash balances of £18.6 million were available to enable day-to-day working capital requirements to be met.

The financial covenants on the £100 million bank loan facility are for leverage (net debt (excluding IFRS 16 finance leases)/adjusted EBITDA (before exceptional items and foreign exchange differences)) of not more than three times and for interest cover of not less than four times. The Group has complied with the covenants during the year ended 31 December 2024 and, as discussed above, is forecast to comply with covenants in the going concern period. The calculations of net debt (excluding IFRS 16 finance leases) and adjusted EBITDA (before exceptional items and foreign exchange differences) are provided in note 31.

The forecast base case scenario has been prepared using robust forecasts from each of our operating companies, with each considering the risks and opportunities the businesses face. Two key sensitivities have been applied to prepare what is considered to be a severe but plausible downside scenario, these being:

- the reduction in volumes; and
- a reduction of the contribution per radiator from forecast levels to reflect a reduction in profitability due to external factors.

Volumes

Volumes could reduce in the future due to competitive pressures or market weakness and this has been modelled as a downside risk.

Contributions per radiator

The Group's contribution per radiator sold has increased in recent years. There is a downside risk that competitive pressures could reduce the Group's contributions in the future.

In the downside scenario, volumes have been reduced and the contribution per radiator has been reduced for the whole period. Under these circumstances, the Group would remain compliant with both of its covenants without the adoption of mitigating actions. Mitigating actions could include restructuring the cost base, and implementation of further cash saving measures, such as reducing advertising costs and other discretionary expenditure, deferral of capital expenditure, delayed/reduced dividend payments and active management of net working capital.

Non-financial and sustainability information statement

Non-financial and sustainability information statement

The table below sets out where information relating to non-financial and sustainability matters can be found in our Strategic Report.

Compliance statement

Stelrad Group plc has complied with the requirements of sections 414CA and 414CB of the Companies Act 2006 (as amended by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022) with the table disclosed below and other disclosures throughout the Strategic Report. The climate-related financial disclosures of the Company are contained within the Task Force on Climate-related Financial Disclosures ("TCFD") section on pages 35 to 39 of this Annual Report.

Reporting requirement	Relevant policies and standards which govern our approach		Read more in this report	Page reference
Environmental matters	• Risk management framework (including climate risk management) • Code of Conduct • Local corporate social responsibility policies • UN SDGs • ISO 14001 (environmental management) and ISO 50001 (energy management)	• Sustainability strategy and sustainability framework • Environmental Policy • Sustainable Procurement Policy • The Ten Principles of the UN Global Compact	• Risk management • Sustainability Report • Task Force on Climate-related Financial Disclosures • Stakeholder engagement	48 26 35 22
Climate change and sustainability	• Risk management framework (including climate risk management) • UN SDGs • ISO 14001 (environmental management) and ISO 50001 (energy management)	• Sustainability strategy and sustainability framework • Environmental Policy • Sustainable Procurement Policy	• Risk management • Sustainability Report • Task Force on Climate-related Financial Disclosures	48 26 35
Employees	• Whistleblowing Policy • Equality, Diversity and Inclusion Policy • Code of Conduct • Health and safety policies and procedures • Sustainability strategy and sustainability framework • Conflicts of Interest Policy	• Social dialogue statement • Information Security Policy • UN SDGs • The Ten Principles of the UN Global Compact	• Stakeholder engagement • Sustainability Report • Directors' Remuneration Report • Nomination Committee Report • Statement of corporate governance • Audit & Risk Committee Report	22 26 74 70 61 65
Social matters	• Group purpose and values • Code of Conduct • Local corporate social responsibility policies	• Equality, Diversity and Inclusion Policy • Social dialogue statement	• Stakeholder engagement • Sustainability Report	22 26
Human rights	• Modern slavery statement • Equality, Diversity and Inclusion Policy • Code of Conduct	• UN SDGs • The Ten Principles of the UN Global Compact	• Stakeholder engagement • Sustainability Report • Statement of corporate governance	22 26 61
Anti-bribery and corruption	• Code of Conduct • Anti-Corruption and Bribery Policy • Dealing Policy • Insider Dealing and Market Abuse Policy	• Conflicts of Interest Policy • UN SDGs • The Ten Principles of the UN Global Compact	• Statement of corporate governance • Audit & Risk Committee Report	61 65
Business model	n/a		• Our business model • Our strategy	14 16
Principal risks	• Risk management framework		• Risk management	48
Non-financial KPIs	n/a		• Key performance indicators • Sustainability Report	20 26

Chair's introduction to governance

Dear shareholders

On behalf of the Board, I am pleased to present the Corporate Governance Report of Stelrad Group plc. The report summarises the governance structure and the governance procedures of the Group and, specifically, sets out the following:

- details of the Board of Directors, their biographies and the Board skills matrix (pages 58 and 59);
- the role of the Board and how it delegates authority (page 61);
- the key roles of the Board and the division of responsibilities (page 62);
- the Audit & Risk Committee Report (pages 65 to 69);
- the Nomination Committee Report (pages 70 to 73);
- the Remuneration Committee Report (pages 74 to 91); and
- the Directors' Report (pages 92 to 95).

Purpose, culture and values

The Board believes that good governance enhances long-term shareholder value and promotes a sustainable business. The Board also believes that all decisions should be made for the benefit of all stakeholders and to ensure the long-term success of the Group. It is a priority of the Board to set the culture and values of the Group and to lead by example.

Each member of the Board brings their own set of skills, knowledge and experience. We believe that their broad ranging knowledge and experience enable them to provide independent challenge in Board discussions and enhanced insight to the Group's business model and strategy. Details of the Board of Directors and their biographies can be found on pages 58 and 59.

The core purpose of Stelrad Group plc of helping to heat homes sustainably is proudly delivered by the Group with oversight from the Board. Our core purpose is a key component of our sustainability framework, which is outlined in the Sustainability Report on pages 26 to 34.

The Group has established five values that provide its moral compass, governing the fundamentals of who we are and what we believe is right. These values define the culture we seek to maintain:

- respect – we harness the power of diversity and inclusion in our business, trust those we work with, and value everyone's contribution;
- integrity – we operate with honesty, transparency and fairness in all we do;
- service – we act with empathy and humility, putting people and businesses we serve at the centre of what we do;
- excellence – we champion innovation, and use our energy, expertise and resources to make a positive difference to the environment; and
- stewardship – we prize sustainability, and are passionate about leaving things better than we found them.

Compliance with the 2018 UK Corporate Governance Code

The Board is committed to the highest standards of corporate governance. Since admission, we have strived to comply with the 2018 UK Corporate Governance Code (the "Code"); further details are included in the statement of corporate governance on page 61.

In January 2024, the Financial Reporting Council updated the UK Corporate Governance Code. This new Code will apply to financial years beginning on or after 1 January 2025, with the exception of provision 29 which will apply to financial years beginning on or after 1 January 2026. The Company will consider the implications of this new Code when it becomes effective and implement accordingly.

Board composition and diversity

The Board recognises the advantages of having a diverse and inclusive Board in bringing different perspectives to the debate and decision making processes of the Board, to the benefit of all stakeholders.

On 1 October 2024, Leigh Wilcox was appointed to the Board as Chief Financial Officer, replacing Annette Borén who resigned on 30 June 2024.

On 1 February 2024, Katherine Innes Ker was appointed to the Board as Senior Independent Director, replacing Terry Miller who resigned on 31 December 2023.

The Company has met one of the three targets for diversity in the Listing Rules. Further details on the Group's progress against the new targets for diversity prescribed by the Listing Rules can be found in the Nomination Committee Report on pages 70 to 73.

The Board continues to encourage diversity and inclusion across the Group, and the Board and the Nomination Committee remain focused on this area when considering Board succession.

Board engagement

2024 saw the Board visiting the Group's largest radiator manufacturing site in Çorlu, Turkey. The visit was successful and included a tour of the manufacturing and warehousing facilities and the opportunity to meet key employees from across the business.

The Board also oversaw preparations for the Group's inaugural Capital Markets Event held in November 2024. The event was well received and outlined medium-term targets based upon the Group's strategic objectives.

Board evaluation

The Board evaluation process continues to gather momentum. It is pleasing to see the actions of the 2022 and 2023 evaluations being addressed and also to see additional progressive recommendations being made during the 2024 evaluation. Addressing these recommendations will be a key focus for 2025.

Stakeholders

The Board understands the importance of listening to all stakeholders and making sure that their views are heard and acted upon. Our Section 172 statement on page 60 details how the Board has engaged with stakeholders during the year.

The strategy and business model of the Group aim to deliver sustainable growth for the business and long-term benefits for all stakeholders.

The Board looks forward to the Annual General Meeting of the Group as an opportunity to continue to engage with our stakeholders.

Bob Ellis
Chair
7 March 2025

Board of Directors

Bob Ellis

Chair

Bob Ellis is a Director and the Chair of the Board and joined the Group in August 2009.

Skills and experience

Mr Ellis has a strong financial background with significant experience in operational restructuring and has also worked with various companies with private equity ownership, across a number of sectors, including the retail, manufacturing and construction sectors.

External appointments

Mr Ellis currently holds directorships on the board of Whittan Group as chair of the remuneration and audit committees, the board of Reconomy as chair of the board and remuneration and audit committees and the board of Outright Games as chair of the remuneration and audit committees.

Trevor Harvey

Chief Executive Officer

Trevor Harvey is the Chief Executive Officer of the Group and joined the Group in January 2000.

Skills and experience

Prior to joining the Group, Mr Harvey held management positions as managing director of Myson Radiators and managing director of Myson Heat Emitters, both of which operate within the radiator and heat emitter sector. He studied at the University of Newcastle upon Tyne and graduated with a BSc (Hons) in Mechanical Engineering.

External appointments

None.

Leigh Wilcox

Chief Financial Officer

Leigh Wilcox is the Chief Financial Officer of the Group and joined the Group in January 2012.

Skills and experience

Since 2012, Mr Wilcox has been an integral member of the Group's Finance department and has gained significant experience during that time, including cross-business engagement, corporate transactions, financing activities, the Group's IPO and development of the Group's post-IPO governance landscape.

Mr Wilcox was previously a manager at PwC where he qualified as a Chartered Accountant (ICAEW). He studied at the University of York and graduated with a BSc (Hons) in Economics.

External appointments

None.

Edmund Lazarus

Non-Executive Director

Edmund Lazarus is a Non-Executive Director and joined the Group in November 2014.

Skills and experience

Mr Lazarus is also managing partner and founder of EMK Capital. Prior to EMK Capital, Mr Lazarus was managing partner of Bregal Capital which he co-founded in 2002. He has been in senior private equity positions for over 20 years. Mr Lazarus' prior career was as a strategic consultant with Bain & Co and as an M&A and corporate finance adviser with SG Warburg and Merrill Lynch before entering the private equity industry with Morgan Stanley Capital Partners.

External appointments

In addition to being a partner of EMK Capital LLP, Mr Lazarus holds a number of other external appointments in private equity portfolio companies.

Skills matrix

Under the 2018 Corporate Governance Code, the Board and its Committees should have a combination of skills, experience and knowledge. Below is a skills matrix which includes capabilities that should be covered by the Board as a whole. These capabilities are standard capabilities which are reviewed by the proxy agencies including ISS and Glass Lewis. The skills matrix below provides a visual representation of the Directors' skills.

Director	Radiator manufacturing	Financial/audit and risk	Leadership and people	Strategy	PLC and governance	ESG	Capital markets	Tech and digital	Legal/ regulation
Bob Ellis	●	●	●	●	●				
Trevor Harvey	●		●	●	●				
Leigh Wilcox	●	●	●	●	●	●	●		
Katherine Innes Ker			●	●	●		●	●	●
Nicola Bruce		●		●	●				●
Martin Payne		●	●	●	●	●	●		
Edmund Lazarus		●	●	●		●	●	●	
Nicholas Armstrong		●		●			●		

Nicholas Armstrong

Non-Executive Director

Nicholas Armstrong is a Non-Executive Director and joined the Group in November 2015.

Skills and experience

Mr Armstrong is a partner and member of the founding team at EMK Capital. Prior to EMK, Mr Armstrong was part of the Bregal Capital team from mid-2014 and worked extensively across a number of portfolio companies including Stelrad Group. Prior to joining Bregal, Mr Armstrong worked in Nomura's UK M&A team in London and Nomura's Australian M&A team in Sydney. He graduated from the University of Sydney with a Bachelor and Master of Commerce.

External appointments

In addition to being a partner of EMK Capital LLP, Mr Armstrong holds a number of other external appointments in private equity portfolio companies.

Katherine Innes Ker

Non-Executive Director

Katherine Innes Ker is the Senior Independent Director and joined the Group in February 2024.

Skills and experience

Dr Innes Ker has gained extensive executive and non-executive experience across a range of sectors in a career spanning over 30 years. She was a non-executive director of Vistry plc until 2023, and senior independent director of Go-Ahead Group until 2020. Dr Innes Ker has also held positions as a non-executive director at Taylor Wimpey plc, St Modwen Properties plc, Bryant Group plc, Gigaclear Ltd, Colt Group SA, Gyrus Group plc, and the Ordnance Survey. She was chair of Sovereign Housing Association and Victoria Carpets, and deputy chair of Marine Farms ASA. Dr Innes Ker holds an MA (Hons) in Chemistry and a DPhil in Molecular Biophysics from Oxford University.

External appointments

Dr Innes Ker is currently senior independent director and chair of the remuneration committee of Forterra plc, non-executive director of Ground Rents Income Fund plc, and chair of toob ltd. She is chair of the remuneration committee of Balliol College, Oxford.

Nicola Bruce

Non-Executive Director

Nicola Bruce is an independent Non-Executive Director and joined the Group in October 2021.

Skills and experience

In addition to her significant non-executive board experience, Ms Bruce was a partner at the Monitor Group (now Deloitte) and group director of strategy at De La Rue plc. Ms Bruce holds a number of non-executive roles in the housing and building materials sectors. She is a fellow of the Chartered Institute of Management Accountants and holds an MBA from INSEAD and an MA (Hons) in PPE from Oxford University.

External appointments

Ms Bruce is currently a non-executive director of Ofwat, the economic water regulator for England and Wales, a non-executive director and chair of the remuneration committee for Ibstock plc and MJ Gleeson plc, and senior independent director and chair of the remuneration committee for the Anchor Hanover Group.

Martin Payne

Non-Executive Director

Martin Payne is an independent Non-Executive Director and joined the Group in October 2021.

Skills and experience

Mr Payne is an experienced chief executive officer and was formerly the chief executive officer of Genuit Group plc (formerly Polypipe Group plc), a UK FTSE 250 building materials company which serves the construction industry by providing sustainable water and climate management solutions. Prior to that Mr Payne was chief financial officer of Polypipe Group plc, and has also held the roles of group finance director at Norcros plc and group financial controller at JCB, the construction equipment manufacturer. Mr Payne was also a director and chairman of the Construction Products Association, the trade association that represents the UK building materials industry. Mr Payne is a qualified accountant and a fellow of the Chartered Institute of Management Accountants and holds a BA (Hons) in Economics from Durham University.

External appointments

Mr Payne is currently senior independent director and chair of the audit committee of Churchill China PLC and chair of the audit committee of Topps Tiles plc.

Former Directors

Annette Borén resigned from the Board as Chief Financial Officer on 30 June 2024.

Committee key

A Audit & Risk

N Nomination

R Remuneration

Chair of Committee

Acting responsibly towards our stakeholders at all times

Decision making by the Board

1

Board information

- Board training and induction, including s172 training
- Board papers including financial and non-financial information
- Advice and presentations by internal and external experts
- Board engagement with key stakeholders

2

Board discussion

- s172 considerations are taken into account in the Board's discussions, including the long-term impacts on the Group, its stakeholders and the wider environment
- s172 is taken into account in the Board's decision making
- The Board satisfies itself that information provided is sufficient, accurate and comprehensive to enable decision making, and further information is requested if required
- The Executive Management team provides information on a timely basis and further assurance where required

3

Board decision

- Actions are taken to implement the Board's decisions

4

Board review

- The Board is provided with information on the outcomes and actions of its decisions

Section 172 statement

The Board of Directors of Stelrad Group plc, both individually and together, consider that they have acted in good faith and in a way that would be most likely to promote the long-term success of the Group and Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a–f) of the Act) when making decisions during the year ended 31 December 2024.

The Board considers its key stakeholders to be its people, customers, suppliers and investors, and also recognises the importance of the communities and environment in which the Group operates. The Board takes the views of its stakeholders seriously in setting and implementing the Group strategy and believes that good stakeholder engagement is key to the long-term success of Stelrad Group plc. Stakeholder considerations also form part of any Board discussions which lead to decision making.

Each year the Group undertakes a detailed business planning process, during which the Group sets out its short and long-term plans and, as part of this process, carefully assesses any consequences of these plans. The main objective of the business planning process is to define a direction that will most likely promote the success of the Group for all stakeholders. The Board will also, on an ad-hoc basis, consider other decisions, both strategic and operational, and in doing so will ask the Group to explore various alternatives and the likely consequences of each.

The Stakeholder Engagement section of the Annual Report, on pages 22 to 25, sets out how Stelrad Group plc and the Board have engaged with key stakeholders. In addition to the information provided here, the Group's business model on pages 14 and 15 and the Group's strategy on pages 16 and 17 outline how the Group engages with its stakeholders and how the business creates value for each of them. Furthermore, our ESG strategy and activity, which directly or indirectly impact all of our stakeholders, are outlined in the Sustainability Report on page 26.

As the Board of Directors, our intention is to behave responsibly towards our stakeholders at all times and treat them fairly, so that they all benefit from the successful delivery of our plan.

» **Read more in our Governance Report on page 61**

Statement of corporate governance

Compliance with the Code

The Board is committed to the highest standards of corporate governance. Since admission, we have complied with the 2018 UK Corporate Governance Code (the "Code") except in the following areas:

Board composition

At least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent

The Company does not comply with the Code recommendation that at least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent for the full year. For the period from 1 January 2025 to 31 January 2025, the Board, excluding the Chair, was made up of four non-independent and two independent directors and was therefore not compliant. For the period from 1 February 2025 to 30 June 2025, the Board, excluding the Chair, was made up of four non-independent and three independent directors and was therefore not compliant. For the period from 1 July 2025 to 30 September 2025, the Board, excluding the Chair, was made up of three non-independent and three independent directors and was therefore compliant. For the period from 1 October 2025 to 31 December 2025, the Board, excluding the Chair, was made up of four non-independent and three independent directors and was therefore not compliant. Two of the current Non-Executive Directors are representatives of the Major Shareholder as a condition of the Relationship Agreement. Although the number of Non-Executive Directors on the Board who are not considered to be independent is expected to reduce over time, with reductions in the shareholding of the Major Shareholder leading to adjustment of the conditions set by the Relationship Agreement, the Board also continues to consider potential recruitment of additional independent Directors as part of Board succession planning.

Independent chair

The chair should be independent on appointment

The Code recommends that the chair of a company should be independent on appointment when assessed against the circumstances set out in the Code. The Chair, Bob Ellis, has in the past held, and continues to hold, various positions with portfolio companies owned by affiliates of The Bregal Fund III LP, the Company's Major Shareholder, and was initially appointed as a Non-Executive Director of the Group in 2009. By virtue of holding these positions with portfolio companies owned by affiliates of the Major Shareholder and taking into account Mr Ellis' tenure as a Non-Executive Director, the Board does not consider that the Chair should be viewed as being independent on appointment by reference to the independence criteria set out in the Code. However, in view of the Chair's involvement with the Group over the last 15 years, and as Chair since 2013, the Board continues to consider that he has made, and will continue to make, a major contribution to the Group's growth and success, and in looking at the year ahead is unanimously of the opinion that his continued involvement as Chair will help to ensure the ongoing success of the Company.

The chair should not remain in post beyond nine years from the date of their first appointment to the Board

The Chair, Bob Ellis, was appointed as a Non-Executive Director of the Group in 2009 and as Chair in 2013. This constitutes non-compliance with Provision 19 of the Code. The Board continues to consider that Bob Ellis has made, and will continue to make, a major contribution to the Group's growth and success, and in looking at the year ahead is unanimously of the opinion that his continued involvement as Chair will help to ensure the ongoing success of the Company.

Senior independent director

A senior independent director should be appointed to the Board

From 1 January 2024 until 31 January 2024, there was no Senior Independent Director on the Board. The previous Senior Independent Director, Terry Miller, resigned on 31 December 2023 and the new Senior Independent Director, Katherine Innes Ker, was appointed on 1 February 2024.

A copy of the Code can be found at www.frc.org.uk.

Role of the Board and its Committees

Board

The role of the Board is to set and monitor the Group's purpose and strategy in order to promote sustainable growth and the long-term success of the business and, in doing so, generate value for the shareholders. It is the responsibility of the Board to ensure that the strategy of the business is in alignment with the culture and values of the organisation. The Board is also responsible for taking into account the views and interests of all stakeholders, including the wider community, through engagement with a wide range of stakeholders.

The Board, supported by the Audit & Risk Committee, is responsible for the Group's systems of internal control and risk management and for ensuring that these systems of governance are strong and effective. The Board also sets the risk appetite of the Group.

The Board's main responsibilities are included in a schedule of matters reserved for the Board, as set out below:

- strategic matters – responsibility for the overall leadership of the Group and setting and monitoring the Group's strategy, values and standards;
- structure and capital – approving or recommending any changes relating to the Group's capital structure;
- financial reporting and controls – approving the Group's annual financial statements and reports, and approving the Group's business plan, budget and forecasts;
- agreements – approving major capital projects, investments, contracts and lending or borrowing by the Group (outside of the treasury policy);
- communications with shareholders – ensuring an effective engagement strategy with shareholders;
- Board appointments and remuneration – approving changes to the structure, size and composition of the Board;
- risk assessment and internal controls – ensuring the maintenance of sound systems of internal control and risk management, and monitoring these systems; and
- corporate governance – reviewing the Company's overall corporate governance arrangements and assessing and monitoring the Group's culture.

The membership of the Board is detailed below:

- a Non-Executive Chair;
- two Executive Directors;
- three independent Non-Executive Directors, including a Senior Independent Director; and
- two Major Shareholder Representative Directors.

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are detailed on pages 58 and 59.

Role of the Board and its Committees continued

Board continued

On 30 June 2024, Annette Borén resigned from the Board and Leigh Wilcox was appointed to the Board on 1 October 2024. On 1 February 2024, Katherine Innes Ker was appointed to the Board, replacing Terry Miller, who resigned from the Board on 31 December 2023.

As envisaged by the Code, the Board has established an Audit & Risk Committee, a Nomination Committee and a Remuneration Committee, each with formally delegated duties and responsibilities with written terms of reference. The Committees play an essential role in supporting the Board and provide focused oversight of key aspects of the business. A summary of the membership and responsibilities of each Committee is detailed in this report. The full terms of reference for each Committee are available on the Company's website, www.stelradplc.com.

Audit & Risk Committee

Responsibility for oversight of the Group's financial reporting, internal controls, risk management and relationship with the external auditors.

Members:

- Three independent Non-Executive Directors – Martin Payne (Chair), Katherine Innes Ker (appointed 1 February 2024) and Nicola Bruce

» **The Audit & Risk Committee Report can be found on page 65**

Nomination Committee

Responsibility for the composition of the Board and Committees of the Board including succession planning and ongoing review of diversity policies.

Members:

- Three independent Non-Executive Directors – Katherine Innes Ker (Chair) (appointed 1 February 2024), Martin Payne and Nicola Bruce
- One Major Shareholder Representative Director – Edmund Lazarus

» **The Nomination Committee Report can be found on page 70**

Remuneration Committee

Responsibility for the Remuneration Policy, setting individual remuneration levels for Executive Directors and the Chair, and aligning workforce remuneration and related policies with the Group's strategy and culture and the requirements of the Code.

Members:

- Three independent Non-Executive Directors – Nicola Bruce (Chair), Katherine Innes Ker (appointed 1 February 2024) and Martin Payne

» **The Remuneration Committee Report can be found on page 74**

Key roles of the Board

The roles and division of responsibilities between the Chair, Chief Executive Officer and Senior Independent Director have been clearly defined and agreed by the Board. A summary of the key roles and responsibilities is given below:

Chair

- Responsible for the leadership of the Board, promoting a culture of openness and debate.
- Promotes the highest standards of integrity, probity and corporate governance, in line with best practice.
- Sets the Board agenda, ensuring it has a focus on strategy, performance, value creation, culture, stakeholders and accountability.
- Oversees the development, induction and performance evaluation of each Director.
- Ensures that Directors receive accurate, timely, high-quality and clear information on the basis of which they can make sound decisions.
- Ensures that the Board listens to the views of shareholders, the workforce, customers and other key stakeholders by ensuring effective communication with them in order to understand their issues and concerns, and by communicating issues to the Board.

Chief Executive Officer

- Responsible for the leadership of the business.
- Works closely with the Chair and the Board to propose, develop and implement the Company's strategy.
- Represents the Company and oversees and manages all business activities, operations and performance of the Group within the authority delegated by the Board.
- Leads the senior management team of the Group in the day-to-day running of the business.
- Regularly reviews the Group's operational performance and strategic direction and reports accurately in agreed formats to the Board and the Committees.
- Monitors and maintains high standards of corporate governance.
- Manages the Group's risk profile in line with the extent and categories of risk identified as acceptable by the Board and the Audit & Risk Committee.

Senior Independent Director

- Provides a sounding board to the Chair and supports the Chair in the delivery of their objectives.
- Appraises the Chair's performance.
- Acts as an intermediary between the Chair and the other Directors, when necessary.
- Available to shareholders if they have concerns which have not been resolved through the normal channels.

Board activities and priorities during 2024

During the year ended 31 December 2024, the Board has met eight times, seven of which were scheduled. The following areas have been discussed during the year:

- health and safety;
- ESG strategy, sustainability and TCFD requirements;
- Radiators SpA update;
- approval of 2023 Annual Report, 2024 interim statement and trading updates;
- dividend approval;
- 2024 budget approval;
- 2023 annual bonus approval and the total remuneration outcome for Executive Directors and senior management;
- Board evaluation;
- Board and senior management succession planning;
- Chief Financial Officer appointment;
- risk management and risk register;
- review of premium panel radiator market;
- review of cyber security;
- review of strategic initiatives;
- review of market developments;
- Capital Markets Day review;
- investor relations update; and
- Group policy review.

Governance Report

Board meetings and attendance

The Board held seven scheduled meetings during the year ended 31 December 2024. The table below sets out the attendance of each Director versus the maximum number of scheduled meetings they could have attended during the year ended 31 December 2024.

	Board	Audit & Risk Committee	Nomination Committee	Remuneration Committee
Trevor Harvey	7/7	—	—	—
Leigh Wilcox	2/2	—	—	—
Annette Borén	4/4	—	—	—
Bob Ellis	7/7	—	—	—
Katherine Innes Ker	6/6	3/3	2/2	3/3
Martin Payne	7/7	3/3	2/2	4/4
Nicola Bruce	7/7	3/3	2/2	4/4
Edmund Lazarus	6/7 (1)	—	2/2	—
Nicholas Armstrong	7/7	—	—	—

(1) Edmund Lazarus was unable to attend one meeting due to pre-existing commitments.

Additional ad-hoc meetings were also held during the year in respect of changes to the composition of the Board.

Appointment and election

On 1 February 2024, Katherine Innes Ker was appointed to the Board. On 30 June 2024, Annette Borén resigned from the Board. On 1 October 2024, Leigh Wilcox was appointed to the Board. There has been no other change to the composition of the Board during the year ended 31 December 2024 or up to the date of signing the financial statements.

The Board is satisfied that all Directors are effective and committed to their roles and have sufficient time available to perform their duties. In line with the Code and the Company's Articles, all of the Directors will be subject to annual re-election. Therefore, all members of the Board will be standing for election at the 2025 Annual General Meeting to be held on 21 May 2025.

Board induction

Details of the Board induction can be found in the Nomination Committee Report on page 71.

Board evaluation

The Board completed its annual Board and Committee evaluation in the second half of 2024. The results of the evaluation, along with an action plan for addressing any identified issues, were reported to the Board in December 2024.

» **Read more about the format and outcome of our Board evaluation process on page 72**

Board effectiveness review

In line with the Code, the Board reviewed its own effectiveness and that of its Committees during 2024. The 2024 Board evaluation was internally facilitated by the Chair of the Nomination Committee in conjunction with the Company Secretary, and it was conducted during the second half of 2024 using an online questionnaire which each Director was asked to complete, with specific reference to individual Board and Committee responsibilities. The completed questionnaires were then collated, and the responses reviewed by the Chair of the Nomination Committee and Company Secretary.

The findings of the 2024 evaluation exercise confirmed that overall the Board and its Committees continued to operate effectively during the year. The Nomination Committee will consider the findings and develop proposals for action by the Board to address recommendations arising from the evaluation.

With respect to individual performance assessment, the Senior Independent Director provided a performance assessment to the Chair following a session with all Board members (excluding the Chair) and the Company Secretary. An annual performance assessment of each Non-Executive Director is carried out to ensure that performance, contribution, commitment and any training and development needs are addressed.

It is the intention of the Board to evaluate the commission of an external, independent review of the Board's effectiveness during the current financial year.

Non-Executive Director independence

The Non-Executive Directors bring a broad range of skills and experience to Stelrad Group plc, and they are qualified to provide constructive challenge in Board discussions, where needed, and considered insights to refine the strategy of the Group over the coming years. The independence of the Non-Executive Directors is reviewed as part of an annual Board evaluation process. As previously stated within the statement of corporate governance, the Board does not currently comply with the requirements of the Code in relation to majority of independence of the board and the independence of the chair on appointment.

Governance Report continued

Non-Executive Director independence continued

Three of the Non-Executive Directors – the two Major Shareholder Representative Directors and the Chair – are not independent. Under the meaning of independence within the Code, the Company regards the three independent Non-Executive Directors as independent and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

Time commitment

All Non-Executive Directors are required to devote appropriate time to meet their Board responsibilities and demonstrate commitment to their role. The time commitment of each Non-Executive Director was considered prior to their appointment to determine that it was appropriate. The Non-Executive Directors' letters of appointment contain information in relation to the time commitment expected of each Director in their role. Directors' external time commitment is regularly reviewed to ensure Directors can allocate the necessary time and effort to the Company. This process is continually managed by the Company Secretary and the Chair and takes into consideration outside appointments and commitments.

The Board has concluded that, notwithstanding Directors' other appointments, they are each able to dedicate sufficient time to fulfil their duties and obligation to the Company.

Directors' conflicts of interest

The Group has a formal ongoing procedure for the disclosure, review and authorisation of Directors' conflicts of interest. All Directors are required to make the Board aware of any other commitments. Potential and actual conflicts of interest are carefully considered and, if deemed appropriate, the continuing existence of the potential or actual conflict of interest may be approved by the Board. All conflicts of interest are recorded in the conflicts register. The conflicts of interest are reviewed annually to determine whether they should remain authorised.

Internal control and risk management

The Board, supported by the Audit & Risk Committee, is responsible for the Group's systems of internal control and risk management and for ensuring that these systems of governance are strong and effective.

Details of how the Audit & Risk Committee reviews and assesses the effectiveness of the system of internal control can be found in the Audit & Risk Committee Report on pages 65 to 69. The Board understands that systems of internal control can only manage, and not eliminate, risk, and that they are designed to provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board is responsible for the oversight of the risk management process, which involves reviewing the processes in place to calculate and manage risk effectively. The Board is also responsible for setting the risk appetite of the Group and acknowledges its responsibility for determining the extent of the risks it is willing to take in achieving its strategic objectives. The Board regularly reviews the principal risks facing the Group and the mitigation measures for each risk which are set out on pages 48 to 54.

Whistleblowing

The Group has a Whistleblowing Policy in place and a whistleblowing contact email address is available to enable employees to raise any legitimate concerns which they feel need to be brought to the attention of management concerning any wrongdoings within their workplace. The Group believes that it is important to have a culture of openness to prevent such situations occurring or to bring them to the attention of management when they do occur.

Information and support

The information presented to the Board is clear, accurate and timely, and intended to enhance Board effectiveness. A comprehensive Board procedures manual is maintained in the online Board portal, to which all Directors have access. The standing information held there includes Board and Committee terms of reference, the duties and responsibilities of Directors, including standards of conduct and compliance, and training documents. The Board and Committee papers are also posted in the online Board portal.

All Directors have access to the advice and services of the Group Company Secretary, who can specifically advise them on governance matters. The Directors may also take independent professional advice at the Group's expense when it is judged necessary to perform their duties effectively.

Business ethics

The Group's core values and principles, and the standards of behaviour which every employee across the Group is expected to uphold, are set out in the Stelrad Group plc Code of Conduct. These values and principles are applied to dealings with our employees, customers and suppliers and all other stakeholders of the business.

The Group has anti-corruption and bribery policies which are communicated to all employees through business units' intranets and readily available from the respective Human Resources departments. The policy is prepared in light of the UK Bribery Act 2010 and describes the legal framework applicable to the business as well as standards and policies to be adhered to by employees. In addition, training courses are provided locally.

The Group is opposed to modern slavery and human trafficking and will only work with organisations which formally commit to the Group's Ethical Trading Policy. The Board has approved the modern slavery statement which can be found on the Group's website at www.stelradplc.com.

Equality, diversity and inclusion

The Group has both an Equality, Diversity and Inclusion Policy and a Diversity and Inclusion Policy for the Board. The Diversity and Inclusion Policy for the Board aims to ensure that diversity and inclusion will be considered in all future Board appointments so that the Board membership reflects a broad combination of factors such as diversity of gender, age, educational and professional background, social, ethnic and geographical background, and cognitive and personal strengths. The Diversity and Inclusion Policy for the Board is detailed on page 71.

More details can be found in the Nomination Committee Report on pages 71 and 72 where the Board diversity disclosures required by the FCA Listing Rules are disclosed.

Succession planning

Succession planning, both for the Board and for senior management, has been a major focus over the past year. Details of the Nomination Committee's consideration of succession planning can be found in the Nomination Committee Report on pages 70 to 73.

Overseeing financial reporting and risk management

Committee members

Martin Payne (Chair)

Nicola Bruce

Katherine Innes Ker (appointed 1 February 2024)

Highlights of 2024

- Completion of the 2023 Annual Report.
- Continued development of the Group's risk management framework, including the incorporation of an information security risk register and a treasury risk register.
- Continued focus on cyber security risk, including an internal audit revisiting the recommendations of the 2022 cyber security audit.
- Continued development of the Group's internal audit approach and plan, including the commencement of a risk-based approach to internal audit.
- Preparation for new environmental reporting and auditing requirements.
- Review of the updated provisions and principles of the 2024 Code.
- Supported the Nomination Committee in the appointment of a new Chief Financial Officer.

Focus areas for 2025

- Review of the 2024 Annual Report.
- Continued focus on environmental reporting and auditing requirements, including preparation for 2025 CSRD reporting in our Italian and Dutch businesses and obtaining the correct levels of advice and assurance in this area.
- Implementation of the updated provisions and principles of the 2024 Code and an assessment of provision 29 of the 2024 Code.

"During the year the Committee has been active in preparing for legislative changes.

Martin Payne
Chair of the Audit & Risk Committee

Dear shareholders

As Chair of the Audit & Risk Committee, I am pleased to introduce the Committee's report, which provides a summary of the Committee's role and activities for the financial year ended 31 December 2024.

The Committee plays a vital role in delivering the Company's corporate governance obligations, by overseeing the accounting, financial reporting and internal control and risk management processes, and providing valuable independent challenge where required.

As well as detailing the composition and remit of the Committee, this report will also outline how the Committee operates; give an appraisal of the external auditors and auditors' effectiveness; and provide an overview of the Group's internal control environment and risk management framework, including the Committee's assessment of its effectiveness.

During the year, Annette Borén resigned from her position as Chief Financial Officer and stepped down from the Board. I would like to record the Committee's thanks to Annette, and we wish her well for the future. Leigh Wilcox was appointed as Chief Financial Officer and also joined the Board on 1 October 2024. Leigh Wilcox has been with the business since 2012 and brings a wealth of Group experience to the role.

Committee composition

The Committee has comprised three independent Non-Executive Directors during the year ended 31 December 2024: Nicola Bruce, Katherine Innes Ker (appointed 1 February 2024) and Martin Payne as Committee Chair. The Major Shareholder is entitled to nominate an observer to the Audit & Risk Committee and has exercised its right to do this during the year.

The membership of the Committee was selected with the aim of providing the range of financial, commercial and sector expertise necessary to meet the responsibilities of the Committee and the requirements of the Code.

Going forward, the Committee will keep its composition under review to ensure it remains appropriate. The Board believes that the Committee has the competence and experience that are relevant to the sector in which the Company operates. The Board is also satisfied that Martin Payne, a Chartered Management Accountant and a former public company finance director, has recent and relevant financial experience and he has been designated as the financial expert on the Committee for the purposes of the Code.

Details of the Directors' experience and skill sets can be found in the Director biographies on pages 58 and 59.

Audit & Risk Committee Report *continued*

Committee remit

The key responsibilities of the Committee are:

- reviewing and monitoring the integrity of the Group's annual and interim financial statements, and reviewing the significant financial reporting judgements made in connection with their preparation;
- reviewing the content of the Annual Report and advising the Board on whether, taken as a whole, it is fair, balanced and understandable;
- monitoring and reviewing the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
- overseeing and maintaining an appropriate relationship with the Company's external auditors and reviewing the independence, objectivity and effectiveness of the audit process;
- ensuring that internal audit arrangements are appropriate and effective; and
- ensuring that fraud prevention and whistleblowing arrangements are established which minimise the potential for fraud and financial impropriety.

Further details on the remit and responsibilities of the Committee can be found in its terms of reference. The terms of reference, which are reviewed annually and approved by the Board, can be found on our website, www.stelradplc.com.

How the Committee operates

The Committee schedules its meetings to align with the key dates in the Company's financial calendar. The dates of the meetings have been set using a structured forward planner, developed in conjunction with the Company Secretary, to ensure it is able to devote sufficient time to discussing and debating the key matters within its remit and discharge its responsibilities in full. Additional meetings are held as required where there are specific areas of judgement to discuss.

The Committee will meet at least three times per annum. The external auditors, PricewaterhouseCoopers LLP, are invited to attend each meeting together with the Chair of the Board, the Chief Financial Officer, the Group Finance Director and the Company Secretary. The Committee Chair will also update the Board following each meeting.

The Committee also sets time aside at each meeting to seek the views of the external auditors, in the absence of management. In between meetings the Committee Chair keeps in touch with the Chief Financial Officer and other members of the management team.

During 2024 the Board undertook a review of its own effectiveness which included the effectiveness of the Committee. This review concluded that the Committee was operating effectively. For more details please see page 63.

2024 Committee activities

The Committee held three scheduled meetings during the year ended 31 December 2024, and key areas covered at the meetings of the Committee were:

- review of external auditors' and internal auditors' effectiveness;
- consideration of the relevant elements of the Group's 2023 Annual Report, including the key accounting judgements and the going concern and viability statement, and of the 2024 interim statement;
- review of proposed dividend and assessment of distributable reserves;
- consideration of the risk management framework and of the Group risk register, including the approval of an information security risk register and a treasury risk register;
- consideration of the Group's cyber security risks and the progress against the cyber security internal audit recommendations;
- Radiators SpA pre-acquisition due diligence review follow-up;
- consideration of new environmental reporting and auditing requirements;
- review of existing hedging strategy;
- review of the 2024 internal audit reports, undertaken by Grant Thornton UK LLP, covering treasury and risk management, revisiting the Radiators SpA and cyber security audits and review of the 2025 internal audit plan; and
- review of the updated provisions and principles of the 2024 Code.

Financial reporting review

A key requirement of the financial statements is that they are fair, balanced and understandable. In reaching a judgement as to whether this is the case, the Annual Report is reviewed and assessed by the Committee. The Committee considers that the 2024 Annual Report is fair, balanced and understandable in terms of the form and content of the strategic, governance and financial information presented therein.

Significant issues and other accounting judgements

The Committee reviewed the integrity of the Group's financial statements and all formal announcements relating to the Group's financial performance. This included an assessment of each critical accounting policy, as set out in note 5 to the financial statements, as well as review of the following key areas of judgement and areas of audit risk:

Impairment of non-financial assets

The Committee reviewed the impairment assessment of intangible assets, including goodwill, in Radiators SpA. The Committee also reviewed the key judgements used.

Revenue recognition and indirect rebates

In conjunction with the annual audit, the Committee continued to review key judgements in respect of revenue recognition and indirect rebate provisions.

Going concern and long-term viability

The Committee has reviewed the Group's going concern and long-term viability disclosures in this Annual Report, along with supporting documents, and advised the Board on their appropriateness. More detail on these disclosures can be found on page 55 of the Strategic Report. As part of its review, the Committee considered the appropriateness of the "severe but plausible" downside scenario modelled by the business, especially considering the potential ongoing impact of the current economic situation.

External auditors and audit effectiveness

PricewaterhouseCoopers LLP ("PwC") were appointed as the auditors of Noosa Holdings Jersey Limited, which was the parent company of the Group prior to the Group's listing, in 2017, and were subsequently appointed as auditors of the Company.

For the financial year ending 31 December 2025, the Committee has recommended to the Board that PwC be reappointed as external auditors and the Company will be seeking shareholder approval for the reappointment of PwC at its AGM to be held in May 2025.

The current lead audit partner, Paul Cheshire, was appointed in 2022. Current professional standards require a lead partner to be rotated every five years.

The Committee has no current plans to re-tender the audit in the foreseeable future.

In assessing the independence of the auditors from the Group, the Committee has been provided with information and assurances that all of the auditors' partners and staff involved with the audit are independent of any links to the Group. The Committee has reviewed, and is satisfied with, the independence of PwC as the external auditors.

Subsequent to the year end, the Committee assessed the effectiveness of PwC and the external audit process for 2024 through discussions with senior members of management across the Group who had been involved in the audit process. A summary of the findings was prepared for consideration by the Committee and PwC.

There were no substantive matters identified during this assessment and the Committee concluded that the external audit process for 2024 had been effective.

The Committee reviewed PwC's findings in respect of the audit of the financial statements for the year ended 31 December 2024. The Committee met separately with the auditors without management present and with management without the auditors present, to ensure that there were no issues in the relationship between management and the external auditors which it should address. No matters were raised.

Non-audit services

A policy governing the provision of non-audit services is in place in order to ensure the independence of the external auditors. Non-audit services should not be carried out by the external auditors where doing so would compromise their independence. The provision of non-audit services by the external auditors must always be approved by the Board, either by specific pre-approval or on a case by case approval basis. In deciding whether the external auditors should be appointed to carry out any non-audit services, the following areas should be taken into consideration:

- the skills and experience of the external auditors to perform the required services;
- the effect of the non-audit services on the audited financial statements;
- the potential impact of each project on the external auditors' independence and objectivity; and
- the resulting ratio of non-audit to audit fees.

In 2024, PwC received total fees of £531,000 (2023: £474,000) comprising £485,000 of audit fees (2023: £430,000) and £46,000 of non-audit service fees (2023: £44,000). The fees for non-audit services during the year ended 31 December 2024 and the year ended 31 December 2023 include:

- in 2024, £38,000 related to interim review fees and £8,000 related to bank covenant reporting; and
- in 2023, £36,000 related to interim review fees and £8,000 related to bank covenant reporting.

Further details of fees paid to PwC are set out in note 8 to the financial statements.

Internal control framework

The day-to-day management of our principal risks is supported by an internal control environment which is embedded in our management and operational processes. The most significant elements of the Group's internal control environment include the following:

Communication of policies and procedures

The Group has documented policies and procedures underpinning its key business and finance processes. Policies and procedures documents are held at both Group and business unit level, with more detailed documents held at a business unit level to support the local conditions.

The Group will continue to monitor and review its Group policies and build upon them in future years as required.

Promoting a culture of honesty and ethical behaviour

The Group educates new staff on the values and culture of the business through employee handbooks and induction training sessions. The content and structure of the employee handbooks vary across the business units to support local conditions. Areas covered include terms of employment and health and safety.

In addition to the local employee handbooks, the Group maintains complementary key policies and procedures for HR, anti-corruption and bribery, modern slavery and whistleblowing.

Monitoring and oversight by those charged with governance

There are a number of operational controls in place which facilitate the Executive Directors' monitoring of the Group's financial performance and position. In addition, business process controls are in place for the key operational cycles.

The Group has a documented organisational structure that clearly specifies roles and reporting lines for all business units and departments within the Group. The reporting line to the Board is through the Chair, Chief Executive Officer and Chief Financial Officer. There is frequent interaction between the Chief Executive Officer and Chief Financial Officer and business unit management teams.

Segregation of duties

Appropriate segregation of duties has been put in place across the Group.

Risk management

Overall responsibility for risk management lies with the Board, supported in its role by the Audit & Risk Committee, which has been delegated the responsibilities of reviewing the risk management methodology and the effectiveness of internal control.

The Group has in place a risk management framework, underpinned by the use of business unit and Group level risk registers, which clearly documents procedures to ensure risks to the organisation are identified, reported and reassessed on an ongoing basis.

In addition to the assurance provided by the formal risk management framework, the Executive Directors are very involved in the day-to-day running of the business and have overview of potential risks in the business units.

The Group continually assesses and monitors the impact of the most significant risks. Where necessary, mitigating actions are put in place to reduce the likelihood or impact of such risks to an acceptable level.

The Group's risk appetite is largely risk averse. However, the Group Board accepts that, in order to achieve its strategic objectives and generate suitable returns for shareholders, it must accept, and manage, a certain level of risk.

Internal audit

During the year ended 31 December 2024, the internal auditors, Grant Thornton UK LLP, commenced delivery of a risk-based internal audit plan with reviews undertaken covering risk management and treasury. The internal auditors have also revisited previous recommendations and their implementation, focusing particularly upon the recommendations of the cyber risk review and the financial controls review at Radiators SpA.

Assessment of the Group's system of internal control and risk management framework

The risk assessment process within the Group and the management of significant business risks is a key area of focus for the Committee. The Committee's undertakings with regard to risk assessment have focused on the key risks identified by the Group and the actions it had put in place to address these – as described in the Risk Management section of the Strategic Report on pages 48 to 54.

The Group's internal control environment is designed to protect the business from the material risks which have been identified. Management is responsible for establishing and maintaining adequate internal controls over financial reporting and the Committee has responsibility for ensuring the effectiveness of these controls.

The internal auditors, Grant Thornton UK LLP, will contribute to the review of the internal control environment.

In accordance with the requirements of the Code, the Committee confirms it has reviewed the Group's risk management framework and internal control environment. No significant failings or weaknesses were identified as a result of the review that may significantly impact the financial statements.

Internal audit effectiveness

The Committee reviewed the effectiveness of the internal audit process by using a formal questionnaire-based approach. No matters were raised.

Management ensures that the provider of internal audit services is appropriately qualified to audit the risk area being considered.

Fraud, whistleblowing and the UK Bribery Act

The Committee recognises the importance of effective whistleblowing policies as being an additional tool to strengthen governance, by ensuring a reliable system is in place to identify and correct any unlawful or unethical conduct. The Committee monitors any reported incidents under the Group's Whistleblowing Policy, which is explained in more detail on page 64 of the statement of corporate governance. There were no incidents during the year which were required to be brought to the attention of the Committee.

The Committee also reviews the Group's procedure for detecting fraud and the systems and controls in place to prevent a breach of anti-bribery legislation. The policy is explained in more detail on page 64 of the statement of corporate governance. There were no breaches during the year which were required to be brought to the attention of the Committee.

Martin Payne
Chair of the Audit & Risk Committee
7 March 2025

Focused on Board effectiveness and succession planning

Committee members

Katherine Innes Ker (Chair) (appointed 1 February 2024)

Martin Payne

Nicola Bruce

Edmund Lazarus

Highlights of 2024

- Undertook the Board and Committee evaluation process, including a review of the current year outcomes and an update of the recommendations from the prior year process, with continuing focus on actions to address recommendations and enhance effectiveness.
- Review of Board and senior management succession planning.
- Oversight of the Chief Financial Officer appointment process.
- Review of the Board skills matrix and the roles and responsibilities of Directors to ensure that the Board has the right mix of skills, experience and knowledge.
- Continued development of the ESG strategy.
- Enhanced shareholder engagement across a wider investor community.

Focus areas for 2025

The Committee will focus on overseeing actions to address the outcomes of the Board evaluation, including:

- A review of long-term succession planning for the Board and senior management, and oversight of efforts to enhance diversity and inclusion.
- Board assessment of culture.

“In 2024, the Nomination Committee focused on the priorities raised in the prior year Board and Committee evaluation process, including succession planning, ESG strategy and shareholder engagement.

Katherine Innes Ker
Chair of the Nomination Committee

Dear shareholders

I am pleased to present the Nomination Committee Report of Stelrad Group plc for the year ended 31 December 2024 following my appointment as Chair of the Committee on 1 February 2024. This report summarises the activities of the Committee during the year and examines the future focus areas of the Committee.

Nomination Committee composition

The Committee's membership is detailed on page 62, and information on the Directors' experience and skill sets can be found in their biographies and the Board skills matrix on pages 58 and 59. At the financial year end, the Committee comprised a majority of independent Non-Executive Directors, complying with provision 17 of the 2018 Code.

Nomination Committee remit

The key responsibilities of the Nomination Committee are:

- to assist the Board in discharging its responsibilities relating to the composition and make-up of the Board and any Committees of the Board;
- to periodically review the Board's structure and identify potential candidates to be appointed as Directors or Committee members as the need may arise;
- to evaluate the balance of skills, knowledge and experience and the size, structure and composition of the Board and Committees of the Board, and retirements and appointments of additional and replacement Directors and Committee members, and to make appropriate recommendations to the Board on such matters;
- to assist the Chair in the annual evaluation of the Board's performance and to review the results relating to Board composition and performance;
- to put in place plans for the orderly succession of appointments to the Board and to senior management and to oversee the development of a diverse pipeline for succession, taking into account the importance of maintaining the Group's culture, the challenges and opportunities facing the Group, and the skills, experience and knowledge needed within the Group and on the Board; and
- to maintain an ongoing review of the Group's Equality, Diversity and Inclusion Policy and the progress in meeting its objectives for the Board, its Committees and the Group, recommending changes to the Board as appropriate.

Further details on the remit and responsibilities of the Committee can be found in its terms of reference. The terms of reference are reviewed at least annually and approved by the Board. The terms of reference can be found on our website, www.stelradplc.com.

Succession planning

This year has seen changes to the composition of the Board and its Committees, with the resignation of Annette Borén as Chief Financial Officer in June, the appointment of Leigh Wilcox to replace her as Chief Financial Officer in October, and my appointment as Non-Executive Director and Senior Independent Director in February.

One of the Nomination Committee's main activities during 2024 was overseeing the appointment of the Chief Financial Officer.

In line with the Company's Equality, Diversity and Inclusion Policy, both 2024 appointments were made on merit and against objective criteria, taking into consideration diversity of gender, social and ethnic backgrounds and cognitive and personal strengths. My appointment as Non-Executive Director and Senior Independent Director was undertaken using an external search consultant.

In the coming year, the Committee will continue to review the long-term succession planning for the Board to ensure that the composition of the Board and its Committees continues to be effective, with an appropriate balance of skills, experience, knowledge and diversity.

The Committee works closely with the Chief People Officer to identify and maintain pipelines of immediate, short-term and longer-term leadership potential within the senior management team, and is supported by the Chief People Officer in ongoing review of objectives and timeframes for Board succession planning.

Board member induction

A comprehensive and tailored induction plan was established for both Leigh Wilcox and me taking into account our respective considerable experience.

Diversity and inclusion

Diversity and inclusion continues to be a focus of the Committee, with a commitment to promoting diversity and inclusion on the Board. As set forth in the Board's Diversity and Inclusion Policy (see inset), which is reviewed annually, the Committee recognises the importance of diversity in its Board composition to ensure that it can draw upon a diverse range of experience, skills and knowledge in all aspects of the Board's discussions and decision making.

The Board's Diversity and Inclusion Policy also applies to the Nomination Committee, the Audit & Risk Committee and the Remuneration Committee.

The Committee has a robust process for identifying and evaluating potential Board candidates and continues to use search firms that are committed to identifying suitable Board candidates from diverse candidate pools.

Board diversity disclosures

Listing Rule 6.6.6(9)

As at the Company's chosen reference date, 31 December 2024, and in line with FCA Listing Rule 6.6.6(9), the Company has not met the target for at least 40% female membership on the Board or for one member of the Board to be from an ethnic minority background. However, it has met the target for one of the positions of Chair, Senior Independent Director, Chief Executive Officer or Chief Financial Officer to be held by a woman, with my appointment as Senior Independent Director. The overall diversity targets were not met in the year as the succession plans of the Group, including the recognition of diversity, will require time to materialise. Future evolution of the Board will continue to focus on broadening the diversity of its members.

Board Diversity and Inclusion Policy

To deliver on our purpose, it is essential that we foster diversity of thought and an environment where everyone is encouraged to bring their best and true selves to work.

The Board believes that better decision making and outcomes are achieved when people with differences of opinion and with different backgrounds come together with a common objective and shared ambition. As a Board, we monitor the implementation of the Group's diversity and inclusion policies, including relevant metrics, satisfying ourselves that the Group's culture is and remains aligned to its purpose, strategy and values.

"Diversity" describes all the characteristics, experiences and cultural influences that make each of us unique individuals. Our policy is to respect the diversity of all customers, colleagues, prospective colleagues, contractors and suppliers, and treat all fairly and equally regardless of characteristics. "Inclusion" means that all are welcome, and will be treated with respect and dignity in line with our values irrespective of their individual circumstances.

This policy on diversity and inclusion applies to the Board only but complements the Group's wider diversity policies, values, Code of Conduct and sustainability framework. The Board, supported by the Board Nomination Committee, will:

- encourage a diverse and inclusive working environment in the boardroom, where everyone is accepted and valued and receives fair treatment according to their different needs and situations without discrimination or prejudice;
- continue our journey towards greater diversity on the Board across all dimensions, including aspiring to reach greater representation of women and those of an ethnic minority background over time;
- consider all aspects of diversity when reviewing the Board's composition, skills, experience and overall balance, including when conducting the annual Board effectiveness review;
- oversee the development of a diverse pipeline for succession to the Board and ensure that all Board appointments are subject to a formal, rigorous and transparent procedure based on merit and objective criteria taking into account (among other things) factors such as diversity of gender, age, educational and professional background, social, ethnic and geographical background, and cognitive and personal strengths; and
- engage search firms which understand and agree to comply with the Group's values and approach to diversity in identifying suitable Board candidates from diverse candidate pools.

Board diversity disclosures continued

Data under Listing Rule 6.6.6(10)

In line with Listing Rule 6.6.6(10), as at the reference date of 31 December 2024, the composition of the Board and Executive Management was as follows, with members of the Board and the Executive Management team asked to complete a diversity disclosure form at year end.

	31 December 2024				
Gender identity	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management(1)	Percentage of Executive Management(1)
Men	**5**	**62.5%**	**3**	**3**	**60%**
Women	**2**	**25%**	**1**	**2**	**40%**
Not specified/prefer not to say	**1**	**12.5%**	**—**	**—**	**0%**

	31 December 2024				
Ethnic background	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management(1)	Percentage of Executive Management(1)
White British or other white (including minority white groups)	**7**	**87.5%**	**4**	**5**	**100%**
Not specified/prefer not to say	**1**	**12.5%**	**—**	**—**	**0%**

At 31 December 2023, the composition of the Board and Executive Management was as follows.

	31 December 2023				
Gender identity	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management(1)	Percentage of Executive Management(1)
Men	5	62.5%	2	3	60%
Women	3	37.5%	2	2	40%
Not specified/prefer not to say	—	0%	—	—	0%

	31 December 2023				
Ethnic background	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management(1)	Percentage of Executive Management(1)
White British or other white (including minority white groups)	8	100%	4	5	100%
Not specified/prefer not to say	—	0%	—	—	0%

(1) Stelrad has a flat structure, operating a decentralised model with local management teams in each of the key territories, supported by a small Group head office. The Company is treating its Group roles as Executive Management for the purpose of this reporting requirement and consists of the Chief Financial Officer, Chief People Officer, Group Operations Director, Group Finance Director and Group Strategic Marketing Director.

Board evaluation

The Committee has assisted the Chair in working with the Company Secretary to facilitate the content and process of a comprehensive internally managed Board and Committee evaluation in the second half of 2024. The results of the evaluation, along with an action plan for addressing any identified issues, were reported to the Board in December 2024, and the aspects relating to Board and Committee composition and performance were reviewed by the Committee.

This was the Board's third evaluation following the listing on the London Stock Exchange in October 2021. Overall, the results confirmed that the Board and its Committees were operating effectively. Following review by the Nomination Committee, the findings have been presented to the Board to agree actions for addressing the recommendations of the evaluation. In summary, key areas of focus identified by the evaluation include:

- succession planning for the CEO and Chair;
- Board assessment of culture and behaviours; and
- training and development of individual Directors.

Progress following the 2023 Board evaluation

Additionally in the year, the Board reflected on its progress made against the outcomes from the 2023 Board evaluation. The overall outcome of the 2023 evaluation was very positive and indicated that the Board was running effectively. While the outcome of the evaluation showed that the Board, its Committees and the Board members operated professionally and in an open and transparent manner, the Board developed an action plan based on the outcomes, designed to enhance further the effectiveness of the Board. Following the discussions of the Nomination Committee, several key themes were highlighted for focus during 2024, including in the areas of succession planning for senior management and the Board, ESG strategy development and stakeholder engagement. The following table summarises progress in these areas of focus.

Area of focus	Progress
Succession planning	The Board continues to focus on succession planning, both at an executive and senior management level. During 2024, consideration was given to the Chair and Chief Executive positions, due to their important role in providing external oversight and strategic operational leadership, respectively. The Board successfully appointed a new Senior Independent Director in January 2024, and a new Chief Financial Officer in October 2024. Both appointments have further strengthened the Board by providing both diverse senior leadership and industry experience. Meetings of the Nomination Committee continue to focus on all aspects of succession planning to ensure the Board has a sufficient mix of independence and diversity moving forward.
ESG strategy development	The Board received an overview on the developments of ESG strategy over the course of 2024. Certain Group subsidiaries will commence reporting against the EU Corporate Sustainability Reporting Directive in respect of the financial year commencing 1 January 2025. Group functions will provide significant input to align the EU reporting with Group strategy in this area. Climate-related risks continue to be monitored as part of the Group's risk register.
Stakeholder engagement	The Board has reviewed its workforce engagement arrangements and agreed that "alternate arrangements" under the Code remained appropriate for the Group. In July 2024 the Board visited the Company's site in Turkey where key individuals of the business were met. The Board is comprehensively briefed on external stakeholder engagement via reports and standard agenda items to the Board. Enhanced engagement with the wider investor community remains a priority for the Board and was supported by the Group's first Capital Markets Day in November 2024, attended by the Executive Management team and senior leaders within the business.

Committee meetings and agenda

The Committee meets as often as needed and, in any case, no less than twice per year, depending on circumstances, to ensure it is discharging its duties as a Committee in full and in accordance with its terms of reference. The Committee held two scheduled meetings and two additional unscheduled meetings during the year ended 31 December 2024.

Agenda items for the Committee's meetings during the year ended 31 December 2024 included:

- review of the Board's composition and the diversity of Directors' skills;
- review of Directors' time commitments and time available to dedicate to the role;
- review of the Board Diversity and Inclusion Policy and the Group Equality, Diversity and Inclusion Policy;
- succession planning for Executive Directors and Non-Executive Directors of the Board;
- oversight of the appointment of the Senior Independent Director and the Chief Financial Officer; and
- the 2024 Board and Committee evaluation process, including a review of the current year outcomes and an update of the prior year recommendations, initiated by the Company Secretary.

The Committee's future focus will continue to include consideration of these topics as well as the areas of focus identified in the Board evaluations.

Annual re-election of Directors

As required by the 2018 UK Corporate Governance Code, all Directors will be subject to re-election at the next AGM. The Committee has considered each of the current Board members in the context of re-election and is satisfied that each Director has dedicated sufficient time to their duties and that they have shown commitment to their role. Acting on the Committee's advice, the Board recommends that each Director be re-elected.

Katherine Innes Ker
Chair of the Nomination Committee
7 March 2025

Overseeing how we reward our people

Committee members

Nicola Bruce (Chair)

Martin Payne

Katherine Innes Ker (appointed 1 February 2024)

Highlights of 2024

- Review of Directors' Remuneration Policy in advance of the triennial review at the 2025 AGM.
- Setting incentive targets and determining incentive outcomes for Executive Directors and senior management, including the addition of ESG measures to our remuneration arrangements for 2024.
- Review of total remuneration outcomes for Executive Directors and senior management, and their alignment with strategy.
- Determination of remuneration arrangements in relation to CFO change.

Focus areas for 2025

- Setting incentive targets and determining incentive outcomes for Executive Directors and senior management.
- Monitoring the ongoing effectiveness of strategic measures in remuneration.
- Oversight of wider workforce remuneration and policies.

"

2024 has seen the review of the Directors' Remuneration Policy in advance of the triennial renewal at the 2025 AGM.

Nicola Bruce
Chair of the Remuneration Committee

Annual Statement by the Remuneration Committee Chair

Dear shareholders

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2024.

This report consists of three sections:

- the Annual Statement and associated high-level summary (Remuneration at a glance), including our proposed implementation of the Policy for Executive Directors in 2025;
- the Directors' Remuneration Policy that is being put forward for shareholder approval at the 2025 AGM; and
- the Annual Report on Remuneration, which outlines the decisions made by the Remuneration Committee (the "Committee") and payments made to Directors in respect of 2024, describing the link between Company performance and remuneration for 2024.

Our new Directors' Remuneration Policy

Our current Remuneration Policy was approved at the 2022 AGM, with over 99% of the votes cast being in favour of the resolution. In line with the usual three-year cycle, a new Policy is now being put forward for shareholder approval at the 2025 AGM. During 2024, we have reviewed the Policy to ensure that it continues to support the delivery of our strategy and future plans, considering developments in best practice, with the objective of rewarding management fairly and in line with investor expectations. We also considered the requirements of the updated Corporate Governance Code, which applies from 1 January 2025, to ensure our ongoing compliance with the Code.

The conclusion of our review was that the Policy approved in 2022 remains largely fit for purpose. We are therefore proposing only a small number of changes in the new Policy, with no changes to the overall structure of remuneration. An extensive shareholder consultation has been carried out with the majority of Stelrad's shareholder register to gather views and feedback, which were carefully considered in developing and finalising the new Policy.

The key change that we are proposing is the creation of additional headroom for exceptional circumstances for both the annual bonus and LTIP awards. For both the annual bonus and LTIP, the ordinary maximum of 125% and 150% of salary respectively will remain. Shareholders will note that in 2025, the annual bonus will remain at a maximum of 125% of salary, and an LTIP of 50% of salary will be awarded (below the current and proposed ordinary maximum of 150% of salary). However, in line with market practice, the Committee believes it is sensible to create headroom for exceptional circumstances for an award of up to 150% of salary for the annual bonus and up to 200% of salary for the LTIP. In line with the current Policy, a minimum of 70% of weighting for the Annual Bonus Plan will be based on financial measures and a minimum of 70% of weighting for the LTIP will be based on financial and market-based measures.

The “Remuneration at a glance” table later in this report summarises the key differences between the Policy approved in 2022 and the Policy for which approval will be sought at the 2025 AGM which has been received positively by the majority of shareholders. We are proposing some additional, more minor changes to the Policy to aid its practical implementation and to take account of latest market developments since the last approval of the Policy in 2022.

Board changes in 2024

As has been reported elsewhere, Leigh Wilcox was appointed to the Board as Chief Financial Officer on 1 October 2024, having served as Interim CFO since 1 July 2024. Following an external benchmarking exercise, his salary on appointment was set at £260,000, the same level as the outgoing CFO, Annette Borén. This was set having regard to his relative experience and is towards the lower end of the market competitive range for the role. For January 2025, Leigh will receive an annual salary increase in line with that awarded to the majority of the UK workforce for the year. Leigh receives a salary supplement of 9% of salary in lieu of pension contributions. This has been reduced from 11% which applied prior to his appointment to the Board, in order to align his pension contribution level with the majority of the UK workforce. Details of the bonus earned are included later in this report.

Annette Borén stepped down from the Board on 30 June 2024. Annette’s remuneration earned up to that date is included in the single total figure of remuneration, with information on certain other payments included later in the report. Annette was not entitled to earn a bonus in respect of the six months of the year for which she was in service and the LTIP award granted to her in 2024 lapsed when she left the business. In line with the Policy, Annette retains the deferred bonus that she was awarded in March 2024 in respect of performance in 2023 and which was not subject to any further performance conditions; the award will remain subject to its original deferral period and will vest in March 2026.

On 1 February 2024, Katherine Innes Ker joined the Board and the Committee.

Remuneration outcomes in 2024

The key highlights of the performance of the business during the year can be found in the Strategic Report on pages 1 to 56.

Fixed remuneration

Trevor Harvey’s salary was increased to £535,600 with effect from 1 January 2024. This incorporated the agreed increase of 4% with effect from 1 January 2023, which Trevor had opted to defer, and an increase of 4% for 2024 in line with the increase awarded to the majority of the UK workforce.

Annual bonus

The Annual Bonus Plan (“ABP”) structure for 2024 reflected the Policy approved at the 2022 AGM. The outturn is summarised in the “Remuneration at a glance” table, with full details of the targets and performance against them set out on page 87. Based on the performance delivered, bonuses were earned at the level of 53.3% of the maximum.

In line with the reporting requirements, the bonus awarded to Leigh Wilcox in respect of the period from his appointment to the Board on 1 October 2024 is included in the single total figure of remuneration. Annette Borén was not eligible to earn a bonus for 2024.

As per the rules of our Deferred Share Bonus Plan, 75% of Executive Director annual bonuses will be paid in cash, with the remaining 25% deferred and held in Stelrad shares for two years.

LTIP vesting in respect of performance in 2024

A Long Term Incentive Plan (“LTIP”) is in place for Executive Directors and other members of senior management. The first awards under the LTIP were granted in May 2022 with vesting based on EPS and relative TSR performance conditions assessed over the three financial years 2022, 2023 and 2024.

The May 2022 awards were issued before the significant impact of the current macroeconomic crisis materialised. Due to the high inflationary environment that has followed, a significant drop in demand and a rise in interest rates, the targets were not met. Full details of the targets and the performance against them are set out later in this report. The threshold levels of performance were not achieved and these awards have lapsed in full.

LTIP granted in 2024

Our LTIP Policy permits the grant of LTIP awards at the level of up to 150% of salary. In 2024, an award of 50% of salary was granted. The performance conditions are summarised in the “Remuneration at a glance” table, with details set out later in this report.

Wider workforce remuneration in 2024

The Group supports the collective bargaining process in the UK, Turkey, the Netherlands and Italy with local employee representation where appropriate. We adhere to the outcome of national collective agreements regarding pay, and implement these according to the earliest appropriate timescales. We also keep under regular review the non-pay-related benefits offered to our employees to ensure these remain competitive and of value to our workforce. At Stelrad, we consider that our workforce is our most important asset and in 2024, as part of the ESG component of our Annual Bonus Plan for Executive Directors, we introduced a metric relating to labour turnover.

Implementation of the Policy in 2025

Our approach to Executive Directors’ remuneration for 2025 is summarised in the “Remuneration at a glance” table, with further information contained later in this report. Both our CEO and CFO will receive an annual salary increase for 2025 of 3%, in line with the increase awarded to the UK workforce, and both will participate in our Annual Bonus Plan, with a maximum potential bonus of up to 125% of salary for the delivery of stretching and ambitious targets. In addition, an LTIP grant of 50% of salary will be awarded in the first half of 2025.

Share plans

We are proposing to make a small number of changes to the rules of our LTIP and Deferred Share Bonus Plan rules, to reflect changes in practice since they were first adopted and to aid their practical operation. Shareholder approval for some of these changes is required and resolutions will be proposed at the 2025 AGM.

Annual Statement by the Remuneration Committee Chair continued

Conclusion

I trust the information presented in this report enables our shareholders to understand both how we have operated our Directors' Remuneration Policy over the year and our rationale for decision making. We regularly review our Remuneration Policy and practice to ensure that it remains aligned with our business strategy and the evolving regulatory landscape. We believe that the Policy has operated as intended and we consider that the remuneration received by the Executive Directors during the year was appropriate, taking into account Group and personal performance, as well as the experience of all stakeholders. No discretion was applied, either upwards or downwards, to reward outcomes in respect of the year ended 31 December 2024.

We remain committed to maintaining a clear, open and transparent dialogue with our shareholders on executive remuneration.

On behalf of the Board, I would like to thank shareholders for their continued support and I hope that you will support the resolutions requesting approval of the new Policy, the Annual Report on Remuneration, and the changes to the LTIP and DSBP rules at this year's Annual General Meeting on 21 May 2025.

Nicola Bruce
Chair of the Remuneration Committee
7 March 2025

This report has been prepared in accordance with the applicable remuneration reporting regulations, the FCA Listing Rules and the UK Corporate Governance Code.

Remuneration at a glance

Key differences between the Policy approved in 2022 and the Policy for which approval will be sought at the 2025 AGM, along with proposed implementation of the Policy in 2025

Element of pay	Implementation in 2024	Key policy changes and proposed implementation for 2025
Fixed remuneration		
Base salary	Trevor Harvey's salary increased to £535,600 after implementation of the deferred 2023 increase, and the subsequent increase of 4% for 2024 in line with the increase awarded to the majority of the UK workforce. Annette Borén's salary remained at £260,000. Leigh Wilcox was appointed to the Board as CFO on 1 October 2024 on a salary of £260,000.	**Policy** No significant changes to Policy. **2025 implementation** An increase of 3% will be applied with effect from 1 January 2025 in line with the increases awarded to the majority of the UK workforce, taking the CEO salary to £551,668 and the CFO salary to £267,800.
Pension	The Executive Directors receive a salary supplement in lieu of pension contribution of 9% of salary.	**Policy** No significant changes to Policy. **2025 implementation** 9% of salary.
Benefits	Each Executive Director receives the benefit of a life assurance scheme, private health cover and a car allowance. Trevor Harvey also benefits from the reimbursement of fuel expenses.	**Policy** No significant changes to Policy. **2025 implementation** No changes proposed to the benefits provided.

Element of pay	Implementation in 2024	Key policy changes and proposed implementation for 2025

Variable pay

ABP

Implementation in 2024

Maximum opportunity of up to 125% of salary:

Performance measure	Weighting	Outturn
Adjusted operating profit	70%	46.7% of maximum
Adjusted cash flow from operations	20%	0.0% of maximum
ESG	10%*	6.6% of maximum

* 50% based on the recycled content of packaging material used and 50% based on voluntary labour turnover.

Details of the performance measures and targets are set out later in this report. Based on the performance delivered, the overall outturn was 53.3% of maximum resulting in a bonus of £357,000 being earned by Trevor Harvey and a bonus of £43,000 being earned by Leigh Wilcox in respect of the period since his appointment to the Board.

75% of the annual bonus will be paid in cash, with the remaining 25% delivered as Stelrad shares and deferred for two years.

Key policy changes and proposed implementation for 2025

Policy

The maximum ABP opportunity in the Policy approved in 2022 was 125% of salary with a minimum of 70% of the award being dependent on financial measures. In the new Policy, this ordinary maximum is retained. However, to provide appropriate flexibility over the new Policy's three-year life, it incorporates the provision to award an annual bonus of up to 150% of salary in exceptional circumstances, with a continued minimum of 70% of the award being dependent on financial measures. This additional headroom will not be used for 2025.

A two-year deferral will continue to apply in respect of 25% of any bonus earned.

Bonus awards will remain subject to malus and clawback provisions, which have been enhanced with the inclusion of additional "triggers" to their application of fraud or dishonesty, conduct resulting in significant losses, and material downturn in financial performance (to align with the pre-existing incentive plan rules).

2025 implementation

For 2025, the maximum opportunity will again be 125% of base salary.

Performance measures and weightings will be the same as for 2024, with the cash flow measure and ESG component continuing to be underpinned by the target Group adjusted operating profit measure.

Details of the targets will be disclosed once the 2025 ABP outturn has been determined, as with the 2024 ABP performance targets later in this report.

75% of the annual bonus will be paid in cash, with the remaining 25% delivered as Stelrad shares and deferred for two years.

LTIP

Implementation in 2024

The threshold levels of EPS and relative TSR performance for the LTIP awards vesting by reference to performance in 2024 were not achieved and those awards have lapsed in full. Further details are set out later in this report.

An LTIP award was granted to Trevor Harvey in March 2024 at the level of 50% of salary vesting by reference to adjusted EPS targets (80% of the awards) and relative TSR (20% of the awards) assessed over a three-year period to 31 December 2026. Leigh Wilcox's award of 50% of salary was granted prior to his appointment as Interim CFO and, in line with awards to other below-Board participants, will vest based on EPS targets only. Details of the targets are set out later in this report.

Key policy changes and proposed implementation for 2025

Policy

The maximum LTIP opportunity in the Policy approved in 2022 was 150% of salary with a minimum of 70% of the award being dependent on financial and market-based measures. In the new Policy, this ordinary maximum is retained. However, to provide appropriate flexibility over the new Policy's three-year life, it incorporates the provision to award an annual LTIP grant of up to 200% of salary in exceptional circumstances with a continued minimum of 70% of the award being dependent on financial measures. This additional headroom will not be used for 2025.

LTIP awards will remain subject to malus and clawback provisions, which have been enhanced by the inclusion of additional "triggers", referred to above in relation to the annual bonus.

2025 implementation

LTIP awards will be granted in 2025 with Executive Director awards granted at the level of up to 50% of salary vesting by reference to adjusted EPS targets (80% of the award) and relative TSR (20% of the award) assessed over a three-year period and subject to a post-vesting two-year holding period.

Remuneration Policy

The Directors' Remuneration Policy (the "Policy") as detailed below is subject to shareholder approval at the AGM on 21 May 2025 and will apply for a period of three years thereafter unless a new Policy is approved by the Company's shareholders prior to expiry.

The differences between the Directors' Remuneration Policy approved at the AGM on 16 May 2022 and this Policy are described in the "Remuneration at a glance" section earlier in this report.

Corporate Governance Code principles

The table below reflects how the Remuneration Policy fulfils the factors set out in provision 40 of the 2018 UK Corporate Governance Code.

Criteria	Approach
Clarity – Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The Committee operates a consistent remuneration approach that is well understood internally and externally. As described in the Annual Statement by the Remuneration Committee Chair, we consulted with our Major Shareholders in connection with this Policy, and took into account feedback received in finalising our approach.
Simplicity – Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	Our remuneration arrangements for Executive Directors are based on a market-standard remuneration structure consisting of fixed pay, an annual bonus and a single long-term incentive. This design is simple in nature and well understood by participants as well as other stakeholders.
Risk – 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.	Targets are reviewed annually to ensure they are adequately stretching yet achievable without encouraging excessive risk taking. Using recovery provisions or discretion, the Committee retains the ability to override formulaic incentive outcomes in the event that these produce a result inconsistent with the Group's remuneration principles.
Alignment to culture – Incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	The variable incentive schemes and performance measures are designed to be consistent with the Group's purpose, values and strategy. We believe that aligning remuneration practices across the business is a key element of supporting our culture, fulfilling our values and being a strong driver of business performance.
Predictability – 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.	The Committee maintains clear caps on incentive opportunities and will use its available discretion if necessary. The potential value and composition of the Executive Directors' remuneration packages at below threshold, target and maximum scenarios are provided in the illustrations on page 85.
Proportionality – The link between individual awards, the delivery of strategy and the long-term performance of the Group should be clear. Outcomes should not reward poor performance.	Executives are incentivised to achieve stretching targets over annual and three-year performance periods. The Committee assesses performance holistically at the end of each period, taking into account underlying business performance and the internal and external context to ensure that pay outcomes are appropriate and reflective of overall performance.

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	To provide competitive fixed remuneration. To attract, retain and motivate Executive Directors of the calibre required to deliver the Group's strategy.	An Executive Director's salary takes into account the individual's professional experience, individual performance, level of responsibility and the scope and nature of their role and is set with reference to market. Base salaries will typically be reviewed on an annual basis.	Any Executive Director salary increases will not normally exceed those of the majority of the Group's employees in percentage of salary terms. Higher increases may be awarded in appropriate circumstances, including, but not limited to: • where an Executive Director has been promoted or has had a change in scope or responsibility; • taking account of competitive salary levels and market forces; • reflecting an individual's development or performance in role; and • where there has been a change in the size and/or complexity of the business.	Not applicable.
Benefits and pension	To provide market competitive levels of employment benefits.	Executive Directors may receive a contribution to a pension arrangement and/or a salary supplement in lieu of some or all of the pension contribution. Other benefits may include participation in a life assurance scheme, private health cover (including for an Executive Director's spouse or civil partner and dependants), a car allowance and the reimbursement of fuel expenses. Additional benefits or allowances may be provided based on individual circumstances.	The maximum pension contribution (and/or salary supplement) will not exceed the contribution available to the wider workforce as determined by the Remuneration Committee (currently 9% in the UK). The benefits package is set at a level which the Committee considers provides an appropriate level of benefits for the role and is appropriate in the context of the benefits offered to the wider workforce or to comparable roles in companies of a similar size and complexity.	Not applicable.

Remuneration Policy continued

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
ABP and DSBP	To reward the year on year achievement of demanding performance metrics.	Performance measures, weightings and targets are reviewed annually by the Committee and may be changed from time to time. No more than 75% of the annual bonus will be paid out as cash after the end of the financial year. The remainder will be issued as awards under the DSBP. DSBP awards will be in the form of conditional awards or nil-cost options with awards normally vesting after two years. Under the DSBP, an additional payment, normally in shares, may be made equal to the value of dividends which would have accrued on vested shares between the grant date and date of vesting. Malus and clawback provisions apply.	The usual maximum annual bonus opportunity is up to 125% of base salary. An annual bonus opportunity of up to 150% of base salary may be awarded in circumstances considered by the Committee to be exceptional, such as in connection with recruitment or a change in the size and/or complexity of the business.	Performance conditions may be based on financial or strategic measures, provided that a minimum 70% weighting will be associated with financial targets. For any financial measure, up to 25% of the maximum may be earned for threshold performance, rising to 50% for achieving a target level of performance and to 100% for meeting or exceeding the maximum level of performance. For any non-financial measure, the amount that may be earned shall be determined between 0% and 100% of the maximum depending upon the Committee's assessment of the extent to which the relevant measure is achieved. The Board will determine the actual bonus outcome based on achievement against predetermined targets. Actual targets, performance achieved and awards made will be published at the end of the performance period.

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
LTIP	To provide a direct link to the achievement of sustainable performance over the longer term.	Awards will be in the form of conditional awards or nil-cost options with vesting subject to the achievement of performance conditions determined by the Committee at the time of grant. The measurement period for the performance conditions for LTIP awards will normally be a period of three financial years. Additionally, a two-year post-vesting holding period will normally apply at the end of each relevant vesting period for Executive Directors. This may be operated on the basis that the Executive Director: (1) is not ordinarily entitled to acquire the vested shares until the end of the holding period; or (2) is entitled to acquire the vested shares after vesting but that other than as regards sales to cover tax and associated liabilities is not ordinarily able to dispose of shares until the end of the holding period. An additional payment, normally in shares, may be made equal to the value of dividends which would have accrued on vested shares between the grant date and date of vesting or, if the post-vesting holding period is operated on the basis that shares cannot be acquired until it has ended, the date on which that period ends. Malus and clawback provisions apply.	The usual maximum annual LTIP award is up to 150% of base salary. Awards of up to 200% of base salary may be awarded in circumstances considered by the Committee to be exceptional, such as in connection with recruitment or a change in the size and/or complexity of the business.	The Committee will determine the appropriate performance conditions prior to grant each year, to align with the Company's longer-term strategy. Performance conditions may include financial, market-based and/or non-financial measures. Financial and market-based measures will account for at least 70% of the total award. Up to 25% of an award will vest for achieving a threshold level of performance, increasing to 100% vesting for achieving or exceeding the maximum level of performance.
Share ownership guidelines	To provide long-term alignment between Executive Directors and shareholders.	Executive Directors are expected to build up and then subsequently hold a shareholding equivalent to 200% of base salary. Shares subject to DSBP awards and to LTIP awards in a holding period count towards the guideline on a net of assumed tax basis. Following cessation of employment (or, if relevant and the Committee so determines, following the date on which the Executive Director steps down from the Board), Executive Directors will also be required to retain for two years the lower of: (i) the 200% shareholding requirement; and (ii) the shares accumulated toward the shareholding requirement that have been granted under the LTIP and the DSBP from 2022 onwards, at the date of termination. The Committee retains discretion to vary the application of the guidelines in exceptional circumstances.	Progress against the shareholding requirement will be reviewed by the Committee annually.	Not applicable.

Remuneration Policy continued

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Non-Executive Director fees	To attract and retain Non-Executive Directors of a high calibre with relevant commercial and other experience.	Non-Executive Directors receive a base fee and additional fees for acting as Senior Independent Director or Chair of the Board Committees and for membership of Board Committees (or to reflect any additional time commitments – subject to approval from the Chair). The Chair receives an annual fee with additional fees payable to reflect additional time commitment in certain circumstances, such as in periods of exceptionally high activity – subject to approval. Fees are typically reviewed annually, taking into account the time commitment requirements and responsibility of the individual roles, and after reviewing practice in other comparable companies. The fee paid to the Chair is determined by the Committee, while the fees for other Non-Executive Directors are determined by the Board as a whole. The Company will reimburse any reasonable expenses incurred (and any tax thereon). The Chair and Non-Executive Directors may also receive benefits related to the carrying out of their roles.	For the Non-Executive Directors, there is no prescribed maximum annual increase. The maximum aggregate remuneration paid to the Chair of the Company and the Non-Executive Directors is set within the Company's Articles of Association, as amended from time to time or as otherwise approved by shareholders. Actual fee levels are disclosed in the Annual Report on Remuneration for the relevant financial year.	Not applicable.

Payments from previously agreed remuneration arrangements

The Committee reserves the right to make any remuneration payments or payments for loss of office (including in either case exercising any discretion available to it in relation to the payment) where the terms of the payment were agreed: (i) before the Policy came into effect provided, in the case of any payment agreed after 16 May 2022, that the payment is consistent with the Policy approved at the Company's 2022 Annual General Meeting; or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. Details of any such payments will be set out in the Annual Report on Remuneration as they arise. For these purposes, "payments" includes the satisfaction of awards of variable remuneration and, in relation to an award of variable remuneration (including an award over shares), the terms of the payment are agreed at the time the award is granted.

Malus and clawback provisions

Consistent with best practice, malus and clawback will be used at the Committee's discretion in relation to ABP, DSBP and LTIP awards. Malus permits the Company to reduce the amount of any unvested award, including awards in holding periods. Clawback permits the Company to reduce the amount of any vested award or any future salary or bonus and also requires the employee to pay back amounts.

Malus and clawback may be applied at any time before an award vests (or would have vested but for the operation of any holding period) or for three years after vesting in the following circumstances: material misstatement of the results of the Group, errors or inaccuracies or misleading information leading to incorrect grant or vesting of the award, misconduct or fraud or dishonesty, conduct resulting in significant losses, material downturn in financial performance or failure of risk management by the Group, corporate failure (e.g. administration or liquidation) or any other circumstance which in the opinion of the Committee could have a significantly adverse impact on the Group's reputation.

Remuneration Committee discretion

The Committee may make minor revisions to the Policy without obtaining shareholder approval. Further, there are a number of specific areas in which the Committee may exercise discretion, including:

- to vary the ABP and LTIP performance measures and weightings each year to reflect strategic priorities;
- to adjust the formulaic ABP and LTIP outcomes, positively or negatively, based on a holistic assessment of Company performance, to ensure that the final outcome is a fair and true reflection of underlying business performance and stakeholder experience;
- to adjust the performance conditions for in-flight LTIP awards in appropriate circumstances, provided the new conditions are no tougher or easier than the original conditions were intended to be at the time;
- to adjust in-flight LTIP awards in the event of a variation of the Company's share capital or a demerger, delisting, special dividend, rights issue or other event, which may, in the Committee's opinion, affect the current or future value of awards; and
- to settle awards in cash (for example where there is a regulatory restriction on the delivery of shares or in respect of the tax liability arising in respect of an award).

All discretions available under the rules of any share plan operated by the Company will be available under this Policy, except where expressly limited under this Policy.

The exercise of any Committee discretion will be disclosed in the relevant year's Annual Report on Remuneration.

Performance measures and targets

For each financial year, appropriate performance measures and their respective weightings will be selected by the Committee for both the ABP and the LTIP. The selection of measures will be guided by and aligned to the Group's strategy and also take into account multiple reference points, including internal and broker forecasts. The approach to performance measures for the 2025 ABP and LTIP awards is described in the "Remuneration at a glance" section earlier in this report.

Service agreements and letters of appointment

The Committee's policy for setting notice periods is that a period of up to twelve months will apply.

Name	Position	Date of service agreement	Notice period by Company (months)	Notice period by Director (months)
Trevor Harvey	CEO	22 October 2021	12	12
Leigh Wilcox	CFO	1 October 2024	6	6

The Non-Executive Directors of the Company (including the Chair) are appointed by letters of appointment. Their terms are subject to their re-election by the Company's shareholders at any AGM at which the Non-Executive Directors stand for re-election (in accordance with the Company's Articles of Association). The details of each Non-Executive Director's current terms are set out below:

Name	Date of appointment
Bob Ellis	8 October 2021
Edmund Lazarus	8 October 2021
Nicholas Armstrong	8 October 2021
Nicola Bruce	22 October 2021
Martin Payne	22 October 2021
Katherine Innes Ker	1 February 2024

Remuneration policy on recruitment

On recruitment, the Committee would seek to align the remuneration package with the policy approved by shareholders. When determining a remuneration package for a new Executive Director, the Committee will consider the relevant skills and experience of the individual as well as the internal and external market conditions. Incentive opportunities will not exceed the amounts permitted in accordance with the "Policy table" (being up to 150% of salary for the annual bonus and up to 200% of salary for the LTIP).

Other elements of remuneration may be awarded in appropriate circumstances, which may include the following:

- an interim appointment being made to fill an Executive Director role on a short-term basis;
- if exceptional circumstances require that the Chair or a Non-Executive Director takes on an executive function on a short-term basis; or
- if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration referred to above, the quantum in respect of the months employed during the year may be transferred to the following year so that reward is provided on a fair and appropriate basis.

Additionally, the Committee will have the ability to buy out any remuneration forfeited from a previous employment or engagement. Any such award will typically be structured on a like-for-like basis to the remuneration forfeited. The Committee will seek to use the current remuneration structure in making such awards, but in some cases it may be required to use the flexibility afforded by Listing Rule 9.3.2, if appropriate. Shareholders will be informed of any such awards or payments at the time of appointment.

Remuneration Policy *continued*

Remuneration policy on termination

In the event of termination, any payments will be in accordance with the terms of the Executive Director's service contract with the Company, having regard to all of the relevant facts and circumstances available at that time. The Committee may choose to make a payment in lieu of notice. The Committee retains discretion to continue to provide benefits during any notice period which would have otherwise applied.

The annual bonus may be payable in respect of the proportion of the year worked by the Director, at the Committee's discretion. There is no provision for an amount in lieu of bonus to be payable for any part of the notice period not worked. The bonus would ordinarily be payable at the normal date and would be subject to deferral provisions under the terms of the plan, although the Committee retains discretion to pay the bonus early (and to assess performance accordingly) and to disapply or vary the deferral provisions in compassionate circumstances.

Deferred bonus awards granted under the DSBP are governed by the DSBP rules which contain discretionary good leaver provisions for designated reasons (that is, participants who leave early on account of death, ill health, injury, disability, sale of their employing company or business unit, retirement with the agreement of the Company, or any other reason at the discretion of the Committee). In these circumstances, a participant's awards will not be forfeited on cessation of employment and instead will vest on the normal vesting date or such earlier date that the Committee may determine.

Long-term incentives granted under the LTIP are governed by the LTIP rules which contain discretionary good leaver provisions for designated reasons (that is, participants who leave early on account of death, ill health, injury, disability, sale of their employing company or business unit, retirement with the agreement of the Company, or any other reason at the discretion of the Committee). In these circumstances, a participant's awards will not be forfeited on cessation of employment and instead will vest on the normal vesting date or such earlier date to the extent that the Committee may determine. In either case, the extent to which the awards will vest depends on the extent to which the Committee considers that the performance conditions have been satisfied or are likely to be satisfied by the end of the performance period and a pro rata reduction of the awards will be applied by reference to the time of cessation (although the Committee has discretion to disapply time pro-rating if it considers that the circumstances warrant it). All other leavers would forfeit all outstanding awards. In respect of vested LTIP awards that are still subject to a holding period, the holding period will continue to apply unless the Committee determines otherwise, taking into account the circumstances at the time.

In appropriate circumstances, payments may also be made in respect of accrued holiday and outplacement and legal fees. The Committee may also agree that certain benefits (such as health cover) may be continued for a reasonable period following cessation of employment.

On a change of control, the payment of any annual bonus will be at the Committee's discretion. DSBP awards will normally vest immediately on a change of control. LTIP awards will normally vest immediately on a change of control, with a pro rata reduction for time served (although the Committee has discretion to disapply time pro-rating if it considers that the circumstances warrant it). The Committee will use its discretion to determine the extent to which the LTIP performance conditions have been met at the time of change of control. Alternatively, participants may choose, or at the discretion of the Committee may be required, to accept an exchange for new equivalent awards in the acquiring company, in respect of the DSBP and/or the LTIP.

Remuneration policy for other employees

The reward package for the Group's wider workforce is based on the principle that it should enable the Group to attract and retain the best talent, rewarding employees for their contribution to Group performance. It is driven by local market practice as well as level of seniority and accountability of each role. There is alignment in the pay structures for executives and the wider workforce, in the way that remuneration principles are followed as well as the mechanics of the salary review process and incentive plan design, which are broadly consistent throughout the organisation.

Statement of consideration of employment conditions elsewhere in the Group

The Committee has responsibility for reviewing remuneration and related policies applicable to the wider workforce. To support this, the Committee is periodically briefed on the structure and quantum of the all-employee remuneration as well as being informed about the context, challenges and opportunities related to wider workforce remuneration topics. This enables the Committee to take the wider workforce into account when setting the policy for executive remuneration. The Committee receives insights from the broader employee population via regular briefings from the Company. When considering salary increases for the Executive Directors, the Committee considers the general level of salary increase across the Group and in the external market.

Statement of consideration of shareholder views

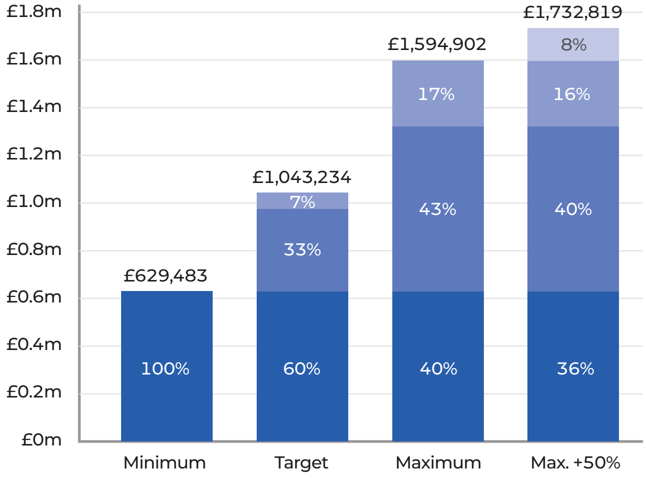
An extensive shareholder consultation was carried out with the majority of Stelrad's shareholder register to gather views and feedback in relation to this Policy, which have been carefully considered in developing and finalising the Policy.

The Major Shareholder is entitled to nominate an observer to the Remuneration Committee, subject to the terms of the shareholder agreement outlined in the Prospectus at the time of admission.

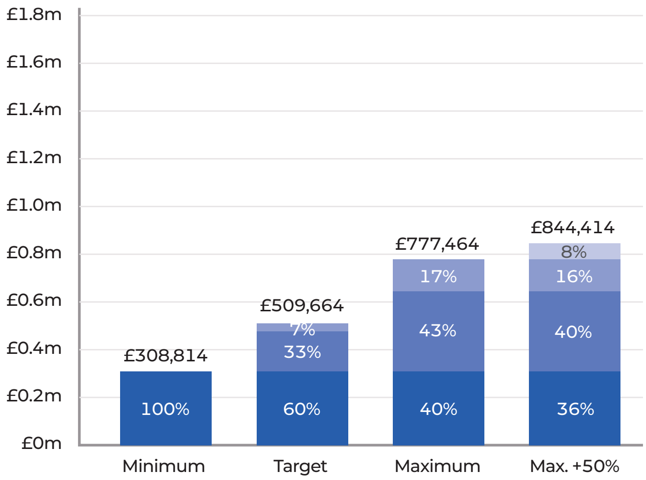
Illustration of the application of the Remuneration Policy

The charts opposite indicate the level of remuneration receivable by the Executive Directors in accordance with the Policy as it is proposed to be applied in 2025. The charts contain separate bars representing: (i) minimum performance (fixed pay); (ii) target performance; (iii) maximum performance; and (iv) maximum performance plus 50% share price appreciation. The charts exclude the effect of any Company share price appreciation except in the maximum plus 50% scenario.

Trevor Harvey



Leigh Wilcox



Minimum or fixed pay comprises base salary, 9% of salary supplement in lieu of pension contribution and an assumed value of benefits in 2025 based on the 2024 benefits in the case of Trevor Harvey and the 2024 benefits for Leigh Wilcox annualised to give a full year value.

Target comprises fixed pay, plus an ABP pay-out of 50% of the maximum (i.e. 62.5% of salary) and an LTIP vesting level of 25% of the maximum (i.e. 12.5% of salary).

Maximum comprises fixed pay, plus full ABP pay-out (i.e. 125% of salary) and full LTIP vesting (i.e. 50% of salary).

Maximum plus 50% comprises fixed pay, plus full ABP pay-out and full LTIP vesting plus 50% share price appreciation.

Annual Report on Remuneration

The following section sets out our Annual Report on Remuneration and outlines how the Policy was implemented in 2024. The Annual Report on Remuneration will be subject to an advisory shareholder vote at the AGM to be held on 21 May 2025.

Some sections of this report have been reported on by the auditors and are thus clearly indicated as audited. All other information in this report is unaudited.

Membership and meetings of the Remuneration Committee

Membership during 2024 comprised the Committee Chair (Nicola Bruce), who is an independent Non-Executive Director, and two further independent Non-Executive Directors (Katherine Innes Ker and Martin Payne) with support from the Group's Company Secretary. Katherine Innes Ker joined the Board and the Committee on 1 February 2024. The Committee receives assistance from the Group's Chief People Officer, who regularly attends meetings by invitation. The CEO also attends by invitation. The Committee will keep its composition under review to ensure it remains appropriate. The Board is satisfied that the Committee has the competence and experience necessary to discharge its duties effectively. Details of the Directors' experience and skill sets can be found in the Director biographies on pages 58 and 59.

The Major Shareholder remains entitled to nominate an observer to the Remuneration Committee, subject to the terms of the shareholder agreement outlined in the Prospectus at the time of admission. The Committee has been pleased to welcome Nicholas Armstrong to the majority of meetings in 2024.

The Committee will meet not less than three times a year. During the year ended 31 December 2024, the Committee held four scheduled meetings. The Directors consider that the Company complies with the requirements of the UK Corporate Governance Code in respect of remuneration committees.

Key responsibilities

The key responsibilities of the Remuneration Committee are:

- to determine the Remuneration Policy (the "Policy") and to set the total remuneration packages for all Executive Directors, the Chair of the Company and senior management;
- to approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- to align the Policy with the UK Corporate Governance Code;
- to ensure that the Policy drives behaviours that are consistent with Company purpose, values and strategy;
- to review workforce remuneration and related policies and the alignment of incentives and rewards with culture; and
- to review any major changes in employee benefit structure and to administer all aspects of any share scheme.

Further details on the remit and responsibilities of the Committee can be found in its terms of reference. The terms of reference, which are reviewed annually and approved by the Board, can be found on our website, www.stelradplc.com.

Annual Report on Remuneration continued

Advisers (unaudited)

The Committee appointed Deloitte LLP ("Deloitte") with effect from October 2022 to provide independent advice on executive remuneration matters. Deloitte is a signatory to the Code of Conduct for Remuneration Consultants in the UK. The fees paid to Deloitte in relation to advice provided to the Committee for 2024 were £14,900 (2023: £14,775).

The Committee will evaluate the support provided by Deloitte annually and is content that it does not have any connections with the Group that may impair its independence. During the year, Deloitte also provided advice in relation to employee share schemes and corporate tax matters.

Information on remuneration for the year ended 31 December 2024

Single total figure of remuneration for the year ended 31 December 2024 (audited)

The following table sets out the single figure of total remuneration received by the Directors who served during the year ended 31 December 2024:

£'000	Basic salary/ fees	All taxable benefits[1]	Pension-related benefits[2]	Annual bonus	LTIP	**Total remuneration**	Total fixed remuneration	Total variable remuneration
Executive Directors								
Trevor Harvey	536	28	48	357	—	**969**	612	357
Leigh Wilcox[3]	65	4	6	43	—	**118**	75	43
Annette Borén[4]	130	9	12	—	—	**151**	151	—
Non-Executive Chair								
Bob Ellis	120	—	—	—	—	**120**	120	—
Non-Executive Directors								
Katherine Innes Ker	79	—	—	—	—	**79**	79	—
Nicola Bruce	74	—	—	—	—	**74**	74	—
Martin Payne	74	—	—	—	—	**74**	74	—
Edmund Lazarus[6]	—	—	—	—	—	**—**	—	—
Nicholas Armstrong[6]	—	—	—	—	—	**—**	—	—
Total	**1,078**	**41**	**66**	**400**	**—**	**1,585**	**1,185**	**400**

The following table sets out the single figure of total remuneration received by the Directors who served during 2024 for the year ended 31 December 2023:

£'000	Basic salary/ fees	All taxable benefits[1]	Pension-related benefits[2]	Annual bonus	LTIP	**Total remuneration**	Total fixed remuneration	Total variable remuneration
Executive Directors								
Trevor Harvey	495	28	45	264	—	**832**	568	264
Annette Borén[5]	27	2	2	15	—	**46**	31	15
Non-Executive Chair								
Bob Ellis	120	—	—	—	—	**120**	120	—
Non-Executive Directors								
Nicola Bruce	74	—	—	—	—	**74**	74	—
Martin Payne	74	—	—	—	—	**74**	74	—
Edmund Lazarus[6]	—	—	—	—	—	**—**	—	—
Nicholas Armstrong[6]	—	—	—	—	—	**—**	—	—
Total	**790**	**30**	**47**	**279**	**—**	**1,146**	**867**	**279**

(1) Benefits provided include: life assurance cover, private health cover, a car allowance and, for Trevor Harvey, the reimbursement of fuel expenses.
(2) Salary supplement in lieu of pension contribution of 9%.
(3) Leigh Wilcox was appointed to the Board on 1 October 2024. His remuneration in the table above is from that date, including his bonus earned in respect of his service as an Executive Director.
(4) Annette Borén resigned from the Board on 30 June 2024 and accordingly she did not earn a bonus in respect of 2024.
(5) Annette Borén joined the Board on 22 November 2023. Her remuneration in the table above is from that date. She was eligible to earn a bonus in respect of 2023 from 1 November 2023 (the date she joined the Group). The portion of that bonus attributable to her service from 22 November is included in the table above.
(6) Edmund Lazarus and Nicholas Armstrong are representatives of the Major Shareholder and receive no fees for their roles as Non-Executive Directors.

Incentive outcomes for 2024 (audited)

The maximum bonus opportunity for 2024 was 125% of salary, with the amount earned based on the achievement of two financial measures and two measures related to the Company's ESG strategy. The ESG measures were assessed on a "pass/fail" basis, but with any vesting level then determined by reference to the vesting level of the operating profit element. Details of the performance targets set and the performance against them are set out below.

		Performance targets				
Metric	Weighting	Threshold*	On target	Maximum	Actual	% of maximum bonus opportunity
			50% of maximum	100%		
Group adjusted operating profit	70%	n/a	£30.501m	£33.551m	£31.522m	46.7%
Adjusted cash flow from operations	20%	n/a	£29.397m	£32.337m	£25.327m	0.0%
ESG 1 – Recycled content of packaging material used	5%	Weighted average recycled content of all packaging material used is greater than 65%			66.5%	3.3%
ESG 2 – Labour turnover rate	5%	Average Group voluntary turnover is less than the UK industry benchmark level			2.1% lower	3.3%
						53.3%

* No bonus is payable to Executive Directors below on-target performance and as such no threshold performance targets were established.

In line with the Policy, the Committee reviewed the formulaic outturn in the context of underlying business performance and the broader stakeholder experience and concluded that the outturn of a bonus entitlement of 53.3% of maximum bonus opportunity was reflective of that performance and experience. 75% of the bonuses earned will be paid in cash and 25% will be deferred into Stelrad shares for two years under the Deferred Share Bonus Plan. DSBP awards are not subject to any further performance conditions.

Long Term Incentive Plan vesting (audited)

The LTIP awards granted in 2022 were subject to performance conditions based on EPS and relative TSR assessed over the three financial years ending with 2024. The threshold level of performance was not achieved for either measure and consequently the awards have lapsed in full. The targets and performance against these are as follows:

Performance measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)	Actual	Vesting (% of maximum)
Relative TSR vs constituents of the FTSE Small Cap index (excluding investment trusts) assessed over the three financial years ending with 2024	50%	Median	Upper quartile	Below median	0%
Adjusted EPS for 2024	50%	20.12p	23.73p	13.05p	0%

Payments for loss of office (audited)

Annette Borén stepped down from the Board with effect from 30 June 2024 and left the business on 12 July 2024. Her remuneration earned up to 30 June 2024 is included in the single total figure of remuneration table. Following that date, Annette Borén received a payment of £133,008 in lieu of her salary and benefits for her six months' notice period, and a payment of £17,449 in lieu of accrued holiday. A contribution of £4,500 was made in respect of Annette Borén's legal costs in connection with her departure from the business.

Payments to past Directors (audited)

In the year ended 31 December 2024, payments were made to George Letham, for his part-time role as a strategic adviser to the CEO, and to Annette Borén in respect of her salary and benefits for her service as an employee between stepping down from the Board on 30 June 2024 and leaving the business on 12 July 2024.

Information on remuneration for the year ended 31 December 2024 continued

LTIP awarded during the financial year (audited)

LTIP awards were granted to Executive Directors and certain key individuals in the senior management team below Executive Director level in March 2024 (2023: none). Each Executive Director received an award at the level of 50% of salary, as set out below.

Director	Type of award	Number of shares subject to award	Face value of award[1]
Trevor Harvey	Conditional share award	230,663	£267,800
Leigh Wilcox[2]	Conditional share award	75,366	£87,500
Annette Borén[3]	Conditional share award	111,972	£130,000

(1) The face value of the award is based on the average of the closing share prices for the five dealing days before grant of the award, being the price used to determine the number of shares subject to the awards (£1.161).
(2) Leigh Wilcox's award was granted before his appointment to the Board.
(3) The LTIP award granted to Annette Borén in 2024 lapsed when she left the business.

The vesting of Trevor Harvey's award is subject to the performance conditions set out below, as disclosed in the 2024 Directors' Remuneration Report, and is then subject to a further two-year holding period. Leigh Wilcox's award was granted prior to his appointment as Interim CFO and, in line with awards to other below-Board participants, will vest based on EPS targets only and is not subject to the two-year holding period.

Performance measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
Relative TSR vs constituents of the FTSE Small Cap index (excluding investment trusts) assessed over the three financial years ending with 2026[1]	20%	Median	Upper quartile
Adjusted EPS for 2026	80%	13.65p	16.10p

(1) Opening TSR will be averaged over the three-month period ended on 31 December 2023 and closing TSR over the three-month period ending on 31 December 2026.

Statement of Directors' interests (audited)

The interests of the Directors who served in the year and who held an interest in the ordinary shares of the Company are as follows:

	Interests				
	Ordinary shares held at 31 December 2023[1]	**Ordinary shares held at 31 December 2024[1] (or, if earlier, date of stepping down from the Board)**	Subject to deferral/ holding period	Unvested and subject to performance conditions	**Total of all scheme interests and shareholdings as at 31 December 2024 (or, if earlier, date of stepping down from the Board)**
Executive Directors					
Trevor Harvey	11,455,129	**11,455,129**	56,903	230,663	**11,742,695**
Leigh Wilcox	—	**5,360**	—	75,366	**80,726**
Annette Borén	—	**4,500**	4,980	111,972[2]	**121,452**
Non-Executive Directors					
Bob Ellis	2,863,782	**2,613,782**	—	—	**2,613,782**
Katherine Innes Ker	—	**16,900**	—	—	**16,900**
Nicola Bruce	4,651	**13,651**	—	—	**13,651**
Martin Payne	9,302	**9,302**	—	—	**9,302**
Edmund Lazarus	—	**—**	—	—	**—**
Nicholas Armstrong	—	**—**	—	—	**—**

(1) Includes any shares held by Persons Closely Associated.
(2) Annette Borén's unvested LTIP award lapsed when she left the business.

Executive Directors' share ownership guidelines (audited)

In accordance with the Policy, the shareholding requirements currently in place are 200% of base salary for the Executive Directors. Non-Executive Directors are not subject to a shareholding requirement. The table below shows the actual Executive Director share ownership compared with the share ownership guidelines:

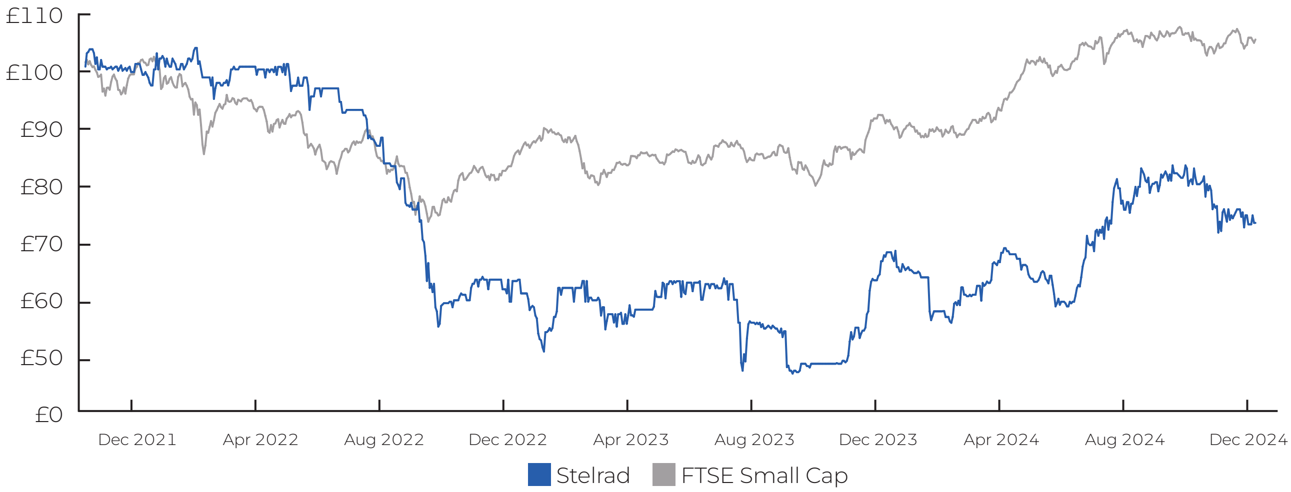
Director	Beneficially owned shares as at 31 December 2024 plus the net of tax shares subject to deferral/ holding period	Shareholding requirement (% of salary)(1)	Current shareholding (% of salary)(1)	Shareholding requirement met?
Trevor Harvey	11,485,287	200%	2,905.6%	Yes
Leigh Wilcox	5,360	200%	2.8%	No

(1) The share price of £1.355 as at 31 December 2024 has been used for the purpose of calculating the current shareholding as a percentage of salary.

No changes in the above interests have occurred between 31 December 2024 and the date of this report.

Performance graph (unaudited)

The graph below shows the total shareholder return ("TSR") performance of an investment of £100 in Stelrad Group plc's shares from its listing on the Main Market on 10 November 2021 (using the offer price of £2.15 per share) to the end of the period, compared with £100 invested in the FTSE Small Cap index (excluding investment trusts) over the same period. The FTSE Small Cap index was chosen as a comparator because its constituents have a comparable market capitalisation to that of the Group.



The table below illustrates the CEO's single figure of total remuneration over the same period.

Financial year	CEO single figure	Annual bonus pay-out (% of maximum)	LTIP vesting (% of maximum)
2021(1)	£128k	100.0%	n/a(2)
2022	£569k	0.0%	n/a(2)
2023	£832k	42.7%	n/a(2)
2024	£969k	53.3%	0.0%

(1) The 2021 figures are based on the single remuneration figure for the period from admission on 10 November 2021 to 31 December 2021.
(2) The first LTIP awards were granted in May 2022 and therefore no awards were due to vest before 2024.

CEO pay ratio (audited)

The table below sets out the ratio between the CEO's salary and total remuneration and that of the 25th percentile, median and 75th percentile of our UK employees, for whom total remuneration has been calculated on the same basis.

CEO pay ratio	2024	2023	2022	2021
Method	Option A	Option A	Option A	Option A
75th percentile	19:1	16:1	11:1	22:1
Median	27:1	24:1	16:1	28:1
25th percentile	30:1	27:1	18:1	34:1

Information on remuneration for the year ended 31 December 2024 continued

CEO pay ratio (audited) continued

The salary and total remuneration for the individuals identified at the 25th percentile, median and 75th percentile for the year ended 31 December 2024 are set out below:

£'000	CEO	25th percentile	Median	75th percentile
Basic salary	536	26.4	33.7	48.2
Total remuneration	969	31.9	35.5	51.3

The lower quartile, median and upper quartile employees were determined using calculation method A which involved calculating the actual full-time equivalent remuneration for all UK employees by reference to their remuneration as at 31 December in the relevant year. From this analysis, three employees were then identified as representing the 25th, 50th and 75th percentiles of the UK employee population. The Group chose this method as it is considered to be the most accurate way of identifying the relevant employees required by the applicable regulations. No other adjustments were necessary, and no elements of employee remuneration have been excluded from the pay ratio calculation.

The CEO's overall remuneration opportunity includes a significant performance-related element so that the amount the CEO earns and, therefore, ratios will depend upon the performance-related remuneration outturns and may fluctuate year on year. The increase from 2023 to 2024 in the ratio between all-employee reference points and CEO pay reflects a proportional increase in the annual bonus award received and also the impact of the deferred annual salary increase from 2023 which took effect from January 2024. The Company believes that the median pay ratio is consistent with the pay, reward and progression policies for the Group's UK employees more generally.

Relative importance of spend on pay (unaudited)

The table below shows the Group's expenditure on employee pay compared to distributions to shareholders for the years ended 31 December 2024 and 31 December 2023. All figures provided are taken from the consolidated financial statements.

	2024 £'000	2023 £'000	Percentage change
Overall spend on pay including Executive Directors	**56,660**	53,423	6.1%
Distribution to shareholders	**9,806**	9,729	0.8%

Percentage change in Directors' remuneration (unaudited)

The table below shows the percentage change in the salary or fees, benefits and annual bonus for each of the Directors compared to that for an average employee for the periods 2023–2024, 2022–2023 and 2021–2022.

For the average employee change, the regulations require us to show the change for employees of Stelrad Group plc. Stelrad Group plc has no employees and, accordingly, in the interests of transparency, we have included the change based on the mean employee pay for all UK employees in the Group, being a comparator group that is consistent with the comparator group used for the CEO pay ratio disclosure.

Leigh Wilcox and Katherine Innes Ker joined the Board in the year and Annette Borén stepped down from the Board in the year; therefore, each has been excluded from the table. Neither Edmund Lazarus nor Nicholas Armstrong receives a fee for their role as a Non-Executive Director and each has therefore been excluded from the table.

	% change 2023 to 2024			% change 2022 to 2023			% change 2021 to 2022		
	Salary/fees	**Taxable benefits[1]**	**Annual bonus[2]**	Salary/fees	Taxable benefits[1]	Annual bonus[2]	Salary/fees	Taxable benefits[1]	Annual bonus[2]
Executive Directors									
Trevor Harvey	**8%[4]**	**(2)%**	**35%**	0%	(3)%	n/a[3]	4%	8%	n/a[3]
Non-Executive Directors									
Bob Ellis	**0%**	**n/a**	**n/a**	0%	n/a	n/a	0%	n/a	n/a
Nicola Bruce	**0%**	**n/a**	**n/a**	0%	n/a	n/a	0%	n/a	n/a
Martin Payne	**0%**	**n/a**	**n/a**	0%	n/a	n/a	0%	n/a	n/a
Average employee	**3%**	**(7)%**	**(9)%**	(1)%	(5)%	135%	15%	11%	(55)%

(1) Taxable benefits include car allowance, health cover, life assurance and the reimbursement of fuel expenses but exclude the salary supplement in lieu of pension contributions.
(2) Annual bonus is based on the accrued year-end amount.
(3) Because no bonus was earned for 2022, the percentage changes between 2021 and 2022 and between 2022 and 2023 are not considered a meaningful disclosure.
(4) The 8% salary increase in 2024 comprised the 4% increase for 2024 (in line with the annual increase awarded to the majority of the UK workforce) in addition to the implementation of Trevor's deferred 2023 increase of 4% (which was not only deferred, but also below the 6% awarded to the majority of the workforce).

External appointments

The Executive Directors are permitted to hold external appointments and are entitled to retain the fees earned from such appointments. All Directors are required to seek approval from the Board prior to accepting external appointments. Currently, Trevor Harvey and Leigh Wilcox hold no external appointments.

Shareholder approval of our Directors' Remuneration Policy and Directors' Remuneration Report

The Directors' Remuneration Policy and the 2023 Directors' Remuneration Report were approved at the 16 May 2022 and 22 May 2024 AGMs respectively. Details of the voting outturns are set out below:

Resolution	Votes for	% of votes for	Votes against	% of votes against	Votes withheld
Approve the Directors' Remuneration Policy	115,852,581	99.10	1,056,964	0.90	0
Approve the 2023 Directors' Remuneration Report	116,948,925	99.99	4,600	0.01	1,839,716

Implementation of Policy in 2025

Information on how the Policy will be implemented in 2025 for the Company's Executive Directors is set out in the statement from the Remuneration Committee Chair and in the "Remuneration at a glance" table. The details of the LTIP are set out below.

Long Term Incentive Plan 2025 (unaudited)

As noted on page 77, the Committee intends to grant awards under the LTIP to the Executive Directors in the first half of 2025, in accordance with the Policy. Vesting of these 2025 awards will be subject to the achievement of performance measures based on total shareholder return performance as compared to the selected benchmark, the FTSE Small Cap index (excluding investment trusts), and adjusted EPS performance over a three-year performance period ending 31 December 2027.

For each measure, 25% of the award vests for threshold performance with 100% of the award vesting for maximum performance and straight-line vesting between these points.

The performance targets for these measures are as follows:

	Weighting (% of total award)	Threshold (25% vesting)	Maximum (100% vesting)
TSR v FTSE Small Cap index (excluding investment trusts)	20%	Median	Upper quartile
Adjusted EPS	80%	15.54p	18.33p

Chair and Non-Executive Director fees (unaudited)

No changes will be made to the Chair and Non-Executive Director fees for 2025. A breakdown of the fee components for the Chair and Non-Executive Directors in 2025 is as follows:

Role	**Fee (per annum) 2025**	Fee (per annum) 2024
Chair	**£120,000**	£120,000
Non-Executive Director base fee	**£50,000**	£50,000
Additional fees		
Senior Independent Director fee	**£15,000**	£15,000
Chair of the Remuneration Committee	**£10,000**	£10,000
Member of the Remuneration Committee	**£5,000**	£5,000
Chair of the Audit & Risk Committee	**£10,000**	£10,000
Member of the Audit & Risk Committee	**£5,000**	£5,000
Chair of the Nomination Committee	**£7,500**	£7,500
Member of the Nomination Committee	**£3,750**	£3,750

On behalf of the Board

Nicola Bruce
Chair of the Remuneration Committee
7 March 2025

Directors' Report

The Directors present their report and audited financial statements of the Group for the year ended 31 December 2024. The Directors' Report forms part of the management report as required under the Disclosure Guidance and Transparency Rules. The Strategic Report, which together with the Directors' Report forms the management report, can be found on pages 1 to 56 of this Annual Report.

The Directors' Report for the year ended 31 December 2024 comprises pages 92 to 95 of this Annual Report, in addition to the following information, which is provided in other appropriate sections of the Annual Report and is incorporated by reference, in accordance with section 414C(11) of the Act, and The Companies (Miscellaneous Reporting) Regulations 2018:

- The Corporate Governance Report is set out on page 57.
- Information relating to future business developments can be found throughout the Strategic Report on pages 1 to 56.
- Information on how the Directors have had consideration for the Company's stakeholders can be found on pages 22 to 25 of the Strategic Report.
- Information relating to risk management can be found on pages 48 to 54.
- The going concern and long-term viability statements can be found on page 55.
- The Group's global greenhouse gas emissions during the year can be found on page 30 of the Sustainability Report, which is located within the Strategic Report.
- The Group is exposed to a number of financial instrument-related risks; these are discussed in more detail in note 30 to the consolidated financial statements.
- As required by Listing Rule 9.8.4R, details of the Group's long-term incentive schemes can be found in the Remuneration Report on pages 74 to 91.
- As required by Listing Rule 9.8.4R, details of the Relationship Agreement with the Major Shareholder can be found on page 93.

General information

Stelrad Group plc (the "Company") was incorporated in England and Wales on 8 October 2021 as a public company, limited by shares. The Company is incorporated, domiciled and registered in England and Wales, with its registered office situated at 69–75 Side, Newcastle upon Tyne, Tyne and Wear, United Kingdom NE1 3JE.

Stelrad Group plc is a public company limited by shares, incorporated in England and Wales, and its shares are traded on the premium listing segment of the Main Market of the London Stock Exchange.

Principal activities

The Group's principal activities are the manufacture and distribution of radiators. The principal activity of the Company is that of a holding company. More detailed information about the activities of the Group during the year, and its likely future prospects, can be found in the Strategic Report on pages 1 to 56. The principal subsidiaries operating within the Group are shown in note 13 to the Company financial statements.

Profit and dividends

The Group profit for the year, after taxation, amounted to £16.5 million (2023: £15.4 million).

An interim dividend of 2.98 pence per share was paid to shareholders on 25 October 2024 (2023: interim dividend of 2.92 pence per share) and the Board is recommending a final dividend in respect of the year ended 31 December 2024 of 4.81 pence per share (2023: final dividend of 4.72 pence per share). Subject to shareholder approval, the final dividend will be paid on 27 May 2025 to shareholders on the register on 25 April 2025. The total dividend paid and proposed for the year ended 31 December 2024 amounts to 7.79 pence per share (2023: 7.64 pence per share).

Articles of Association

The Articles set out the rules relating to the powers of the Company's Directors and their appointment and replacement. The Articles may only be amended by a special resolution at a general meeting of the shareholders. Shareholders of the Group can request a copy of the Articles by contacting the Group Company Secretary, Computershare Governance Services, UK, at Moor House, 120 London Wall, London EC2Y 5ET.

Share capital

As at 31 December 2024, the Company has one class of ordinary share with a nominal value of £0.001. The shares are listed for trading on the Main Market of the London Stock Exchange, and at 31 December 2024 the Company had 127,352,555 shares in issue. The shares rank pari passu in respect of voting and participation and carry the right to one vote at general meetings of the Company, which may be exercised by members in person, by proxy or by corporate representatives (for corporations).

The ordinary shares are free from any restriction on transfer, subject to compliance with applicable securities laws.

At the Annual General Meeting held on 22 May 2024 shareholders passed a resolution allowing the Company to make market purchases of ordinary shares of £0.001 each in the capital of the Company up to a maximum aggregate amount of 10% of the Company's issued share capital. No shares have been purchased as at the date of this report. This authority is due to expire at the AGM to be held on 21 May 2025 and the Board will seek to renew this authority.

Substantial shareholdings

At 31 January 2025, the only notified holdings of substantial voting rights in respect of the issued share capital of the Company (which may have altered since the date of such notification without any requirement for the Company to have been informed) were:

Shareholder	Interest	% of share capital
The Bregal Fund III LP	63,103,765	49.6%
Trevor Harvey	11,455,129	9.0%
Chelverton Asset Management	7,378,952	5.8%
Janus Henderson Investors	5,619,402	4.4%
Premier Miton Group	5,046,044	4.0%
George Letham	4,727,564	3.7%
Unicorn Asset Management	4,664,720	3.7%
Charles Stanley	4,654,734	3.7%
Lombard Odier Asset Mgt	4,006,713	3.2%

Relationship Agreement with Major Shareholder

The Company has entered into a relationship agreement with the Major Shareholder, The Bregal Fund III LP (the "Relationship Agreement"). The principal purpose of the Relationship Agreement is to ensure that where, following admission, the Major Shareholder, together with its associates, holds, in aggregate, ordinary shares in the Company representing at least 10% of the voting rights of the ordinary shares in issuance by the Company from time to time, the Company is capable of carrying on its business independently of the Major Shareholder and its associates.

The provisions of the Relationship Agreement imposing obligations on the Major Shareholder will remain in full force and effect, for so long as it, together with its associates, holds, in aggregate, ordinary shares representing at least 10% of the voting rights of the ordinary shares in issuance by the Company.

Under the Relationship Agreement, the Major Shareholder has agreed that:

(i) transactions and arrangements between it (and/or any of its associates) and the Company will be conducted at arm's length and on normal commercial terms;

(ii) neither it nor any of its associates shall take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and

(iii) neither it nor any of its associates shall propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

For so long as the Major Shareholder (together with any of its associates) holds, in aggregate, at least 10% but less than 20% of the voting rights of the ordinary shares, the Major Shareholder shall be entitled to appoint (and remove and reappoint) one Non-Executive Representative Director to the Board, or if the Major Shareholder (together with any of its associates) holds, in aggregate, 20% or more of the voting rights of the ordinary shares, then the Major Shareholder shall be entitled to appoint (and remove and reappoint) two Non-Executive Representative Directors to the Board. The Major Shareholder's first appointed shareholder Directors are Edmund Lazarus and Nicholas Armstrong.

For so long as the Major Shareholder (together with any of its associates) holds 20% or more of the voting rights of the ordinary shares, the Major Shareholder is entitled to nominate a shareholder Director to be a member of the Nomination Committee. Furthermore, for so long as the Major Shareholder (together with any of its associates) holds 10% or more of the voting rights of the ordinary shares, the Major Shareholder is entitled to appoint an observer to each of the Nomination Committee, Audit & Risk Committee and Remuneration Committee. The Major Shareholder will not appoint an observer to the Nomination Committee whilst a shareholder Director is a member of such Committee.

Subject to applicable law and regulation, the Major Shareholder will have the benefit of certain information rights, including for the purposes of its accounting and other regulatory requirements.

In accordance with Listing Rule 5.3.1 the Directors confirm that the Company has complied with the independence provisions included in the Relationship Agreement and that, as far as the Company is aware, the Major Shareholder (or any of its associates) has complied with them.

The Relationship Agreement is governed by the laws of England and Wales.

The Board of Directors

Director biographies of all Directors as at the date of this report can be found on pages 58 and 59. Leigh Wilcox was appointed to the Board as Chief Financial Officer on 1 October 2024, replacing Annette Borén, who resigned from the Board on 30 June 2024. Katherine Innes Ker was appointed to the Board as an independent Non-Executive Director and the Senior Independent Director on 1 February 2024.

The appointment and removal of Directors are governed by the Articles, the 2018 UK Corporate Governance Code, the Companies Act 2006 and related legislation. All Non-Executive Director appointments can be terminated by either the Company or by the individual upon three months' written notice. In accordance with the Articles, Directors can be appointed or removed either by the Board or by the shareholders in a general meeting with immediate effect.

Directors' interests and conflicts of interest

Details regarding the share interests of the Directors in the share capital of the Company are set out in the Remuneration Report on page 88. Details of the Executive Directors' service agreements and Non-Executive Directors' letters of appointment are available in the Remuneration Report on page 83.

The Group has a formal ongoing procedure for the disclosure, review and authorisation of Directors' conflicts of interest. All Directors are required to make the Board aware of any other commitments. Potential and actual conflicts of interest are carefully considered and, if deemed appropriate, the continuing existence of the potential or actual conflict of interest may be approved by the Board. All conflicts of interest are recorded in the conflicts register. The conflicts of interest are reviewed annually to determine whether they should remain authorised.

Directors' indemnities

In relation to the Directors of the Company who are also Directors of UK-based subsidiaries, the Group has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions were in force during the year ended 31 December 2024 and remain in force as at the date of approving the Directors' Report.

In addition, the Group maintained a Directors' and officers' liability insurance policy throughout the year.

Change of control provisions

There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover or change of control of the Group.

Details of the significant agreements to which the Company is party that take effect, alter or terminate upon a change of control of the Company following a takeover bid are set out below:

Share plans

The Company's share plans contain specific provisions relating to change of control. Normally, awards will vest pro rata in the event of a change of control of the Company. The Remuneration Committee will determine whether the performance criteria have been met at that time.

Bank agreement

The multicurrency facilities agreement originally dated 2 November 2021, and subsequently amended and restated by an amendment and restatement agreement dated 8 July 2022, contains change of control provisions such that in the event of the occurrence of a change of control event, the banks shall have 30 business days to exercise an individual right to cancel all undrawn commitments on the facility and to require that all outstanding participations in utilisations are repaid with accrued interest and any other relevant amounts accrued.

Relationship Agreement

The Relationship Agreement ceases to apply if the Company's shares cease to be listed and traded on the London Stock Exchange, or if the Major Shareholder, together with any of its associates, ceases to hold at least 10% of the Company's shares.

Employee engagement

The Group is committed to involving its employees in the decisions that affect them. Regular meetings take place between local management and employees to allow a free flow of information and ideas. In addition, where practicable, the Group seeks to keep employees informed through regular newsletters.

The Board has elected to continue to use a combination of approaches to gather the views of the workforce, rather than to adopt one of the three measures set out in the Code.

The majority of employees are located in manufacturing and distribution facilities in the UK, Turkey, the Netherlands, Denmark, Poland and Italy, with sales personnel in five other countries. Given the relatively small number of employees in each location, the diversity of cultural norms and the differing statutory requirements for each location, a decentralised and tailored approach to employee engagement has been adopted. This encompasses engagement with our employees through our long-established collective forums, through our trade union bodies, and directly with our workforce. The Board believes that this, combined with the flat structure of our business, which enables close working relationships across the Group, is effective and meaningful in representing the voice of our employees.

The Board reviews employee engagement using a range of data. A formal annual review of the workforce, encompassing employee engagement, is undertaken by the Board, and this session is attended by the Chief People Officer.

The Group aims to build a culture where everyone feels valued as an individual and feels supported and motivated to carry out their work to the best of their abilities.

Further examples of employee engagement across the Group can be found in the Sustainability Report on pages 26 to 34.

Equality, diversity and inclusion

The Group is a committed equal opportunities employer and we aim to:

- prevent discrimination, eliminate prejudice, promote inclusion and celebrate diversity within the organisation;
- be fair in our dealings with all people, internally or externally, with whom we have relationships, taking into account the diverse nature of their culture and backgrounds; and
- ensure that equality, diversity and inclusion are embedded in everything we do.

The Group's Equality, Diversity and Inclusion Policy covers all aspects of equality including race, religion or belief, sex, gender reassignment, marriage and civil partnership, pregnancy, maternity and other matters relating to parental responsibility, sexual orientation, disability and age.

It underlines our commitment to develop as an open and inclusive organisation, in keeping with our values and our Code of Conduct.

The Board also adheres to the Board Diversity and Inclusion Policy which can be found in the Nomination Committee Report on page 71.

Research and development expenditure

Research and development costs of £1.6 million (2023: £1.6 million) have been incurred in the year in relation to the design and development of new products. All such costs are expensed as incurred.

Political donations and expenditure

It is the Group's policy not to make political donations and, accordingly, no political donations were made in the year (2023: £nil) and no political expenditure was incurred during the year (2023: £nil).

The Group's policy is that it does not make what are commonly regarded as donations to any political party. However, the Companies Act 2006 defines political donations very broadly and so it is possible that normal business activities, such as sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling certain public duties and support for bodies representing the business community in policy review or reform, which might not be thought of as political expenditure in the usual sense, could be captured. Activities of this nature would not be thought of as political donations in the ordinary sense of those words.

At the Annual General Meeting of the Company held on 22 May 2024, shareholders voted to allow the Company to incur political expenditure up to a maximum aggregate amount of £100,000 in line with market practice. That authority is due to expire at the Annual General Meeting due to be held on 21 May 2025 and therefore the Company will seek to renew the authority in line with the above considerations. The resolution to be proposed at the 2025 AGM, authorising political donations and expenditure, is to ensure that the Group does not commit any technical breach of the Companies Act 2006.

Important developments since 31 December 2024

There have been no material events or developments affecting the Company or any of its operating subsidiaries since 31 December 2024.

Independent auditors

PricewaterhouseCoopers LLP acted as auditors during the year and a resolution to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the Annual General Meeting.

Fair, balanced and understandable

In accordance with the principles of the Code, the Group has processes in place to ensure that the content of the Annual Report is fair, balanced and understandable. The Directors consider, on the advice of the Audit & Risk Committee, that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, position, business model and strategy.

Annual General Meeting ("AGM")

The Company's AGM will be held at the offices of Investec Bank plc, 65 Gresham Street, London, EC2V 7NQ, on 21 May 2025 at 2pm. The notice convening the AGM will be sent to shareholders separately. Further information on arrangements for the AGM and voting instructions will be set out fully in the Notice of AGM and Form of Proxy.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable law).

Under company law, 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 Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 102, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the Directors, whose names and functions are listed in the Governance Report, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

The Directors' Report has been approved by the Board.

Leigh Wilcox
Chief Financial Officer
7 March 2025

Independent auditors' report to the members of Stelrad Group plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Stelrad Group plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company balance sheets as at 31 December 2024; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company statements of changes in equity and the Consolidated statement of cash flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit & Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 8, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- Four trading subsidiaries, together with consolidation adjustments were significant components for full scope Group reporting. In addition, audit procedures were performed over one or more FSLIs in five other components.
- This accounted for 95% of the total Group revenue and 100% of profit before tax.

Key audit matters

- Completeness and accuracy of indirect rebates (group)
- Impairment risk of Radiators SpA CGU (group)
- Impairment of investments (parent)

Materiality

- Overall group materiality: £2,179,000 (2023: £2,300,000) based on 0.75% of total revenues.
- Overall company materiality: £1,159,000 (2023: £1,227,000) based on 1% of total assets.
- Performance materiality: £1,634,000 (2023: £1,725,000) (group) and £869,000 (2023: £920,250) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Change in functional currency in Turkey (Group), which was a key audit matter last year, is no longer included because of the change was a one-off event that was fully implemented in the prior year. Otherwise, the key audit matters below are consistent with last year.

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Completeness and accuracy of indirect rebates (group) Refer to Accounting policies on revenue recognition and note 5 – Significant accounting judgements, estimates and assumptions. The UK sales arrangements include installer rebates. Determining the accrual for installer rebates is a complex area with a high degree of estimation. This arises as the rebate is granted on indirect sales and so the sales information is not readily available at the time the accrual needs to be determined. As such, historical rates in relation to take up (number of radiators for which a rebate has been claimed) and poundage (the rebate value claimed per radiator), as well as management judgement, are used in calculating the accrual for indirect rebates. Stelrad Limited has also implemented a price rebase in the current year which has an impact on the rebate values and the underlying calculation. We identified this as a key audit matter due to the subjectivity involved, the potential for manipulation and because of the impact it has on revenue recognised.	To audit the indirect rebates accrual we have: • Updated our understanding of the process and calculation completed, including any changes as a result of the updated prices and rebates during the year; • Obtained an understanding and challenged management overlays included within the model; • Corroborated the key inputs into the model, including sales volumes data and the volume and value of rebate claims on radiators sold included in management's calculations of historic take up and poundage rates to sales during the year; • Reviewed the impact of the price realignment exercise performed during the year and agreed a sample of new list prices and rebate rates to supporting evidence; • Performed sensitivity analysis over management's take up and poundage assumptions to challenge the reasonableness of any management overlay to the assumptions; and • Performed a retrospective review to confirm the accuracy of management's estimate in prior periods. Through our work performed we did not identify any issues.
Impairment risk of Radiators SpA CGU (group) Refer to note 18 – Intangible assets. Management identified an impairment indicator due to the continued performance of Radiators SpA being below expectation. An impairment assessment was prepared by management analysing the carrying amount of the Radiators SpA 'Cash Generating Unit' ("CGU") against its value-in-use. We identified this as a key audit matter due to the increased risk of impairment due to the impairment indicators identified and the use of key assumptions which are inherently subjective.	We obtained management's assessment of impairment indicators and agree with the conclusion that impairment indicators exist for the Radiators SpA CGU. We performed the following audit procedures: • Agreed the cash flow forecasts to the Board approved budgets for Radiators SpA; • Reviewed the inputs within the cash flow models to ensure value in use calculations were prepared in accordance with the requirements defined in applicable accounting standards; • Challenged the discount rate and long-term growth rate assumptions with support from our PwC valuation experts; • Challenged the cash flow assumptions including volume growth, contribution per radiator, EBITDA and capital expenditure; • Obtained corroborating support for key assumptions, with particular focus on contribution per radiator from key contracts with significant customers which is the most sensitive assumption; • Challenged management's assumption with regards to renewing a key supply contract obtaining evidence to support management's view; • Considered management's forecasts against historical performance of Radiators SpA and considered management's historical forecasting accuracy; • Obtained independent market data for Radiators SpA sales markets to consider any inconsistencies in views being taken by management; and • Audited the disclosures in relation to the impairment test, including consideration of reasonable changes in key assumptions, are in line with the requirements of IAS 1 and IAS 36. Through our work performed we did not identify anything that would indicate that the carrying value is materially incorrect.
Impairment of investments (parent) Within the parent company (note 9) there are investments in subsidiaries of £115,908,000. The quantum of these investments is significant to the parent company's balance sheet and it is necessary for management to consider whether or not there are any indications of impairment. Due to the quantum of the investments in subsidiaries and the judgement involved in assessing impairment indicators we identified this as a key audit matter.	Management concluded there were no impairment indicators as at year end date hence an assessment of impairment was not required for the investment in the Group. We challenged management's conclusion that there were no indicators via the following testing; • Considered the trading performance of trading subsidiaries in the year and how this compared to historic trading; • Reviewed Board minutes for anything which might indicate there could be an impairment; • Considered the audit work carried out over subsidiary companies in the Group; • Considered the market cap of the Group in relation to the investments balance; and • Considered the impairment test carried out by management over the Radiators SpA cash-generating unit. In performing these procedures we did not identify any issues. We also consider the disclosures made in the financial statements to be appropriate.

Independent auditors' report to the members of Stelrad Group plc *continued*

Our audit approach continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group is based in the UK with the majority of the trading operations in the UK, Turkey, Italy and Continental (Belgium and the Netherlands). These trading entities are in scope for the Group audit given the financial significance of each operation. Full scope audit procedures have been carried out on the UK, Turkey, Italy and the Netherlands. Certain large balances for smaller, non financially significant components, were audited along with material consolidation entries. Furthermore, all UK entities receive a statutory audit.

The UK component was audited by the Group team. Component auditors were engaged for the Continental, Italy and Turkey components. The key protocols we adopted in respect of working with all component auditors were: issuing formal Group reporting instructions, which set out our requirements for the component auditors, together with our assessment of audit risks in the Group; holding planning discussions with all component auditors in order to agree those requirements; discussing the Group audit risks to identify any component specific risks; performed a high level analysis of the financial information of the component by the Group engagement team to identify any unusual transactions or balances for discussion with component auditors; ongoing communication and interaction throughout the audit with the component audit teams; and obtaining signed interoffice opinions that the component financial information was properly prepared in accordance with the Group's accounting policies.

The Audit Partner and Senior Manager visited the Turkish component in order to better understand and direct the response to the significant audit risks identified for this component. This included meeting with local management and the PwC component audit team to review the audit procedures performed.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Group's and Company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the Group's and Company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	**Financial statements – Company**
Overall materiality	£2,179,000 (2023: £2,300,000).	£1,159,000 (2023: £1,227,000).
How we determined it	0.75% of total revenues	1% of total assets
Rationale for benchmark applied	We consider revenue is a key measure used by the shareholders in assessing the performance of the Group. Due to the mix of profit and EBITDA across the different components within the Group when considered against revenue and sales volumes, an EBITDA or PBT metric does not reflect the scale of the Group in the same way.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the Company and is a generally accepted auditing benchmark for a holding company with no trading operations.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £100,000 - £1,900,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes.

Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £1,634,000 (2023: £1,725,000) for the group financial statements and £869,000 (2023: £920,250) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit & Risk Committee that we would report to them misstatements identified during our audit above £109,000 (group audit) (2023: £116,000) and £57,000 (company audit) (2023: £61,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Performing a risk assessment to identify factors that could impact the going concern basis of accounting;
- Obtaining management's going concern assessment for the 12 month period from the date of signing the Annual Report and evaluating management's downside scenarios, including a severe but plausible scenario;
- Challenging the appropriateness and underlying assumptions in both the base case and severe but plausible scenario;
- Evaluating the level of forecast liquidity and forecast compliance with the bank facility covenants; and
- Comparing the Group's financial forecasts to historical performance to assess management's ability to forecast as well as assessing the year to date performance against budget for the 2025 financial year.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

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 statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Statement of corporate governance is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent auditors' report to the members of Stelrad Group plc *continued*

Corporate governance statement continued

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit & Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK Listing Rules, Companies Act 2006 and corporation tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, operating profit or operating cash flows and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of meetings of the Board of Directors and the Audit and Risk Committee;
- Evaluation of management's controls designed to prevent and detect irregularities due to fraud or error;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the accounting for indirect rebates and the Radiators SpA impairment assessment (refer to Key Audit Matters on page 97);
- Identifying and testing journal entries, in particular any journals posted with unusual account combinations with a particular focus on revenue, operating profit and operating cash flows; and
- Obtaining an understanding of the legal and regulatory framework applicable to the Group and how the Group is complying with that framework.

Responsibilities for the financial statements and the audit continued

Auditors' responsibilities for the audit of the financial statements continued

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit & Risk Committee, we were appointed by the members on 15 December 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is 4 years, covering the years ended 31 December 2021 to 31 December 2024.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Paul Cheshire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
7 March 2025

Consolidated income statement

for the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Continuing operations			
Revenue	6	**290,577**	308,193
Cost of sales		**(201,617)**	(221,343)
Gross profit		**88,960**	86,850
Selling and distribution expenses		**(41,729)**	(42,278)
Administrative expenses (excluding exceptional items)		**(17,165)**	(16,624)
Exceptional items	6	**—**	(2,466)
Administrative expenses		**(17,165)**	(19,090)
Other operating income/(expenses)	7	**1,319**	1,199
Operating profit	8	**31,385**	26,681
Finance income	12	**186**	182
Finance costs	13	**(8,189)**	(7,681)
Profit before tax		**23,382**	19,182
Income tax expense	14	**(6,864)**	(3,758)
Profit for the year		**16,518**	15,424

	Note	2024	2023
Earnings per share			
Basic	15	**12.97p**	12.11p
Diluted	15	**12.87p**	12.11p

Consolidated statement of comprehensive income
for the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Profit for the year		**16,518**	15,424
Other comprehensive income/(expense)			
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:			
Net gain on monetary items forming part of net investment in foreign operations and qualifying hedges of net investments in foreign operations		**867**	674
Income tax effect	14	**(217)**	(158)
Exchange differences on translation of foreign operations		**(4,711)**	(2,250)
Net other comprehensive expense that may be reclassified to profit or loss in subsequent periods		**(4,061)**	(1,734)
Other comprehensive expense not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on defined benefit plans	27	**(925)**	(936)
Income tax effect	14	**232**	206
Net other comprehensive expense not to be reclassified to profit or loss in subsequent periods		**(693)**	(730)
Other comprehensive expense for the year, net of tax		**(4,754)**	(2,464)
Total comprehensive income for the year, net of tax attributable to owners of the parent		**11,764**	12,960

Consolidated balance sheet

as at 31 December 2024

(Registered Number 13670010)

	Note	2024 £'000	2023 £'000
Assets			
Non-current assets			
Property, plant and equipment	17	**79,173**	87,247
Intangible assets	18	**4,652**	5,251
Trade and other receivables	21	**284**	301
Deferred tax assets	14	**4,821**	6,685
		88,930	99,484
Current assets			
Inventories	20	**67,311**	63,376
Trade and other receivables	21	**45,478**	50,674
Income tax receivable		**235**	243
Financial assets	30	**293**	—
Cash and cash equivalents	22	**18,633**	21,442
		131,950	135,735
Total assets		**220,880**	235,219
Equity and liabilities			
Equity			
Share capital	25	**127**	127
Merger reserve		**(114,469)**	(114,469)
Retained earnings		**239,788**	233,329
Foreign currency reserve		**(67,853)**	(63,792)
Total equity		**57,593**	55,195
Non-current liabilities			
Interest-bearing loans and borrowings	19	**83,329**	88,227
Deferred tax liabilities	14	**209**	218
Provisions	24	**1,910**	1,980
Net employee defined benefit liabilities	27	**5,118**	4,053
		90,566	94,478
Current liabilities			
Trade and other payables	23	**69,210**	78,056
Financial liabilities	19	**—**	318
Interest-bearing loans and borrowings	19	**2,212**	2,469
Income tax payable		**550**	1,686
Provisions	24	**749**	3,017
		72,721	85,546
Total liabilities		**163,287**	180,024
Total equity and liabilities		**220,880**	235,219

The financial statements on pages 102 to 138 were approved by the Board of Directors on 7 March 2025 and signed on its behalf by:

Leigh Wilcox
Chief Financial Officer

Consolidated statement of changes in equity
for the year ended 31 December 2024

	Attributable to the owners of the parent				
	Issued share capital £'000	Merger reserve £'000	Retained earnings £'000	Foreign currency £'000	Total £'000
At 1 January 2023	127	(114,469)	227,849	(62,058)	51,449
Profit for the year	—	—	15,424	—	15,424
Other comprehensive expense for the year	—	—	(730)	(1,734)	(2,464)
Total comprehensive income/(expense)	—	—	14,694	(1,734)	12,960
Share-based payment charge (note 11)	—	—	515	—	515
Dividends paid (note 16)	—	—	(9,729)	—	(9,729)
At 31 December 2023	127	(114,469)	233,329	(63,792)	55,195
Profit for the year	**—**	**—**	**16,518**	**—**	**16,518**
Other comprehensive expense for the year	**—**	**—**	**(693)**	**(4,061)**	**(4,754)**
Total comprehensive income/(expense)	**—**	**—**	**15,825**	**(4,061)**	**11,764**
Share-based payment charge (note 11)	**—**	**—**	**440**	**—**	**440**
Dividends paid (note 16)	**—**	**—**	**(9,806)**	**—**	**(9,806)**
At 31 December 2024	**127**	**(114,469)**	**239,788**	**(67,853)**	**57,593**

Consolidated statement of cash flows

for the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Operating activities			
Profit before tax		23,382	19,182
Adjustments to reconcile profit before tax to net cash flows:			
– Depreciation of property, plant and equipment	17	11,692	11,615
– Amortisation of intangible assets	18	468	457
– (Gain)/loss on disposal of property, plant and equipment		(118)	11
– Share-based payments charge		440	515
– Finance income	12	(186)	(182)
– Finance costs	13	8,189	7,681
Working capital adjustments:			
– Decrease in trade and other receivables		3,885	8,237
– (Increase)/decrease in inventories		(6,143)	12,884
– Decrease in trade and other payables		(6,743)	(20,364)
– (Decrease)/increase in provisions		(2,176)	2,214
– Movement in other financial assets/liabilities		(610)	319
– Decrease in other pension provisions		(7)	(7)
– Difference between pension charge and cash contributions		(581)	(1,674)
		31,492	40,888
Income tax paid		(6,265)	(7,497)
Interest received		186	182
Net cash flows generated from operating activities		25,413	33,573
Investing activities			
Proceeds from sale of property, plant, equipment and intangible assets		341	352
Purchase of property, plant and equipment	17	(5,861)	(6,586)
Purchase of intangible assets	18	(100)	(507)
Net cash flows used in investing activities		(5,620)	(6,741)
Financing activities			
Transaction costs related to refinancing		—	(500)
Proceeds from external borrowings		3,388	—
Repayment of external borrowings		(5,150)	(8,350)
Payment of lease liabilities		(2,865)	(2,619)
Interest paid		(7,372)	(6,428)
Dividends paid	16	(9,806)	(9,729)
Net cash flows used in financing activities		(21,805)	(27,626)
Net decrease in cash and cash equivalents		(2,012)	(794)
Net foreign exchange difference		(797)	(405)
Cash and cash equivalents at 1 January	22	21,442	22,641
Cash and cash equivalents at 31 December	22	18,633	21,442

Notes to the consolidated financial statements

for the year ended 31 December 2024

1 Corporate information

The consolidated financial statements of Stelrad Group plc and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024 were authorised for issue by the Board of Directors on 7 March 2025.

Stelrad Group plc (the "Company") was incorporated in England and Wales on 8 October 2021 as a public company, limited by shares. The Company is incorporated, domiciled and registered in England and Wales, with its registered office situated at 69–75 Side, Newcastle upon Tyne, Tyne and Wear, United Kingdom NE1 3JE.

The principal activity of the Group is the manufacture and distribution of radiators. The principal activity of the Company is that of a holding company.

2 Basis of preparation

The consolidated financial statements of Stelrad Group plc have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under these standards and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments which, where used, are measured at fair value. The consolidated financial statements are presented in GB Pounds and all values are rounded to the nearest thousand (£'000), except when otherwise indicated. The consolidated financial statements have been prepared on a going concern basis. Details of the going concern assessment can be found in the Strategic Report on page 55.

3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A list of the subsidiaries of the Group can be found in note 13 of the Company financial statements.

4 Material accounting policy information

The accounting policies outlined below have been applied consistently, other than where new policies have been adopted.

A. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

B. Fair value measurement

The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date. The fair values of financial instruments measured at amortised cost are disclosed in note 30.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

4 Material accounting policy information continued

B. Fair value measurement continued

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

C. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in GB Pounds (£), which is the Company's functional and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income/(expense) as qualifying net investment hedges or because the monetary asset or liability forms part of the net investment in the foreign operation.

Foreign exchange gains and losses are presented in other operating income/(expenses) within the income statement.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income/(expense).

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income/(expense).

D. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

4 Material accounting policy information continued

D. Revenue recognition continued

In accordance with IFRS 15 Revenue from Contracts with Customers, the Group follows a five-step process to determine whether to recognise revenue:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to its performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised at a point in time, when the Group satisfies performance obligations by transferring the promised goods to its customers, which is upon delivery of the goods to customers.

The specific recognition criteria described below must also be met before revenue is recognised.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate ("EIR").

Rebates

Rebates are paid to certain direct customers and end consumers of goods sold (end consumers being installers, contractors or housebuilders which install the Group's products). Rebates represent either: an agreed percentage discount on the gross invoice value of each purchased product; or, less frequently, an agreed discount based on annual sales volume incentives. Estimated rebates to direct customers are based upon the terms of sales contracts and are recorded in the same period as the related gross sale as a deduction from revenue. Where rebates are volume related, these are recognised when the associated targets are met or deemed likely to be met, with the expected outcome being reassessed at each reporting date. Volume rebates result in variable revenue; in accordance with IFRS 15, recognition of volume rebates is only made when it is highly probable that a significant reversal will not occur. For indirect rebates paid to the end consumer, the Group estimates the rebates based on historical take-up rates and rebate values per product category to ensure it is highly probable that a significant reversal would not occur. Rebates paid to direct customers are offset against trade receivables whereas indirect rebates, which are payable to the end consumer, are disclosed as other payables.

E. Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax is recognised in income unless it relates to items recognised in other comprehensive income/(expense) or directly in equity, in which case the current income tax is recognised in other comprehensive income/(expense) or directly in equity respectively. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill (taxable temporary differences only) or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

4 Material accounting policy information continued

E. Taxation continued

Deferred tax continued

The carrying amount of deferred tax assets is reviewed at each reporting 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 deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in income unless it relates to items recognised in other comprehensive income/(expense) or directly in equity, in which case the deferred tax is recognised in other comprehensive income/(expense) or directly in equity respectively.

F. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Freehold buildings	–	10 to 50 years
Leasehold buildings	–	period of lease
Plant and equipment	–	3 to 10 years
Fixtures, fittings and motor vehicles	–	2 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets under construction are transferred to the appropriate category of property, plant and equipment upon completion of a project. Depreciation commences upon transfer.

See note 4N.(i) for the accounting policy related to right-of-use assets.

G. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the consideration transferred measured at acquisition date. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair values of net identifiable assets acquired, liabilities assumed and contingent liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

H. Intangible assets – other

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the business combination date.

The fair value of customer relationships acquired and recognised as part of a business combination is determined using the multiperiod excess earnings method.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

4 Material accounting policy information continued

H. Intangible assets – other continued

Research and development

Research costs are expensed as incurred.

Other intangible assets purchased or produced internally are recorded as assets when the use of the asset is likely to generate future economic benefits and when the cost of the asset can be determined in a reliable manner. These assets are valued at the cost of purchase or production and amortised at constant rates over their estimated useful life.

Subsequent measurement of intangible assets

Intangible assets with a finite life are amortised on a straight-line basis over their estimated useful lives as follows:

Technology and software costs	–	4 years
Customer relationships	–	13 years

The estimated useful life and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

I. Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss or at amortised cost, as appropriate. With the exception of trade receivables, which are recognised at transaction price, all financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For the purposes of subsequent measurement, financial assets of the Group are classified in two categories:

- financial assets at fair value through profit or loss; and
- financial assets at amortised cost (debt instruments).

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables.

Derecognition

A financial asset is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset.

ii) Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables are the Group's only financial asset for which ECLs need to be calculated.

4 Material accounting policy information continued

I. Financial instruments – initial recognition and subsequent measurement continued

iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

J. Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument and the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is "an economic relationship" between the hedged item and the hedging instrument;
- the effect of credit risk does not "dominate the value changes" that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

4 Material accounting policy information continued

J. Derivative financial instruments continued

Initial recognition and subsequent measurement continued

Hedges that meet all the qualifying criteria for hedge accounting are accounted for as described below:

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income/(expense) while any gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement.

The Group uses a loan as a hedge of its exposure to foreign currency risk.

K. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- raw materials: purchase cost on a first-in, first-out basis; and
- finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

L. Impairment of non-financial assets

Intangible assets, including goodwill, that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU's") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, where the recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

M. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

Notes to the consolidated financial statements *continued*

for the year ended 31 December 2024

4 Material accounting policy information continued

N. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease – that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold buildings	–	period of lease
Plant and machinery	–	3 to 10 years
Fixtures, fittings and motor vehicles	–	2 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section L. Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is calculated based on the Group's external borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in the interest-bearing loans and borrowings (see note 19).

iii) Short-term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to its short-term leases of plant and machinery (i.e. those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

O. Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

The effect of the time value of money is not material and therefore the provisions are not discounted.

No warranty provision is made for steel panel radiators based on the very low claims history. The Group sells electrical radiators and a small volume of boilers and provision for these is made on a £ per unit sold basis, driven by historical warranty claims data.

4 Material accounting policy information continued

O. Provisions continued

General continued

A provision is recognised in respect of an unused vacation pay liability due to certain employees in Turkey. The provision is calculated based on the number of unused days and the salary rates applicable.

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal proposal identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline, and when the employees affected have been notified of the proposal's main features.

P. Pensions and other post-employment benefits

The Group has an obligation to provide lump sum termination payments to certain employees in Turkey and also in Italy; these schemes are accounted for under IAS 19.

The cost of providing benefits under the schemes is determined using the projected unit credit method.

Remeasurements, comprising actuarial gains and losses, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income/(expense) in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the defined benefit liability. The Group recognises the following changes in the defined benefit obligation under "cost of sales", "administration expenses" and "selling and distribution expenses" in the consolidated income statement (by function):

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements.

For the defined contribution schemes operated by the Group, the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in exchange for services rendered in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Q. Share-based payments (IFRS 2)

The fair value of equity-settled share options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured as at the date the options are granted and the charge is only amended if vesting does not take place due to non-market conditions not being met. Various option pricing models are used according to the terms of the option scheme under which the options were granted. The fair value is spread over the period during which the employees become unconditionally entitled to the options. At the balance sheet date, if it is expected that non-market conditions will not be satisfied, the cumulative expense recognised in relation to the relevant options is reversed.

With respect to share-based payments, a deferred tax asset is recognised on the relevant tax base. The tax base is then compared to the cumulative share-based payment expense recognised in the income statement. Deferred tax arising on the excess of the tax base over the cumulative share-based payment expense recognised in the income statement has been recognised directly in equity outside the SOCI as share-based payments are considered to be transactions with shareholders.

Where the Company grants options over its own shares to employees of its subsidiaries, it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements, with the corresponding credit being recognised in equity.

R. Exceptional items

Exceptional items are disclosed by virtue of their nature, size or incidence to allow a better understanding of the underlying trading performance of the Group.

S. Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

T. New standards applied in the year

Several amendments and interpretations apply for the first time in 2024, but do not have a material impact on the consolidated financial statements of the Group. These include:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Amendment to IAS 7 and IFRS 7 – Supplier Finance

4 Material accounting policy information continued

U. New standards and interpretations not applied

The International Accounting Standards Board has issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS/IFRSs)	Effective date (period beginning on or after)
Lack of Exchangeability – Amendments to IAS 21	1 January 2025
Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
Presentation and Disclosure in Financial Statements – IFRS 18	1 January 2027
Subsidiaries without Public Accountability: Disclosures – IFRS 19	1 January 2027

It is anticipated that adoption of these standards and interpretations will not have a material impact on the Group's financial statements.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

5 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made judgements which would have a significant effect on the amounts recognised in the consolidated financial statements.

Impairment of non-financial assets

Intangible assets, including goodwill, that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Details of the impairment assessment of goodwill, which includes key estimates, are disclosed in note 18.

There is an additional judgement relating to the renewal of a significant supply contract with an existing customer. The contract ends on 31 December 2025 and the base scenario assumes that it is successfully renegotiated on the basis of management's assessment of the strength of the Group's position with the customer. Further details of the sensitivity analysis undertaken can be found in note 18.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Rebates

A proportion of rebates is paid to the end consumers of goods sold. Uncertainties exist over the value of the rebates recognised as, until claims are made by end consumers, the Group cannot be certain which consumers have purchased which products. Due to this uncertainty, estimates are made over what contractual rates, if any, will apply to goods sold.

Management make significant estimates and assumptions in order to assess the level of rebate required at the balance sheet date. Management is able to utilise market information and historical/current data and trends in order to make an appropriate estimate.

A reasonably possible change in the estimates surrounding rebates would not result in a material impact on the financial statements.

6 Segmental information

IFRS 8 Operating Segments requires operating segments to be determined from the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Chief Executive Officer and Chief Financial Officer. The operating segments are determined to be the key geographical regions in which the Group operates. The CODM receive management information as part of the internal reporting framework based upon the key geographical regions. The CODM assesses the performance of geographical segments based on a measure of revenue and adjusted operating profit.

Adjusted operating profit is earnings before interest, tax, amortisation of customer relationships and exceptional items.

Revenue by geographical market

	2024 £'000	2023 £'000
UK & Ireland	**137,351**	139,422
Europe	**138,971**	149,063
Turkey & International	**14,255**	19,708
Total revenue	**290,577**	308,193

The revenue arising in the UK, being the Company's country of domicile, was £134,442,000 (2023: £133,323,000). All revenue arising in the UK was to external customers.

Adjusted operating profit by geographical market

	2024 £'000	2023 £'000
UK & Ireland	**29,548**	24,485
Europe	**7,937**	9,061
Turkey & International	**1,042**	1,348
Central costs	**(7,005)**	(5,606)
Adjusted operating profit	**31,522**	29,288
Exceptional items	**—**	(2,466)
Amortisation of customer relationships	**(137)**	(141)
Operating profit	**31,385**	26,681

In the year ended 31 December 2023 the exceptional items relate to a £2,908,000 restructuring exercise undertaken in quarter four of the year in order to drive cost savings for future periods, partially offset by exceptional income related to the acquisition of Radiators SpA of £442,000.

All exceptional items have been presented as such because they are one-off in nature and separate disclosure allows the underlying trading performance of the Group to be better understood.

The revenue information above is based on the locations of the customers. All revenue arises from the sale of goods.

One customer has revenues in excess of 10% of revenue (2023: none).

Non-current operating assets

	2024 £'000	2023 £'000
UK	**16,324**	17,547
The Netherlands	**17,453**	20,581
Turkey	**25,549**	26,500
Italy	**23,894**	26,818
Other	**605**	1,052
Total	**83,825**	92,498

The CODM review the non-current operating assets based on the geographical regions in the table above, rather than those used when reviewing revenue and adjusted operating profit, because this is the physical location of the assets. These values agree to the measurement of the assets per the financial statements.

Notes to the consolidated financial statements *continued*

for the year ended 31 December 2024

7 Other operating income/(expenses)

	2024 £'000	2023 £'000
Net gain/(loss) on disposal of property, plant and equipment	**118**	(11)
Foreign currency gains	**723**	1,736
Net losses on forward derivative contracts	**(35)**	(689)
Sundry other expenses – environmental claim	**—**	(104)
Sundry other income	**513**	267
	1,319	1,199

8 Operating profit

Operating profit is stated after charging/(crediting):

	2024 £'000	2023 £'000
Auditors' remuneration:		
– Audit of the Company and consolidated financial statements	**169**	155
– Audit of subsidiaries	**316**	275
	485	430
– Non-audit services – interim review fee	**38**	36
– Non-audit services – other	**8**	8
	46	44
Total auditors' remuneration	**531**	474
Depreciation of owned assets	**8,926**	9,085
Depreciation of right-of-use assets	**2,766**	2,530
	11,692	11,615
Amortisation of customer relationships	**137**	141
Amortisation of other intangibles	**331**	316
	468	457
(Profit)/loss on sale of property, plant and equipment	**(118)**	11
Other exchange gains	**(688)**	(1,047)
Research and development costs	**1,552**	1,591

9 Employee benefits expense

	2024 £'000	2023 £'000
Wages and salaries	**44,815**	42,232
Social security costs	**8,323**	7,327
Other pension costs	**3,082**	3,349
Share-based payment charge (note 11)	**440**	515
	56,660	53,423

9 Employee benefits expense continued

The average monthly number of employees during the year was made up as follows:

	2024 Number	2023 Number
Cost of sales	**779**	788
Selling and distribution	**526**	560
Administration	**130**	131
	1,435	1,479

10 Directors' remuneration

The Remuneration Policy is described in the Remuneration Report on pages 74 to 91.

	2024 £'000	2023 £'000
Aggregate remuneration	**1,735**	1,715

The amounts in respect of the highest paid Director are as follows:

	2024 £'000	2023 £'000
Aggregate remuneration	**969**	832

Aggregate remuneration is inclusive of basic salary, annual bonus (including any accrued bonuses), pension contributions and other taxable benefits. No retirement benefits are accruing to Directors under a defined contribution scheme or a defined benefit scheme (2023: £nil). Further details on Directors' remuneration can be found in the Remuneration Report on pages 74 to 91.

11 Share-based payments

Long Term Incentive Plans

The Executive Directors and selected members of the senior management team across the Group participate in the Stelrad Group plc Long Term Incentive Plan ("LTIP"), which was set up and launched during the year ended 31 December 2022. A second award was made during the year ended 31 December 2024. The LTIP provides for the Executive Directors and selected members of the senior management team to be awarded nil-cost shares in the Group, conditional on specified performance conditions being met over a period of three years. The grants made to date have been based on two conditions – adjusted EPS (a non-market condition) and relative TSR as compared to the selected benchmark index (a market condition). Refer to the Remuneration Report on pages 74 to 91 for further details of the LTIP.

The expense recognised for the LTIP during the year ended 31 December 2024 was £339,000 (2023: £406,000).

During the year ended 31 December 2024, LTIP awards were granted to selected members of the senior management team and the Executive Directors. The senior management team awards were 100% based on an adjusted EPS target (a non-market condition). The Executive Director awards were 80% based on an adjusted EPS target (a non-market condition) and 20% on relative TSR compared to a selected benchmark index (a market condition), with the total award value being equal to 50% of salary. Due to the low proportion of market condition-based awards granted in the year ended 31 December 2024, the inputs to the Monte Carlo model used to value the 2022 LTIP awards have been used to value the LTIP awards granted in the year ended 31 December 2024. The inputs to the model used for the awards granted in the year ended 31 December 2024 were:

	2024
Stelrad Group plc:	
Share price at date of grant	£1.17
Dividend yield	0.0%
Risk-free rate	1.6%
Future share price volatility	25.0%
Selected comparator group:	
Future share price volatility	47.9%
Correlation between companies	1.0%

Notes to the consolidated financial statements *continued*

for the year ended 31 December 2024

11 Share-based payments continued

Long Term Incentive Plans continued

The fair value of the LTIP awards granted (based on non-market conditions) is equal to the share price at the date of grant.

The following table shows the number of share awards for the LTIP:

	2024	2023
Outstanding at the beginning of the year	985,729	985,729
Granted during the year	1,368,487	—
Lapsed during the year	(985,729)	—
Forfeited during the year	(111,972)	—
Outstanding at the end of the year	**1,256,515**	985,729

The weighted average share price of the share awards at the year end was £1.36 (2023: £1.31).

The weighted average fair value of awards granted during the year ended 31 December 2024 was £1.17 (2023: nil).

The weighted average remaining contractual life of the awards was 2.21 years (2023: 1.39 years).

There were no awards exercised in the year (2023: nil).

Deferred Share Bonus Plan

The Deferred Share Bonus Plan ("DSBP") provides for the Executive Directors of the Group to be awarded shares in the Group conditional on the achievement of financial and strategic targets. The shares are deferred over a two-year period. The DSBP awards are not subject to any market-based conditions. Therefore, the fair value of the awards is equal to the share price at the date of grant. Refer to the Remuneration Report on pages 74 to 91 for further details of the DSBP.

The expense recognised for the DSBP during the year ended 31 December 2024 was £101,000 (2023: £109,000).

95,266 share awards have been granted under the DSBP during the year ended 31 December 2024 (2023: nil).

12 Finance income

	2024 £'000	2023 £'000
Interest on cash deposits	186	182

13 Finance costs

	2024 £'000	2023 £'000
Interest on bank loans	5,723	5,663
Amortisation of loan issue costs	375	513
Interest expense on defined benefit liabilities	921	357
Finance charges payable on lease liabilities	129	120
Other finance charges	1,041	1,028
	8,189	7,681

14 Income tax expense

The major components of income tax expense are as follows:

	2024 £'000	2023 £'000
Consolidated income statement		
Current income tax:		
Current income tax charge	5,083	7,214
Adjustments in respect of current income tax charge of previous year	(127)	10
Deferred tax:		
Relating to origination and reversal of temporary differences	1,908	(3,466)
Income tax expense reported in the income statement	**6,864**	3,758

14 Income tax expense continued

	2024 £'000	2023 £'000
Consolidated statement of comprehensive income		
Tax related to items recognised in other comprehensive income/(expense) during the year:		
Deferred tax on actuarial loss	**(232)**	(206)
Current tax on monetary items forming part of net investment and on hedges of net investment	**217**	158
Income tax credited to other comprehensive income	**(15)**	(48)

Reconciliation of tax expense and the accounting profit at the tax rate in the United Kingdom of 25% (2023: 23.5%):

	2024 £'000	2023 £'000
Profit before tax	**23,382**	19,182
Profit before tax multiplied by standard rate of corporation tax in the UK of 25% (2023: 23.5%)	**5,846**	4,508
Adjustments in respect of current income tax charge of previous year	**(127)**	10
Non-deductible expenses	**352**	60
Differences arising due to tax losses	**286**	1,205
Other timing differences (including 2023 inflation adjustment to Turkish tax assets)	**721**	(3,163)
Benefit of overseas investment incentives	**(220)**	(263)
Withholding tax on dividend income	**1,032**	1,760
Effect of different overseas tax rates	**(1,026)**	(359)
Total tax expense reported in the income statement	**6,864**	3,758

Deferred tax

Deferred tax relates to the following:

	Consolidated balance sheet		Consolidated income statement	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Capital allowances	**(641)**	279	**(742)**	(538)
Pension	**1,010**	719	**99**	(275)
Fixed asset fair value adjustments	**(1,303)**	(1,421)	**58**	252
Losses available for offsetting against future income	**3,322**	4,387	**(965)**	(1,039)
Other temporary differences	**2,224**	2,503	**(358)**	5,066
Deferred tax (charge)/credit			**(1,908)**	3,466
Net deferred tax assets	**4,612**	6,467		
Reflected in the balance sheet as:				
Deferred tax assets	**4,821**	6,685		
Deferred tax liabilities	**(209)**	(218)		
Deferred tax assets, net	**4,612**	6,467		

Reconciliation of deferred tax assets, net

	2024 £'000	2023 £'000
Opening balance as at 1 January	**6,467**	2,786
Tax (charge)/income recognised in income statement	**(1,908)**	3,466
Tax income recognised in other comprehensive income/(expense)	**232**	206
Exchange adjustment	**(179)**	9
Closing balance as at 31 December	**4,612**	6,467

The Group offsets tax assets and liabilities if it has a legally enforceable right to set them off and they are levied by the same tax authority. Deferred tax assets in respect of losses of £2,118,000 (2023: £2,130,000) have been recognised in respect of two (2023: two) loss-making subsidiary companies; these are recognised on the grounds of future projected performance.

14 Income tax expense continued

Deferred tax asset recognition

During the year ended 31 December 2023, the Group chose to derecognise certain tax losses, in particular those arising from Corporate Interest Restriction ("CIR") rules. An increase in debt to finance the acquisition of Radiators SpA and an increase in interest rates mean that these tax losses will take longer to utilise and therefore an element has been derecognised.

During the year ended 31 December 2024, the Group also chose not to recognise tax assets connected with higher tax asset values allowed by the Turkish government due to hyperinflation of the Turkish Lira, on the basis that the recoverability of the these assets is uncertain.

The deferred tax assets have been analysed in detail at the year end and the recognition of assets, in particular those in respect of tax losses, has been scrutinised in detail with modelling undertaken to ensure that they are likely to be utilised over a period of time where profitability can be estimated with reasonable certainty.

Unrecognised deferred tax balances

	2024 £'000	2023 £'000
Capital allowances	**13**	20
Losses available for offsetting against future income	**3,486**	3,733
	3,499	3,753

The Group has tax losses which arose in the United Kingdom of £13,944,000 (2023: £14,932,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they either relate to CIR losses which cannot be reliably utilised in the short term or they arose prior to April 2017 in subsidiaries that are not profit making and where there is no evidence of recoverability in the near future.

15 Earnings per share

	2024 £'000	2023 £'000
Net profit for the year attributable to owners of the parent	**16,518**	15,424
Exceptional items	**—**	2,466
Amortisation of customer relationships	**137**	141
Tax on exceptional items	**—**	(651)
Tax on amortisation of customer relationships	**(38)**	(39)
Adjusted net profit for the year attributable to owners of the parent	**16,617**	17,341

	2024 Number	2023 Number
Basic weighted average number of shares in issue	**127,352,555**	127,352,555
Diluted weighted average number of shares in issue	**128,389,983**	127,352,555
Earnings per share		
Basic earnings per share (pence per share)	**12.97**	12.11
Diluted earnings per share (pence per share)	**12.87**	12.11
Adjusted earnings per share		
Basic earnings per share (pence per share)	**13.05**	13.62
Diluted earnings per share (pence per share)	**12.94**	13.62

16 Dividends paid

The Board is recommending a final dividend of 4.81 pence per share (2023: 4.72 pence per share), which, if approved, will mean a final dividend payment of £6,126,000 (2023: £6,011,000).

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these consolidated financial statements.

	2024 £'000	2023 £'000
Declared and paid during the year		
Equity dividend on ordinary shares:		
Final dividend for 2023: 4.72p per share (2022: 4.72p per share)	6,011	6,011
Interim dividend for 2024: 2.98p per share (2023: 2.92p per share)	3,795	3,718
	9,806	9,729

	2024 £'000	2023 £'000
Dividend proposed (not recognised as a liability)		
Equity dividend on ordinary shares:		
Final dividend for 2024: 4.81p per share (2023: 4.72p per share)	6,126	6,011

17 Property, plant and equipment

	Freehold land and buildings £'000	Leasehold buildings £'000	Assets under construction £'000	Plant and equipment £'000	Fixtures, fittings and motor vehicles £'000	Total £'000
Cost						
At 1 January 2023	46,473	12,222	7,269	83,388	11,234	160,586
Additions	233	1,100	3,616	2,833	1,483	9,265
Transfers	406	—	(9,539)	8,434	699	—
Disposals	(88)	(292)	—	(3,779)	(1,006)	(5,165)
Exchange adjustment	(822)	(289)	(80)	(1,798)	(130)	(3,119)
At 31 December 2023	46,202	12,741	1,266	89,078	12,280	161,567
Additions	124	214	4,951	980	742	7,011
Transfers	214	—	(4,438)	3,820	404	—
Disposals	—	(140)	—	(829)	(806)	(1,775)
Exchange adjustment	(1,675)	(587)	(19)	(3,929)	(331)	(6,541)
At 31 December 2024	44,865	12,228	1,760	89,120	12,289	160,262
Accumulated depreciation and impairment						
At 1 January 2023	13,375	4,683	—	43,764	7,160	68,982
Depreciation charge	1,634	1,482	—	6,676	1,823	11,615
Disposals	(88)	(292)	—	(3,577)	(877)	(4,834)
Exchange adjustment	(172)	(113)	—	(1,097)	(61)	(1,443)
At 31 December 2023	14,749	5,760	—	45,766	8,045	74,320
Depreciation charge	1,616	1,489	—	6,766	1,821	11,692
Disposals	—	(47)	—	(806)	(699)	(1,552)
Exchange adjustment	(411)	(298)	—	(2,461)	(201)	(3,371)
At 31 December 2024	15,954	6,904	—	49,265	8,966	81,089
Net book value						
At 31 December 2024	28,911	5,324	1,760	39,855	3,323	79,173
At 31 December 2023	31,453	6,981	1,266	43,312	4,235	87,247
At 31 December 2022	33,098	7,539	7,269	39,624	4,074	91,604

Notes to the consolidated financial statements *continued*

for the year ended 31 December 2024

17 Property, plant and equipment continued

The carrying value of right-of-use assets within property, plant and equipment, by line item, at the year end is:

	2024 £'000	2023 £'000
Leasehold buildings	**5,299**	6,927
Plant and equipment	**1,175**	1,255
Fixtures, fittings and motor vehicles	**1,255**	1,700
	7,729	9,882

Right-of-use asset additions within property, plant and equipment, by line item, during the year are:

	2024 £'000	2023 £'000
Leasehold buildings	**214**	1,090
Plant and equipment	**523**	731
Fixtures, fittings and motor vehicles	**413**	858
	1,150	2,679

Depreciation of right-of-use assets within property, plant and equipment, by line item, during the year is:

	2024 £'000	2023 £'000
Leasehold buildings	**1,462**	1,456
Plant and equipment	**565**	374
Fixtures, fittings and motor vehicles	**739**	700
	2,766	2,530

Land and buildings with a carrying amount of £18,095,000 (2023: £20,022,000) are subject to a first charge to secure the Group's bank loan.

No borrowing costs have been capitalised since the assets have not met the criteria for qualifying assets.

18 Intangible assets

	Goodwill £'000	Customer relationships £'000	Technology and software costs £'000	Total £'000
Cost				
At 1 January 2024	**2,732**	**1,822**	**1,319**	**5,873**
Additions	**—**	**—**	**100**	**100**
Exchange adjustment	**(125)**	**(85)**	**(62)**	**(272)**
At 31 December 2024	**2,607**	**1,737**	**1,357**	**5,701**
Accumulated amortisation and impairment				
At 1 January 2024	**—**	**199**	**423**	**622**
Amortisation	**—**	**137**	**331**	**468**
Exchange adjustment	**—**	**(13)**	**(28)**	**(41)**
At 31 December 2024	**—**	**323**	**726**	**1,049**
Net book value				
At 31 December 2024	**2,607**	**1,414**	**631**	**4,652**
At 31 December 2023	2,732	1,623	896	5,251

Included in technology and software costs are assets under construction of £nil (2023: £126,000), which are not amortised.

The remaining amortisation period of the customer relationships, being those acquired upon the acquisition of Radiators SpA, is ten years and seven months.

18 Intangible assets continued

Impairment assessment of goodwill

Goodwill is subject to annual impairment testing. All of the goodwill recognised is allocated to a single cash-generating unit ("CGU"), being the Radiators SpA division which has a total carrying value of £22.9 million. A CGU represents the lowest level in the Group at which goodwill is monitored for internal management purposes.

Impairment tests on the carrying amounts of goodwill are performed by analysing the carrying amount allocated to the CGU against the higher of fair value less costs to sell or its value in use. Both methods are calculated as the net present value of the CGU's discounted future cash flows covering a three-year period. These cash flows are based on budgeted cash flows information for a period of three years.

Terminal growth rates of 1.8% have been applied beyond this, based on historical macroeconomic performance and projections of the sector served by the CGUs.

When assessing for impairment of goodwill, management has considered the impact of climate change, particularly in the context of the risks and opportunities identified within the Task Force on Climate-related Financial Disclosures Report on pages 35 to 39 of the Strategic Report, and has not identified any material short-term impacts from climate change that would impact the recoverable amount of the CGU. Over the longer term, the risks and opportunities are more uncertain, and management will continue to assess the quantitative impact of risks at each balance sheet date.

For the value in use model, a pre-tax discount rate of 15.1% has been applied in determining the recoverable amounts of the CGU. The pre-tax discount rate is estimated based on the Group's risk adjusted cost of capital. Other key assumptions throughout the budget period are EBITDA, which is included in the terminal value at a margin of 8.6%, volumes, contribution per radiator sold and capital expenditure. The key assumptions have been determined using past experience or external sources of information.

The Group has applied sensitivities to assess whether any reasonably possible changes in assumptions could cause an impairment that would be material to these consolidated financial statements. Details of the sensitivity analysis are disclosed in relation to Radiators SpA because it is sensitive to changes in assumptions. The base case scenario for Radiators SpA has headroom of £1.5 million. A decrease in EBITDA margin of 0.5 ppts percentage points, holding all other assumptions constant, would erode the headroom to zero for Radiators SpA. An increase in discount rate of 0.64 ppts, holding all other assumptions constant, would erode the headroom to zero for Radiators SpA. A reasonably possible decrease in the EBITDA margin of 1.0 ppts would give rise to an impairment of £1.6 million. A reasonably possible decrease in the plan sales volumes of 10% would give rise to an impairment of £5.0 million.

An extra sensitivity is the renewal of a significant supply contract with an existing customer. The contract ends on 31 December 2025 and the base scenario assumes that it is successfully renegotiated on the basis of management's assessment of the strength of the Group's position with the customer. Holding all other assumptions constant, the loss of the contract would give rise to an impairment of between £8.6 million and £11.8 million, depending on the ability to reduce costs, of the current value of all of the assets in the CGU, including property, plant and equipment. The impairment modelling makes the assumption that manufacturing capacity is not utilised for other customers.

19 Financial liabilities

Financial liabilities – other – not interest bearing

Financial instruments through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

Liabilities	2024 £'000	2023 £'000
Financial instruments at fair value through profit or loss		
Derivatives not designated as hedges – foreign exchange forward contracts	—	318
Total instruments at fair value through profit or loss	—	318
Current	—	318
Non-current	—	—

Notes to the consolidated financial statements *continued*

for the year ended 31 December 2024

19 Financial liabilities continued

Financial liabilities – interest-bearing loans and borrowings

	Effective interest rate %	Maturity	2024 £'000	2023 £'000
Current interest-bearing loans and borrowings				
Lease liabilities			**2,212**	2,469
			2,212	2,469
Non-current interest-bearing loans and borrowings				
Lease liabilities			**5,671**	7,402
Revolving credit facility – GBP	SONIA + 2.25%	9 Nov 2026	**41,750**	46,900
Revolving credit facility – Euro	Euribor + 2.25%	9 Nov 2026	**13,146**	10,399
Term loan	Euribor + 2.25%	9 Nov 2026	**23,436**	24,563
Unamortised loan costs			**(674)**	(1,037)
			83,329	88,227
Total interest-bearing loans and borrowings			**85,541**	90,696

The Group has a £100 million loan facility jointly financed by National Westminster Bank plc and Barclays Bank plc. The facility consists of a £76.027 million revolving credit facility and a €28.346 million term loan facility.

During the year ended 31 December 2023, the £76.027 million revolving credit facility and the €28.346 million term loan facility were extended by two years to 9 November 2026 by exercising the two-year extension option included in the facility agreement.

The RCF and term loan facilities are secured on the assets of certain subsidiaries within the Group.

Changes in liabilities arising from financing activities

	1 January 2024 £'000	Cash flows £'000	Non-cash changes £'000	31 December 2024 £'000
Liabilities from financing activities				
Revolving credit facility – GBP	46,900	(5,150)	—	**41,750**
Revolving credit facility – Euro	10,399	3,388	(641)	**13,146**
Term loan	24,563	—	(1,127)	**23,436**
Lease liabilities	9,871	(1,715)	(273)	**7,883**
	91,733	(3,477)	(2,041)	**86,215**
Other assets				
Cash and cash equivalents	(21,442)	2,012	797	**(18,633)**
	(21,442)	2,012	797	**(18,633)**
Net liabilities arising from financing activities	70,291	(1,465)	(1,244)	**67,582**

The non-cash changes all relate to foreign exchange differences.

20 Inventories

	2024 £'000	2023 £'000
Raw materials	**23,818**	21,723
Work in progress	**3,388**	3,327
Finished goods	**37,063**	34,509
Other consumables	**3,042**	3,817
	67,311	63,376

The cost of inventories recognised as an expense in the year was £201,617,000 (2023: £221,343,000). The provision for the impairment of stocks increased in the year, giving rise to a cost of £760,000 (2023: cost of £355,000). At 31 December 2024, the provision for the impairment of stocks was £3,974,000 (2023: £3,347,000).

21 Trade and other receivables

	2024 £'000	2023 £'000
Current		
Trade receivables	**42,279**	47,619
Other receivables	**2,629**	2,462
Prepayments	**570**	593
	45,478	50,674
Non-current		
Other receivables	**284**	301
	284	301

The table below sets out the movements in the allowance for expected credit losses of trade receivables:

	2024 £'000	2023 £'000
At 1 January	**806**	763
Charge for the year	**14**	155
Unused amounts reversed	**(246)**	(95)
Exchange adjustment	**(26)**	(17)
At 31 December	**548**	806

As at 31 December, the ageing of trade receivables (gross of impairment) are as follows:

	Total £'000	Current £'000	<30 days £'000	30–90 days £'000	>90 days £'000
2024					
Gross carrying amount	**42,827**	**33,241**	**5,464**	**3,873**	**249**
2023					
Gross carrying amount	48,425	41,635	4,600	777	1,413

22 Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and on hand	**18,633**	21,442

23 Trade and other payables

	2024 £'000	2023 £'000
Current		
Trade payables	**46,581**	49,263
Other payables and accruals	**18,485**	22,319
Other taxes and social security	**3,822**	5,685
Interest payable	**322**	789
	69,210	78,056

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24 Provisions

	Warranty £'000	Compensation fund £'000	Restructuring £'000	Unused vacation £'000	Total £'000
At 1 January 2023	593	1,199	719	208	2,719
On business combination	—	—	131	—	131
Arising during the year	864	50	2,652	728	4,294
Utilised	(696)	—	(799)	(506)	(2,001)
Exchange adjustment	(15)	(29)	(19)	(83)	(146)
At 31 December 2023	746	1,220	2,684	347	4,997
Arising during the year	**332**	**126**	**—**	**765**	**1,223**
Released	**(169)**	**—**	**—**	**—**	**(169)**
Utilised	**(430)**	**—**	**(2,323)**	**(440)**	**(3,193)**
Exchange adjustment	**(27)**	**(59)**	**(52)**	**(61)**	**(199)**
At 31 December 2024	**452**	**1,287**	**309**	**611**	**2,659**
Current	113	—	309	327	749
Non-current	339	1,287	—	284	1,910

Compensation fund

The supplementary customer compensation fund is made in accordance with European legislation to provide for potential severance payments to agents.

Restructuring

The restructuring provision relates to a Group-wide restructuring programme undertaken to drive cost savings for future periods.

Unused vacation

A provision is recognised in respect of an unused vacation pay liability due to certain employees in Turkey. The timing of the provision is dependent on the rate at which employees take additional vacation.

25 Share capital and reserves

	2024 Number	**2024 £**	2023 Number	2023 £
Authorised, called up and fully paid				
Ordinary shares of £0.001 each	**127,352,555**	**127,353**	127,352,555	127,353
		127,353		127,353

26 Commitments and contingencies

Commitments

Amounts contracted for but not provided in the financial statements amounted to £177,000 (2023: £215,000) for the Group. All amounts relate to property, plant and equipment.

Contingent liabilities

Termo Teknik Ticaret ve Sanayi A.S. has issued letters of guarantee and letters of credit to its steel suppliers amounting to $17,917,000 (2023: $18,309,000) and $18,071,000 (2023: $10,204,000) respectively. Termo Teknik Ticaret ve Sanayi A.S. has also issued letters of guarantee denominated in Turkish Lira totalling TL26,514,000 (2023: TL14,876,000).

The Group enters into various forward currency contracts to manage the risk of foreign currency exposures on certain purchases and sales. The total amount of unsettled forward contracts as at 31 December 2024 is £12,123,000 (2023: £12,197,000) on purchases and £17,500,000 (2023: £20,750,000) on sales.

The fair value of the unsettled forward contracts held at the balance sheet date, determined by reference to their market values, is an asset of £293,000 (2023: liability of £318,000).

As part of the £100 million loan facility, entered into in November 2021, and amended on 8 July 2022, the Group is party to a cross-collateral agreement secured on specific assets of certain Group companies. No liability is expected to arise from the agreement.

Under an unlimited multilateral guarantee, the Company, in common with certain fellow subsidiary undertakings in the UK, has jointly and severally guaranteed the obligations falling due under the Company's net overdraft facilities. No liability is expected to arise from this arrangement.

27 Pensions and other post-employment plans

	2024 £'000	2023 £'000
Net employee defined benefit liability		
Turkish scheme – IAS 19	**4,476**	3,148
Italian scheme – IAS 19	**600**	860
Other retirement obligations – non-IAS 19	**42**	45
	5,118	4,053

Turkish scheme

In Turkey there is an obligation to provide lump sum termination payments to certain employees; this represents 30 days' pay (subject to a cap imposed by the Turkish government) for each year of service. The IAS 19 valuation gives a liability of £4,476,000 (2023: £3,148,000). There are no assets held in this plan (2023: £nil). The expected contributions to the plan for the next reporting period to cover benefits paid are £207,000. The service cost in the year was £383,000 (2023: £372,000).

Italian scheme

The Italian pension scheme, the Trattamento di Fine Rapporto, is a deferred compensation scheme established by Italian law. Employers are required to provide a benefit to employees when, for any reason, their employment is terminated. The IAS 19 valuation gives a net liability of £600,000 (2023: £860,000). The expected contributions to the plan for the next reporting period to cover benefits paid are £68,000. The service cost in the year was £nil (2023: £nil).

UK scheme

The UK has one defined contribution pension scheme, following the transfer of all pension arrangements to a Master Trust in 2020.

The total employer contributions made in the year were £1,122,000 (2023: £1,222,000). There were outstanding contributions totalling £66,000 (2023: £nil) due to the scheme at the balance sheet date.

Other overseas retirement obligations

The Group operates a number of defined contribution pension schemes in its overseas entities and also has certain other retirement obligations. The contributions to overseas pension schemes in the year and any movements in the provision for other retirement obligations are reported as part of the employee benefits note and total £1,577,000 (2023: £1,755,000).

IAS 19 accounting – Turkish and Italian schemes

Movement in defined benefit obligation

	Italian scheme 2024 £'000	Turkish scheme 2024 £'000	Italian scheme 2023 £'000	Turkish scheme 2023 £'000
At 1 January	**860**	**3,148**	944	3,546
Current service cost	**—**	**380**	—	329
Interest cost	**26**	**893**	33	291
Plan curtailments – service cost	**—**	**3**	—	43
Plan curtailments – interest cost	**—**	**2**	—	33
Amounts recognised in income statement	**26**	**1,278**	33	696
Actuarial (gains)/losses	**(3)**	**928**	11	925
Benefits paid	**(248)**	**(326)**	(107)	(473)
Exchange differences	**(35)**	**(552)**	(21)	(1,546)
At 31 December	**600**	**4,476**	860	3,148

Amounts recognised in other comprehensive income/(expense)

	Italian scheme 2024 £'000	Turkish scheme 2024 £'000	Italian scheme 2023 £'000	Turkish scheme 2023 £'000
Experience adjustments – obligation	**3**	**(1,010)**	6	(1,055)
Changes in demographic assumptions – obligation	**—**	**(35)**	—	(93)
Changes in financial assumptions – obligation	**—**	**117**	(17)	223
At 31 December	**3**	**(928)**	(11)	(925)

Notes to the consolidated financial statements *continued*

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27 Pensions and other post-employment plans continued

IAS 19 accounting – Turkish and Italian schemes continued

Principal actuarial assumptions

	Italian scheme 2024	Turkish scheme 2024	Italian scheme 2023	Turkish scheme 2023
Discount rate (per annum)	**3.2%**	**29.3%**	3.2%	25.0%
Future salary increases (per annum)	**n/a**	**25.6%**	n/a	22.0%

Quantitative sensitivity analysis

	2024 Discount rate (per annum)		2024 Future salary increases (per annum)	
	+1% £'000	-1% £'000	+1% £'000	-1% £'000
(Decrease)/increase in defined benefit obligation – Italian scheme	**(43)**	**47**	**—**	**—**
(Decrease)/increase in defined benefit obligation – Turkish scheme	**(250)**	**279**	**286**	**(260)**

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions at the end of the reporting year.

28 Related party disclosures

The Group does not consider that it has an ultimate controlling party. The Bregal Fund III LP does not have control of the Group because its share of the Group is less than 50% and it does not have the power to affect its returns from the Group.

During the year, the Group spent £3,000 (2023: £3,000) on purchases from Polypal Netherlands BV (whose ultimate controlling party is The Bregal Fund III LP); the balance outstanding at the year end was £2,000 (2023: £nil). During the year, the Group made purchases of £4,047,000 (2023: £3,742,000) from AMG Fabrications (NE) Limited (whose ultimate controlling party is a close member of key management personnel's family); the balance outstanding at the year end was £441,000 (2023: £447,000).

The key management personnel are considered to be the Executive Directors and Non-Executive Directors of the Group. The following table highlights the remuneration that is recorded in the income statement in respect of these personnel, including Company social security costs:

	2024 £'000	2023 £'000
Short-term employment benefits	**1,975**	1,952

Contributions to Group pension plans are disclosed in note 27.

29 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value. In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current year. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

Details of the issued capital and reserves are shown in note 25. Details of interest-bearing loans and borrowings are shown in note 19.

30 Financial instrument disclosures

A. Fair value measurement hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

As at 31 December 2024	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Assets/(liabilities) measured at fair value				
Derivative financial assets/(liabilities)				
Foreign exchange forward contracts – GBP/EUR	**(274)**	**(274)**	**—**	**—**
Foreign exchange forward contracts – EUR/USD	**567**	**567**	**—**	**—**
	293	**293**	**—**	**—**

As at 31 December 2023	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Assets/(liabilities) measured at fair value				
Derivative financial assets/(liabilities)				
Foreign exchange forward contracts – GBP/EUR	(199)	(199)	—	—
Foreign exchange forward contracts – EUR/USD	(119)	(119)	—	—
	(318)	(318)	—	—

Level 1: Quoted prices in active markets.

Level 2: Significant observable inputs.

Level 3: Significant unobservable inputs.

B. Hedging activity and derivatives

Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. Where used, foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to twelve months.

Hedge of net investments in foreign operations

Included in subsidiary loans at 31 December 2024 and at 31 December 2023 were Euro denominated borrowings which have been designated as a hedge of the net investments in the Group's overseas subsidiaries. This borrowing is being used to hedge the Group's exposure to the Euro foreign exchange risk on these investments.

Gains or losses on the retranslation of this borrowing are transferred to other comprehensive income/(expense) to offset any gains or losses on translation of the net investments in the subsidiaries. There is no ineffectiveness in the years ended 31 December 2024 and 31 December 2023.

C. Fair value of financial instruments at amortised cost

	Carrying amount		Fair value	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Financial liabilities				
Lease liabilities	**7,883**	9,871	**7,883**	9,871
Revolving credit facility – GBP	**41,750**	46,900	**41,750**	46,900
Revolving credit facility – Euro	**13,146**	10,399	**13,146**	10,399
Term loan	**23,436**	24,563	**23,436**	24,563
	86,215	91,733	**86,215**	91,733

The external loan balances are stated gross of any issue costs.

Management assessed that the fair values of cash and cash equivalents, trade and other receivables, trade and other payables and other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties.

30 Financial instrument disclosures continued

C. Fair value of financial instruments at amortised cost continued

The following methods and assumptions were used to estimate the fair values:

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions. Derivatives valued using valuation techniques with market-observable inputs are interest rate swaps and foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodity.
- Fair values of the Group's interest-bearing loans and borrowings are determined by using the DCF method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting year. As the external debt is all at variable rate, the fair values are deemed to be identical to the carrying values.
- The financial liabilities which are not recognised at fair value but for which fair value is disclosed are deemed to be level 2 hierarchy measurements.
- There are not deemed to be any significant unobservable inputs to valuation.

D. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise interest-bearing borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

The Group's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also enters into derivative transactions. Due to timing, there are unsettled derivative contracts as at the end of the reporting year.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by individuals that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

The Group has established a risk and financial management framework, the primary objectives of which are to protect the Group from events that may hinder the achievement of financial performance objectives. These are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and commodity price risk. Financial instruments affected by market risk include interest-bearing borrowings and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to long-term interest-bearing borrowings.

The Group manages its interest rate risk by entering into interest rate swaps, where deemed appropriate, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

At 31 December 2023 and 31 December 2024, no interest rate swaps are in place. Approximately 9% (2023: 11%) of the Group's borrowings are at a fixed rate of interest.

Interest rate risk – sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. The analysis does not include cash balances. With all other variables held constant, the Group's profit before tax would be impacted as follows:

Year ended 31 December 2024	Increase/ decrease	Effect on profit before tax £'000
SONIA/Euribor	**+0.5%**	**(464)**
SONIA/Euribor	**-0.5%**	**464**

Year ended 31 December 2023	Increase/ decrease	Effect on profit before tax £'000
SONIA/Euribor	+0.5%	(469)
SONIA/Euribor	-0.5%	469

30 Financial instrument disclosures continued

D. Financial risk management objectives and policies continued

Market risk continued

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue and expenses are denominated in different currencies) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum twelve-month period. There were foreign currency exchange contracts in place at 31 December 2024 and 31 December 2023.

The Group hedges its exposure to fluctuations on the translation into GBP of its foreign operations by holding net borrowings in foreign currencies, including intercompany loans.

Foreign currency risk – sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the Euro, USD and TL exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Group's exposure to foreign currency changes for all other currencies is not material.

The net gain/(loss) on qualifying hedges of net investments in foreign operations disclosed in the consolidated statement of comprehensive income arises from changes in Euro denominated borrowings in the hedge of net investments in European operations. These movements will offset the translation of the European operations' net assets into GBP – this movement is not shown.

	Change in Euro rate (1)	Effect on profit before tax £'000
2024	**+10%**	**68**
	-10%	**(83)**
2023	+10%	(17)
	-10%	21

	Change in USD rate (1)	Effect on profit before tax £'000
2024	**+10%**	**74**
	-10%	**(91)**
2023	+10%	(7)
	-10%	9

(1) A + movement indicates GBP strengthening relative to the other currency.

	Change in TL rate (1)	Effect on profit before tax £'000
2024	**+10%**	**(230)**
	-10%	**281**
2023	+10%	529
	-10%	(646)

(1) A + movement indicates GBP strengthening relative to the other currency.

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require a continuous supply of steel which poses a risk due to the volatility of the price of the steel. The Group seeks to manage its exposure to commodity price risk by holding enough stock to negate short-term price fluctuations and if necessary allow sufficient time to pass price changes through to customers.

Demand risk

The market for the Group's goods is subject to movements in demand as the demand for new housing or upgrades to existing housing stock varies. The Group manages these variations through careful forecasting and flexing of production volumes. Financing arrangements anticipate demand changes and associated working capital movements.

Notes to the consolidated financial statements *continued*

for the year ended 31 December 2024

30 Financial instrument disclosures continued

D. Financial risk management objectives and policies continued

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit. Overseas subsidiaries have credit insurance policies in place to minimise the risk of trade debts going bad without recompense. UK subsidiaries have no credit insurance policy in place due to the cost of insurance not being justified by the low risk of non-recoverability with a large proportion of receivables being due from the three major customers with strong credit ratings.

Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as medium, as it has several large customers in linked markets.

Note 21 discloses information about the credit risk exposure on the Group's trade receivables.

Deposits with banks and other financial institutions

Credit risk from balances with banks and other financial institutions is managed by the Group's treasury team in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties. The Group's maximum exposure to credit risk is the cash and cash equivalents balance outlined in the balance sheet at 31 December 2024.

Liquidity risk

Liquidity risk for the Group arises from the management of working capital commitments and meeting its financial obligations as they fall due. The Group monitors its exposure to the risk of a shortage of funds using monitoring requirements on a daily basis looking out over various time periods. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, bank revolver and finance leases. The Group's policy is that not more than 10% of borrowings should mature in the next twelve-month period.

Approximately 2.6% of the Group's debt will mature in less than one year at 31 December 2024 (2023: 2.7%) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

At 31 December 2024, the Group had available £21,131,000 (2023: £18,728,000) of undrawn committed borrowing facilities.

The table summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. Interest-bearing loans comprise interest and principal, with interest determined based on rates prevailing at the balance sheet date. The foreign exchange forward contracts are subject to both a cash outflow and also a cash inflow and these are reported on a net basis in the analysis below.

As at 31 December 2024	<1 year £'000	1 to 5 years £'000	>5 years £'000	Total £'000
Lease liabilities	2,317	5,872	—	8,189
Interest-bearing loans	5,209	82,124	—	87,333
Trade and other payables	65,388	—	—	65,388
Derivatives not designated as hedges – foreign exchange forward contracts	274	—	—	274
	73,188	87,996	—	161,184

As at 31 December 2023	<1 year £'000	1 to 5 years £'000	>5 years £'000	Total £'000
Lease liabilities	2,582	7,826	—	10,408
Interest-bearing loans	6,240	90,142	—	96,382
Trade and other payables	72,371	—	—	72,371
Derivatives not designated as hedges – foreign exchange forward contracts	318	—	—	318
	81,511	97,968	—	179,479

30 Financial instrument disclosures continued

D. Financial risk management objectives and policies continued

Liquidity risk continued

Supplier finance arrangements

The Group participates in a supply chain financing arrangement ("SCF"). Under the arrangement, a bank agrees to pay amounts to a participating supplier in respect of invoices owed by the Group and receives settlement from the Group at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing and enable the willing suppliers to receive payments from the bank before the invoice due date.

	31 December 2024
Carrying amount of liabilities that part of supplier financing arrangements	
Presented within trade and other payables	
– of which suppliers have received payment from finance provider (£'000)	**5,150**
Range of payment due dates	
Liabilities that are part of the arrangement	**150-190 days after invoice date**
Trade payables that are not part of the arrangement	**120-150 days after invoice date**

31 Reconciliation of alternative performance measures

The Group uses some alternative performance measures to monitor and assess the underlying performance of the business. These measures include adjusted operating profit and adjusted profit for the year. These measures are deemed useful as they aid comparability year on year. The use of alternative performance measures compared to statutory IFRS measures does give rise to limitations, including a lack of comparability across companies and the potential for them to present a more favourable view. Further, these measures are not a substitute for IFRS measures of profit. Alternative performance measures are defined in the glossary of terms on page 144. Alternative performance measures are reconciled to the appropriate financial statements line item being disclosed.

Reconciliation of adjusted profit for the year and adjusted earnings per share

	2024 £'000	2023 £'000
Profit for the year	**16,518**	15,424
Adjusted for:		
Exceptional items	—	2,466
Amortisation of customer relationships	**137**	141
Tax on exceptional items	—	(651)
Tax on amortisation of customer relationships	**(38)**	(39)
Adjusted profit for the year	**16,617**	17,341
Basic weighted average number of shares in issue	**127,352,555**	127,352,555
Diluted weighted average number of shares in issue	**128,389,983**	127,352,555
Earnings per share		
Basic earnings per share (pence per share)	**12.97**	12.11
Diluted earnings per share (pence per share)	**12.87**	12.11
Adjusted earnings per share		
Basic earnings per share (pence per share)	**13.05**	13.62
Diluted earnings per share (pence per share)	**12.94**	13.62

31 Reconciliation of alternative performance measures continued

Reconciliation of adjusted operating profit and EBITDA

	2024 £'000	2023 £'000
Operating profit	**31,385**	26,681
Adjusted for:		
Exceptional items	**—**	2,466
Amortisation of customer relationships	**137**	141
Adjusted operating profit	**31,522**	29,288
Adjusted for:		
Depreciation	**11,692**	11,615
Amortisation (excluding customer relationships)	**331**	316
EBITDA	**43,545**	41,219

Reconciliation of cash flow from operations, adjusted cash flow from operations and free cash flow

	2024 £'000	2023 £'000
EBITDA (see reconciliation above)	**43,545**	41,219
Adjusted for:		
Exceptional items	**—**	(2,466)
(Gain)/loss on disposal of property, plant and equipment	**(118)**	11
Share-based payments	**440**	515
Working capital adjustments	**(12,375)**	1,609
Net capital expenditure	**(8,485)**	(9,360)
Cash flow from operations	**23,007**	31,528
Income tax paid	**(6,265)**	(7,497)
Interest paid – net	**(7,186)**	(6,246)
Free cash flow	**9,556**	17,785
Cash flow from operations (see reconciliation above)	**23,007**	31,528
Adjusted for:		
Exceptional items	**—**	2,466
Exceptional items' impact on working capital	**2,320**	(2,237)
Adjusted cash flow from operations	**25,327**	31,757

	2024 £'000	2023 £'000
Decrease in trade and other receivables	**3,885**	8,237
(Increase)/decrease in inventories	**(6,143)**	12,884
Decrease in trade and other payables	**(6,743)**	(20,364)
(Decrease)/increase in provisions	**(2,176)**	2,214
Movement in other financial assets/liabilities	**(610)**	319
Decrease in other pension provisions	**(7)**	(7)
Difference between pension charges and cash contributions	**(581)**	(1,674)
Working capital adjustments	**(12,375)**	1,609

31 Reconciliation of alternative performance measures continued

Reconciliation of cash flow from operations, adjusted cash flow from operations and free cash flow continued

	2024 £'000	2023 £'000
Proceeds from sale of property, plant, equipment and intangible assets	**341**	352
Purchase of property, plant and equipment	**(5,861)**	(6,586)
Purchase of intangible assets	**(100)**	(507)
Payment of lease liabilities	**(2,865)**	(2,619)
Net capital expenditure	**(8,485)**	(9,360)

Reconciliation of business capital employed and return on capital employed

	2024 £'000	2023 £'000
Property, plant and equipment	**79,173**	87,247
Technology and software costs	**631**	896
Inventories	**67,311**	63,376
Trade and other receivables	**45,762**	50,975
Trade and other payables	**(69,210)**	(78,056)
Provisions	**(2,659)**	(4,997)
Net employee defined benefit liabilities	**(5,118)**	(4,053)
Financial assets/(liabilities)	**293**	(318)
Business capital employed	**116,183**	115,070

	2024 £'000	2023 £'000
Adjusted operating profit	**31,522**	29,288
Business capital employed	**116,183**	115,070
Return on capital employed	**27.1%**	25.5%

Reconciliation of net debt and leverage

	2024 £'000	2023 £'000
Total interest-bearing loans and borrowings	**85,541**	90,696
Cash and cash equivalents	**(18,633)**	(21,442)
Adjusted for:		
Unamortised loan costs	**674**	1,037
Net debt	**67,582**	70,291
EBITDA (see reconciliation above)	**43,545**	41,219
Debt leverage ratio	**1.55**	1.71

Reconciliation of net debt and leverage before lease liabilities

	2024 £'000	2023 £'000
Total interest-bearing loans and borrowings	**85,541**	90,696
Cash and cash equivalents	**(18,633)**	(21,442)
Adjusted for:		
Unamortised loan costs	**674**	1,037
Lease liabilities	**(7,883)**	(9,871)
Net debt before lease liabilities	**59,699**	60,420
EBITDA (see reconciliation above)	**43,545**	41,219
Debt leverage ratio before lease liabilities	**1.37**	1.47

Notes to the consolidated financial statements *continued*

for the year ended 31 December 2024

31 Reconciliation of alternative performance measures continued

Loan facility covenant calculations

	2024 £'000	2023 £'000
Leverage calculation		
Net debt (excluding IFRS 16 lease liabilities)/adjusted EBITDA (before exceptional items and foreign exchange differences)		
Net debt (see reconciliation above)	**67,582**	70,291
Adjusted for:		
IFRS 16 lease liabilities	**(7,036)**	(9,388)
Interest payable	**322**	789
Non-obligor cash excluded from the covenant calculation	**1,863**	3,407
Net debt (excluding IFRS 16 lease liabilities)	**62,731**	65,099
EBITDA (see reconciliation above)	**43,545**	41,219
Adjusted for:		
Foreign currency gains	**(723)**	(1,736)
Net losses on forward derivative contracts	**35**	689
Adjusted EBITDA (before exceptional items and foreign exchange differences)	**42,857**	40,172
Leverage for loan facility covenant	**1.46**	1.62

	2024 £'000	2023 £'000
Interest cover calculation		
Adjusted EBITDA (before exceptional items and foreign exchange differences)/covenant interest		
Adjusted EBITDA (before exceptional items and foreign exchange differences) (see reconciliation above)	**42,857**	40,172
Finance costs	**8,189**	7,681
Finance income	**(186)**	(182)
Adjusted for:		
Interest expense on defined benefit liabilities	**(921)**	(357)
Amortisation of loan issue costs	**(375)**	(513)
Finance charges payable on IFRS 16 lease liabilities	**(124)**	(113)
Covenant interest	**6,583**	6,516
Interest cover for loan facility covenant	**6.51**	6.17

Company balance sheet
as at 31 December 2024

	Note	2024 £'000	2023 £'000
Assets			
Non-current assets			
Investments	9	**115,908**	115,908
Amounts due from subsidiary undertakings	10	**—**	6,816
		115,908	122,724
Total assets		**115,908**	122,724
Equity and liabilities			
Equity			
Called up share capital	12	**127**	127
Retained earnings		**111,868**	119,565
Total equity		**111,995**	119,692
Current liabilities			
Amounts due to subsidiary undertakings	11	**3,913**	3,032
Total liabilities		**3,913**	3,032
Total equity and liabilities		**115,908**	122,724

As permitted by section 408 of the Companies Act 2006, the Company's statement of profit or loss has not been included in these financial statements.

The Company realised a profit of £1,669,000 for the year ended 31 December 2024 (2023: loss of £3,249,000). There are no elements of "other comprehensive income" in the year; accordingly, a statement of comprehensive income has not been prepared.

The financial statements on pages 139 to 143 were approved by the Board of Directors on 7 March 2025 and signed on its behalf by:

Leigh Wilcox
Chief Financial Officer

Company statement of changes in equity

for the year ended 31 December 2024

	Attributable to the owners of the parent		
	Called up share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2023	127	132,028	132,155
Loss for the year	—	(3,249)	(3,249)
Total comprehensive income	—	(3,249)	(3,249)
Share-based payment charge	—	515	515
Dividends paid (note 8)	—	(9,729)	(9,729)
At 31 December 2023	127	119,565	119,692
Profit for the year	**—**	**1,669**	**1,669**
Total comprehensive income	**—**	**1,669**	**1,669**
Share-based payment charge	**—**	**440**	**440**
Dividends paid (note 8)	**—**	**(9,806)**	**(9,806)**
At 31 December 2024	**127**	**111,868**	**111,995**

Notes to the Company financial statements
for the year ended 31 December 2024

1 Corporate information
The corporate information of the Company is disclosed in note 1 of the consolidated financial statements.

2 Basis of preparation
The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Policy (Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")) in conformity with the requirements of the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions permitted by FRS 102:

- the requirements of section 7 Statement of Cash Flows and section 3 Financial Statement Presentation, paragraph 3.17(d);
- the requirements of section 11 Financial Instruments, paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c); and
- the requirements of section 33 Related Party Disclosures, paragraph 33.7.

The Company financial statements are presented in GB Pounds and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

In preparing these financial statements on the going concern basis, the Directors have considered the Company's current and future prospects and its availability of cash resources and financing and the Group's financial position. The Company is directly impacted by the Group's going concern position which is as follows:

The Group meets its day-to-day working capital requirements through bank loan facilities which are in place up to November 2026, comprising a £76.027 million revolving credit facility and a €28.346 million term loan facility. At the year-end date, the whole term loan was drawn along with £54.896 million of the revolving credit. The remainder of the facility and significant cash balances of £18.633 million were available to enable day-to-day working capital requirements to be met.

As part of its year-end review, management has performed a detailed going concern review, based on severe but plausible conditions, looking at the Group's liquidity and banking covenant compliance, and examining expected future performance. Based on the output of this going concern review, management has concluded that the Group will be able to continue to operate within its existing facilities for a period of at least twelve months after the date of signing the financial statements and as such the financial statements have been prepared on a going concern basis.

Details of the Group's going concern assessment can be found in the Strategic Report on page 55.

3 Summary of significant accounting policies
The accounting policies outlined below have been applied consistently, other than where new policies have been adopted.

The policies applied by the Company are consistent with those set out in note 4 to the consolidated financial statements.

The following additional policies are also relevant to the Company financial statements.

A. Investments
Investments are stated at cost less any provision for impairment.

B. Share-based payments
The Company provides benefits to certain employees (including Executive Directors) in the form of share-based payment transactions, whereby employees render services as consideration in exchange for equity instruments (equity-settled transactions). Further details of the share-based payments accounting policy can be found in note 11 of the consolidated financial statements.

C. Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4 Summary of significant accounting judgements, estimates and assumptions
The following judgements have had the most significant effect on amounts recognised in the financial statements:

Investments
The Company assesses, at each reporting date, whether there is an indication that any investment may be impaired. If any indication exists, or when annual impairment testing for an investment is required, the Company estimates the investment's recoverable amount. In assessing an investment's recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time.

5 Employee benefit expense
The Company does not have any employees, other than Directors, and does not have any employee benefit expenses.

Notes to the Company financial statements *continued*
for the year ended 31 December 2024

6 Directors' remuneration
The Directors of the Company are also directors of fellow subsidiary undertakings. The Directors received remuneration which was paid by a fellow subsidiary undertaking and not recharged to the Company. These emoluments are disclosed in the Group Directors' remuneration note (note 10) of the consolidated financial statements and the Directors' Remuneration Report on pages 74 to 91.

7 Auditors' remuneration
The Company has incurred audit fees of £8,000 (2023: £8,000) which are borne by Stelrad Management Limited.

8 Dividends
See note 16 of the consolidated financial statements for further detail of the dividends of the Company.

9 Investments

	£'000
At 31 December 2023 and 31 December 2024	**115,908**

As the Company is reporting under FRS 102, under section 615 of the Companies Act 2006, the Company opted to record its investment in the shares acquired at an amount equal to the aggregate share capital only.

A list of the Company's investments in subsidiary undertakings can be found in note 13.

10 Amounts due from subsidiary undertakings

	2024 £'000	2023 £'000
Amounts due from subsidiary undertakings	—	6,816

The amounts due from subsidiary undertakings are repayable on demand. Interest is charged on amounts due from subsidiary undertakings at 2.5%.

11 Amounts due to subsidiary undertakings

	2024 £'000	2023 £'000
Amounts due to subsidiary undertakings	**3,913**	3,032

The amounts due to subsidiary undertakings are repayable on demand. No interest is charged on amounts due to subsidiary undertakings.

12 Called up share capital

	2024 Number	2024 £	2023 Number	2023 £
Authorised, called up and fully paid				
Ordinary shares of £0.001 each	**127,352,555**	**127,353**	127,352,555	127,353
	127,352,555	**127,353**	127,352,555	127,353

See note 25 of the consolidated financial statements for further detail of the called up share capital of the Company.

13 Subsidiary undertakings

The registered address and principal place of business of each subsidiary undertaking are shown in the footnotes below the table. The financial performance and financial position of these undertakings are included in the consolidated financial statements:

Name of company	Country of incorporation	Holding	Voting rights held 2024 %	Voting rights held 2023 %	Nature of business
Stelrad Radiator Group Limited(1)	United Kingdom	Ordinary	**100**	100	Holding company
*Stelrad Radiator Holdings Limited(1)	United Kingdom	Ordinary	**100**	100	Holding company
*Stelrad Management Limited(1)	United Kingdom	Ordinary	**100**	100	Management services
*Stelrad Limited(1)	United Kingdom	Ordinary	**100**	100	Radiator manufacturer
*Caradon Polska Sp ZOO(2)	Poland	Ordinary	**100**	100	Radiator distributor
*Caradon Stelrad B.V.(3)	The Netherlands	Ordinary	**100**	100	Radiator manufacturer
*Henrad NV(4)	Belgium	Ordinary	**100**	100	Radiator distributor
*Termo Teknik Holdings Limited(1)	United Kingdom	Ordinary	**100**	100	Holding company
*Termo Teknik Ticaret ve Sanayi A.S.(5)	Turkey	Ordinary	**100**	100	Radiator manufacturer
*Caradon Heating CZ s.r.o.(6)	Czech Republic	Ordinary	**100**	100	Radiator distributor
*Hudevad Radiator Design A/S(7)	Denmark	Ordinary	**100**	100	Radiator distributor
Noosa Holdings Jersey Limited(8)	Jersey	Ordinary	**100**	100	Holding company
*Radiators SpA(9)	Italy	Ordinary	**100**	100	Radiator manufacturer

* Held by subsidiary companies.
(1) Registered office is 69–75 Side, Newcastle upon Tyne, Tyne and Wear NE1 3JE, United Kingdom.
(2) Registered office is Zakliki Z Mydlnik Street, no. 16, 30–198 Kraków, Poland.
(3) Registered office is Kathagen 30, 6361 HG, Nuth, The Netherlands.
(4) Registered office is Welvaartstraat (HRT) 14 Map box 6, 2200 Herentals, Belgium.
(5) Registered office is Eski Buyukdere Caddesi, Park Plaza Bina No: 14 Kat: 7, 34467 Sariyer, Istanbul, Turkey.
(6) Registered office is Ostrava-Slezská-Ostrava, Hradní 27/37, PSČ 710 00, Czech Republic.
(7) Registered office is Ambolten 37, Kolding 6000, Denmark.
(8) Registered office is 15 Esplanade, St Helier JE1 1RB, Jersey.
(9) Registered office is Strada Statale, 54 Km 21 Snc, Moimacco (UD), Italy.

The dormant subsidiaries in the Group comprise: Woolamai Group UK Limited and Henrad (UK) Limited. Both are incorporated in the UK(1) and 100% of the ordinary shares are owned.

Glossary of terms

Financial metrics

Adjusted cash flow from operations: Cash flow from operations before exceptional items and the impact of exceptional items on working capital.

Adjusted EPS: Adjusted earnings per share is calculated on adjusted profit for the year divided by the weighted average number of shares in issue.

Adjusted operating profit: Operating profit before exceptional items, amortisation of customer relationships, foreign exchange differences (until 31 December 2022) and the impact of IAS 29 (until 31 December 2022).

Adjusted profit for the year: Earnings before exceptional items, amortisation of customer relationships, foreign exchange differences (until 31 December 2022), the impact of IAS 29 (until 31 December 2022) and tax thereon.

Business capital employed: The sum of property, plant and equipment, technology and software costs, trade and other receivables, inventories, other current financial assets, provisions, net employee defined benefit liabilities, trade and other payables and other current financial liabilities.

CAGR: Compound annual growth rate.

Cash flow from operations: EBITDA, less exceptional items, plus or minus movements in operating working capital, less share-based payment expense, less net investments in property, plant and equipment, less technology and software costs, less finance lease payments.

Cash flow from operations conversion: Calculated by dividing cash flow from operations by adjusted operating profit.

Contribution: Revenue from sale of the Group's products less any cost of direct materials, variable distribution costs, variable selling costs, direct labour costs and other variable costs.

EBITDA: Profit before interest, taxation, depreciation, amortisation, exceptional items, foreign exchange differences (until 31 December 2022) and the impact of IAS 29 (until 31 December 2022).

Free cash flow: Cash flow from operations less tax paid less net interest paid.

Debt leverage ratio: Calculated by dividing net debt by EBITDA.

Debt leverage ratio before lease liabilities: Calculated by dividing net debt before lease liabilities by EBITDA.

Net debt: The sum of revolving credit facilities, term loan, lease liabilities net of cash.

Return on capital employed: Adjusted operating profit as a percentage of business capital employed.

RMI: Repair, maintenance and improvement activities.

Sustainability metrics

% of suppliers with up-to-date audits: The proportion of suppliers who have been the subject of an audit within agreed timescales – one year for the most important category of supplier and two years for the second most important category.

% of managerial positions held by women: The percentage of departmental, operational or shift managers that are female.

Energy from renewable sources: The percentage of energy used by the business that comes from renewable sources. Either through self-generation of energy or supported by Guarantee of Origin certificates or similar.

Fatality rate: The number of fatalities reported due to work-related injury or illness for every 1,000,000 hours worked.

Lost time frequency rate: The number of lost time incidents for every 1,000,000 hours worked.

Lost time severity rate: The number of days lost due to incidents over the year per 200,000 working hours.

Market-based Scope 1 and 2 emissions intensity: Greenhouse gas emissions from operations, shown as tonnes of carbon dioxide equivalent per tonne of product produced. A market-based calculation shows the emissions from the generators from which the reporter contractually purchases electricity and/or contractual instruments, rather than a statistical average for the location of operations.

Plastic packaging intensity: The weight of plastic used in our packaging divided by the weight of product produced. Shown as kilograms of plastic per tonne of product.

Recycled content of packaging material used: A weighted average based on material usage of the recycled content included in our packaging material.

Total market-based Scope 1 and 2 emissions: The total emissions of greenhouse gases from operations, as defined to the left, shown as tonnes of carbon dioxide equivalent.

Total recordable incident rate: The number of recordable incidents, including those that result in time lost, for every 200,000 hours worked.

Total Scope 3 emissions: Greenhouse gases emitted from 15 categories of activity that take place within the supply chain, excluding our operations.

Training days per employee: The total number of days utilised for training divided by the average number of employees during the year.

Voluntary labour turnover rate: Shows the number of employees who voluntarily left during the year divided by the average number of employees during the year.

Shareholder information

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