**Stelrad Group plc - preliminary announcement of final results for the year ended 31 December 2024**

## Continued strong performance through operational excellence, despite a challenging market backdrop

Stelrad Group plc ("Stelrad" or "the Group" or "the Company", LSE: SRAD), a leading specialist manufacturer and distributor of steel panel and other designer radiators in the UK, Europe and Turkey, today announces its audited financial results for the year ended 31 December 2024.

| **Results summary** | **2024** | **2023** | **Movement %** |
|---|---|---|---|
| Revenue, £m | 290.6 | 308.2 | (5.7) |
| Operating profit, £m | 31.4 | 26.7 | 17.6 |
| Operating profit margin, % | 10.8 | 8.7 | 2.1 ppts |
| Profit for the year, £m | 16.5 | 15.4 | 7.1 |
| Earnings per share – basic, pence | 12.97 | 12.11 | 7.1 |
| Adjusted operating profit, £m (1) | 31.5 | 29.3 | 7.6 |
| Adjusted operating profit margin, % (1) | 10.8 | 9.5 | 1.3 ppts |
| Adjusted profit for the year, £m (1) | 16.6 | 17.3 | (4.2) |
| Adjusted earnings per share – basic, pence (1) | 13.05 | 13.62 | (4.2) |
| Free cash flow, £m (1) | 9.6 | 17.8 | (46.3) |
| Return on capital employed, % (1) | 27.1 | 25.5 | 1.6 ppts |
| Net debt before lease liabilities, £m (1) | 59.7 | 60.4 | (1.2) |
| Total dividend per share, pence | 7.79 | 7.64 | 2.0 |

(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 and reconciled to the appropriate financial statements line item at the end of this announcement.

### Financial and operational highlights

- Operating profit for the year up 17.6% to £31.4 million, an increase of £4.7m (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 supressing 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.

**Current trading and outlook**

- Although both 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.
- Although Stelrad continues to expect softness in market conditions for the first half of 2025 at least, the Group is seeing a recovery in its volumes in some of Stelrad's core European territories such as Belgium, the Netherlands and Poland, where 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.
- As outlined at our recent Capital Markets Event, a significant installed radiator base and long-term structural growth drivers of premiumisation and decarbonisation underpin the Group's confidence in its future. With these attractive market opportunities and the Group's market leadership, flexible lowest-cost manufacturing and leading levels of customer service, Stelrad enters 2025 in a strong position.

**Commenting on the Group's performance, Trevor Harvey, Chief Executive Officer, said:**
*"2024 largely saw a continuation of the challenging conditions that have characterised the wider marketplace in recent years. However, as a result of our rigorous focus on operational excellence, the flexibility of our business model and the strength of our market position, we have still delivered a strong financial performance across the business, despite ongoing declines in revenues and volume.*

*"Our focus on proactive margin management initiatives has resulted in our contribution per radiator exceeding £20 for the first time, while an increase in the penetration of premium panel products into the UK & Ireland underpins our confidence in the role that premiumisation will continue to play in driving long term growth.*

*"We also continue to position our business effectively for decarbonisation, promoting high output conventional radiators, developing hybrid products for low temperature systems and introducing electric ranges into our core markets."*

*"While we are not expecting the wider market backdrop to improve significantly 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."*

**For further information:**


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|---|---|
| **Stelrad Group plc** | +44 (0)191 261 3301 |
| Trevor Harvey, Chief Executive Officer | |
| Leigh Wilcox, Chief Financial Officer | |
| | |
| **Sodali & Co** | stelrad@sodali.com |
| James White / Pete Lambie | +44 (0)7855 432 699 |

**Notes to Editors**
Stelrad Group plc is Europe's leading specialist radiator manufacturer, selling an extensive range of hydronic, hybrid, dual fuel and electrical heat emitters to more than 500 customers in over 40 countries. These include standard, premium and low surface temperature (LST) steel panel radiators, towel warmers, decorative steel tubular, steel multicolumn and aluminium radiators.

The Group has five core brands: Stelrad, Henrad, Termo Teknik, DL Radiators and Hudevad. In the data reported by BRG Building Solutions for 2023, Stelrad extended its market leadership position, with 20.2% share by volume of the combined UK, European and Turkish steel panel radiator market. The Group is now market leader in seven countries – the UK, Ireland, France, the Netherlands, Belgium, Denmark and Greece, with a top 3 position in a further 11 territories.

Stelrad is headquartered in Newcastle upon Tyne in the UK and in 2024 employed 1,400 people, with manufacturing and distribution facilities in Çorlu (Turkey), Mexborough (UK), Moimacco (Italy) and Nuth (Netherlands), with further commercial and distribution operations in Kolding (Denmark) and Krakow (Poland).

The Group's origins date back to the 1930s and Stelrad enjoys long established commercial relationships with many of its customers, having served each of its top five current customers for over twenty years.

Further information can be found at: https://stelradplc.com/.

## Chair's statement

### Overview
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 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.

### 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.

**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

## Chief Executive Officer’s review

**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 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 supress 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 a 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 Corlu, Turkey progressing as planned. Our fully invested, flexible and low-cost Turkish manufacturing capability remains a significant source of competitive advantage for the Group.

**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

## Finance and business review

### 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 and reconciled to the appropriate financial statements line item at the end of this announcement.

### 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 0.1 ppts 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** | **2023** | **Movement** | **Movement** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **%** |
| 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 | 2023 | Movement | Movement |
|---|---|---|---|---|
| | £m | £m | £m | % |
| 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 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)** |
| | | | |
| **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 and reconciled to the appropriate financial statements line item at the end of this announcement.

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 enhancing customer relationships. During 2025, because of the reduction in 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 the investment made 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<br>£m** | **2023<br>£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

# Consolidated income statement

**for the year ended 31 December 2024**

| | Note | 2024 £'000 | 2023 £'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| **Revenue** | 3 | **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 | 3 | **—** | (2,466) |
| Administrative expenses | | **(17,165)** | (19,090) |
| Other operating income/(expenses) | 4 | **1,319** | 1,199 |
| **Operating profit** | | **31,385** | 26,681 |
| Finance income | | **186** | 182 |
| Finance costs | 5 | **(8,189)** | (7,681) |
| **Profit before tax** | | **23,382** | 19,182 |
| Income tax expense | 6 | **(6,864)** | (3,758) |
| **Profit for the year** | | **16,518** | 15,424 |

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Earnings per share** | | | |
| Basic | 7 | **12.97p** | 12.11p |
| Diluted | 7 | **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 | 6 | **(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 | | **(925)** | (936) |
| Income tax effect | 6 | **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**

| | Note | 2024 £'000 | 2023 £'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | **79,173** | 87,247 |
| Intangible assets | 10 | **4,652** | 5,251 |
| Trade and other receivables | 13 | **284** | 301 |
| Deferred tax assets | 6 | **4,821** | 6,685 |
| | | **88,930** | 99,484 |
| **Current assets** | | | |
| Inventories | 12 | **67,311** | 63,376 |
| Trade and other receivables | 13 | **45,478** | 50,674 |
| Income tax receivable | | **235** | 243 |
| Financial assets | | **293** | — |
| Cash and cash equivalents | 14 | **18,633** | 21,442 |
| | | **131,950** | 135,735 |
| **Total assets** | | **220,880** | 235,219 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | 17 | **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 | 11 | **83,329** | 88,227 |
| Deferred tax liabilities | 6 | **209** | 218 |
| Provisions | 16 | **1,910** | 1,980 |
| Net employee defined benefit liabilities | | **5,118** | 4,053 |
| | | **90,566** | 94,478 |
| **Current liabilities** | | | |
| Trade and other payables | 15 | **69,210** | 78,056 |
| Financial liabilities | 11 | **—** | 318 |
| Interest-bearing loans and borrowings | 11 | **2,212** | 2,469 |
| Income tax payable | | **550** | 1,686 |
| Provisions | 16 | **749** | 3,017 |
| | | **72,721** | 85,546 |
| **Total liabilities** | | **163,287** | 180,024 |
| **Total equity and liabilities** | | **220,880** | 235,219 |

# 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 | — | — | 515 | — | 515 |
| Dividends paid (note 8) | — | — | (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 | **—** | **—** | **440** | **—** | **440** |
| Dividends paid (note 8) | **—** | **—** | **(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 | 9 | **11,692** | 11,615 |
| – Amortisation of intangible assets | 10 | **468** | 457 |
| – (Gain)/loss on disposal of property, plant and equipment | | **(118)** | 11 |
| – Share-based payments charge | | **440** | 515 |
| – Finance income | | **(186)** | (182) |
| – Finance costs | 5 | **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 | 9 | **(5,861)** | (6,586) |
| Purchase of intangible assets | 10 | **(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 | 8 | **(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 | 14 | **21,442** | 22,641 |
| **Cash and cash equivalents at 31 December** | 14 | **18,633** | 21,442 |

# Notes to the consolidated financial statements
**for the year ended 31 December 2024**

**1 Basis of preparation**
The results for the year ended 31 December 2024, including comparative financial information, have been prepared in accordance with UK adopted international accounting standards (“IFRS”) in conformity with the requirements of the Companies Act 2006 and the disclosure guidance and transparency rules sourcebook of the United Kingdom’s Financial Conduct Authority.

Stelrad Group plc ("the Company") has adopted all IFRS in issue and effective for the year.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company expects to publish full financial statements that comply with IFRS in March 2025.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2024 but is derived from those accounts. Statutory accounts for 2024 will be delivered in due course. The auditors have reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498 (2) or (3) of the Companies Act 2006.

*Going concern*
Having considered the Group’s current trading, cash flow generation and debt maturity and applying severe but plausible stress testing scenarios, the Directors have concluded that it is appropriate to prepare the consolidated financial statements on a going concern basis.  Under a severe but plausible downside scenario, the Group remains within its debt facilities and its financial covenants for at least 12 months after the date the accounts are signed.  Based on 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 financial information presented in respect of the year ended 31 December 2024 has been prepared on a basis consistent with the financial information presented for the year ended 31 December 2023.

## 2 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 10.

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 10.

***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.

**3 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.

### 4 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 |

### 5 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 |

### 6 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 |

| | 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** | 2023 | **2024** | 2023 |
| | **£'000** | £'000 | **£'000** | £'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** | 2023 |
|---|---|---|
| | **£'000** | £'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.

***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** | 2023 |
|---|---|---|
| | **£'000** | £'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.

## 7 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 |

## 8 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 |

## 9 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 |

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.

## 10 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.

***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, 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.

## 11 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** | **—** | — |

***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)** |
| **Net liabilities arising from financing activities** | 70,291 | (1,465) | (1,244) | **67,582** |

The non-cash changes all relate to foreign exchange differences.

**12 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).

**13 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 |

## 14 Cash and cash equivalents

| | **2024** **£'000** | 2023 £'000 |
|---|---|---|
| Cash at bank and on hand | **18,633** | 21,442 |

## 15 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 |

## 16 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.

## 17 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 |

## 18 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.

## Reconciliation of alternative performance measures and glossary of terms

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 below. 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**<br>**£'000** | 2023<br>£'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 |

***Reconciliation of adjusted operating profit and EBITDA***

| | **2024**<br>**£'000** | 2023<br>£'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**<br>**£'000** | 2023<br>£'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 |

| | 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 |

**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.