



**The last twelve months have seen major changes and significant challenges for the Group and in our markets. The progress we made during 2023 is testament to the commitment, hard work and dedication of our teams in every part of the Company, so I start this year's report by offering, on behalf of shareholders and of the Board, my sincere thanks to them all."**

**Derek Mapp**  
Chair



## **Financial and operating performance**

Against a difficult backdrop, including a weak repair, maintenance and improvement (RMI) market and a severe decline in new build housing, we delivered some resilience in the Group's sales performance. Revenues for the year were £364.5 million, down 4% against a strong 2022 comparative period.

Adjusted profit before tax from continuing operations was down 47% at £15.2 million (2022: £28.7 million), reflecting the impact of lower volumes and margin pressure.

In response, the business took decisive action on costs, including a restructuring programme completed in Q2, and continued to focus on efficient working capital management, to drive a good cash flow performance and maintain a strong balance sheet and liquidity.

Reported profit before tax, also on a continuing basis, was down 55% at £11.7 million (2022: £26.2 million), reflecting the cost of the Q2 restructuring programme, which will also benefit our financial results in 2024.

Net cash generated from operations was £52.8 million, up 50% on 2022, including an inflow from working capital of £13.4 million. As a result, net cash at 31 December 2023 on a pre-IFRS 16 basis stood at £0.4 million (31 December 2022: net debt of £14.4 million).

## **Earnings per share and dividends**

Adjusted basic earnings per share for the year were 11.0 pence (2022: 21.4 pence). Reported basic earnings per share were 8.6 pence (2022: 19.6 pence).

We paid an interim dividend of 2.0 pence per share in October 2023. The Board proposes a final dividend of 3.5 pence per share which results in total dividends for the year of 5.5 pence per share (2022: 10.7 pence per share).

## **Capital allocation**

The Board is focused on enhancing shareholder returns and recognises the importance of our ordinary dividend. We will periodically consider supplementary distributions, whilst always seeking to maintain a strong financial position.

Taking into account expected organic investment requirements and our successful cash flow management in 2023, we launched a £5 million share buyback programme in January 2024.



Following the Board's decision that employee incentivisations by equity should be through shares acquired rather than issued, the first 642,000 shares repurchased under the buyback programme will be held in treasury and used to satisfy employee share options over the next two years. All other shares repurchased will be cancelled.

As of 15 March 2024, we had purchased 2.0 million shares at a cash cost of £2.5 million under the programme.

### Strategy

Following the arrival of Darren Waters as Chief Executive, the Board conducted a review of the Group's strategy, including the optimisation and expansion of the Branch Network, an enhanced customer proposition and simplified business structures.

With this review now complete, we have reset our ambition for the business and identified a clear strategy for organic growth and improved operating margins, which has the potential to create significant shareholder value.

The headlines from our work on strategy are summarised in the Chief Executive's Report on pages 14 to 17, with the full detail set out in the Strategic Report on pages 18 to 29.

### Board changes and governance

Following our AGM in May, Darren Waters assumed the position of Chief Executive and Mark Kelly retired. In addition, Martyn Coffey stood down from the Board and Will Truman was appointed as an independent Non-executive Director and member of the Audit and Risk, Nomination and ESG and Social Values Committees. We were also pleased to announce the appointment of Angela Rushforth as an independent Non-executive Director and member of the Nomination and ESG and Social Values Committees in January 2024.

Looking ahead, after nine years of service, Frank Nelson intends to step down from the Board at the 2024 AGM and I would like to thank him for his significant contribution to the Group. Alison Littlely will be appointed Senior Independent Non-executive Director when Frank leaves.

Whilst this has been a period of significant change for the Board, our new appointments bring extensive experience and knowledge of the UK building materials and fenestration sectors, as well as valuable commercial insight, and I am very pleased that we have been able to attract such high-calibre individuals into the Company.

In accordance with the UK Corporate Governance Code ("the Code"), an external evaluation of the Board's performance was conducted towards the end of 2023. The review concluded that the composition of the Board, and its committees, provides an appropriate balance of skills, experience, independence and knowledge to allow the Board to discharge its responsibilities effectively. Full details of the review are set out on page 81.

Finally, I can confirm that we aim to comply with the Code and that, as a Board, we are committed to the highest standards of corporate governance and ensuring effective communication with shareholders.

**Derek Mapp**  
Chair