Genuit Group plc

Audited results for the year ended 31 December 2024

Resilient performance with further margin improvement and strong cash generation

Genuit Group plc ('Genuit', the 'Company' or the 'Group'), the UK's largest provider of sustainable water, climate and ventilation solutions for the built environment, today announces its audited results for the year ended 31 December 2024.

Financial Results	FY 2024	FY 2023	Change
Revenue (£m)	**561.3**	586.5	(4.3%)
Alternative Performance Measures[1]			
Underlying operating profit (£m)	**92.2**	94.1	(2.0%)
Underlying operating margin (%)	**16.4**	16.0	40 bps
Underlying profit before tax (£m)	**79.3**	80.5	(1.5%)
Underlying earnings per share (basic - pence)	**24.6**	25.2	(2.4%)
Underlying operating cash conversion (%)	**99.3**	87.7	1,160 bps
Leverage (times pro-forma EBITDA)[2]	**0.9**	1.1	0.2
Statutory Measures			
Operating profit (£m)	**59.2**	62.0	(4.5%)
Profit before tax (£m)	**46.3**	48.4	(4.3%)
Earnings per share (basic - pence)	**13.5**	15.5	(12.9%)
Cash generated from operations (£m)	**115.5**	109.7	5.3%
Dividend per share (pence)	**12.5**	12.4	0.8%

1 Alternative performance measures (APMs) are used by the Group to assess the underlying performance of the business. A definition of all the APMs is set out in note 1 on page 21.

2 Pro-forma EBITDA is reconciled in note 13 on page 33.

Joe Vorih, Chief Executive Officer, said:

"2024 was another challenging year for the sector, with ongoing market softness leading to reduced volumes across most segments. Against this backdrop, I am pleased that the measures we have taken to gain market share and drive productivity and efficiency, including through the deployment of the Genuit Business System, have delivered a further improvement in margin and strong cash generation. The acquisitions of Sky Garden and Omnie & Timoleon have expanded our solution offering, and we have continued to develop our acquisition pipeline.

"We saw some signs of market stabilisation in the second half of 2024 and market volumes in the early part of this year have been in line with management expectations. Our growth prospects remain strong, given the need for investment in UK infrastructure and housing. As a result, we are well-placed to take advantage of a market recovery when it comes, with strong operational gearing and a robust balance sheet enabling us to continue investing in Genuit's long-term success."

Financial Highlights

- Full year revenue of £561.3m decreased 4.3% year-on-year. Second half revenue increased 0.5% on a like for like basis, following a 10.6% decline in the first half, reflecting a stabilisation of market conditions.

- Full year underlying operating margin increased by 40 bps to 16.4%, driven by productivity gains through the Genuit Business System (GBS) and purchasing savings, reflecting continued progress towards the medium-term operating margin target of over 20%.
- Second half underlying operating margin was 80bps ahead of first half and 10bps ahead of H2 2023, driving an 11% increase in underlying operating profit versus the first half.
- Reported operating profit of £59.2m (2023: £62.0m) decreased 4.5% year-on-year.
- Focus on working capital improvement delivered strong underlying operating cash generation of £91.6m, representing 99.3% cash conversion on a post-capex basis and 107.6% cash conversion on a pre-capex basis.
- Net debt reduced to 0.9 times underlying pro-forma EBITDA at the year-end (2023: 1.1 times), with de-leveraging resulting predominantly from the strong operating cash generation.
- Underlying EPS decreased to 24.6p, due to lower reported operating profit and the annualisation of the higher UK tax rate.
- The Board is proposing a total dividend per share of 12.5p (2023: 12.4p), in line with the Group's progressive dividend policy, reflecting the strengthened balance sheet and the Board's confidence in medium-term prospects.

Strategic and operational highlights:

Growth - Focusing on higher-growth, sustainability-driven markets, through organic growth and disciplined M&A opportunities.

- Climate Management Solutions (CMS) revenue of £161.6m reduced by 2.6% year-on-year on a reported basis (4.1% reduction on a like-for-like basis), with underlying operating margin improved by 120 basis points to 14.9%.
    - Commercial market softness was partially offset by strong growth in residential ventilation demand, including work to develop the Mechanical Ventilation & Heat Recovery (MVHR) ventilation market, and promising Adey performance in Q4.
    - Margin improvement reflected the impact of GBS projects, particularly in Adey and Nuaire.
    - The integration of the acquired Omnie business with Nu-Heat underfloor heating is proceeding well, with a focus on go-to-market strategy and operational synergies.
- Water Management Solutions (WMS) revenue of £160.9m reduced by 5.6% year-on-year on a reported basis (7.5% reduction on a like-for-like basis), at an underlying operating margin of 8.5%, down by 190 basis points.
    - Performance reflects challenging market conditions, including the impact of project delays due to prolonged wet weather and low business confidence.
    - The adverse gearing associated with lower volumes impacted the operating margin during the year and management will be accelerating implementation of GBS initiatives in 2025, following successful deployment and improvement of results in SBS and CMS.
    - The integration of the acquired Sky Garden business is proceeding well, with a focus on growth and improving profitability through vertical solution selling and increasing scale.
- Sustainable Building Solutions (SBS) revenue of £231.7m reduced by 4.6% on a reported and like-for-like basis year-on-year, while underlying operating margin improved 160 basis points to 23.5%.
    - Operating margin benefited from improvements in the Group's purchasing of materials on an aggregated basis and GBS productivity enhancements.
    - Significant contract wins secured in Q4, associated with a competitor exiting the UK market, are expected to deliver an increase in market share in the first half of 2025.

Sustainability - Providing the lowest-carbon choice for our customers to maximise exposure to structural growth drivers.

- We achieved a 6.5% reduction in carbon emissions across our key GHG categories (scopes 1, 2 (market-based) & 3: category 1 purchased goods and services), supporting our customers who are increasingly focused on the environmental impact of their supply chain.

- Recyclate polymer content of 52.0% in the year, reinforcing the Group's position as a provider of solutions that cost-effectively enable customers to de-carbonise the built environment and meet legislative requirements.

Genuit Business System - Creating value through lean transformation and operational excellence.

- Group-wide deployment of the Genuit Business System generating lean productivity and efficiency savings across the operational footprint and in the back office, driven by strong colleague engagement.
- Polypipe Building Services used the GBS tool 'SMED' (Single Minute Exchange of Dies) reducing changeover time by over 80%, avoiding capital expenditure even considering projected growth, keeping delivery on time and improving manufacturing productivity. This also will be a key component for the site in its plan to improve stock turns by almost 25% through this increased flexibility.
- Through the use of a kaizen event and the GBS Daily Management tool, the production of Environmental Product Declarations (EPDs) (an emerging critical tool in our regulatory landscape and a critical path to enable our growth as a low-carbon supplier) has been increased by over 8 times.
- Over 80% of the Genuit Leadership Team have attended GBS orientation programmes and 15% of total employees have participated in lean kaizen events or training so far, with more planned in 2025.

People and Culture – Enabling growth through the capability, expertise and development of our employees.

- Ongoing rollout of the Genuit Leadership programme, bringing expertise and unified culture to leaders across the Group, reinforcing the Genuit Business System and unlocking business benefits.
- Continued focus on skills and career development at all levels (attaining 'Gold' status in The 5% Club - with 18% of employees now on Earn & Learn schemes). Investing in the workforce is key to managing attrition and maximising operational leverage as volumes increase.

Outlook

- Building on signs of market stabilisation witnessed in H2'24, trading for 2025 has started in line with management expectations.
- The Group is targeting, through productivity and balanced cost and price management, to offset the previously disclosed £5m in-year impact of the Autumn Budget on operating profit margin for the full year.
- Despite these near-term employment cost headwinds, the Group expects to deliver the medium-term >20% target margin through productivity gains from the Genuit Business System and operating leverage as volumes increase.
- The Group is confident in the medium-term growth prospects for the business, given its exposure to structural growth drivers including:
    - the UK Government's focus on increasing housebuilding to address the structural shortage of homes and on facilitating infrastructure projects that contribute to economic growth;
    - the need to innovate with low-labour and value-add solutions in order to enable higher levels of construction activity, given labour shortages in the industry;

- the need for increased levels of stormwater management and attenuation due to the increased frequency and intensity of significant rainfall events, coupled with the AMP8 water utility spending cycle which will focus spend on preventing discharge associated with stormwater overflow; and
- the drive to de-carbonise the built environment and the associated electrification and the improvement of air quality in both residential and commercial buildings.

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A copy of this report will be available on our website *www.genuitgroup.com* today from 0700hrs (BST).

A live webcast of the Final Results presentation, hosted by Joe Vorih, Chief Executive Officer, and Tim Pullen, Chief Financial Officer, will be broadcast at 0830 on Tuesday 11 March 2025. To access the live presentation on that date, participants will be required to register in advance using the following webcast link:

https://www.investis-live.com/genuit-group/67ac8425bd0e0d0014d87f46/marebf

We recommend you register by 0815hrs (GMT). The webcast will be recorded, and a replay will be available shortly after the webcast ends via the same link above. A recording of the presentation and a copy of the slides will be available following the event on the Company's website at Results, Reports & Presentations - Genuit Group plc

Notes to Editors:

About Genuit Group plc

Genuit Group plc is the UK's largest provider of sustainable water, climate and ventilation products for the built environment. Genuit's solutions allow customers to mitigate and adapt to the effects of climate change and meet evolving sustainability regulations and targets.

The Group is divided into three Business Units, each of which addresses specific challenges in the built environment:

- **Climate Management Solutions** – Addressing the drivers for low carbon heating and cooling, and clean and healthy air ventilation.
- **Water Management Solutions** – Driving climate adaptation and resilience through integrated surface and drainage solutions.
- **Sustainable Building Solutions** – Providing a range of construction solutions to reduce the carbon content of the built environment.

Across these Business Units, Genuit's brands are some of the most well-established and innovative in the industry, including Polypipe, Nuaire and Adey.

The Group primarily serves the UK and European building and construction markets with a presence in Italy and the Netherlands and sells to specific niches in the rest of the world

Chief Executive Officer Review

Our Results: Resilient performance in a challenging market

I am pleased with the progress we are making as a Group, despite another challenging year for our sector. Continued focus on our Sustainable Solutions for Growth strategy during 2024 has delivered a resilient performance, and I would like to thank our Genuit Leadership Team and all of our c.3,200 colleagues for their continued hard work and dedication.

Our annual underlying profit margin improved from 16.0% to 16.4% despite a market-driven decline in revenues of 4.3%. This performance is testament to our ongoing Group-wide deployment of the Genuit Business System (GBS), generating lean productivity and efficiency savings, alongside measures taken to gain market share.

Following business simplification in 2023, the Group is more streamlined, agile and better placed to manage market challenges, whilst also well-placed to deliver profitable growth as volumes recover. The Genuit Business System will enable us to continue driving margin expansion, with strong operational gearing and at least 20% available capacity to increase production.

Underlying operating cash conversion was also strong at 99.3%, exceeding our 90% mid-term target, with net debt to underlying pro-forma EBITDA falling to 0.9 times, enabling us to continue investing in long-term growth.

In line with the Group's progressive dividend policy, we are pleased to be able to propose an increase in our full-year dividend to 12.5p.

Our Customers: Ongoing market softness

2024 experienced reduced volumes across most segments, and the timing of the eventual market recovery remains uncertain. Construction industry challenges continued through 2024, with ongoing labour shortages, a construction workforce some 250,000 below pre-Covid levels, and an ongoing high rate of contractor insolvencies (particularly impacting our commercially focused businesses). Housing starts in the UK decreased from 171,622 to 135,110, and housing transactions of 1,093,410 remained at historically low levels, and contributed to an RMI market 4.0% below prior year.

Despite this reduction in volume, there were signs of market stabilisation in the second half, and competitive consolidation has led to share-gain opportunities for the Group.

The Group is encouraged by the UK Government's commitment to significantly increase the levels of new housebuilding to address the structural shortage of homes, alongside improvements in the facilitation of infrastructure projects that contribute to economic growth and to the decarbonisation of the built environment. We believe that pressing ahead with this regulatory framework is essential to reconcile the government's climate commitments with its desire to address the structural housing shortage, as well as supporting construction as a growth engine for the economy.

We are confident in our innovative labour-saving products and value-add solutions, such as Polypipe Advantage, will help to enable the higher levels of construction activity, needed, despite labour shortages.

Well publicised floods in the UK, Europe and UAE caused by prolonged, more frequent and intense rainfall, require the upgrade of ageing infrastructure as well as a new more holistic approach to water management. Our green urbanisation strategy addresses both stormwater resilience along with improving urban landscapes and increasing biodiversity.

The built environment accounts for over 40% of the UK's greenhouse gas (GHG) emissions, and the carbon output of heating and cooling systems are the largest contributors. Legislative drivers including the Future Homes Standard continue to provide opportunities for growth for several of our product ranges such as MVHR, and underfloor heating. Evolving regulations are increasing the requirements for insulation, and with that the need for better ventilation and clean, healthy, indoor air. At the same time, in our existing buildings, there is a pressing need for better ventilation to solve damp and mould problems in social housing, schools, and hospitals.

Genuit is focused on sustainability-driven growth; helping the built environment respond to climate adaptation and mitigation challenges. The economic and social imperative to increase levels of construction and housebuilding in the UK continues to be strong and our portfolio of low carbon, labour-saving, and energy efficient solutions play an important role in supporting sustainable growth.

Our Strategy: Sustainable Solutions for Growth

Our Sustainable Solutions for Growth strategy is built around four key pillars:

- **Growth -** Focus on higher-growth, sustainability-driven markets, via organic growth and disciplined M&A opportunities

- **Sustainability –** Providing the lowest-carbon choice for our customers to maximise exposure to structural growth drivers
- **Genuit Business System -** Creating value through lean transformation and operational excellence
- **People and Culture –** Enabling growth through the capability, expertise and development of our employees

Through continued focus on these commitments in 2024, we have secured new revenue opportunities, expanded our solution offering through acquisitions, reduced our overall carbon impact, made strong progress in deploying the Genuit Business System, and we have continued to invest in our people, including the continuation of our Genuit Leadership Programme. All of which has helped to strengthen our overall position going into 2025.

Growth

We remain focused on outperforming the broader construction market by providing products and solutions to built environment markets with sustainability-led growth drivers. These markets benefit from a range of structural tailwinds, including the need to adapt to and mitigate climate change, regulatory changes, ongoing labour shortages and shifting customer preferences.

Despite the continued softness in the UK construction sector in 2024 and the decline in volumes, we have secured new revenue opportunities across all three Business Units, including through the launch of new product lines bolstered by strategic acquisitions.

We also remain focused on products that address current commercial construction challenges. For example, we have secured several projects with Modern Methods of Construction (MMC) manufacturers of pods and volumetric modules, which are attractive low labour solutions at a time where skilled labour is scarce.

In August 2024, we welcomed new colleagues from two acquisitions, Sky Garden and Omnie & Timoleon, both of which align with our M&A strategy.

Sky Garden was acquired for a cash consideration of £2.6m and is a leader in green roof technologies, providing design, supply, installation and maintenance services for green and bio-solar roofs, podium decks and green walls. It complements Permavoid's geo-cellular roofing solutions business and creates synergies with Keytec's water management installation business.

Omnie & Timoleon was acquired for a cash consideration of £2.7m. It is a leader in underfloor heating (UFH) board technologies and provides full UFH system design and supply services. It extends the Group's UFH offering within CMS and is complementary to the existing Nu-Heat and Polypipe underfloor heating solutions. Underfloor heating is expected to grow significantly as its share of new-build homes increases under the transition to the Future Homes Standard.

We are actively pursuing additional strategic acquisitions that add to our organic growth potential and enhance shareholder returns.

Sustainability

Expectations for technological advancement in the built environment to solve the urgent challenges facing our infrastructure, buildings, communities and planet have never been greater.

Sustainability is at the heart of our business, and Genuit remains focused on sustainability-driven growth; enabling the built environment to respond to climate adaptation and mitigation challenges, whilst staying committed to reducing our overall impact on the environment, driving carbon from our business and the supply chain.

During 2024, we published our first Genuit Group Sustainability Report which enhanced our sustainability disclosures and showcased our progress in improving our performance across a wide range of sustainability topics.

We continue to lead the industry as the largest user of recycled polymers, with over 52.0% of our total tonnage in the year and we have held the Green Mark since 2019 with over 70% green revenues.

In 2024, the Science Based Targets initiative (SBTi) verified our long-term carbon reduction targets, which amongst other commitments, will see us reduce our scopes 1, 2 & 3 GHG emissions by 90% by 2050 compared to 2021.

We have accelerated our adoption of Environmental Product Declarations (EPDs) with the support of our GBS processes and have bold targets for 2025 to increase our EPD coverage across our businesses, to enable our customers to make carbon-based choices.

Genuit Business System

The Genuit Business System (GBS) is enabling the Group to streamline processes, share best practices and achieve benefits of scale whilst unlocking the full potential of our business for our people. GBS is at the core of our journey to achieving our medium-term >20% operating margin target through creating a culture of continuous operational improvement and excellence – this is at the heart of our value creation strategy.

The deployment of GBS has gained further momentum in 2024. We have continued embedding GBS principles through kaizen events, alongside educating and empowering our leaders to drive GBS, through four leader orientation sessions held during the year. We have seen productivity improvements, financial savings and space savings from this lean transformation work so far. A great example has been at Polypipe Building Services, where the team used the GBS tool 'SMED' (Single Minute Exchange of Dies) on one of its injection moulding machines and reduced changeover time by more than 80%, giving an additional 10,000 hours of machine availability by reducing changeover time from 4 hours to 46 minutes.

We completed over 20 kaizen events across all our businesses in 2024 and now c.15% of Genuit employees have participated in lean kaizen events or training, representing good progress but with significant benefits still to realise. The positive momentum and the energy from our teams is pleasing to see and we are confident this will continue to help, empower and inspire our people to make positive change.

People and Culture

Involving our people in the rollout of GBS has complemented our overall approach to creating an environment where people have a voice and feel included.

In 2024, we ran our first Group-wide employee survey 'Your Voice', an important new channel for employee listening where we can all take direct action to learn from our people at all levels. We had a solid level of participation and will move to an annual survey cycle alongside more frequent pulse engagement surveys to enable us to continually listen, learn and act.

An 18-month culture programme culminated this year with the well-received launch and rollout of our Trademark Behaviours. This has been a driver for increased collaboration across businesses, and enabled our people to recognise how they, and each other, contribute to our growth and deliver on our purpose to create sustainable living.

We have continued strong investment into building careers in 2024; over half of our Genuit Leadership Team (our top leaders across the Group) have now participated in the Genuit Leadership Programme and across our workforce we have seen over 100 internal promotions in 2024, 30% of which were female.

I am proud of our achievement of Gold member status of The 5% Club, one year ahead of plan and with c.18% of our colleagues in recognised Earn & Learn programmes across several levels and disciplines. Our Early Careers Programme continues to evolve with the launch of a Graduate Programme in Q3 2024, and further intake planned for 2025. We also started work with The 10,000 Interns Foundation to drive diversity through our Early Careers activity.

We are continually working to create an environment where all employees can be their authentic selves, and where they can respectfully ask questions and learn from one another. As a Strategic Partner of the Construction Inclusion Coalition (CIC), we are working to drive change and champion Diversity & Inclusion (D&I) not only in our business, but across the broader industry. Whilst we have more to do, we saw progress reflected through our overall scores for inclusivity in the Your Voice survey, and an increase in engagement in our dedicated D&I group 'Our Genuit' on Workplace.

Summary:

This year we have made solid progress towards our medium-term targets while advancing our Sustainable Solutions for Growth strategy. We continued to create a more lean, agile and streamlined business, and demonstrated continual margins improvement.

With some signs of market stabilisation in the second half of 2024, the Group is well positioned for market recovery. With a focus on mitigating the National Insurance and National Minimum Wage increase through balanced price and cost management, the Group continues to navigate the near-term headwinds whilst making further strategic progress.

We are moving in the right direction, and the Group remains confident in the medium-term growth prospects for the business, given its exposure to structural growth drivers.

The Group delivered a resilient performance in 2024, continuing to improve underlying operating margin despite ongoing subdued market conditions.

The team at Genuit have remained dedicated and supportive of the strategic goals and together we all create sustainable living. The drive and the passion of all my colleagues has been evident in 2024 and I thank them for all their hard work.

Group Results

Revenue and profitability

Group revenue for the year ended 31 December 2024 was £561.3m (2023: £586.5m), which was lower by 4.3% year-on-year, primarily due to an overall volume reduction of 4.1% year-on-year. On a like-for-like basis, excluding the impact of acquisitions, revenue was 5.3% lower than prior year. Market volumes remained subdued due to ongoing weakness in newbuild, RMI and commercial markets and lower business and consumer confidence surrounding the UK Government Budget in October. UK revenue declined 3.8% and international revenue decreased by 8.0%, representing 11.0% of revenue in the year (2023: 11.5%). Second-half revenue increased 2.5% year-on-year following a 10.6% decline in the first half, reflecting a stabilisation of market conditions.

Underlying operating profit was £92.2m (2023: £94.1m), a decrease of 2.0%, primarily due to the reduction in volumes. However, the Group increased underlying operating margin by 40 basis points to 16.4% (2023: 16.0%), demonstrating progress towards medium-term margin targets despite the prevailing market softness. The primary contributors to the increase in margin were procurement savings generated by improved centralised buying, and productivity improvements generated by Genuit Business System improvement projects.

Profit before tax was £46.3m (2023: £48.4m), a decrease of 4.3%. The Group continued to invest in product development and innovation throughout the year. In 2024, operating profit benefited from £1.5m of HMRC approved Research and Development expenditure credit (2023: £1.5m).

Underlying profit after tax was lower than the prior year at £61.1m (2023: £62.6m). Underlying basic earnings per share was 24.6 pence (2023: 25.2 pence).

Including non-underlying items, profit after tax was £33.5m (2023: £38.5m), and basic earnings per share was 13.5 pence (2023: 15.5 pence).

Revenue and operating profit and margin	**2024 £m**	**2023 £m**	**Change %**
Revenue	**561.3**	586.5	(4.3)
Underlying operating profit	**92.2**	94.1	(2.0)
Underlying operating margin	**16.4%**	16.0%	40 bps

Revenue by geographic destination	**2024 £m**	**2023 £m**	**Change %**
UK	**499.3**	519.1	(3.8)
Europe	**32.9**	33.4	(1.5)
Rest of World	**29.1**	34.0	(14.4)
Group	**561.3**	**586.5**	**(4.3)**

Revenue	2024 £m	2023 £m	Change %	LFL Change %
Climate Management Solutions	**161.6**	165.9	(2.6)	(4.1)
Water Management Solutions	**160.9**	170.4	(5.6)	(7.5)
Sustainable Building Solutions	**231.7**	242.8	(4.6)	(4.6)
	554.2	579.1	(4.3)	(5.3)
Other*	**7.1**	7.4	(4.1)	(4.1)
Total Group	**561.3**	586.5	(4.3)	(5.3)

* Relates to sites which are not reported as part of the Group's strategic Business Units.

Underlying operating profit	2024 £m	ROS %*	2023 £m	ROS %*	Change Bps
Climate Management Solutions	**24.0**	**14.9**	22.7	13.7	**120**
Water Management Solutions	**13.6**	**8.5**	17.7	10.4	**(190)**
Sustainable Building Solutions	**54.4**	**23.5**	53.1	21.9	**160**
	92.0	**16.6**	93.5	16.1	**50**
Other**	**0.2**	**2.8**	0.6	8.1	**(530)**
Total Group	**92.2**	**16.4**	94.1	16.0	**40**

* Return on sales (ROS) is equivalent to underlying operating margin (underlying operating profit/ revenue).
** Relates to sites which are not reported as part of the Group's strategic Business Units.

Business Unit Review

Climate Management Solutions

The Climate Management Solutions (CMS) Business Unit is focused on addressing the need for clean healthy air and low carbon heating and cooling.

Revenue of £161.6m (2023: £165.9m) in CMS decreased by 2.6% versus 2023 (4.1% on a like-for-like basis). The year finished strongly for Adey and Nuaire residential sectors, however, not offsetting the headwinds within the residential boiler market and commercial ventilation sector. The Business Unit remained flat, (0.8%) like-for-like, in the second half of the year reflecting the stabilisation of market conditions.

CMS reported an underlying operating margin of 14.9% in 2024, 120 basis points higher than 2023, resulting from productivity improvements through the deployment of the Genuit Business System. Integration of the Omnie & Timoleon underfloor heating business (acquired August 2024) is proceeding well with a focus on go-to-market strategy and operational synergies The Business Unit remains well placed to capitalise on regulatory and structural drivers related to renewable heating, energy efficiency and cleaner, healthier air.

Water Management Solutions

The Water Management Solutions (WMS) Business Unit is enabling the upgrade of the stormwater and wastewater infrastructure to adapt to the increasingly challenging impacts of climate change.

Revenue of £160.9m (2023: £170.4m) in WMS decreased by 5.6% versus 2023 (7.5% on a like-for-like basis). Revenue was adversely affected by project delays, including the impact of prolonged wet weather and low business confidence.

WMS reported an underlying operating margin of 8.5% during the year, representing a 190-basis points decline versus prior year, impacted by lower volumes. Management are accelerating a strong pipeline of GBS projects to improve efficiency and profitability in 2025. Integration of the acquired Sky Garden business is proceeding well, with focus a on growth and improving profitability through vertical solution selling and increasing scale.

The WMS medium-term growth strategy is underpinned by focused commercial activity and product solutions, and the Business Unit expects to benefit from changes in water management, biodiversity legislation, more effective rainwater collection and reuse, and attenuation of flooding and storm runoff which is now more prevalent than ever.

Sustainable Building Solutions

The Sustainable Building Solutions (SBS) Business Unit provides its customers with a range of market-leading products in plumbing and water supply, drainage and other building accessories which reduce labour requirements to help address shortages and reduce the carbon footprint of the built environment.

Trading in SBS was resilient in 2024 with revenue of £231.7m (2023: £242.8m), 4.6% lower than prior year in line with subdued market volumes.

Despite volume challenges, underlying operating profit margin improved by 160 basis points, driven primarily by effective cost management, including purchasing savings from aggregated buying and the impact of GBS projects on productivity and efficiency.

The Business Unit is well placed to capitalise on structural trends in the industry over the medium term, including the transitions to labour-efficient solutions, use of offsite pre-fabrication and modular building, reductions in carbon intensity and adherence to legislation such as the Future Homes Standard.

Acquisitions

Sky Garden

On 5 August 2024, the Group acquired 100% of the voting rights and shares in Sky Garden Limited for cash consideration of £2.6m, which included an amount for net cash and working capital commitments on completion. Sky Garden is a leader in green-roof technologies providing design, supply, installation and maintenance services for green and bio-solar roofs, podium decks and green walls.

No material intangible assets were identified. The goodwill arising on the acquisition primarily represented the assembled workforce, technical expertise, synergies with companies offering both supply and install services and market share in markets Genuit currently does not operate in from the acquisition. The goodwill is allocated entirely to the Infrastructure & Landscape CGU.

Sky Garden contributed £3.3m of revenue and £0.1m loss of EBITDA to the reported results of the Group over five months of trading.

Omnie & Timoleon

On 6 August 2024, the Group acquired the trade and assets of Ridgespear Limited, including the Omnie & Timoleon brands and its Polish subsidiary Timoleon Sp.z o.o for cash consideration of £2.7m. Omnie & Timoleon are leaders in underfloor heating (UFH) board technologies and providers of full UFH system design and supply services. Integration of the acquired operations into the Group’s Nu-Heat UFH business is underway.

No material intangible assets were identified. The goodwill arising on the acquisition primarily represented the assembled workforce, technical expertise and synergies with Group companies offering underfloor heating solutions .The goodwill has been allocated to the Nu-Heat CGU.

Omnie & Timoleon contributed £2.5m of revenue and £0.6m loss of EBITDA to the reported results of the Group over five months of trading.

Non-underlying items

Non-underlying items marginally increased to £33.0m (2023: £32.1m) before tax. These included non-cash amortisation of £14.4m (2023: £14.8m) and non-cash impairment charges of £12.4m (2023: £2.5m) reported in H1 financials, in respect of the Adey business which has encountered prolonged delays to recovery in market conditions. In addition, the Group incurred one off costs of £4.3m in respect of a dispute with a third party back-office software supplier that was recognised in H1 and fully settled in the second half of the year.

Non underlying items comprised:

	2024 £m	2023 £m
Amortisation of intangible assets	**14.4**	14.8
Impairment of goodwill	**12.4**	-
Impairment of intangible assets	**-**	2.5
Restructuring costs	**1.8**	15.3
Employment matters	**(1.1)**	2.0
Acquisition costs	**1.1**	2.2
Workday / CRM configuration (SaaS)	**1.1**	1.2
Software supplier dispute	**4.3**	-
Profit on disposal of property, plant and equipment	**(1.1)**	(4.7)
Product liability claim	**0.1**	(1.2)
Non-underlying items before taxation	**33.0**	32.1
Tax effect on non-underlying items	**(5.4)**	(8.0)
Non-underlying items after taxation	**27.6**	24.1

Exchange rates

The Group trades predominantly in Sterling but has some revenue and costs in other currencies, mainly the US Dollar and the Euro, and takes appropriate forward cover on these cash flows using forward currency derivative contracts in accordance with its hedging policy.

Finance Costs

Underlying finance costs decreased to £12.9m (2023: £13.6m) primarily due to a lower level of borrowings. Group net debt excluding lease liabilities reduced from £128.0m as at 31 December 2023 to £102.9m as at 31 December 2024, with a corresponding reduction in debt to EBITDA leverage from 1.1x to 0.9x. Interest cover was 8.3x for the year (2023: 8.2x).

Interest was payable on the RCF at SONIA plus an interest rate margin ranging from 0.90% to 2.75%. The interest rate margin at 31 December 2024 was 1.63% (2023: 1.65%). During the year an interest rate hedging strategy was implemented to provide greater certainty over interest costs and reduce the risk of potential volatility.

Pensions

The Group does not have any defined benefit pension schemes and only has defined contribution pension arrangements in place. Pension costs for the year amounted to £6.3m (2023: £5.4m) reflecting the introduction of a salary sacrifice scheme and increased up take enhancing our employee value proposition.

Taxation

Underlying taxation

The underlying tax charge in 2024 was £18.2m (2023: £17.9m) representing an effective tax rate of 23.0% (2023: 22.2%). This was below the composite UK standard tax rate of 25.0% (2023: 23.5%).

Taxation on non-underlying items

The non-underlying taxation credit of £5.4m (2023: £8.0m) represents an effective rate of 16.4% (2023: 24.8%).

Earnings per share

	2024 £m	2023 £m
Pence per share:		
Basic	**13.5**	15.5
Underlying basic	**24.6**	25.2
Diluted	**13.3**	15.4
Underlying diluted	**24.3**	25.1

The Directors consider that the underlying basic earnings per share (EPS) measure provides a better and more consistent indication of the Group's underlying financial performance and more meaningful comparison with prior and future periods to assess trends in our financial performance.

Underlying basic EPS decreased by 2.4% in 2024.

Dividend

The final dividend of 8.4 pence (2023: 8.3 pence) per share is being recommended for payment on 4 June 2025 to shareholders on the register at the close of business on 2 May 2025, in line with the Group's progressive dividend policy. The ex-dividend date will be 1 May 2025. The full year dividend of 12.5p is marginally higher than the prior year 12.4p per share, reflecting the strength of the balance sheet and the Board's confidence in the Group's medium-term strategy.

The Group aims to pay a progressive dividend, based on dividend cover of 2.0x or greater over the business cycle. The Directors intend that the Group will pay the total annual dividend in two tranches, an interim dividend and a final dividend, announced at the time of publication of the interim and preliminary results.

Balance Sheet

The Group's balance sheet is summarised below:

	2024 £m	2023 £m
Property, plant and equipment	**183.7**	176.4
Right-of-use assets	**27.0**	22.9
Goodwill	**451.5**	454.1
Other intangible assets	**128.7**	142.7
Net working capital	**27.3**	28.3
Taxation	**(45.8)**	(44.7)
Other current and non-current assets and liabilities	**(0.2)**	6.2
Net debt (loans and borrowings, and lease liabilities, net of cash and cash equivalents)	**(129.2)**	(149.3)
Net assets	**643.0**	636.6

The net value of property, plant and equipment has increased by £7.3m following the continued focus on investing in targeted capital expenditure offset by the sale of two additional sites.

Cash flow and net debt

The Group's cash flow statement is summarised below:

	2024 £m	2023 £m
Operating cash flows before movement in net working capital	**106.5**	105.6
Add back non-underlying cash items	**12.7**	14.2
Underlying operating cash flows before movement in net working capital	**119.2**	119.8
Movement in net working capital	**9.0**	4.1
Net capital expenditure excluding non-underlying proceeds of sale	**(26.0)**	(33.8)
Settlement of lease liabilities	**(10.6)**	(7.6)
Underlying cash generated from operations after net capital expenditure (excluding non-underlying proceeds of sale)	**91.6**	82.5
Income tax paid	**(10.4)**	(12.1)
Interest paid	**(11.4)**	(13.4)
Non-underlying proceeds of sale	**4.9**	6.9
Other non-underlying cash items	**(12.7)**	(14.2)
Settlement of deferred and contingent consideration	**(1.6)**	(1.6)
Acquisition of businesses	**(5.2)**	-
Dividends paid	**(30.8)**	(30.5)
Proceeds from exercise of share options net of purchase of own shares	**0.8**	0.3
Other	**(0.9)**	(0.7)
Movement in net debt – excluding IFRS 16	**24.3**	17.2
Movement in IFRS 16	**(3.3)**	(0.3)
Movement in net debt – including IFRS 16	**21.0**	16.9

Delivery of strong cash generation remains core to the Group's strategy. The Group's post-capex underlying operating cash conversion was 99.3% (2023: 87.7%) calculated as underlying operating cash flow (after payments for capital expenditure excluding non-underlying proceeds of sale and lease liabilities) divided by underlying operating profit. The Group's pre-capex underlying operating cash conversion was 107.6% (2023: 103.4%) calculated as underlying operating cash flow (before payments for capital expenditure excluding non-underlying proceeds of sale and lease liabilities) divided by underlying EBITDA.

A positive working capital movement in the year was achieved through lower levels of inventory and improved creditor position, both achieved through purchasing projects of aggregating spend with buying strategically and improvements generated by GBS. In 2025 the Group will focus on continuing to achieve over 90% operating cash flow conversion.

Net capital expenditure investment (excluding non-underlying proceeds from sale) decreased to £26.0m (2023: £33.8m). The Group has continued to focus on investing in targeted manufacturing facility development, capacity and key, strategic and innovative projects.

Financing

Net debt of £129.2m (2023: £149.3m) comprised:

	2024 £m	2023 £m
Bank loans	**(146.5)**	(145.0)
Cash and cash equivalents	**43.6**	17.0
Net debt (excluding unamortised debt issue costs)	**(102.9)**	(128.0)
Unamortised debt issue costs	**1.3**	2.1
IFRS 16	**(27.6)**	(23.4)
Net debt	**(129.2)**	(149.3)
Net debt (excluding unamortised deal issue costs): pro-forma EBITDA	**0.9**	1.1

The Group has a Sustainability-Linked Loan (SLL) committed through to August 2027 with one further uncommitted annual renewal through to August 2028. The current facility limit is £350.0m with an additional uncommitted ‘accordion’ facility of up to £50.0m, at 31 December 2024, £121.5m of the RCF was drawn down. Additionally, in 2022 the Group entered a fixed rate £25.0m seven-year private placement loan note until August 2029 with an uncommitted shelf facility of an additional £125.0m.

The Group is subject to two financial covenants. At 31 December 2024, there was significant headroom and facility interest cover and net debt to EBITDA covenants were comfortably achieved:

Covenant

	Covenant requirement	Position at 31 December 2024
Interest cover	>4.0:1	8.3:1
Leverage	<3.0:1	0.9:1

Going Concern

The Group continues to meet its day-to-day working capital and other funding requirements through a combination of long-term funding and cash deposits. The Group’s bank financing facilities consist of a £350.0m Sustainability-Linked Loan with an uncommitted ‘accordion’ facility of up to £50.0m and a seven- year private placement loan note of £25.0m with an uncommitted £125.0m shelf facility. At 31 December 2024, liquidity headroom (cash and undrawn committed banking facilities) was £272.1m (2023: £247.0m).

The Group’s focus will continue to be on deleveraging, and its net debt to EBITDA ratio stood at 0.9x pro-forma EBITDA at 31 December 2024 (2023: 1.1x). This headroom means the Group is well-positioned with a strong balance sheet.

As a result, the Directors have satisfied themselves that the Group has adequate financial resources to continue in operational existence for a period of at least the next 21 months to 31 December 2026. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Forward-Looking Statements

This report contains various forward-looking statements that reflect management's current views with respect to future events and financial and operational performance. These forward-looking statements involve known and unknown risks, uncertainties, assumptions, estimates and other factors, which may be beyond the Group's control, and which may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. All statements (including forward-looking statements) contained herein are made and reflect knowledge and information available as of the date of preparation of this report and the Group disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. Nothing in this report should be construed as a profit forecast.

Directors' Responsibilities

Each of the Directors confirms that, to the best of their knowledge, the consolidated financial statements, prepared in accordance UK-Adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and undertakings included in the consolidation taken as a whole; and the Group Results, Chief Executive Officer Review and Business Unit Review includes a fair review of the development and performance of the business and the position of the Group and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Annual General Meeting

The Annual General Meeting is scheduled to be held on 19 May 2025.

By order of the Board:

Joe Vorih	**Tim Pullen**
Chief Executive Officer	**Chief Financial Officer**

Group Statement of Comprehensive Income
For the year ended 31 December 2024

	Notes	2024 Underlying £m	2024 Non-underlying £m	2024 Total £m	2023 Underlying £m	2023 Non-underlying £m	2023 Total £m
Revenue	2	**561.3**	**-**	**561.3**	586.5	-	586.5
Cost of sales		**(311.5)**	**1.0**	**(310.5)**	(338.7)	(2.0)	(340.7)
Gross profit		**249.8**	**1.0**	**250.8**	247.8	(2.0)	245.8
Selling and distribution costs		**(75.2)**	**-**	**(75.2)**	(73.5)	(1.0)	(74.5)
Administration expenses		**(81.7)**	**(7.2)**	**(88.9)**	(79.4)	(11.8)	(91.2)
Amortisation of intangible assets		**(0.7)**	**(14.4)**	**(15.1)**	(0.8)	(14.8)	(15.6)
Impairment of intangible assets		**-**	**-**	**-**	-	(2.5)	(2.5)
Impairment of goodwill		**-**	**(12.4)**	**(12.4)**	-	-	-
Operating profit	2	**92.2**	**(33.0)**	**59.2**	94.1	(32.1)	62.0
Finance costs	5	**(12.9)**	**-**	**(12.9)**	(13.6)	-	(13.6)
Profit before tax		**79.3**	**(33.0)**	**46.3**	80.5	(32.1)	48.4
Income tax	6	**(18.2)**	**5.4**	**(12.8)**	(17.9)	8.0	(9.9)
Profit for the year attributable to the owners of the parent company		**61.1**	**(27.6)**	**33.5**	62.6	(24.1)	38.5
Basic earnings per share (pence)	7			**13.5**			15.5
Diluted earnings per share (pence)	7			**13.3**			15.4
Dividend per share (pence) – interim	8			**4.1**			4.1
Dividend per share (pence) – final				**8.4**			8.3
				12.5			12.4

Non-underlying items are presented separately and are detailed in note 4.

Group Statement of Comprehensive Income
For the year ended 31 December 2024

	2024 £m	2023 £m
Profit for the year	**33.5**	**38.5**
Other comprehensive income:		
Items which may be reclassified subsequently to the income statement:		
Effective portion of changes in fair value of forward foreign currency derivatives	(0.3)	0.1
Effective portion of changes in fair value of interest rate derivatives	0.1	-
Exchange differences on translation of foreign operations	(0.1)	(0.1)
Other comprehensive income for the year net of tax	**(0.3)**	-
Total comprehensive income for the year	**33.2**	**38.5**

Group Balance Sheet
At 31 December 2024

	Notes	**31 December 2024 £m**	31 December 2023 £m
Non-current assets			
Property, plant and equipment	9	**183.7**	176.4
Right-of-use assets	10	**27.0**	22.9
Intangible assets	11	**580.2**	596.8
Total non-current assets		**790.9**	796.1
Current assets			
Inventories		**73.5**	69.2
Trade and other receivables		**81.8**	73.9
Income tax receivable		**3.2**	5.4
Cash and cash equivalents	13	**43.6**	17.0
Derivative financial instruments		**-**	0.1
Assets held-for-sale		**-**	17.1
Total current assets		**202.1**	182.7
Total assets		**993.0**	978.8
Current liabilities			
Trade and other payables		**(128.2)**	(114.8)
Lease liabilities	10, 13	**(7.4)**	(5.0)
Liabilities held-for-sale		**-**	(2.8)
Deferred and contingent consideration	12	**-**	(8.2)
Total current liabilities		**(135.6)**	(130.8)
Non-current liabilities			
Loans and borrowings	13	**(145.2)**	(142.9)
Lease liabilities	10, 13	**(20.2)**	(18.4)
Deferred income tax liabilities		**(49.0)**	(50.1)
Total non-current liabilities		**(214.4)**	(211.4)
Total liabilities		**(350.0)**	(342.2)
Net assets		**643.0**	636.6
Capital and reserves			
Equity share capital		**0.2**	0.2
Share premium		**93.6**	93.6
Capital redemption reserve		**1.1**	1.1
Hedging reserve		**(0.1)**	0.1
Foreign currency retranslation reserve		**(0.2)**	(0.1)
Other reserves		**116.5**	116.5
Retained earnings		**431.9**	425.2
Total equity		**643.0**	636.6

Group Statement of Changes in Equity
For the year ended 31 December 2024

	Equity share capital £m	Share premium £m	Capital redemption reserve £m	Hedging reserve £m	Foreign currency retranslation reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 31 December 2024								
Opening balance	**0.2**	**93.6**	**1.1**	**0.1**	**(0.1)**	**116.5**	**425.2**	**636.6**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**33.5**	**33.5**
Other comprehensive income	**-**	**-**	**-**	**(0.2)**	**(0.1)**	**-**	**-**	**(0.3)**
Total comprehensive income for the year	**-**	**-**	**-**	**(0.2)**	**(0.1)**	**-**	**33.5**	**33.2**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(30.8)**	**(30.8)**
Share-based payments charge	**-**	**-**	**-**	**-**	**-**	**-**	**2.9**	**2.9**
Share-based payments settled	**-**	**-**	**-**	**-**	**-**	**-**	**0.8**	**0.8**
Share-based payments excess tax benefit	**-**	**-**	**-**	**-**	**-**	**-**	**0.3**	**0.3**
Closing balance	**0.2**	**93.6**	**1.1**	**(0.1)**	**(0.2)**	**116.5**	**431.9**	**643.0**
At 31 December 2023								
Opening balance	0.2	93.6	1.1	-	-	116.5	415.7	627.1
Profit for the year	-	-	-	-	-	-	38.5	38.5
Other comprehensive income	-	-	-	0.1	(0.1)	-	-	-
Total comprehensive income for the year	-	-	-	0.1	(0.1)	-	38.5	38.5
Dividends paid	-	-	-	-	-	-	(30.5)	(30.5)
Share-based payments charge	-	-	-	-	-	-	2.1	2.1
Share-based payments settled	-	-	-	-	-	-	0.3	0.3
Share-based payments excess tax benefit	-	-	-	-	-	-	(0.9)	(0.9)
Closing balance	0.2	93.6	1.1	0.1	(0.1)	116.5	425.2	636.6

Group Cash flow Statement
For the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Operating activities			
Cash generated from operations	14	**115.5**	109.7
Income tax paid		**(10.4)**	(12.1)
Net cash flows from operating activities		**105.1**	97.6
Investing activities			
Settlement of deferred and contingent consideration	12	**(1.6)**	(1.6)
Acquisition of businesses net of cash at acquisition	12	**(5.2)**	-
Proceeds from disposal of assets held-for-sale		**4.9**	-
Proceeds from disposal of property, plant and equipment		**0.7**	**7.6**
Purchase of property, plant and equipment		**(25.6)**	(32.8)
Patent and development costs expenditure		**(1.1)**	(1.7)
Net cash flows from investing activities		**(27.9)**	(28.5)
Financing activities			
Drawdown of bank loan		**69.4**	50.0
Repayment of bank loan		**(68.0)**	(100.9)
Interest paid		**(11.4)**	(13.4)
Dividends paid		**(30.8)**	(30.5)
Proceeds from exercise of share options		**0.8**	0.3
Settlement of lease liabilities		**(10.6)**	(7.6)
Net cash flows from financing activities		**(50.6)**	(102.1)
Net change in cash and cash equivalents		**26.6**	(33.0)
Cash and cash equivalents – opening balance		**17.0**	50.0
Cash and cash equivalents – closing balance		**43.6**	17.0

1. Basis of preparation

The preliminary results for the year ended 31 December 2024 have been prepared in accordance with UK-Adopted International Accounting Standards (UK-Adopted IAS). Whilst the financial information included in this preliminary announcement has been computed in accordance with the recognition and measurement requirements of IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The accounting policies adopted have been consistently applied in all material aspects to all the periods presented.

The financial information set out in this announcement does not constitute the statutory accounts for the Group within the meaning of Section 435 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2023 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2024 will be filed in due course. The auditor's report on these accounts was not qualified or modified and did not contain any statement under Sections 498(2) or (3) of the Companies Act 2006 or any preceding legislation.

There were no accounting standards or interpretations that have become effective in the current reporting period which had an impact on disclosures, financial position, or performance.

The Directors have made enquiries into the adequacy of the Group's financial resources, through a review of the Group's budget and medium-term financial plan, including cash flow forecasts. The Group has modelled a range of scenarios, with the base forecast being one in which, over the 24 months ending 31 December 2026, sales volumes grow in line with or moderately above external construction industry forecasts. In addition, the Directors have considered several downside scenarios, including adjustments to the base forecast, a period of significantly lower like-for-like sales, profitability and cash flows. Consistent with our principal risks and uncertainties, these downside scenarios included, but were not limited to, loss of production, loss of a major customer, product failure, recession, increases in interest rates and increases in raw material prices. Downside scenarios also included a combination of these risks and reverse stress testing. The Directors have considered the impact of climate-related matters on the going concern assessment and they are not expected to have a significant impact on the Group's going concern.

At 31 December 2024, the Group had available £228.6m of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. These borrowing facilities are available until at least August 2027, subject to covenant headroom. The Directors are satisfied that the Group has sufficient liquidity and covenant headroom to withstand reasonable variances to the base forecast, as well as the downside scenarios. In addition, the Directors have noted the range of possible additional liquidity options available to the Group, should they be required.

As a result, the Directors have satisfied themselves that the Group has adequate financial resources to continue in operational existence for a period of at least the next 21 months. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Four non-statutory measures have been used in preparing the consolidated financial statements:

- Underlying profit and earnings measures exclude certain non-underlying items (which are detailed in note 4) and, where relevant, the tax effect of these items. The Directors consider that these measures provide a better and more consistent indication of the Group's underlying financial performance and more meaningful comparison with prior and future periods to assess trends in the Group's financial performance.
- Underlying operating cash conversion is defined as cash generated from operations, adjusted for non-underlying cash items, after movement in net working capital and capital expenditure net of underlying proceeds from disposals of property, plant and equipment divided by underlying operating profit.
- Leverage is defined as net debt divided by pro-forma EBITDA (both are reconciled in note 13). Net debt within the leverage calculation is defined as loans and borrowings net of unamortised issue costs less cash and cash equivalents, excluding the effects of IFRS 16.
- Pro-forma EBITDA is defined as pre-IFRS 16 underlying operating profit before depreciation, amortisation and share-based payment charges, for the 12 months preceding the balance sheet date, adjusted where relevant, to include a full year of EBITDA from acquisitions made during those 12 months.

2. Segment information

From 1 January 2023, reporting segments have been aligned with the Group's Sustainable Solutions for Growth strategy and reorganised into three segments – Climate Management Solutions (CMS), Water Management Solutions (WMS) and Sustainable Building Solutions (SBS). The reporting segments are organised based on the nature of the end markets served. Inter-segment sales are on an arm's length basis in a manner similar to transactions with third parties.

Year ended 31 December 2024	**Climate Management Solutions £m**	**Water Management Solutions £m**	**Sustainable Building Solutions £m**	**Other £m**	**Total £m**
Segmental revenue	164.8	183.3	252.7	7.8	608.6
Inter segment revenue	(3.2)	(22.4)	(21.0)	(0.7)	(47.3)
Revenue*	**161.6**	**160.9**	**231.7**	**7.1**	**561.3**
Underlying operating profit**	**24.0**	**13.6**	**54.4**	**0.2**	**92.2**
Non-underlying items – segmental	(24.9)	(0.2)	(1.7)	-	(26.8)
Non-underlying items – Group					(6.2)
Segmental operating profit / (loss)	**(0.9)**	**13.4**	**52.7**	**0.2**	**59.2**
Finance costs					(12.9)
Profit before tax					**46.3**

Year ended 31 December 2023	Climate Management Solutions **£m**	Water Management Solutions **£m**	Sustainable Building Solutions **£m**	Other **£m**	Total **£m**
Segmental revenue	169.2	193.9	268.0	8.4	639.5
Inter segment revenue	(3.3)	(23.5)	(25.2)	(1.0)	(53.0)
Revenue*	165.9	170.4	242.8	7.4	586.5
Underlying operating profit **	22.7	17.7	53.1	0.6	94.1
Non-underlying items – segmental	(15.0)	(11.3)	(1.4)	(0.3)	(28.0)
Non-underlying items – Group					(4.1)
Segmental operating profit	7.7	6.4	51.7	0.3	62.0
Finance costs					(13.6)
Profit before tax					48.4

* The other revenue of £7.1m (2023: £7.4m) relates to Polypipe Italia SRL which does not form part of the Group's reporting segments.
** Underlying operating profit is stated before non-underlying items as defined in the Group Accounting Policies in the Annual Report and Accounts and is the measure of segmental profit used by the Group's CODM. Details of the non-underlying items of £33.0m (2023: £32.1m) are detailed in note 4.

2. Segment information (continued)

Geographical analysis

Revenue by destination	**2024 £m**	2023 £m
UK	499.3	519.1
Rest of Europe	32.9	33.4
Rest of World	29.1	34.0
Total – Group	561.3	586.5

3. Operating Profit

	2024 £m	**2023 £m**
Income statement charges		
Depreciation of property, plant and equipment (owned)	**19.2**	20.3
Depreciation of right-of-use assets	**7.1**	5.6
Cost of inventories recognised as an expense	**251.1**	287.9
Research and development costs expensed	**7.4**	9.0
Income statement credits		
Research and development expenditure credit	**1.5**	1.5
Profit on disposal of property, plant and equipment	**-**	0.4

4. Non-underlying items

Non-underlying items comprised:

	2024			2023		
	Gross £m	**Tax £m**	**Net £m**	Gross £m	Tax £m	Net £m
Cost of sales:						
Inventory write down	**-**	**-**	**-**	1.5	(0.3)	1.2
Restructuring costs	**-**	**-**	**-**	0.4	(0.1)	0.3
Employment matters	**(1.1)**	**0.1**	**(1.0)**	1.3	(0.2)	1.1
Product liability claim	**0.1**	**-**	**0.1**	(1.2)	(0.1)	(1.3)
Selling and distribution costs :						
Restructuring costs	**-**	**-**	**-**	1.0	(0.2)	0.8
Administration expenses						
Restructuring costs	**1.8**	**(0.5)**	**1.3**	12.4	(2.3)	10.1
Acquisition costs – acquisition and other M&A activity	**1.1**	**-**	**1.1**	2.2	(0.1)	2.1
IT configuration (SaaS)	**1.1**	**(0.3)**	**0.8**	1.2	(0.3)	0.9
Employment matters	**-**	**-**	**-**	0.7	(0.1)	0.6
Software supplier dispute	**4.3**	**(1.1)**	**3.2**	-	-	-
Profit on disposal of property plant and equipment	**(1.1)**	**-**	**(1.1)**	(4.7)	-	(4.7)
Amortisation of intangible assets	**14.4**	**(3.6)**	**10.8**	14.8	(3.7)	11.1
Impairment of intangible assets	**-**	**-**	**-**	2.5	(0.6)	1.9
Impairment of goodwill	**12.4**	**-**	**12.4**	-	-	-
Total non-underlying items	**33.0**	**(5.4)**	**27.6**	32.1	(8.0)	24.1

Restructuring costs incurred in both years are in relation to the reorganisation of the Group, which was announced in 2022 and whilst plans were finalised in 2023 the remaining activity was concluded during 2024, with a cumulative cost over the restructuring period of £26.4m. This included the sale of two properties which were classed as held-for-sale at 31 December 2023 and subsequently sold in 2024, which accounts for the profit on disposal.

4. Non-underlying items (continued)

Software as a Service (Saas) configuration relates to the design and configuration of software projects that are significant and support the Group's medium-term strategy.

Acquisition costs in the year ending 31 December 2024 relate to the two acquisitions in the year as well as costs associated with other merger and acquisition activity. In the year ended 31 December 2023 the amount predominantly related to a £1.8m charge arising in connection with contingent consideration treated as remuneration in respect of the acquisition of Plura, which was paid in 2024.

At 31 December 2023 a £1.4m provision associated with employment matters, relating to a one off regulatory claim, was recognised in non-underlying. During 2024 the matter was resolved and the unutilised provision released.

The Group incurred a one-off cost of £4.3m in respect of a dispute with a third party back-office software supplier that was settled in the year ending 31 December 2024.

Amortisation charged in both years relates to intangible assets arising on business combinations. Impairment of goodwill of £12.4m relates to a 2021 acquisition (see note 11).

5. Finance costs

	2024 **£m**	2023 £m
Interest on bank loan	**10.4**	11.6
Debt issue cost amortisation	**0.9**	0.8
Unwind of discount on lease liabilities	**1.6**	1.2
	12.9	13.6

6. Income tax

(a) Tax expense reported in the income statement

	2024 **£m**	2023 £m
Current income tax:		
UK income tax	**13.8**	11.0
Overseas income tax	**0.1**	0.2
Current income tax	**13.9**	11.2
Adjustment in respect of prior years	**(0.3)**	(0.4)
Total current income tax	**13.6**	10.8
Deferred income tax:		
Origination and reversal of timing differences	**(0.7)**	(1.9)
Effects of changes in income tax rates	**-**	0.1
Deferred income tax	**(0.7)**	(1.8)
Adjustment in respect of prior years	**(0.1)**	0.9
Total deferred income tax	**(0.8)**	(0.9)
Total tax expense reported in the income statement	**12.8**	9.9

6. Income tax (continued)

Details of the non-underlying tax credit of £5.4m (2023: £8.0m) are set out in note 4.

(b) Reconciliation of the total tax expense

A reconciliation between the tax expense and the product of accounting profit multiplied by the UK standard rate of income tax for the years ended 31 December 2024 and 2023 is as follows:

	2024 £m	2023 £m
Accounting profit before tax	**46.3**	48.4
Accounting profit multiplied by the UK standard rate of income tax of 25.0% (2023: 23.52%)	**11.6**	11.4
Expenses not deductible for income tax	**2.6**	1.6
Non-taxable income	**-**	(2.2)
Adjustment in respect of prior years	**(0.4)**	0.5
Effects of patent box	**(1.1)**	(1.1)
Effects of changes in income tax rates	**-**	0.1
Effects of deferred tax not recognised	**(0.8)**	-
Effects of super deduction	**-**	(0.1)
Effects of other tax rates/credits	**0.9**	(0.3)
Total tax expense reported in the income statement	**12.8**	9.9

The effective rate for the full year was 27.6% (2023: 20.5%). If the impact of non-underlying items is excluded, the underlying income tax rate would be 23.0% (2023: 22.2%).

(c) Deferred income tax

The deferred income tax included in the Group balance sheet is as follows:

	31 December 2024 £m	31 December 2023 £m
Deferred income tax liabilities/(assets)		
Short-term timing differences	**29.9**	31.4
Capital allowances in excess of depreciation	**25.5**	23.0
Share-based payments	**(2.5)**	(1.3)
Tax losses	**(3.9)**	(3.0)
	49.0	50.1

The Group offsets tax assets and liabilities if, and only if, it has a legally enforceable right to offset current income tax assets and current income tax liabilities and the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax authority.

(d) Change in corporation tax rate

On 24 May 2021, legislation was passed which substantively enacted an increase in UK corporation tax rate from 19% to 25% from April 2024. Deferred tax on the balance sheet at 31 December 2024 was therefore measured at 25%.

(e) Unrecognised tax losses

No deferred income tax has been recognised on non-trading losses and other timing differences of £0.3m (2023: £3.4m) as the Directors do not consider that they will be utilised in the foreseeable future.

7. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to the owners of the parent company by the weighted average number of ordinary shares outstanding during the year. The diluted earnings per share amounts are calculated by dividing profit for the year attributable to the owners of the parent company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of potential ordinary shares that would be issued on the conversion of all the dilutive share options into ordinary shares.

The calculation of basic and diluted earnings per share is based on the following:

	2024	2023
Weighted average number of ordinary shares for the purpose of basic earnings per share	248,459,018	248,182,934
Effect of dilutive potential ordinary shares	2,480,464	1,024,432
Weighted average number of ordinary shares for the purpose of diluted earnings per share	250,939,482	249,207,366

Underlying earnings per share is based on the result for the year after tax excluding the impact of non-underlying items of £27.6m (2023: £24.1m). The Directors consider that this measure provides a better and more consistent indication of the Group's underlying financial performance and more meaningful comparison with prior and future periods to assess trends in the Group's financial performance. The underlying earnings per share is calculated as follows:

	2024	2023
Underlying profit for the year attributable to the owners of the parent company (£m)	61.1	62.6
Underlying basic earnings per share (pence)	24.6	25.2
Underlying diluted earnings per share (pence)	24.3	25.1

8. Dividends per share

	2024 £m	2023 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2023 of 8.3p per share (2022: 8.2p)	**20.6**	20.3
Interim dividend for the year ended 31 December 2024 of 4.1p per share (2023: 4.1p)	**10.2**	10.2
	30.8	30.5
Proposed final dividend for the year ended 31 December 2024 of 8.4p per share (2023: 8.3p)	**20.9**	20.6

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.

9. Property, plant and equipment

	Freehold land and buildings £m	Plant and other equipment £m	Total £m
Cost			
At 1 January 2023	63.2	203.4	266.6
Additions	6.2	26.6	32.8
Disposals	(4.6)	(10.6)	(15.2)
Transfer to assets held-for-sale	(3.6)	(0.3)	(3.9)
Exchange adjustment	-	(0.1)	(0.1)
At 31 December 2023	**61.2**	**219.0**	**280.2**
Additions	**2.7**	**22.9**	**25.6**
Acquisitions	**-**	**0.5**	**0.5**
Disposals	**(0.2)**	**(14.3)**	**(14.5)**
Transfer from assets held-for-sale	**-**	**6.5**	**6.5**
Exchange adjustment	**-**	**(0.3)**	**(0.3)**
At 31 December 2024	**63.7**	**234.3**	**298.0**
Depreciation			
At 1 January 2023	10.8	85.9	96.7
Provided during the year	2.0	18.3	20.3
Disposals	(2.6)	(10.1)	(12.7)
Transfer to assets held-for-sale	(0.3)	(0.4)	(0.7)
Exchange adjustment	-	0.2	0.2
At 31 December 2023	9.9	93.9	103.8
Provided during the year	**1.8**	**17.4**	**19.2**
Disposals	**(0.1)**	**(13.1)**	**(13.2)**
Transfer from assets held-for-sale	**-**	**4.3**	**4.3**
Exchange adjustment	**-**	**0.2**	**0.2**
At 31 December 2024	**11.6**	**102.7**	**114.3**
Net book value			
At 31 December 2024	**52.1**	**131.6**	**183.7**
At 31 December 2023	51.3	125.1	176.4

In 2024 as part of the Group simplification to reduce its operational footprint it undertook the following:

- Sold the land and buildings of two of its operating warehouses, the net gain on disposal has been recognised in non-underlying items (see note 4).

Included in freehold land and buildings is non-depreciable land of £16.2m (2023: £16.2m).

Capital commitments

At 31 December 2024, the Group had commitments of £5.0m (2023: £7.1m) relating to plant and equipment purchases.

10. Right-of-use assets and lease liabilities

	Freehold land and buildings £m	Plant and other equipment £m	Motor vehicles £m	Total £m	Lease liabilities £m
At 1 January 2023	12.9	8.7	0.7	22.3	(23.1)
Additions	1.8	2.2	3.9	7.9	(7.9)
Disposals	(1.2)	(1.5)	(0.6)	(3.3)	1.2
Depreciation of right-of-use assets	(1.9)	(2.5)	(1.2)	(5.6)	–
Depreciation on disposal of right-of-use assets	–	1.2	0.4	1.6	–
Unwind of discount on lease liabilities	–	–	–	–	(1.2)
Settlement of lease liabilities	–	–	–	–	7.6
At 31 December 2023	11.6	8.1	3.2	22.9	(23.4)
Additions	**1.7**	**5.7**	**5.6**	**13.0**	**(13.0)**
Disposals	**(3.8)**	**(3.7)**	**(0.6)**	**(8.1)**	**-**
Depreciation of right-of-use assets	**(2.0)**	**(3.0)**	**(2.1)**	**(7.1)**	**-**
Depreciation on disposal of right – of – use assets	**2.8**	**3.0**	**0.4**	**6.2**	**-**
Transfer from Assets held-for-sale	**-**	**0.2**	**-**	**0.2**	**(0.2)**
Exchange adjustment	**-**	**(0.1)**	**-**	**(0.1)**	**-**
Unwind of discount on lease liabilities	**-**	**-**	**-**	**-**	**(1.6)**
Settlement of lease liabilities	**-**	**-**	**-**	**-**	**10.6**
At 31 December 2024	**10.3**	**10.2**	**6.5**	**27.0**	**(27.6)**

11. Intangible assets

	Goodwill £m	Patents £m	Brand names £m	Customer relationships £m	Licences £m	Development costs £m	Total £m
Cost							
At 1 January 2023	467.4	40.0	66.5	114.3	0.8	4.3	693.3
Additions	–	0.4	–	–	–	1.3	1.7
Disposals	–	–	–	–	–	(0.6)	(0.6)
Transfer to assets held-for-sale	(1.3)	–	–	–	–	–	(1.3)
At 31 December 2023	**466.1**	**40.4**	**66.5**	**114.3**	**0.8**	**5.0**	**693.1**
Additions	**5.3**	**0.5**	**–**	**–**	**–**	**0.6**	**6.4**
Transfer from Assets held-for-sale	**4.5**	**–**	**–**	**–**	**–**	**–**	**4.5**
At 31 December 2024	**475.9**	**40.9**	**66.5**	**114.3**	**0.8**	**5.6**	**704.0**
Amortisation and impairment losses							
At 1 January 2023	12.0	18.8	24.3	22.3	0.4	0.4	78.2
Charge for the year	–	3.3	5.1	6.4	0.1	0.7	15.6
Impairment losses	–	1.0	0.9	0.6	–	–	2.5
At 31 December 2023	**12.0**	**23.1**	**30.3**	**29.3**	**0.5**	**1.1**	**96.3**
Charge for the year	**–**	**3.4**	**5.0**	**6.1**	**0.1**	**0.5**	**15.1**
Impairment losses	**12.4**	**–**	**–**	**–**	**–**	**–**	**12.4**
At 31 December 2024	**24.4**	**26.5**	**35.3**	**35.4**	**0.6**	**1.6**	**123.8**
Net book value							
At 31 December 2024	**451.5**	**14.4**	**31.2**	**78.9**	**0.2**	**4.0**	**580.2**
At 31 December 2023	454.1	17.3	36.2	85.0	0.3	3.9	596.8

Brand names and customer relationships which arise from business combinations are amortised over their estimated useful lives of five to twenty years. There are two existing brands that have a significant carrying value: Nuaire (£1.5m) and Adey (£21.2m) with an estimated useful life of 10 and 11 years, respectively. Customer relationships that have a significant carrying value are Adey's relationships with key customers (£68.5m) with an estimated useful life of between 11 and 20 years and Manthorpe's (£5.3m) with an estimated useful life of 15 years.

Impairment testing of goodwill

Goodwill is not amortised but is subject to annual impairment testing. Goodwill has been allocated for impairment testing purposes to a number of cash-generating units (CGUs) which represent the lowest level in the Group at which goodwill is monitored for internal management purposes.

11. Intangible assets (continued)

The carrying amount of goodwill allocated to each of the CGUs is as follows:

CGU	**31 December 2024 £m**	31 December 2023 £m
Building Services & International	**33.6**	29.1
Infrastructure & Landscape	**45.9**	43.6
Residential Systems	**169.6**	169.6
Climate & Ventilation	**93.7**	93.7
Nu-Heat	**20.3**	17.3
Adey	**83.1**	95.5
Others	**5.3**	5.3
	451.5	454.1

During the year the acquisition of Sky Garden has been allocated to the Infrastructure & Landscape CGU and the goodwill on Genuit UFH has been allocated to the Nu-Heat CGU. Polypipe Italia SRL was declassified as held-for-sale during the year and has been reallocated back to the Building Services & International CGU and the 2023 comparative has been restated.

Key assumptions used for value-in-use calculations:

The recoverable amounts of all CGUs are determined from value-in-use calculations, being the net present value of future pre-tax cash flows, discounted at a mid-year position, covering a five-year period. These pre-tax cash flows are based on budgeted cash flows information for a period of one year and Board approved management's forecast of growth between 4.0% to 31.2% for years 2 to 5 (2023: 1.6% to 7.3%). Terminal growth rates between 2.0% to 2.4% (2023: 2.0% to 2.4%) have been applied beyond this, based on historical macroeconomic performance and projections of the sector served by the CGUs.A pre-tax discount rate of 13.8% (2023: 13.9%) has been applied in determining the recoverable amounts of CGUs. The pre-tax discount rate is estimated based on the Group's risk adjusted cost of capital.

When assessing for impairment of goodwill, management have considered the impact of climate change and have not identified any material short-term impacts from climate change that would impact the carrying value of goodwill. 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.

Recoverable amounts and sensitivities:

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 and is satisfied that there is sufficient headroom against the carrying value of all CGU's other than the Adey CGU so no further sensitivity analysis has been performed. Due to the ongoing softness in the boiler filter and chemicals market and a delay to recovery in sales volumes, related to a suppressed RMI market, there has been a reduction in the value-in-use of the Adey CGU, which resulted in an impairment charge of £12.4m being recognised in the first half of the year to reflect that the discounted present value of future pre-tax cash flows did not support the full carrying value of the asset. At 31 December 2024, the estimated recoverable amount of the CGU exceeded its carrying value by £4.6m. Detailed sensitivity analysis indicates that the following changes in each of these key assumptions would result in a reduction in the recoverable amount and an additional impairment charge being recognised:

- The pre-tax discount rate increasing to 14.1% from that used in the value-in-use calculations of 13.8% would give rise to an impairment charge of £0.3m.
- A reduction in the long-term growth rate to 1.9% from that used in the value-in-use calculations of 2.4% would give rise to an impairment charge of £1.1m.
- Average revenue growth rates declining by 1.1 percentage points from that used in the value-in-use calculations would give rise to an impairment charge of £16.3m.
- Gross margin efficiencies are not achieved by 2029 and margin declines by 1.9 percentage points from used in the value-in-use calculations would give rise to an impairment charge of £12.5m.

Management has reviewed the forecasts associated with the CGU noting the assumptions used, the sensitivity analysis performed and the ability of the business to adapt to challenging economic environments in which they operate, and is satisfied that no further impairments are necessary at 31 December 2024.

12. Acquisitions

Sky Garden

On 5 August 2024, the Group acquired 100% of the voting rights and shares of Sky Garden Limited and Grey2Green Limited for a cash consideration of £2.6m, which included an amount for net cash and working capital commitments on completion. Sky Garden is a leader in green-roof technologies, providing design, supply, installation and maintenance services for green and bio-solar roofs, podium decks and green walls. The business will join WMS and extend the Group's blue green roof offering. It complements Permavoid's geo-cellular roofing solutions business and creates synergies with Keytec's water management installation business.

Details of the acquisition were as follows:

	Fair Value £m
Property, plant and equipment (Including right-of-use Assets)	0.7
Inventories	0.9
Trade and other receivables	1.8
Cash and cash equivalents	0.4
Trade and other payables	(2.0)
Debt factoring	(1.0)
Lease liabilities	(0.5)
Net identifiable assets	**0.3**
Goodwill on acquisition	2.3
Total cash consideration	**2.6**

No material intangible assets have been identified. The goodwill arising on the acquisition primarily represented the assembled workforce, technical expertise, synergies with companies offering both supply and install services and market share in markets Genuit currently does not operate in from the acquisition.

Acquisition-related costs of £0.2m have been recognised in non-underlying items.

Post-acquisition Sky Garden contributed £3.3m revenue and £0.1m underlying operating loss which were included in the Group Income Statement. If Sky Garden had been acquired on 1 January 2024, the Group's results for the twelve months ended 31 December 2024 would have shown revenue of £562.7m and underlying operating profit of £92.5m.

Omnie & Timoleon (Genuit UFH)

On 6 August 2024, the Group acquired the trade and assets from the group operating the Omnie & Timoleon businesses for a cash consideration of £2.7m. As part of the acquisition, the Group also acquired 100% of Timoleon Sp.z o.o. The assets and liabilities of Timoleon Sp.z o.o. are included as part of the table below. The trade and assets acquired met the definition of a business under IFRS 3, and as such the acquisition has been accounted for as a business combination. Omnie & Timoleon are leaders in underfloor heating (UFH) board technologies and providers of full UFH system design and supply. The businesses operate and manufacture in Exeter, Devon and Lomza, Poland. The brands will complement and enhance the Group's UFH offering and will be part of CMS. Omnie serves direct customers and the merchant channel whilst Timoleon supplies OEM customers.

Details of the acquisition were as follows:

	Fair Value £m
Property, plant and equipment	0.3
Inventories	0.2
Trade and other receivables	0.2
Trade and other payables	(1.1)
Net identifiable liabilities	**(0.4)**
Goodwill on acquisition	3.1
Total cash consideration	**2.7**

12. Acquisitions (continued)

No material intangible assets have been identified. The goodwill arising on the acquisition primarily represented the assembled workforce and technical expertise and synergies with companies offering underfloor heating solutions. The goodwill is allocated entirely to the Nu-Heat CGU.

Acquisition-related costs of £0.2m have been recognised in non-underlying items.

Post-acquisition Genuit UFH contributed £2.5m revenue and £0.6m underlying operating loss which were included in the Group Income Statement.

Acquisition-related deferred and contingent consideration comprised:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Deferred consideration on Plura acquisition	-	8.2

Acquisition-related cash flows comprised:

	2024 £m	2023 £m
Operating cash flows – settlement of acquisition costs		
Sky Garden	**0.3**	-
Genuit UFH	**0.1**	-
Plura	**6.5**	-
Other	**0.7**	-
	7.6	-

	2024 £m	2023 £m
Investing cash flows – settlement of deferred and contingent consideration		
Keytec	**-**	0.6
Plura	**1.6**	1.0
	1.6	1.6

	2024 £m	2023 £m
Investing cash flows – acquisition of businesses net of cash at acquisition		
Sky Garden	**2.2**	-
Genuit UFH	**3.0**	-
	5.2	-

13. Financial liabilities

	31 December 2024 £m	31 December 2023 £m
Non-current loans and borrowings:		
Bank loan – principal	**121.5**	120.0
– unamortised debt issue costs	**(1.3)**	(2.1)
Loan notes	**25.0**	25.0
Total non-current loans and borrowings	**145.2**	142.9
Cash at bank and in hand	**(43.6)**	(17.0)
Net debt (excluding lease liabilities)	**101.6**	125.9

	31 December 2024 £m	31 December 2023 £m
Other financial liabilities:		
Trade and other payables	**128.2**	114.8
Lease liabilities	**27.6**	23.4
Deferred and contingent consideration	**-**	8.2
	155.8	146.4

On 10 August 2023, the Group renewed its banking facilities and entered a Sustainability-Linked Loan revolving credit facility agreement for £350.0m with a £50.0m uncommitted accordion facility expiring in August 2027 and a separate agreement for private placement loan notes of £25.0m with an uncommitted £125.0m shelf facility repayable in August 2029.

Interest is payable on the bank loan at SONIA plus an interest margin ranging from 0.90% to 2.75% which is dependent on the Group's ESG targets and the Group's leverage (net debt excluding lease liabilities as a multiple of pro-forma EBITDA) and reduces as the Group's leverage reduces. The interest margin at 31 December 2024 was 1.63% (2023: 1.65%). Pro-forma EBITDA for the year was £112.7m (2023: £114.9m) and is defined as pre-IFRS 16 underlying operating profit before depreciation, amortisation and share-based payment charges, for the 12 months preceding the Balance Sheet date adjusted where relevant to include a full year of EBITDA from acquisitions made during those 12 months.

	2024 £m	2023 £m
Pro-forma EBITDA (12 months preceding the Balance Sheet)		
Underlying operating profit	**92.2**	94.1
Depreciation of property, plant and equipment	**19.2**	19.1
Amortisation of internally generated intangible assets	**0.7**	0.8
Unwind of discount on lease liabilities	**(1.6)**	(1.2)
Share-based payments charge	**2.9**	2.1
	113.4	114.9
EBITDA from acquisitions	**(0.7)**	-
	112.7	114.9

At 31 December 2024, the Group had available, subject to covenant headroom, £228.6m (2023: £230.0m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

13. Financial Liabilities (continued)

The Group is subject to a number of covenants in relation to its bank loan which, if breached, would result in the bank loan becoming immediately repayable. These covenants specify certain maximum limits in terms of net debt, excluding lease liabilities, as a multiple of pro-forma EBITDA and interest cover. At 31 December 2024, the Group was not in breach of any bank covenants. The covenant position was as follows:

Covenant	Covenant requirement	Position at 31 December 2024
Interest cover (Underlying operating profit: Finance costs excluding debt issue cost amortisation)	>4.0:1	**8.3:1**
Leverage (Net debt excluding lease liabilities: pro-forma EBITDA)	<3.0:1	**0.9:1**

14. Reconciliation of profit before tax to cash generated from operations

		2024 £m	2023 £m
Operating activities			
Profit before tax		**46.3**	48.4
Finance costs	5	**12.9**	13.6
Operating profit		**59.2**	62.0
Non-cash items:			
Profit on disposal of property, plant and equipment (underlying)		**-**	(0.4)
Software supplier dispute (underlying)		**(0.9)**	-
Research and development expenditure credit		**(1.5)**	(1.5)
Employment matters (underlying)		**(0.5)**	-
Non-underlying items:			
– amortisation of intangible assets arising on business combinations	4	**14.4**	14.8
– impairment of intangible assets arising on business combinations	4	**-**	2.5
– impairment of goodwill arising on business combinations	4	**12.4**	-
– provision for acquisition costs	4	**1.1**	2.2
– provision for restructuring costs	4	**1.8**	14.1
– Supplier software dispute	4	**4.3**	-
– provision for restructuring costs - accelerated depreciation of property, plant and equipment (non-underlying)	4	**-**	1.2
– IT configuration (SaaS)	4	**1.1**	1.2
– provision for product liability claim	4	**0.1**	(1.2)
– Employment matters	4	**(1.1)**	2.0
– Profit on disposal of assets held-for-sale	4	**(1.1)**	(4.7)
Depreciation of property, plant and equipment (underlying)	9	**19.2**	19.1
Depreciation of right-of-use assets	10	**7.1**	5.6
Amortisation of internally generated intangible assets		**0.7**	0.8
Share-based payments		**2.9**	2.1
Cash items:			
– settlement of acquisition costs		**(7.6)**	(0.4)
– settlement of net product liability claim costs		**-**	(1.7)
– settlement of restructuring costs		**(2.2)**	(12.1)
– settlement of other exceptional costs		**(2.9)**	-
Operating cash flows before movement in working capital		**106.5**	105.6
Receivables		**(5.1)**	(6.9)
Payables		**11.0**	(9.9)
Inventories		**3.1**	20.9
Cash generated from operations		**115.5**	109.7