Annual Report and Accounts

2024

eurocell

WELCOME

We have a clear purpose that shapes **our strategic decisions**

See our strategy in action on **pages 14 to 21**

Creating sustainable building solutions for the trade of today, the homes of tomorrow and the environment of the future

Understand our customer growth initiatives on **pages 16 and 17**

Learn about our progress on our sustainability goals on **pages 22 to 39**

2024 HIGHLIGHTS

Revenue
£357.9m
-2%
(2023: £364.5m)

Adjusted Profit Before Tax[1]
£20.0m
£4.8m
(2023: £15.2m)

Adjusted Basic Earnings Per Share[1]
14.4p
3.4p
(2023: 11.0p)

Adjusted Operating Profit[1]
£22.8m
24%
(2023: £18.4m)

Pre-IFRS 16 Net Debt
£3.1m
-£3.5m
(2023: Net Cash £0.4m)

Gross Margin
52.6%
490bps
(2023: 47.7%)

Profit Before Tax
£13.8m
£2.1m
(2023: £11.7m)

Basic Earnings Per Share
9.8p
1.2p
(2023: 8.6p)

Operating Profit
£16.6m
£1.7m
(2023: £14.9m)

Net Debt
£62.5m
£4.3m
(2023: £58.2m)

1 Adjusted measures are stated before non-underlying items and the related tax effect (see page 52). We use alternative performance measures to assess business performance and they are provided here in addition to statutory measures to help describe the underlying results of the Group.

CONTENTS

View the latest results online at **investors.eurocell.co.uk**

OUR BUSINESS AT A GLANCE

We are the UK's market-leading manufacturer, distributor and recycler of innovative PVC window, door and roofline products.

We operate a vertically integrated business model with a differentiated customer proposition for fabricators, installers, housebuilders, and small independent builders.

Our core strengths

Manufacturing expertise

Our centrally located facilities manufacture PVC profile for use in building products such as windows (rigid profile) and roofline (foam profile), using raw materials including PVC resin and recycled materials produced in our own plants.

We have specialist manufacturing sites for secondary operations, including foiling, conservatory roofs, entrance doors and injection moulding products, along with a technical centre for innovation and product development.

50 years

PVC extrusion knowledge and expertise

Recycling at the heart of operations

Our two recycling facilities produce materials, which are used to generate brand new extruded rigid PVC profiles.

We recycle factory offcuts and old windows that have been replaced with new, into reusable raw materials for our manufacturing process, putting recycling at the heart of our operation.

32%

Proportion of recycled material used in extrusion

Read about our sustainable goals on **page 24**

Nationwide Branch Network

We distribute our foam profile products (such as roofline, facias and soffits) and entrance doors, along with a range of third-party products, via our nationwide network of over 200 branches.

Our Branch Network sells windows, made by our fabricator partners using our manufactured window profile.

212

Number of branches at 31 December 2024

See how our branch network is evolving through our Strategy report on **pages 19 and 20**

State-of-the-art distribution centre

We operate a state-of-the-art central warehouse, with cantilever racking and mobile platform picking, plus a fleet of 250 road vehicles.

260,000sq ft

Bespoke state-of-the-art warehouse

Underpinned by our values

AGILE **GRITTY** **PROUD** **DECENT**

Read more about our culture on **pages 27 to 29**

WHAT WE DO

MARKET-LEADING PRODUCTS

We operate our business through two divisions that reflect the principal routes to market for our products.

Profiles Division

Product range


Window and Door Profile (rigid profile)


Patio Doors


Composite and PVC Entrance Doors (Vista Doors brand)


Bi-fold Doors


Cavity Closers


Injection Moulding Products (S&S Plastics brand)


Conservatory Roofs

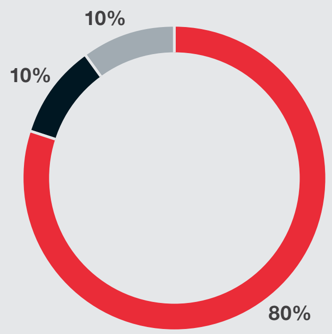
Customer base

Third-party window and door fabricators:

- **Trade frame fabricators:** supply finished products to tradesmen or small retail outlets
- **New build fabricators:** supply and install products for housebuilders
- **Commercial fabricators:** supply and install products for office spaces and education facilities.

Fabricators have production facilities which are customised to the window or door system they make. We form strong partnerships with our fabricators creating a stable and loyal customer base.

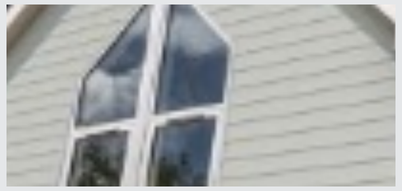
Profiles Division – product mix (%)



Branch Network Division

Manufactured products


Fascias, Soffits and Trims


Cladding


Fencing

Customer base

- Window and roofline installers
- Small and independent builders
- Nationwide maintenance companies
- Independent wholesalers (roofline only).

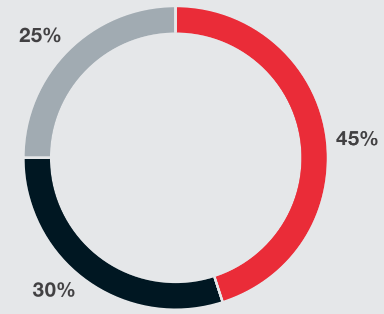
Traded goods


Rainwater and Drainage


Sealants and Cleaners


Composite Decking

Branch Network Division – product mix (%)



Made-to-order products


Windows

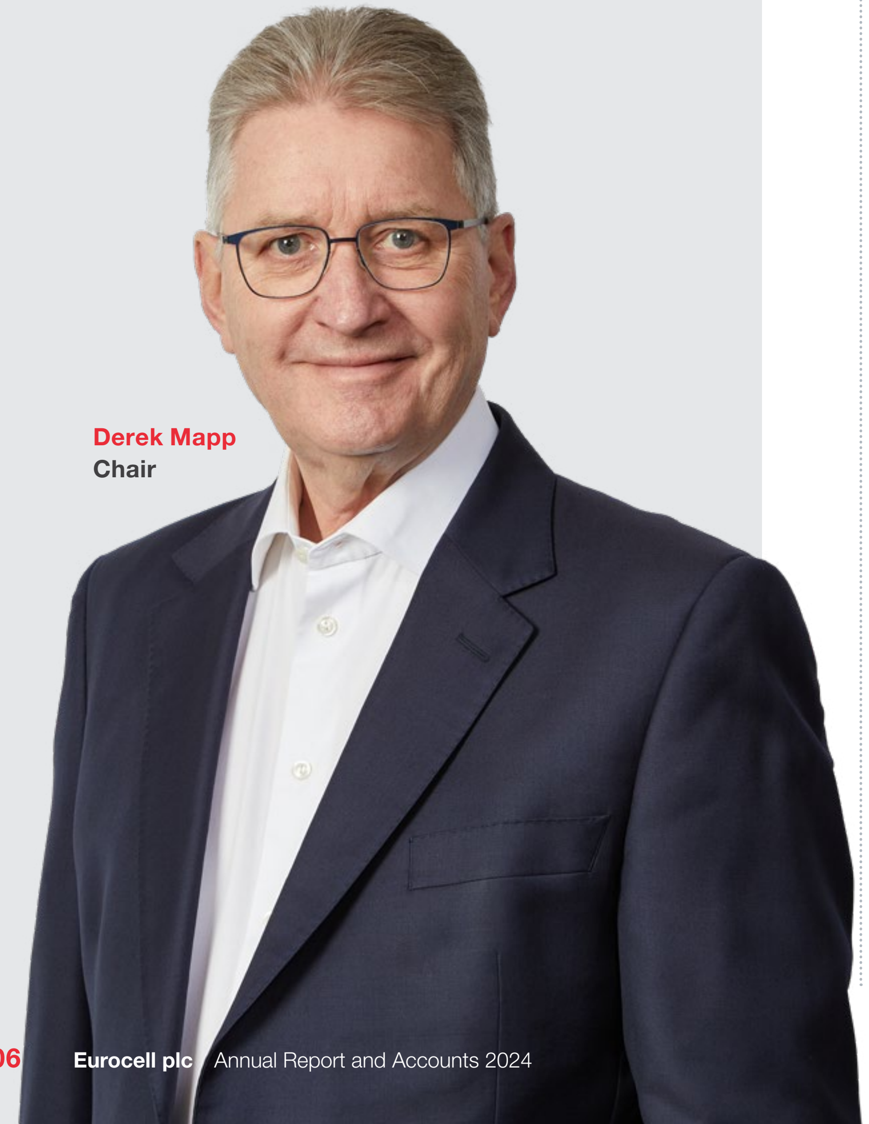

Entrance Doors


Conservatories and Conservatory Roofs


Extended Living Products (garden rooms and extensions)

CHAIR'S STATEMENT

"The Group has delivered a resilient performance with adjusted profits in line with market expectations and ahead of 2023."



Derek Mapp
Chair

The last twelve months saw the persistence of weak macroeconomic conditions and declining consumer confidence, leading to significant challenges in our markets. Against this backdrop, Eurocell launched an ambitious five-year strategy and the Group delivered a resilient financial performance, with adjusted profits in line with market expectations and ahead of 2023.

The progress we are making in the business is testament to the commitment, hard work and dedication of our teams in every part of the Group, and I would like to offer, on behalf of the Board, my sincere thanks to them all.

Financial performance

With demand more subdued than expected, resulting in revenues 2% below 2023, the Board was encouraged that our underlying profit expectations remained unchanged throughout 2024. Adjusted profit before tax was up 32% at £20.0 million (2023: £15.2 million), driven by proactive gross margin management and reduced input costs.

Reported profit before tax was up 18% at £13.8 million (2023: £11.7 million), after non-underlying items of £6.2 million, including the costs of our major business system replacement project, which remains on track for completion by mid-2026. See Chief Financial Officer's Review for full details of non-underlying items.

Adjusted basic earnings per share for the year were 14.4 pence (2023: 11.0 pence) and reported basic earnings per share were 9.8 pence (2023: 8.6 pence).

The business continued to generate solid cash flows, which supported completion of a £15 million share buyback programme launched in January 2024. Pre-IFRS 16 net debt at 31 December 2024 was £3.1 million (31 December 2023: net cash £0.4 million). We have a strong balance sheet and good liquidity, which enabled us to fund the acquisition of Alunet in March 2025 primarily from our existing debt facility.

Capital allocation

The Board is committed to driving shareholder returns through a combination of a progressive ordinary dividend and supplementary distributions (currently via share buybacks) where appropriate, whilst always seeking to maintain a strong financial position.

The Board proposes a final dividend of 3.9 pence per share, which results in total dividends for the year of 6.1 pence per share (£6.3 million), up 10% compared to 2023 (5.5 pence per share).

The £15 million share buyback programme which commenced in January 2024 is now complete and the Board has taken the decision to launch a new share buyback of up to £5 million.

Strategy and acquisition of Alunet

At the beginning of 2024 we launched our new strategy, which identified a pathway to building a £500 million revenue business, generating a 10% operating margin, over a five-year period. The Board is pleased with the good early momentum with our strategic initiatives, which supports our confidence in achieving this ambitious target.

The recent acquisition of Alunet is a highly complementary fit for Eurocell, reflecting the growth of aluminium fabrication for windows and doors in the market. The acquisition protects our leadership position in fenestration by expanding the Group's aluminium offering, with a wider range of products and ownership of our own aluminium system, and improves our offering in composite doors. The Alunet team will strengthen the Group's management and I am delighted to welcome all 200 Alunet employees to the Eurocell Group.

The Chief Executive's Review includes an update on progress with our key strategic initiatives.

Board changes and governance

As previously announced, after nine years of service, Frank Nelson stepped down from the Board following the Annual General Meeting ('AGM') in May 2024, and Kate Allum resigned from the Board in July 2024 to pursue other opportunities. Alison Littley assumed the role of Senior Independent Non-executive Director and Chair of the Remuneration Committee. I would like to thank Frank and Kate for their past contributions to the Group.

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

Derek Mapp
Chair

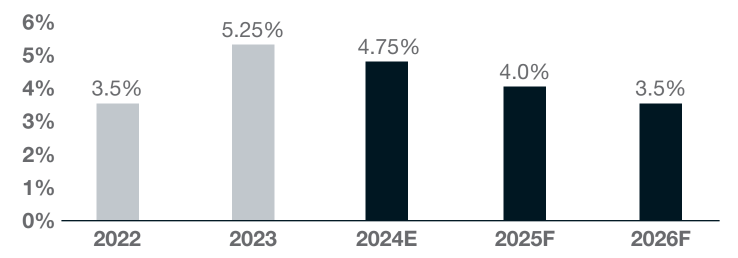
GOOD POTENTIAL TO OUTPERFORM MARKET FORECASTS

Whilst current market conditions are challenging, we have good potential to outperform market forecasts over the medium term.

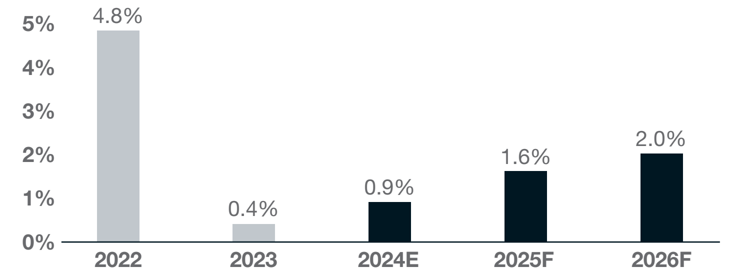
UK economic forecasts

GDP and interest rate trends are expected to be slightly positive over the next two years, although the growth is unlikely to be as early, or as fast, as anticipated back in mid-2024.

Bank of England base rates (at 31 December)[1]

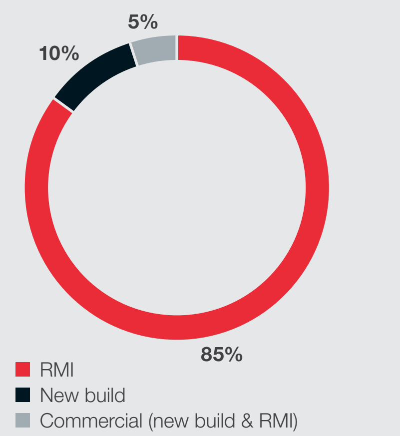


GDP Growth[1]



The level of UK economic activity, in particular the state of the repair, maintenance and improvement ('RMI') and new build housing markets, are important drivers of our performance.

Eurocell market by revenue %



CPA Construction Industry Forecasts (2023–25)

The market growth estimates of the Construction Products Association ('CPA'), provide informative baseline indicators of the markets we operate in. The data and graphs on the following pages summarise the CPA forecasts published in January 2025 for our key markets, together with a summary of the current drivers in these markets and our response.

1 Source: CPA Construction Industry Forecasts (central scenario – published January 2025).

Private RMI

c.85%

Proportion of Eurocell revenue

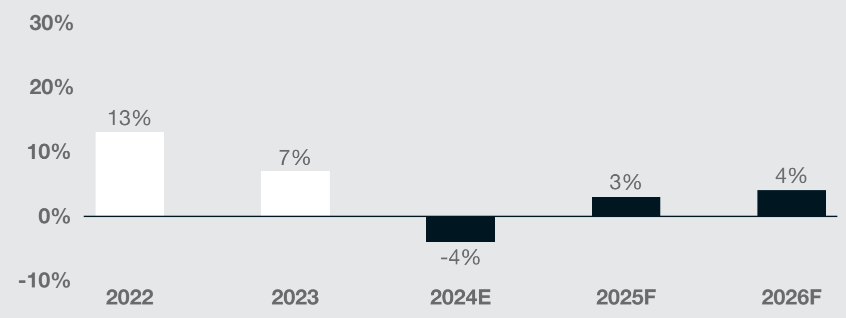
CPA market growth projections and their rationale

Private housing RMI output is expected to grow by 3% in 2025 and 4% in 2026, after a fall of 4% last year. These growth rates remain unchanged from the Autumn forecasts. The CPA assumes real wage growth and interest rate reductions, plus positive house price inflation and a willingness to invest savings back into the home, will fuel increased home improvement projects in H2 2025 and on into 2026. However, they acknowledge that consumer confidence and willingness to spend following the recent cost-of-living pressures remains a challenge.

Market drivers

- **Improve vs move**
  Property prices, housing supply and moving costs affect whether homeowners improve their homes rather than move. The UK's ageing housing stock should also drive RMI demand
- **Disposable income**
  Inflation, real wage growth and mortgage interest rates affect disposable income for repairs and maintenance
- **Consumer confidence**
  Macroeconomic factors, including unemployment levels, influence consumers' appetite for large discretionary spend
- **Focus on the home**
  Although moderated from post-pandemic highs, the focus on improving living spaces, and developing home offices, drives demand for conservatories, garden rooms and simple extensions.

Private Housing growth[1]



Our response

- Optimise our branch network through a programme of estate transformation, including new branches and relocations, supported by enhanced site-selection methodology
- Develop our customer offering for the Branch Network, including increased sales of windows and doors
- Become the homeowner's choice for extended living spaces through products such as garden rooms, extensions and roof lanterns, supported by our Select installer scheme
- Leverage our website, plus increased investment in digital technology to drive incremental e-commerce sales, generate homeowner leads, attract new trade accounts and drive traffic to our branch network
- Protect our Profiles trade fabricator business and maintain our value-added service propositions that support our customers
- Customer-centric approach to new product development
- A solid reputation within the industry that creates loyal trade fabricator partner advocates.

New Build

c.10%

Proportion of Eurocell revenue

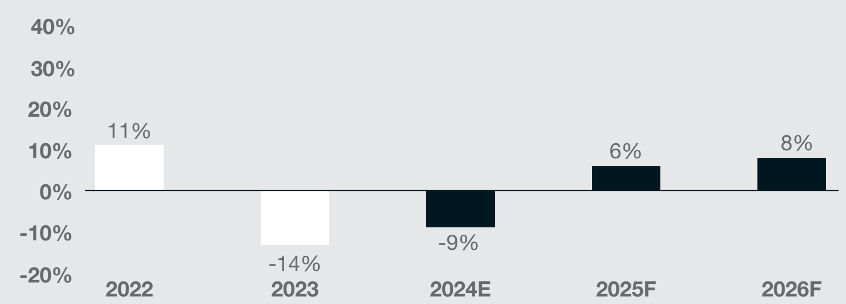
CPA market growth projections and their rationale

Private housing (new build) output is now forecast to grow by 6% in 2025 and 8% in 2026, after a fall of 9% last year. The 2025 forecast has been revised downwards slightly since the Autumn, with a recovery in new build now expected to be a little later due to lower economic growth and higher than previously forecast mortgage rates. Similarly, the 2026 forecast was revised slightly upwards.

Market drivers

- **Housing supply**
  Structural deficit in new house building, compared to government targets
- **Government incentives**
  Although the deliverability and pace of the government's targets is yet to be proven, the policy direction is positive
- **Housebuilders' plots**
  Housebuilders have a strong pipeline of plot builds but uncertainty exists regarding starts/completions/targets
- **Homeowner demand**
  Rising rental costs and the enduring desire to own your own property drive home ownership, and this is expected to be supported by the projected reductions in the cost of borrowing
- **Buyer incentives**
  'Share ownership' schemes, although subject to eligibility, and 'Right to Buy' schemes in the public sector, make home ownership more affordable and accessible.

Private Housing RMI growth[1]



Our response

- Protect our Profiles new build fabricator business and maintain the value-added service propositions that support our customers
- Address the growing trend towards aluminium fabrication in fenestration through the acquisition of Alunet
- Leverage our strong proposition with national housebuilders in the regional new build market
- Provide a fit-for-purpose solution to address the Future Homes Standard regulations
- Continue proactive engagement with our customer base regarding sustainable product development
- Provide a sector-leading technical support service
- Leverage our ESG credentials, including our market-leading recycling operations.

1 Source: CPA Construction Industry Forecasts (central scenario – published January 2025).

CHIEF EXECUTIVE'S REVIEW

"Against a tough market backdrop, we delivered strong profit growth and promising progress on all our strategic initiatives."

Darren Waters
Chief Executive

Trading conditions in our key markets remained subdued, with challenging macroeconomic conditions and weak consumer confidence, further compounded by uncertainty following the Autumn Budget and high interest rates, impacting activity levels in both the repair, maintenance and improvement ('RMI') and new build housing markets.

However, we continued to focus on proactively managing costs and cash flow, and notwithstanding the market environment, delivered profits for the year in line with market expectations and well ahead of 2023.

Further details of our financial and operating performance, together with an update on the early progress with implementation of our five-year strategy, which has been encouraging, plus the acquisition of Alunet in March 2025, are set out below.

Financial results

Sales for the year were £357.9 million, down 2% on 2023, with volumes 1% lower.

Adjusted profit before tax was £20.0 million, up 32% on 2023, driven by lower raw material and electricity costs, partially offset by the effect of lower volumes, competitive pressure on selling prices in the branches and higher overheads, which include labour cost inflation and investment to generate momentum in our strategic initiatives.

Net cash generated from operations was £44.2 million, reflecting a continued focus on cash management. This compares to net cash generated from operations of £52.8 million in 2023, which included a reduction in stocks of c.£13 million.

Further information on our financial performance is included in the Chief Financial Officer's Review.

Operational performance

Production

Manufacturing performance was impacted by skilled labour shortages and unscheduled downtime caused by power outages and equipment breakdowns. In July we recruited a new Head of Manufacturing, who has stabilised output through process improvements and preventative maintenance. We are also engaging with providers of back-up power solutions to mitigate against the impact of unexpected power outages. We have a programme of initiatives to drive further operational improvements (see Business Effectiveness on the following page) and expect these benefits to start to materialise in 2025.

Recycling

We are the leading UK-based recycler of PVC windows, saving the equivalent of c.3 million window frames from landfill each year. We maintained our use of recycled materials in production at 32%, level with 2023, driving lower carbon emissions and cost savings compared to the use of virgin material.

Recycling feedstock purchase prices peaked in 2023 but are now lower, reflecting the action we have taken to secure additional sources of supply.

Furthermore, we are finding more ways to minimise and utilise the waste product generated by our plants and expect to progressively reduce the amount sent to landfill over time.

Health and safety

The safety and well-being of our employees, contractors and branch customers is our number one priority.

Health and safety is the first agenda item for key internal meetings. We have enhanced the reporting of near misses and unsafe acts and conditions as part of a proactive approach to risk management, with the aim of reducing the likelihood of future workplace injuries. This, when combined with the effective and timely implementation of corrective and preventive action, supports our positive and improving safety culture.

Following good safety results in 2023, we have delivered another improved performance in 2024. Our Lost Time Injury Frequency Rate ('LTIFR') was 4.1 in 2024, compared to 5.7 in 2023.

Strategy

At the beginning of 2024 we launched our ambitious new strategy, which reset our objectives for the business. We identified a pathway to building a £500 million revenue, £50 million operating profit business, generating a 10% operating margin, over the five-year period to December 2028. Our strategy is built around four pillars: Customer Growth, Business Effectiveness, People First and ESG Leadership. The following paragraphs summarise these pillars and the initiatives which support them, together with our early progress, which has been encouraging.

Customer Growth

Our aim is to become the trade customer's preferred choice in all markets and segments where we operate. We believe the biggest opportunity for growth is expansion of the branch network, including the sale of windows and doors plus our extended living spaces range, underpinned by an increased investment in digital marketing, to raise awareness of our products and home improvement solutions and acquire new customers.

Branch Network

We estimate that the optimum Branch Network size is at least 250 sites, which was confirmed in 2024 through modelling and analysis work with our location planning partner. This work identified an additional c.50 priority locations.

We opened 2 branches in Q4 2024 and ended the year with 212 sites in operation. We expect to open at least 7 branches in 2025, primarily in the South of England, and plan to add c.30 new sites over the next four years.

We will supplement the opening programme with several branch relocations, where the current site is sub-optimal in terms of size or location, and therefore a constraint to our growth objectives. Relocations of our Staples Corner and Greenford branches to a new site in Wembley, plus our Dewsbury branch, were completed in 2024.

New branches and relocations include a refreshed branch exterior and are supported with strong pre-opening recruitment and marketing campaigns.

Windows and Doors

With our initiative to sell more windows and doors through the network, our target is to fill at least 50% of the available spare capacity in the estate over the five-year period, which equates to incremental annual sales of c.£35 million.

Following encouraging early results, we accelerated the site roll-out plan to end 2024 with 91 branches live on the programme. These branches delivered incremental window and door sales of £2.4 million in 2024. We plan to complete a progressive roll-out across the remaining network in 2025.

In 2024, in addition to the site roll-out, we focused on building up a dedicated supply chain to support the needs of the whole network. The project provides incremental growth opportunities for our fabricator partners, and we are working with them to secure additional capacity.

Extended living spaces

Extended living comprises garden rooms and extensions. We are leveraging a strong customer proposition and intelligent data-driven marketing to drive growth in these products. Based on encouraging progress so far, we are targeting incremental annual garden room and extension sales of c.£30 million over the five-year period.

Since launching the garden room range three years ago, we have built a strong market presence. In 2024, we delivered sales of £8.8 million (2023: £4.4 million), supported by the introduction of four new designs, and are well placed to capture further growth in 2025.

We launched our extensions range at the end of 2023, using modern methods of construction that join together in an innovative kit form, to create a cost-effective, energy-efficient building solution for homeowners looking to convert or extend their properties, with installation times of weeks rather than months. We sold over 30 extensions in 2024 with a value of £1.0 million, in line with our plans, and enquiry levels are growing steadily.

Profiles (fabricators)
In Profiles, following a period of strong growth up to 2023, we believe we are now the leading supplier of rigid PVC profile to the UK market. Our strategy is to protect our existing business and maintain our value-added service propositions that support customers. We will continue to leverage our leading position with housebuilders and commercial developers to ensure we maintain specifications to support a robust pipeline of work for our fabricator customers. We are recognised across the industry as the leading technical systems house and will continue to exploit this advantage too.

The windows and doors initiative also provides growth opportunities in Profiles, as it pulls through increased profile sales via fabricator partners and increased composite door sales through our entrance doors business (Vista Panels).

In addition, as noted on page 13, the recent acquisition of Alunet complements our proposition to fabricators, by providing a one-stop shop for PVC and aluminium door and window systems. We have already successfully recruited a number of existing PVC fabricators who will switch to Alunet in 2025, which underpins the cross-sell opportunity.

Digital growth
Following the launch of our new website in 2023, we have a futureproofed platform to build a competitive advantage in the online space, and an ambitious digital strategy to drive more relevant trade customer traffic to our website, as well as build homeowner brand awareness and become known for our extended living spaces range.

In 2024, we invested in our organic web traffic growth, increased our digital paid media and improved our use of AI to support customer targeting. We also developed our web proposition with extended ranges and initiatives, such as one hour click-and-collect. As a result, we have grown e-commerce sales, driven more homeowner leads to buy big ticket items such as garden rooms and extensions, and attracted new trade accounts to our branches, with 7,800 new spending accounts added in the year (2023: 4,400).

The growth we delivered in windows, doors and extended living spaces is described on page 11. In addition to this, e-commerce sales increased to £4.7 million in 2024 (2023: £3.0 million) and we are confident that we will achieve further progress in 2025.

Business Effectiveness
Our objective is to make Eurocell a lean and efficient business. We are upgrading our business systems and streamlining structures and processes to increase efficiencies and improve customer experience. Given that the near-term market outlook is likely to remain challenging, we will prioritise cost reduction and operational improvements.

Systems replacement
As previously announced, we are in the process of replacing our Enterprise Resource Planning ('ERP') system, including a new trade counter system in the branch network.

We have selected Intact iQ as the new trade counter system, to transform the way we interact and transact with customers in the branches, primarily through process simplification (including electronic point-of-sale technology).

We have selected IFS Cloud as our new ERP system, to support all other functions of the business. IFS comes with built-in analytics to facilitate data-driven decisions and supports the integration of functions which currently operate on standalone systems, including customer relationship management.

The expected cost of the system replacement is in the region of £10 million over the 2024-2026 period. The implementation is on track and, as previously reported, we estimate the transition will be completed around mid-2026.

Continuous improvement, efficiencies and cost reduction
We are also embedding a continuous improvement philosophy, which has highlighted opportunities for efficiencies in the branch network, manufacturing and recycling operations.

For example, in January 2025, we began a restructuring of the Branch Network, by removing a layer of regional operational management and reducing the size of the salesforce. In parallel, we are upskilling branch managers, to drive better, faster decision making and greater ownership for branch performance. We expect to complete the restructuring by the end of Q1, generating an annualised saving of c.£2 million.

In our manufacturing and recycling operations, we intend to pursue opportunities to reduce scrap and premium labour costs, plus improve transport utilisation.

People First
With the People First pillar, our objective is to make Eurocell a great place to work, through a relentless focus on health and safety, an enhanced employee value proposition, improved levels of engagement and effective talent management.

For health and safety, we are focused on improving relevant leadership skills and providing appropriate safety education. We have made good progress, with strong safety results delivered in 2024 as described on page 11.

For our employee value proposition, we are developing a wellbeing framework, new recognition schemes and better induction and onboarding programmes.

Key priorities for employee engagement include a new internal communications framework, colleague forums and stepping up community and charity work. In 2024 we completed our first externally administered employee engagement survey, with plans developed in response to findings.

Effective talent management includes talent development, succession planning and an increasing use of apprenticeships. We intend to launch a revised apprenticeship offer and a new leadership development framework, affiliated to the Institute of Leadership and Management.

ESG Leadership
Our ambition is to be seen as a leading responsible company. Eurocell is already a leader in PVC recycling, which prevents millions of old windows being sent to landfill. Looking ahead, we aim to excel in all areas of ESG.

We are working with CEN Group, a specialist ESG consultancy, to support the development of our ESG strategy and improve our ESG data and disclosures.

In 2024, we completed the work to determine a path to reach Net Zero by 2045. We have now submitted our targets to the Science Based Targets initiative ('SBTi') for independent verification and published our Transition Plan.

In 2025, we intend to progress decarbonisation initiatives in line with the Transition Plan. For Scope 1 and 2, the critical actions are increasing the proportion of renewable electricity we use, plus beginning the work to decarbonise our commercial fleet and other company vehicles. For Scope 3, our focus is to identify paths to increase recycling and explore options to increase the use of commercially viable lower-carbon alternatives to PVC resin over time.

Acquisition of Alunet
In March 2025, we announced the acquisition of Alunet for consideration of £29 million on a debt/cash free basis. Full financial details of the transaction, including the potential for additional performance-related payments, are set out in the Chief Financial Officer's Review.

The acquisition advances Eurocell's strategy, significantly strengthening the Group's position in residential aluminium systems and composite doors, and adds aluminium garage doors to our portfolio of home improvement products.

For the year ended 31 December 2024, Alunet delivered unaudited revenue of £43 million and EBITDA of £4.5 million (on a pre-IFRS 16 basis). Alunet has grown rapidly since its establishment in 2016 and under Eurocell's ownership, we expect to leverage our leading market positions in new build, trade fabrication and distribution, to help the business reach its full potential.

The Alunet team, led by Chief Executive Steve Hudson, will strengthen the Group's management and Steve will join our Executive Committee. Alunet employs approximately 200 people and we are delighted to welcome them all to the Group.

Summary and outlook
Our financial performance in 2024 was resilient, in the context of trading conditions that remained challenging. We delivered an increase of 32% in adjusted profit before tax, as we continued to proactively manage gross margin and benefited from a reduction in input cost pricing. Our cash generation was solid and our financial position remains strong, following completion of a £15m share buyback programme.

We invested to generate momentum with our strategy, and I am pleased with the good early progress we have made across a broad range of initiatives. In addition, the recent acquisition of Alunet is a compelling strategic fit for Eurocell.

Demand in our core RMI market remains sluggish. We have seen some early signs of an improving picture in new build housing, albeit from a very low base. We will therefore continue to focus on cost reduction and operational improvements to drive efficiencies, to mitigate against the impact of a slower market recovery. We are confident in delivering another year of good progress in 2025, as we continue to execute on our growth strategy. The medium and long-term growth prospects for the UK construction market remain attractive and we are well positioned to drive sustainable growth in shareholder value.

Darren Waters
Chief Executive

DELIVERING VALUE

Strategy at a glance

At the beginning of 2024 we launched our ambitious five-year strategy, which reset our objectives for the business.

Our purpose

Creating sustainable building solutions for the trade of today, the homes of tomorrow and the environment of the future

5-year ambition

£500m	£50m	10%
Sales	**Operating profit**	**Operating margin**

Strategic pillars

1. Customer growth

Be the trade customer's **preferred choice**, in all markets and segments in which we decide to compete

- Branch network
- Extended living
- Fabricators
- Digital growth.

Pages 16 to 21

2. Business effectiveness

Be a **lean and efficient business** that enables agility and enhances our profitability

- Operational efficiencies
- IT systems and digitalisation.

Page 15

3. People first

Be a **great place** to work, and a **great brand** to invest in

- Health and safety
- Engagement
- Employee value proposition
- Growing talent.

Pages 25 to 29

4. ESG leadership

Earn a reputation for being a **truly responsible** company

- Environmental
- Path to Net Zero
- Circular economy
- Waste minimisation.

Pages 22 to 24

Our core values

Agile | Gritty | Proud | Decent

Our ambition

Our purpose and core values underpin our strategy, which is focused on the delivery of:

- Significant organic growth through the transformation of the branch network and other commercial initiatives
- Operational improvements and footprint consolidation
- Simplification and digitalisation of business processes
- The creation of a strong, cohesive culture, where people are our priority.

We identified a pathway to building a £500 million revenue, £50 million operating profit business, generating a 10% operating margin, over the five-year period to December 2028.

Overall, we are making good progress with the early stages of the strategy and are confident that, whilst these are ambitious targets, they are achievable.

The strategy is built around four pillars: Customer Growth, Business Effectiveness, People First and ESG Leadership.

Pages 15 to 21 summarise the Customer Growth and Business Effectiveness pillars and the initiatives which support them, together with our progress in 2024 and an outline of our plans for 2025.

Full details of our progress with all aspects of the People First and ESG Leadership pillars are set out in the Sustainability Report on pages 22 to 39.

Strategic Pillar: Business effectiveness

Initiative: Upgrade our business systems and streamline structures and processes to increase efficiencies and improve customer experience

Strategy in action: 2024 progress

Strategy in action: Enterprise Resource Planning ('ERP') system replacement

- Selected Intact iQ as our new trade counter system, to transform the way we interact and transact with customers through process simplification (including electronic point-of-sale technology)
- Selected IFS Cloud as our new ERP system for all other areas of the business, which comes with built-in analytics to support data-driven decisions and supports the integration of other functions which operate on standalone systems today, including customer relationship management
- Project progressing to plan, with design and scope of work completed, plus data preparation, integrations and solution build commenced.

Continuous improvement, efficiencies and cost reduction

- Identified opportunities for 2025 to:
  - Branch Network: restructure staff organisation to generate annualised savings of c.£2m
  - Operations: deliver cost reduction and efficiency improvements by reducing scrap, plus improving labour utilisation.

2024 KPIs

Total cost of system replacement is c.£10 million 2024–26:
Costs incurred in 2024: £2.2 million

Strategy in action: 2025 focus

Strategy in action: Enterprise Resource Planning ('ERP') system replacement

- iQ and IFS
  - Complete solution design, configuration and integrations
  - User acceptance testing, training and commence deployment.

Continuous improvement, efficiencies and cost reduction

- Branch network: organisation restructuring
- Operations: scrap reduction and premium labour cost reduction.

Strategic Pillar: Customer growth

Initiative: Branch network

Estimate optimal size of the network is at least 250 sites (31 December 2024: 212 sites), with target to add at least 30 new branches over the next four years

Strategy in action: 2024 progress

- Confirmed optimum estate size through modelling work with location planning partner
- Identified an additional c.50 prioritised locations
- Identified opportunities to optimise existing estate through relocations, where current sites do not provide the required growth opportunity
- Opened two new branches in Q4 (Bishops Stortford and Watford)
- Completed three relocations (Greenford and Staples corner to Wembley, plus Dewsbury)
- Refreshed branch exterior and signage design for new sites and relocations
- Continued branch facilities and welfare improvement programme.

2024 KPIs

Estate size:
31 December 2024: 212 sites
(31 December 2023: 214)

New branches
2024: 2 new sites
(2023: no new sites)

Strategy in action: 2025 focus

- Open seven new branches
- Ongoing programme of relocations and network welfare improvements.

Initiative: Windows and doors

Sell more windows and doors through the network, with target to fill 50% of available spare capacity over the five-year period, driving incremental sales of c.£35m

Strategy in action: 2024 progress

- Successfully completed initial six branch trial (started in Q4 2023)
- Accelerated a progressive roll-out across the network, ending the year with 91 branches live on the programme
- Established a dedicated supply chain for PVC and aluminium window frames and glass
- Implemented a comprehensive staff training programme and established a central order processing team
- Delivered incremental window and door sales of £2.4 million.

2024 KPIs

Branches live on the programme:
31 December 2024: 91
(31 December 2023: 6)

Incremental annual window and door sales vs 2023:
2024: £2.4 million

Strategy in action: 2025 focus

- Progressive roll-out across the remaining branches, with all sites live by year-end
- Supply chain expansion in line with programme targets.

Initiative: Extended living spaces

Target incremental garden room sales of £20 million and extensions of £10 million vs 2023 in the five-year period

Strategy in action: 2024 progress

- Successfully completed extensions product launch (started in Q4 2023)
- Launch of four new garden room designs
- Sold c.550 garden rooms at a total sales value of £8.8 million (2023: c.300 units, £4.4 million)
- Sold over 30 extensions in 2024 with a total sales value of £1.0 million.

2024 KPIs

Garden room sales:
2024: £8.8 million
(2023: £4.4 million)

Extension sales:
2024: £1.0 million
(2023: £0.1 million)

Strategy in action: 2025 focus

- Drive growth through marketing investment, enhanced website content and product development.

Initiative: Profiles (fabricators)

Protect our existing PVC business and expand our aluminium offering

Strategy in action: 2024 progress

- Continued to protect our existing PVC fabricator business, via:
  - Maintaining our value-added service proposition
  - Leveraging our position as the leading technical systems house
  - Exploiting our position with housebuilders to maintain specifications.
- Identified an opportunity to enhance our position in fenestration through the acquisition of Alunet, which delivers:
  - Aluminium system ownership and a full range of aluminium products
  - Complementary solid core entrance door business
  - Addition of aluminium garage doors to our range.

2024 KPIs

Rigid PVC profile sales:
2024: £115.0 million
(2023: £117.4 million)

Strategy in action: 2025 focus

- Integrate Alunet and begin to capture synergies in areas such as cross-selling, supply chain and cost optimisation.

Initiative: Digital growth

Build awareness of our products and home improvement solutions, driving new customers and incremental sales through the website

Strategy in action: 2024 progress

- Improved website experience via:
  - Including additional product categories
  - Better SEO, site structure and navigation.
- Focused on incremental revenue drivers such as PPC, email and product recommendations
- Introduced new e-commerce initiatives, such as dropship and one-hour click-and-collect.

2024 KPIs

E-commerce sales:
2024: £4.7 million
(2023: £3.0 million)

Strategy in action: 2025 focus

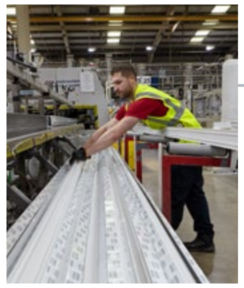
- Drive web adoption among existing account holders and attract a wider trade audience
- Improve the customer experience and conversions
- Introduce an online windows and doors proposition.

STRATEGY IN ACTION

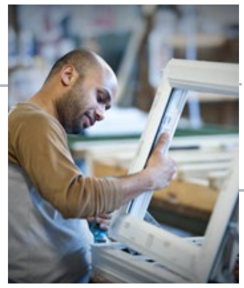
Window and door opportunity

Growth opportunity and route to market for increased sales of Eurocell windows and doors.

Route to market for eurocell windows

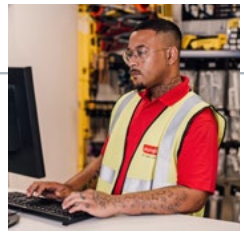


Eurocell manufacture window profiles and composite doors…



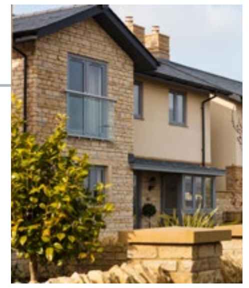
which are made into windows by our fabricator partners and doors by Vista…

and either sold directly…



or sold through a Eurocell branch…

to a window installer who install the finished windows and doors into a home…

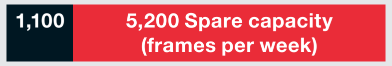


providing the homeowner with quality windows and doors.

The growth opportunity for eurocell

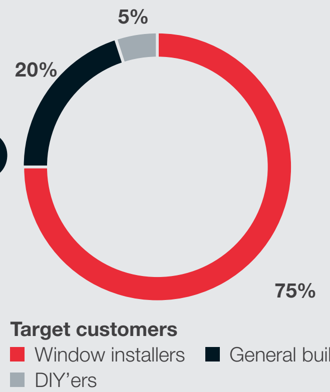
Improves returns for the whole branch network	Shortens time to break-even and payback for new branches	Utilises spare production capacity for window profile and doors

Opportunity to increase window and door sales to installers through our network of UK branches…

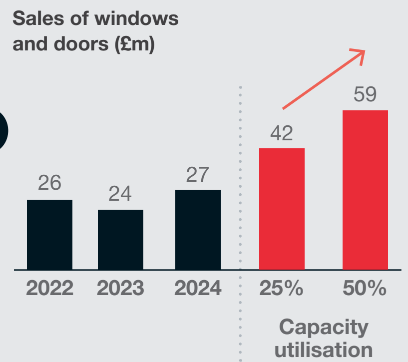


by utilising space capacity in our branches, which currently sell c.1,100 frames per week, but have the space to sell up to c.6,300 frames per week…

through a targeted approach, focusing primarily on window installers (who buy competitor windows)…



which through a phased roll-out, has potential to deliver c.£35m incremental sales (using 50% of spare capacity).



STRATEGY IN ACTION

Optimal branch estate size

Confirmed an optimal branch network estate size is at least 250 branches, with priority locations identified.

CACI help us determine eurocell's demand map

CACI

CACI model combines Eurocell data with UK population and housing data sources.

Customer demand derived using drive-times.

Demand map

Key drivers and critical success factors for eurocell branches

Customer demand for Eurocell product is driven by…	Attractiveness of a Eurocell branch is affected by…	Catchment area for a Eurocell branch is impacted by…
higher number of households within catchment area…	**proximity to other Eurocell branches…**	**customer drivetimes** at peak hours (rush hour)…
with higher proportion of **home ownership…**	in branches **with strong teams, with low labour turnover…**	in branches where **competitors create a 'hub effect'** that attracts demand…
skewed more towards **larger residential properties…**	with a slight skew towards overperformance in **coastal locations…**	**despite competitors pulling** on our available demand…
in areas where **age of housing stock** is at least 25 years old…	and in branches with **good access and parking.**	which is primarily driven by **key competitors** (Gap/Epwin).
and where **affluence is higher.**		

Conclusion
CACI modelling confirmed an optimal estate size of at least 250 branches, with c.50 prioritised new locations identified.

Plan
- 212 branches at 31 December 2024 – plan to add c.30 new sites over the next four years
- Two new branches opened in Q4 2024 and seven planned for 2025
- Three relocations completed in 2024 and five planned for 2025.

Strategic Report
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STRATEGY IN ACTION

Refreshed branch exterior and signage

New branches and relocations include a refreshed branch exterior and signage.

Brand loud and proud – larger more prominent signage, and with core categories clear at mid-height

New Bishops Stortford branch

New Watford branch

Wembley relocation

Preston relocation

STRATEGY IN ACTION

Digital strategy

Customer growth is underpinned by an increased investment in digital marketing, to raise awareness of our products and home improvement solutions and thereby acquire new customers.

Our ambition	Enhance our market-leading digital proposition to build awareness of our products and home improvement solutions, driving new customers and incremental sales

Homeowner

Tradesperson

Pay per click ('PPC')
Targeting core range, garden rooms and extensions

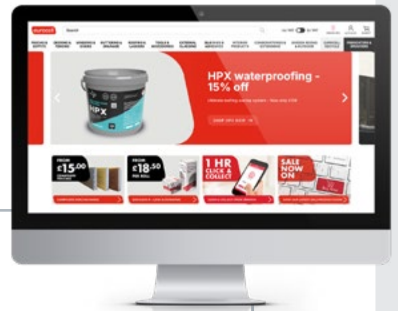
Social media

Search engine optimisation ('SEO') improving our rankings
30,000 keywords now ranked with 1,500 rank in top three search results

Search engines

Targeted email campaigns
88% of e-commerce customers are new

Email campaigns



eurocell

New website
Future-proofed platform to build our competitive advantage in the online space

Order fulfilment
Primarily delivered via our branch network

Improved website experience
Including additional product categories improved SEO, site structure and navigation

Focus on incremental revenue drivers:

- PPC
- Email
- Product recommendations
- New trade accounts.

Improved customer experience with new e-commerce initiatives:

- Dropship
- One-hour click-and-collect
- Bulk buys
- Web exclusives.

Digital activity builds awareness of our brand, attracts new customers and drives traffic to our branches

Resulting in stronger web trading
Organic traffic is now
▲ 39% v 2023

B2C e-commerce sales
▲ 57% v 2023

ESG LEADERSHIP

Why sustainability matters

Eurocell is committed to operating a sustainable business and building a reputation for being a truly responsible company. We aim to lead the fenestration sector in sustainability and are focused on reducing our carbon footprint, valuing and supporting the wellbeing of our people, and improving the environment in which we operate.

Our Group purpose is to create sustainable building solutions for the trade of today, the homes of tomorrow and the environment of the future. Circular economy principles lie at the heart of our strategy and our operation, as we recycle old PVC window profiles into new products. In addition, we aim to reduce our environmental impact via energy saving initiatives and waste management schemes whilst, generating savings for our customers through products that minimise heat loss and lower energy bills. We endeavour to provide an excellent, safe workplace for our colleagues and to ensure they feel supported and valued. We will continue to play an active role in our communities and being a good neighbour.

In working to embed our sustainability strategy, we recognise that our customers, employees, other stakeholders and the communities in which we work are placing increasing importance on environmental, social and governance ('ESG') matters.

In 2024, our focus has been on setting science-based emission reduction targets and developing our climate Transition Plan. In 2025, we will build on these foundations by formalising decarbonisation actions and progress metrics, disseminating them across the business and enhancing the precision of our estimates, to show a clear pathway amidst the inherent uncertainties of the Transition Plan.

Driving sustainability in the fenestration sector

- Maximise recycled content in manufactured products
- Ethically source raw materials and products
- Progressively reduce carbon footprint on a path to Net Zero by 2045
- Be a responsible neighbour, wherever we operate
- Minimise waste and usage of plastic packaging.

A great place to work

- Employee safety and welfare is always front of mind
- We will live and breathe our values without compromise
- A diverse business, where people can be their true authentic selves
- Excel at developing people, by nurturing talent and always seeking to promote from within
- Fair in the way that we reward and manage our people.

With the highest standards of governance

- Integrity is the cornerstone of our business
- Fully transparent in the way that we operate and report
- Receptive and responsive to challenge and scrutiny by key stakeholders
- Constantly evaluating and mitigating risks to protect the business
- Always have one eye to the future, in order to comply with new legislation and deploy best practice.

Achievements since our last Annual Report include:

- **Submitted targets to the Science Based Targets initiative ('SBTi').** We submitted both near-term and long-term targets to SBTi covering Scopes 1, 2 and 3 emissions
- **Published our Net Zero Transition Plan aligned to the Transition Plan Taskforce ('TPT') standards.** We set out the underpinning initiatives that will drive carbon reduction across our business and plans to achieve these
- **Maintained the percentage of recycled PVC in our products.** In 2024 we achieved 32%, level with 2023. We have updated our medium-term target to 36%, to reflect higher forecast revenue growth in line with our five-year strategic plan, plus the expected availability of feedstock for our recycling plants
- **Continued to invest in carbon reduction initiatives to minimise our environmental impact.** Solar panels are now operational at our main extrusion site, plus installation of panels at our distribution centre begins shortly
- **Enhanced our reporting against the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD').** This includes refining analysis and supporting it with financial quantification where possible
- **Submitted our first Climate Change questionnaire to the CDP.** We are pleased to share we were awarded a B grade for Climate
- **Received an 'AA' rating from the MSCI.** In 2024 Eurocell received a rating of AA (on a scale of AAA–CCC) in the MSCI ESG Ratings assessment
- **Substantially enhanced employee engagement.** We launched our internal communications framework (including the Eurocell and You monthly newsletter and CEO listening groups) and completed a much more comprehensive employee engagement survey with an external provider
- **Pushed forward on Equity, Diversity, Inclusion and Belonging.** We joined the Construction Inclusion Coalition and committed to the Built on Better Pledge.

Looking forward, our priorities are to:

- Obtain validation of our submitted science-based targets from the SBTi. In the meantime, we will commence implementation of the planned actions that support achieving our targets
- Focus on sustainability as part of our new product development programmes, looking to increase the development of low-carbon products to meet consumer demands
- Review and enhance our wellbeing framework to ensure that we better support the wellbeing of employees in line with their expectations
- Continue to engage with Maggie's, our charity partner, that provides emotional support and care for cancer patients and their families.

Materiality assessment

There are no changes to our business that would require an updated materiality assessment. The five most important issues identified by our assessment are:

- Health and safety: ensuring workforce wellness and safety
- Labour and human rights: ensuring fair working practices for our employees including human rights
- Climate change and emissions: minimising our carbon emissions and our contribution to climate change
- Waste management: waste generated by our operations needs to be dealt with responsibly, including hazardous waste
- Product quality: selling products that are safe to use and of high quality.

We used these material topics to refine our ESG strategy in 2024 and monitor progress with appropriate KPIs and targets.

Sustainable business goals

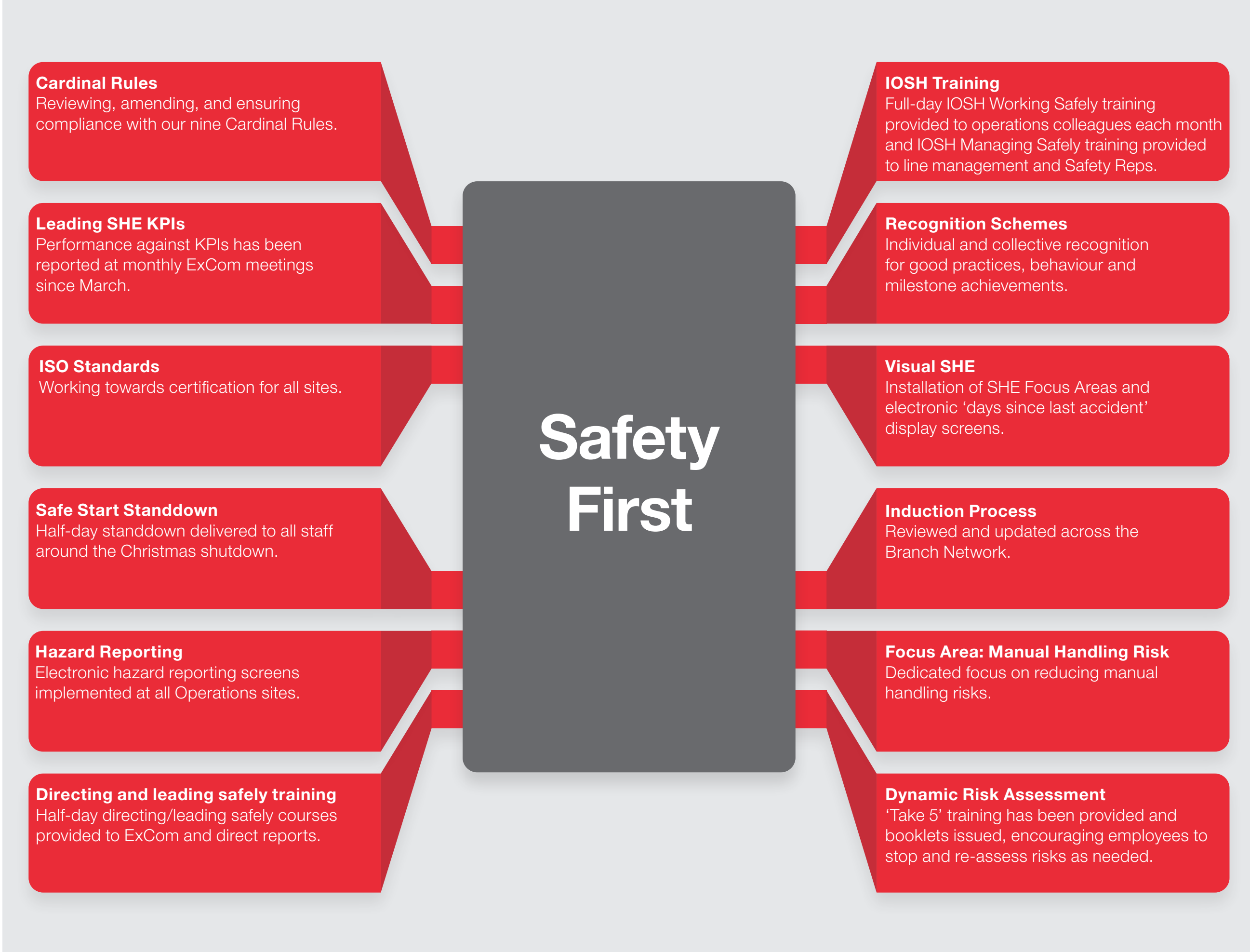
KPIs and targets

Since our base year of FY22, we have achieved reductions across all three scopes. Scope 2 market-based has seen the most significant reduction, due to sourcing renewable electricity across 95% of our electricity consumption (up from 72% in FY22). The Scope 1 reduction of 6.8% from FY22 was through reduction in our natural gas consumption. Reduced spending was the main driver of our Scope 3 reduction; however, we have also taken actions aligned with our transition plan to acquire supplier emissions data and purchase lower embodied carbon products which is reflected in our FY24 Scope 3 emissions.

	KPI	2024	2023	Target	Link to UN SDGs
Environmental – Circular economy and waste management					
Waste to landfill	% landfill	**2.5%**	9%	No more than 5% waste to landfill by 2025 and 1% by 2030	12
Waste recycled	% recycled	**69%**	76%	Increase of 2% per annum in waste recycled (to 88% by 2025), then increase of 1% per annum thereafter (to 93% by 2030) vs 2020 baseline	12
Recycled material used in production	% used	**32%**	32%	36% by 2030	12
Recycled material yield	% generated	**62%**	63%	72% by 2030	12
Environmental – Emissions, energy management and pollution					
Scope 1, 2 and 3 emissions (Market-based)	Absolute Scope 1, 2 and 3 emissions (Market-based)	**183,299 tCO_2e**	188,199 tCO_2e	Net Zero by 2045	13
Scope 1 and 2	Absolute Scope 1 and 2 emissions (Market-based)	**9,995 tCO_2e**	10,862 tCO_2e	70.03% reduction by 2034	13
Scope 3	Absolute Scope 3 emissions (Market-based)	**173,305 tCO_2e**	177,300 tCO_2e	37.5% reduction by 2034	13
Renewable electricity	% renewable electricity used	**95% total electricity**	94% total electricity	More than 90% by 2025	13, 7
Social					
Health and Safety	Lost-time injury rate	**4.1 per 1m hours**	5.7 per 1m hours	3.1 per 1m hours by 2026	3
Employee engagement and recruitment	Labour turnover	**25%**	27%	Year-on-year reduction	1, 3, 8
Employee satisfaction	Annual survey response rate and Winning Formula score	**70% and 59%**	73% and n/a	Year-on-year increase	3
Diversity	Female employees	**16.9%**	16.3%	Year-on-year increase	5
Remuneration	National Living Wage ('NLW')	**All employees at or above NLW**	All employees at or above NLW	All employees above NLW by 2023	1
Education	Apprenticeships/ Kickstarters	**63**	61	20% increase on 2020 base of 32 by 2025	4

Note: KPI performance data for 2023 and 2024 included in the table above is based on management estimates.

HEALTH AND SAFETY



Responsibilities

Health and safety remains the most material issue identified in our materiality assessment. Our Group-wide Safety, Health and Environment Policy, available on our website, outlines our commitment to ensuring a safe and healthy working environment for employees, visitors and contractors.

SHE strategy

We update our Safety First strategy each year based on our health and safety performance, employee and management feedback, plus emerging trends and best practice. We continually engage with employees regarding health and safety issues through volunteer safety representatives and monthly safety meetings to ensure their participation in health and safety management.

This year our Safety First strategy focused on 12 core initiatives, which have served to develop the knowledge and awareness of health and safety issues throughout our workforce, leading to the better behaviours that have underpinned an improvement in our overall performance. We are confident that we are developing a culture of continual improvement in safety standards.

Some of our key initiatives include:

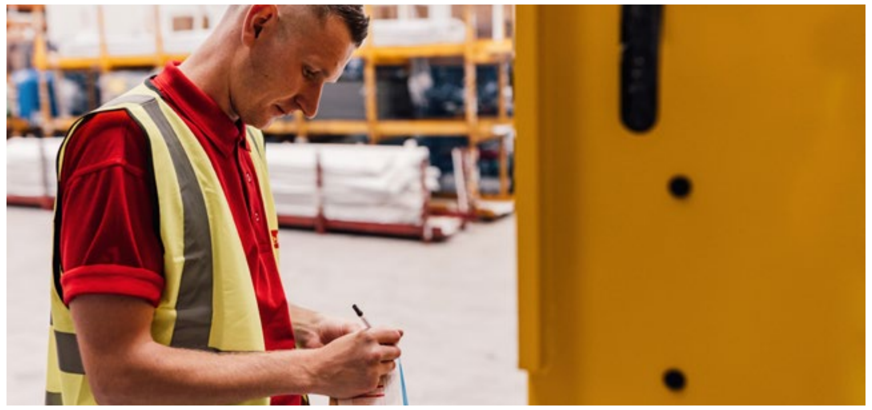
- Reducing manual handling risk, which is an integral part of our operations
- Continued focus on visual SHE to keep health and safety at the forefront of employees' minds
- Implementing a new hazard reporting process
- Focused on Dynamic risk assessments.

We plan to build on our achievements by focusing on the following in 2025:

- Complete a 'back to basics gap analysis' at each of our sites, to assess our performance against SHE best practice, and rectify any significant findings to mitigate risk
- Continuing with our Cardinal Rules programme, with a focus on Material Handling Equipment ('MHE'), including an update to our transport safety risk assessment, enhancing the safety features on our MHE, and by improving segregation and visual safety
- In the Branch Network, we plan to focus on the safety of contractors, by implementing a contractor safety checklist for branch managers and providing them with appropriate training.

ISO certification and compliance

In 2024, Eurocell maintained the ISO 45001 certification at four of our eight manufacturing sites (2023: four sites). We continue to work towards our target to implement safety management systems that satisfy the requirements of ISO 45001 at all of our operational facilities by the end of 2025.



We are pleased that the two Health and Safety Executive ('HSE') Improvement Notices that we reported on last year, relating to dust and machine guarding, have been revoked, as they have been addressed to the satisfaction of the HSE.

However, we received a Notice of Contravention in 2024 following a significant incident resulting in 4 months absence for the injured party. We have formally responded to the HSE's notice, outlining our investigation into the incident and the corrective action plan developed, which is being rigorously tracked.

Safety performance

We have delivered another significant improvement in our overall safety performance in 2024, reducing the number of lost time injuries by 30%, the lost time injury frequency rate by 28%, and the RIDDOR rate by 45%. We have achieved this improvement despite three major incidents that we are disappointed to report.

We have undertaken a thorough investigation in each case and implemented corrective actions to prevent similar incidents occurring in the future.

The number of near misses reported in 2024 increased by 18% this year, although we attribute this to an enhanced focus on hazard identification and awareness with the implementation of our new hazard reporting process.

Safety targets

As an overall ambition, we are targeting the elimination of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013) injuries among our employees by the end of 2027. To assist with tracking our progress we have set interim targets, and for 2025 we are aiming to achieve a 25% reduction in our lost time injury frequency rate ('LTIFR') and 33% reduction in our RIDDOR rate compared to 2024.

	2024	2023	2022	2021	2020
Lost time injuries (employees)[1, 2]	**19**	27	48	36	24
Lost time injury frequency rate ('LTIFR')[3]	**4.1**	5.7	10.0	7.6	7.4
Total recordable injuries (contractors)	**–**	1	–	–	1
RIDDOR	**6**	11	23	28	19
Near misses	**172**	146	102	29	n/a
Number of employee fatalities	**–**	–	–	–	–
Number of contractor fatalities	**–**	–	–	–	–
Number of cases of silicosis	**–**	–	–	–	–
Number of staff trained on health and safety standards	**241**	322	–	–	–
Number of health and safety training hours	**1,687**	3,456	–	–	–
Proportion of operational sites certified to ISO 45001	**50%**	50%	–	–	–

1 We define lost time injuries as a full shift lost following the day of the incident.
2 We record lost time injuries for all permanent and temporary employees.
3 Injuries per one million hours worked.

PEOPLE FIRST

Our strategy and business model are underpinned by the commitment and efforts of all our employees and our approach to colleague interaction is explained and monitored through our People First strategic pillar.

Engagement

We recognise the impact we have on our colleagues, communities and beyond, and are committed to ensuring that we engage appropriately with all key stakeholders.

Employee engagement

We engage with employees through a variety of methods to ensure all have the opportunity to be heard.

Internal Communications Framework

We appointed an Internal Communications Manager in 2024 who has already made great strides in improving employee communications based on a broad range of colleague feedback. Several initiatives have been implemented based on the findings, forming the basis of our new Internal Communications Framework.

Board engagement

We continue to run colleague focus groups, led by our designated Non-executive Director Alison Littley but carried out by all the Non-executive Directors.

People First survey

In 2024, we engaged an external partner to introduce a new survey capturing a broader understanding of employee sentiment across a greater variety of topics including engagement, process, culture and strategy.

The three largest areas of focus emerging from the survey are wellbeing, reward and recognition, and job satisfaction. We are committed to making improvements in these areas, some of which we have been able to action already, and some of which will be incorporated into our future plans.

The change in survey makes any comparisons with previous results less meaningful. However, the 2024 survey has established a baseline and we are sure that this work will result in greater personal and professional development opportunities for our employees.

KPI	2024
Response rate	**70%**
Overall Winning Formula Score	**59%**
Winning Culture Score	**59%**
Winning Strategy Score	**58%**
Overall engagement score	**61%**

Community partnerships

In 2024, our charitable efforts continued to focus on Maggie's, which provides emotional support and care for cancer patients and their families, with 24 centres across the UK.

Over 2023 and 2024 we raised a total of £46,000 for Maggie's, with a variety of activities. We are incredibly proud of the collective effort and generosity demonstrated by our colleagues. We remain committed to supporting Maggie's in 2025.

OUR AMBITION	**'Our ambition is to have talented, engaged and motivated colleagues who work passionately to achieve clear business and personal goals'. Eurocell will be a great place to work, where our culture makes colleagues feel...** "I feel part of the Eurocell team and I'm passionate about my role within this team" / "I know what's going on... I feel connected to the wider business – I'm valued as a team member" / "I know how to contribute to the success of my business" / "I know how I can progress within Eurocell, I'm clear about my development"				
OUR STRATEGY	**HEALTH AND SAFETY**	**ENGAGEMENT**	**EMPLOYEE VALUE PROPOSITION**	**GROWING TALENT**	
KEY PRIORITIES	**Develop health and safety leadership skills** **Develop health and safety education**	**Internal Communications Framework** **Colleague forum** **Community and charity engagement**	**Wellbeing framework** **Recognition scheme** **Induction and onboarding programme**	**Talent management and succession planning** **Talent development** **Maximising use of apprenticeships**	
SUCCESS MEASURES	IFR/LTIR/Severity Rate/ RIDDOR Rate	Attrition and Retention %	% of Internal Promotions	Apprenticeships Participation/Use of Levy	Culture Survey Feedback

Employee Value Proposition

Our Employee Value Proposition captures the various topics which together aim to ensure our employees feel valued and supported as members of the Eurocell team.

Fair working practices
We are committed to providing a fair working environment for all our colleagues, including a fair salary, terms and conditions of employment, and statutory benefits.

Employee turnover
We are pleased to report that our labour turnover decreased from 27% in 2023 to 25% in 2024, although this remains above our 2020 baseline of 21%. We expect to see continued progress in 2025.

Our full-time colleague voluntary turnover rate was 20% in 2024.

Reward and recognition
Our policy is to comply, at the very least, with minimum wage legislation for all colleagues. Each year we ensure that all employees are paid at or above the National Living Wage ('NLW') and can confirm that we remained in line with this ambition again in 2024.

During 2024 we focused on simplifying and standardising our reward packages. Our reward strategy ensures that all employees are eligible for a range of benefits and incentives that include a defined-contribution pension scheme (introducing salary sacrifice in April 2025), life insurance, Save As You Earn ('Sharesave') schemes, a health care cash plan and access to savings and offers through our third-party platform. In addition to the formal packages, we have a variety of events and vehicles to engender a culture of feeling valued.

In 2024, we introduced the Proud Awards. Employees are encouraged to nominate fellow colleagues that have showcased any of our values that make their colleagues or managers proud.

Wellbeing framework
We are committed to supporting all colleagues in their wellbeing, inclusive of mental, physical and financial issues. We provide tools to support colleague wellbeing, including an Employee Assistance Programme, access to health and wellbeing support, and our occupational health programme with targeted health surveillance and a health care cash plan. Our People First survey results identified wellbeing as one of our largest focus areas, so we plan to review

and enhance our wellbeing framework in 2025, to ensure we appropriately support the wellbeing of all colleagues in line with their expectations.

Equity, diversity, inclusion and belonging
The overriding policy in any new appointments we make continues to be one of selecting candidates with an appropriate mix of skills, capabilities and market knowledge, to ensure the continued success of the business. However, we recognise fully the benefits of encouraging diversity and inclusivity across the business and believe that progress in these areas will contribute strongly to our continued success.

We have recently reviewed and updated our Equity, Diversity and Inclusion Policy and our Anti-Bullying, Harassment and Victimisation Policy, as we aim to continually improve our processes.

We are committed to providing a working environment that embraces opportunities for everyone, as set out in our Policy, available online.

We are also committed to fostering an environment that respects the equity and diversity of all colleagues and ensures their feeling of inclusion and belonging.

We have joined the Construction Inclusion Coalition, created to improve equity, diversity and inclusion across the construction sector. We have committed to the Coalition's Built on Better Pledge and are fully engaged in the efforts to enhance diversity and inclusion in the construction sector.

Whilst we operate in an industry in which, historically, women have been under-represented, we are very committed to increasing the participation of women throughout the Group. Our historic target has been to deliver year-on-year increases in the proportion of female employees in the Group. In 2024, female employees increased to 17% (2023: 16%).

In addition, we continue to promote flexible solutions tailored to, and supportive of, individual needs. Our internal processes support all colleagues who may require help and support, including employees who are disabled or become disabled during their employment, to fulfil their day-to-day work activities through our occupational health provision. We provide tailored support for specific groups and individuals throughout our business, including the provision of free English and maths tuition for non-English speakers.

Gender diversity statistics

2024 gender analysis	Male No.	%	Female No.	%	Total No.
Directors	5	71%	2	29%	7
Executive Committee	2	40%	3	60%	5
Senior management	23	72%	9	28%	32
Other employees	1,685	83%	338	17%	2,023
Total	1,715	83%	352	17%	2,067

2023 gender analysis	Male No.	%	Female No.	%	Total No.
Directors	6	75%	2	25%	8
Executive Committee	3	75%	1	25%	4
Other employees	1,753	84%	342	16%	2,095
Total	1,758	84%	343	16%	2,101

This year we developed and published our Board Diversity Policy, available on our website.

The relatively small size of the Board and the pre-existing Directors' service contracts have inevitably limited the pace of change. We currently meet two of the three FCA targets on diversity, with one Director from an ethnic minority background and one senior Board position held by a female. Our progress towards meeting the target of 40% of the Board being women (38% as at the 2024 AGM) was adversely impacted by Kate Allum's departure in July.

Following changes in 2024, female membership of the Executive Committee has now increased to 60%.

2024 diversity statistics

	No.	% of total employees
Employees with disabilities	52	3%
Full-time employees	1,856	96%
Part-time employees	71	4%
Permanent employees	1,873	97%
Contract/temporary employees	54	3%
Total employees	**1,927**	–

Growing Talent

Our main focus areas under Growing Talent in 2024 were; leadership development, talent management, succession planning and apprenticeships.

We completed a review of our induction process and identified improvements which are now in place. We also introduced two new leadership development programmes for branch managers and operations leaders.

We continue to offer apprenticeship positions through the apprenticeship levy, and as of year-end employed 27 apprentices.

We are working to define and streamline the programme across the Group and launch a new apprenticeship programme in 2025.

2024 training statistics

	No.	% of total employees
Employees who receive training	2,067	100%
Number of training hours	33,992	–
Average training hours per employee	17.6	–

ENVIRONMENTAL LEADERSHIP

Managing environmental performance

We recognise the role we play in promoting environmental protection and are committed to conducting our business in a safe and responsible manner, including protecting and minimising the impact of our operations on the environment. We are focused on reducing our environmental impact and aim to continuously improve our performance. In 2024, we developed a dedicated Environmental Policy which is available at: investors.eurocell.co.uk. Applying to all colleagues across part of the Group, the Policy outlines our commitments towards reducing emissions, energy consumption, biodiversity and environmental issues, waste and resource use, water use, and the environmental impacts of our products.

The environmental management systems implemented at our extrusion plants, secondary operations (foiling) facility and door manufacturing plant are all accredited to ISO 14001:2015. Where sites are not certified to ISO 14001, we continue to maintain an environmental management system and have daily inspections to ensure permit compliance. Overall, 50% of our main manufacturing sites are certified to ISO 14001. We are continuing to develop procedures and guidance for those sites not currently certified, so that they are compliant with the standards by the end of 2025 and ready to seek certification in 2026. No environmental fines or penalties have been recorded in 2024 or 2023.

Energy and greenhouse gas emissions

Central to our sustainability strategy is reducing the carbon footprint of our business and the impact our operations have on climate change, including minimising waste and reducing energy consumption and greenhouse gas emissions across all of our operations. We have now submitted near-term and Net Zero targets to the Science Based Targets initiative ('SBTi') and developed a Net Zero Transition Plan, as set out in the ESG Leadership section.

We are also pleased to report the following operational initiatives undertaken this year to reduce our energy consumption and greenhouse gas emissions:

- Completed the installation of solar panels at our main extrusion facilities in August 2024, which as of the publication of this report have yielded nearly 250,000 kWh of electricity at our Clovernook site
- Increased the proportion of renewable electricity we procure, from 94% in 2023 to 95% in 2024. This has largely been through consolidation of activities onto sites with existing renewable electricity contracts in place
- Replaced the boilers at our main extrusion site, Clovernook
- Continued to work to install LED lighting across all sites, which is now c.80% progressed, with a planned completion date at the end of 2025
- Replaced 12 LPG trucks in our material handling fleet with nine electric vehicles.

Energy consumption and emissions data

We have continued to develop our end-to-end carbon footprint methodology, which includes a full emissions analysis for 2023 and 2024, as set out in the table below.

Scope	2024 $ktCO_2e$	2023 $ktCO_2e$	Movement $ktCO_2e$	Movement %
Scope 1	**9.6**	9.6	0.0	0%
Scope 2 (Location-based)	**10.6**	11.0	(0.4)	(3.6)%
Scope 2 (Market-based)	**0.4**	1.3	(0.9)	(69.2)%
Scope 1 and 2 (Location-based)	**20.2**	20.6	(0.4)	(1.9)%
Scope 1 and 2 (Market-based)	**10.0**	10.9	(0.9)	(8.3)%
Scope 3	**173.3**	177.3	(4.0)	(2.3)%
Purchased Goods and Services	**148.4**	152.5	(4.1)	(2.7)%
Capital Goods	**2.9**	2.2	0.7	31.8%
Fuel and Energy-related Activities	**2.4**	3.2	(0.8)	(25)%
Upstream Transportation	**8.7**	8.2	0.5	6.1%
Waste	**0.4**	0.3	0.1	33.3%
Business Travel	**0.4**	0.8	(0.4)	(50)%
Employee Commuting	**1.9**	1.8	0.1	5.6%
Upstream Leased Assets		**Not Applicable**		
Downstream Transportation		**Not Applicable**		
Processing of Sold Products	**6.9**	5.4	1.5	27.8%
Use of Sold Products		**Not Applicable**		
End-of-life Treatment	**1.3**	2.9	(1.6)	(55.2)%
Downstream Leased Assets		**Not Applicable**		
Franchises		**Not Applicable**		
Investments		**Not Applicable**		
Total Scope 1, 2 and 3 (Location-based)	**193.5**	197.9	(4.4)	(2.2)%
Total Scope 1, 2 and 3 (Market-based)	**183.3**	188.2	(4.9)	(2.6)%
Intensity ratio (tCO_2e per £m of revenue) – Location-based	**541**	543	(2)	(0.4)%
Intensity ratio (tCO_2e per £m of revenue) – Market-based	**513**	516	(3)	(0.6)%

Energy	FY24 MWh	FY23 MWh	Movement MWh	Movement %
Total non-renewable fuels consumption	**40,829**	40,456	373	0.9%
Total renewable fuels consumption	**–**	–	–	–
Total renewable electricity consumption	**48,805**	49,756	(951)	(1.9)%
Total non-renewable electricity consumption	**2,382**	3,430	(1,048)	(30.6)%
Total renewable energy consumption	**48,805**	49,756	(951)	(1.9)%
Total non-renewable energy consumption	**43,211**	43,886	(675)	(1.5)%
Total energy consumption	**92,016**	93,642	(1,626)	(1.7)%

Notes to table:

- We operate only within the United Kingdom and so values are for UK operations only
- A mathematical error was identified in the non-renewable fuels consumption energy figure in FY23. This has been corrected in the energy table and had no impact on the FY23 emissions calculation.

Notes to calculations:

- Emissions and energy data presented for 2023 and 2024 is based on management estimates
- To calculate our emissions and energy usage data, we have followed the 2019 UK Government environmental reporting guidance. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition). The Greenhouse Gas Protocol standard covers the accounting and reporting of seven greenhouse gases covered by the Kyoto Protocol. We are reporting our Scope 3 emissions, with guidance from the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions, as required
- We have reported on all of the material emission sources from within the operational boundaries of the Group, as required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and under the UK's Streamlined Energy and Carbon Reporting ('SECR') requirements
- The Group has defined its organisational boundary using an operational control approach. Our reporting of Scope 1 and 2 emissions and energy data covers 100% of our global operations. Furthermore, our reporting of Scope 3 emissions covers 100% of our upstream and downstream value chain
- The emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2024 (the Department for Environment, Food and Rural Affairs ('DEFRA') factors) have been used for all Scope 1 and 2 categories and the majority of Scope 3 categories. For spend-based calculations, the UK Environmentally-Extended Input-Output ('EEIO') model factors were used. For weight-based calculations, EcoInvent and Idemat factors were used
- In line with the Greenhouse Gas Protocol, we continue to review our reporting in light of any changes in business structure, calculation methodology and the accuracy or availability of data.

Energy consumption and emissions performance

Our Scope 1 emissions were consistent year on year despite movements within the category. There was a significant decrease in gas consumption at our Penny Emma Way site. We were also able to obtain more granular data on our refrigerant assets. Together these drove a decrease in Scope 1 emissions. However, due to an error in categorisation of vehicles in the prior year our diesel emissions increased in 2024, offsetting the aforementioned decrease. This error did not exceed our restatement threshold and therefore no prior-year restatement has been made.

Location-based Scope 2 emissions fell 4% to 10.6 $ktCO_2e$, and market-based Scope 2 emissions fell by 69% to 0.4 $ktCO_2e$, both were driven by the reduction in electricity consumption at our Eurocell Recycling North ('ERN') site as our Phase 2 operations were moved to our other recycling plant. As ERN is our only site without renewable electricity being procured, this significantly reduced market-based emissions.

In combination, location-based Scope 1 and 2 emissions of 20.2 $ktCO_2e$ was down 2% compared to 2023 and market-based Scope 1 and 2 emissions of 10.0 $ktCO_2e$ was down 8% compared to 2023.

We have calculated our Scope 3 emissions for 2024 to be 173.3 $ktCO_2e$, compared to 177.3 $ktCO_2e$ in 2023, a decrease of 2%. This mainly reflects lower emissions from Purchased Goods and Services, down 4.1 $ktCO_2e$, driven by a slight reduction in spend.

The reduction in Fuel and Energy-related Activities was caused by the respective fall in Scope 1 and market-based Scope 2 emissions, and the fall in End-of-life Treatment of Sold Products was caused by a reduction in the emissions factor for recycling, as a result of a previous year error by DEFRA, which they have addressed this year.

We successfully conducted an employee commuting survey this year and therefore was able to use actual data, which could be extrapolated for the emissions calculation. This resulted in an increase from last year. We also obtained energy use data from a larger number of fabricators to calculate processing emissions, meaning our calculation had greater precision.

Reflecting these factors, total emissions (Scope 1, 2 and 3) were down 2% compared to 2023 for location-based, and 3% for market-based. However, due to a slight decrease in revenue, the intensity figures stayed reasonably consistent year on year.

Total energy consumption of 92,016 MWh in 2024 was a slight decrease on the prior year of 2%, which reflects consistent production volumes year on year.

Water consumption

Our main use of water is in the cooling process for extrusion, but it is also used to wash scrap PVC, remove impurities in our recycling operations and for employee welfare.

We have a closed loop water recycling system in extrusion, and water supply bills are scrutinised for abnormalities that would indicate a leak, following which the water provider would be contacted for repair.

The system significantly reduces the environmental impact of our processes, by conserving local water resources and reducing the amount of contaminated or unfiltered water entering back into the local environment. Minimising consumption and therefore reducing disposal costs also has a financial benefit to our business.

We use only potable water, supplied directly by the water provider, which is suitable for drinking. We do not abstract any ground or surface water. None of our sites are located in high flood-risk areas and all sites are provided with adequate welfare facilities, in accordance with governing legislation.

Water usage was identified as a key issue for our stakeholders in our ESG materiality assessment. Over the last few years, we have strengthened our material recovery, including improved water circularity. We will continue the work to improve our water usage data collection, and thereafter to define targets to increase water efficiency in our operations. This is dependent on investment and process changes to improve our existing closed-water loop cooling systems.

Waste management

Our business and operations result in waste and we are committed to controlling, recovering and reusing waste wherever possible. We promote the efficient use of resources and materials that are used in our facilities to help reduce waste. We have a sustainable procurement policy and we actively seek to source sustainable products from suppliers that are made from recycled material where possible.

Total waste (kt)	2024	2023
To landfill	**0.6**	2.3
Recycled	**16.6**	19.3
Diverted from landfill	**6.9**	3.7
Total	**24.1**	25.3

During 2024, we continued our work towards zero waste to landfill aspiration. In 2024, our waste recycled proportion fell to 69% (2023: 76%) despite the waste being diverted from landfill, it was not being recycled. Third-party collectors of our waste are responsible for where the waste goes and we will continue engaging with them to ensure the disposal method is used.

We have a target to increase waste recycled by 2% per annum by the end of 2025 vs our 2020 baseline (resulting in 88% by 2025), and 1% per annum thereafter (resulting in 93% by 2030). We have also committed to a maximum of 5% of waste to landfill by the end of 2025 and 1% by 2030.

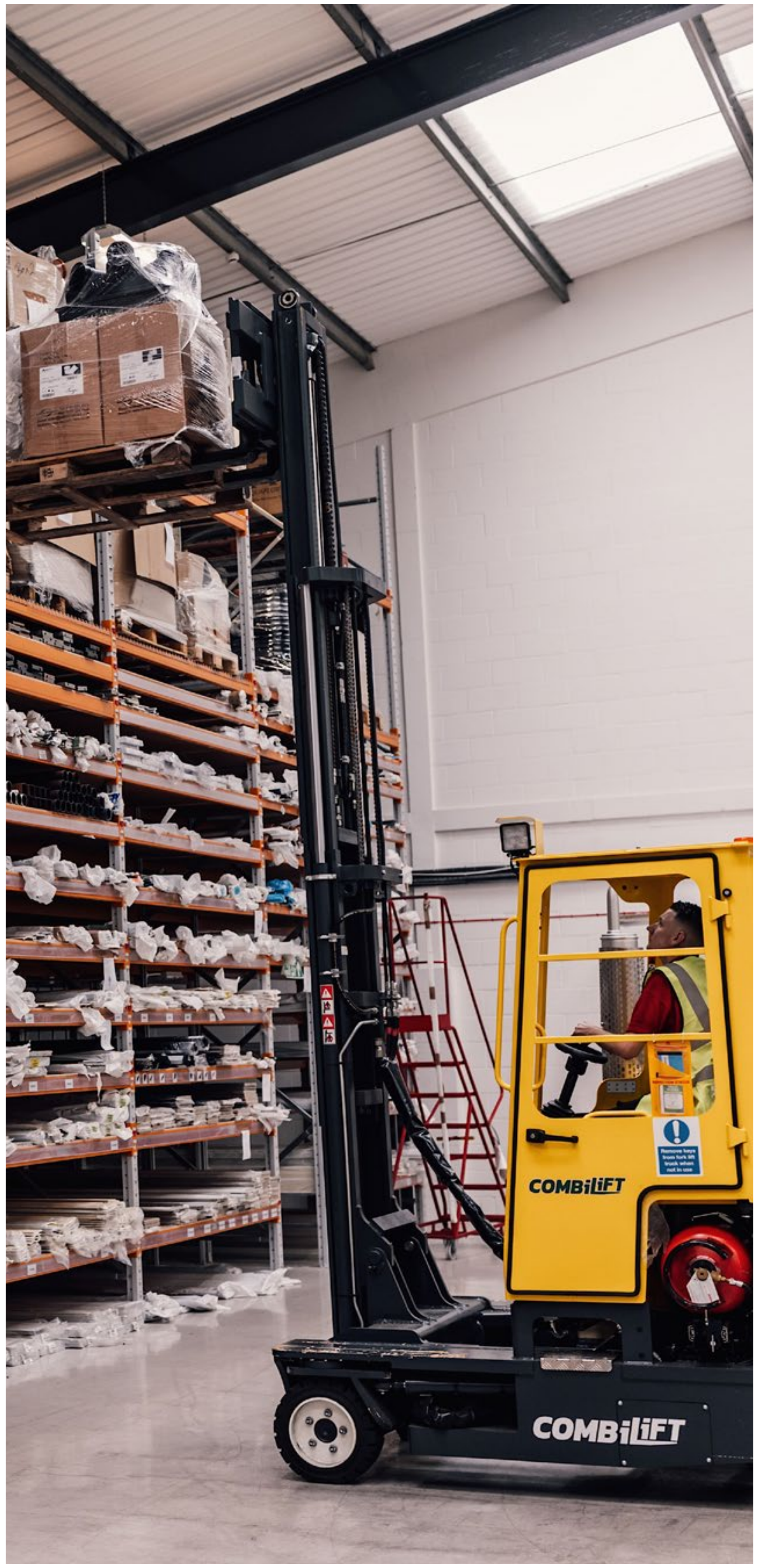
To support delivery of these targets, we have a new waste management plan, focused on improving the processing of by-products from our recycling process (metal, rubber, wood). At third-party sites, which act as collection and delivery hubs for old windows which have been replaced, we are implementing processes that allow for cleaner waste streams. We will also continue to develop partnerships with waste services providers, to optimise end-to-end material recovery.

Packaging accounts for c.5% of the waste we generate. We aim to reduce this by using thinner materials and packaging with more recycled content, both for our own products and in the delivery of raw material to our sites.

Hazardous materials

We do not use significant amounts of hazardous materials. In our extrusion business, we do not use phthalates, cadmium or lead-based stabilisers. In our recycling operation we monitor the cadmium and lead contamination levels within feedstock, to ensure compliance with governing legislation.

Very small quantities of other hazardous materials are currently used as additives within our product mix, but these are rendered non-bioavailable when encapsulated by the polymer structure. In addition, we have a specific requirement within our new product introduction process to reduce any use of hazardous materials. For example, we are investigating replacing the solvent-based glue used in our foiling process with a water-based alternative.



TRANSITIONING TO NET ZERO

In our 2023 Annual Report, we committed to achieving Net Zero emissions across our operations by 2045. This will bring our business in line with the aims of the Paris Agreement to hold global temperature increase to well below 2ºC, and with the aims of the UK Government to achieve Net Zero by 2050. Since publishing last year's report, we have further developed our emissions reduction plans and have submitted the following near-term and long-term targets to the SBTi.

Scope 1 and 2

Near-term target	Reduce absolute Scope 1 and 2 GHG emissions **70%** by **2034** from a 2022 base year
Long-term target	Reduce absolute Scope 1 and 2 GHG emissions **90%** by **2045** from a 2022 base year

Scope 3

Near-term target	Reduce absolute Scope 3 GHG emissions **38%** by **2034** from a 2022 base year
Long-term target	Reduce absolute Scope 3 GHG emissions **90%** by **2045** from a 2022 base year

In common with many businesses, the road to Net Zero will include estimates and assumptions about unknown factors. We will be transparent about the associated risks and key steps to achieve this goal. Our full Transition Plan, aligned to the Transition Plan Taskforce Framework, is published at: investors.eurocell.co.uk.

Business model

We do not anticipate any material change to our business model or impact on our value chain in our near or long-term decarbonisation plan. We believe Scope 1 and 2 actions can be achieved under a business-as-usual environment; however, Scope 3 reductions are dependent on multiple factors, including decarbonisation of our supply chain as outlined below.

Scope 1 and 2
(our own operations targets)

Over 50% of our Scope 1 and 2 emissions are from electricity use, plus petrol and diesel consumption in our operational fleet and company cars. In our base year, 72% of the electricity we purchased was renewable and in 2024 we increased this to 95% (2023: 94%). The remaining Scope 1 and 2 emissions are associated with natural gas use and refrigerant leakage for heating and cooling purposes.

In the near term, we plan to decarbonise our commercial fleet where economically and practically possible. This will include using telematics software to support better driving behaviours and planned routing to improve fuel efficiency. We will also explore switching from diesel to HVO, if sufficient fuel is available at an acceptable price. We intend to replace Company cars and delivery vans with Battery Electric Vehicles ('BEVs') or Plug-In Hybrid Electric Vehicles ('PHEVs') as leases come up for renewal, although the transition for vans will take longer due to the need for further technological advancement. We also plan to phase out the use of LPG by transitioning forklifts to electric as current leases expire.

Long term, we will explore replacing the commercial fleet with fully electric or hydrogen vehicles, although it is worth noting that the switch to HVO substantially eliminates fleet emissions. The remaining actions include replacement of gas consuming units with heat pumps or electric boilers, as well as transition to zero global-warming-potential ('GWP') refrigerants in cooling systems.

Scope 3
(our value chain targets)

Our Scope 3 emissions are significantly greater than our operational carbon footprint. The largest exposure is purchased goods and services (84% of Scope 3), of which 42% relates to virgin PVC resin and associated additive materials, such as the modifiers and stabilisers required to make PVC profile.

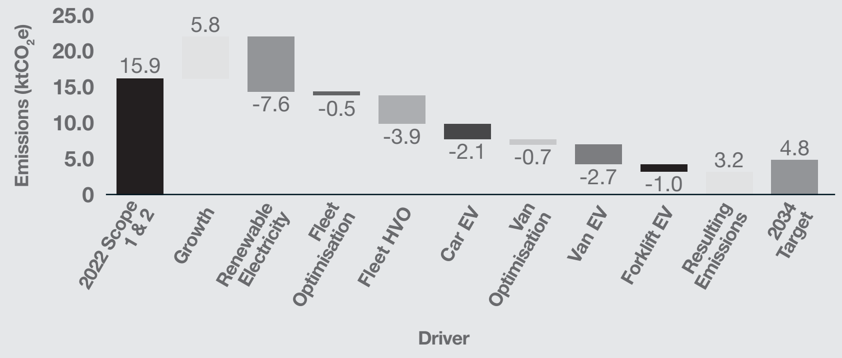
Using more recycled PVC in our manufactured products is a key step to reducing virgin resin consumption. We plan to increase recycling content up to our long-term target of 36% though investment will be required to improve tooling and other machinery to drive up production yield. The principal limiting factor to further increases in recycling beyond our target is the availability of feedstock (i.e. waste windows).

Thereafter, achieving our emissions reduction target will require the use of lower embodied carbon resin and bio-based resin. Only a limited amount of these products are available today, and significant innovation and market development is required to deliver sufficient quantities of them at commercially viable prices to achieve our targets.

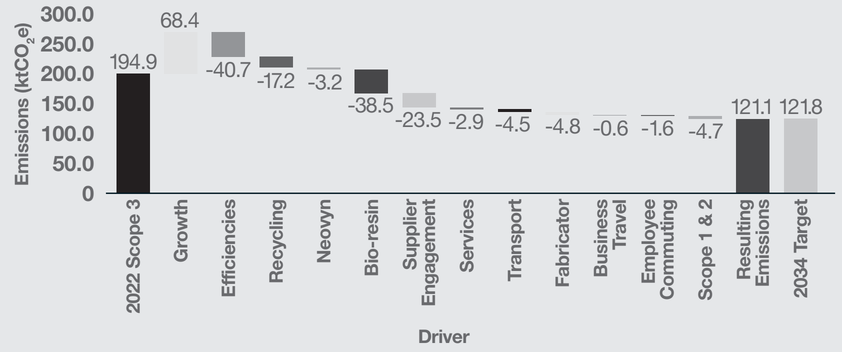
The Scope 3 emissions reduction target is also dependent on increased supplier engagement and collaboration with respect to the other products we buy. We are dependent on key suppliers setting and meeting their own Net Zero targets.

Additional initiatives to be implemented to reduce remaining value chain emissions include cultural and policy changes within the business, such as encouraging staff to switch personal cars to EVs and persuading fabricators to use renewable electricity in their operations.

Scope 1 and 2 Near-term Emissions Pathway



Scope 3 Near-term Emissions Pathway



SUSTAINABLE PRODUCTS

Innovative low-carbon products
We are committed to minimising the environmental impact of our products throughout their lifecycle. Our use of recycled PVC provides low-embodied carbon products for customers and prevents PVC waste from going to landfill. We also focus on developing thermally efficient products that help our customers minimise heat loss and reduce their energy costs.

In the future, we intend to disaggregate emissions to product level and develop an embodied carbon footprint for each major product, if feasible, to aid customers in making informed purchasing decisions for lower-carbon products.

Recycling operation
We are proud to be the leading UK-based recycler of PVC windows. Our extensive recycling capacity sits at the heart of our operations, our sustainability strategy, and will be critical to our Net Zero ambitions.

Our recycling operations process post-industrial and post-consumer waste into recycled material, 62% (2024) of which is then used in our own operations to produce our products.

Most of the remaining by-product is scrap metal, which is sold to metal recyclers, with very little sent to landfill.

Recycling operation benefits:
- **Commercial:** Addresses customer demand for sustainable, low-carbon products
- **Economic:** Increases profits due to lower production cost of recycled compound
- **Carbon savings:** Lower-embodied emissions of recycled material are crucial for Net Zero transition and meeting SBTi targets.

2024 highlights:
- 32.9k tonnes of post-consumer waste and 8.5k tonnes of post-industrial waste recycled
- 18.0k tonnes of recycled materials were used in manufacturing our rigid PVC profiles, and 7.3k tonnes used in 100% recycled products or sold to trade extruders
- Recycled PVC represented 32% of total raw material consumption.

Our ambition
Our recycled content target has been adjusted to 36% by 2030, and this represents a crucial part of our Net Zero Transition Plan. Delivery will be dependent on several factors such as:

- **Supply of recycled feedstock** – to reach our recycled content target of 36%, alongside our sales growth ambitions, will require a significant increase in feedstock supply at acceptable purchase prices
- **Legislative limitations** – we will need to monitor any future changes in legislation and understand the potential impact on our targets
- **Operational capacity** – increased recycled content requires further investment in co-extrusion capacity and tooling, which is included in our ongoing investment plans
- **Technological limitations** – it is not currently commercially viable to use large quantities of recycled PVC in foam profile products.

The percentage of revenue from low-carbon products this year was 22% (2023: 22%). This represents all products that are co-extruded (contains recycled and virgin PVC content) or 100% recycled.

Thermally efficient products
Our window and door products are designed for enhanced thermal efficiency through low-thermal conductivity, measured by U-values. Our mainstream PVC fenestration products meet the Future Homes Standard level of 1.2 W/m2K, with some products reaching as low as 0.8 W/m2K.

End of life
It is our aim to continue to recycle as much PVC as possible, moving where possible towards closed-loop recycling, whereby windows and other PVC profiles are continually recycled into new products. Our PVC profiles can be recycled up to ten times and have a life span of around 100 years.

Responsible sourcing
Eurocell sources raw materials and traded goods from manufacturers worldwide. We have systems and processes in place to maintain ethical and sustainable relationships, for example, pre-appointment checks, in-life supplier reviews and contractual provisions for compliance with regulatory standards. The Head of Procurement manages supplier relationships and value chains.

Product quality and safety
Our goal is to provide high-quality products and services that satisfy our customers. We conduct thorough testing on all products for both quality and product safety reasons. We continuously improve our performance and adhere to ISO 9001 and other quality standards. Our manufacturing sites are accredited to ISO 9001, and we operate clear systems and procedures. We also provide necessary training and support to our colleagues, so they are able to play their part in delivering high standards of product and service quality.

Case study

Neovyn in Modus products

In 2024, we ran a successful trial to include a lower-embodied carbon resin in our Modus range of window profile.

INEOS, one of our key resin suppliers, now produces a PVC resin (Neovyn), which has a footprint of 1.3 kg CO_2 eq/kg PVC, 37% lower than the EU industry average. This has been achieved through switching to the use of renewable electricity for production.

Looking forward, we will consider increasing the use of Neovyn in other profile ranges. As noted elsewhere in this report, we are also monitoring the development of bio-attributable alternatives to traditional PVC resins, although at present these are not available in sufficient quantities at commercially acceptable prices.

Darren Waters, CEO said:

"By integrating Neovyn into the Modus profile, we're able to offer a product that not only delivers on exceptional energy performance but also represents a substantial reduction in carbon emissions."

ETHICS AND COMPLIANCE

Modern slavery
We have zero-tolerance for any form of modern slavery or human trafficking, and are absolutely committed to preventing modern slavery and human trafficking in our business activities and supply chains. We support the aims of the UK's Modern Slavery Act and publish our Anti-Slavery and Human Trafficking Statement, which is approved by the Board annually, on our website at: investors.eurocell.co.uk.

We also conduct ongoing reviews of our suppliers to identify any potential risks. In addition, our employee induction process includes mandatory training on our Modern Slavery and Human Trafficking Policy.

Whistleblowing
We are committed to the highest standards of openness, honesty, integrity and accountability. The Group has a Whistleblowing Policy, and we take active steps to raise employees' awareness of our whistleblowing platform.

This Policy makes all employees aware that they should report any serious concerns or suspicions about any wrongdoing or malpractice on the part of any colleague of the Group, without fear of criticism, discrimination or reprisal, as well as the procedure for raising such concerns. Examples include fraud, breakdown in internal controls, misleading customers, bribery, modern slavery, dishonesty, corruption and breaches of data protection or health and safety. All whistleblowers are protected under the Public Interest Disclosure Act.

Our independent whistleblowing hotline, which supports confidential and anonymous reporting, is available to all employees, contractors and suppliers, 24/7, 365 days a year. Each case is investigated confidentially by the business with appropriate response measures taken. Whistleblowing cases are reported to the Audit and Risk Committee and ultimately to the Board.

Any reports are assessed by our triage team and also reported to Alison Littley, Non-executive Director and Board Whistleblowing Champion. Each case was found to represent a colleague grievance matter, rather than a whistleblowing event, and no wrongdoing trends were identified.

Anti-bribery and corruption ('ABC')
We are committed to acting fairly and with integrity, and take a zero tolerance approach to bribery, corruption or any other unethical or illegal business practices. Applying to all employees and suppliers, we explicitly prohibit any form of bribery or corruption, including:

- Money laundering
- Facilitation payments, which are typically unofficial payments made to secure or expedite a routine government action by a government official
- Kickbacks
- Political contributions
- Sponsorships.

In addition, we are committed to minimising any conflicts of interest, whereby an individual's personal interests may compromise their judgement in the workplace, that may arise.

We will take disciplinary and/or legal action as appropriate in all cases of actual or attempted fraud across all operations. We will not obstruct any formal investigations or legal proceedings relating to any incident of corruption at Eurocell.

All staff complete training on our Anti-Bribery Policy as part of their induction, and are subsequently required to complete refresher training each year. In 2024, there were no incidents of employees being disciplined or dismissed due to non-compliance with our Anti-Bribery Policy (2023: nil).

The Audit and Risk Committee, ultimately reporting to the Board, is responsible for reviewing the policies and procedures in place to prevent bribery, and for ensuring compliance across the Group. The Committee is satisfied that the Group's procedures with respect to these matters are adequate. During the year, the impacts of the Economic Crime and Corporate Transparency Act (2023) were assessed, and a review is in progress to ensure compliance with the revised requirements.

Human rights
We do not consider human rights issues to be a material risk for the Group due to the existing regulatory frameworks in the UK, within which our operations are confined. We do, however, acknowledge there is greater risk in our supply chain, and are therefore committed to conducting due diligence across our supply chain, in line with the Modern Slavery Act. In addition, employees and other relevant internal and external stakeholders can report any concerns relating to human rights across Eurocell's direct operations or supply chain through our confidential whistleblowing channel. No violations on human rights have been reported in 2024 or in the previous three years.

Information systems and technology ('IS&T')
At Eurocell we respect the privacy of colleagues, customers, suppliers and all other parties with which we interact. We seek to minimise the amount of personal data we collect, and to ensure the robust and sufficiently segregated storage of any data that is held.

Information security and cyber threats are increasing risks. In 2022 we experienced a cyber incident which caused disruption to our operations and compromised the security of some employee personal data. Cyber security continues to receive considerable management attention, as well as focus from the Audit and Risk Committee and the Board. This is also reflected in the results of our ESG materiality assessment, which placed cyber and data security among the most material issues facing the business.

Since the incident in 2022, we have:

- Rolled out an extensive programme of mandatory cyber security training to all colleagues in a series of monthly short videos and quizzes covering a range of security threats and ways to mitigate the risks
- Strengthened our cyber risk detection tools, including vulnerability analysis penetration testing
- Strengthened our incident response measures through implementing managed detection and response ('MDR'), security instant event monitoring ('SIEM'), privileged access management ('PAM') and firewall hardening
- Reviewed the performance of our business continuity plans and made appropriate adjustments in response to the incident to identify gaps and areas for improvement.

Tax transparency
We recognise the responsibility we have to our stakeholders and communities to set the highest standards of corporate conduct, and paying the right amount of tax is fundamental to this. Across our entire operations, we are committed to compliance with tax law and practice, and are committed to compliance with the spirit as well as the letter of the law.

Our Tax Strategy is reviewed, discussed and approved by the Board annually and our Tax Policy is available at: investors.eurocell.co.uk. The Audit and Risk Committee periodically reviews the Group's tax affairs and risks.

We have held the Fair Tax Mark accreditation since 2019. Fair Tax Mark is an independent certification, which recognises organisations that demonstrate they are paying the right amount of corporation tax in the right place, at the right time.

Section 172 statement
The Board reviews all matters and decisions through the consideration and discussion of reports which are sent in advance of each of their meetings and through presentations to the Board. When the Directors discharge their duty as set out in section 172 of the Companies Act 2006 ('section 172' or 's.172'), they have regard to the other factors set out on page 72.

The Directors are required to include a statement of how they have had regard to stakeholders and the other factors set out in section 172(1) (a) to (f) when performing their duty. The full s.172(1) statement may be found on pages 72 and 76. On pages 72 to 76, we have set out examples of how the Directors have had regard to the mattersin s.172(1)(a) to (f) when discharging their section 172 duty.

Non-financial and sustainability information
In order to consolidate our reporting requirements under sections 414CA and 414CB of the Companies Act 2006 in respect of Non-Financial Reporting, the table on page 89 shows where in this Annual Report and Accounts to find each of the disclosure requirements.

Task Force on Climate-related Financial Disclosures ('TCFD')

We are committed to retaining our status as a leader in sustainability within the fenestration sector.

We recognise that climate change poses significant risks and opportunities to our business and stakeholders. Our TCFD report demonstrates how we incorporate climate-related risks and opportunities into the Group's strategic planning, decision making and risk management processes, aligned to our Net Zero ambition.

We previously set our Net Zero target date as 2045. We have now set an interim target year of 2034, and submitted our emissions reduction targets to the Science Based Targets initiative ('SBTi') framework. We have also published a Net Zero Transition Plan, detailing our pathway to achieving these target dates. The pathway includes updated objectives for some of our ESG KPIs (e.g. greenhouse gas emissions and energy use) in line with our overall Net Zero goal.

This year we have also enhanced our analysis of transition and physical climate-related risks with quantification, helping us to assess their impact and develop plans to mitigate risks and maximise opportunities.

The Board considers that the climate-related risks and opportunities of the business are integrated with the risks and opportunities of the Group, and that as such, any climate-related impact on the Group would originate in the operating businesses. The assessment of the impact of climate change on the value of the Group is carried out at least annually, or when a triggering event occurs, and no impairment charge has arisen. The interests of the Group's internal and external stakeholders are also considered as part of this assessment, when appropriate.

The Board has noted the requirement for mandatory climate-related disclosures arising from the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, as well as FCA UK Listing Rule 6.6.6R. On the following page we have set out our climate-related financial disclosures, cross referenced in the table opposite, fully consistent and compliant with all of the 11 TCFD recommendations and recommended disclosures as detailed in 'Recommendations of the Task Force on Climate-related Financial Disclosures', 2017, with additional guidance from 'Implementing the Recommendations of the Task Force on Climate-Related Financial Disclosures', 2021.

Detail on the 11 recommended disclosures can be found on the following pages:

Recommendation	Recommended disclosures	Reference
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities	Page 41
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Page 42
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Pages 44 to 50
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Pages 44 to 50
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Pages 44 to 50
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks	Page 43
	b) Describe the organisation's processes for managing climate-related risks	Page 43
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Page 43
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Pages 44 to 50
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ('GHG') emissions, and the related risks	Pages 30 to 32
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Page 24

Governance

Board oversight of climate-related risks and opportunities

The Board reviews and is ultimately accountable for all ESG matters, including climate-related issues and progress against climate-related targets. Board expertise on climate change and ESG more broadly is provided by Alison Littley (Non-executive Director), Chair of the Social Values and ESG Committee. This Committee provides oversight of the Group's ESG programme, including climate change, and monitors progress against climate-related targets.

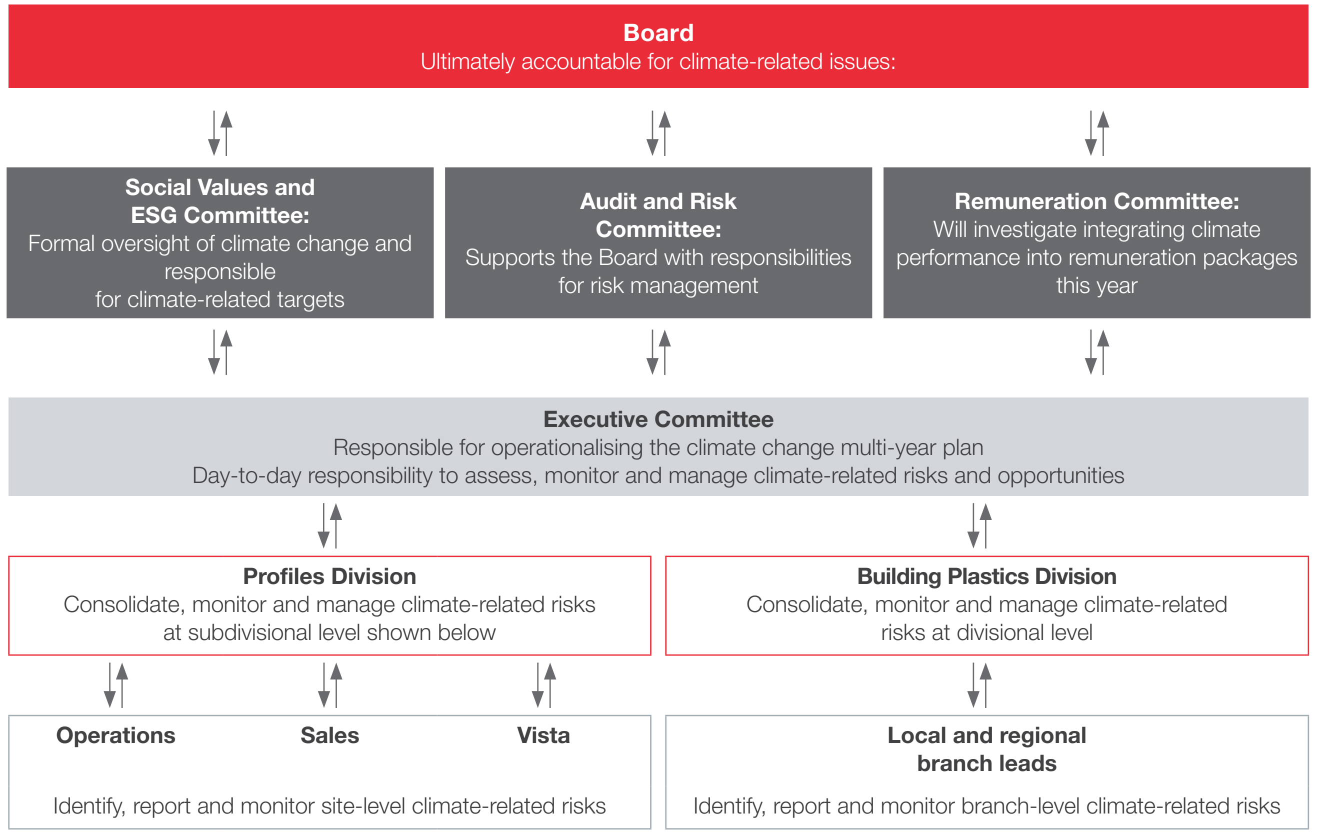
The Committee includes four independent Non-executive Directors, including Alison Littley (Chair). The Chief Executive, Chief Financial Officer, Head of Safety, Health and Environment, and our People Director, are also members and it meets at least three times per annum. Relevant senior management are invited to attend Committee meetings as appropriate to the agenda. Alison Littley updates the Board on the activities of the Committee at Board meetings, which typically follow within one day of the Committee meeting.

The Committee accesses specialist advice on ESG matters and has engaged with expert sustainability consultants throughout the target-setting and transition-planning process. In 2024, the Committee also facilitated a teach-in session for all Board members on climate-related issues and developments.

Following submission of our targets to the SBTi, the associated action plans have been cascaded to the relevant senior management responsible for delivery. The Social Values and ESG Committee, will continue to oversee and monitor progress towards our Net Zero targets and receive regular updates from Executive Committee members on performance against the key milestones of the Transition Plan.

The Executive Committee has day-to-day responsibility for identifying, assessing, monitoring and managing risks. The Committee meets monthly, with risk management included as a standing agenda item to facilitate the discussion and management of any emerging or increasing risks, including climate-related risks (both physical risks at site level, and transitional risks). Our operational and commercial leaders also consider any climate-related risks within their respective business units, through discussions with site managers, and local and regional branch managers. As previously noted, the Executive Committee consolidates these discussions with a full risk register review every six months, with the results reported to the Audit and Risk Committee.

Climate-related governance framework



Risk management

Group risk management process overview

The Board is also responsible for risk management, supported by the Audit and Risk Committee and informed by the Executive Committee. The Board defines risk appetite and monitors the management of significant risks, including climate-related risks and opportunities. Climate-related risks are included in the Group risk register, which is reviewed and subsequently presented to the Audit and Risk Committee by Executive Management biannually. Responsibility for each risk on the Group risk register is allocated to a member of Executive management, with responsibility for sustainability and climate change risk allocated to the Chief Executive.

Processes to identify, assess and monitor climate-related risks

Sustainability and climate change is deemed a principal risk for the Group and is therefore included on the strategic risk register.

Our risk assessment process considers existing and emerging risks and all risk categories outlined in the TCFD recommendations in relation to our operations. Climate-related risk identification is performed both bottom-up, through a detailed assessment at operational site level, as well as top-down, through an assessment of strategic and market risks.

Site-level environmental risks, including climate-related risks, are identified as part of our operational risk assessments. Our Head of Estates and Facilities Management is responsible for identifying and assessing the environmental risks of existing and potential sites. Any risks identified will be escalated to the relevant Executive Committee member, who consolidates risks within their own area of responsibility and reports to the monthly Executive Committee meeting. In most cases, the relevant Executive Committee member is either the Chief Operating Officer (for the Branch Network and supply chain) or the Chief Executive (for all other sites).

Identifying and assessing environmental risks at our branch sites is largely via environmental surveys. Our branches are typically leased on individual 10-year contracts, with 5-year break clauses that can be exercised if a risk becomes unacceptable.

Environmental risks at our operational sites are managed through the local business continuity plans, held by our operational managers for extrusion, warehousing and secondary operations sites respectively. The business continuity plans are tested periodically and updated for any required improvements. We have enhanced our site-level assessment of physical climate-related risks using a physical risk analysis software tool, which has provided greater depth to our risk analysis.

Risk rating process

Climate-related risks are assessed and prioritised in a similar way to all other risks on the Group's strategic risk register. Risks are assessed on a five-point scale for both the probability and impact of the risk occurring, providing an overall risk rating calculated by multiplying the probability by the impact.

The probability ranges from A (Almost Certain) to E (Rare), whilst we assess the impact on a scale of 1 (Very High) to 5 (Very Low). The impact rating is financial, measured in absolute terms or as a percentage of EBITDA per annum. However, for certain risks, the impact rating may also reflect the impact on the Group's reputation or on the environment, or whether the effect is localised or widespread. The resulting overall risk rating categories are: Negligible, Low, Medium, High or Critical.

Now that we have determined our Net Zero Transition Plan, we have developed our assessment of climate-related risks and opportunities and now consider them on a net (mitigated) basis. We continue to provide details of mitigation strategies and plans to capitalise on opportunities.

Risks on our strategic risk register are generally assessed on a three-year business planning cycle. Recognising the longer time horizon of many climate-related risks, however, the following timescales are applied:

Scale	Criteria
Short term	0–3 years (in line with our strategic planning and risk management horizon)
Medium term	3 years–2034 (aligned to our Interim Net Zero target in 2034)
Long term	2034–2045 (aligned to our Net Zero target, the useful life of our facilities and encompassing long-term policy and industry trends)

This year, with the help of expert sustainability consultants, we have reviewed and updated our assessment of climate-related risks and opportunities across the Group in line with the TCFD reporting requirements.

Managing and integrating climate into wider risk management

As described above, risk management, including climate change, is now a standing agenda item for the monthly meetings of the Executive Committee. This includes consideration of divisional level risks and the status of ongoing mitigating actions, as well as a review of any emerging or increasing risks. Every six months, each division will conduct a review of its risks with the Group Risk Management team in advance of the Executive Committee's in-depth risk register review.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES
CONTINUED

Strategy

Our approach to climate scenario analysis

In 2023, we undertook a substantial qualitative analysis of the resilience of our business model and strategy under the guidance of an independent third-party consultant, CEN Group. Physical risks were analysed using four scenarios from the Intergovernmental Panel on Climate Change ('IPCC') embedded in the Munich Re software platform used to analyse physical risks of climate change:

- **RCP 2.6:** a climate-positive pathway, likely to keep global temperature rise below 2°C by 2100. CO_2 emissions start declining by 2020 and get to zero by 2100
- **RCP 4.5:** an intermediate and probably baseline scenario more likely than not to result in global temperature rise between 2°C and 3°C by 2100 with a mean sea level rise 35% higher than that of RCP 2.6. Many plant and animal species will be unable to adapt to the effects of RCP 4.5 and higher RCPs. Emissions peak around 2040, then decline
- **RCP 7.0:** a baseline outcome rather than a mitigation target and represents the medium-to-high end of the range of future emissions and warming resulting from no additional climate policy
- **RCP 8.5:** a bad case scenario where global temperatures rise between 4.1–4.8°C by 2100. This scenario is included for its extreme impacts on physical climate risks as the global response to mitigating climate change is limited.

For the transition risks and opportunities, we have used the following climate-related scenarios from the International Energy Agency, which are far more descriptive and useful for modelling more positive climate outcomes. The scenarios have been considered at a high-level, whereby transition risks are generally greater (more likely and with greater impacts) in the lower-carbon scenario compared to the higher-carbon scenario.

- **Net Zero 2050 ('NZE'):** an ambitious scenario, which sets out a narrow but achievable pathway for the global energy sector to achieve Net Zero CO_2 emissions by 2050. This meets the TCFD requirement of using a 'below 2°C' scenario and is included as it informs the decarbonisation pathways used by the Science Based Targets initiative ('SBTi'), which validates corporate Net Zero targets and ambition.
- **Stated Policies Scenario ('STEPS'):** a scenario, which represents the roll forward of already announced policy measures. This scenario outlines a combination of physical and transitions risk impacts as temperatures rise by around 2.4°C by 2100 from pre-industrial levels, with a 50% probability. This scenario is included as it represents a base case pathway with a trajectory implied by today's policy settings.

Climate-related risks and opportunities

Seven climate-related risks and five climate-related opportunities, that could have a material impact on the Group, have been identified, which are discussed below on a net (mitigated) basis.

Following third-party and internal analyses of these climate-related risks and opportunities, our current view is that significant financial planning or budgetary change as a result of climate change is not likely to be required.

Key risks

Six transitional, and one physical climate-related risks, have been identified.

Operational exposure to carbon pricing mechanisms	TCFD Category: Transition (Policy and Legal)
Own operations *Higher costs associated with energy* *Short-term* *Impact: 4 (Low)* *Likelihood: A (Almost certain)* *Net Risk Rating: Medium risk* *Scenario: NZE* *Metrics: Scope 1 and 2 emissions*	**Risk** Increased operational costs as a result of exposure to carbon pricing mechanisms. **Description** The implementation of operational carbon pricing is one of the levers used by regulators to achieve decarbonisation of energy and industrial production, either through higher energy costs or direct carbon taxes applied to our gas and electricity used (Scope 1 and 2 emissions). We forecast this impact to be greatest in the short term, and to decrease over the medium and long term as we achieve emissions reduction in line with our Net Zero ambitions. Forecast prices are greater in the NZE Scenario. **Mitigation** The impact of the risk is expected to be moderated through our efforts to reduce Scope 1 and 2 emissions to minimal levels, with the key actions identified and included in our Net Zero Transition Plan.

Carbon pricing in the value chain	TCFD Category: Transition (Policy and Legal)
Upstream *Increased cost of purchased goods and inbound transportation* *Short-term* *Impact: 1 (Very high)* *Likelihood: D (Unlikely)* *Net Risk Rating: High risk* *Scenario: NZE* *Metrics: Scope 3 emissions (Category 1)*	**Risk** Increased costs throughout the supply chain due to carbon pricing pressure. **Description** Our ability to continue to reduce emissions in line with our 2045 Net Zero target will be influenced by some factors beyond our control, such as the decarbonisation of electricity grids, increased costs of raw materials as suppliers work to meet decarbonisation targets, and the development of zero emissions transportation. Investment in lower-carbon processing, equipment and facilities impacts the cost of raw materials. The development of a low-embodied carbon alternative to virgin PVC resin at a commercial price is the most significant of these supply chain risks for Eurocell, which could lead to increased costs. The fossil fuel industry is exposed to global regulatory and policy decisions in the drive to reduce emissions, and these changing policies may also impact the reliability of our supply chain and the price of our key raw materials. **Mitigation** We engage with key suppliers to understand their own plans to reduce emissions and improve the sustainability of their products. We closely monitor the development, availability, pricing, quality and carbon footprint of new products that produce PVC from alternatives to fossil fuels, such as bio-based raw materials.

Failure to achieve our recycling targets	TCFD Category: Transition (Market, Reputation)
Own operations and Upstream *Higher costs, lower revenue* *Medium and long-term* *Impact: 1 (Very high)* *Likelihood: C (Possible)* *Net Risk Rating: Critical risk* *Scenario: STEPs* *Metrics: Scope 3 emissions; % of recycled PVC used in production*	**Risk** Failure to reduce carbon emissions through inability to increase the proportion of recycled PVC used in production. **Description** The percentage of recycled PVC used in our production process has increased steadily in recent years, up to 32% in 2023 and 2024. Our medium-term target is to increase this to 36% by 2030 and thereby reduce Scope 3 emissions. The biggest risk to achieving our target is the availability of sufficient feedstock at acceptable prices. This risk increases in the medium and long term as we need to source sufficient feedstock to achieve the 36% target and match our planned growth. We also require building standards and regulations to continue to support the use of recycled PVC. **Mitigation** To source sufficient material, we will engage with existing and potential new suppliers, housing associations and fabricators to maintain and increase our supply of waste PVC, using longer-term contracts with larger suppliers where possible. We will continue to invest in research and development, and tooling to increase the yield in our recycling plants. We will also engage with governmental and industry bodies to help shape product and building standards to support increased use of recycled PVC in our products.

Key risks continued

Cost of capital and investor interest linked to sustainability criteria	TCFD Category: Transition (Market, Reputation)
Own operations *Higher cost of capital* *Medium-term* *Impact: 5 (Very low)* *Likelihood: B (Likely)* *Net Risk Rating: Low risk* *Scenario: NZE* *Metrics: Scope 1, 2 and 3 emissions; UK interest rates*	**Risk** Increased cost of capital and/or decreased access to funding through failure to meet performance and disclosure requirements. **Description** Increased investor and lender expectations in relation to sustainability performance and disclosure creates risks on the availability and cost of capital. With an existing revolving credit facility of £75m extending to 2027, our funding risk is minimal in the short term. However, over the medium term, investors and banks are expected to be more stringent and withdraw funding or apply punitive charges if ongoing targets on emission reduction are not aligned to their own Net Zero targets. **Mitigation** We remain in continued dialogue with lenders, rating agencies, investors and sustainability experts to ensure our climate change disclosure is in line with the latest regulatory requirements. Completing a materiality assessment, incorporating the views of investors and banks, has ensured we are focused on priority ESG topics, with action plans to reduce emissions built in to our Net Zero Transition Plan, including associated targets and KPIs.

Customer and consumer pressure	TCFD Category: Transition (Market, Reputation)
Downstream *Lost revenue* *Medium-term* *Impact: 3 (Medium)* *Likelihood: B (Likely)* *Net Risk Rating: High risk* *Scenario: NZE* *Metrics: Scope 3 emissions; thermal efficiency of products (U-value)*	**Risk** Loss of customers and revenue through failure to meet customer standards and consumer preferences. **Description** Large house builders generally prefer suppliers who are at the forefront of embodied carbon reduction and who supply products which reduce energy use. If we do not continually improve our performance in this area, including meeting the relevant disclosure or regulatory requirements as they develop (e.g. disclosure of embodied carbon in the products we supply), we could, over time, lose customers and market share. In addition, consumer awareness of their own carbon footprint is continuing to increase and a growing desire for sustainable living is resulting in changes to demand patterns, with an increased preference for lower-embedded carbon products. There is a medium-term risk that some product lines will no longer be of interest to customers aligning with Net Zero. **Mitigation** We engage with customers to ensure new products are designed to meet their changing requirements, and that our targets are aligned with theirs, and meet internal and external environmental requirements. We focus on energy efficient windows and improved insulation to enable housebuilders to achieve desired EPC ratings on their new builds and meet the technical specifications they require for zero carbon homes. Our full carbon footprint analysis, including Scope 3 emissions, will enable us to calculate the embodied carbon in our PVC profile if required.

Existing and emerging government standards and regulation	TCFD Category Transition (Policy and Legal)
Own operations *Higher costs/disruption of production* *Medium-term* *Impact: 4 (Low)* *Likelihood: B (Likely)* *Net Risk Rating: Medium risk* *Scenario: NZE* *Metrics: R&D expenditure to meet regulatory standards*	**Risk** Increased costs of production and associated R&D to ensure products meet increasing government standards. Possible disruption to production as standards are implemented. **Description** The Group may be adversely affected by changes in government and other regulations relating to the manufacture and use of materials and resources; particularly energy use in homes and carbon commitments, as well as the use of plastics and polymers in our manufacturing process. The Future Homes Standard ('FHS') regulation requires a 75–80% reduction in carbon emissions from new homes, although the precise timing and transition period are still to be confirmed. These specifications will need to be met when constructing, extending or renovating UK homes, and large housebuilders aiming to achieve 'zero-carbon homes' will likely focus on using products that help customers save energy. If Eurocell products do not align to these new standards, we will lose market share and suffer reputational damage. **Mitigation** We engage and consult regularly with regulators and participate in the Future Homes Hub to support the Future Homes Delivery Plan – a sector-wide plan to embed key environmental issues into housebuilding. We have established an R&D programme and several of our products already meet these regulations. We also engage with customers and suppliers to support meeting future regulations. We are developing thermally efficient products to help our customers minimise heat loss, such as the Modus triple glazed widow.

Flood risk	TCFD Category: Physical (Chronic)
Own operations *Higher costs/disruption of production* *Short, medium and long-term* *Impact: 5 (Very low)* *Likelihood: C (Possible)* *Net Risk Rating: Negligible risk* *Scenario: RCP 8.5* *Metrics: Number of flooding incidents; costs of flood incidents*	**Risk** Cost of damages, lost revenue (loss of sales and disruption to operations), and increased insurance premiums resulting from increasing flood events across operational and branch sites. **Description** Changing weather patterns and an increase in the number and severity of extreme weather events have caused issues relating to flooding, across the United Kingdom. The Munich Re Location Risk Intelligence Tool was used to assess physical climate risk and we considered a cross section of branches and all our manufacturing and recycling plants. Of the sites assessed, no material flood risks were identified. Given the current flooding issues in the UK, we consider flood risk to be the most significant (though low) physical risk to the Group and to increase in higher temperature scenarios. **Mitigation** All divisions have business continuity and recovery plans, which monitor risks to staff and premises from metrological events. Additionally, all sites have flood damage insurance cover with limits that reflect the magnitude of risk. The diversified locations, as well as flood risk assessment prior to lease contracts being signed, mean it is unlikely that several sites would flood at any given time, and hence the financial impact would be minimal.

Key opportunities

Five opportunities have been identified that could have an impact on our business, either through enhanced revenues or decreased costs and emissions.

Increased recycling, process innovation and material efficiency	TCFD Category: Resource Efficiency
Own operations/ downstream *Decreased costs* *Long-term* *Impact: 3 (Medium)* *Likelihood: D (Unlikely)* *Net Rating: Medium opportunity* *Scenario: NZE* *Metrics: Scope 3 emissions; revenues from energy-efficient products*	**Opportunity** Cost and emissions reductions through increased recycling, and production and material efficiency. **Description** The use of recycled PVC pellets typically has an embodied carbon footprint c.50% lower than virgin PVC pellets. The cost of producing recycled material is usually lower than the purchase cost of virgin material, and substantially lower than the cost of alternative resins that will otherwise be required to meet our Net Zero ambitions. Therefore, products manufactured through efficient processes with increased recycled material content can significantly lower our cost of production and reduce carbon emissions, and will be an important part of our transition to Net Zero. This opportunity is expected to be greater in the NZE scenario as the policy focus on initiatives to reduce carbon emissions is higher. **Strategy to realise opportunity** In 2024, we used 32% recycled material in the manufacture of our products. We have a target to increase this to 36% by 2030 and will develop the feedstock supply chain to support this. This year we also used a lower-embodied carbon PVC resin (37% below the EU average) in our Modus profile. The replacement cycle for our extrusion plant allows us to capture production efficiency gains through use of the latest technology. We continue to invest to improve the efficiency of our existing extrusion and recycling plants and increase their production yield.

Product design – resource and thermal efficient products	TCFD Category: Product and Services, Market
Own operations/ downstream *Increased sales* *Medium and long-term* *Impact: 1 (Very high)* *Likelihood: B (Likely)* *Net Rating: Critical opportunity* *Scenario: NZE* *Metrics: Scope 3 emissions; revenues from energy-efficient products*	**Opportunity** A growing market for thermally efficient products leading to increased revenue. **Description** Products, which are thermally efficient will reduce consumer energy use, as well as help housebuilders achieve zero-carbon homes and meet the Future Homes Standard ('FHS'). Consumer awareness of home improvement as a means of reducing heating bills is driving demand for earlier replacement of old windows and other products such as conservatory roofs. Innovative product design is key to continued revenue growth and also helps to maintain competitive positioning. We focus on improving airtightness, insulation and energy efficiency, and expect the demand for these products to increase with the adoption of the FHS (the timing and transition still to be confirmed). **Strategy to realise opportunity** To maximise this opportunity, we will target R&D and marketing spend on low-carbon products and collaborate with key customers to develop best-in-class, resource and thermally efficient products. We have a dedicated technical centre focused on product enhancement and development of innovative new products is a key objective. For example, the Modus triple glazed window significantly reduces heat loss in houses due to its superior insulation. It also includes more than 50% recycled PVC. In addition, our new flat rooflight (Luma) has strong thermal insulation characteristics. We expect products such as these to grow as consumers and housebuilders focus on zero-carbon homes.

Water and waste savings	TCFD Category: Resource Efficiency
Own operations *Decreased costs* *Medium-term* *Rating: Low* *Metrics: Water and waste costs per annum; Scope 1 and 2 emissions*	**Opportunity** Operational cost savings through water and waste reduction. **Water savings** **Description** Various opportunities and initiatives exist to reduce water usage across the Group. Our main use of water is in the extrusion cooling process and in washing of scrap PVC to remove impurities before recycling. **Strategy to realise opportunity** Various initiatives are underway aimed at re-using factory water, including improvements to our closed loop recycling system, where the water is filtered, purified, and neutralised to maintain its quality. This system significantly reduces the environmental impact of extrusion processes, by conserving water resources and reducing levels of contaminated water released into the environment, and also minimises consumption and disposal costs. **Waste savings** **Description** We aim to reduce and recycle general waste products and packaging wherever possible. Packaging accounts for c.5% of waste generated by Eurocell and there is potential to reduce it. There is also an opportunity to improve the processing of by-products from our recycling process (metal, rubber, wood) to enable greater recycling. We have a target to increase waste recycled by 2% per annum from our 2020 baseline (resulting in 88% by 2025), and 1% per annum thereafter (resulting in 93% by 2030). In 2024, 69% of our waste was recycled (2023: 76%). We have also committed to a maximum of 5% of waste to landfill by 2025 and 1% by 2030. **Strategy to realise opportunity** We operate a waste management improvement plan. At third-party sites, which act as a collection and delivery hub for post-consumer waste windows, we are implementing processes that allow for cleaner waste streams. We will continue to develop partnerships with waste services providers, to optimise end-to-end material recovery. We aim to reduce the environmental impact of our packaging through lowering the amount of packaging used, including thinner packaging, using packaging with more recycled content and eliminating packaging made from single-use plastics.

Key opportunities continued

Decreasing the amount of energy used and increasing the amount of renewable energy used	TCFD Category: Energy Source
Own operations *Reducing emissions* *Medium-term* *Impact: 5 (Very low)* *Likelihood: A (Almost certain)* *Net Rating: Low opportunity* *Scenario: NZE* *Metrics: Energy consumption; Scope 1 and 2 emissions*	**Opportunity** Operational cost savings through reduced energy consumption and reduced emissions through using more renewable energy. **Decreasing the amount of energy used** **Description** The Group's near-term decarbonisation profile includes opportunities for energy efficiency and electricity savings. With our extrusion, foiling and recycling plants all currently running on electricity, our electricity consumption accounts for 95% of our energy use. **Strategy to realise opportunity** We continue to drive operational efficiencies, including reducing idle time and optimising temperatures on extrusion lines and chillers. We have also reviewed the usage of compressed air and smart energy metering, leading to actionable outcomes to reduce electricity usage. In addition, we are researching potential methods to reduce the energy intensive foiling process. **Increasing the amount of renewable energy used** **Description** There is also an opportunity to further reduce emissions by transitioning to renewable energy contracts and reduce reliance on the grid through in-house renewable generation. **Strategy to realise opportunity** In 2024, 95% of the Group's electricity was purchased on renewable contracts and we aim to increase that further in the years ahead. The 1.1MWp(2) solar panel system installed at our main extrusion facility became operational in 2024 (lifetime CO_2e saving of c.3,500t), and the project to add solar panels at our main distribution centre will start shortly.

Transportation	TCFD Category: Resource Efficiency
Own operations/ upstream/downstream *Decreased costs* *Long-term* *Impact: 4 (Low)* *Likelihood: A (Almost certain)* *Net Rating: Medium opportunity* *Scenario: NZE* *Metrics: Scope 1 and 3 emissions (Upstream and Downstream Transportation and Distribution)*	**Opportunity** Cost savings, decreased carbon emissions and decreased exposure to carbon prices through decarbonisation of fleet vehicles. **Description** Decarbonisation of our third-party distribution fleet and company vehicles is a significant opportunity to reduce emissions. This may require additional investment over the medium term to transition and upgrade vehicles. Additionally, further technological development is required for zero emissions heavy goods vehicles to become viable e.g. either via electric vehicles or the potential use of hydrogen or other biofuels ('HVO') as an alternative fuel source. **Strategy to realise opportunity** **Company vehicles** In 2024 we continued to upgrade our warehouse material handling plant with electric alternatives, as existing plant lease agreements expire. In addition, we expect to install a telemetric system in our branch network vehicles to improve the efficiency of route planning and load maximisation. We will continue to explore options to progressively convert other company vehicles to electric and increase EV charging infrastructure at branches. **Third-party distribution** We will work with our third-party logistic supplier to use software to improve route efficiency. We will also engage with them to better understand the potential for decarbonisation of our commercial distribution fleet, including a switch to HVO fuels. Whilst this would further reduce our Scope 3 upstream and downstream transportation and distribution emissions, the bulk of this reduction would likely only take place in the medium term.

Metrics and targets

Climate-related metrics

We report our full carbon footprint covering Scope 1, 2 and 3 greenhouse gas emissions. However, this work is based on a number of management estimates and we expect more variation in the coming years as we continue to refine our methodology. This year, for example, we conducted a colleague commuting survey and engaged with suppliers to capture more accurate data to underpin our Category 1 and Category 7 emissions respectively.

The specific metrics we use to monitor each of the climate-related risk and opportunities are noted in the previous tables.

Additional environmental metrics we monitor include recycled materials used in production and emissions saved as a result, emissions intensity, energy and renewable energy use and waste generation, as reported on page 24.

Climate-related targets

We are committed to being a responsible business and working to minimise our impact on climate change and, as set out in the Sustainability Report on pages 22 to 39, in 2024 we continued working towards reducing our Scope 1, 2 and 3 greenhouse gas emissions.

We have committed to achieve Net Zero on our emissions by 2045, with an interim target in 2034, by which time we need to reduce Scope 1 and 2 emissions by 70% and Scope 3 emissions by 38%, both from a 2022 base year. Our Net Zero Transition Plan outlines how the targets will be met, and the critical factors we are dependent on to achieve this, including the availability of commercially low-carbon alternatives to virgin PVC resin and supplier decarbonisation.

Our emissions and energy reduction targets have been adopted as the most relevant to our climate-related risks, particularly relating to carbon pricing risks, and in order to directly manage our contribution to mitigating global climate change. Progress against these targets will be monitored and reviewed by the Board through the governance structures described earlier in this TCFD Report.

CHIEF FINANCIAL OFFICER'S REVIEW

Group	2024 £m	2023 £m
Revenue	**357.9**	364.5
Gross profit	**188.3**	173.8
Gross margin (%)	**52.6%**	47.7%
Overheads	**(140.2)**	(130.7)
Adjusted[1] EBITDA	**48.1**	43.1
Depreciation and amortisation	**(25.3)**	(24.7)
Adjusted[1] operating profit	**22.8**	18.4
Finance costs	**(2.8)**	(3.2)
Adjusted[1] profit before tax	**20.0**	15.2
Taxation	**(4.6)**	(2.9)
Adjusted[1] profit after tax	**15.4**	12.3
Adjusted[1] basic earnings per share (pence)	**14.4**	11.0
Non-underlying overheads	**(6.2)**	(3.5)
Tax on non-underlying items	**1.3**	0.8
Reported operating profit	**16.6**	14.9
Reported profit before tax	**13.8**	11.7
Reported profit after tax and profit for the year	**10.5**	9.6
Reported basic earnings per share (pence)	**9.8**	8.6

1 See alternative performance measures.

Introduction

Market conditions remained challenging throughout 2024, resulting in sales modestly below the comparative period. However, we have proactively managed our gross margin, with lower input costs also driving 2024 profits ahead of 2023, despite labour inflation and investment in the cost base to generate momentum in our strategic initiatives.

The Group has assessed the impact of the employers' National Insurance and National Living Wage changes announced in the Autumn Budget, which take effect from April 2025. We estimate additional costs of c.£3 million per annum, which we plan to offset through selling price increases and other management actions, including cost reduction.

We continue to focus on efficient working capital management and delivered solid cash flow generation for the year. Having completed a £15 million share buyback programme launched in January 2024, debt remains low.

The Group has a strong balance sheet and good liquidity, which underpinned funding the acquisition of Alunet in March 2025, primarily from our existing debt facility. Alunet is an excellent strategic fit for Eurocell and is expected to support a step change in the Group's financial performance.

The encouraging early progress we have made with execution of our strategy, including the recent acquisition of Alunet, together with actions we continue to take on cost and cash flow strengthen our confidence in realising our ambitions, and we remain well positioned to take advantage of a recovery in our end markets, when it comes.

Revenue

Group revenue for 2024 was £357.9 million, 2% lower than 2023 (£364.5 million), with volumes down 1%. Sales include the impact of selling price increases, but average sales pricing in the branch network remains lower than prior year (see Gross margin to the right and Divisional Performance overleaf).

Gross margin

Gross margin for the year was 52.6%, up from 47.7% in 2023. Although increased competition for limited demand continues to drive pressure on selling prices in the branch network, we have benefited from a reduction in input cost pricing, including electricity, recycling feedstock, and PVC resin prices.

We operate a rolling 12-month forward hedging policy for electricity. In 2023 we were paying rates locked in during 2022, when wholesale prices peaked. We are now benefiting from the lower wholesale prices experienced in 2023.

For our recycling business, in 2023 a weaker RMI market and fewer window replacements restricted feedstock availability, resulting in a significant increase in purchase prices. However, we have made good progress securing additional sources of feedstock, which, alongside reduced demand and lower virgin resin prices, saw prices ease in 2024.

Whilst there are only a limited number of PVC resin and certain other key raw material suppliers, we have successfully identified alternative sources and introduced other initiatives to mitigate input cost pricing risk.

Distribution costs and administrative expenses (overheads)

Underlying overheads were £140.2 million, up 7% on 2023 (£130.7 million). We have continued to experience cost inflation, particularly for labour, which we have offset with selling price increases. Overheads also include investment to generate momentum in our strategic initiatives (see Divisional Performance overleaf). These increases were partially offset by the annualisation of cost savings secured through our Q2 2023 restructuring and headcount reduction programme.

Depreciation and amortisation

Depreciation and amortisation was £25.3 million compared to £24.7 million in 2023.

Alternative performance measures

Alternative performance measures are used alongside statutory measures to facilitate a better understanding of financial performance and comparison with prior periods, and in order to provide audited financial information against which the Group's bank covenants, which are all measured on a pre-IFRS 16 basis, can be assessed.

Adjusted EBITDA, adjusted operating profit and adjusted profit before tax all exclude non-underlying items. Adjusted profit after tax and adjusted earnings per share exclude non-underlying items and the related tax effect. Pre-IFRS 16 EBITDA is stated inclusive of operating lease rentals under IAS 17 Leases. Pre-IFRS 16 net debt is defined as total borrowings and lease liabilities less cash and cash equivalents, excluding the impact of IFRS 16 Leases.

We classify some material items of income and expense as non-underlying when the nature of the circumstances merit separate presentation. Alongside statutory measures, this facilitates a better understanding of financial performance and comparison with prior periods.

"We continue to focus on efficient working capital management and delivered solid cash flow generation for the year."

Michael Scott
Chief Financial Officer

Non-underlying items

Non-underlying items for 2024 of £6.2 million include £2.2 million of strategic IT project costs, including cloud computing costs involving 'Software as a Service' arrangements and internal resourcing costs (see below), which are expensed as incurred rather than being capitalised as intangible assets, a £3.2 million non-cash right-of-use asset impairment charge plus £0.8 million of acquisition costs in relation to Alunet.

Non-underlying items of £3.5 million in 2023 include restructuring costs of £2.7 million, comprising redundancy payments and related employee benefit termination costs in connection with our Q2 2023 restructuring, plus £0.8 million of strategic IT project costs.

Our strategic IT projects comprise a new customer-facing website and an employee management system (both now substantially complete) and, most significantly, the replacement of our Enterprise Resource Planning ('ERP') system. The expected cost of the system replacement is in the region of £10 million over the 2024-26 period. The implementation is on track and, as previously reported, we estimate the transition will be completed around mid-2026.

The right-of-use asset impairment charge arises following a dispute with the landlord at a secondary warehouse in Derbyshire, where there was significant deterioration to the flooring.

Following legal advice, we terminated the lease. The landlord has contested the termination and issued proceedings for unpaid rent. We will shortly begin a mediation process, with the potential for a court case to follow. With the site not currently in condition for use and the outcome of the dispute uncertain, the lease asset has been impaired in full. The liability for future rentals (£3.1 million), remains on the balance sheet. The impairment may be reversed in future periods, or the liability released, depending on the outcome of the dispute.

Divisional performance – Profiles

	2024 £m	2023 £m	Change %
Third-party revenue	**146.1**	154.9	(6)%
Inter-segmental revenue	**63.7**	64.9	(2)%
Total revenue	**209.8**	219.8	(5)%
Adjusted[1] operating profit	**19.4**	11.9	63%
Operating profit	**14.6**	10.1	45%

1 Adjusted performance measures are stated before non-underlying items.

Profiles third-party revenue for the year was £146.1 million, 6% lower than 2023, reflecting reduced RMI activity and a continuing weak new build housing market. Cost-of-living pressures, interest rate increases and falling house prices have all had a significant adverse effect on our end markets.

Profiles adjusted operating profit for 2024 of £19.4 million was 63% above 2023, reflecting lower raw material and electricity costs, partially offset by lower sales volumes plus labour and other cost inflation.

Reported operating profit is stated after non-underlying costs of £4.8 million in 2024 (strategic IT projects, a non-cash right-of-use asset impairment charge and acquisition expenses) and £1.8 million in 2023 (restructuring costs).

Divisional performance – Branch Network

	2024 £m	2023 £m	Change %
Third-party revenue	**211.8**	209.6	1%
Inter-segmental revenue	**0.5**	0.4	25%
Total revenue	**212.3**	210.0	1%
Adjusted[1] operating profit	**6.5**	8.9	(27)%
Operating profit	**5.1**	8.2	(38)%

1 Adjusted performance measures are stated before non-underlying items.

Third-party revenues in the Branch Network were £211.8 million, 1% higher than 2023. Although general RMI volumes in the branch network were down, overall sales were up on 2023, reflecting the initial benefits of progress with our strategic initiatives for garden rooms, windows, doors and e-commerce activity.

Branch Network adjusted operating profit for 2024 was £6.5 million, 27% below 2023, reflecting competitive pressure on selling prices in the branches and higher overheads, which include labour and other cost inflation. Overheads also include investment to generate momentum in our strategic initiatives, such as marketing (pay-per-click), sales professionals and central order processing capability, and we expect to leverage this investment and improve margins as volumes grow.

Reported operating profit is stated after non-underlying costs of £1.4 million in 2024 (strategic IT projects) and £0.7 million in 2023 (restructuring costs).

Finance costs and taxation

Finance costs for 2024 were £2.8 million (2023: £3.2 million).

The underlying tax charge for 2024 was £4.6 million (2023: £2.9 million).

The total tax charge for 2024 was £3.3 million (2023: £2.1 million). The effective tax rate on underlying profit before tax for 2024 of 23.0% is lower than the standard rate of corporation tax of 25% due to Patent Box relief.

We were pleased to retain the Fair Tax Mark accreditation in 2024, reflecting our commitment to paying the right amount of tax at the right time.

Profit before tax and earnings per share

Adjusted profit before tax for the year was £20.0 million compared to £15.2 million in 2023, up £4.8 million, driven by lower input costs, partially offset by the effect of lower volumes, margin pressure in the branches and higher overheads.

Reported profit before tax in 2024 was £13.8 million (2023: £11.7 million), reflecting the above less £6.2 million of non-underlying costs (2023: £3.5 million).

Adjusted basic earnings per share were 14.4 pence and diluted earnings per share for the year were 14.3 pence (2023: both 11.0 pence). Total basic earnings per share were 9.8 pence and total diluted earnings per share were 9.7 pence (2023: both 8.6 pence).

Capital allocation, dividends and share buyback programme

As set out in the Chair's Statement, the Board is committed to driving shareholder returns through a combination of a progressive ordinary dividend and supplementary distributions (currently via share buybacks) where appropriate, whilst always seeking to maintain a strong financial position.

We paid an interim dividend of 2.2 pence per share in October 2024. The Board proposes a final dividend of 3.9 pence per share, which results in total dividends for the year of 6.1 pence per share (£6.3 million), up 10% compared to 2023. The dividend will be paid on 23 May 2025 to shareholders registered at the close of business on 25 April 2025. The ex-dividend date will be 24 April 2025.

The £15 million share buyback programme which commenced in January 2024 is now complete, with 10.7 million shares repurchased. At 31 December 2024, 10.3 million shares had been repurchased for £14.5 million (including transaction costs), with 1.3 million shares held in treasury.

The Board has taken the decision to launch a new share buyback of up to £5 million.

The retained earnings of Eurocell plc as at 31 December 2024 were £41.2 million (2023: £25.0 million). The Company takes steps to ensure distributable reserves are maintained at an appropriate level through intra-Group dividend flows.

Capital expenditure

Capital expenditure for 2024 of £10.7 million (2023: £8.9 million) is largely maintenance in nature.

Cash flow

Net cash generated from operating activities was £44.2 million (2023: £52.8 million), including a net outflow from working capital of £0.2 million, comprised of increases in inventories (£0.5 million), receivables (£3.4 million) and payables (£3.7 million). This compares to a net inflow from working capital of £13.4 million in 2023, which included a major stock reduction programme. Net cash generated from operating activities also includes net tax paid in the year of £3.0 million (2023: £1.4 million).

Other cash flow items include payments for capital investments of £10.3 million (2023: £9.1 million), including the net movement on capital creditors of £0.4 million and financing costs paid of £0.7 million (2023: £1.4 million). The principal elements of lease payments of £14.4 million (2023: £13.8 million) are presented within cash flows arising from financing activities. The finance elements of lease payments were £2.1 million (2023: £1.8 million).

Dividends paid in the year were £6.1 million, being the 2023 final and 2024 interim payments (2023 dividends paid: £10.3 million).

Net cash/debt

Net debt on a pre-IFRS 16 basis at 31 December 2024 was £3.1 million (31 December 2023: net cash of £0.4 million). Lease liabilities increased by £0.8 million. Reported net debt at 31 December 2024 was £62.5 million (31 December 2023: £58.2 million).

	2024 £m	2023 £m	Change £m
Cash	**0.4**	0.4	–
Bank overdrafts	**(3.0)**	–	(3.0)
Borrowings	**(0.5)**	–	(0.5)
Net cash/ (debt) (pre-IFRS 16)	**(3.1)**	0.4	(3.5)
Lease liabilities	**(59.4)**	(58.6)	(0.8)
Net debt (reported)	**(62.5)**	(58.2)	(4.3)

Acquisition of Alunet

In March 2025, we announced the acquisition of Alunet for consideration of £29 million on a debt/cash free basis, comprising an initial payment of £22 million and deferred consideration of approximately £7 million payable in four annual instalments beginning in 2026. In addition, there is the potential for performance-related payments of up to £6m over the same period. The initial and deferred consideration of approximately £29 million represents a multiple of 6.5x Alunet's EBITDA for the year ended 31 December 2024.

Additional contingent consideration may become payable, subject to an earnout mechanism, in four annual instalments beginning in 2026, based upon the EBITDA of Alunet in the preceding calendar year. The maximum of £6 million, if achieved, would result in a total consideration of £35 million, representing a multiple of c.4x Alunet's projected EBITDA for the year ended 31 December 2028.

Approximately £1 million of the initial consideration is in the form of ordinary shares in Eurocell plc and satisfied out of shares held in treasury, with the remainder payable in cash, funded from the Group's existing £75 million revolving credit facility.

The acquisition is expected to be accretive to the Group's underlying earnings for 2025, and pro forma net debt is expected to be below 1.0x pre-IFRS 16 EBITDA at 31 December 2025.

Bank facility

Our activities are funded via our £75 million unsecured, sustainable Revolving Credit Facility, which matures in 2027. The facility is provided by Barclays, NatWest and Bank of Ireland, and is competitively priced. In terms of sustainability, modest adjustments to the margin are applied based on our achievement against annual targets for usage of recycled material in our products, waste recycled and carbon emissions. We operate comfortably within the terms of the facility and in compliance with our financial covenants, which are measured on a pre-IFRS 16 basis.

Michael Scott
Chief Financial Officer

RISK MANAGEMENT

Risk management is the responsibility of the Board and is key to delivering the Group's strategic objectives.

Approach to risk management

The Board is responsible for setting the risk appetite, establishing a culture of effective risk management and for ensuring that effective systems and controls are in place and maintained.

Senior managers take ownership of specific risks and implement policies and procedures to mitigate exposure to those risks.

Risk management process

The risk management process sits alongside our strong governance culture and effective internal controls to provide assurance to the Board that risks are being appropriately identified and managed.

How we manage risk

Risk is managed across the Group in the following ways:

- The Board meets annually to review strategy and set the risk appetite
- Risks faced by the Group are identified during the formulation of the annual business plan and budget process, which sets objectives and agrees initiatives to achieve the Group's goals, taking account of the risk appetite set by the Board
- Senior management and risk owners consider the root cause of each risk and assess the impact and likelihood of it materialising. The analysis is documented in a risk register, which identifies the level of severity and probability, ownership, and mitigation measures, as well as any proposed further actions (and timescale for completion) for each significant risk
- The Group's Executive Committee is also the Risk Management Committee. This Committee meets on a regular basis (usually monthly). The status of the most significant risks and mitigations are reviewed at each meeting, with other risks reviewed at least bi-annually
- The Executive Directors also meet with senior managers on a regular basis throughout the year. This allows the Executive Directors to ensure that they maintain visibility over the material aspects of strategic, financial and other risks
- The Group's Audit and Risk Committee assists the Board in assessing and monitoring risk management across the Group. The role of the Committee includes ensuring the timely identification and robust management of inherent and emerging risks, by reviewing the suitability and effectiveness of risk management processes and controls. The Committee also reviews the risk register to ensure net risk and proposed further actions are together consistent with the risk appetite set by the Board.

Internal control

The Group has well-defined internal control systems and processes.

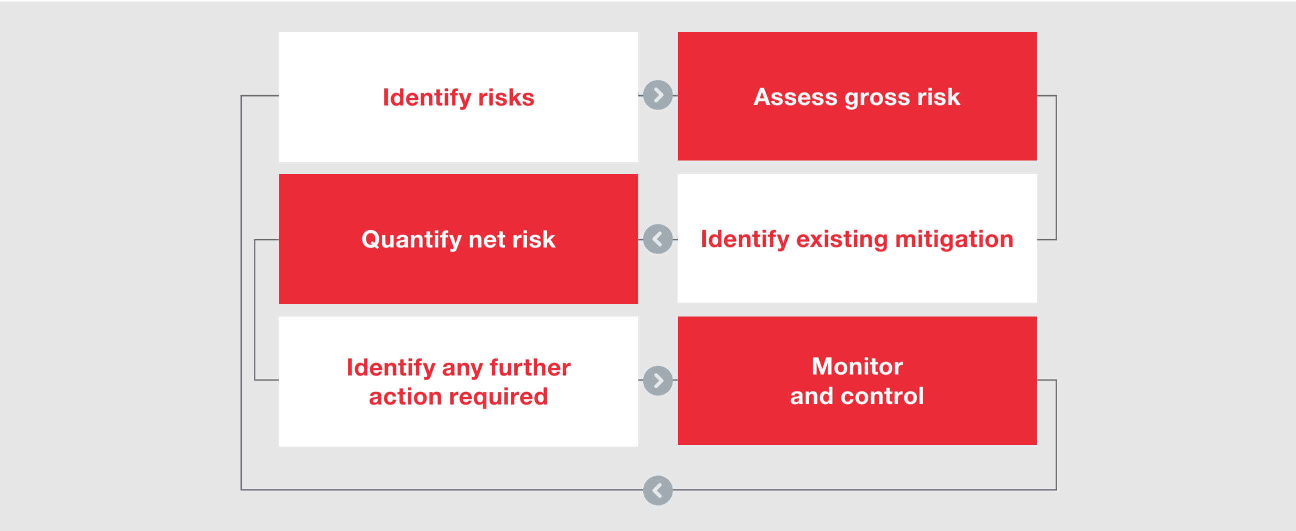
Key financial controls include monthly balance sheet reconciliations, daily perpetual inventory counts and automated three-way matching for purchases.

Key IT controls include cyber security awareness campaigns and continuous employee training programmes, multi-factor authentication and privileged access management. Key operating controls include standard operating procedures in place across all manufacturing and warehouse operations, which are tested, reviewed and approved on an annual basis and are fully compliant with the requirements of ISO 14001.

The Group has a robust process of financial planning and monitoring, which incorporates Board approval of operating and capital expenditure budgets. Performance against the budget is subsequently monitored and reported to the Board monthly. The Board also monitors overall performance against operating, safety and other targets set at the start of the year.

Performance is reported formally to shareholders through the publication of results both annually and half-yearly. Operational management regularly reports on performance to the Executive Directors.

Day-to-day operations are supported by a clear schedule of authority limits that define processes and procedures for approving material decisions. This ensures that projects and transactions are approved at the appropriate level of management, with the largest and most complex projects being approved by the Board.



The schedule of authority limits is reviewed on a regular basis so that it matches the needs of the business.

The Group also has processes in place for ensuring business continuity and emergency planning.

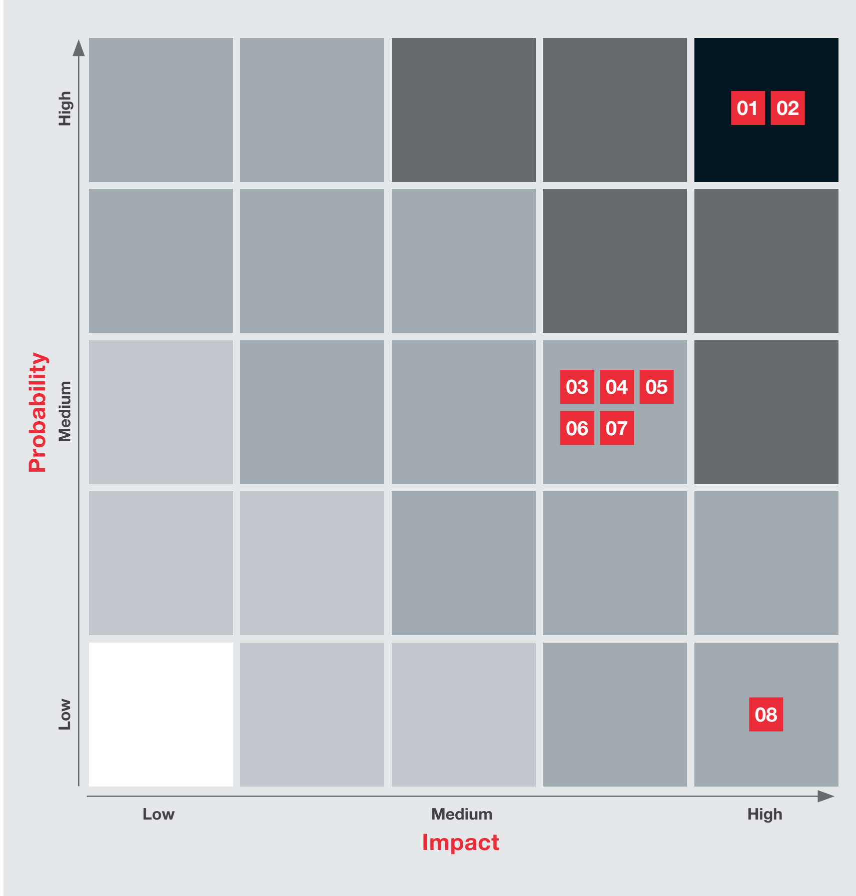
Internal Audit

In order to further enhance the internal control and risk management processes, KPMG provides an outsourced internal audit service to the Group. KPMG work closely with the Risk Management Committee in delivering the Group's internal audit programme. Other third-party experts are also engaged to provide internal audit reviews where appropriate e.g. cyber security.

Strategic risk register

The Group maintains a risk register that identifies key and emerging risks, the probability of those risks occurring and the impact they would have on the Group if unmitigated. Against each gross risk, the controls that exist to manage and, where possible, minimise or eliminate those risks are also listed, and an assessment of net risk is provided. The risk register also identifies any further actions required such that net residual risk is consistent with the risk appetite set by the Board. The register is regularly updated to reflect changes in circumstances.

The Group is subject to a wide variety of risks and it is not practical to set out all risks that the Board are actively managing here. Principal risks are those risks, which are identified as having a potentially material impact on the Group's operations, achievement of its strategic objectives, or viability to continue as a going concern. The actions taken to mitigate these risks cannot provide absolute assurance that they will not materialise, but will either mitigate the impact or reduce the likelihood to a level aligned to the Board's risk appetite. For each of the principal risks, the following table includes a description of the risk and how it may impact the Group, as well as the mitigations currently in place and any significant change in the risk in the year.



Principal risks

- 01 Macroeconomic and market conditions
- 02 Cyber security
- 03 Health and safety
- 04 Supply chain risk
- 05 Sustainability and climate change
- 06 Managing change
- 07 ERP systems implementation
- 08 Operational and regulatory compliance risk

PRINCIPAL RISKS AND UNCERTAINTIES

Movement key: Increase | No change | Decrease

Strategic priorities key: Customer growth | Business effectiveness | People first | ESG leadership

Principal risk description and impact	Strategic priorities	Mitigation	Movement
Macroeconomic and market conditions			
Our products are used in the residential and commercial building and construction markets, both within the RMI sector, for new residential housing developments and for new construction projects. Our private RMI business is strongly correlated to the level of household disposable incomes. Our new build business is particularly influenced by the level of activity in the house building industry. A weakening in macro or market conditions can have a significant impact on the financial performance of the Group. Government economic and social policy, and the level of interest rates, can also have a significant impact on our business. Trading conditions in our key markets have remained subdued in 2024, with challenging macroeconomic conditions and weak consumer confidence further compounded by uncertainty following the Autumn Budget and persistently high interest rates. As a result, many expert market analysts now predict a recovery in the UK economy will take place later than had been anticipated. Specific market conditions can also impact upon the demand for our products, for example a competitor seeking additional market share through short-term price reductions.	Customer growth	• Notwithstanding macro conditions, we expect our five-year strategy, launched at the beginning of 2024, to support sales and profit growth and drive good cash conversion • Strategic initiatives include the optimisation and expansion of the branch network, an enhanced customer proposition, simplified business structures, plus targeted continuous operational improvements and cost efficiencies • Good progress made with the early stages of the strategy in 2024 • The recent acquisition of Alunet advances our strategy by addressing a growing trend towards aluminium fabrication across the fenestration sector, significantly strengthening the Group's position in residential aluminium systems and composite doors • Proactively managing our cost base, including restructuring the branch network in Q1 2025 • We operate comfortably within the terms of our bank facility and related financial covenants.	No change
Cyber security			
A breach of IT security (externally or internally) could result in an inability to operate systems effectively (e.g. viruses) or the release of inappropriate information (e.g. hackers). Sophisticated phishing attacks are increasing in both frequency and complexity. A breach of cyber security could have a significant impact on the reputation of the business as well as the resulting fines impacting the financial performance. The Group experienced a cyber incident in July 2022, causing significant disruption to our operations. The Group has subsequently further strengthened its cyber defences, but this remains a fast-evolving threat and continues to receive considerable management attention.	Customer growth Business effectiveness People first ESG leadership	• Ongoing investment in cyber risk detection and prevention tools • These measures include managed detection and response ('MDR'), security instant event monitoring ('SIEM'), privileged access management ('PAM') and firewall hardening • Physical security of servers at third-party off-site data centre, with full disaster recovery capability • Password and safe-use policies in place, internet usage monitored and anti-malware used • External cyber review and internal audit reviews conducted periodically, resulting in enhancements in defences • Cyber awareness/IT security campaign active for all employees • Financial crime protection and cyber liability insurance in place.	No change

Principal risk description and impact	Strategic priorities	Mitigation	Movement
Health and safety			
The Group's production, manufacturing and distribution operations are carried out under potentially hazardous conditions. It is essential that safe environments are created and maintained for all employees and other stakeholders that access our facilities, and that the Group complies with all relevant laws and regulations. A deterioration in our health and safety performance statistics, including increased or more serious injuries, or a breach of health and safety regulations could lead to significant financial and reputational damage to the business, as well as harm to our employees.	Business effectiveness People first ESG leadership	• Three-year health and safety strategy launched in 2022, with implementation progressing well and driving improvements in safety performance • Procedures and policies in place to support compliance with all relevant regulations • Regular communication and training on policy compliance • Monitoring procedures in place, including near miss and potential hazard reporting for health & safety matters • Internal and third-party site audits to assess compliance with our policies.	No change
Supply chain risk			
Our manufacturing and recycling operations rely on the supply of several core raw materials, and our branch network relies on the supply of third-party products. In terms of supply, there are only a limited number of PVC resin and certain other raw material suppliers, impacting both the supply and price of these materials. Further, we have a limited capacity to store such materials at our sites. Failure to procure raw materials on a timely basis could impact on our ability to manufacture products and meet customer demand. On pricing, several raw materials are priced in US Dollars and Euros, and therefore although we pay in Sterling, we are impacted by international currency markets. Availability of recycling feedstock is limited, and dependent upon the level of RMI activity in the UK. The level of RMI activity can therefore significantly impact both the price and availability of recycling feedstock. Further, many of our key raw materials and third-party products are transported to the UK from the EU, and to a lesser extent, the US and the Far East, and therefore the capacity of global shipping can also impact both the availability and price of key materials. Increasing costs could have a negative impact on the financial performance of the business. An inability to source the required materials could also impact financially, as well as upon the reputation of the business if we are unable to meet sales demand.	Customer growth Business effectiveness ESG leadership	• Initiatives to improve supply chain resilience, including sourcing alternative/more local sources of key raw materials and third-party products • Procurement strategy in place to secure new supply lines for recycling feedstock (i.e. post-consumer and post-industrial waste), on a contractual basis where possible • We agree fixed-price contracts with key suppliers to mitigate the risk of input cost increases where possible and economic • Although we do not hedge currency, we agree pricing in GBP to mitigate exchange rate volatility where possible and economic • All new suppliers are now required to complete a cyber risk questionnaire, and regular reviews are conducted to test the financial stability of key suppliers.	Increase

Movement key: Increase · No change · Decrease

Strategic priorities key: Customer growth · Business effectiveness · People first · ESG leadership

Principal risk description and impact	Strategic priorities	Mitigation	Movement
Sustainability and climate change			
Demonstrating improving business sustainability is becoming increasingly important to all stakeholders. Failure to improve in all material aspects of ESG (environmental, social, governance) could lead to regulatory and other challenges e.g. colleague recruitment and retention. If we do not deliver on our environmental targets and establish a credible pathway to carbon neutrality and Net Zero, investors and lenders may show a preference to allocate capital to businesses with better understood climate impacts and a clear plan to improve. There are physical risks associated with climate change. The Group operates from over 200 locations, and with a changing climate there is an elevated risk that elements of our operations could be impacted by fire, flooding or other environmental issues.	ESG leadership	• Strong underlying position on sustainability underpinned by window recycling operation, which drives significant carbon savings compared to the use of virgin PVC resin • Regular environmental risk assessments are conducted at existing and potential sites. Risks are managed through local business continuity plans. Risk assessments are enhanced by using a physical risk analysis software tool • Expert third-party support provided by CEN Group, a specialist ESG consultancy • Significant work done in 2023 and 2024 including: – Materiality assessment to determine the most important sustainability topics to the business – Baseline carbon footprint (Scope 1, 2 and 3), identifying key decarbonisation levers – Using the above outputs to define ESG objectives and develop a sustainability strategy – Confirmed Net Zero target date of 2045, submitted targets to SBTi and published our Transition Plan. • Governance and oversight provided by the ESG and Social Values Board Committee.	No change

Principal risk description and impact	Strategic priorities	Mitigation	Movement
Managing change			
The Group has been through a period of significant organisational change over the past two years, including the appointment of new Non-executive Directors and a new Chief Executive. At the beginning of 2024, the Group launched a five-year strategy, which identifies a clear path to organic growth and improved operating margins, based on new commercial and operational initiatives. The strategy also includes simplification of business processes and systems. As detailed below, we have embarked upon a complex multi-year project to replace our Enterprise Resource Planning ('ERP') system. Embracing and effectively managing change is fundamental to delivery of the strategy and the Group's future success. There is a risk that the pace and extent of change puts the resources and bandwidth of the organisation under strain, leading either to a failure to deliver the strategy or implement the new ERP system, which could have significant financial and operational implications. Component risks include the ability to attract, retain and recruit the right calibre of senior managers with the required skills and experience, in particular the technical ability to execute a complex IT implementation, and the risk that our various stakeholders do not respond positively to our new strategy.	Customer growth, Business effectiveness, People first, ESG leadership	• Experienced Board with significant, relevant experience in delivering effective change programmes • Five-year strategy communicated to all stakeholders has been well received • Good progress with the early stages of the strategy in 2024 • Experienced Director of IT and internal team in place with good experience of complex IT implementations • People First strategic pillar objective to make Eurocell a great place to work, through a focus on health and safety, an enhanced employee value proposition, improved levels of engagement and effective talent management • Developing a successful track record and clear strategic direction provides an attractive backdrop to joining the senior team at Eurocell • Market rate compensation for all personnel, including leadership team • Revised equity-based long-term incentive plan for senior team to be proposed at 2025 AGM, with attractive rewards directly linked to achievement of the strategy.	Increase

Movement key: Increase | No change | Decrease

Strategic priorities key: Customer growth | Business effectiveness | People first | ESG leadership

Principal risk description and impact	Strategic priorities	Mitigation	Movement
ERP systems implementation			
The group relies on its SAP Enterprise Resource Planning ('ERP') system for all aspects of its operations. However, we concluded that the age profile of our SAP system had become a limiting factor in the development of the business. In addition, the current SAP system becomes unsupported in 2027. We therefore began a major project to replace SAP. The successful implementation of a new system is critical to the long-term prospects of the business. It is a complex process, consuming significant time and resource. The major components are: • a front-end trading system to support the branch network (Intact iQ); • a back-end ERP System to support all other functions of the business, including manufacturing, recycling, warehousing, distribution and finance (IFS Cloud); and • an integration platform to knit the new systems together. The project is on track, with Intact iQ now in testing phase and IFS in build phase. In total, we anticipate transition to the new systems around mid-2026, and we estimate the total costs of the project will be in the region of £10 million over this period.	Customer growth; Business effectiveness	• Experienced Director of IT and internal team in place with good experience of complex IT implementations • Significant incremental resource now assigned to the project • Third-party expert consulting firm in place to oversee and advise on the project • Board-led Steering Group in place to monitor progress • Comprehensive project plan and governance processes in place and reviewed by KPMG internal audit in 2024, with recommendations now substantially implemented • Intact iQ has a strong reputation within our sector, with a specialism in delivering electronic point-of-sale solutions to multi-site building product distributors • IFS is a market-leading product and we are implementing on an 'out of the box' basis to maximise standardisation and automation.	No change
Operational and regulatory compliance risk			
The business is dependent on the continued and uninterrupted performance of our production facilities. Each of the facilities is subject to operating risks, such as: industrial accidents (including fire); extended power outages; withdrawal of permits and licences (e.g. the regulated operation of the recycling facility); breakdowns in machinery or information systems; and other unforeseen events. The inability to manufacture or deliver goods would have a significant financial and reputational impact. We may also be adversely affected by the crystallisation of unexpected corporate, legal or regulatory risks, for example future REACH (registration, evaluation, authorisation and restriction of chemicals). In addition, HR/employment legislation is becoming increasingly complex. Failure to comply with relevant laws and regulations could result in significant fines and reputational damage.	Business effectiveness; People first; ESG leadership	• Regular planned maintenance to reduce the risk of plant failure, including maintenance capital investment of >£5 million per annum across the Group • Business continuity plans in place for all major sites and the branch network, which are tested periodically • Procedures and policies in place to support compliance with all relevant laws and regulations • Regular communication and training on policy compliance • An ongoing dialogue on emerging employment law with our advisers.	No change

VIABILITY STATEMENT

As required by section 4 of the UK Corporate Governance Code, the Directors have taken into account forecasts to assess the future funding requirements of the Group, and compared them with the level of committed available borrowing facilities.

A period of three years has been adopted as this is the key time frame used by the Board within our strategic and planning horizon. This is also consistent with the Group's five-year strategy, where the later years represent the growth to maturity of strategic initiatives commenced in the first three years. The assessment of viability has been made with reference to the Group's current position and long-term future prospects, our strategy, management of risk, and also the Board's assessment of the outlook in the marketplace, all of which are covered in detail within the Strategic Report.

The Board considers its strategy and risks on strategy away-days, and revisits these annually when considering the next year's budget. The three-year plan considers revenue and earnings growth and how this impacts on cash flows and key ratios. Operational plans and financing options are considered as part of this process.

In preparing the plan, we adopt a prudent forecast in respect of organic sales growth, but assume other initiatives, in line with the published strategy.

The plan is stress tested by applying the following plausible downside scenarios, which have been chosen as they are representative of the potential impact of the Group's principal risks:

Scenario 1
Macroeconomic conditions lead to a decline in sales (Macroeconomic and market conditions risk)

A 10% decrease in revenues has been applied over the three-year plan period.

Scenario 2
Commodity prices and/or exchange rates or raw material shortages lead to a sustained increase in resin prices (Supply chain risk)

A 33% increase in resin costs has been applied over the three-year plan period.

Scenario 3
Scenario 1 and 2 combined

There is a possibility that both of the above scenarios could materialise at the same time, therefore we have assessed the combined impact through the three-year plan period.

The Board considers these tests to be sufficient to test the viability of the Group given our size and the markets we operate within. As described in Principal Risks and Uncertainties above, we have measures in place to help mitigate the impact of these events should they occur.

The Group has a £75 million Revolving Credit Facility. Monthly cash flow projections show significant headroom throughout the period to December 2027. The facility includes standard covenants for leverage and interest cover, which are measured twice per annum, at June and December. The projections also show good headroom on the covenants at each measurement date to December 2027.

The Directors confirm that we have a reasonable expectation that the Company and the Group will continue in operation and meet our liabilities as they fall due in the next three years.

Going concern
The Directors have reviewed the Company's and the Group's forecast and projections, which demonstrate that the Company and the Group will have sufficient headroom on our bank facilities, which expire in May 2027 but are likely to be refinanced on similar terms within this time frame, and that the likelihood of breaching the related covenants in this period is remote.

Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Financial Statements.

This Strategic Report was approved by the Board on 19 March 2025 and signed on its behalf by:

Darren Waters
Chief Executive

Michael Scott
Chief Financial Officer

Committee key:

- A Member of the Audit and Risk Committee
- R Member of the Remuneration Committee
- N Member of the Nomination Committee
- S Member of the Social Values and ESG Committee
- ■ Denotes Committee Chair

Derek Mapp

Non-executive Chair

N

Date of appointment:
16 May 2022
(Chair from 1 July 2022)

Experience:
Derek is an experienced chair and has a wealth of commercial and operational knowledge.

Previously, he was Chair of Informa plc from March 2008 until his retirement in June 2021 and was also Chair of Huntsworth plc from December 2014 to March 2019. Prior to that, Derek was Chief Executive Officer of Tom Cobleigh plc, Executive Chair of Leapfrog Day Nurseries Limited, Chair of East Midlands Development Agency and Sport England, and also served on a number of government agencies and boards.

External appointments:
- Chair of Mitie Group plc (FTSE 250)
- Director of several private companies, which relate to his other business interests.

Darren Waters

Chief Executive

S

Date of appointment:
11 April 2023
(Chief Executive from 11 May 2023)

Experience:
Darren joined the Group in April 2023 as Chief Executive Designate and was appointed as Chief Executive on 11 May 2023.

He was formerly Chief Operating Officer for Ibstock plc and has extensive experience and knowledge of the building products and fenestration sectors in the UK. Prior to this, Darren was the Chief Executive for Tyman plc (UK and Ireland) for nine years and previously held senior management roles at Kenda Capital BV, Anglo American plc and RMC Group plc.

External appointments:
- None.

Michael Scott

Chief Financial Officer

S

Date of appointment:
1 September 2016

Experience:
Michael joined the Group as Chief Financial Officer in September 2016.

He previously worked for Drax Group plc, where he held senior financial positions including Group Financial Controller, and Head of Corporate Finance and Investor Relations. Prior to Drax, Michael worked for MT International and Arthur Andersen. He is a member of the Institute of Chartered Accountants in England and Wales.

External appointments:
- None.

See page 70 for Board Overview in Detail

Alison Littley

Senior Independent Non-executive Director

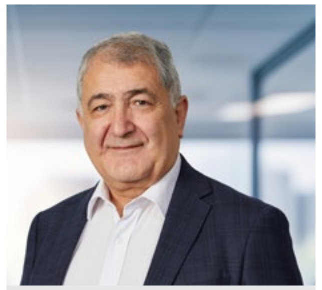
A N R S

Date of appointment:
1 July 2022

Experience:
Alison has substantial experience within international blue-chip organisations, including multinational manufacturing, supply chain operations and marketing services.

Previously, she was a Non-executive Director of Music Magpie plc, Headlam Group plc and James Hardie Industries plc and held a variety of senior management positions at Diageo plc and Mars Inc, and was Chief Executive Officer of Buying Solutions, an agency to HM Treasury.

External appointments:
- Non-executive Director of Norcros plc (FTSE All-Share).



Iraj Amiri

Independent Non-executive Director

A N R S

Date of appointment:
7 November 2022

Experience:
Iraj was a partner with Deloitte for 20 years, leading its national internal audit group and serving clients in the financial, retail and public sectors, and was a recognised global expert and authority on internal audit and assurance functions. During this time, he was also Global Head of Internal Audit for Schroders plc, on a secondment basis, for over ten years.

Previously, Iraj was a member of the FCA's Regulatory Decisions Committee and a trustee of the National Employment Savings Trust ('NEST'). He is a fellow of the Institute of Chartered Accountants in England and Wales.

External appointments:
- Non-executive Director of Coventry Building Society (Private)
- Non-executive Director of Development Bank of Wales plc (government-owned)
- Non-executive Director of Aon UK Ltd (Private).

Will Truman

Independent Non-executive Director

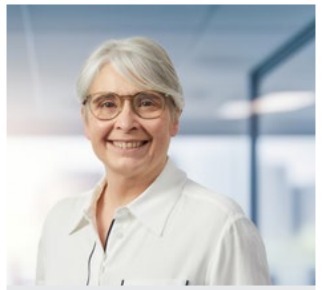
A N R S

Date of appointment:
11 May 2023

Experience:
Will is commercially focused and results-driven with significant Board experience, in both management and advisory capacities, and brings expertise in stakeholder management and M&A activities.

He held a Non-executive advisory role at Imagesound Ltd up to December 2023, having previously been Chief Executive Officer for c.nine years up to April 2023, and after having served as Chief Financial Officer for c.seven years prior to that. Previously, Will was an Associate Director within Transaction Services at KPMG LLP and is a Fellow of the Institute of Chartered Accountants in England and Wales.

External appointments:
- Non-executive Director of Figura Analytics Ltd (Private).



Angela Rushforth

Independent Non-executive Director

N R S

Date of appointment:
1 February 2024

Experience:
Angela is an experienced business leader in the building materials sector, with significant branch network experience and insights from both multi-site retail and merchanting.

She has held senior roles across the various parts of the Travis Perkins group since 2015 and has been a member of its leadership team since 2020. Prior to her current role at Toolstation (see below), Angela was Managing Director of BSS. Before joining Travis Perkins, she was Managing Director of Ridgeons Group, one of the UK's largest independent builders' merchants.

External appointments:
- Managing Director of Toolstation Ltd (Private).

Strategic Report
Corporate Governance
Financial Statements

Executive Committee
(in addition to Darren Waters and Michael Scott)

Beth Boulton
Marketing Director
Beth joined Eurocell in November 2021. She previously worked for Magnet Kitchens where she was Head of Marketing and Digital. Prior to that role, Beth was Marketing Director at Utopia Bathrooms and has also held positions at Topps Tiles and Jewson.

Cat Hambleton-Gray
People Director
Cat joined Eurocell in January 2024. She is a highly experienced HR practitioner, having previously been HR Director at Home Instead, a national specialist provider of home help. Prior to that, she held senior leadership roles with Halfords, Pets at Home, Medivet and Costa Coffee.

Stuart Livingstone
Chief Operating Officer
Stuart joined Eurocell as Chief Operating Officer in January 2025, responsible for the branch network operations and supply chain. He was previously Trade Director at Howdens. Prior to that, Stuart worked for Pets at Home and Screwfix, where he was Director of Retail.

Mike McKay
Group IT Director
Mike joined Eurocell in March 2020. He previously worked for Polypipe Group (now Genuit Group) where he was Group Information Services Director for 15 years. Immediately prior to this, Mike was Head of Information Services for William Grant & Sons and he has also held positions with Ascent Technology and APV Baker.

Vicky Williams
Group Company Secretary
Vicky joined Eurocell in May 2024. She is a Chartered Secretary and Fellow of the Chartered Governance Institute. Vicky previously held the role of Group Company Secretary at ITM Power plc and Fintel plc. Vicky also draws from a broad career including senior leadership roles in risk assurance, legal services, and operations.

Dear shareholder,
As a Board, we are clear that a key component of delivering on our purpose and driving long-term shareholder value is strong corporate governance, which reduces risks and promotes sustainable growth.

“The Board is focused on advancing the strategic objectives.”

As your Chair, one of my primary responsibilities is to oversee the Board's processes and decision making, to ensure that the Group is operating in the best interests of our stakeholders. In doing so, I support and direct the adoption, implementation, monitoring and communication of the Company's corporate governance arrangements.

This report sets out our corporate governance framework and explains how it underpins and supports the Executive Committee and senior management in fulfilling our purpose and delivering the Group's strategy. It also provides details of the Board's activities during the year, including how it, and its Committees, have made key decisions and discharged their governance responsibilities.

Following a transitional phase in 2023, this year saw a now stabilised Board focused on advancing the strategic objectives we set out in last year's Annual Report, as well as further developing the governance frameworks outlined on the following pages of this report.

Throughout the year, we have continued to apply the principles and provisions of the UK Corporate Governance Code (the 'Code') 2018, under which this report has been prepared.

The Company has also reviewed the revised 2024 edition of the Code and assessed how we intend to comply from its effective date of financial years commencing on or after 1 January 2025 (or 1 January 2026 for the provisions relating to risk management and internal controls). Whilst this will be fully disclosed in next year's Annual Report, a summary of our work in progress is set out in the Audit and Risk Committee Report on pages 82 to 87.

Finally, I would like to extend my gratitude for the continued strong shareholder support that we receive, which enables us to build a platform for long-term sustainable growth, and I hope to see that continuing into the future.

Derek Mapp
Chair

19 March 2025

CORPORATE GOVERNANCE STATEMENT

Role of the Board

The Board currently comprises a Non-executive Chair, four Non-executive Directors and two Executive Directors, who are equally and collectively responsible for the proper stewardship and leadership of the Company. Their biographical details are set out on pages 64 and 65.

In accordance with the Code, at least half the Board, excluding the Chair, should be Non-executive Directors, who are determined by the Board to be independent in character and judgement, and free from relationships or circumstances which may affect, or could appear to affect, this judgement. The Company regards Alison Littley, Iraj Amiri, Will Truman and Angela Rushforth as 'independent' Non-executive Directors within the meaning of the Code and, therefore, is considered to be compliant in this area.

The Board also considers diversity and inclusion throughout the Group and details of the extent to which the Board has met the FCA's targets, in this regard, are set out on page 79.

The formal schedule of matters reserved for the Board's consideration includes the following.

- Approval of the Group's strategy, long-term objectives, annual operating budgets and capital expenditure plans
- Approving transactions of significant value or major strategic importance, including acquisitions
- Approving significant changes to the Group's capital, corporate or management structure
- Monitoring and assessing the overall effectiveness of the Group's risk management processes and internal control systems, including those related to health and safety, financial controls and anti-bribery policies and procedures
- Approving the Annual and Half-Year Reports, including Financial Statements
- Approving other corporate communications related to matters decided by the Board
- Board appointments and succession planning and setting Terms of Reference for Board Committees
- Remuneration matters, including the general framework for remuneration and share and incentive schemes.

Subject to those matters reserved for its decision, the Board has delegated to its Audit and Risk, Nomination, Remuneration and Social Values and ESG Committees certain authorities. There are written Terms of Reference for each of these Committees, which are available on the Group's corporate website at: investors.eurocell.co.uk. Separate reports for each Committee are included in this Annual Report on pages 77 to 111.

Details of how opportunities and risks to the future success of the business have been considered and addressed can be found in the Strategic Report on pages 56 to 63. Details of the sustainability of our business model can be found in the Strategic Report on pages 02 to 63. Our governance framework underpins the delivery of strategy and can be found on pages 68 and 69. An overview of the Group's strategy can be found in the Strategic Report on pages 14 to 21.

The Directors are ultimately responsible for preparing the Annual Report and Accounts and the Board confirms it considers them, taken as a whole, to be fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Governance Framework

The Board meets regularly to discuss key business issues and prescribe actions as appropriate. The Group's reporting structure below Board level is designed so that all decisions are made by those most qualified to do so in a timely manner. Day-to-day management and the implementation of strategies agreed by the Board are delegated to the Executive Directors. Key to this delegation is the Executive Committee, which meets each month.

This structure enables the Board to make informed decisions on a range of key issues including strategy and risk management.

All the Directors have the right to have their opposition to, or concerns over, the operations of the Board and/or the management of the Company, noted in the minutes. During the year, no such opposition or concerns were noted.

The Chair and the Non-executive Directors met during the year without the Executive Directors present.

Role of the Chair

The Board has concluded that the Chair has met the independence criteria of the Code on appointment.

There is a clear division of responsibilities between the Chair and the Chief Executive.

The Chair is responsible for ensuring that the Board functions effectively. He sets the agenda for Board meetings and ensures that adequate time is devoted to discussion of all agenda items, particularly strategic issues, facilitating the effective contribution of all Directors and ensuring that the Board as a whole is involved in the decision-making process.

Role of the Chief Executive

The Chief Executive has principal responsibility for all operational activities and the day-to-day management of the business, in accordance with the strategies and policies approved by the Board. The Chief Executive also has responsibility for communicating to the Group's employees the expectations of the Board in relation to culture, values and behaviours.

Role of the Senior Independent Director

The Senior Independent Director has an important role on the Board, providing a sounding board for the Chair, leading on corporate governance issues and serving as an intermediary for the other Directors. She is available to shareholders if they have concerns, which contact through the normal channels of the Chair, Chief Executive or other Executive Directors has failed to resolve, or for which such contact is not appropriate.

Alison Littley has served as Senior Independent Non-executive Director since her succession to the role from Frank Nelson in May 2024.

Role of the Non-executive Directors

All Non-executive Directors are required to allocate sufficient time to the Company to discharge their responsibilities effectively. The Non-executive Directors act in a way they consider will promote the long-term sustainable success of the Group for the benefit of, and with regard to the interests of, its stakeholders.

Eurocell plc Board Members:

- Independent Non-executive Chair
- 4 Independent Non-executive Directors
- 2 Executive Directors

Audit and Risk Committee Members:

- 3 Independent Non-executive Directors.

The Audit and Risk Committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, internal controls, risk management, compliance and audit.

See Committee Report on **pages 82 to 87**

Remuneration Committee Members:

- 4 Independent Non-executive Directors.

The Remuneration Committee recommends the Group's policy on executive remuneration and determines the levels of remuneration for Executive Directors, the Chair of the Board and senior management.

See Committee Report on **pages 90 to 111**

Nomination Committee Members:

- Independent Non-executive Chair
- 4 Independent Non-executive Directors.

The Nomination Committee assists the Board in reviewing the structure, size and composition of the Board and succession planning for senior management.

See Committee Report on **pages 77 to 81**

Social Values and ESG Committee Members:

- 4 Independent Non-executive Directors
- 2 Executive Directors and 3 senior managers.

The Social Values and ESG Committee's role is to provide formal and transparent oversight of the Group's 'ESG' programme and value-led agenda.

See Committee Report on **pages 88 to 89**

Executive Committee

The Executive Committee comprises senior managers, including the 2 Executive Directors who act as a bridge between the Board and this Committee. Management teams report to members of the Executive Committee. The Board receives regular updates from the Executive Committee in relation to business issues and developments.

See **page 66**

Board composition, commitment and election of Directors

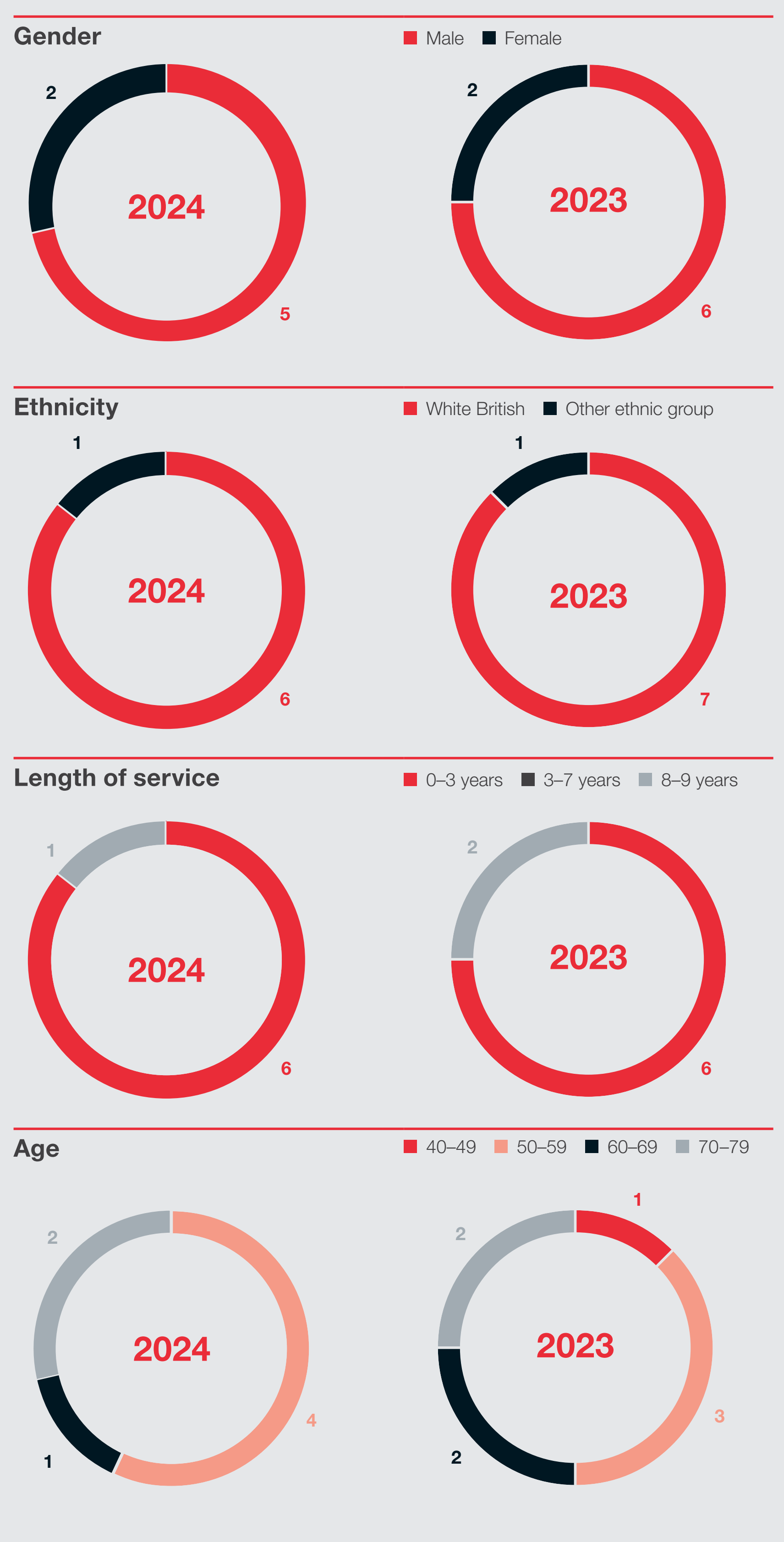
The Nomination Committee leads the process for Board appointments and makes recommendations to the Board. Prior to appointment, Board members, in particular the Chair and the Non-executive Directors, disclose their other commitments and agree to allocate sufficient time to the Company to discharge their duties effectively and ensure that these other commitments do not affect their contribution.

The Executive Directors may accept an outside appointment provided that such appointment does not in any way prejudice their ability to perform their duties as Executive Directors of the Company. Darren Waters and Michael Scott do not currently hold any outside appointments.

The Non-executive Directors' appointment letters anticipate a minimum time commitment of 20 days per annum, recognising that there is always the possibility of an additional time commitment and ad hoc matters arising from time to time, particularly when the Company is undergoing a period of increased activity. The average time commitment inevitably increases where a Non-executive Director assumes additional responsibilities such as being appointed to a Board Committee.

All new Non-executive Directors undergo an induction programme and as such spend considerably more than the minimum commitment during the course of a year. All Non-executive Directors are required to inform the Chair before accepting another position in order to ensure the Director has sufficient time to fulfil their duties. The current Board commitments of all Directors are shown on pages 64 and 65 and their terms of appointment are reported on pages 56 to 62.

Board overview (as at 31 December 2024)



The Company's Articles of Association contain powers of removal, appointment, election and re-election of Directors and provide that all of the Directors must retire and may offer themselves for re-election at each Annual General Meeting ('AGM').

At the upcoming AGM, all the current Directors intend to offer themselves for election/re-election, in accordance with the Code. Following the conclusion of the latest Board evaluation process, the Board considers all the Directors to be effective, committed to their roles and to have sufficient time available to perform their duties.

The Board has a process in place to assess the current and future skills and experience needed by the Non-executive Directors against a matrix of requirements, through which it has determined that the Non-executive Directors are independent and that the Board has appropriate and complementary skills and experience.

Board evaluation and effectiveness

In accordance with the Code, a formal evaluation of the Board's performance, along with its Committees, Chair and individual Directors was conducted during the year, with the results presented and discussed at the December 2024 Board meeting. This year's internal evaluation was performed by the Chair, following the external evaluation by Haddleton Knight in 2023.

Individual interviews were conducted by the Chair with each Board member and the Group Company Secretary. Further sessions were held by the Senior Independent Director with each Board member and the Group Company Secretary, to gain feedback for the Chair. All involved fully engaged with the process and provided their qualitative feedback, which supported an open and frank exchange of views.

The evaluation identified several areas of strength and some areas for enhancement and, overall, concluded that:

- The Board operates in an effective and professional manner and has developed considerably over the last two years
- Governance processes are transparent and well run
- Risks are openly discussed with deep-dive analysis and review of material risks where appropriate
- There is scope, and a desire, from the Board to develop further.

In addition, the evaluation highlighted:

- Board agendas and reporting will benefit from being further refined to be more forward-looking
- Greater Board visibility and interaction with the wider workforce will be encouraged and developed further
- Board training will be strengthened to support greater insight into the responsibilities of Directors.

Taking all of this into account, the Board is satisfied that the current composition of the Board, and its Committees, provides an appropriate balance of skills, experience, independence and knowledge to allow the Board and its Committees to discharge their duties and responsibilities effectively and in line with the Code.

Conflicts of interest

The duties to avoid potential conflicts and to disclose such situations for authorisation by the Board are the personal responsibility of each Director. All Directors are required to ensure that they keep these duties under review and to inform the Group Company Secretary of any change in their respective positions.

The Company's conflict of interest procedures are reflected in its Articles of Association ('Articles'). In line with the Companies Act 2006, the Articles allow the Directors to authorise conflicts and potential conflicts of interest, where appropriate. The decision to authorise a conflict can only be made by non-conflicted Directors.

The Board, and its Committees, considers conflicts or potential conflicts at each meeting and, where such instances are identified, takes appropriate action, usually by excluding the conflicted party from any related discussions/decisions.

The Articles require the Company to indemnify its officers, including officers of wholly-owned subsidiaries, against liabilities arising from the conduct of the Group's business, to the extent permitted by law. The Group carries Directors' and Officers' liability insurance.

Number of meetings attended/eligible to attend	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee	Social Values and ESG Committee
Derek Mapp	6/6	–	–	2/2	–
Alison Littley	6/6	5/5	3/3	2/2	3/3
Iraj Amiri	6/6	5/5	2/3	1/2	3/3
Will Truman	6/6	5/5	2/2	2/2	3/3
Angela Rushforth (appointed 1 February 2024)	5/6	–	2/3	2/2	3/3
Frank Nelson (stepped down 16 May 2024)	1/1	2/2	1/1	–	–
Kate Allum (stepped down 31 July 2024)	3/3	–	1/1	1/1	1/1
Darren Waters	6/6	–	–	–	3/3
Michael Scott	6/6	–	–	–	3/3

Board meetings and attendance

There were six full Board meetings held during 2024, five meetings of the Audit and Risk Committee, three meetings of the Remuneration Committee, two meetings of the Nomination Committee and three meetings of the Social Values and ESG Committee. All of these meetings were held in-person and attendance was as shown in the table above.

All Board members, including the Chair of the Board, the Chief Executive, and the Chief Financial Officer, are invited to all Committee meetings regardless of whether they are members of the Committee. However, they are never involved in discussions or decisions pertaining to their own compensation or appointment or replacement. In addition, the Audit and Risk Committee also meets with the external auditors without any Executive Directors being present.

The Group Company Secretary is also Secretary to the Audit and Risk, Remuneration, Nomination, and Social Values and ESG Committees, and attends all meetings for this purpose.

In order to provide Directors enough time to evaluate their papers beforehand, Board packs are issued the week before each meeting. Even if a Director is unable to attend a Board meeting for any reason, they are nevertheless informed beforehand, given access to pertinent documents, and their opinions are shared with the other Directors.

The Group Company Secretary

The Group Company Secretary's services and advice are available to all Directors. In addition to advising the Board on all governance-related issues through the Chair, the Group Company Secretary has responsibility for making sure that all Board processes are followed. The Board receives updates from the Group Company Secretary on new laws, corporate governance and regulatory matters, and the responsibilities and duties of the Directors. Among the matters reserved to the Board is the appointment and removal of the Group Company Secretary.

Vicky Williams has served as Group Company Secretary since her appointment in May 2024, following Paul Walker's departure.

Directors may, at the Company's expense, seek independent expert assistance as needed. Board Committees confirm annually that they have access to sufficient resources to carry out their responsibilities, including the ability to hire outside consultants as they see fit.

Board induction, development and support

Following appointment, a new Director undergoes an induction programme, which includes a teach-in from members of the Executive Committee on important business topics, such as the background to our markets and industry, the Company's strategy, commercial approach, manufacturing and logistics operations, administrative functions and culture.

Summary of induction programme

Understand the business

- Meet, on a one-to-one basis, the Chair, Executive Directors and other Non-executive Directors
- Receive teach-in presentations from all key functions within the Group, including Commercial, Operations, Human Resources, Finance, Marketing and IT
- Meet with external stakeholders where appropriate e.g. customers, suppliers, advisers, and in some cases, major shareholders
- Review previous Board and Committee papers, Committee Terms of Reference, investor presentations and staff survey results.

Meet our colleagues

- Meet with the Executive Committee and senior management teams
- Visit all major operational sites, including factories, the main warehouse, a selection of branches and the main offices, including an opportunity to meet with colleagues from these areas.

Individual development and training needs are identified through the Board evaluation process and through individual reviews between the Directors and the Chair.

Risk management and internal control

The Board recognises that it is responsible for determining the nature and extent of the risks it is prepared to face in order to accomplish its strategic goals and for the oversight of the Group's internal control systems.

The effectiveness of the Group's internal control and risk management systems has been assessed by the Board through the consideration of reports received from both management, and KPMG as part of our internal audit programme. This includes an assessment of the financial, operational, and compliance controls for the time period covered by this Annual Report, as well as an evaluation of current and emergent risks.

The Strategic Report comments in detail (pages 02 to 63) on the nature of the principal risks and uncertainties facing the Group; in particular those that would threaten our business model, future performance, solvency or liquidity and the measures in place to mitigate them. In conducting its review, the Board has included a robust assessment of these and other emerging risks and the effectiveness of mitigating controls.

The Audit and Risk Committee Report on pages 82 to 87 describes the internal control system and how it is managed and monitored. As described in prior reports, the cyber incident in 2022 was not the result of a breakdown in internal controls. Our investments over the last several years in cyber security played a major role in identifying the incident, enabling core systems to be restored quickly and mitigating the overall impact on the Group. Throughout the subsequent period, we have continued to invest in enhancing our cyber security to provide further resilience in this area.

The Board confirms that no significant failings or weaknesses were identified in relation to the review. The Board also recognises that these systems can only offer a reasonable level of assurance against material misstatement or loss and that they are designed to manage rather than eliminate the risk of failing to meet business objectives.

Stakeholder engagement and Section 172(1) statement

As required by s172 of the Companies Act 2006, the Directors of the Company must act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its shareholders. In so doing, the Directors must have regard (among other matters) to:

- The likely consequences of any decision in the long term
- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the Company.

To better comprehend the effects of its decisions and operations, as well as the interests and viewpoints of our major stakeholders, the Board takes into account information from all areas of the business. This covers topics including key risks, legal and regulatory compliance, plus evaluations of strategy, financial performance, and operational performance. The Board and its Committees receive this information through reports that are circulated before each meeting and, where necessary, in-person presentations.

As a result of these activities, the Board has gained a thorough understanding of the interests and viewpoints of all key stakeholders, as well as other relevant factors, which helps the Directors comply with the requirements of section 172 of the Companies Act of 2006.

The table overleaf sets out the Board's approach to stakeholder engagement in the context of some of the most important decisions made during 2024. The Board will sometimes engage directly with certain stakeholders on certain issues, but the size and distribution of our stakeholders and of the Eurocell Group dictate that stakeholder engagement often takes place at an operational level. To give greater understanding to this, we have provided clear cross-referencing to where more detailed information can be found in this Annual Report.

The disclosures on the Company's substantial shareholders, restrictions on voting rights and powers to amend the Articles of Association are included within the Director's report on page 114.

Customers

Why they matter

The Board recognises that establishing strong and lasting relationships with our customers is essential to our growth ambitions. To become the supplier of choice, we must, among other things, continually improve our product offerings, quality, availability, and service.

How we engage

- Regular contact between senior management and key customers
- Review of insight surveys including Net Promoter Scores and Trustpilot ratings
- Periodic forums with customer groups to discuss product design and innovation
- Ongoing monitoring of social media platforms for relevant comments/issues.

How the Board complements engagement efforts

Throughout 2024, the Board received regular updates on our performance against customer and service-related KPIs, compared to historical and industry/sector benchmarks, and offered their input and sector advice on new initiatives.

How their interests were considered during 2024 and key decisions arising

Our Customer Growth and Business Effectiveness strategic pillars include continued progression of initiatives to enhance our customers' experience and deliver our ambition to be the trade customer's preferred choice. During the year, the Board:

- Oversaw progress on our trade counter and enterprise resource management system replacement projects, which (inter alia) aim to significantly improve customer experience and support
- Reviewed our technical team's work with larger customers to support conformance with changing building regulations and develop new products
- Reviewed our updated customer channel strategy, which defines our customer populations and service channels
- Approved expenditure for investment in a new customer incentive and loyalty programme to be launched in 2025.

For more details see Customer Growth **on pages 16 and 17**

Shareholders

Why they matter

The Board recognises the importance of engaging with all shareholders and places a high priority on having productive conversations to gather feedback, and act on areas of interest and concern, as well as ensure that our regulatory obligations are met.

How we engage

- Comprehensive investor relations programme and regular dialogue with the investment community
- Formal analyst presentations and investor meetings following the announcement of the Group's half-year and full-year results
- Investor meetings following trading updates and otherwise ad-hoc meetings throughout the year
- Annual Chair's roadshow, supported by the Non-executive Directors
- Annual General Meetings.

How the Board complements engagement efforts

The Board is committed to delivering sustainable value for our shareholders and engaged with investors during the year as follows:

- Chair's roadshow meetings with major shareholders in April/May, covering topics such as Board composition and succession planning, our new strategy and capital allocation
- Senior Independent Director and Chair met with major shareholders in November/December to consult on proposed changes to the Company's Remuneration Policy
- Board received regular updates on shareholder engagement, investor feedback, analyst reports, and share price developments.

How their interests were considered during 2024 and key decisions arising

- Investor relations is covered at all Board meetings and updates
- Investor feedback was considered in shaping the new strategy and revised capital allocation policy, designed to drive shareholder returns through a combination of a progressive ordinary dividend and share buybacks.

For more details see Chief Financial Officer's Review **on pages 52 to 55**

Colleagues

Why they matter
The Board recognises that our colleagues are the major drivers of the Company's performance and success and, therefore, the importance of providing a safe workplace that values diversity and inclusion, and provides employees with the opportunities to advance in their careers and reach their full potential.

How we engage
- Regular senior management team-briefings on progress with the strategy, operational and financial performance, with a summary cascaded through the organisation
- Monthly Company magazine, focusing on information-sharing and colleague engagement
- Periodic staff surveys, with results used to drive change and improvement
- Regular attendance by Executive Committee members on safety walks and at safety stand-downs
- Board-level sponsorship for review of whistleblowing reports and subsequent lessons learned.

How the Board complements engagement efforts
- Non-executive Director listening groups to gather colleagues' views on important topics
- Board member visits to operating sites and branches to drive enhanced engagement and increase Board awareness of day-to-day activities and challenges
- Social Values and ESG Committee receives progress updates on colleague engagement and wellbeing initiatives
- Board review of staff survey results, with proposed action plan considered and implementation monitored.

How their interests were considered during 2024 and key decisions arising
During 2024, management's proposals and activities relating to our People First strategic pillar were considered by the Board with the following actions arising:
- Approval of the 2024 annual pay award
- Review of the Group-wide grading framework development and wider work-force compensation and benefit arrangements
- Oversight of the Company's gender pay gap reporting
- Oversight of the design of a new 'Winning Formula' colleague engagement survey, focused on workplace culture
- Rebranding of the people proposition to 'Eurocell & You'
- Approval of changes to the operational structures and reporting lines of the Branch Network.

For more details see People First **on pages 27 to 29**

Suppliers

Why they matter
The Board appreciates that to operate effectively we must ensure secure supplies of good quality sustainable materials at a fair price from suppliers with high ethical standards, and monitor supplier performance against appropriate metrics.

How we engage
- Regular review meetings between senior management and key suppliers, covering topics such as pricing, supply continuity and service levels
- Formal tender processes conducted for large/high-value supplies
- Engagement with suppliers on how we can support each other on environmental matters
- Clear communication of our expectations for suppliers in terms of conduct and ethics.

How the Board complements engagement efforts
During 2024, cost inflation continued to be discussed at all Board meetings and updates. Board members shared their ideas and experiences on supplier relationships and engagement, in the light of current risks and challenges.

How their interests were considered during 2024 and key decisions arising
The Board continued to work with, and advise, management on their approach, including:
- To closely manage supplier agreements to provide security of supply at fair prices, particularly with regards to PVC resin, electricity and recycling feedstock
- To pass a fair proportion of cost inflation on to our own customers through selling price increases.

For more details see Sustainable Products **on pages 36 to 37**

Environment and communities

Why they matter
Environmental, Social and Governance ('ESG') considerations have been a key part of the Board's agenda again in 2024, as we further develop our plans in this very important area. The Board understands the role all organisations have to play in protecting the environment and in mitigating the impact of climate change. The Board also recognises the need to support the local communities in which our larger facilities are located.

How we engage
- Leading UK-based recycler of PVC windows
- Ongoing review of our environmental impact and action plans to reduce this
- Consultation with our suppliers to achieve reductions in carbon emissions across our value chain
- Recruit locally ambition
- Major operational sites engage with, and support, local communities
- Corporate partnership with Maggie's (cancer support charity).

How the Board complements engagement efforts
The Board provides oversight on these matters through the Social Values and ESG Committee and maintains an open dialogue with our advisers, CEN Group, who regularly attend Committee meetings to engage on ESG topics.

How their interests were considered during 2024 and key decisions arising
- Board review and approval of our Net Zero Transition Plan and associated science-based targets for emissions reduction
- Oversight of the project to install solar panels at our primary extrusion site (now complete), plus approval of the capital investment to install solar panels at our head office and distribution centre in 2025
- Monitoring of external ESG rating's agency assessments of the Company's disclosures
- Renewed corporate partnership agreement with Maggie's (cancer support charity) raising £46,000 in 2024.

For more details see Environmental Leadership **on pages 30 to 33**

Government and regulatory/industry bodies

Why they matter
The Board recognises the critical importance of ensuring the highest standards of corporate governance, including compliance with the rules for listed companies and other relevant regulations (e.g. health and safety, and taxation), which together give us our licence to operate.

How we engage
- Adherence to the UK Corporate Governance Code principles and provisions
- Clear policies to help prevent wrongdoing, including whistleblowing, bribery and corruption, fraud, financial crime and modern slavery, with training provided where appropriate
- Regular meetings with tax advisers to review tax compliance and HMRC correspondence
- Members of the Windows and Recycling groups of the British Plastics Federation and the British Fenestration Rating Council, which provide a forum to understand changes in relevant legislation and building standards.

How the Board complements engagement efforts
The Audit and Risk Committee receives regular reports on governance, regulatory and compliance matters from management and from external and internal auditors. The internal audit programme is designed to provide assurance in this area.

In addition, the Board receives updates on matters such as developments in building regulations and our associated new product development initiatives.

How their interests were considered during 2024 and key decisions arising
- Review of the 2024 revisions to the UK Corporate Governance Code, with preparatory work to support compliance from the effective date of financial years beginning on or after 1 January 2025 guided by the Audit Committee
- Review of the Company's arrangements to prevent wrongdoing, including whistleblowing, bribery, corruption, fraud, financial crime, and modern slavery
- Approval of the Company's tax policy
- Review of the requirements of the Economic Crime and Corporate Transparency Act 2023.

For more details see Ethics and Compliance **on pages 38 to 39**

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Engagement with the workforce

As described in Stakeholder engagement on pages 73 to 75, we acknowledge that our colleagues provide the foundation for our Company's performance and success, and that in the present social, political, and economic climate, active engagement is more important than ever.

To supplement the team briefings, continuous improvement workshops, and health and safety forums already in place, the Group hosts a variety of colleague engagement initiatives. These include:

- A digital Company magazine, 'Eurocell & You', which updates on performance and other important activities around the Group, with a focus on information sharing and colleague engagement
- Frequent colleague focus groups with the designated Non-executive Director, Alison Littley, to ensure that the Board hears the opinions of the workforce
- Departmental listening groups to allow colleagues to provide direct feedback from which appropriate action plans can be formulated
- Group-wide staff surveys, to provide invaluable insight into how our colleagues feel
- Review of retention and recruitment challenges, to identify areas for improvement and ensure we remain competitive in the labour market
- Improvements to the induction process for new colleagues
- More flexible working arrangements, including hybrid working when appropriate
- Improvements in colleague facilities and restrooms as part of an overall staff welfare improvement programme
- Ongoing opportunities for all colleagues to become shareholders through the Save As You Earn scheme.

The Board evaluates and tracks culture through:

- Examining staff survey results and response rates
- Reviewing staff turnover rates
- Scrutinising health and safety data, including near-misses
- Reviewing colleague whistleblowing cases
- Engaging with senior management and colleagues
- Observing attitudes towards internal and external auditors and regulators like HMRC and HSE.

Through the implementation of consistent annual salary evaluations, annual bonus target-setting, and benefit entitlement, executive compensation has been, and remains, in line with the Company's overall pay policy. As a result, it has not been considered necessary to engage with colleagues on this matter.

Overall, the Board is pleased with how culture, including values and behaviours, are evolving across the Group, and with the increasing levels of colleague engagement now taking place.

Statement of compliance with the Code

This Corporate Governance Statement, together with the Nomination Committee Report, the Audit and Risk Committee Report and the Remuneration Committee Report, provide a description of how the principles and provisions of the Code have been applied during the year.

It is the Board's view that, during 2024, Eurocell plc was in compliance with the relevant provisions set out in the Code in all material respects.

This statement complies with sub-sections 2.1, 2.2(1), 2.3(1), 2.5, 2.7, 2.8(a) and 2.10 of Rule 7 of the Disclosure Rules and Transparency Rules of the Financial Conduct Authority. The information required to be disclosed by sub-section 2.6 of Rule 7 is shown on pages 112 to 115.

Annual General Meeting

Our AGM will be held at our Head Office (see Company Information on page 173 for details) on 15 May 2025.

The notice of our AGM, together with the Directors' voting recommendations on the resolutions to be proposed, is included on a separate circular to shareholders and will be dispatched at least 21 clear days before the meeting. The notice will be available to view at investors.eurocell.co.uk.

All Directors intend to attend the AGM, including the Chairs of the Audit and Risk, Remuneration, Nomination and Social Values and ESG Committees, who are available to answer questions. The Board welcomes questions from shareholders who have an opportunity to raise issues informally or formally before or during the meeting.

For each proposed resolution, the proxy appointment forms provide shareholders with the option to direct their proxy vote either for, or against, the resolution or to withhold their vote. The proxy form and any announcement of the results of a vote make it clear that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.

All valid proxy appointments are properly recorded and counted by Equiniti, the Company Registrars. Information on the number of shares represented by proxy, the proxy votes for and against each resolution, and the number of shares in respect of which the vote was withheld for each resolution, together with the proxy voting result, are given at the AGM. The total votes cast, including those at the AGM, are published on our website (investors.eurocell.co.uk) immediately after the meeting.

Derek Mapp
Chair

19 March 2025

Dear shareholder, I am pleased to report to you on the main activities of the Committee and how it has performed its duties during the year.

Derek Mapp
Chair of the Nomination Committee

Role and responsibilities

The principal duties of the Nomination Committee are to:

- Regularly review the structure, size and composition of the Board (including its skills, knowledge, experience, length of service and diversity) and make recommendations to the Board with regard to any changes
- Identify and nominate, for approval by the Board, candidates to fill Board vacancies
- Review the time commitments required from Non-executive Directors, along with the number of external directorships held, to ensure all duties are being fulfilled
- Maintain an effective succession plan for the Board and senior management, considering the challenges and opportunities facing the Company, along with the skills and expertise needed in the future, while promoting diversity of ethnicity, gender, background and skills.

Committee composition


Will Truman


Alison Littley


Frank Nelson[1]


Kate Allum[2]


Iraj Amiri


Angela Rushforth[3]

1 Stepped down from the Board 16 May 2024.
2 Stepped down from the Board 31 July 2024.
3 Appointed to the Board 1 February 2024.

Summary of activities during the year

The Nomination Committee met twice during the year and attendance at the meetings is shown on page 71.

The main activities of the Committee included:

- Oversight/recommendation of the changes to the Board, Committees and other senior management, as outlined within this report
- Considering the results of the external evaluation of the Committee's effectiveness (see pages 70 to 71 for further details)
- A review of Directors' time commitments and independence
- Consideration of the re-election of Directors at the Annual General Meeting
- Approving updates to the Committee's Terms of Reference
- Considering and approving the Committee's report for inclusion in the Annual Report and Accounts.

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Board, Committee and other senior management changes

The following changes to key roles and personnel were overseen by the Committee during the year:

- The appointment of Angela Rushforth as an independent Non-executive Director in February 2024
- Following Frank Nelson's retirement by rotation at the 2024 AGM, the appointment of Alison Littley as Senior Independent Non-executive Director from that date
- The appointment of Alison Littley as Remuneration Committee Chair following the resignation of Kate Allum in July 2024
- The appointment of Will Truman to the Remuneration Committee in July 2024. Following the 2025 AGM, Will shall take over the role of Remuneration Committee Chair, to allow Alison Littley to focus on her Senior Independent Non-executive Director duties
- The appointment of Cat Hambleton-Gray as People Director in January 2024
- The appointment of Vicky Williams as Group Company Secretary in May 2024
- The appointment of Stuart Livingstone as Chief Operating Officer in January 2025.

Nomination Committee members

During 2024, the Nomination Committee comprised:

Chair:
Derek Mapp

Committee members:
Iraj Amiri
Alison Littley
Will Truman
Angela Rushforth (from 1 February 2024)
Frank Nelson (until 16 May 2024)
Kate Allum (until 31 July 2024)

Nomination Committee structure and governance

The Code recommends that a majority of the Nomination Committee be Non-executive Directors, independent in character and judgement and free from any relationship or circumstance, which may, could or would be likely to, or appear to, affect their judgement. The Board considers that the Company complies with the Code in this respect.

Only members of the Committee have the right to attend Committee meetings, but the Committee may invite others, including the People Director and external advisers, to attend all, or part of, any meeting if it thinks it is appropriate, necessary, or pursuant to the terms of any agreement with shareholders.

No individual participates in discussion or decision making when the matter under consideration relates to themselves. The Committee is supported by the services of the Group Company Secretary, and it is empowered to appoint search consultants and other professional advisers as it sees fit to assist with its work.

The Nomination Committee will meet as often as it deems necessary but, in accordance with its Terms of Reference, at least twice a year.

Diversity and inclusion

A range of personal strengths and industry backgrounds is represented on the Board. All Board and senior management appointments are made on merit, in line with the approach adopted throughout the Group's workforce.

The Board recognises and embraces the benefits of diversity and, in particular, the value that different perspectives and experience bring to the quality of debate and decision making. The Company has a documented Board Diversity Policy, available at, investors.eurocell.co.uk, which covers both Board and Committee appointments.

The Board recognises the Group operates in a historically male-dominated industry but is committed to consider diversity as a key element in senior appointments. The table below summarises the progress made against each of the FCA's Board diversity targets:

FCA target		At 31 December 2024	At 31 December 2023
% of women on the Board	At least 40%	**29%[1]**	25%[1]
Number of senior Board positions[3] held by women	At least 1	**1[2]**	–[1]
Number of Board members from an ethnic minority background	At least 1	**1[2]**	1[2]

1 FCA target not met.
2 FCA target met.
3 Senior Board positions are Chair, Chief Executive, Senior Independent Director or Chief Financial Officer.

At 31 December 2024, being the chosen reference date, the Group met two of the three FCA diversity targets.

Progress made towards meeting the target of 40% of women on the Board (38% at the conclusion of the 2024 AGM) was impacted by the resignation of Kate Allum in July 2024, a role that the Company has chosen not to replace at this time.

This, along with the relatively small size of the Board, and the pre-existing Directors' service contracts, has inevitably limited the pace of change but, nevertheless, as vacancies arise, the Board will continue to move towards the FCA's targets wherever possible.

However, the overriding policy in any new appointments will continue to be one of selecting candidates with an appropriate mix of skills, capabilities and market knowledge, to ensure the continued success of the business.

Details of the Board and Executive Committee's gender/ethnicity is as follows:

Gender representation

At 31 December 2024	Number of Board members	% of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
Men	**5**	**71%**	**3**	**2**	**40%**
Women	**2**	**29%**	**1**	**3**	**60%**
Total	**7**	**100%**	**4**	**5**	**100%**

At 31 December 2023	Number of Board members	% of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
Men	6	75%	4	3	75%
Women	2	25%	–	1	25%
Total	8	100%	4	4	100%

Ethnicity representation

At 31 December 2024	Number of Board members	% of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
White British or other White (including minority-white groups)	**6**	**86%**	**4**	**5**	**100%**
Other ethnic group, including Arab	**1**	**14%**	**–**	**–**	**–**
Total	**7**	**100%**	**4**	**5**	**100%**

At 31 December 2023	Number of Board members	% of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
White British or other White (including minority-white groups)	7	88%	4	4	100%
Other ethnic group, including Arab	1	12%	–	–	–
Total	8	100%	4	4	100%

The above data was collected on the basis of self-reporting by the individuals concerned who were asked to select their gender/ethnicity from a list of options derived from the FCA's template.

The gender balance of those in the senior management and their direct reports is included within the Sustainability Report on page 29.

Succession planning

In 2024, the Committee continued its proactive work on succession planning for the Board.

As part of this process, a detailed review of the composition, skills and experience of the Board, and each of its Committees, is maintained, together with desired role profiles, which identify the preferred attributes to be sought in future appointments. The process includes an analysis of any succession gaps or risks identified and includes contingency plans for the sudden or unexpected departure of Executive Directors or other senior managers.

All appointments to the Board are subject to a formal, rigorous and transparent appointment process, and are made based on merit and objective criteria. The process for these appointments is typically as follows:

Candidate requirements
A detailed candidate profile setting out required capabilities and experience is agreed and passed to an independent search firm to facilitate the process

Search
Independent search firm prepares an initial long-list of candidates and conducts the first round of interviews to assess the candidates' fit with the role and key competencies

Interviews
The Committee then considers a shortlist of candidates and interviews are held with all Board members

Board approval and announcement
The Committee makes a recommendation to the Board for its consideration. Following Board approval, the appointments are announced to the market

The Committee also advises and oversees senior management talent assessments, appointments and succession plans, in order to maintain an appropriate balance of skills, experience and diversity within the Company. The benefits of this proactive approach are illustrated by the ongoing evolution of the Executive Committee.

During 2024, a Group-wide grading and progression framework was established, which in 2025 will be developed to identify personal development and succession plans for key individuals and senior positions.

In summary, we are confident that the Board has a good understanding of succession planning across the Group and the range of measures being used to continue to develop and recruit talented senior employees, and that this will be further strengthened by the activities planned for 2025.

Derek Mapp
Chair of the Nomination Committee

19 March 2025

Dear shareholder,
I am pleased to report to you on the Audit and Risk Committee's objectives, responsibilities and activities during 2024.

Committee composition

Frank Nelson[1] Alison Littley Will Truman

1 Stepped down from the Board 16 May 2024.

In the light of the Financial Reporting Council's ('FRC's') work on UK audit and corporate governance reform, the Committee has continued to focus on the Company's approach to risk management and internal controls, and has monitored the implementation of planned improvements in this area.

In addition, the Committee has overseen management's preparation for the 2024 amendments to the UK Corporate Governance Code, which (inter alia) will require Directors to attest to the effectiveness of material controls on an annual basis for financial years beginning on or after 1 January 2026. For this purpose, the Group has defined material controls as being those controls over which the Board considers external stakeholders would want to receive assurance on their adequacy and effectiveness.

The Group has made good progress in identifying and documenting its material controls, and we will report on our progress towards compliance with the new provisions in our 2025 Annual Report.

In reviewing the 2024 Annual Report, the Committee considered the key areas of accounting estimates and judgements noted on page 84. In doing so, the Committee reviewed the classification of certain cloud-based computing and acquisition-related costs as non-underlying items, on the basis that both items are material and non-recurring in nature, and concluded that such presentation was appropriate.

The Internal Audit programme for 2024 included a review of five business areas, details of which are included on page 86. These reviews did not highlight any high-risk issues and demonstrated solid foundations upon which further developments and improvements can be based.

Another key area of work for the Committee in 2024 has been oversight of a tender process for the appointment of our external auditor, recognising that PricewaterhouseCoopers LLP's tenure will reach ten years at the conclusion of the 2024 audit. Following the tender process, the Committee recommended to the Board that a resolution be put to shareholders at the 2025 AGM to appoint Deloitte LLP as external auditor. Full details of the process are set out on page 87 of this report.

Further information on our activities is set out in this report. Collectively, this work has provided the necessary assurance to the Committee that internal controls and governance arrangements are both adequate and operating effectively, and that the 2024 Financial Statements are fair, balanced and understandable.

Finally, I would like to thank my fellow Committee members, and both the internal and external auditors, for their valuable contribution and support during year.

Iraj Amiri
Chair of the Audit and Risk Committee

19 March 2025

Role and responsibilities

The key responsibilities of the Committee are as follows.

- Review the Annual Report, Half-Year Report and any other formal announcements relating to the Group's financial performance, giving due consideration to significant accounting issues and judgements contained therein, as well as compliance with accounting standards and other legal and regulatory requirements
- Review the Annual Report and Financial Statements to advise the Board on whether they give a fair, balanced and understandable explanation of the Group's business and performance over the relevant period
- Review the effectiveness of the Group's financial reporting systems and procedures
- Consider the Group's internal controls and risk management systems and advise the Board whether they are adequate, by receiving reports on their effectiveness from the Chief Financial Officer and Chief Executive, together with reports from the Group's outsourced internal auditors and from the external auditor
- Review updates to the Group's risk register presented by management
- Oversee the Group's procedures to ensure compliance with the provisions of the Bribery Act 2010 and the Group's Whistleblowing Policy
- Consider the external auditors' independence and objectivity, audit and non-audit fees and make recommendations regarding audit tender and the appointment and remuneration of the auditors, together with the terms of their engagement
- Review the annual audit plan and monitor the effectiveness of the external audit process
- Monitor and review the effectiveness of the outsourced internal audit function, including a review of the internal audit plan, all internal audit reports, and management's responses to the findings and recommendations of the internal audit function
- Consider the adequacy of the Group's finance function
- Review the Group's Tax Strategy
- Review the Committee Terms of Reference
- Reviewed the Committee's composition and effectiveness.

Summary of activities during the year

The Audit and Risk Committee met formally five times during the year and attendance at the meetings is shown on page 71.

The areas of particular focus for the Committee in 2024, and up to the date of this Annual Report, were as follows:

- Continued to review the Group's approach to risk management and internal controls and developed recommendations regarding the effectiveness, formalisation and documentation of both new and existing policies and processes
- Ongoing review and guidance of the work in progress to ensure the Group will be ready to comply with the 2024 amendments to the UK Corporate Governance Code, which become effective for financial years beginning on or after 1 January 2025
- Considered the appropriate accounting treatment, reporting and presentation of expenditure incurred on the project to replace our trade counter and enterprise resource planning ('ERP') systems, including cloud-based computing costs
- Oversight of the tender process for the selection of our external auditor and recommendation to the Board and shareholders to appoint Deloitte LLP with effect from the 2025 AGM
- Oversight of arrangements to continually strengthen the cyber defences and further develop resilience and security in this area (including consideration of the conclusions from previous cyber audits)
- Reviewed the external auditor's plan for their audit for the year ended 31 December 2024
- Reviewed reports from the external auditors setting out their findings arising from their audits for the years ended 31 December 2023 and 2024, as well as their review of the 2024 Half-Year Report
- Reviewed documentation prepared to support the viability statement and going concern assumption set out on page 63
- Considered the impact of any new accounting standards and financial reporting requirements, including guidance issued by the Financial Reporting Council ('FRC')
- Considered reports by management related to the effectiveness of the Group's systems of risk management and internal control
- Reviewed the Group's risk register, including principal and emerging risks
- Considered reports prepared by the Group's outsourced internal audit function
- Considered the results of the internal assessment of the Committee's effectiveness
- Approved updates to the Committee's Terms of Reference.

The Committee was also kept up to date with changes to accounting standards and developments in financial reporting, company law and other regulatory matters through presentations from the external auditors, Chief Financial Officer and the Company's finance function.

The role of the Audit and Risk Committee is to oversee financial reporting, review the ongoing effectiveness of the Group's internal controls and provide assurance on the Group's risk management processes. The Committee also assesses information received from the external and internal audit functions.

Following the 2024 year-end, at the March 2025 meeting, the Committee reviewed and recommended for approval by the Board, the financial results for the year ended 31 December 2024, including a review of the full-year external audit.

As part of that process, the members of the Committee reviewed the Annual Report, including the adequacy of the disclosure with respect to going concern and viability reporting. The Committee considered the appropriateness of preparing the accounts on a going concern basis, including consideration of forecast plans, and supporting assumptions, as well as sensitivity analysis, and concluded that the Company's financial position was such that it continued to be appropriate for accounts to be prepared on a going concern basis.

This additional review by the Audit and Risk Committee, supplemented by advice received from external advisers during the drafting process, assisted the Board in determining that the report was fair, balanced and understandable at the time that it was approved.

Audit and Risk Committee members

During 2024, the Audit and Risk Committee comprised:

Chair:
Iraj Amiri

Committee members:
Frank Nelson (until 16 May 2024)
Alison Littley
Will Truman

All members of the Committee served throughout the year, unless otherwise stated.

The Governance Code recommends that all members of the Audit and Risk Committee are Non-executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement and that one such member has recent and relevant financial experience.

The Board considers that the Company complies with the requirements of the Governance Code in this respect, and that, by virtue of their extensive experience (details of which are set out on pages 64 to 65), Iraj Amiri, a Fellow of the Institute of Chartered Accountants in England and Wales, and Will Truman, a Fellow of the Institute of Chartered Accountants in England and Wales, both have recent and relevant financial experience. Furthermore, all Committee members have extensive relevant commercial and operational experience, including in building/construction and industrial organisations, which both benefit the Committee and collectively illustrate its competence relevant to the sector in which the Group operates.

Only members of the Committee have the right to attend Committee meetings, but both the internal and external auditors were invited to attend all meetings during the year, as a matter of course. The Chair of the Board, the Chief Executive, the Chief Financial Officer and other members of the Board were also invited to attend all the Committee meetings during the year.

In addition, the external and internal auditors met regularly with the Committee without executive management being present and met separately with each of the Audit and Risk Committee Chair and the Chief Financial Officer.

The Audit and Risk Committee will meet as often as it deems necessary but, in accordance with its Terms of Reference, at least three times a year.

Key accounting estimates and judgements

As described above, the Committee reviewed the key estimates and judgements used in the preparation of the Group's 2024 Financial Statements (including a review of PricewaterhouseCoopers LLP's report and a discussion of their observations and findings in this area) as follows:

Area	Estimate/judgement	Management's approach	Committee's review
Accounts receivable recoverability	Provision for bad and doubtful debts	Application of IFRS 9's expected credit loss approach to the impairment of receivables (which requires the use of forward-looking statistical modelling to determine the appropriate level of provision), plus overlays to take into account other material factors affecting recoverability, including credit insurance.	Critically evaluated the methodology with respect to setting provisions for potential bad and doubtful debts, including management's assessment of macro uncertainty, as well as the absolute level of provisions held[1].
Inventory valuation	Provision for slow-moving items and discontinued product lines	Assessment of the appropriate level of provisioning against obsolescence, undertaken in the context of current trading and the forecast for the next financial year and beyond.	Critically reviewed the carrying value of the Group's inventory, the approach taken by management and assessed the reasonableness of the underlying assumptions and financial forecasts used.

1 The Committee's review also considered the specific nature and characteristics of customers in the Group's two major divisions.

Risk management

The Group's risk management processes are set out in detail on pages 56 and 57.

In light of the Financial Reporting Council's ('FRC's') work on UK audit and corporate governance reform, and the revised UK Corporate Governance Code (2024), the Group has reviewed its approach to risk management and internal controls, and developed a plan to further improve their effectiveness. Implementation of these changes has begun and will continue into 2025.

A description of our work in relation to internal controls is included in the next section.

In terms of risk management, a formal Risk Appetite Statement has been developed and approved by the Board, with supporting frameworks now in place for risk management, assurance strategy and policy management, along with the implementation of enhanced risk assessment tools to support the risk management approach.

These tools include the preparation of a risk canvas, the completion of checklists from the FCA's Systems and Controls Sourcebook and Corporate Governance code, and a risk materiality assessment.

The Group's Risk Management Committee is chaired by the Chief Financial Officer. This Committee reviews significant risks and the status of related mitigating actions.

The Audit and Risk Committee reviews the risk register twice per year to ensure the timely identification and robust management of inherent and emerging risks is taking place. To the extent that any failings or weaknesses are identified during the review process, appropriate measures are taken to remedy these.

Information relating to the management of risks and any changes to the assessment of key risks is reported by the Audit and Risk Committee to the Board.

Internal controls

The Board is responsible for the overall system of internal controls for the Group and for reviewing its effectiveness. The Board receives assurance on internal control effectiveness at least annually, covering all key controls including financial, operational and compliance controls and risk management systems.

In particular, the Board discharges its duties in this area by:

- Holding regular Board meetings to consider the matters reserved for its consideration
- Receiving regular management reports, which provide an assessment of key risks and mitigating actions
- Scheduling annual Board reviews of strategy including consideration of the material risks and uncertainties facing the business
- Ensuring there is a clear organisational structure with defined responsibilities and levels of authority, which are regularly reviewed
- Scheduling regular Board reviews of performance against financial budgets and forecasts.

In reviewing the effectiveness of the system of internal controls, the Audit and Risk Committee:

- Reviews the risk register compiled and maintained by senior managers within the Group, at least bi-annually, receives reports on near misses, errors and inaccuracies
- Receives management assurance on the effectiveness of the systems of financial and accounting controls
- Regularly reviews the internal audits performed and the progress against previously raised recommendations.

The Group has several operating policies and controls in place covering a range of issues including financial reporting, capital expenditure, business continuity and information technology, including cyber security, and appropriate employee policies. These policies are designed to ensure the accuracy and reliability of financial reporting and govern the preparation of financial statements.

In respect of the Group's financial reporting, the Finance function is responsible for preparing the Group financial statements using a well-established process and for ensuring that accounting policies are in accordance with International Financial Reporting Standards.

Consolidated accounts are prepared directly within the Group's SAP system. All business units report on SAP, with no adjustments processed outside of the system, other than the accounting entries to reflect IFRS 16 (Leases), which are produced by a specialist lease accounting software package. Full balance sheet reconciliations are prepared every month and independently reviewed by senior finance staff. The Chief Financial Officer reviews consolidated and business unit financial statements with the Chief Executive every month. All financial information published by the Group is subject to the approval of the Audit and Risk Committee.

Following the cyber incident in 2022, we have continued to invest in infrastructure to improve resilience and security in this area. The Group's IT team have remained vigilant to cyber risks and have rolled-out enhanced regular cyber training for all staff.

Other than as described, there have been no changes in the Company's internal control systems during the financial year under review that have materially affected, or are reasonably likely to materially affect, the Company's control over financial reporting.

The Board, with advice from the Audit and Risk Committee, is satisfied that an effective system of internal controls and risk management is in place, which enables the Company to identify, evaluate and manage key and emerging risks, and which accords with the guidance published by the FRC.

These processes have been in place since the start of the financial year and up to the date of approval of the accounts. Further details of specific material risks and uncertainties facing the business can be found on pages 58 to 62.

In addition, as noted, the 2024 amendments to the UK Corporate Governance Code will require Directors (inter alia) to attest to the effectiveness of material controls on an annual basis for financial years beginning on or after 1 January 2026. The Committee has provided ongoing review and guidance over the steps being taken to ensure the Group will be able to comply with the revised Code. The Group has defined material controls as being those controls over which the Board considers external stakeholders would want to receive assurance about their adequacy and effectiveness. We are now well progressed with our work to ensure all key financial and operational processes are documented, in the process identifying material risks and controls, and we will report on our progress towards compliance with the new provisions in our 2025 Annual Report and Accounts.

Internal audit

KPMG LLP provide an outsourced Internal Audit function, which complements the internal finance-based checks performed on the branch network operations.

The Committee, working in conjunction with KPMG LLP, approved a full programme for 2024, which was compiled based on the following specific categories.

- **Risk:** internal audit reviews specifically linked to Eurocell's key financial and operational risks
- **Routine:** internal audit reviews covering financial, regulatory, compliance and IT operations, which require cyclical assurance coverage
- **Request:** internal audit reviews that have been specifically included at the request of either management, the Audit Committee or the Board.

A summary of the 2024 programme is as follows:

Internal audit programme	Summary of findings
Outbound Delivery Accuracy	• Recommendations to implement additional KPIs (e.g. time to service customer queries) and formalise meeting action minutes.
Expenses	• Vast majority of expenses are processed correctly, with approvals and evidence documented • For expenses deviating from policy guidelines (including outbound gifts/hospitality), approval is in place, but not always formally documented in advance. Policy and practice to be reviewed and updated accordingly.
System Implementation	• Project is led by experienced staff and there is positive feedback/engagement from key stakeholders across the business • Key governance documents are in place, with some gaps identified compared to best practice project documentation to be addressed.
Procure to Pay	• There has been a significant improvement in the Requisition to Pay processes since this area was last subject to an internal audit in 2017 • New recommendations are low-risk items, principally related to formalising policy documentation.
Follow-up on Previous Internal Audit Recommendations	• The format of the internal audit action tracker requires a more nuanced descriptor of the state of individual actions (e.g. add 'superseded' or 'risk accepted') and stronger evidence of completion should be documented by action owners and tested by the Internal Controls team.

The Committee is satisfied with the overall delivery of the KPMG internal audit programme.

In addition to the topics reviewed by KPMG, in 2024, the Board received reports from management providing assurance over internal controls operating in the following business areas: health and safety, cyber security, new building regulations, effectiveness of standard sales terms and conditions, succession planning and theft mitigation (including individuals' safety).

Whistleblowing, bribery and business ethics

The Group is committed to the highest standards of openness, honesty, integrity and accountability.

The Group maintains a suite of policies, which support our commitment to strong business ethics, and for which we take a strict approach to non-compliance.

This includes policies related to:

- Financial crime
- Conflicts of interest
- Gifts and hospitality
- Share dealing.

In addition, the Whistleblowing policy makes colleagues aware that they should report any serious concerns or suspicions about any wrongdoing or malpractice on the part of any colleague of the Group, without fear of criticism, discrimination or reprisal, as well as the procedure for raising such concerns.

Each report is triaged by a nominated committee of senior management, and subsequently referred to the Senior Independent Non-executive Director.

The Committee also takes responsibility for reviewing the policies and procedures adopted by the Group to prevent bribery and corruption, and the Group is committed to a zero-tolerance position in this respect. The Committee is satisfied that the Group's procedures with respect to these matters are adequate.

In accordance with the obligations under the Reporting on Payment Practices and Performance Regulations 2017, the Company has submitted its bi-annual reports in line with the legislation during the year.

The Group's Modern Slavery Statement, which sets out details of the policies in relation to slavery and human trafficking, as well as its due diligence processes with its partners, has been published at: investors.eurocell.co.uk.

The Group has also updated its Tax Strategy Statement, again published on our website, in compliance with the Finance Act 2016, which sets out details of the Group's attitude to tax planning and tax risk. In addition, the Group continues to be certified as an accredited Fair Tax Mark business, recognising our responsibility to pay the right amount of tax, in the right place, at the right time.

External auditor independence

In accordance with best ethical standards, PricewaterhouseCoopers LLP has processes in place designed to maintain independence, including the rotation of the audit engagement partner at least every five years. As a result of these processes, the current audit engagement partner, Chris Hibbs, assumed full responsibility from the 2020 audit.

The Committee has also adopted policies to safeguard the independence of its external auditors, which are underpinned by principles that ensure that the external auditors do not:

- Audit their own work
- Make management decisions for the Group
- Create a conflict of interest
- Find themselves in the role of advocate for the Group.

Any work awarded to the external auditors with a value of more than £5,000 in aggregate in any financial year, other than an audit, requires the specific approval of the Committee. Where the Committee perceives that the independence of the auditors could be compromised, the work will not be awarded to the auditors.

Details of amounts paid to PricewaterhouseCoopers LLP ('PwC') for audit and audit-related assurance services in 2024 are set out on page 140. The audit-related assurance services provided during the year were in relation to the Half-Year Report (£49,600) and the sustainability targets included in the Company's banking facility (£27,500).

During the year, the Committee reviewed the audit process, the performance of the auditors and their ongoing independence, taking into consideration:

- An assessment of the lead audit partner and the audit team, including their responses to questions from the Committee
- A review of the audit approach, scope, determination of significant risk areas and materiality
- The execution of the audit, including the increased use of technology, and the audit findings reported
- Input from, and interaction with, management and communication with, and support to, the Committee
- The quality of any recommendation points; and a review of independence, objectivity, scepticism and their ability to challenge.

Based on this review, the Committee concluded that the external audit process had been run efficiently and that PricewaterhouseCoopers LLP has been effective in their role as external auditors.

The Committee is satisfied that the independence of the external auditors is not impaired, and the level of fees paid for non-audit services, details of which are set out in Note 5 to the Financial Statements, does not jeopardise their independence.

In 2024, PwC's audit of the Group's 2023 Annual Report and Accounts, was chosen by the FRC for an Audit Quality Review ('AQR'), as part of their routine quality monitoring process. PwC confirmed the findings of the AQR to the Audit and Risk Committee at its meeting in March 2025, noting that no significant areas for improvement, nor any material issues in relation to the Financial Statements, were identified in the AQR team's report.

External auditor appointment

The Audit and Risk Committee has primary responsibility for making a recommendation to the Board on the appointment, reappointment, removal and remuneration of the external auditors. It keeps under review the scope and results of the audit, its cost-effectiveness and the independence and objectivity of the auditors.

The Group's current auditors, PricewaterhouseCoopers LLP were appointed in April 2015, following the Company's IPO in March 2015. As a result, PricewaterhouseCoopers LLP were permitted to remain as external auditors without re-tender for ten years from that date, until the completion of the 2024 annual audit.

Therefore, the Committee has overseen a tender process for the appointment of the Group's external auditor for the 2025 annual audit. This process was completed during 2024 so that, in the event of a change, the incoming firm would have the opportunity to shadow the 2024 audit.

External auditor tender overview

The objective of the tender was to select the highest-quality auditor at an appropriate price. The governance structure outlined in the table below was used to ensure a transparent and robust selection process.

The following key activities were undertaken as part of the tender:

- An assessment of the UK audit market and firms' capabilities resulted in four firms being invited to participate in the process, including the incumbent, PricewaterhouseCoopers LLC
- The four firms were asked to prepare an RFP document, based on information made available via an electronic data room, plus meetings with members of the Steering Committee
- As well as structured engagement sessions, the participating firms had the chance to meet with the CEO, other members of the executive team (including the Director of IT) and key members of the finance team
- The Steering Committee evaluated the RFP submissions, based on pre-determined objective criteria consistently applied, and agreed a shortlist of two firms for in-person presentations to the Advisory and Steering Committees
- Following the shortlist firm presentations, and consideration of relevant transition arrangements, the Advisory and Steering Committees agreed Deloitte LLP was the preferred firm.

At the conclusion of the process, the Audit and Risk Committee considered the results of the tender and recommended to the Board that Deloitte LLP be appointed as external auditors for the Group, subject to shareholder approval at the 2025 AGM.

Iraj Amiri
Chair of the Audit and Risk Committee

19 March 2025

Governance body	Key responsibilities
Audit and Risk Committee	• Ultimate authority over the tender process • Approve tender strategy, including participating firms • Recommend selected audit firm to the Board.
Advisory Committee (Audit Chair, SID)	• Attend shortlisted firm presentations and participation in final selection decision.
Steering Committee (Audit Chair, CFO plus key members of the finance team)	• Design tender process, including request for proposal ('RFP') information requirements and evaluation criteria • Preparation of electronic data room for participating firms • Meetings with participating firms to support their RFP preparation • Evaluate RFP submissions and agree firms for shortlist presentation • Attend shortlisted firm presentations and participation in final selection decision.

Dear shareholder,
I am pleased to report to you on the main activities of the Committee and how it has performed its duties during 2024.

Committee composition


Kate Allum[1]


Iraj Amiri


Will Truman


Angela Rushforth[2]


Darren Waters


Michael Scott


Colin Hales[3]


Cat Hambleton-Gray[4]


Jon Lawrence

1 Stepped down from the Board 31 July 2024.
2 Appointed 1 February 2024.
3 Stepped down from the Committee 31 December 2024.
4 Appointed 2 January 2024.

The Committee is responsible for providing formal and transparent oversight of the Group's Environmental, Social and Governance ('ESG') programme and value-led agenda. This includes, but is not limited to, sustainability, employee welfare and responsible business practices, as well as the Company's contribution to the societies in which it operates.

Role and responsibilities

The principal duties of the Committee are to:

- Drive the social value and responsible business agenda on behalf of the Company
- Ensure that the Company conducts its business in a commercially responsible way to achieve maximum positive impact on the people, communities and the environment in which it works
- Monitor progress against key performance indicators and external ESG index results
- Benefit the customers, staff and shareholders of the Eurocell Group.

As a result, the Committee has the following objectives to:

- Emphasise the importance of environmental measures, sustainability goals and performance, at all levels of the business
- Provide best practice on the structure, policies and regulations that impact the business
- Increase the understanding and awareness of corporate governance and social aspects that impact the business and industry
- Monitor and develop all aspects of employee welfare throughout the business
- Implement and promote common and workable standards of corporate governance for the business
- Provide advice on ESG matters to management and the Board
- Review and approve/recommend the Group's ESG initiatives, objectives, strategies and targets
- Advise on the reporting and disclosures on ESG matters in compliance with laws and regulations.

Social Values and ESG Committee members

The Committee includes Non-executive Directors, Executive Directors and members of the senior management team. During 2024, the Committee comprised:

Chair:
Alison Littley

Committee members:

Non-executive Directors:
Kate Allum (until 31 July 2024)
Iraj Amiri
Will Truman
Angela Rushforth (from 1 February 2024)

Executive Directors:
Darren Waters
Michael Scott

Senior management team:
Colin Hales (Chief Operating Officer, to 31 December 2024)

Jon Lawrence (Head of Safety, Health and Environment)

Cat Hambleton-Gray (People Director, from 2 January 2024)

All members of the Committee served throughout the year, unless otherwise stated.

Only members of the Committee have the right to attend Committee meetings, but the other members of the Board and, when appropriate, other members of the senior management team, are also invited to attend Committee meetings.

Summary of activities during the year

The Social Values and ESG Committee met formally three times during the year and attendance at the meetings is shown on page 71.

The areas of focus for the Committee in 2024, and up to the date of this Annual Report, were as follows.

- Review of management reports on safety performance and improvement initiatives
- Oversight of the ongoing environmental protection initiatives across the Group
- Review of the approach to, and delivery of, the People First Strategy
- Reviewing the Committee Terms of Reference
- Approval of the Groups Net Zero Transition Plan
- Approval to submit emission reduction targets for verification by the Science Based Targets initiative ('SBTi')
- Considered the appropriateness of ESG metrics and any associated assurance requirements
- Overseeing the Groups first submission to the CDP.

Full details of our work to date on the development of our ESG strategy and related matters are set out in the Sustainability Report on pages 22 to 39 and the Task Force on Climate-related Financial Disclosures Report on pages 40 to 51.

Our Net Zero Transition Plan can be found at: investors.eurocell.co.uk.

Finally, I would like to thank my fellow Committee members who served during the year for their valuable contribution and support.

Alison Littley
Chair of the Social Values and ESG Committee
19 March 2025

Non-financial and Sustainability Information Statement

The Group has complied with the requirements of sections 414CA and 414CB of the Companies Act 2006 by including certain non-financial information within the Strategic Report.

The following table summarises where you can find further information on each of the key areas of disclosure required by section 414CA and 414CB of the Companies Act. The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 amend these sections of the Companies Act 2006, placing requirements on the Group to incorporate climate disclosures in the Annual Report. We believe these have been addressed within this year's climate-related disclosures on pages 40 to 51 and as such, we have referenced the location of these within our statement on TCFD on page 41.

	Relevant Group policies and guidance	Relevant principal risks	Relevant information from our Annual Report
Environmental matters	• Safety, Health and Environment Policy • Sustainable Procurement Policy • Corporate Social Responsibility Policy.	• Sustainability and climate change.	• Environmental Leadership: pages 30 to 33 • Sustainable Products: pages 36 to 37.
Colleagues	• Employee Handbook • Managing Performance Policy • Equality, Diversity and Inclusion Policy • Board Diversity Policy.	• Health and safety.	• Health and Safety: pages 25 to 26 • People First: pages 27 to 29.
Social matters	• Corporate Social Responsibility Policy • Privacy policy • Anti-Bullying, Harassment and Victimisation Policy • Whistleblowing Policy • Safety, Health and Environment Policy • Recruitment Policy • Various Information Security Policies • Sustainable Procurement Policy.	• Cyber security • Managing change.	• Ethics and Compliance: pages 38 to 39.
Human rights	• Anti-Slavery and Human Trafficking Policy • Whistleblowing Policy • Modern Slavery Statement.		• Ethics and Compliance: pages 38 to 39.
Anti-bribery and corruption	• Anti-bribery policy.		• Ethics and Compliance: pages 38 to 39.

Strategic Report
Corporate Governance
Financial Statements

Dear shareholder,
I am pleased to introduce the Directors' Remuneration Report for 2024, being my first report since succeeding Kate Allum as Committee Chair in July 2024.

Committee composition


Alison Littley[1]


Iraj Amiri


Angela Rushforth[2]


Will Truman[3]


Kate Allum[4]


Frank Nelson[5]

1 Appointed Committee Chair 1 July 2024.
2 Joined the Committee 1 February 2024.
3 Joined the Committee 1 July 2024.
4 Stepped down as Chair and Member of the Committee 1 July 2024.
5 Stepped down from the Committee 16 May 2024.

Throughout the year, the Committee has endeavoured to balance the experience of the Company's stakeholders with its obligations to ensure remuneration is:

- Competitive to support recruitment and retention
- Fit to incentivise and fairly reward the achievement of short and long-term business goals
- Cascaded appropriately throughout the business.

I hope the report explains how we have sought to achieve this aim for the year in review and, following an extensive consultation process, how we have arrived at the proposed policy for the next three years, for which we will seek approval at the coming AGM.

For the year in review, as described elsewhere in this Annual Report, the Group delivered a resilient financial performance against a weak market backdrop. The performance outturn delivered would ordinarily have warranted a bonus payment based on a partial achievement of the targets set at the start of the year. However, despite the Group's solid cash flow performance, the Executive Directors proposed that no bonus should be paid in relation to profit performance. Whilst the cash flow performance (which was at 102% of the target set at the start of the year) warranted a payment of 82% of the maximum available for that performance element, the Committee exercised its discretion to scale back the payment to reflect its assessment of the broader performance context. The Committee approved a fixed payment of £15k to each of the Executive Directors, consistent with the approach taken for determining other payments under the scheme this year. This context has framed the Committee's assessment of 2024 incentive outcomes, further details of which are set out later in this report.

Looking ahead, we are asking shareholders to approve a new Remuneration Policy at the AGM on 15 May 2025. The current policy expires at that time, having been approved by shareholders at the 2022 AGM. The review of the policy has been a key focus for the Committee during 2024, as we undertook to ensure that our approach to executive remuneration over the next policy term directly reinforces the Group's ambitious growth strategy outlined last year. Our proposals, and the background to these, are explained in this report. On behalf of the Committee, I would like to thank investors for their time in engaging on this matter, the constructive feedback, which informed our final approach, and the support indicated for the proposal.

Further details on the policy review process, and the proposed new policy, can be found on pages 92 to 100 of this report.

In line with prior years, we will also offer a resolution on an advisory basis on the Directors' Remuneration Report (excluding Part A: Directors' Remuneration Policy). This year, there will also be separate resolutions to approve the rules of the Performance Share Plan and the Deferred Share Plan, to enable us to implement the policy proposals in 2025 and beyond.

I hope that we have succeeded in setting out clearly our proposals and the rationale for these, and can count on your support for the remuneration-related resolutions at the 2025 AGM.

I would also like to thank my fellow Committee members and external advisers for their valuable contributions during the year.

Alison Littley
Chair of the Remuneration Committee
19 March 2025

Role and responsibilities

The Committee's principal responsibilities are to:

- Recommend to the Board the remuneration strategy and framework for the Executive Directors and senior managers
- Determine, within that framework, the individual remuneration arrangements for the Executive Directors and senior managers
- Determine the remuneration for the Chair
- Oversee any major changes in colleague benefit structures throughout the Group.

Summary of activities during the year

The Remuneration Committee met formally 3 times during the year and attendance at the meetings is shown on page 71.

The main Committee activities during the year (full details of which are set out in the relevant sections of this report) included:

- Assessing performance against the targets set, and the resulting pay-out of, the 2023 annual bonus
- Agreeing Executive Director and senior management base salaries from 1 April 2024
- Setting the performance targets for the 2024 annual bonus
- Agreeing the award levels and targets for the 2024 Performance Share Plan ('PSP') awards
- Reviewing the pay and benefits structure of the wider workforce to ensure alignment with the Executive Directors and senior management
- Reviewing the policy and extensively engaging shareholders before finalising its proposal
- Reviewing our gender pay gap reporting
- Overseeing the operation of the Group's Save As You Earn scheme
- Reviewing the Committee Terms of Reference
- Reviewing its advisers and appointing Ellason LLP as independent remuneration consultants to the Group, with effect from August 2024.

Proposed Remuneration Policy

In conjunction with our external adviser, a detailed review of the Remuneration Policy was performed by the Committee during the year. This process involved reviewing the current policy in the context of our business strategy, pay and conditions in the wider workforce and market practice. In addition, potential conflicts of interest were considered in line with the requirements of the Companies Act 2006.

The existing policy was approved by 100% of shareholders at the 2022 AGM and expires in 2025. The policy has remained broadly unchanged for a number of years and, while it reflects typical market norms for FTSE Executive Director remuneration, the Committee determined from its review that a different approach is merited for the next policy term to more directly reinforce the Group's strategic ambition to grow revenues to £500 million and generate profits of £50 million by improving margin to 10%, by 2028. Therefore, in late 2024, we consulted extensively with shareholders on a proposed policy incorporating the following changes, to sharpen the link of executive pay outcomes to Company performance and directly align the Executive Directors and wider senior leadership team with the delivery of the strategy that the business has committed to deliver. Thereby the new policy will:

- **Increase the bonus opportunity for the CEO to 150% of salary,** to deliver a short-term remuneration opportunity that reflects the calibre and performance track record of our well-regarded CEO, whilst maintaining a below-market base salary positioning, consistent with our philosophy of upweighting variable remuneration over fixed pay.
  No change is proposed to the CFO's bonus opportunity (100% of salary).
- **Strengthen bonus deferral, while an Executive Director is building a shareholding in Eurocell,** by mandating that 50% of any bonus earned be deferred into shares for three years. Currently, only bonus earned in excess of 75% of salary is required to be deferred. This strengthened requirement supports the principle of alignment with shareholder interests through exposure to the share price. Once the in-post shareholding guideline has been met, whether by purchases in the market or retaining vested share-based remuneration, it is proposed that the mandatory deferral requirement be relaxed and any bonus earned paid entirely in cash.
- **Grant a one-off, four-year PSP in 2025 aligned with the remainder of the five-year term of our stated strategic ambition.** Award opportunities will be set at 800% of base salary (equivalent to 200% of base salary per annum) for our CEO, and 600% of base salary for our CFO (equivalent to the existing opportunity of 150% of base salary on an annualised basis). The scorecard will comprise the three KPIs of our strategy: revenue (weighted 25%); profit (50%); and margin (25%). The Committee will also retain the discretionary powers already available, to review the formulaic outcome and adjust this, if necessary, to ensure it reflects Eurocell's underlying performance. This will include the quality of earnings, the impact of transformational M&A and the stakeholder experience, thereby also avoiding any windfall gains. To the extent the award vests, 50% will be subject to a further one-year holding period. No further PSP awards will be made to Darren Waters and Michael Scott until 2029.

Our proposals seek to strengthen further the alignment of executive remuneration to shareholder value creation and stakeholders' experience, and to strike a balance between being highly motivational whilst appropriately competitive for relevant talent markets and other FTSE Main Market companies of comparable sector, scale and complexity to Eurocell. In that context, the Committee welcomed the feedback received during an extensive engagement process in Q4 2024 with shareholders representing c.67% of issued share capital. The support indicated, and the feedback and views received, informed our decision to proceed with submitting the revised policy, set out on pages 92 to 100, for shareholder approval at the 2025 AGM.

The Committee also welcomed shareholders' constructive challenge and expectation that targets for the 2025 PSP be set to be appropriately challenging, with appropriate safeguards against 'paying for failure' implemented. The Committee supports these principles, and this helpful input informed our decision making on how we will implement the Remuneration Policy for 2025, as set out on page 100 of this report.

2024 remuneration outcomes

2024 Annual Bonus Plan

Adjusted profit before tax was up 32% at £20.0 million (2023: £15.2 million), driven by proactive gross margin management and reduced input costs. However, this result has been achieved before taking into consideration the cost of any associated bonus pay-out.

Including the cost of an on-target outcome for the profit element of the Annual Bonus Plan for all scheme participants would reduce the profit outcome to a below-threshold level. The Committee, therefore, determined, at the request of the Executive Directors, that no bonus would be payable in connection with the profit element of the plan.

Adjusted cash generated from operations was solid at £49.1 million, compared to £57.4 million in 2023, with the comparative period including a reduction in stocks of c.£13 million. This performance results in an achievement of 102% of the cash flow target set for this element of the plan.

After the appropriate weightings are applied, this would ordinarily provide for an overall pay-out of 25% of salary being awarded to the Executive Directors.

However, the Committee elected to exercise its discretion to scale back the payment to reflect its assessment of the broader performance context. The Committee approved a fixed payment of £15k to each of the Executive Directors, consistent with the approach taken for determining other payments under the scheme this year.

Further details can be found on page 103 of this report.

PSP awards granted in 2022

Adjusted basic earnings per share ('EPS') for the year was 14.4 pence (2023: 11.0 pence).

Return on capital employed ('ROCE') at 31 December 2024 was 16.9% (2023: 12.6%).

As a result of this performance, the PSP awards granted in 2022 will lapse in full in 2025, further details of which can be found on page 104 of this report.

As in previous years, annual PSP awards were made during 2024, with targets again based on EPS and ROCE, and further details can be found on page 104.

Implementation of the Remuneration Policy in 2024 and 2025

The Committee considers the Remuneration Policy has operated as intended in 2024. However, during its review of the policy prior to submitting this for approval at our 2025 AGM, the Committee determined that it would be appropriate to more closely align the structure, measures and targets of our short and long-term incentive opportunities to our stated strategic priorities announced in 2024. Further details on how we propose to implement the new policy, subject to approval by shareholders at the AGM, are included within Part B: The Annual Report on Remuneration on pages 101 to 111.

The Committee believes its approach takes due account of market and best practice and, importantly, also reflects and supports Eurocell's strategy and promotes the Company's long-term success.

Remuneration Policy links to strategy

The Group's five-year strategy was first set out in the 2023 Annual Report, with a full progress update included in this year's report on pages 14 to 21.

As described, the current Remuneration Policy reflects typical market norms, with, the measures used in the annual bonus selected by the Committee to reinforce our short-term operational priorities. Long-term performance measures are selected to align with our strategic ambitions and targets typically reflect industry context, expectations of what will constitute appropriately challenging performance levels and factors specific to the Group.

Explanatory foreword

This report contains the material required to be set out as the Directors' Remuneration Report for the purposes of Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and is split into two parts as follows.

Part A: The Directors' Remuneration Policy – this sets out the proposed Remuneration Policy for which shareholder approval will be sought at the 2025 AGM, given that Eurocell has reached the end of its three-year shareholder-approved policy period. Our current Directors' Remuneration Policy, which was approved by shareholders at the 2022 AGM, was disclosed fully in the 2021 Annual Report and is also available at: investors.eurocell.co.uk. This Part A sets out the proposed policy and will be subject to a binding vote at the 2025 AGM.

Part B: The Annual Report on Remuneration – this sets out payments and awards made to the Directors and details the link between Company performance and remuneration for 2024 and how the proposed policy will be operated for 2025. The Directors' Remuneration Report (excluding Part A: Directors' Remuneration Policy) subject to an advisory vote at the AGM.

The auditors have reported on certain parts of the Annual Report on Remuneration and stated whether, in their opinion, those parts have been properly prepared in accordance with the Companies Act 2006. Those parts, which have been subject to audit, are clearly indicated.

PART A: DIRECTORS' REMUNERATION POLICY

Policy scope

The policy applies to the Chair of the Board, Executive Directors and Non-executive Directors.

Policy duration

Subject to being approved by shareholders at the 2025 AGM, the Directors' Remuneration Policy shall apply from the date of until the end of the financial year in which the third anniversary of its approval falls.

Changes from the 2021 Remuneration Policy

Following a detailed review, the Committee is proposing a revised policy to more directly reinforce Eurocell's ambitious growth strategy and further strengthen the alignment of executive and stakeholder interests. The proposed changes (and rationale for them) are described in the Chair's letter at the start of this report and, along with other minor revisions being proposed to the policy, are ***highlighted*** in the following table.

The Committee consulted shareholders representing c.67% of issued share capital on its proposals and took into account their views when finalising the policy. Further details are set out in the 'consideration of shareholder views' section later in this Part A.

Executive Directors

The following table summarises the key aspects of the Directors' Remuneration Policy:

Element and purpose	Policy and operation	Maximum	Performance measures
Base salary This is the core element of pay and reflects the individual's role and position within the Group, with some adjustment to reflect their capability and contribution.	Base salaries will be reviewed each year by the Committee. The Committee does not strictly follow data but uses the median position (as against appropriate size and/or sector peers) as a reference point in considering, in its judgement, the appropriate level of salary having regard to other relevant factors including corporate and individual performance and any changes in an individual's role and responsibilities. Base salary is normally paid monthly in cash.	It is anticipated that salary increases will generally be in line with those awarded to salaried employees. However, in certain circumstances (including, but not limited to, changes in role and responsibilities, market levels, individual and Company performance), the Committee may make larger salary increases to ensure they are market competitive. The rationale for any such increase will be disclosed in the relevant Annual Report on Remuneration.	n/a
Benefits To provide benefits valued by recipients.	The Executive Directors can receive a car allowance or Company car (and fuel), private family medical cover, permanent health insurance and life assurance. The Committee reserves discretion to introduce new benefits where it concludes that it is appropriate to do so, having regard to the particular circumstances and to market practice. Where appropriate, the Company will meet certain costs relating to Executive Director relocations.	It is not possible to prescribe the likely change in the cost of insured benefits or the cost of some of the other reported benefits year to year, but the provision of benefits will operate within an annual limit of £100,000 (plus a further 100% of base salary in the case of relocations). The Committee will monitor the costs of benefits in practice and will ensure that the overall costs do not increase by more than the Committee considers appropriate in the circumstances.	n/a
Pension To provide retirement benefits.	Executive Directors can receive pension contributions to personal pension arrangements or, if a Director is impacted by annual or lifetime limits on contribution levels to qualifying pension plans, the balance can be paid as a cash supplement.	***The maximum employer's contribution (or cash supplement) for incumbent Executive Directors is, and for new appointments will be, aligned with the pension benefits available to the wider workforce, currently 5% of base salary.***	n/a

Element and purpose	Policy and operation	Maximum	Performance measures
Annual Bonus Plan To motivate executives and incentivise delivery of performance over a one-year operating cycle, focusing on the short to medium-term elements of our strategic aims.	Annual Bonus Plan levels and the appropriateness of measures are reviewed annually at the commencement of each financial year to ensure they continue to support our strategy. ***From the 2025 Annual Bonus Plan cycle onwards, 50% of any earned award will be compulsorily deferred into Eurocell shares under the Company's Deferred Share Plan ('DSP'), for three years from grant. To the extent an Executive Director has achieved, and continues to meet, their share ownership guideline, the deferral requirement shall cease to apply and subsequent earned awards will be paid in cash.*** The number of shares subject to vested DSP awards may be increased to reflect the value of dividends that would have been paid in respect of any ex-dividend dates falling between the grant of awards and the expiry of the deferral period. Malus and clawback provisions apply to the Annual Bonus Plan and DSP, as explained within this report.	***150% of base salary for the Chief Executive Officer.*** 100% of base salary for other Executive Directors.	The performance measures applied may be financial or non-financial and corporate, divisional or individual and in such proportions as the Committee considers appropriate. Once set, performance measures and targets will generally remain unchanged for the year, except to reflect events such as corporate acquisitions or other significant events where the Committee considers it to be necessary in its opinion to make appropriate adjustments. Attaining the threshold level of performance for any measure will not produce a pay-out of more than 20% of that element of the overall opportunity attributable to that measure. However, the Annual Bonus Plan remains a discretionary arrangement, and the Committee retains a standard power to apply its judgement to adjust the outcome of the Annual Bonus Plan for any performance measure (from zero to any cap) should it consider that to be appropriate.

Element and purpose	Policy and operation	Maximum	Performance measures
Long-term incentives To motivate and incentivise delivery of sustained performance over the long term, and to promote alignment with shareholders' interests.	Awards under the PSP take the form of nil-cost options, which vest to the extent performance conditions are satisfied over a period of at least three years. The number of shares subject to vested PSP awards may be increased to reflect the value of dividends that would have been paid in respect of any ex-dividend dates falling between the grant of awards and the expiry of the vesting period (or at the end of any holding period in respect of unexercised awards). A post-vesting holding period applies to PSP awards. For the 2025 PSP, a post-vesting holding period of one year will apply to 50% of any shares vesting at the conclusion of the 4-year performance period. For any other PSP awards granted to Executive Directors during the policy term (as may be required for new appointments), a post-vesting holding period of two years will apply to 100% of any shares vesting. Malus and clawback provisions apply to PSP awards, as explained within this report.	***For 2025 only:*** • ***an award opportunity of 800% of base salary for Darren Waters; and*** • ***an award opportunity of 600% of base salary for Michael Scott.*** ***Future years:*** ***No further awards will be made to Darren Waters or Michael Scott until 2029.*** ***Annual awards (e.g. in the event of a new Executive Director appointment during the policy term) may be made up to 200% of base salary. The Committee expressly reserves discretion to make such awards as it considers appropriate within this limit.***	The Committee may set such performance conditions on PSP awards as it considers appropriate (whether financial or non-financial and whether corporate, divisional or individual). Performance periods may be over such periods as the Committee selects at grant, which will not normally be less than (but may be longer than) three years. No more than 25% of awards vest for attaining the threshold level of performance conditions. The Committee also has standard power to exercise discretion to adjust the outcome of the PSP for any performance measure (from zero to any cap) should it consider that to be appropriate.
Share ownership guidelines To further align the interests of Executive Directors with those of shareholders.	Executive Directors are required to retain at least 50% of the net of tax shares, which vest under the PSP and DSP awards until the guideline (being 200% of base salary) is met. Any PSP shares, which are performance vested but subject to a holding period, and any shares awarded in connection with annual bonus deferral, will be credited for the purpose of the guidelines (discounted for anticipated tax liabilities). Executive Directors are required to maintain a shareholding in the Company for a one-year period after stepping down from that position, being 100% of base salary or the Executive Directors' actual relevant shareholding at leaving this position, if lower. The Executive Directors' actual relevant shareholding will include shares vesting under any of the Company's discretionary share incentive arrangements (including any deferred bonus shares) from awards granted after 12 May 2022, but excludes shares acquired through purchase and the release of shares under share incentive plans where the grant occurred prior to 12 May 2022.	n/a	n/a

Element and purpose	Policy and operation	Maximum	Performance measures
All-employee share plans To encourage share ownership by employees, thereby allowing them to share in the long-term success of the Group and align their interests with those of shareholders.	These are all-employee share plans established under HMRC tax-advantaged regimes and follow the usual form for such plans. Executive Directors will be able to participate in all-employee share plans on the same terms as other Group employees.	The maximum participation levels for all-employee share plans will be the limits for such plans set by HMRC from time to time.	Consistent with normal practice, such awards will not be subject to performance conditions.
Chair/ Non-executive Director fees To enable the Company to recruit and retain Chairs and Non-executive Directors of the highest calibre, at the appropriate cost.	The fees paid to the Chair and Non-executive Directors aim to be competitive with other listed companies of equivalent size and complexity. The fees payable to the Non-executive Directors are determined by the Board, with the Chair's fees determined by the Remuneration Committee. Fees are paid monthly in cash. The Chair and Non-executive Directors will not participate in any cash or share incentive arrangements. The Company reserves the right to provide benefits (including travel and office support) to the Chair and Non-executive Directors where appropriate. Should any assessment to tax be made on such reimbursement, the Company reserves the ability to settle such liability on behalf of the Non-executive Director.	The aggregate fees (and any benefits) of the Chair and Non-executive Directors will not exceed the limit from time to time prescribed within the Company's Articles of Association. If the Chair and/or Non-executive Directors devote special attention to the business of the Company or otherwise perform services, which in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, they may be paid such additional remuneration as the Directors or any Committee authorised by the Directors may determine.	n/a

Other elements of the policy and notes to the policy table

Performance targets

Targets applying to the annual bonus and PSP are set at the start of each award cycle, taking into account a number of internal and external reference points.

Annual bonus targets, which may change from year to year, are aligned with the annual budget agreed by the Board and measures will be selected by the Committee to reinforce short-term operational priorities. While commercially sensitive at the time of being agreed, bonus targets will be disclosed retrospectively in the relevant Annual Report.

PSP targets typically reflect industry context, expectations of what will constitute appropriately challenging performance levels and factors specific to the Group. For the four-year PSP proposed for approval at the 2025 AGM, measures and targets have been aligned directly to the KPIs of our five-year strategy published in the 2023 Annual Report.

Malus and clawback

Malus (being the forfeiture of unpaid or unvested awards) and clawback (being the ability of the Company to claim repayment of paid amounts) provisions apply to the Annual Bonus Plan, DSP and PSP in certain circumstances (e.g. material misstatement of accounts, miscalculation of vesting/pay-outs and conduct that would or could justify summary dismissal). Normally, clawback can operate for up to three years following the vesting of an award. This timeframe has been set by the Committee to align with the period over which the Company's processes and systems are likely to uncover any of the trigger events listed above.

Differences between the policy on remuneration for Directors and remuneration of other employees

While the appropriate benchmarks vary by role, the Company seeks to apply the philosophy behind this policy across the Company as a whole. This includes the basis on which the wider senior leadership team is incentivised and, accordingly, the PSP structure, measures and targets outlined above will be cascaded to all eligible participants.

Where Eurocell's pay policy for Directors differs from its pay policies for groups of employees, this reflects the appropriate market rate position and/or typical practice for the relevant roles. The Company takes into account pay levels, the bonus opportunity and share award opportunity applied across the Group as a whole when setting the Executive Directors' Remuneration Policy.

Committee discretions

The Committee will operate the Annual Bonus Plan, DSP and PSP according to their respective rules and the policy table. The Committee retains discretion, consistent with market practice, in a number of respects, in relation to the operation and administration of these plans. These discretions include, but are not limited to, the following:

- the selection of participants;
- the timing of grant of an award/bonus opportunity;
- the timing of vesting of an award/bonus opportunity;
- the size of an award/bonus opportunity subject to the maximum limits set out in the policy;
- the determination of the extent to which performance targets are satisfied and the resultant vesting/bonus pay-outs;
- discretion required when dealing with a change of control or restructuring of the Group;
- determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen;
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends);
- the annual review of performance measures, weightings and targets from year to year; and
- application of malus and/or clawback provisions.

In addition, while performance measures and targets used in the Annual Bonus Plan and PSP will generally remain unaltered, if events occur which, in the Committee's opinion, would make a different or amended target a fairer measure of performance, such amended or different target can be set, provided it is not materially more or less difficult to satisfy (having regard to the event in question).

Any use of these discretions would, where relevant, be explained in the Directors' Remuneration Report and may, where appropriate and practicable, be the subject of consultation with the Company's major shareholders. In addition, for the avoidance of doubt, in approving this policy, authority is given to the Company to honour any commitments entered into with current or former Directors under previous policies.

The Committee may make minor amendments to the policy (for regulatory, change of control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Recruitment remuneration policy

The Company's recruitment remuneration policy aims to give the Committee sufficient flexibility to secure the appointment and promotion of high-calibre executives to strengthen the management team and secure the skillset necessary to deliver our strategic aims.

In terms of the principles for setting a package for a new Executive Director, the starting point for the Committee will be to apply the general policy for Executive Directors as set out and structure a package in accordance with that policy. Any caps contained within the policy for fixed pay do not apply to new recruits, although the Committee would not envisage exceeding these caps in practice.

The Annual Bonus Plan, DSP and PSP will operate (including the maximum award levels) as detailed in the general policy in relation to any newly appointed Executive Director. For an internal appointment, any variable pay element awarded in respect of the prior role may either continue on its original terms or be adjusted to reflect the new appointment as appropriate.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as it considers appropriate.

For external candidates, it may be necessary to make additional awards in connection with the recruitment to buy out awards forfeited by the individual on leaving a previous employer. While buy-out awards are not subject to a formal cap, the Company will not pay more than is, in the view of the Committee, necessary and will in all cases seek, in the first instance, to deliver any such awards under the terms of the existing Annual Bonus Plan, DSP or PSP. It may, however, be necessary in some cases to make buy-out awards on terms that are more bespoke than the existing schemes.

The structure and award opportunity under any buy-out arrangement, whether delivered under the Annual Bonus Plan, DSP, PSP or otherwise, will take due account of the service obligations and performance requirements for the remuneration relinquished by the individual when leaving a previous employer. The Committee will seek (where it is practicable to do so) to make buy-outs subject to what are, in its opinion, comparable requirements in respect of service and performance. However, the Committee may choose to relax this requirement in certain cases (such as where the service and/or performance requirements are materially completed, or where such factors are, in the view of the Committee, reflected in some other way, such as a significant discount to the face value of the awards forfeited) and where it is considered to be in the interests of shareholders to do so.

A new Chair/Non-executive Director would be recruited on the terms explained above in respect of the main policy for such Directors.

Service contracts

Executive Directors

The Committee's policy is that each Executive Director's service agreement should be of indefinite duration, subject to termination upon no more than 12 months' notice by either party. The service agreements of both Executive Directors comply with that policy. Contracts contain provisions allowing the Company to make payments in lieu of notice (albeit not including bonus or benefits) but do not contain change of control provisions.

The Committee reserves flexibility to alter these principles, if necessary, to secure the recruitment of an appropriate candidate including, if appropriate, a longer initial notice period (of up to two years) reducing over time.

The date of each current Executive Director's contract is:

Darren Waters 11 April 2023
Michael Scott 1 September 2016

Chair/Non-executive Directors

The Chair and each Non-executive Director is engaged for an initial period of three years. These appointments can be renewed following the initial three-year term. These engagements can be terminated by either party on 12 months' notice.

Neither the Chair nor any Non-executive Directors can participate in the Company's incentive plans, are not entitled to any pension benefits and are not entitled to any payment in compensation for early termination of their appointment beyond the 12 months' notice referred to above. The details of the appointments of the current Non-executive Directors are as follows:

Name	Date of original appointment	Date of latest appointment	Term
Derek Mapp	16 May 2022	16 May 2022	3 years
Alison Littley	1 July 2022	1 July 2022	3 years
Iraj Amiri	7 November 2022	7 November 2022	3 years
Will Truman	11 May 2023	11 May 2023	3 years
Angela Rushforth	1 February 2024	1 February 2024	3 years

The Directors' service agreements and letters of appointment are available for shareholders to view from the Group Company Secretary on request.

Termination/change of control policy summary

It is appropriate for the Committee to consider treatments on a termination having regard to all of the relevant facts and circumstances available at that time. This policy applies both to any negotiations linked to notice periods on a termination and any treatments that the Committee may choose to apply under the discretions available to it under the terms of the Annual Bonus Plan, DSP and PSP. The potential treatments on termination under these plans are summarised in the table below:

Incentives	If a leaver is deemed to be a 'good leaver'; for example, leaving through injury, ill-health, disability, retirement, redundancy, sale of business or otherwise at the discretion of the Committee	If a leaver is not a 'good leaver'	Change in control
Annual bonus	The Committee has discretion to determine an annual bonus, which may be limited to the period actually worked.	Annual bonus generally not paid.	The Committee has discretion to determine an annual bonus.
DSP	Awards normally vest either on the normal vesting date or cessation. The Committee can pro-rate awards if considered appropriate.	All awards will normally lapse.	Awards vest on a pro rata basis, unless the Committee determines not to pro-rate.
PSP	Awards usually subsist, subject to being pro-rated for time and the application of the performance conditions at the end of the normal performance period. The Committee retains standard discretions to either vary/disapply time pro-rating or to accelerate vesting to the earlier date of cessation (assessing the performance conditions at that time).	All awards will normally lapse.	Will receive a time pro-rated award subject to the application of the performance conditions at the date of the event, unless the Committee determines not to pro-rate for time.

Annual Bonus Plan, DSP and PSP awards typically vest immediately and in full upon death (although pro-rating may be applied, depending on the circumstances).

The Company has the power to enter into settlement agreements with Directors and to pay compensation to settle potential legal claims. In addition, and consistent with market practice, in the event of the termination of an Executive Director, the Company may make a contribution towards that individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees will be disclosed as part of the detail of termination arrangements. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

External appointments

The Company's policy is to permit an Executive Director to serve as a Non-executive Director elsewhere when this does not conflict with the individual's duties to the Company. Where an Executive Director takes such a role, they will be entitled to retain any fees that they earn from that appointment (unless the Committee determines otherwise).

Statement of consideration of employment conditions elsewhere in the Group

Pay and employment conditions generally in the Group are taken into account when setting Executive Directors' remuneration. The Committee receives regular updates on overall pay and conditions in the Group, including (but not limited to) changes in base pay and any staff bonus pools in operation, and uses this information to ensure consistency and fairness of approach throughout the Group. As a result, the Committee does not consider it necessary to formally consult with colleagues when drawing up the policy, determining how the policy will be implemented, or in preparing the Remuneration Report. However, it is intended that annual colleague engagement surveys would include coverage of relevant aspects of the Group's remuneration approach, to the extent this is considered appropriate in the circumstances.

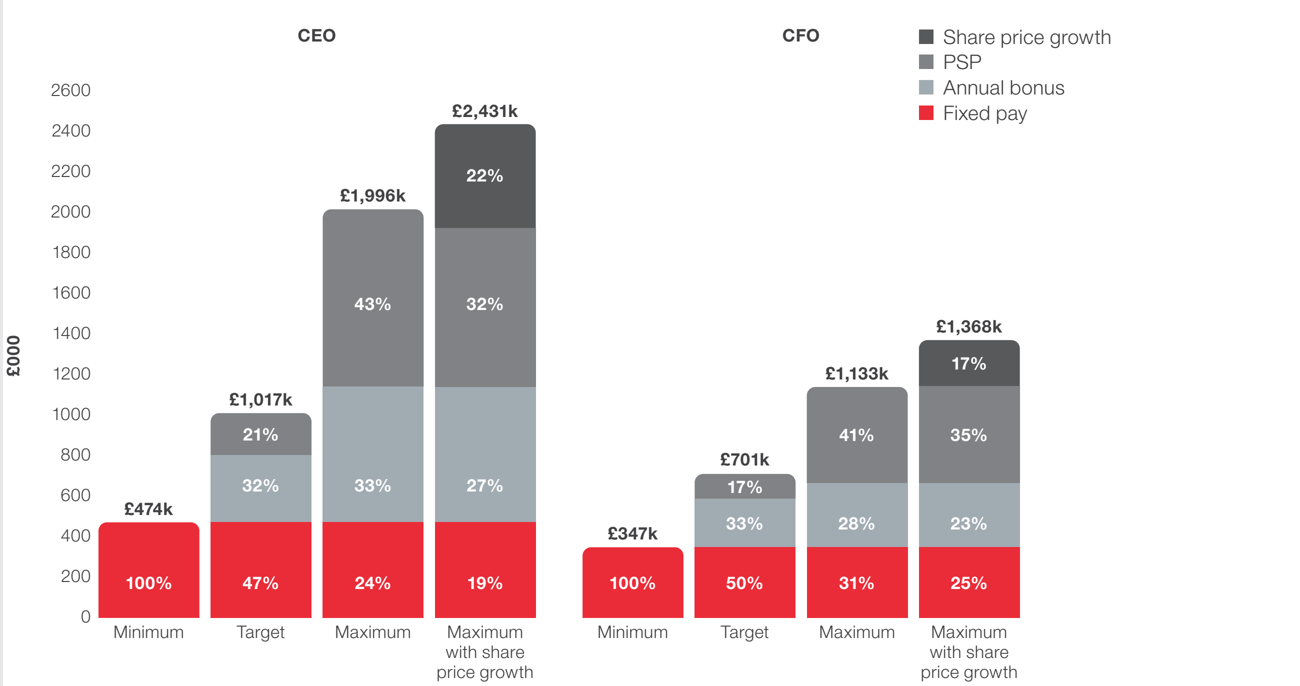
Statement of consideration of shareholder views

When determining executives' remuneration, the Committee takes into account views of shareholders and best practice guidelines issued by institutional shareholder bodies. The Committee is always open to feedback from shareholders on remuneration policy and arrangements, and commits to undergoing shareholder consultation in advance of any significant changes to remuneration policy. In developing the policy set out in this report, we engaged with shareholders representing c.67% of our issued share capital. We had a high level of engagement and welcomed the broad indications of support for our proposals, which shareholders acknowledged closely align with our stated strategy, in terms of timeframe and scorecard measures.

The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure that the structure of the executive remuneration remains appropriate.

Illustrations of application of Remuneration Policy

The charts below aim to show how the Remuneration Policy for Executive Directors will be applied in 2025 using the assumptions in the table below.



Minimum	• Consists of base salary, benefits and pension • Base salary is the salary to be paid with effect from 1 April 2025 • Estimated value of a full-year's benefits, including car (and fuel) or car allowance, private family medical cover, permanent health insurance and travel insurance • Pension measured as the cash allowance in lieu of Company contributions at 5% of base salary.
Target	• Annual bonus: consists of an assumed payment of 50% of maximum opportunity • Long-term incentives: threshold vesting (25% of maximum) of the 2025 PSP opportunity proposed for approval at the 2025 AGM (annualised to reflect the one-off nature of the four-year scheme).
Maximum	Based on the maximum remuneration receivable (excluding share price appreciation and dividends): • Annual bonus: consists of maximum bonus of 100% of base salary • Long-term incentives: 100% vesting of the 2025 PSP opportunity (annualised to reflect the one-off nature of the four-year scheme).
Maximum with share price growth	• As per the 'maximum' scenario, but with a 50% share price growth assumption for the PSP awards.

	Base salary	Benefits	Pension	Total fixed
Darren Waters	£434,928	£17,075	£21,746	£473,749
Michael Scott	£314,244	£17,075	£15,712	£347,031

PART B:
THE ANNUAL REPORT ON REMUNERATION

The Committee (unaudited)

Remuneration Committee members

During 2024, the Remuneration Committee comprised:

Chair:
Alison Littley (from 1 July 2024, member since 15 May 2023)
Kate Allum (to 1 July 2024)

Committee members:
Frank Nelson (until 16 May 2024)
Iraj Amiri
Angela Rushforth (from 1 February 2024)
Will Truman (from 1 July 2024)

All members of the Committee served throughout the year, unless otherwise stated.

The Chief Executive and Chief Financial Officer are invited to attend meetings of the Committee, except when their own remuneration is being discussed, and other Executives and Non-executive Directors attend meetings as required.

The Committee has formal Terms of Reference, which can be viewed on the Company's website at: investors.eurocell.co.uk.

During the year, the Committee considered its obligations under the Code and concluded that:

- The Directors' Remuneration Policy supports the Company's strategy (including in the performance measures chosen)
- Remuneration for our Directors remains appropriate.

In addition, the Committee has ensured that the Directors' Remuneration Policy in force for 2024 and our practices in the year are consistent with the six factors set out in Provision 40 of the 2018 UK Corporate Governance Code:

Clarity – Our Directors' Remuneration Policy is well understood by our senior executive team and has been clearly articulated to our shareholders and representative bodies (both on an ongoing basis and during a consultation when changes are being proposed).

Simplicity – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our Directors' Remuneration Policy and practices are straightforward to communicate and operate.

Risk – Our Directors' Remuneration Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via (i) the balanced use of both annual incentives and long-term incentives which employ a blend of targets, (ii) the significant role played by shares in our incentive plans (together with bonus deferral and shareholding guidelines) and (iii) malus/clawback provisions within all our incentive plans.

Predictability – Our incentive plans are subject to individual caps, with our share plans also subject to standard dilution limits. The use of shares within our incentive plans results in the actual pay received being closely aligned to the experience of our shareholders.

Proportionality – There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by variable pay, together with the composition of the Executive Directors' service contracts, ensures that poor performance is not rewarded.

Alignment to culture – Our executive pay policies are fully aligned to the Company's culture through the use of metrics in both the annual bonus and PSP that measure how we perform against key aspects of our strategy.

Committee advisers

FIT Remuneration Consultants LLP ('FIT') were the Committee's appointed advisers until July 2024 and, during that period, provided advice to the Committee on all matters relating to remuneration, including best practice. FIT's fees in respect of 2024 were £14,880 (excluding VAT). FIT's fees were charged on the basis of the firm's standard terms of business for advice provided.

The Remuneration Committee oversaw and approved the appointment of Ellason LLP ('Ellason') to the role of consultant to the Committee in August 2024. Ellason has no connection with the Group or any individual Director and provided no other services to the Group and, therefore, the Committee was satisfied that the advice provided by Ellason was objective and independent. Ellason's fees in respect of 2024 were £17,850 (excluding VAT) and were charged on the basis of the firm's standard terms of business for advice provided.

Both FIT and Ellason are signatories to the Remuneration Consultants Group's Code of Conduct.

Audited information

Single total figure table (audited)

The remuneration for the Chair, Executive and Non-executive Directors of the Company who performed qualifying services during the relevant financial year is detailed below. The Chair and Non-executive Directors received no remuneration other than their annual fee.

For the year ended 31 December 2024:

Name	Salary/fees £000	Taxable benefits[1] £000	Pension £000	Total fixed remuneration £000	Bonus[2] £000	Long-term incentives[3] £000	Total variable remuneration £000	Total remuneration £000
Darren Waters	422	18	21	461	15	–	15	476
Michael Scott	305	18	15	338	15	–	15	353
Derek Mapp	155	–	–	155	–	–	–	155
Frank Nelson[4]	25	–	–	25	–	–	–	25
Kate Allum[5]	36	–	–	36	–	–	–	36
Alison Littley[6]	73	–	–	73	–	–	–	73
Iraj Amiri	62	–	–	62	–	–	–	62
Will Truman	52	–	–	52	–	–	–	52
Angela Rushforth[7]	47	–	–	47	–	–	–	47

For the year ended 31 December 2023:

Name	Salary/fees £000	Taxable benefits[1] £000	Pension £000	Total fixed remuneration £000	Bonus[2] £000	Long-term incentives[3] £000	Total variable remuneration £000	Total remuneration £000
Darren Waters[8]	296	12	15	323	89	–	89	412
Michael Scott	291	17	15	323	89	–	89	412
Mark Kelly[9]	174	9	16	199	47	–	47	246
Derek Mapp	150	–	–	150	–	–	–	150
Frank Nelson	62	–	–	62	–	–	–	62
Kate Allum[5]	56	–	–	56	–	–	–	56
Alison Littley	59	–	–	59	–	–	–	59
Iraj Amiri[10]	56	–	–	56	–	–	–	56
Will Truman[11]	32	–	–	32	–	–	–	32
Martyn Coffey[12]	21	–	–	21	–	–	–	21

Notes:

1 Taxable benefits comprise company car (and fuel) or car allowance, private family medical cover, permanent health insurance and travel insurance.

2 Bonuses are calculated on the annualised salary as at the end of the financial year.

3 No long-term incentives vested during the year.

4 Frank Nelson stepped down as Chair of the Audit and Risk Committee on 11 May 2023 and from the Board on 16 May 2024.

5 Kate Allum was appointed Chair of the Remuneration Committee from 11 May 2023. She stepped down from the Board on 31 July 2024.

6 Alison Littley was appointed as Senior Independent Director from 16 May 2024 and Remuneration Committee Chair from 1 July 2024.

7 Angela Rushforth was appointed to the Board 1 February 2024.

8 Darren Waters was appointed to the Board on 11 April 2023 and Chief Executive from 11 May 2023.

9 Mark Kelly stepped down from the Board on 11 May 2023.

10 Iraj Amiri was appointed Chair of the Audit and Risk Committee from 11 May 2023.

11 Will Truman was appointed to the Board on 11 May 2023.

12 Martyn Coffey stepped down from the Board on 11 May 2023.

The aggregate emoluments (being salary/fees, bonuses, benefits and pension allowances) of all Directors for 2024 was £1,279,000 (2023: £1,506,000).

Further information on the 2024 annual bonus (audited)

In 2024, the annual bonus metrics were a blend of targets relating to profit before tax (70% of the bonus opportunity) and cash flow (30% of the bonus opportunity). In addition, a health and safety adjustment underpin is applied which, if not achieved, could reduce the bonus pay-out.

The profit before tax and cash flow bonus targets and achievements were as follows:

£m	Threshold	Target	Maximum	Actual	Achievement (% of max)
Adjusted profit before tax	19.0	20.0	21.5	18.6[1]	0%
Adjusted cash generated from operations	45.7	48.1	51.7	49.1[2]	82%

1 Adjusted profit before tax for the year ended 31 December 2024 of £20.0 million, less a pro forma adjustment of £1.4 million, being an estimated on-target bonus charge for the profit element of the Annual Bonus Plan that would be payable for that level of outturn.

2 Cash generated from operations of £47.2 million plus cash paid in respect of non-underlying items of £1.9 million (see Note 7 to the Consolidated Financial Statements).

In order to reflect the level of stretch within the targets, the Committee determined that a pay-out of 75% of base salary would be appropriate for an on-target performance for 2024.

Whilst reported adjusted profit before tax of £20.0 million is in line with the target, including a pro forma on-target charge for the profit element of the Annual Bonus Plan for all scheme participants would reduce this result by c.£1.4 million, taking it below threshold level. The Committee, therefore, determined that no bonus is payable in connection with the profit element of the plan.

Performance against the cash flow element of the Annual Bonus Plan resulted in an achievement of 102% of the cash flow target set for that element.

The health and safety underpin was also considered satisfied.

After the appropriate weightings are applied, the performance outturns achieved would ordinarily provide for an overall pay-out of 25% of salary being awarded to the Executive Directors representing a cash value of £107k to Darren Waters and £77k to Michael Scott.

However, the Committee elected to exercise its discretion to scale back the payment to reflect its assessment of the broader performance context. The Committee approved a fixed payment of £15k to each of the Executive Directors, consistent with the approach taken for determining other payments under the scheme this year.

PSP awards vesting in respect of 2024 (audited)

The PSP values included for 2024 under the long-term incentives column in the single figure table relate to awards granted in 2022, which vest in 2025, dependent on EPS and ROCE performance measured over the three-year period ended 31 December 2024, as described in the tables below.

Under the EPS element (two-thirds of the award), 25% vests where adjusted basic EPS of 21.2 pence is achieved for the year ended 31 December 2024, increasing pro rata to full vesting where adjusted basic EPS of 22.8 pence is achieved.

Performance target	Threshold	Maximum	Actual	Vesting % of element
Adjusted basic EPS	21.2p	22.8p	14.4p	0%

Under the Group ROCE element (one-third of the award), 25% vests where Group ROCE of 21.0% is achieved for the year ended 31 December 2024, increasing pro rata to full vesting where Group ROCE of 26.0% is achieved.

Performance target	Threshold	Maximum	Actual	Vesting % of element
Group ROCE[1]	21.0%	26.0%	16.9%	0%

1 Adjusted operating profit for the year ended 31 December 2024, divided by average totals of opening and closing assets less trade and other payables, all measured on a pre-IFRS 16 basis.

As a result of performance against the targets set, PSP awards made in 2022 will lapse in full in 2025. No discretion to the formulaic outcome has been applied by the Committee.

PSP awards granted in 2024 (audited)

The following awards were made under the PSP in 2024:

Director	Date of grant	Basis of award (% salary)	Share price[1]	Number of shares	Face value of award[2]	Performance period
Darren Waters	10 April 2024	150%	132.2p	483,812	£639,599	January 2024 to December 2027
Michael Scott	10 April 2024	150%	132.2p	349,563	£462,112	January 2024 to December 2027

1 Rounded to one decimal place for the purposes of presentation in this report.
2 Calculated using the average share price over the three business days immediately prior to the date of grant.

The performance conditions applying to these awards comprise adjusted basic EPS for two-thirds of the award and Group ROCE for one-third of the award, as follows:

Adjusted basic EPS[1] for the year ended 31 December 2026	Portion of award vesting
Above 20.9p	100%
Between 19.3p and 20.9p	Pro rata on straight-line between 25% and 100%
19.3p	25%
Below 19.3p	0%

Group ROCE[2] for the year ended 31 December 2026	Portion of award vesting
Above 25%	100%
Between 20% and 25%	Pro rata on straight-line between 25% and 100%
20%	25%
Below 20%	0%

1 Defined as adjusted basic earnings per share as shown in the consolidated audited accounts of the Company, excluding non-underlying items.
2 Defined as Group adjusted operating profit divided by average totals of opening and closing assets less trade and other payables (all on a pre-IFRS 16 basis).

DSP awards granted in 2024 (audited)

No awards were made under the DSP in 2024 in respect to the 2023 annual bonus, as the bonus outcome (30% of salary) was below the 75% of salary threshold above which deferral applies.

Outstanding share plan awards (audited)

Details of all outstanding share awards made to Executive Directors are set out below:

				Number of shares						
Executive	Award type	Exercise price (p)	Grant date	Interest at 1 January 2024	Awards granted in the year	Awards lapsed in the year	Awards exercised in the year	**Interest at 31 December 2024**	Exercise period	Notes
Darren Waters	PSP	0	11/04/23	461,365	–	–	–	**461,365**	Apr 26 – Apr 27	3
	DSP	0	11/04/23	410,447	–	–	–	**410,447**	Apr 25 – Apr 26	3
	PSP	0	10/04/24	–	483,812	–	–	**483,812**	Apr 27 – Apr 28	4
	SAYE	92.4[7,8]	19/04/24	–	20,075	–	–	**20,075**	June 27 – Nov 27	7, 8
Michael Scott	PSP	0	22/04/21	149,731	–	(149,731)	–	**–**	Apr 24 – Apr 25	1
	PSP	0	13/04/22	184,322	–	–	–	**184,322**	Apr 25 – Apr 26	2
	PSP	0	11/04/23	333,345	–	–	–	**333,345**	Apr 26 – Apr 27	3
	PSP	0	10/04/24	–	349,563	–	–	**349,563**	Apr 27 – Apr 28	4
	DSP	0	13/04/22	28,589	–	–	–	**28,589**	Apr 25 – Apr 26	5
	SAYE	110.8	17/04/23	16,245	–	–	–	**16,245**	Jun 26 – Nov 26	6
Mark Kelly	DSP	0	13/4/22	44,789	0	0	0	**44,789**	Apr 25 – Apr 26	5

All figures above exclude dividend equivalent shares, where applicable.

Notes:
1 See 'PSP Awards Vesting in Respect of 2023' in the 2023 Directors' Remuneration Report.
2 See 'PSP Awards Vesting in Respect of 2024' section.
3 As disclosed in the 2023 Directors' Remuneration Report.
4 See 'PSP Awards Granted in 2024' section.
5 See 'DSP Awards Granted in 2023' in the 2023 Directors' Remuneration Report.
6 Awards granted under the Eurocell plc Save As You Earn Scheme in 2023. Awards are based on a three-year savings contract with an exercise price of 110.8 pence.
7 Awards granted under the Eurocell plc Save As You Earn Scheme in 2024. Awards are based on a three-year savings contract with an exercise price of 92.4 pence.
8 Representing a 20% discount to the market value of the shares at the date of grant.

During the year ended 31 December 2024, the highest mid-market price of the Company's shares was 189.0 pence and the lowest mid-market price was 111.50 pence. At 31 December 2024 the share price was 171.0 pence.

The aggregate gains by all Directors during 2024 was £Nil (2023: £434,654).

Statement of Directors' shareholdings and share interests (audited)

The table below details for each Director who served during 2024, the total number of Directors' interests in shares at 31 December 2024 and 31 December 2023:

	Number of shares/options							
	Beneficially owned 31 December 2023	**Beneficially owned 31 December 2024**[1]	Vested but unexercised awards	Unvested DSP share options	Unvested PSP share options[2]	Unvested SAYE options	Shareholding guideline (% of salary)[3]	Shareholding guideline met?[3]
Darren Waters	42,161	**42,161**	–	410,447	945,177	20,075	200	No
Michael Scott	179,157	**179,157**	–	28,589	867,230	16,245	200	No
Derek Mapp	571,910	**586,417**	–	–	–	–	–	n/a
Frank Nelson	90,973	**94,594**	–	–	–	–	–	n/a
Kate Allum	4,417	**9,533**	–	–	–	–	–	n/a
Alison Littley	4,282	**9,991**	–	–	–	–	–	n/a
Iraj Amiri	4,928	**65,599**	–	–	–	–	–	n/a
Will Truman	862	**5,767**	–	–	–	–	–	n/a
Angela Rushforth[4]	–	**3,305**	–	–	–	–	–	n/a

1 The beneficial shareholdings set out above include those held by Directors and their respective connected persons as at 31 December 2024 or at the date of stepping down from the Board if earlier (Frank Nelson and Kate Allum stepped down from the Board on 16 May 2024 and 31 July 2024 respectively).

2 Performance-based share awards.

3 The shareholding guideline for Executive Directors is 200% of salary. Executive Directors are required to retain at least 50% of the net of tax shares, which vest under the PSP and DSP until the guideline is met.

4 Angela Rushforth joined the Board on 1 February 2024.

As previously announced, a number of the Non-executive Directors, including the Chair of the Board, entered into a share purchase plan for 12 months from 1 February 2023, which was subsequently extended for a further 12 months from February 2024 and will be renewed again in March 2025 for a further 12 months. Each participating Director has irrevocably instructed the Company to direct one-quarter of their net monthly fees to an appointed broker to automatically make market purchases of ordinary shares.

As a result, the number of shares beneficially owned since 31 December 2024 has changed due to planned purchases that took place on 10 February 2025 for Non-executive Directors. The revised figures are as follows: Derek Mapp – 590,067 shares, Alison Littley – 11,795 shares, Iraj Amiri – 67,055 shares, Will Truman – 7,448 shares, Angela Rushforth 4,330 shares.

Payments to past Directors (audited)

No payments to past Directors were made during the year. The pro-rated interest in the 2021 PSP retained by Mark Kelly following his retirement on 11 May 2023 lapsed in full in 2024, following the Committee's confirmation that the performance conditions had not been met.

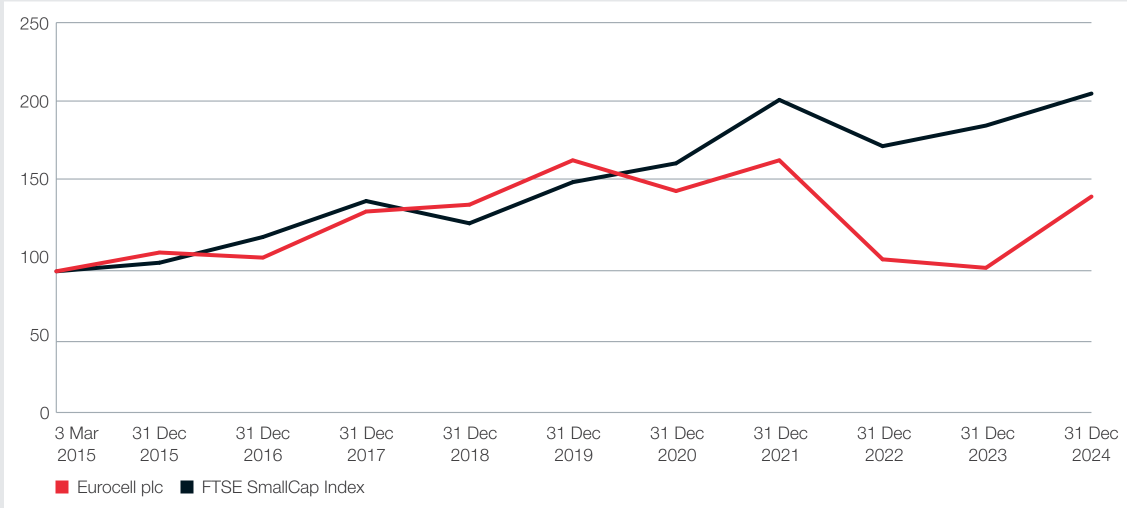
Payments for loss of office (audited)

No payments for loss of office were made during the year.

Performance graph and CEO remuneration table (unaudited)

The following graph shows the Total Shareholder Return ('TSR') performance of an investment of £100 in Eurocell plc's shares from its listing in March 2015 to 31 December 2024, compared with a £100 investment in the FTSE SmallCap Index over the same period. The FTSE SmallCap Index was chosen as a comparator because it represents a broad equity market index of similar-sized companies.

Total Shareholder Return Index (unaudited)



The table below details certain elements of the CEO's remuneration over the same period as presented in the TSR Index graph:

Year	CEO	**Single figure of total remuneration**	Annual bonus pay-out against maximum %	Long-term incentive vesting rates against maximum
2024	**Darren Waters**	**£475,613**	**4%**	**n/a**
2023	Darren Waters	£411,794	30%	n/a
	Mark Kelly	£245,612	30%	0%
2022	Mark Kelly	£857,090	23%	63%
2021	Mark Kelly	£879,271	100%	0%
2020	Mark Kelly	£465,945	0%	0%
2019	Mark Kelly	£673,262	49%	0%
2018	Mark Kelly	£459,294	0%	0%
2017	Mark Kelly	£916,442	40%	n/a
2016	Mark Kelly	£560,558	80%	n/a
	Patrick Bateman	£284,457	33%	n/a
2015	Patrick Bateman	£637,098	87%	n/a

As the Company listed in March 2015, part of the 2015 remuneration relates to when Eurocell was a privately owned Company.

Annual change in remuneration of each Director compared to employees (unaudited)

The table below presents the year-on-year percentage change in remuneration for each Director who served in 2024 and for all Group employees:

	% change from 2023 to 2024			% change from 2022 to 2023			% change from 2021 to 2022		
	Salary/fee increase/ decrease %	**Annual bonus increase/ decrease %**	**Taxable benefits increase/ decrease %**	Salary/fee increase/ decrease %	Annual bonus increase/ decrease %	Taxable benefits increase/ decrease %	Salary/fee increase/ decrease %	Annual bonus increase/ decrease %	Taxable benefits increase/ decrease %
Darren Waters[2]	**42%**	**(83)%**	**42%**	n/a	n/a	n/a	n/a	n/a	n/a
Michael Scott	**5%**	**(83)%**	**6%**	7%	41%	0%	6%	(76)%	25%
Derek Mapp[1]	**4%**	**n/a**	**n/a**	60%	n/a	n/a	n/a	n/a	n/a
Frank Nelson[5]	**(60)%**	**n/a**	**n/a**	3%	n/a	n/a	25%	n/a	n/a
Kate Allum[1, 5]	**(36)%**	**n/a**	**n/a**	133%	n/a	n/a	n/a	n/a	n/a
Alison Littley[1, 4]	**24%**	**n/a**	**n/a**	146%	n/a	n/a	n/a	n/a	n/a
Iraj Amiri[1]	**11%**	**n/a**	**n/a**	700%	n/a	n/a	n/a	n/a	n/a
Will Truman[2]	**63%**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a
Angela Rushforth[3]	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a
All employees[8]	**4%**	**(61)%**	**2%**	5%	36%	2%	4%	(76)%	2%

	% change from 2020 to 2021[7]			% change from 2019 to 2020		
	Salary/fee increase/ decrease %	Annual bonus increase/ decrease %	Taxable benefits increase/ decrease %	Salary/fee increase/ decrease %	Annual bonus increase/ decrease %	Taxable benefits increase/ decrease %
Darren Waters[2]	n/a	n/a	n/a	n/a	n/a	n/a
Michael Scott	5%	n/a[6]	2%	2%	(100)%	(12)%
Derek Mapp[1]	n/a	n/a	n/a	n/a	n/a	n/a
Frank Nelson[5]	n/a	n/a	n/a	(3)%	n/a	n/a
Kate Allum[1, 5]	3%	n/a	n/a	n/a	n/a	n/a
Alison Littley[1, 4]	n/a	n/a	n/a	n/a	n/a	n/a
Iraj Amiri[1]	n/a	n/a	n/a	n/a	n/a	n/a
Will Truman[2]	n/a	n/a	n/a	n/a	n/a	n/a
Angela Rushforth[3]	n/a	n/a	n/a	n/a	n/a	n/a
All employees[8]	6%	232%	0%	1%	(50)%	0%

1 Directors appointed to the Board during 2022.
2 Directors appointed to the Board during 2023.
3 Angela Rushforth joined the Board during 2024.
4 Increase includes additional fees for assuming Remuneration Chair and Senior Independent Director roles during 2024.
5 Kate Allum and Frank Nelson stepped down from the Board during 2024.
6 Percentage increase is not available due to 2020 bonuses being £nil.
7 All Directors took a 20% reduction in salary/fees, for two months, during the first lockdown period in 2020.
8 Group employee percentages provided for context only as a voluntary disclosure in excess of those made regarding the Parent Company.

CEO to employee pay ratio (unaudited)

The table below shows the CEO to employee pay ratio.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024	**Option B**	**20:1**	**18:1**	**15:1**
2023	Option B	25:1	22:1	18:1
2022	Option B	37:1	31:1	24:1
2021	Option B	42:1	33:1	27:1
2020	Option B	23:1	19:1	15:1
2019	Option B	34:1	27:1	21:1

Notes to the CEO to employee pay ratio:

1 Option B (based on the gender pay gap reporting disclosures) was preferred as this data was already prepared on a Group basis.
2 In line with the gender pay gap reporting regulations, pay for the 25th percentile, median and 75th percentile employees was calculated with reference to 5 April for each financial year.
3 The ratios shown are representative of the FTE 25th percentile, median and 75th percentile pay for employees within the Group at the gender pay gap reference date of 5 April 2024.
4 FTE equivalent pay has been calculated using the gender pay gap reporting methodology.
5 For 2023, the total of salary, benefits, pension, bonus and long-term incentives, being the single figure of total remuneration, for both Chief Executives who served during the year combined, was used.

This is our first reporting year for our new CEO Darren Waters and comparison between this year and that of the most recent reporting cycle in 2023 are restricted as combined data for both Chief Executive Officer's was used in the last report. We recognise that we see a narrowing CEO pay ratio across each quartile, but note this is partly driven by Darren's early tenure meaning performance share awards have not yet had time to reach vesting.

The total pay and benefits and the salary component of total pay and benefits for the employee at each of the 25th percentile, the median and the 75th percentile are shown below:

	Salary £000			Total pay and benefits £000		
	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
2024	**27**	**31**	**37**	**28**	**32**	**38**

Based on the salary profile of the Group's UK employees, the median pay ratio is consistent with the pay, reward and progression policies of the Group as a whole.

Relative importance of spend on pay (unaudited)

The table below details the change in total employee pay between 2023 and 2024 as detailed in Note 8 of the Financial Statements, compared with distributions to shareholders by way of dividend, share buybacks or any other significant distributions or as detailed in Note 26 of the Financial Statements.

	% change	**2024 £m**	2023 £m
Total gross employee pay	5%	**89.2**	85.2
Dividends/share buybacks	98%	**20.4**	10.3

The average number of employees during the year was 2,067 (2023: 2,101).

Statement of voting at the Annual General Meeting (unaudited)

The following table shows the results of the binding Remuneration Policy vote at the 2022 AGM and the advisory Directors' Remuneration Report (excluding the policy part) vote at the 2024 AGM.

	Approval of the Directors' Remuneration Policy		**Annual Report on Remuneration**	
	Total number of votes	% of votes cast	**Total number of votes**	**% of votes cast**
For (including discretionary)	97,411,403	100%	**89,764,798**	**100%**
Against	–	0%	**999**	**0%**
Votes withheld	–	–	**–**	**–**

Implementation of policy for 2025 (unaudited)

Base salaries

Current base salaries are as follows: £426,400 per annum for Darren Waters and £308,082 per annum for Michael Scott. With effect from 1 April 2025, these salaries will be increased by 2% to £434,928 and £314,244 respectively. The salary increase is in line with that of the wider workforce and the resulting salaries remain below the median for FTSE companies of comparable size and complexity.

Pensions

A defined contribution/salary supplement of 5% of salary, which is aligned to the wider workforce, is offered to Darren Waters and Michael Scott.

Benefits

Details of the benefits received by Executive Directors are set out in Note 1 to the Single Total Figure Table on page 102. There is no intention to introduce additional benefits in 2025.

Annual bonus

As explained earlier in this report, subject to shareholder approval of the proposed policy at the 2025 AGM, the maximum annual bonus opportunity for the Chief Executive Officer will be increased to 150% of salary for 2025. The annual bonus opportunity for the Chief Financial Officer remains unchanged at 100% of salary. The annual bonus will be payable based on performance against the following blend of financial and non-financial measures: adjusted EPS (50%), adjusted operating cash flow (20%), ROCE (20%) and strategic objectives (10%).

Performance targets for each element of the bonus scorecard have been set in light of internal and external forecasts and will require outperformance of budget (and expectations in relation to strategic objectives) to generate higher levels of pay-out. In addition, a health and safety adjustment underpin will continue to apply which, if not achieved, could reduce the bonus pay-out.

Given the competitive nature of the Company's sector, the specific performance targets for 2025 are considered to be commercially sensitive and, accordingly, are not disclosed at this time, although the targets will be disclosed in next year's report in relation to the 2025 bonus outturn.

Subject to shareholder approval of the proposed policy, 50% of any bonus earned will be deferred into shares for three years, unless the Executive Director meets their shareholding guideline at the time any bonus is to be paid, in which case the bonus will be paid in cash.

Long-term incentives

As disclosed on page 91, and again subject to shareholder approval of the proposed policy, PSP awards are expected to be made in June 2025 to Michael Scott and Darren Waters at 600% and 800% of salary respectively. No further annual PSP awards are expected to be made to Darren Waters and Michael Scott until 2029.

The following scorecard will apply to the 2025 PSP awards, with measures and targets aligned directly to the Group's stated strategic ambition, and performance measured over the four-year period to 31 December 2028:

Measure	Weighting	Threshold (25% vesting)	Stretch (100% vesting)
Revenue	25%	£450m	£500m
Adjusted operating profit margin	25%	8.9%	10.0%
Adjusted operating profit	50%	£40.0m	£50.0m

Vesting for performance between threshold and stretch will be calculated pro rata on a straight-line sliding scale. Performance outcomes below threshold will result in 0% vesting for that element.

Chair and Non-executive Directors' fees

In line with the wider workforce, the fee for the Chair will be increased by 2% from £156,000 per annum to £159,120 per annum and the base fees for Non-executive Directors will be increased by 2% from £52,000 per annum to £53,040 per annum with effect from 1 April 2025.

Similarly, additional fees for the Committee Chairs, where applicable, and the Senior Independent Director will be increased by 2% from £10,400 per annum to £10,608 per annum with effect from 1 April 2025.

On behalf of the Board

Alison Littley
Chair of the Remuneration Committee

19 March 2025

DIRECTORS' REPORT

The Directors present their audited consolidated financial statements for the year ended 31 December 2024. Eurocell plc (the 'Company') is a company incorporated and domiciled in the UK, with registration number 08654028, and is the holding company of the Eurocell Group of companies (the 'Group'). All of the Group's activities are within the United Kingdom, with the exception of two overseas branches in the Republic of Ireland.

The shares of the Company have been traded on the main market of the London Stock Exchange throughout the year ended 31 December 2024.

The Directors' Report includes the Corporate Governance Statement set out on pages 68 to 76.

The Directors' Report and Strategic Report comprise the 'Management Report' for the purpose of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (DTR 4.1.8R).

The Directors of the Company, and their biographical details, are listed on pages 64 to 65 and were all in place on the date this Directors' Report was approved. Changes to the Directors during the year, and up to the date of this report, are set out below:

Director	Position	Service in the year and up to date of report approval
Current Directors:		
Derek Mapp	Chair	Served throughout
Darren Waters	Chief Executive	Served throughout
Michael Scott	Chief Financial Officer	Served throughout
Alison Littley	Independent Non-executive Director	Served throughout
Iraj Amiri	Independent Non-executive Director	Served throughout
Will Truman	Independent Non-executive Director	Served throughout
Angela Rushforth	Independent Non-executive Director	Appointed 1 February 2024
Former Directors:		
Frank Nelson	Senior Independent Non-executive Director	Served up to 16 May 2024
Kate Allum	Independent Non-executive Director	Served up to 31 July 2024

Strategic Report

As permitted by section 414C of the Companies Act 2006, certain information required to be included in the Directors' Report has been included in the Strategic Report, which is set out on pages 01 to 63. Specifically, this relates to information on the Group's strategy, business model, likely future developments and risk management.

UK Corporate Governance Code (the 'Code')

For the year ended 31 December 2024, the Board is reporting under the 2018 Code. Further information is set out in the Strategic Report on pages 01 to 63 which examines the 'purpose' aspect of the 2018 Code and in the Corporate Governance Statement on pages 68 to 76, which describes the Company's approach and practices in relation to the 2018 Code. The page numbers cited are incorporated herein by reference.

Results

Our Financial Statements for the year ended 31 December 2024 are set out on pages 126 to 172. The Financial Statements should be read in conjunction with the Chief Executive's Report, Divisional Reviews and the Chief Financial Officer's Report.

Dividends

The Board is recommending a final dividend of 3.9 pence (2023: 3.5 pence) per share for 2024 which, together with the interim dividend of 2.2 pence (2023: 2.0 pence) per share, makes a combined dividend of 6.1 pence (2023: 5.5 pence) per share.

Payment of the final dividend, if approved at the Annual General Meeting ('AGM'), will be made on 23 May 2025 to shareholders registered at the close of business on 25 April 2025. The ex-dividend date will be 24 April 2025.

Dividends paid in the year to 31 December 2024 and disclosed in the Consolidated Cash Flow Statement of £6.1 million (2023: £10.3 million), is comprised of the 2023 final dividend of 3.5 pence per share, which was paid in May 2024, and the 2024 interim dividend of 2.2 pence per share, which was paid in October 2024.

Tax governance

Our tax policy is set out below. It is determined by the Board and overseen by the Audit and Risk Committee. The Board reviews the policy, and our compliance with it, on an annual basis. It was last reviewed in December 2024. Operational responsibility for the execution of the Group's tax policy rests with the Chief Financial Officer, who reports the Group's tax position to the Audit and Risk Committee on a regular basis.

Tax policy

We are committed to compliance with tax law and practice in the UK and Ireland. Compliance for us means paying the amount of tax we are legally obliged to pay and doing so in the right place, at the right time. It involves disclosing all relevant facts and circumstances to the UK and Irish tax authorities in ways that reflect the economic reality of the transactions we undertake and claiming appropriate reliefs and incentives where available.

Risk management of tax affairs

The level of risk that we accept in relation to UK tax is consistent with our overall objective of achieving certainty in the Group's tax affairs. At all times, we seek to comply fully with our regulatory and other obligations, and to act in a way that upholds our core values and reputation as a responsible corporate citizen. We see compliance with tax legislation as key to managing tax risk, and understand the importance of tax in the wider context of business decisions.

Processes have been put in place to ensure tax is considered as part of our overall decision-making processes, with tax risks managed by local finance teams and escalated through to appropriate levels of management and, ultimately, to the Board when necessary.

Tax planning

In structuring our commercial activities, we will always consider – among other factors – the relevant tax laws. We believe that it is fair to mitigate tax using generally available reliefs in the spirit in which they are intended. However, any tax planning that we undertake will have commercial and economic substance and we will not use aggressive tax planning or enter into complicated tax avoidance schemes.

Although for commercial reasons, we may trade with customers and suppliers genuinely located in countries considered to be tax havens, we will not use such jurisdictions for the purpose of avoiding tax, nor will we seek to take advantage of the secrecy afforded to transactions recorded in these jurisdictions.

Engaging with HMRC

We aim to have a good working relationship with HMRC. We will engage with honesty and integrity, and in a spirit of cooperative compliance. We will make all returns and pay tax on a timely basis, across all types of tax.

Share capital

Details of our capital structure, including movements in issued share capital during the year, are shown in Note 25 to the Financial Statements. We have one class of ordinary shares, which carries no fixed income. Each share carries the right to one vote at our general meetings. The ordinary shares are listed on the Official List and traded on the London Stock Exchange.

As at 31 December 2024, there were 103,150,173 (2023: 112,095,184) ordinary shares of 0.1 pence each in nominal value in issue (the 'issued share capital') of which 1,342,000 shares are held in treasury and the Company's employee share trusts held 13,786 shares. Details of the shares issued in the year are shown in Note 25 to the Consolidated Financial Statements. No securities were issued in connection with a rights issue during the period.

As at 31 December 2024, the Company had purchased 10,287,011 ordinary shares under the share buyback programme launched on 23 January 2024 and as extended on 16 May 2024 and 4 September 2024. The nominal value of each of the shares purchased was £0.001 for a total consideration of £14.3 million. 1,342,000 shares repurchased had been transferred into treasury to satisfy employee share awards, whilst all other shares that were repurchased have/will be cancelled. The purpose of the programme was to reduce the share capital of the Company.

Subsequent to year-end, and up to 14 February 2025, a further 405,868 ordinary shares have been purchased for cancellation for consideration of £0.6 million. These post year end transactions were also completed with the purpose of reducing the share capital of the Company.

Holders of ordinary shares are entitled to receive dividends when declared, to receive the Company's Annual Report, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights.

While the Board has the power under the Articles of Association to refuse to register a transfer of shares, there are no such restrictions on the transfer of shares in place.

Under the Company's Articles of Association, the Directors have the power to suspend voting rights and the right to receive dividends in respect of shares in circumstances where the holder of those shares fails to comply with a notice issued under section 793 of the Companies Act 2006. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or voting rights.

Share schemes

The Company operates a number of share schemes.

Long-Term Incentive Plans payable to executives and senior managers are operated under our Performance Share Plan ('PSP'). Executive Directors may have a proportion of their annual bonus deferred for up to three years under our Deferred Share Plan ('DSP'). The Company also operates Save As You Earn (or 'Sharesave') schemes, which are available to all employees.

All shares issued under these plans carry the same rights as those already in issue.

During the period, shares with a nominal value of £Nil were allotted under all-employee schemes as permitted under Section 549 of the Companies Act 2006.

Related party transactions

Other than in respect of arrangements set out in Note 30 to the Financial Statements and in relation to the employment of Directors, details of which are provided in the Remuneration Committee Report on pages 90 to 111, there is no material indebtedness owed to, or by, us to any colleague or any other person or entity considered to be a related party. Internal controls are in place to ensure that any related party transactions involving Directors or their connected persons are carried out on an arm's-length basis and are properly recorded.

Substantial shareholders

The Company's major shareholders, with a shareholding above 3%, as at 31 December 2024 and subsequent changes up to 17 March 2025[1], were as follows:

	At 31 December 2024		Changes since 31 December 2024[2]	
Shareholder	No. of Shares	% of voting rights	No. of Shares	% of voting rights
Aberforth Partners	24,795,409	24.4%	24,895,409	24.6%
JO Hambro Capital Management	11,533,291	11.3%	11,721,259	11.6%
Huntington Management	7,750,775	7.6%	–	–
Chelverton Asset Management	6,412,295	6.3%	6,312,295	6.2%
Soros Fund Management	5,602,726	5.5%	5,494,351	5.4%
ACR Alpine Capital Research	5,300,660	5.2%	5,340,660	5.3%
Allianz Global Investors	3,641,634	3.6%	3,156,772	3.1%
Bank of New York	3,495,889	3.4%	4,179,479	4.1%

1 Being the latest practicable date prior to the date of this report.

2 Changes notified to the Company pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules between 31 December 2024 and 17 March 2025[1].

The Takeover Directive

The rights and obligations attached to the issued share capital are set out in the Articles of Association (see below).

There are no agreements in place between the Company, its employees or Directors for compensation for loss of office or employment that trigger as a result of a takeover bid.

Articles of Association

The Company's Articles of Association can only be amended by special resolution of the shareholders. Our current articles are available on our website at: investors.eurocell.co.uk.

The Company's Articles of Association give powers to the Board to appoint Directors. All Board members are required to retire and submit themselves for re-election by shareholders at each Annual General Meeting.

The Board of Directors may exercise all the powers of the Company, subject to the provisions of relevant legislation, the Company's Articles of Association and any directions given by the Company in general meetings. The powers of the Directors include those in relation to the issue and buyback of shares.

Directors' retirement by rotation

In accordance with above and in line with the Code, all Directors in office will retire and offer themselves for election/re-election at the 2025 AGM.

The Articles of Association provide that a Director may be appointed by an ordinary resolution of shareholders or by existing Directors, either to fill a vacancy or as an additional Director.

The Executive Directors serve under contracts that are terminable with 12 months' notice from the Company and 12 months' notice from the Executive Director. The Non-executive Directors serve under letters of appointment and do not have service contracts with the Company.

Copies of the service contracts of the Executive Directors and the letters of appointment of the Non-executive Directors are available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Company's AGM.

There are no specific Company rules in relation to the appointment/replacement of Directors and all such matters are managed by the Board in accordance with the Articles of Association, the Companies Act 2006 and any directions given by special resolution.

Directors' interests

Details of Directors' remuneration, interests in the share capital (or derivatives or other financial instruments relating to those shares) of the Company and of their share-based payment awards are contained in the Remuneration Committee Report on page 106.

Directors' indemnities

Pursuant to the Articles of Association, the Company has executed a deed poll of indemnity for the benefit of the Directors of the Company, and persons who were Directors of the Company, in respect of costs of defending claims against them and third-party liabilities. These provisions, deemed to be qualifying third-party indemnity provisions pursuant to section 234 of the Companies Act 2006, were in force during the year ended 31 December 2024 and remain in force. The indemnity provision in the Company's Articles of Association also extends to provide a limited indemnity in respect of liabilities incurred as a director, secretary or officer of an associated company of the Company.

A copy of the deed poll of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Company's AGM.

Conflicts of interest

Under the Companies Act 2006, Directors must avoid situations where they have, or could have, a direct or indirect interest that conflicts or possibly may conflict with the Company's interests. As permitted by the Act, the Company's Articles of Association enable Directors to authorise actual or potential conflicts of interest.

The Board has a formal system in place for Directors to declare conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. In deciding whether to authorise a conflict, the non-conflicted Directors are required to act in the way they consider would be most likely to promote the success of the Company for the benefit of all shareholders, and they may impose limits or conditions when giving authorisation, or subsequently, if they think this is appropriate. The Board believes that the systems it has in place for reporting and considering conflicts continue to operate effectively.

Legal and regulatory compliance

The executive team is responsible for identifying and carrying out assessments of those areas of the business where material legal and regulatory risks may be present. Where issues are identified, mitigating actions are built into an action plan involving the drafting and communication of policies and the delivery of training where appropriate, or are approached by way of a revision to key contractual terms. The Board receives regular reports on material litigation and the legal action taken to support our strategy.

Health and safety

We are committed to providing a safe place for colleagues to work. Our policies are reviewed on an ongoing basis to ensure that the approach to training, risk assessment, safe systems of working and accident management is appropriate.

As part of this process, a rolling audit programme is in place to ensure that health, safety, environmental and security risks are assessed stringently and that robust control measures are in place to limit or mitigate risk as appropriate.

Events after the balance sheet date

In March 2025 the Group completed the acquisition of Alunet for consideration of £29 million on a debt/cash-free basis, comprising an initial payment of £22 million and deferred consideration of approximately £7 million payable in four annual instalments beginning in 2026.

Additional contingent consideration of up to £6m may become payable, subject to an earnout mechanism, in four annual instalments beginning in 2026, based upon the EBITDA of Alunet in the preceding calendar year. The maximum of £6 million, if achieved, would result in a total consideration of £35 million.

Approximately £1 million of the initial consideration is in the form of ordinary shares in Eurocell plc and satisfied out of shares held in treasury, with the remainder payable in cash, funded from the Group's existing £75 million revolving credit facility.

Also, on 19 March 2025, the Group approved a further share buyback programme of up to £5 million, to begin immediately.

Other matters

Employee disclosure (including equality, diversity and disabled employees)

See Sustainability Report on pages 22 to 39.

Employee engagement statement

See Corporate Governance Statement on pages 67 to 76.

Statement on engagement with suppliers, customers and others in a business relationship with the Company

See Corporate Governance Statement on pages 67 to 76.

Financial risk management

See Note 3 of the Financial Statements.

Research and development

The Group undertakes research and development work in support of its objectives.

Payments to suppliers

It is Group policy to abide by the payment terms agreed with suppliers, provided that the supplier has performed its obligations under the contract.

Political donations

In accordance with the Group's policy, no political donations were made, and no political expenditure was incurred (2023: £nil). The Company will, however, as a precautionary measure to avoid inadvertent breach of the law, seek shareholder authority at its 2025 AGM to make limited donations or incur limited political expenditure, although it has no intention of using the authority.

Greenhouse gas emissions and energy use

See Sustainability Report on pages 22 and 39.

Disclosure of information to auditors

See the Directors' confirmations on page 116.

Disclosures required by Listing Rule 9.8.4R

There were no waivers of dividends during the year, which were greater than 1% of the total value of the dividend paid. There are no other disclosures to be made under the above listing rule.

By order of the Board

Vicky Williams
Group Company Secretary

19 March 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts 2024 and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have prepared the Group Financial Statements in accordance with UK-adopted international accounting standards and the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- State whether applicable UK-adopted international accounting standards have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the Financial Statements
- Make judgements and accounting estimates that are reasonable and prudent
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Accounts for 2024, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- The Group Financial Statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- The Company Financial Statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

The Directors' Responsibility Statement was approved by the Board on 19 March 2025.

Darren Waters
Chief Executive

Michael Scott
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUROCELL PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION
In our opinion:

- Eurocell plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2024 (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position and the Company Statement of Financial Position as at 31 December 2024; the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

BASIS FOR OPINION
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 5, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

OUR AUDIT APPROACH
Overview
Audit scope

- We defined a component as a company or division with its own financial data. Our scoping process involved a top-down risk assessment at the group financial statement level to determine whether components were significant due to risk or size. Components deemed significant underwent further audit procedures. In this assessment, two components were identified as significant due to risk or size, and one component was identified as requiring a full scope audit. There were three non-significant components, and one component was deemed inconsequential. We determined whether any additional work was necessary, the scope of this work, and assessed the risks of material misstatement appropriately.
- For components that were non-significant, we considered whether, in our judgement, any further audit procedures needed to be performed. Additional audit procedures were conducted on specific Financial Statement Line Items (FSLIs) if they significantly contributed to the consolidated FSLI and exceeded group performance materiality. For FSLIs where no further testing was conducted, we assessed whether the risk of material misstatement was reduced to an acceptably low level and whether our coverage of group significant FSLIs was sufficient and appropriate. Adequate coverage was maintained for the reported consolidated revenues and the consolidated underlying profit before taxation on an absolute basis. For all other non significant balances and components, disaggregated analytical review procedures were performed relative to group materiality.
- Work on the consolidation was considered separately to the component scoping exercise and performed to group materiality.
- All work was performed by the group audit team

Key audit matters

- Trade receivables provisions (group)
- Inventory provisioning (group)
- Impairment of intercompany investments and intercompany receivables (parent)

Materiality

- Overall group materiality: £1,000,000 (2023: £760,000) based on 5% of underlying profit before taxation.
- Overall company materiality: £647,000 (2023: £481,000) based on 1% of total assets.
- Performance materiality: £750,000 (2023: £570,000) (group) and £485,250 (2023: £360,000) (company).

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Inventory labour and overhead absorption (group), which was a key audit matter last year, is no longer included because of the risk being deemed to be lower with no significant estimation and judgement, as standard costs have been reviewed by management and updated in the prior period. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Trade receivables provisions (group) Refer to Note 1 (Accounting Policies), Note 2 (Critical Accounting Estimates and Judgements) and Note 19 (Trade and other receivables). The Group had gross trade receivables against which provisions were held in accordance with IFRS 9. We focused on this area, and specifically the valuation assertion, because the Directors' assessment of the provisions required in respect of trade receivables included subjective estimates. These estimates, such as the appropriate level of provisions to apply to aged debt, remain a risk in the current year due to the uncertain market conditions ongoing into FY25.	We understood the Directors' methodology for calculating trade receivables provisions across the Group and considered if these complied with IFRS 9. Audit procedures performed included: • We evaluated the design and implementation of key controls around the trade receivables provisioning process; • We reviewed the accuracy of past management estimates via look-back tests and movements in the provisions year on year; • We confirmed that the amounts included in the IFRS 9 model agreed back to the underlying ledgers as at 31 December 2024; • We tested the accuracy of the calculations in the model; • We tested the ageing of amounts due at the balance sheet date to verify the data had been analysed correctly, and recalculated actual debtors days for transactions cleared against debtor balances in the year; and • We considered the results of our other audit procedures over trade receivables (for example review of post year end payments made by customers) for inconsistencies with the IFRS 9 models. We identified no material exceptions from the procedures noted above. Based on the results of our audit work we concluded that the provisions recorded were materially accurate, calculated in line with the requirements of IFRS 9.
Inventory provisioning (group) Refer to Note 1 (Accounting Policies) and Note 18 (Inventories). We focused on this area because the Directors' assessment of the recoverability of inventory involved subjective judgements. Specifically, the determination of inventory provisions for slow moving, obsolete and discontinued line items, reflecting the level of inventory held across the branch network and manufactured goods at the year end, requires the exercise of estimation.	Our audit procedures over the impairment of inventory consisted of: • We evaluated the design and implementation of key controls around the inventory provisioning process; • We understood the Directors' methodology for calculating inventory provisions; • We reviewed the accuracy of past management estimates via look-back tests and movements in the provisions year on year; • Where inventory provisions were based upon historical sales data, we tested the underlying report to validate the data on which management's calculations were based; • We tested the overlay data used as input for determining the inventory provision; • We evaluated the Directors' assumptions over usage and validated historic usage which is then used to forecast future sales rates; • We attended physical inventory counts, conducted by management, to highlight any increased areas of concern, regarding excess / unused stock held at either the branches we visited or the manufacturing sites; • We performed sensitivity analysis on key variables within the obsolete inventory provision to assess reliance of the model on a particular variable; and • Where specific impairments were made, outside of the standard impairment reviews, we challenged management of the completeness and appropriateness of these additional amounts. Based on the results of our audit work, we concluded that provisions recorded were materially accurate and calculated in line with the requirements of IAS 2.

Key audit matter	How our audit addressed the key audit matter
Impairment of intercompany investments and intercompany receivables (parent) Refer to Note 34 (Accounting Policies), Note 37 (Investments) and Note 38 (Trade and other receivables). The company has investments in subsidiary companies and intercompany receivables. Material impairment to these could result in implications for future dividends.	We obtained management's impairment assessment regarding the investment's carrying value and management's IFRS 9 expected credit loss model in respect of the intercompany receivables. The recoverability of the investment's carrying value was based upon the same underlying data noted in other group calculations such as the going concern assessment and goodwill impairment model. We also noted that the market capitalisation of the group as at 31 December 2024 was significantly in excess of the parent company's total assets. We considered the IFRS 9 model and noted that a significant change in the key assumption (being the expected loss rate of 0.1%) would be required prior to a material impairment being noted. The amounts owed to the company were ultimately due from profitable subsidiaries, with sufficient net assets. We tested the integrity of the models and the validity of the key data inputs. No exceptions were noted in the performance of the above procedures. We therefore concluded that the investments and intercompany receivables were accounted for in line with IFRS 9 and IAS 36, with appropriate disclosures being made.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The business is managed as two primary divisions:

- Eurocell Building Plastics, focusing on sales and distribution across over 200 branches within the UK and 2 in Ireland to generally smaller scale customers; and
- Eurocell Profiles, focusing on manufacture and distribution to large-scale customers. This division includes the trading subsidiaries Eurocell Profiles Limited, Vista Panels Limited, and Ecoplas Limited.

Other than Vista Panels Limited, which has its own finance team, all finance and operational management functions are located at the Alfreton headquarters. Therefore all audit work, including work on components, was completed by a single group audit team.

For the purposes of our audit of the group we considered components to be operations where there was discrete financial data maintained by management, including a separate trial balance. For the consolidated audit of Eurocell plc this related to the individual subsidiary companies; Eurocell Building Plastics Limited, with Eurocell Profiles Limited the statutory entity, being seen as two components (excluding S&S Plastics a division within Eurocell Profiles Limited but this component is inconsequential).

A component was included within our full scope audit procedures, if it was considered to be significant due to size or risk. There were two components (Eurocell Profiles Limited, excluding the S&S plastics division and Eurocell Building Plastics Limited) which we considered significant due to risk or size. We then considered the entities which did not meet the significance due to risk or size criteria and in our judgement designated Eurocell plc company as a component where we would perform a full scope audit.

We assessed the remaining five components to determine the necessity of additional audit procedures. For components with individual Financial Statement Line Items (FSLIs) that significantly impacted the consolidated FSLI and exceeded the group performance materiality, we included them in our audit scope. We also evaluated FSLIs that were several times the materiality threshold. Through professional judgement, we decided whether these balances warranted inclusion in the full audit scope. Consequently, FSLIs from three of the remaining components were selected for large balance testing, while one entity was deemed inconsequential. Adequate coverage was maintained over the consolidated revenues and the consolidated underlying profit before taxation, measured on an absolute basis. For all other balances and non significant components not selected for detailed testing, we employed analytical review procedures relative to group materiality.

There were no specific components or areas included within our group audit scope due to specific risk factors.

Work was performed over the consolidation adjustments separately to the above scoping of components, due to the relative simplicity of the group and the nature of the consolidation (performed by the head office finance function with mainly UK operations). This was performed using group materiality.

For the Eurocell plc company audit the only material transactions and balances related to the intercompany investments (including amounts owed by subsidiary companies), the debt held by the Company, the related operating expenses and tax charges, and the share based payment charge. These were all included in the scope of our audit and tested using the company materiality by the group audit team.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the Group's financial statements and support the disclosures made within the Task Force on Climate-related Financial Disclosures ('TCFD').

In addition to enquiries with management, we also:

- Read the governance processes in place to assess climate risk; and
- Read additional reporting made by the entity on climate including its sustainability section of the financial statements.

Management previously made a commitment to reduce the emissions and energy use and a target to be net zero by 2045, and in the current year they have added an interim target to be met by 2034. Management has published a Net Zero transition plan, detailing their pathway to achieving these target dates. They have aligned these targets to the 'Science Based Targets initiative' framework. The pathway includes updated objectives for some of their ESG KPIs (e.g. greenhouse gas emissions and energy use) in line with their overall Net Zero goal. These commitments do not directly impact any financial results at this stage as the impact of the net zero plan is expected to be in the medium to longer term.

The key areas of the financial statements where management evaluated that climate risk has a potentially significant impact are the disclosures and assessments relating to intangible assets and impairment particularly of goodwill.

Using our knowledge of the business we evaluated management's risk assessment, its estimates and resulting disclosures where significant.

To respond to the audit risks identified in these areas we tailored our audit approach. In particular, we:

- Challenged management on how the impact of climate commitments made by the Group would impact the assumptions within the discounted cash flows prepared by management that are used in the Group's impairment analysis,
- Challenged whether the impact of climate risk in the Directors' assessments and disclosures of going concern and viability were consistent with management's climate impact assessment, and;
- Where appropriate, performed independent sensitivity analysis to determine to what extent reasonably possible changes in these assumptions could result in material changes to the impairment headroom and assessed the appropriateness of the associated disclosures.

We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) within the Annual Report with the financial statements and our knowledge obtained from our audit.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters for the year ended 31 December 2024.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£1,000,000 (2023: £760,000).	£647,000 (2023: £481,000).
How we determined it	5% of underlying profit before taxation	1% of total assets
Rationale for benchmark applied	We believe that underlying profit before tax is the key measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark. In 2024 underlying profit before tax is £6.2m higher than reported profit before tax.	We believe that total assets is the primary measure used by the shareholders in assessing the financial position of the entity, and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £330,000 and £940,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £750,000 (2023: £570,000) for the group financial statements and £485,250 (2023: £360,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £50,000 (group audit) (2023: £38,000) and £30,900 (company audit) (2023: £24,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Discussions with management and those charged with governance regarding the future plans and cash flow projections for the group. This included discussions around the forecast cash requirements and sufficiency of available facilities to deal with a severe but plausible downside to these projections;
- We obtained management's analysis and cash flow model. We checked the integrity of the model, that the base projections reconciled to the approved budgets and were consistent with our work in other areas, for example the projections used in the impairment reviews;
- We considered the accuracy of management's forecasting in prior years by comparing actual to forecast EBITDA in the past seven years (i.e the period for which the senior management team has remained materially unchanged);
- We recalculated management's assessment of the impact of three downside scenarios (reduction in sales, increase in resin prices and a combination of these factors) on the forecast compliance with financial covenants and sufficiency of facilities/ available cash;
- We considered the reported headroom on facilities at each month end for the review period;
- We have performed our own sensitivities to ascertain the levels of underperformance in each scenario required to breach the covenant facilities;
- We reviewed the debt facilities to ascertain if management had correctly factored in financial covenants to their model, including whether covenants were appropriately calculated at each measurement point and expected to be met during the assessment period (i.e. until 31 December 2027);
- We confirmed management's calculations of compliance with the covenants during 2024;
- We critically assessed the disclosures in relation to going concern compared to the evidence obtained above, our understanding of the group and the various requirements detailed within Company Law, the Listing Rules and accounting standards; and
- For the Eurocell plc company going concern assessment we reviewed management's analysis of the company cash flows, checked for consistency with the consolidated model (including the mathematical accuracy of the model), reviewed the committed cash outflows compared to the available funds (being cash reserves and forecast dividend receipts from subsidiaries), considered the sufficiency of management's assessment of head room and critically assessed the disclosures in note 34.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT
CONTINUED

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK employment laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue, assets and management bias in accounting estimates and judgemental areas of the financial statements.

Audit procedures performed by the engagement team included:

- Enquiry of management and those charged with governance around actual and potential frauds, litigations or claims against or by the company;
- Reviewing financial statement disclosures and testing supporting documentation to assess compliance with applicable laws and regulations;
- Auditing the risk of management override of controls, through testing journal entries (using our data analysis tools to confirm completeness of data) by adopting a risk based approach based on a detailed fraud assessment, testing significant accounting estimates (as defined in the notes to the financial statements) because of the risk of potential management bias, and evaluating the business rationale and accounting for any significant or unusual transactions outside the normal course of business;
- Auditing the risk of fraud in revenue recognition by using our data analysis tools to identify unusual credits to revenue for further investigation;
- Performing unpredictable audit procedures, which are changed year on year;
- Understanding of management's internal controls designed to prevent and detect irregularities; and
- Reviewing minutes of meetings of the Board of Directors.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

APPOINTMENT

We were appointed by the members on 29 April 2015 to audit the financial statements for the year ended 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement is 10 years, covering the years ended 31 December 2015 to 31 December 2024.

OTHER MATTER

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Christopher Hibbs (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

19 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Note	Year ended 31 December 2024 Underlying £m	Non-underlying[1] £m	Total £m	Year ended 31 December 2023 Underlying £m	Non-underlying[1] £m	Total £m
Revenue	4, 9	**357.9**	**–**	**357.9**	364.5	–	364.5
Cost of sales		**(169.6)**	**–**	**(169.6)**	(190.7)	–	(190.7)
Gross profit		**188.3**	**–**	**188.3**	173.8	–	173.8
Distribution costs		**(25.7)**	**–**	**(25.7)**	(25.3)	(0.1)	(25.4)
Administrative expenses		**(139.8)**	**(6.2)**	**(146.0)**	(130.5)	(3.4)	(133.9)
Other income[2]		**–**	**–**	**–**	0.4	–	0.4
Operating profit	9	**22.8**	**(6.2)**	**16.6**	18.4	(3.5)	14.9
Finance expense	10	**(2.8)**	**–**	**(2.8)**	(3.2)	–	(3.2)
Profit before tax	9	**20.0**	**(6.2)**	**13.8**	15.2	(3.5)	11.7
Taxation	11	**(4.6)**	**1.3**	**(3.3)**	(2.9)	0.8	(2.1)
Profit for the year and total comprehensive income		**15.4**	**(4.9)**	**10.5**	12.3	(2.7)	9.6
Basic earnings per share	12	**14.4p**		**9.8p**	11.0p		8.6p
Diluted earnings per share	12	**14.3p**		**9.7p**	11.0p		8.6p

1 Non-underlying items are detailed in Note 7. The Group's policy regarding the recognition of non-underlying items is outlined on page 131.

2 Other income in 2023 relates to amounts received under the Group's Cyber Insurance Policy, net of excess paid, in respect of business interruption to the Group's continuing trading activities as a result of a cyber incident in July and August 2022.

The Notes on pages 130 to 163 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Note	2024 £m	2023 £m
Assets			
Non-current assets			
Property, plant and equipment	14	**60.5**	59.9
Right-of-use assets	15	**54.3**	55.1
Intangible assets	16	**14.6**	15.8
Total non-current assets		**129.4**	130.8
Current assets			
Inventories	18	**47.2**	46.7
Trade and other receivables	19	**45.8**	45.3
Corporation tax		**1.0**	0.6
Cash and cash equivalents		**0.4**	0.4
Total current assets		**94.4**	93.0
Total assets		**223.8**	223.8
Liabilities			
Current liabilities			
Trade and other payables	21	**(45.2)**	(41.6)
Lease liabilities	22	**(12.5)**	(12.9)
Bank overdrafts		**(3.0)**	–
Provisions	23	**(0.4)**	(0.2)
Total current liabilities		**(61.1)**	(54.7)
Non-current liabilities			
Borrowings	20	**(0.5)**	–
Lease liabilities	22	**(46.9)**	(45.7)
Provisions	23	**(1.3)**	(1.1)
Deferred tax	24	**(8.6)**	(8.0)
Total non-current liabilities		**(57.3)**	(54.8)
Total liabilities		**(118.4)**	(109.5)
Net assets		**105.4**	114.3
Equity attributable to equity holders of the parent			
Share capital	25	**0.1**	0.1
Share premium account	25	**22.2**	22.2
Treasury shares	25	**(2.0)**	(0.1)
Share-based payment reserve	26	**2.3**	0.9
Share buyback reserve	25	**–**	–
Retained earnings		**82.8**	91.2
Total equity		**105.4**	114.3

The Financial Statements on pages 126 to 163 were approved and authorised for issue by the Board of Directors on 19 March 2025 and were signed on its behalf by:

Darren Waters
Chief Executive

Michael Scott
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2024

	Note	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Cash generated from operations	31	**47.2**	54.2
Income taxes paid		**(3.0)**	(1.4)
Net cash generated from operating activities		**44.2**	52.8
Investing activities			
Purchase of property, plant and equipment		**(10.2)**	(9.0)
Purchase of intangible assets		**(0.1)**	(0.1)
Net cash flow arising on sale of business[2]		**–**	0.8
Net cash used in investing activities		**(10.3)**	(8.3)
Financing activities			
Purchase of own shares held as treasury shares	25	**(1.9)**	(0.7)
Share buyback	25	**(12.6)**	–
Exercise of share options		**(0.1)**	–
Proceeds/(repayment) of bank and other borrowings		**1.0**	(21.0)
Bank borrowings arrangement costs		**–**	(0.2)
Principal elements of lease payments		**(14.4)**	(13.8)
Finance elements of lease payments		**(2.1)**	(1.8)
Finance expense paid		**(0.7)**	(1.4)
Dividends paid to equity Shareholders	13	**(6.1)**	(10.3)
Net cash used in financing activities		**(36.9)**	(49.2)
Net decrease in cash and cash equivalents[1]		**(3.0)**	(4.7)
Cash and cash equivalents[1] at beginning of year	32	**0.4**	5.1
Cash and cash equivalents[1] at end of year	32	**(2.6)**	0.4

1 Cash and cash equivalents includes bank overdrafts.

2 Cash flows arising on sale of Security Hardware in 2022.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Note	Share capital £m	Share premium account £m	Treasury shares £m	Share-based payment reserve £m	Share buyback reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2024		**0.1**	**22.2**	**(0.1)**	**0.9**	**–**	**91.2**	**114.3**
Comprehensive income for the year								
Profit for the year		**–**	**–**	**–**	**–**	**–**	**10.5**	**10.5**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**10.5**	**10.5**
Contributions by and distributions to owners								
Exercise of share options	25, 26	**–**	**–**	**–**	**(0.1)**	**–**	**(0.2)**	**(0.3)**
Share-based payments	26	**–**	**–**	**–**	**1.5**	**–**	**–**	**1.5**
Purchase of own shares	25	**–**	**–**	**(1.9)**	**–**	**(12.4)**	**(0.2)**	**(14.5)**
Cancellation of shares	25	**–**	**–**	**–**	**–**	**12.4**	**(12.4)**	**–**
Dividends paid	13	**–**	**–**	**–**	**–**	**–**	**(6.1)**	**(6.1)**
Total transactions with owners recognised directly in equity		**–**	**–**	**(1.9)**	**1.4**	**–**	**(18.9)**	**(19.4)**
Balance at 31 December 2024		**0.1**	**22.2**	**(2.0)**	**2.3**	**–**	**82.8**	**105.4**

	Note	Share capital £m	Share premium account £m	Treasury shares £m	Share-based payment reserve £m	Share buyback reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2023		0.1	22.2	–	0.9	–	91.7	114.9
Comprehensive income for the year								
Profit for the year		–	–	–	–	–	9.6	9.6
Total comprehensive income for the year		–	–	–	–	–	9.6	9.6
Contributions by and distributions to owners								
Exercise of share options	25, 26	–	–	0.6	(0.8)	–	0.2	–
Share-based payments	26	–	–	–	0.8	–	–	0.8
Purchase of own shares	25	–	–	(0.7)	–	–	–	(0.7)
Dividends paid	13	–	–	–	–	–	(10.3)	(10.3)
Total transactions with owners recognised directly in equity		–	–	(0.1)	–	–	(10.1)	(10.2)
Balance at 31 December 2023		0.1	22.2	(0.1)	0.9	–	91.2	114.3

1 ACCOUNTING POLICIES (GROUP)

Corporate information

Eurocell plc (the 'Company') and its subsidiaries (together the 'Group') is a publicly listed company incorporated and domiciled in England, United Kingdom. The registered office is located in England at the following address: Eurocell Head Office and Distribution Centre, High View Road, South Normanton, Alfreton, Derbyshire, DE55 2DT.

The Group is principally engaged in the extrusion and supply of PVC window and building products to the new and replacement window market and the sale of building materials across the UK.

Basis of preparation

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

The Group has adequate resources to continue in operational existence for the foreseeable future and, as a result of this, the going concern basis has been adopted in preparing the Financial Statements (see below).

The Group Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Financial Statements have been prepared under the historical cost convention, as modified by fair values in respect of acquisition accounting. The functional currency is Sterling, and the Financial Statements are presented in millions, unless otherwise stated.

The preparation of the Group Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in Note 2.

Basis of consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries at 31 December 2024 and present the results as if they formed a single entity. Where the Company has power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and continue to be consolidated until the date when such control ceases. Intercompany transactions and balances, unrealised gains and losses resulting from intra-Group transactions and dividends are eliminated in full.

The Group's functional currency is Sterling. The vast majority of the Group's revenues are denominated in Sterling, and as a result the consolidation of non-UK revenues has minimal foreign exchange impact.

The Consolidated Financial Statements incorporate the results of business combinations using the purchase method. In the Consolidated Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

All dormant subsidiaries prepare and file financial statements in accordance with Section 480 of the Companies Act 2006, which are filed with the registrar at Companies House.

Going concern

The Group funds its activities through a £75 million Revolving Credit Facility, provided by Barclays, NatWest and Bank of Ireland, which matures in May 2027. The facility includes two key financial covenants, which are tested at 30 June and 31 December each year on a pre-IFRS 16 basis. These are that net debt should not exceed three times adjusted EBITDA (Leverage), and that adjusted EBITDA should be at least four times the interest charge on the debt (Interest Cover). Adjusted EBITDA is defined as operating profit before depreciation, amortisation and non-underlying items. See alternative performance measures on page 136.

No covenants were breached during the year ended 31 December 2024. For the next measurement period, being 30 June 2025, and going forward, the Group expects to comply with its covenants.

In assessing going concern, the Directors have considered financial projections for the period to December 2026, which is consistent with the Board's strategic planning horizon and reflects a period of at least 12 months from the date of approval of these Financial Statements. These forecasts have been compiled based on the best estimates of the Group's commercial and operational teams. This includes a severe but plausible 'Downside' scenario, which reflects demand for the Group's products being severely weakened.

In all scenarios tested, including sensitivities reducing sales forecasts to 10% below management's estimates for the period 2025-26, key raw material prices increasing by 33% over that period and both scenarios combined. The Group operates with significant headroom on its RCF facility and remains compliant with its original covenants.

After reviewing the Group's projected financial performance and financing arrangements, the Directors consider that the Group has adequate resources to continue operating and that it is therefore appropriate to continue to adopt the going concern basis in preparing these Financial Statements.

Changes in accounting policies and disclosures applicable to the Company and the Group

The Group has applied the following amendments for the first time for their financial reporting period commencing 1 January 2024, with no material impact:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1).

The following new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group:

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

The IFRIC agenda decision on segmental reporting was issued in July 2024, the Group is currently assessing relevant material items of income and expense for future disclosures within the segmental disclosures.

These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Revenue

The Group manufactures and distributes a range of building plastic materials, along with associated ancillary products, via direct sales to its fabricator customers and through its branch network. Revenue is recognised when control of the products has transferred. Control is considered to have transferred once the customer has taken delivery of the products, or has collected them from the branch, has full discretion over the future use of those products, and where there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Revenue is recognised when the goods are dispatched to, or collected by, the customer. Revenue is based upon the price specified on the customer's invoice, which is determined with reference to a price list specific to each customer or category of customers. A receivable is recognised on the transfer of the products, as this is the point at which consideration is deemed to be unconditional. There are no variable elements to the consideration received that require estimation. No significant element of financing is present as sales are made with a credit term of 30 days end of month, which is consistent with market practice.

Where costs are incurred by the Group in securing a contract to supply products, those costs, (subject to a de-minimis limit), are recognised as customer contract assets (within trade and other receivables) in the Consolidated Statement of Financial Position. The balance is amortised over the period in which revenue pertaining to those costs is recognised, which in the vast majority of cases is four years. Reviews are performed to assess expected credit losses and balances adjusted if necessary.

Due to the fact that the Group's customers typically collect or take delivery of products for immediate use in their intended purpose, the likelihood of items being returned is small. Therefore, it is highly probable that a significant reversal of revenue will not occur. The Group's obligations to repair or replace faulty manufactured products under the standard warranty terms is recognised as a provision, see Note 23.

Non-underlying items

The Group presents some material items of income and expense as non-underlying items. This is done when, in the opinion of the Directors, the nature of the circumstances merit separate presentation in the Financial Statements. This includes, but is not limited to, costs incurred in the act of securing debt or equity funding, acquisition costs, non-recurring costs arising from business restructuring and expensed software-as-a-service costs incurred in the process of developing strategic IT systems (see Software on page 132).

This treatment allows users of the Financial Statements to better understand the elements of financial performance in the year, it facilitates comparison with prior periods, and it helps in understanding trends in financial performance. Further details are provided in Note 7.

1 ACCOUNTING POLICIES (GROUP) CONTINUED

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. Direct costs of acquisition are recognised immediately as an expense.

Goodwill is initially measured at cost, being the excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired at the acquisition date. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the Consolidated Statement of Comprehensive Income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the excess is credited in full to the Consolidated Statement of Comprehensive Income on the acquisition date.

Externally acquired intangible assets
Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques. Useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Software	5 to 10 years	Cost to acquire
Technology-based	10 to 17 years	Cost to acquire
Customer-related	5 to 10 years	Cost to acquire
Marketing-related	10 to 15 years	Cost to acquire

The amortisation charge for the year is included within administration costs, within the Consolidated Statement of Comprehensive Income.

Software
Costs associated with maintaining computer software programmes are recognised as an expense in the underlying income statement as they are incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products that are controlled by the Company are recognised as intangible assets, and amortised on a straight-line basis over their estimated useful lives. Any development costs that directly relate to software-as-a-service ('SaaS') arrangements are expensed as incurred unless the Company has control of the underlying SaaS software. Where expensed SaaS costs are incurred in the process of developing strategic IT systems, which for the avoidance of doubt comprises the Group's new Enterprise Resource Planning and HR Information Systems, such costs are classified as non-underlying items as they are material in size and not part of the normal costs of operating the business.

Impairment of tangible assets, intangible assets, right-of-use assets and investments
Impairment tests on non-current assets are undertaken annually at the financial year-end or at any other time when an indication of impairment arises. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value-in-use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs, for which there are separately identifiable cash flows – its cash-generating unit ('CGU'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill. Impairment is not considered at an individual branch level ('Building Plastics: CGU') as acquired goodwill is not separately identifiable on that basis.

Individual right-of-use lease property assets relating to the Group's branch network are also tested for impairment when an indication of impairment arises, such as a branch becoming loss-making. In considering individual branch performance, central overheads are allocated to each branch in proportion to sales.

Where it is considered probable that climate change will have a measurable and materially adverse impact on the future cash flows of a CGU or non-current asset, estimated cash flows and/or useful economic lives are reduced accordingly.

Impairment charges are included in the Consolidated Statement of Comprehensive Income, except to the extent they reverse gains previously recognised in Other Comprehensive Income. An impairment loss recognised for goodwill is not reversed.

Property, plant and equipment
Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Assets in the course of construction are not depreciated until they are in a condition that would allow them to be deployed in their intended use without further changes to their condition. Depreciation is provided on all other items of property, plant and equipment so as to write off their cost less residual value over their expected useful economic lives. It is provided at the following rates:

Asset class	Depreciation policy
Freehold property	2.5% per annum straight-line
Leasehold improvements	Equal instalments over the period of the lease
Plant and machinery	
Mixing plant	Between 20% and 25% per annum straight-line
Extruders	13 years based on production usage on a straight-line basis
Stillages and tooling	5 to 10 years based on production usage on a straight-line basis
Other	Between 10% and 25% per annum straight-line
Motor vehicles	Between 20% and 25% per annum straight-line

Right-of-use lease assets
Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at, or before, the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Discount rates are based on our external financing rate and then a lease-specific adjustment is applied.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of the lease. Leases are assessed for impairment based on value-in-use and impaired where this is below book value. Reversals of impairments can occur where assets are subsequently found to have further value-in-use.

Inventories
Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and conversion, and other costs incurred in bringing the inventories to their present location and condition. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes a proportion of attributable overheads.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred up to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

1 ACCOUNTING POLICIES (GROUP) CONTINUED

Financial assets

The Group records all of its financial assets at amortised cost and has not classified any of its financial assets at fair value through profit and loss or other comprehensive income. The Group's financial assets comprise trade and other receivables and cash and cash equivalents in the balance sheet. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Customer rebates are offset against receivable amounts in line with the terms of the customer agreements.

The Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for trade receivables.

Expected loss rates are derived based upon the payment profile of sales over the three-year period up to the reporting date, and the corresponding credit losses experienced. These rates are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle receivables, including GDP, the rate of unemployment, new housing starts, interest rates and household disposable income. Insured balances are excluded to the extent that no loss would arise in the event of default by the customer.

Where the adjusted loss rates are different from the original estimate, there is an impact on the carrying value of trade receivables and the amount credited or charged on a net basis to operating expenses within the Consolidated Statement of Comprehensive Income.

While cash and cash equivalents and contract assets are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from inception, and – for the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within current liabilities in the balance sheet.

Financial liabilities

The Group classifies its financial liabilities as financial liabilities measured at amortised cost, which include the following items:

- Bank borrowings which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Taxation

Tax on the profit for both the current and prior periods comprises both current and deferred tax and is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates that have been enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years.

The Group recognises a current tax asset in respect of relief claimed under the Patent Box when the inflow of economic benefits arising from that asset is virtually certain, deemed to be the submission of a claim to HM Revenue and Customs.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill
- the initial recognition of an asset or liability in a transaction, which is not a business combination, and at the time of the transaction affects neither accounting nor taxable profit
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that future taxable profits will arise, against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/assets are settled/recovered.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Lease liabilities

The Group leases certain properties, vehicles and material handling equipment. The Group has no leases previously classified as finance leases. Liabilities for leases previously classified as operating leases have been measured in accordance with IFRS 16 using the modified retrospective approach.

In applying IFRS 16, the Group has taken advantage of a number of practical expedients permitted by the standard:

- the application of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments as to whether leases are onerous
- accounting for leases with a remaining term of less than 12 months as short-term leases
- the exclusion of initial direct costs in measuring the right-of-use asset at the date of initial application.

Leases with a remaining term of less than 12 months have been accounted for as short-term leases. Leased assets with a value of less than £5,000 are omitted on the basis of materiality.

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (defined as leases with a value of less than £5,000). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate is calculated based upon a combination of the risk-free rate, financing and asset-specific credit spreads, adjusted for the term of each lease.

Lease payments included in the measurement of the lease liability comprise fixed lease payments, less any lease incentives. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The principal and finance elements of lease payments are presented separately on the face of the Consolidated Cash Flow Statement within financing activities.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

The Group has recognised provisions for liabilities of uncertain timing or amount in respect of leasehold dilapidations and warranty claims. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate as described above.

Dilapidations provisions represent the Directors best estimate of the cost associated with the obligation using historical costs. Known specific obligations relating to repairs required or structural changes made to a building are recognised as soon as the timing and amount of the liability can be reliably estimated.

Warranty provisions are recognised to cover known potential warranty issues. The provision represents the Directors best estimate of the costs associated with these obligations.

Share capital

The Group's ordinary shares are classified as equity instruments.

Treasury shares

Treasury shares are held by the Company and the Company's Employee Benefit Trust for the purpose of satisfying awards under the Group's various share-based payment schemes.

Shares in relation to the Employee Benefit Trust are acquired from the market and are held in treasury until such time as they are issued to share scheme participants. Treasury shares held by the Company are acquired through the share buyback schemes. Any shares not yet issued to employees at the end of the reporting period are shown as treasury shares in the Financial Statements. Shares issued to employees are recognised on a first-in first-out basis. Under the terms of the trust deed, the Group is required to provide the trust with the necessary funding for the acquisition of the shares.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid. In the case of final dividends, this is when approved by the Shareholders at the Annual General Meeting.

1 ACCOUNTING POLICIES (GROUP) CONTINUED

Retirement benefits: defined contribution scheme

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period. The Group has no obligation to pay future pension benefits.

Foreign currency

The Group's Financial Statements are presented in Sterling. For each entity, the Group determines the functional currency, and items included in the Financial Statements of each entity are measured using that functional currency.

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their 'functional currency') are recorded at the prevailing rate when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the Consolidated Statement of Comprehensive Income.

Share-based payment transactions

The Group has applied the requirements of IFRS 2 Share-based Payment.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is determined at the grant date using the Black–Scholes valuation model and equity-settled share-based payments are expensed on a straight-line basis over the vesting period, based upon the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured based on the value of options over shares on the date of grant and the likelihood of all or part of the option vesting.

Current tax relief is available as shares vest based on the value at the date of vesting. A deferred tax asset is recognised at grant date based on the number of shares expected to be issued, at the value at which they are expected to be issued, proportioned in line with the vesting period.

Alternative performance measures

The Group uses alternative performance measures alongside statutory measures to facilitate a better understanding of financial performance and comparison with prior periods, and in order to provide audited financial information, against which the Group's bank covenants, which are all measured on a pre-IFRS 16 basis, can be assessed.

EBITDA is defined as operating profit before depreciation and amortisation charges. Pre-IFRS 16 EBITDA is stated inclusive of operating lease rentals under IAS 17 Leases.

Adjusted EBITDA, profits and earnings per share exclude non-underlying items. Adjusted profit measures allow users of the Financial Statements to better understand financial performance in the year by removing certain material items of income and expense that are unusual due to their nature or infrequency, thus facilitating better comparison with prior periods.

Covenants are assessed on a pre-IFRS 16 adjusted EBITDA, continuing basis.

	2024 £m	2023 £m
Operating profit	**16.6**	14.9
Depreciation and amortisation	**25.3**	24.7
EBITDA	**41.9**	39.6
Non-underlying items	**6.2**	3.5
Adjusted EBITDA	**48.1**	43.1
Operating lease rentals under IAS 17	**(16.3)**	(15.2)
Pre-IFRS 16 adjusted EBITDA	**31.8**	27.9

Pre-IFRS 16 total net debt/(cash) is defined as total borrowings and lease liabilities less cash and cash equivalents and deferred consideration, excluding the impact of leases recognised under IFRS 16 Leases.

	2024 £m	2023 £m
Total net debt	**62.5**	58.2
Lease liabilities	**(59.4)**	(58.6)
Pre-IFRS 16 net debt/(cash)	**3.1**	(0.4)

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgements.

Critical estimates and judgements

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates

Recoverability of trade receivables

The Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for trade receivables. Expected loss rates are derived based upon the payment profile of sales over the three-year period up to the reporting date, and the corresponding credit losses experienced. These rates are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle receivables, including GDP, the rate of unemployment, new housing starts, interest rates and household disposable income.

Where the adjusted loss rates are different from the original estimate, there is an impact on the carrying value of trade receivables and the amount credited or charged on a net basis to operating expenses within the Consolidated Statement of Comprehensive Income. The key judgement is the extent to which macroeconomic factors impact upon the recoverability of trade receivables. The key estimate is the adjusted loss rate applied to each age category.

If loss rates for current receivables were, on average, 750 basis points higher than current estimates, the provision for impairment would increase by approximately £1.0 million. Further disclosures relating to trade receivables are provided in Note 19.

Judgements

Asset impairment

The right of use asset impairment charge arises following a dispute with the landlord at a secondary warehouse in Derbyshire, where there was significant deterioration to the flooring. Following legal advice, the Group terminated the lease. The landlord has contested the termination and issued proceedings for unpaid rent. A mediation process is expected to commence shortly with potential for a court case to follow if this is unsuccessful. With the site not currently in condition for use and the outcome of the dispute uncertain, the lease asset has been impaired in full. The liability for future rentals (£3.1 million), remains on the balance sheet. The impairment may be reversed in future periods, or the liability released, depending on the outcome of the dispute.

3 FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks:

- credit risk
- market risk
- foreign exchange risk
- liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The Group does not consider there to be any significant concentration of risk. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these Financial Statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks, or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- trade and other receivables
- cash and cash equivalents
- deferred consideration
- trade and other payables
- bank overdrafts
- floating-rate bank loans
- lease liabilities.

The Group finances its activities using cash generated from operations and its Revolving Credit Facility. It does not use invoice discounting or any other financing facilities. The fair value for cash and cash equivalents is approximate to its book value.

3 FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

Principal financial instruments continued

A summary of the financial instruments held by category is provided below:

Financial assets	2024 £m	2023 £m
Cash and cash equivalents	**0.4**	0.4
Trade and other receivables	**35.2**	35.1
Total financial assets	**35.6**	35.5

Financial liabilities	2024 £m	2023 £m
Trade and other payables	**41.6**	39.6
Lease liabilities	**59.4**	58.6
Bank overdrafts	**3.0**	–
Borrowings	**1.0**	–
Total financial liabilities	**105.0**	98.2

The analysis above does not correspond to the values reported in the Consolidated Statement of Financial Position as excluded from the analysis above are assets and liabilities from which no future cash flows are expected to arise, including prepayments, contract assets, rent-free periods on leased properties, and unamortised arrangement costs relating to the Group's borrowings.

Impairment of financial assets

Impairments of trade receivables are outlined in Note 19. No further impairments to financial assets are considered necessary. The Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for trade receivables.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Board receives monthly reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. These are then discussed at regular Board meetings.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk through its trade receivables arising from its normal commercial activities. It is Group policy, implemented locally, to assess the credit risk of new customers before entering into contracts.

Existing credit risks associated with trade receivables are managed in line with Group policies as discussed in the financial assets section of accounting policies. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. This risk is mitigated by ensuring that deposits are only made with banks and financial institutions with a good rating issued by an industry-recognised independent third party (e.g. Standard and Poor's).

Further disclosures regarding financial assets are provided in Note 19.

Market risk

The Group is exposed to market risk from bank borrowings, which incur variable interest rate charges linked to base rate plus a margin. The Group's objective is to manage the interest cost of the Group within the constraints of its financial covenants and forecasts. It does this through regular reporting and monitoring of operating cash flows, effective working capital management and close controls over the authorisation of capital expenditure.

If variable interest rates were 1,500 basis points higher/lower, the Group's finance expense would increase/decrease by £200,000.

During 2024 and 2023 the Group's borrowings, at variable rate were denominated in Sterling. Further disclosures relating to bank borrowings are provided in Note 20.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of a financial instrument or future cash flow will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group manages its exposure to fluctuations in currency rates by wherever possible negotiating both purchases and sales to be denominated in Sterling. The profit or loss arising from likely changes in foreign exchange is not significant.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, cash flow forecasts are prepared and updated on a regular basis to ensure that the Group has adequate headroom in its facilities. The Board receives monthly updates on the Group's liquidity position and any issues are reported by exception.

At the end of the financial year, the most recent cash flow projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably foreseeable circumstances.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

At 31 December 2024	Total £m	Up to 3 months £m	Between 3 and 12 months £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Trade and other payables	**43.5**	**43.5**	**–**	**–**	**–**	**–**
Lease liabilities	**66.1**	**3.1**	**10.7**	**15.1**	**21.6**	**15.6**
Bank overdrafts	**3.0**	**3.0**	**–**	**–**	**–**	**–**
Borrowings	**1.0**	**–**	**–**	**–**	**1.0**	**–**
Total	**113.6**	**49.6**	**10.7**	**15.1**	**22.6**	**15.6**

At 31 December 2023	Total £m	Up to 3 months £m	Between 3 and 12 months £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Trade and other payables	39.6	39.6	–	–	–	–
Lease liabilities	64.2	4.6	9.8	8.4	25.8	15.6
Borrowings	–	–	–	–	–	–
Total	103.8	44.2	9.8	8.4	25.8	15.6

Excluded from the analysis above are assets and liabilities from which no future cash flows are expected to arise.

Capital management

The Group's objective when managing capital, which is deemed to be total equity plus total debt and which was £168.3 million (2023: £172.9 million) at the balance sheet date, is to safeguard the Group's ability to continue as a going concern, through the optimisation of the debt and equity balance, and to maintain good headroom on its debt facilities and financial covenants. The Group manages its capital structure and makes appropriate decisions in the light of current economic conditions and its strategic objectives.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and sustain the future development of the business.

The funding requirements of the Group are met by the utilisation of external borrowings together with available cash.

A key objective of the Group's capital management is to maintain comfortable headroom over the covenants set out in its existing facility agreements.

The financial covenants which are in place, all measured on a pre-IFRS 16 basis, are as follows:

- Leverage: the ratio of total net debt to consolidated adjusted EBITDA of any relevant period of not more than 3:1
- Interest cover: the ratio of adjusted EBITDA to net interest payable in respect of any relevant period of not less than 4:1.

Covenants are measured at half-year and year-end on a rolling 12-month basis. As at 31 December 2024, Leverage and Interest Cover were 0.1:1 and 45:1 respectively (2023: 0.0:1 and 20:1). The Group operated well within the terms of its covenants throughout the current and prior periods. The Group anticipates that it will comfortably meet all future covenant obligations.

3 FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

Capital management continued

The following table sets out the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date:

	As at 31 December 2024			
	GBP £m	EUR £m	USD £m	Total £m
Trade and other receivables	35.0	0.2	–	35.2
Cash and cash equivalents	0.3	0.1	–	0.4
Bank overdrafts	(3.0)	–	–	(3.0)
Lease liabilities	(59.1)	(0.3)	–	(59.4)
Other interest-bearing borrowings	(1.0)	–	–	(1.0)
Trade and other payables	(41.1)	(0.5)	–	(41.6)
	(68.9)	(0.5)	–	(69.4)

	As at 31 December 2023			
	GBP £m	EUR £m	USD £m	Total £m
Trade and other receivables	35.0	0.1	–	35.1
Cash and cash equivalents	0.4	–	–	0.4
Lease liabilities	(58.2)	(0.4)	–	(58.6)
Trade and other payables	(39.0)	(0.6)	–	(39.6)
	(61.8)	(0.9)	–	(62.7)

4 REVENUE

Revenue arises from:

	2024 £m	2023 £m
Sale of goods	357.9	364.5

External revenue by destination:

	2024 £m	2023 £m
United Kingdom	353.1	359.3
European Union	4.1	4.1
Rest of World	0.7	1.1
	357.9	364.5

There are no customers with sales in excess of 10% of total Group revenues.

Revenue is disclosed net of contract asset amortisation and related expenses in the year of £1.5 million (2023: £1.5 million). Further details are provided in Note 19.

5 AUDITOR'S REMUNERATION

Total amounts payable to the Group's auditors were as follows:

	2024 £000	2023 £000
Audit of these Financial Statements	112	100
Amounts receivable by auditors and their associates in respect of:		
Audit of Financial Statements of subsidiaries pursuant to legislation	254	238
Audit-related assurance services	77	70
	443	408

6 EXPENSES BY NATURE

	2024 £m	2023 £m
Depreciation of property, plant and equipment (Note 14)	9.6	9.3
Depreciation of right-of-use assets (Note 15)	14.4	13.7
Amortisation of intangible assets (Note 16)	1.3	1.7
Impairment of property, plant and equipment and right-of-use assets	3.3	0.3
Other non-underlying operating expenses (Note 7)	3.0	3.2
Cost of inventories	153.2	169.5
Other variable costs	16.4	21.2
Employee benefits expense (Note 8)	89.2	85.2
Short-term lease rentals	2.2	2.0
Other expenses	48.7	43.9
Total cost of sales, distribution costs and administration expenses	341.3	350.0

7 NON-UNDERLYING ITEMS

Amounts included in the Consolidated Statement of Comprehensive Income are as follows:

	2024 £m	2023 £m
Restructuring costs	–	2.7
Asset impairment charges	3.2	–
Strategic IT expenses	2.2	0.8
Acquisition costs	0.8	–
Non-underlying operating expenses	6.2	3.5
Taxation	(1.3)	(0.8)
Impact on profit after tax	4.9	2.7

Asset impairment charges

The right-of-use asset impairment charge arises following a dispute with the landlord at a secondary warehouse in Derbyshire, where there was significant deterioration to the flooring. Following legal advice, the Group terminated the lease. The landlord has contested the termination and issued proceedings for unpaid rent. A mediation process is expected to commence shortly, with the potential for a court case to follow if this is unsuccessful.

The Group determined that the landlord issuing legal proceedings represented an impairment trigger for the right-of-use asset, which had a net book value of £3.2 million at that time. With the site not currently in condition for use and the outcome of the dispute uncertain, the lease asset has been impaired in full (a non-cash item). The net book value of the lease liability at the balance sheet date is £3.1 million. The Group expects the landlord to incur the cost of remediation, and therefore no further liability has been recognised. The impairment may be reversed in future periods, or the liability released, depending on the outcome of the dispute.

Strategic IT expenses

Strategic IT expenses of £2.2 million (2023: £0.8 million), include cloud computing costs involving 'Software as a Service' arrangements and internal resourcing costs which are expensed as incurred rather than being capitalised as intangible assets (see Note 1).

Our strategic IT projects comprise a new customer-facing website and an employee management system (both now substantially complete) and, most significantly, the replacement of the Group's Enterprise Resource Planning ('ERP') system. Such items are considered to be non-underlying in nature because they relate to multi-year programmes to deliver strategic IT implementations which are material in size, with overall spend estimated to be in the region of £10 million over the 2024–26 period. The implementation is on track and, as previously reported, we estimate the transition to be completed around mid-2026.

Acquisition costs

In March 2025, the Group completed the acquisition of the Alunet Group. Acquisition-related expenses of £0.8 million were incurred in the process, comprising deal advisory, legal and due diligence costs.

7 NON-UNDERLYING ITEMS CONTINUED

Prior year restructuring costs

Restructuring costs in 2023 related to redundancy payments and related employee benefit termination costs, with 119 roles impacted at a one-off cost of £2.7 million. These costs were classified as non-underlying as they related to roles that no longer exist within the organisation and therefore would not re-occur in future reporting periods. Also included is a credit of £0.2 million in respect of the release of a provision relating to a restructuring exercise announced in 2022 and completed in early 2023.

Impact on cash flow

Of the £6.2 million non-underlying expenses recognised, £1.9 million was settled in cash at 31 December 2024 and £3.2 million related to non-cash impairment charges. The remaining £1.1 million will be settled within the next twelve months.

Of the £3.5 million non-underlying expenses recognised in 2023, £3.2 million had been settled in cash at 31 December 2024. The remaining £0.3 million relates to non-cash asset impairment charges.

8 EMPLOYEE BENEFITS EXPENSE

	2024 £m	2023 £m
Staff costs (including Directors) comprise:		
Wages and salaries	**76.3**	73.7
Share-based payments	**1.5**	0.8
Social security costs	**8.7**	8.0
Other pension costs	**2.7**	2.7
	89.2	85.2

The average monthly number of employees, including Directors, during the year was as follows:

	2024 No.	2023 No.
Production	**726**	767
Office and administration	**437**	426
Distribution	**904**	908
	2,067	2,101

Key management personnel compensation and Directors' remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, which is considered to be the Directors of the Company.

	2024 £m	2023 £m
Emoluments	**1.3**	1.4
Share-based payments	**–**	0.5
Pension and other post-employment benefit costs	**–**	0.1
	1.3	2.0

Directors' remuneration is set out in the Remuneration Report on pages 90 to 111. Mark Kelly retired and was replaced as CEO by Darren Waters in May 2023. The highest paid Director received remuneration of £476,000 (2023: £412,000).

During the year, retirement benefits were accruing to two Directors in respect of defined contribution pension schemes (2023: three). The value of contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £21,000 (2023: £15,000).

During the current year, no share options were exercised by Directors of the Group (2023: 316,184 by two Directors). No options were exercised by the highest paid Director (2023: nil).

During the year no long-term benefits were issued, nor any termination payments made.

The Group's policy for consulting with, sharing information with, and encouraging the involvement of employees is discussed on pages 67 to 76.

9 SEGMENTAL INFORMATION

The Group organises itself into a number of operating segments that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. Internal reporting provided to the chief operating decision-maker, which has been identified as the executive management team including the Chief Executive and the Chief Financial Officer, reflects this structure.

The Group has aggregated its operating segments into three reported segments, as these business units have similar products, production processes, types of customer, methods of distribution, regulatory environments, and economic characteristics:

- Profiles – extrusion and sale of PVC window and building products to the new and replacement window market across the UK. This segment includes Vista Panels, S&S Plastics and Eurocell Recycle North
- Building Plastics – sale of building plastic materials across the UK
- Corporate – represents costs relating to the ultimate Parent Company and includes the assets and related amortisation in respect of acquired intangible assets.

Inter-segmental sales, which are eliminated on consolidation, are transacted on an arms' length basis and relate to manufactured products distributed by the Building Plastics division.

	Profiles 2024 £m	Building Plastics 2024 £m	Corporate 2024 £m	Total 2024 £m
Revenue				
Total revenue	**209.8**	**212.3**	**–**	**422.1**
Inter-segmental revenue	**(63.7)**	**(0.5)**	**–**	**(64.2)**
Total revenue from external customers	**146.1**	**211.8**	**–**	**357.9**
Adjusted EBITDA	**33.3**	**15.7**	**(0.9)**	**48.1**
Amortisation of intangible assets	**–**	**–**	**(1.3)**	**(1.3)**
Depreciation of property, plant and equipment	**(7.5)**	**(1.3)**	**(0.8)**	**(9.6)**
Depreciation of right-of-use assets	**(6.4)**	**(7.9)**	**(0.1)**	**(14.4)**
Adjusted operating profit/(loss)	**19.4**	**6.5**	**(3.1)**	**22.8**
Non-underlying operating expenses	**(4.8)**	**(1.4)**	**–**	**(6.2)**
Operating profit/(loss)	**14.6**	**5.1**	**(3.1)**	**16.6**
Finance expense				**(2.8)**
Profit before tax				**13.8**

	Profiles 2023 £m	Building Plastics 2023 £m	Corporate 2023 £m	Total 2023 £m
Revenue				
Total revenue	219.8	210.0	–	429.8
Inter-segmental revenue	(64.9)	(0.4)	–	(65.3)
Total revenue from external customers	154.9	209.6	–	364.5
Adjusted EBITDA	25.5	17.4	0.2	43.1
Amortisation of intangible assets	–	–	(1.7)	(1.7)
Depreciation of property, plant and equipment	(7.3)	(1.2)	(0.8)	(9.3)
Depreciation of right-of-use assets	(6.3)	(7.3)	(0.1)	(13.7)
Adjusted operating profit/(loss)	11.9	8.9	(2.4)	18.4
Non-underlying operating expenses	(1.8)	(0.7)	(1.0)	(3.5)
Operating profit/(loss)	10.1	8.2	(3.4)	14.9
Finance expense				(3.2)
Profit before tax				11.7

9 SEGMENTAL INFORMATION CONTINUED

	Profiles 2024 £m	Building Plastics 2024 £m	Corporate 2024 £m	Total 2024 £m
Additions to plant, property, equipment and intangible assets	**7.1**	**2.7**	**0.9**	**10.7**
Segment assets	**122.3**	**84.0**	**17.5**	**223.8**
Segment liabilities	**(53.2)**	**(48.9)**	**(7.2)**	**(109.3)**
Borrowings				**(0.5)**
Deferred tax liability				**(8.6)**
Total liabilities				**(118.4)**
Total net assets				**105.4**

	Profiles 2023 £m	Building Plastics 2023 £m	Corporate 2023 £m	Total 2023 £m
Additions to plant, property, equipment and intangible assets	6.9	1.5	0.5	8.9
Segment assets	126.9	78.5	18.4	223.8
Segment liabilities	(53.3)	(43.7)	(4.5)	(101.5)
Borrowings				–
Deferred tax liability				(8.0)
Total liabilities				(109.5)
Total net assets				114.3

Geographical information

	Revenue 2024 £m	Non-current assets 2024 £m	Revenue 2023 £m	Non-current assets 2023 £m
United Kingdom	**355.8**	**129.4**	362.5	130.8
Republic of Ireland[1]	**2.1**	**–**	2.0	–
Total	**357.9**	**129.4**	364.5	130.8

1 The net book value of non-current assets in the Republic of Ireland was less than £50,000 in both years.

10 FINANCE EXPENSE

	2024 £m	2023 £m
Finance expense		
Bank borrowings	**0.7**	1.4
Interest on lease liabilities	**2.1**	1.8
Total finance expense	**2.8**	3.2

11 TAXATION

	2024 £m	2023 £m
Current tax expense		
Current tax on profits for the year	**3.0**	2.0
Adjustments in respect of prior years	**(0.3)**	(1.1)
Total current tax	**2.7**	0.9
Deferred tax expense		
Origination and reversal of temporary differences	**0.4**	0.4
Adjustment in respect of prior years	**0.2**	0.8
Total deferred tax	**0.6**	1.2
Total tax expense	**3.3**	2.1

The reasons for the difference between the actual current tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2024 £m	2023 £m
Profit before tax	**13.8**	11.7
Expected tax charge based on the standard rate of corporation tax in the UK of 25% (2023: 23.5%)	**3.4**	2.7
Taxation effect of:		
Expenses not deductible for tax purposes	**0.6**	0.4
Patent Box claims	**(0.4)**	(0.5)
Deferred tax impact of share-based payments	**0.4**	0.1
Adjustment in respect of prior years	**(0.3)**	(1.1)
Tax effect of accelerated capital allowances	**(1.0)**	(0.7)
Current tax expense	**2.7**	0.9

11 TAXATION CONTINUED

The reasons for the difference between the total tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2024 £m	2023 £m
Profit before tax	**13.8**	11.7
Expected tax charge based on the standard rate of corporation tax in the UK of 25% (2023: 23.5%)	**3.4**	2.7
Taxation effect of:		
Expenses not deductible for tax purposes	**0.4**	0.2
Patent Box claims	**(0.4)**	(0.5)
Adjustments in respect of prior years	**(0.1)**	(0.3)
Total tax expense	**3.3**	2.1

Some expenses incurred, such as certain legal and entertainment costs, are not allowable for tax purposes and are therefore not deducted from taxable income when calculating the Group's tax liability.

Capital allowances are tax reliefs for the expenditure the Group makes on fixed assets. The difference between the accounting treatment of fixed assets for tax and accounting purposes gives rise to temporary difference recognised within deferred tax.

The Group recognises a current tax asset in respect of relief claimed under the Patent Box when the inflow of economic benefits arising from that asset is virtually certain, deemed to be the submission of a claim to HM Revenue and Customs.

Changes in tax rates and factors affecting the future tax charge

There was no change to the rate of UK corporation tax in the year. The mainstream rate of UK corporation tax increased from 19% to 25% from April 2023, giving rise to a blended standard rate of 23.5% in 2023.

There are no material uncertain tax provisions.

Tax included in Other Comprehensive Income

The tax charge arising on share-based payments within Other Comprehensive Income is £nil (2023: £nil).

Based on the current investment plans of the Group, and assuming the rates of capital allowances on capital expenditure continue into the future, the vast majority of the deferred tax liability is expected to unwind over a period of greater than one year.

Tax residency

Eurocell plc and its subsidiaries are all registered in the United Kingdom and are resident in the UK for tax purposes, except as described below.

The Group has two branches in the Republic of Ireland, with combined annual revenues of £2.1 million (2023: £2.0 million), total assets of less than £50,000 (2023: less than £50,000) and nine full-time employees (2023: eight full-time employees). For tax purposes, these two trading locations form a single branch within Eurocell Building Plastics Limited, and therefore any profits generated are subject to tax in the Republic of Ireland. Profits generated during the year contribute less than 5% of the overall Group profits (2023: less than 5%). The tax charge in relation to the Group's Republic of Ireland operations in 2024 is €600 (2023: €nil) and tax payments of €600 were made during the year (2023: €nil). The reasons for the difference between the tax charge for the year and the standard rate of corporation tax in Ireland applied to the profits for the year is due to utilisation of losses brought forward. No deferred tax assets are recognised on unutilised losses due to the uncertainty of future profits in the Republic of Ireland (2023: none).

12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares. Adjusted earnings per share excludes the impact of non-underlying items.

Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effects of dilutive options. In the event that a loss is recorded for the period, share options are not considered to have a dilutive effect.

During the year, the Company entered into multiple share buyback programmes totalling £15 million. As at 31 December 2024, the cash outflow in regard to these schemes totalled £14.5 million (including transactional costs), equivalent of 10,287,011 shares.

	2024 £m	2023 £m
Profit attributable to ordinary shareholders excluding non-underlying items	**15.4**	12.3
Profit attributable to ordinary shareholders	**10.5**	9.6

	2024 No.	2023 No.
Weighted average number of shares – basic	**106,455,702**	111,885,083
Dilutive impact of share options granted	**1,339,708**	53,451
Weighted average number of shares – diluted	**107,795,410**	111,938,534

	2024 Pence	2023 Pence
Basic earnings per share	**9.8**	8.6
Adjusted basic earnings per share	**14.4**	11.0
Diluted earnings per share	**9.7**	8.6
Adjusted diluted earnings per share	**14.3**	11.0

13 DIVIDENDS

	2024 £m	2023 £m
Dividends paid during the year		
Interim dividend for 2024 of 2.2p per share (2023: 2.0p per share)	**2.3**	2.2
Final dividend for 2023 of 3.5p per share (2022: 7.2p per share)	**3.8**	8.1
	6.1	10.3
Dividends proposed		
Final dividend for 2024 of 3.9p per share	**4.0**	–
Final dividend for 2023 of 3.5p per share	**–**	3.8
	4.0	3.8

14 PROPERTY, PLANT AND EQUIPMENT

	Freehold property £m	Leasehold improvements £m	Plant and machinery £m	Motor vehicles £m	Assets under construction £m	Total £m
Cost						
Balance at 1 January 2023	9.0	–	69.1	1.1	6.0	85.2
Additions	–	–	1.7	0.3	6.8	8.8
Disposals	–	–	(2.2)	(0.2)	(0.4)	(2.8)
Transfers	–	–	4.5	–	(5.4)	(0.9)
Balance at 31 December 2023	**9.0**	**–**	**73.1**	**1.2**	**7.0**	**90.3**
Additions	**–**	**–**	**6.4**	**0.3**	**3.9**	**10.6**
Disposals	**–**	**–**	**(1.5)**	**(0.1)**	**–**	**(1.6)**
Transfers	**1.2**	**–**	**2.3**	**–**	**(3.5)**	**–**
Balance at 31 December 2024	**10.2**	**–**	**80.3**	**1.4**	**7.4**	**99.3**
Accumulated depreciation and impairment						
Balance at 1 January 2023	1.8	–	20.8	0.9	–	23.5
Charge for the year	0.3	–	8.9	0.1	–	9.3
Impairment charges	–	–	0.2	–	–	0.2
Disposals	–	–	(2.2)	(0.2)	–	(2.4)
Transfers	–	–	(0.2)	–	–	(0.2)
Balance at 31 December 2023	**2.1**	**–**	**27.5**	**0.8**	**–**	**30.4**
Charge for the year	**0.3**	**–**	**9.0**	**0.3**	**–**	**9.6**
Disposals	**–**	**–**	**(1.1)**	**(0.1)**	**–**	**(1.2)**
Balance at 31 December 2024	**2.4**	**–**	**35.4**	**1.0**	**–**	**38.8**
Net book value						
At 31 December 2024	**7.8**	**–**	**44.9**	**0.4**	**7.4**	**60.5**
At 31 December 2023	6.9	–	45.6	0.4	7.0	59.9

Included within freehold property is non-depreciable land of £2.3 million (31 December 2023: £2.3 million).

There is no restriction of title, nor equipment pledged as security for liabilities included with property, plant and equipment.

15 RIGHT-OF-USE ASSETS

	Leasehold improvements £m	Motor vehicles £m	Office equipment and fixtures £m	Total £m
Cost				
Balance at 1 January 2023	68.4	24.4	–	92.8
Additions	4.6	4.7	0.3	9.6
Disposals	(2.7)	(4.1)	–	(6.8)
Balance at 31 December 2023	**70.3**	**25.0**	**0.3**	**95.6**
Additions	**11.2**	**5.7**	**–**	**16.9**
Disposals	**(3.9)**	**(7.2)**	**–**	**(11.1)**
Balance at 31 December 2024	**77.6**	**23.5**	**0.3**	**101.4**
Accumulated depreciation and impairment				
Balance at 1 January 2023	21.7	11.4	–	33.1
Charge for the year	8.7	4.9	0.1	13.7
Impairment charges	–	0.1	–	0.1
Disposals	(2.8)	(3.6)	–	(6.4)
Balance at 31 December 2023	**27.6**	**12.8**	**0.1**	**40.5**
Charge for the year	**9.4**	**5.0**	**–**	**14.4**
Impairment charges	**3.3**	**–**	**–**	**3.3**
Disposals	**(3.9)**	**(7.2)**	**–**	**(11.1)**
Balance at 31 December 2024	**36.4**	**10.6**	**0.1**	**47.1**
Net book value				
At 31 December 2024	**41.2**	**12.9**	**0.2**	**54.3**
At 31 December 2023	42.7	12.2	0.2	55.1

Impairments charges of £3.3 million (2023: £0.1 million) relates to the impairment of right-of-use properties, of which £3.2 million has been classified as non-underlying (see Note 7).

See Note 22 for details of lease liabilities.

16 INTANGIBLE ASSETS

	Software £m	Technology-based £m	Customer-related £m	Marketing-related £m	Goodwill £m	Total £m
Cost						
Balance at 1 January 2023	3.7	1.6	7.0	6.5	16.6	35.4
Additions	0.1	–	–	–	–	0.1
Transfers	0.7	–	–	–	–	0.7
Disposal	(1.0)	(0.1)	–	(0.2)	–	(1.3)
Balance at 31 December 2023	**3.5**	**1.5**	**7.0**	**6.3**	**16.6**	**34.9**
Additions	**0.1**	**–**	**–**	**–**	**–**	**0.1**
Balance at 31 December 2024	**3.6**	**1.5**	**7.0**	**6.3**	**16.6**	**35.0**
Accumulated amortisation						
Balance at 1 January 2023	2.0	0.9	6.1	3.7	5.8	18.5
Charge for the year	0.4	0.1	0.7	0.5	–	1.7
Disposals	(0.8)	(0.1)	–	(0.2)	–	(1.1)
Balance at 31 December 2023	**1.6**	**0.9**	**6.8**	**4.0**	**5.8**	**19.1**
Charge for the year	**0.5**	**0.1**	**0.2**	**0.5**	**–**	**1.3**
Balance at 31 December 2024	**2.1**	**1.0**	**7.0**	**4.5**	**5.8**	**20.4**
Net book value						
At 31 December 2024	**1.5**	**0.5**	**–**	**1.8**	**10.8**	**14.6**
At 31 December 2023	1.9	0.6	0.2	2.3	10.8	15.8

Included within customer-related and marketing-related intangible assets are the acquired intangibles in relation to the acquisition of Vista Panels in 2016, which have a combined carrying value of £0.2 million (2023: £0.4 million) and a remaining amortisation period of one year.

There are no internally-generated intangible assets.

17 IMPAIRMENT

For the purpose of impairment testing, goodwill is allocated to Cash Generating Units ('CGUs') as follows:

	2024 £m	2023 £m
Eurocell Building Plastics	**5.1**	5.1
Eurocell Profiles	**3.3**	3.3
Vista Panels	**2.2**	2.2
S&S Plastics	**0.2**	0.2
	10.8	10.8

CGUs are determined with reference to the smallest identifiable groups of assets that generate cash flows independently of other groups of assets, with reference to the business or product sectors in which they operate and CGUs are smaller than the disclosed segments. Impairment of goodwill is not considered at an individual branch level ('Building Plastics: CGU') as acquired goodwill is not separately identifiable on that basis.

In January 2023, there was a change to how CGU performance was presented to the chief operating decision-maker which reported the recycling operations as a separate CGU. At the point this change was made there was no goodwill held in this CGU and an impairment test was performed and was concluded that no impairment was required.

The recoverable amounts of the CGUs have been determined from 'value-in-use' calculations which have been predicated on discounted pre-tax cash flow projections based on a three-year business plan approved by the Board. These projections are based on all available information and growth rates do not exceed growth rates achieved in prior periods.

The key assumptions in preparing these forecasts are in line with the Group's published strategy, which includes continuing to open new branches, developing new products and increasing the use of recycled materials.

The cash flow forecasts take into consideration the factors in relation to climate change as discussed in the Sustainability Report section of the Strategic Report on pages 22 to 39. Management has considered the impact of a rise in global temperatures of 2.0 degrees Celsius. In conclusion, the Group believes the impact on cash flows would be broadly neutral, on the basis that any negative impact of the transition to a low-carbon society would be offset by both the increased recycling of PVC windows and Government legislation to reduce emissions through the replacement of old windows with newer windows with better thermal qualities (such as the Future Homes Standard), both long-term drivers of growth for the business. The Group continues to replace and upgrade its fleet of extruders and vehicles as part of its normal maintenance capex cycle, and therefore does not anticipate any risk of asset obsolescence or significant additional costs in this scenario.

All of the Group's CGUs operate principally in the UK Repair, Maintenance and Improvements market, and all are funded through a combination of retained earnings and the Group's Revolving Credit Facility. The strategic decision-making timeframe is also consistent across all CGUs. Consequently, the key assumptions detailed below are applied consistently across each CGU:

	2024	2023
Period on which management-approved forecasts are based (years)	**3**	3
Discount rate (pre-tax)	**14%**	12%
Profit growth rate in perpetuity	**2%**	2%

The period on which management-approved forecasts are based is consistent with the Board's strategic planning timeframe. The discount rate reflects an estimate of the Group's pre-tax Weighted Average Cost of Capital, based on past experience and sector-weighted assumptions. The profit growth rate in perpetuity is consistent with the average annual growth in UK Gross Domestic Product between 1990 and 2019 (source: Office for National Statistics).

Goodwill is considered to have an indefinite useful life.

The Group assessed the recoverable amount in respect of goodwill for each CGU to be greater than the carrying amount and therefore no impairment arises. No reasonably possible change in assumptions would result in an impairment for these CGUs.

Sensitivities

The following sales reduction or discount rate increase sensitivities would reduce headroom on each CGU to nil:

	2024		2023	
	Sales	Discount rate	Sales	Discount rate
Eurocell Building Plastics	**77%**	**47%**	77%	40%
Eurocell Profiles	**71%**	**41%**	74%	37%
Vista Panels	**79%**	**56%**	84%	49%
S&S Plastics	**24%**	**14%**	31%	16%

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18 INVENTORIES

	2024 £m	2023 £m
Raw materials	6.8	7.3
Work in progress	4.4	3.7
Finished goods and goods for resale	36.0	35.7
	47.2	46.7

All inventories are carried at cost less a provision to take account of slow-moving and obsolete items. At 31 December 2024, the inventory provision amounted to £3.7 million (2023: £3.5 million).

19 TRADE AND OTHER RECEIVABLES

	2024 £m	2023 £m
Trade receivables	37.7	38.6
Less: provision for impairment of trade receivables	(1.2)	(1.2)
Less: provision for rebates payable	(1.9)	(2.3)
Net trade receivables	34.6	35.1
Contract assets	2.3	1.9
Prepayments	8.3	7.9
Other receivables	0.6	0.4
Total trade and other receivables	45.8	45.3

Trade receivables are non-interest-bearing and are generally on 30 days' credit. The fair values of trade and other receivables classified as financial assets are not materially different to their carrying values.

Contract assets are amortised over the period in which revenue pertaining to those costs is recognised, which on average is four years. Additions of £1.2 million were recognised during the year (2023: £1.8 million), and amounts amortised against revenue were £0.8 million (2023: £0.6 million).

The Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all financial assets. In measuring expected credit losses for trade receivables, receivables have been grouped based on shared characteristics and days past due. Insured balances are excluded to the extent that no loss would arise in the event of default by the customer. Contract assets are assessed for impairment on a customer-by-customer basis following the application of the expected credit losses to the trade receivables.

Expected loss rates are derived based upon the payment profile of sales over a three-year period before 31 December 2024, and the corresponding credit losses experienced. These rates are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle receivables, GDP, the rate of unemployment, new housing starts, interest rates and household disposable income.

The closing loss allowances for trade receivables and contract assets as at 31 December reconcile to the opening loss allowances as follows:

	Trade receivables		Contract assets	
	2024 £m	2023 £m	2024 £m	2023 £m
At 1 January	1.2	1.8	–	–
Charged during the year	0.8	0.5	–	–
Released or utilised during the year	(0.7)	(0.4)	–	–
Receivables written off during the year as uncollectible	(0.1)	(0.7)	–	–
At 31 December	1.2	1.2	–	–

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The rate of expected loss continued to decrease as payment patterns returned to normal following the disruption of the global pandemic and its after-effects. The rate has now returned to historical levels.

At 31 December 2024	Current £m	More than 30 days past due £m	More than 60 days past due £m	More than 90 days past due £m	More than 120 days past due £m	Total £m
Expected loss rate	1%	15%	45%	78%	78%	3%
Gross carrying amount – trade receivables	35.1	1.5	0.2	0.1	0.8	37.7
Gross carrying amount – contract assets	2.3	–	–	–	–	2.3
Loss allowance	0.1	0.2	0.1	0.1	0.7	1.2

At 31 December 2023	Current £m	More than 30 days past due £m	More than 60 days past due £m	More than 90 days past due £m	More than 120 days past due £m	Total £m
Expected loss rate	1%	12%	48%	81%	74%	3%
Gross carrying amount – trade receivables	35.7	1.6	0.4	0.1	0.8	38.6
Gross carrying amount – contract assets	1.9	–	–	–	–	1.9
Loss allowance	0.1	0.2	0.2	0.1	0.6	1.2

20 BORROWINGS

The book value and fair value of borrowings are as follows:

	Book value 2024 £m	Fair value 2024 £m	Book value 2023 £m	Fair value 2023 £m
Non-current				
Bank borrowings unsecured	0.5	0.5	–	–
Total borrowings	0.5	0.5	–	–

Borrowings of £1.0 million were drawn down at 31 December 2024 (2023: £nil). The average drawdown on the facility during the year ended 31 December 2024 was £2.3 million (2023: £12.4 million). Total unamortised costs of £0.5 million as at 31 December 2024 are presented as a deduction to borrowings. Total unamortised costs of £0.7 million as at 31 December 2023 were reclassified to other receivables and no borrowings were drawn as at that date.

The bank borrowings outstanding at 31 December 2024 are classified as non-current liabilities as they relate to committed facilities available to the Group until 2027. The book value and fair value are not considered to be materially different.

In May 2023, the Group completed a one-year extension to its £75 million multi-currency revolving unsecured credit facility, which now matures in 2027. The key terms of the facility remain unchanged. Following the extension of the facility in 2023, £0.2 million of costs were capitalised within borrowings and are being released to the Consolidated Statement of Comprehensive Income within finance expense over the period of the facility.

Interest is charged at an excess over base rate of between 1.5% and 2.5% per annum and is dependent upon the ratio of total net debt to consolidated EBITDA (on a pre-IFRS 16 basis).

All of the Group's borrowings are denominated in Sterling. Details of the Company's banking covenants are given in Note 3.

20 BORROWINGS CONTINUED

The analysis of repayments on the combined borrowings is as follows:

	2024 £m	2023 £m
Within one year or repayable on demand	–	–
Between one and two years	–	–
Between two and five years	(1.0)	–
	(1.0)	–

21 TRADE AND OTHER PAYABLES

	2024 £m	2023 £m
Current liabilities		
Trade payables	30.8	29.0
Other tax and social security	5.5	6.0
Other payables	0.9	0.8
Accruals and deferred income	8.0	5.8
Total current trade and other payables	45.2	41.6

Book values approximate to fair value at 31 December 2024 and 31 December 2023.

22 LEASE LIABILITIES

	2024 £m	2023 £m
Lease liabilities		
Current	12.5	12.9
Non-current	46.9	45.7
Total discounted lease liabilities at 31 December	59.4	58.6

	2024 £m	2023 £m
Maturity analysis		
— Less than one year	14.2	14.4
— One to five years	36.3	34.2
— More than five years	15.6	15.6
Total undiscounted lease liabilities at 31 December	66.1	64.2

	2024 £m	2023 £m
Finance expense		
Interest on lease liabilities	2.1	1.8

See Note 15 for details of right-of-use assets.

23 PROVISIONS

	Dilapidations and environmental provisions £m	Warranty provisions £m	Total £m
At 1 January 2023	1.2	–	1.2
Charged to Statement of Comprehensive Income	0.1	–	0.1
Utilised	–	–	–
At 31 December 2023	1.3	–	1.3
Charged to Statement of Comprehensive Income	0.4	–	0.4
Utilised	–	–	–
At 31 December 2024	1.7	–	1.7
Current	0.4	–	0.4
Non-current	1.3	–	1.3
At 31 December 2024	1.7	–	1.7

Dilapidations and environmental provisions

Under property lease agreements, the Group has obligations to maintain all properties to the standard prevailed at the inception of the respective leases. The provision represents the Directors best estimate of the costs associated with this obligation by applying historical information based on past events to estimate a cost per sq ft for individual properties and applying a risk-free rate to discount the future cash flows.

The timing of the utilisation of the provision is variable dependent on the lease expiry or predicted future dates of the properties concerned, which vary between one and ten years. Based on the lease expiry or predicted date, 26% of the provision (2023: 13%) would be utilised in less than one year, however, we predominately remain in existing locations with refurbishments carried out. Based on our business strategy, we only intend to exit or relocate a minimal number of branches during 2025, therefore, we anticipate the utilisation of the provision to be c.£0.1 million in the short term.

Warranty provisions

The Group makes provision to cover known potential warranty issues. The current provision is in relation to sales of garden rooms and extensions, and represents the Directors' best estimate of the costs associated with this obligation. The provision at 31 December 2024 is £27,000 (2023: £nil).

The timing of the utilisation is variable depending on the circumstances of each individual claim under warranty.

24 DEFERRED TAX

The movement in the net deferred tax liability is as follows:

	2024 £m	2023 £m
At 1 January	(8.0)	(6.8)
Charged to Statement of Comprehensive Income	(0.6)	(1.2)
At 31 December	(8.6)	(8.0)

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered. There are no unrecognised deferred tax assets. The vast majority of the deferred tax liability is expected to unwind over a period of greater than one year.

24 DEFERRED TAX CONTINUED

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the year, together with amounts recognised in the Consolidated Statement of Comprehensive Income and amounts recognised in Other Comprehensive Income are as follows:

	Asset 2024 £m	Liability 2024 £m	Net 2024 £m	Statement of Comprehensive Income 2024 £m	Equity 2024 £m
Accelerated capital allowances/intangible fixed assets	–	(9.4)	(9.4)	(0.9)	–
Other temporary differences	0.8	–	0.8	0.3	–
Net tax assets/(liabilities)	**0.8**	**(9.4)**	**(8.6)**	**(0.6)**	**–**

	Asset 2023 £m	Liability 2023 £m	Net 2023 £m	Statement of Comprehensive Income 2023 £m	Equity 2023 £m
Accelerated capital allowances/intangible fixed assets	–	(8.5)	(8.5)	(1.1)	–
Other temporary differences	0.5	–	0.5	(0.1)	–
Net tax assets/(liabilities)	0.5	(8.5)	(8.0)	(1.2)	–

Amounts within Other Comprehensive Income due to be settled in greater than one year are not material and therefore no further disclosure has been provided. Other temporary differences relate to the tax impact of share-based payment transactions expected to reverse within one to three years and tax losses deemed to be recoverable in future periods.

Based on the current investment plans of the Group, and assuming the rates of capital allowances on capital expenditure continue into the future, the vast majority of the deferred tax liability is expected to unwind over a period of greater than one year.

25 SHARE CAPITAL, SHARE PREMIUM ACCOUNT, TREASURY SHARES AND SHARE BUYBACK

	Allotted, called up and fully paid	
	2024 Number	2023 Number
Ordinary shares of £0.001 each	**103,150,173**	112,095,184

	2024 £m	2023 £m
Ordinary shares of £0.001 each	**0.1**	0.1
Share premium account	**22.2**	22.2

As at 31 December 2024, there were 176,280,173 shares authorised for issue (2023: 186,825,184). The ordinary shares carry the rights to attend and vote at general meetings, the right to receive payment in respect of dividends declared and the right to participate in the distribution of capital. The ordinary shares are not redeemable.

During the year, the Company entered into multiple share buyback programmes totalling £15 million. As at 31 December 2024, the cash outflow in regard to these schemes totalled £14.5 million (including transactional costs), equivalent of 10,287,011 shares.

Treasury shares

	Number of shares	£m
Balance at 1 January 2023	**–**	**–**
Acquisition of shares	**(650,000)**	**(0.7)**
Deferred shares issued under the DSP scheme	**229,901**	**0.2**
Shares issued under the PSP scheme	**367,005**	**0.4**
Balance at 31 December 2023	**(53,094)**	**(0.1)**
Acquisition of shares	**(1,342,000)**	**(1.9)**
Deferred shares issued under the DSP scheme	**31,637**	**–**
Shares issued under the PSP scheme	**7,671**	**–**
Balance at 31 December 2024	**(1,355,786)**	**(2.0)**

Where any group company purchases the Company's equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity as treasury shares until the shares are cancelled or reissued. Where shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity. Of the 1,355,786 treasury shares at 31 December 2024,13,786 were held by the Employees Benefit Trust.

The Group issued no new shares (2023: no new shares) in respect of its Save As You Earn sharesave scheme, in the process receiving consideration from employees of £nil (2023: £nil). The consideration received above the nominal value of the shares issued has been recorded as share premium.

During the year, no new shares (2023: nil) were issued in respect of share-based payment transactions for Directors and none (2023: none) were issued in respect of share-based payment transactions for other key management personnel.

The 2023 and 2024 shares issued in respect of share-based payment transactions were all issued from treasury shares.

26 SHARE-BASED PAYMENTS

The Group enters into equity-settled payment transactions with its employees. For the year ended 31 December 2024, the charge was £1.5 million (2023: £0.8 million). A corresponding credit to equity is recognised in the share-based payment reserve. On exercise of options, balances are removed from the share-based payment reserve with corresponding entries made to share premium, retained earnings and cash. The balance on the share-based payment reserve at 31 December 2024 was £2.3 million (2023: £0.9 million).

26(a) Employee Save As You Earn Scheme

Each year, all employees have the right to participate in a Save As You Earn ('SAYE') scheme. Employees may make monthly contributions of up to £500, the proceeds being aggregated and then used to purchase ordinary shares at the end of the three-year vesting period. The cost to the participants is set at the inception of the scheme, with the balance being funded by the Company. Typically, participants are offered a discount on the share price at the date of issuance.

Set out below are summaries of options granted under the plan:

	2024		2023	
	Average exercise price per share option £	Number of options No.	Average exercise price per share option £	Number of options No.
As at 1 January	**1.317**	**2,598,526**	1.758	1,890,102
Granted during the year	**0.924**	**2,682,692**	1.103	2,151,517
Exercised during the year	**1.103**	**(7,671)**	–	–
Forfeited during the year	**1.334**	**(1,807,507)**	1.576	(1,443,093)
As at 31 December	**1.005**	**3,466,040**	1.317	2,598,526
Vested and exercisable at 31 December		**–**		–

There were 7,671 options exercised during the year ended 31 December 2024 (2023: nil).

26 SHARE-BASED PAYMENTS CONTINUED

26(a) Employee Save As You Earn Scheme continued

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

	Expiry date	Exercise price £	31 December 2024 No.	31 December 2023 No.
1 June 2020	1 June 2023	1.720	–	297,220
1 June 2021	1 June 2024	1.832	–	264,704
1 June 2022	1 June 2025	1.720	145,976	292,261
1 June 2023	1 June 2026	1.103	910,668	1,744,341
1 June 2024	1 June 2027	0.924	2,409,396	–
As at 31 December			**3,466,040**	2,598,526
Weighted average contractual life of options outstanding at end of year			**2.07 years**	1.82 years

Fair value of options granted
The assessed fair value at grant date of options granted during the year ended 31 December 2024 was £0.40 per option (2023: £0.21 per option). The fair value at the grant date is determined using a form of the Black–Scholes model.

The model inputs for options granted during the year end 31 December 2024 included:

	2024
Options are granted for the consideration set at the inception of the scheme	
Exercise price	0.924
Grant date	19 April 2024
Expiry date	31 May 2027
Share price at grant date	1.35
Expected price volatility of the Company's shares	20.0%
Expected dividend yield	4.0%
Risk-free interest rate	3.9%

The expected price volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

26(b) Deferred Share Plan

Annual Bonus Plan outcomes can be paid in a mix of cash and deferred shares granted under the Company's Deferred Share Plan ('DSP'), following the determination of achievement against performance measures and targets. Performance measures applied may be financial or non-financial and corporate, divisional or individual and in such proportions as the Remuneration Committee considers appropriate. The maximum level of Annual Bonus Plan outcomes is 100% of base salary per annum for the duration of this policy. Awards under the DSP are deferred for such a period as the Remuneration Committee selects at grant, which will normally be less than (but may be longer than) three years and are subject to continued employment. The options vest in full, provided that the scheme participants are deemed to be good leavers, and are settled through the issuance of treasury shares.

The following table shows the deferred shares granted and outstanding at the beginning and end of the reporting period:

	2024 No.	2023 No.
As at 1 January	**1,243,941**	355,765
Granted during the year	–	1,254,655
Exercised during the year	(45,492)	(204,769)
Forfeited during the year	(70,640)	(161,710)
As at 31 December	**1,127,809**	1,243,941
Vested and exercisable at 31 December	–	–

The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2024 was £1.35 (2023: £1.09).

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

	Expiry date	Exercise price £	31 December 2024 No.	31 December 2023 No.
30 June 2022	30 June 2025	0.001	73,338	73,338
3 April 2023	3 April 2025	0.001	15,681	15,681
3 April 2023	3 April 2026	0.001	552,440	668,572
11 April 2023	11 April 2025	0.001	410,447	410,447
11 April 2023	11 April 2026	0.001	8,227	8,227
14 September 2023	5 September 2025	0.001	33,838	33,838
14 September 2023	1 January 2026	0.001	33,838	33,838
As at 31 December			**1,127,809**	1,243,941
Weighted average contractual life of options outstanding at end of year			**0.8 years**	1.84 years

Fair value of options granted
The fair value at the grant date is determined using a form of the Black–Scholes model in line with inputs detailed in the above table.

No DSP options were granted in 2024 (2023: 1,254,655 with 84,052 subsequently lapsing before the end of the year). As no DSP options were granted in the year, the assessed fair value at grant date of the rights granted during the year ended 31 December 2024 was £nil per option (2023: £1.21 per option).

26(c) Long-Term Incentive Plan ('PSP')

Awards under the PSP take the form of nil-cost options which vest to the extent performance conditions are satisfied over a period of three years. The share award is based on a percentage of salary, a proportion of the maximum will vest based on performance targets of which Earnings per Share equates to two-thirds of the award and (for options granted before 2021) cash flow one-third of the award. For options granted in 2021 and thereafter, the cash flow target has been replaced with Return on Capital Employed.

Vested awards are settled through the issuance of treasury shares, and the PSP allows for awards over shares with a maximum value of 150% of base salary per financial year.

The following table shows the share options granted and outstanding at the beginning and end of the reporting period:

	2024 No.	2023 No.
As at 1 January	**2,262,457**	2,509,646
Granted during the year	**1,948,389**	794,710
Exercised during the year	–	(316,184)
Forfeited during the year	**(842,147)**	(725,715)
As at 31 December	**3,368,699**	2,262,457
Vested and exercisable at 31 December	–	–

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

	Expiry date	Exercise price £	31 December 2024 No.	31 December 2023 No.
22 April 2021	21 April 2024	0.000	–	610,900
21 October 2021	11 October 2024	0.000	–	7,782
13 April 2022	13 April 2025	0.000	621,805	711,476
11 October 2022	11 October 2025	0.000	137,589	137,589
11 April 2023	11 April 2026	0.000	794,710	794,710
10 April 2024	10 April 2027	0.000	1,755,258	–
17 October 2024	17 October 2027	0.000	59,337	–
As at 31 December			**3,368,699**	2,262,457
Weighted average contractual life of options outstanding at end of year			**1.62 years**	1.4 years

26 SHARE-BASED PAYMENTS CONTINUED

26(c) Long-Term Incentive Plan ('PSP') continued

Fair value of options granted

The fair value at the grant date is determined using a form of the Black–Scholes model.

The model inputs for options granted during the year end 31 December 2024 included:

	2024	
	Tranche 1	Tranche 2
Options are granted for the consideration set at the inception of the scheme		
Exercise price	0.001	0.001
Grant date	10 April 2024	17 October 2024
Expiry date	10 April 2027	17 October 2027
Share price at grant date	1.322	1.740
Expected price volatility of the Company's shares	20.0%	20.0%
Expected dividend yield	4.0%	4.0%
Risk-free interest rate	3.9%	3.9%

The expected price volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The assessed fair value at grant date of the rights granted during the year ended 31 December 2024 were £1.17 and £1.54 per option, a weighted average of £1.18 (2023: £1.17). The closing share price on the 31 December 2024 was £1.71 (2023: £1.31).

26(d) Expenses arising from share-based payment transactions

The total charge arising from share-based payment transactions recognised during the period as part of employee benefit expense was as follows:

	2024 £m	2023 £m
Options issued under SAYE scheme	0.2	0.2
Deferred shares issued under the DSP scheme	0.6	0.3
Shares issued under the PSP scheme	0.7	0.3
	1.5	0.8

27 CONTINGENT ASSETS AND LIABILITIES

The Group has entered into a cross-guarantee arrangement to cover the bank borrowings of all other Group companies in the event of default. As at 31 December 2024, the bank borrowings were £1.0 million (2023: £nil).

The Group had no other material contingent assets or liabilities (31 December 2023: £nil).

28 CAPITAL COMMITMENTS

The Group had capital commitments relating to property, plant and equipment of £3.3 million at the balance sheet date (2023: £1.9 million).

29 RETIREMENT BENEFITS

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Group to the fund and amounted to £2.7 million (2023: £2.7 million). Contributions of £0.5 million were due to the scheme at 31 December 2024 (2023: £0.4 million).

30 RELATED PARTY TRANSACTIONS

The Group's subsidiary undertakings are detailed in Note 37. The Group has taken advantage of the exemption from disclosing transactions with wholly-owned subsidiaries.

Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, which is considered to be the Directors of the Company. The remuneration of key management personnel of the Group is disclosed on pages 90 to 111.

Other related party transactions

Kellmann Recruitment Limited is controlled by T Kelly, a close family member of M Kelly who was a Director of Eurocell plc until 11 May 2023. The fees paid to Kellmann Recruitment Limited relate to recruitment services, and are agreed on an arms' length basis, at rates that are consistent with other similar suppliers of recruitment services to the Group.

The following amounts were paid to Kellmann Recruitment Limited for services provided during the periods below, up to 11 May 2023:

	2024 £000	2023 £000
Kellmann Recruitment Limited – recruitment services	–	103

There were no outstanding balances as at 31 December 2023 or 2024.

31 RECONCILIATION OF PROFIT AFTER TAX TO CASH GENERATED FROM OPERATIONS

	2024 £m	2023 £m
Profit after tax[1]	10.5	9.6
Taxation (Note 11)	3.3	2.1
Finance expense (Note 10)	2.8	3.2
Operating profit	16.6	14.9
Adjustments for:		
Depreciation of property, plant and equipment (Note 14)	9.6	9.3
Depreciation of right-of-use assets (Note 15)	14.4	13.7
Amortisation of intangible assets (Note 16)	1.3	1.7
Impairment of tangible and right-of-use assets	3.2	0.3
Loss on disposal of property, plant and equipment	0.4	–
Share-based payments	1.5	0.8
(Increase)/decrease in inventories	(0.5)	13.2
(Increase)/decrease in trade and other receivables	(3.4)	6.0
Increase/(decrease) in trade and other payables	3.7	(5.8)
Increase in provisions	0.4	0.1
Cash generated from operations	47.2	54.2

1 Profit after tax for 2023 includes other income in relation to amounts received under the Group's cyber insurance policy, net of excess paid of £0.4 million, in respect of the business interruption to the Group's continuing trading activities as a result of a cyber incident in July and August 2022.

32 RECONCILIATION OF NET DEBT

	1 January 2024 £m	Cash flows £m	New leases £m	Non-cash movements[1] £m	31 December 2024 £m
Cash and cash equivalents	**0.4**	**–**	**–**	**–**	**0.4**
Bank overdrafts	**–**	**(3.0)**	**–**	**–**	**(3.0)**
Lease liabilities	**(58.6)**	**16.5**	**(16.9)**	**(0.4)**	**(59.4)**
Borrowings	**–**	**(1.0)**	**–**	**0.5**	**(0.5)**
Total	**(58.2)**	**12.5**	**(16.9)**	**0.1**	**(62.5)**

	1 January 2023 £m	Cash flows £m	New leases £m	Non-cash movements[1] £m	31 December 2023 £m
Cash and cash equivalents	5.1	(4.7)	–	–	0.4
Deferred consideration	0.8	(0.8)	–	–	–
Lease liabilities	(63.7)	15.6	(9.6)	(0.9)	(58.6)
Borrowings	(20.3)	21.0	–	(0.7)	–
Total	(78.1)	31.1	(9.6)	(1.6)	(58.2)

1 Non-cash movements relate to the amortisation of arrangement fees in respect of the Group's borrowings and finance charges accrued on leases.

31 December 2024	Current assets £m	Current liabilities £m	Non-current liabilities £m	Total £m
Cash and cash equivalents	**0.4**	**–**	**–**	**0.4**
Bank overdrafts	**–**	**(3.0)**	**–**	**(3.0)**
Lease liabilities	**–**	**(12.5)**	**(46.9)**	**(59.4)**
Borrowings	**–**	**–**	**(0.5)**	**(0.5)**
Total	**0.4**	**(15.5)**	**(47.4)**	**(62.5)**

31 December 2023	Current assets £m	Current liabilities £m	Non-current liabilities £m	Total £m
Cash and cash equivalents	0.4	–	–	0.4
Lease liabilities	–	(12.9)	(45.7)	(58.6)
Total	0.4	(12.9)	(45.7)	(58.2)

33 EVENTS AFTER THE BALANCE SHEET DATE

In March 2025 the Group completed the acquisition of Alunet for consideration of £29 million on a debt/cash-free basis, comprising an initial payment of £22 million and deferred consideration of approximately £7 million payable in four annual instalments beginning in 2026.

Additional contingent consideration of up to £6m may become payable, subject to an earnout mechanism, in four annual instalments beginning in 2026, based upon the EBITDA of Alunet in the preceding calendar year. The maximum of £6 million, if achieved, would result in a total consideration of £35 million.

Approximately £1 million of the initial consideration is in the form of ordinary shares in Eurocell plc and satisfied out of shares held in treasury, with the remainder payable in cash, funded from the Group's existing £75 million revolving credit facility.

Also, on 19 March 2025, the Group approved a further share buyback programme of up to £5 million, to begin immediately.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	2024 £m	2023 £m
Assets			
Non-current assets			
Investments	37	**20.1**	18.0
Total non-current assets		**20.1**	18.0
Current assets			
Trade and other receivables	38	**44.0**	30.1
Deferred tax	39	**0.6**	0.2
Cash and cash equivalents		**–**	0.1
Total current assets		**44.6**	30.4
Total assets		**64.7**	48.4
Liabilities			
Current liabilities			
Trade and other payables	40	**(0.4)**	(0.1)
Total current liabilities		**(0.4)**	(0.1)
Non-current liabilities			
Borrowings	41	**(0.5)**	–
Total non-current liabilities		**(0.5)**	–
Total liabilities		**(0.9)**	(0.1)
Net assets		**63.8**	48.3
Issued capital and reserves attributable to owners of the Company			
Share capital	25	**0.1**	0.1
Share premium account		**22.2**	22.2
Treasury shares	25	**(2.0)**	(0.1)
Share-based payment reserve		**2.3**	1.1
Share buyback reserve		**–**	–
Retained earnings		**41.2**	25.0
Total equity		**63.8**	48.3

A separate Statement of Comprehensive Income for the Company is not presented, in accordance with Section 408 of the Companies Act 2006. The Company recognised a profit of £34.3 million in the year (2023: profit of £3.7 million), including dividend income received from Group companies of £34.0 million (2023: £5.3 million).

The Financial Statements on pages 164 to 172 were approved and authorised for issue by the Board of Directors on 19 March 2025 and were signed on its behalf by:

Darren Waters
Chief Executive

Michael Scott
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital £m	Share premium account £m	Treasury shares £m	Share-based payment reserve £m	Share buyback reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2024	**0.1**	**22.2**	**(0.1)**	**1.1**	**–**	**25.0**	**48.3**
Comprehensive income for the year							
Profit for the year	**–**	**–**	**–**	**–**	**–**	**34.3**	**34.3**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**34.3**	**34.3**
Contributions by and distributions to owners							
Exercise of share options	**–**	**–**	**–**	**(0.1)**	**–**	**(0.2)**	**(0.3)**
Share-based payments	**–**	**–**	**–**	**1.3**	**–**	**0.8**	**2.1**
Purchase of own shares	**–**	**–**	**(1.9)**	**–**	**(12.4)**	**(0.2)**	**(14.5)**
Cancellation of shares	**–**	**–**	**–**	**–**	**12.4**	**(12.4)**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(6.1)**	**(6.1)**
Total transactions with owners recognised directly in equity	**–**	**–**	**(1.9)**	**1.2**	**–**	**(18.1)**	**(18.8)**
Balance at 31 December 2024	**0.1**	**22.2**	**(2.0)**	**2.3**	**–**	**41.2**	**63.8**

	Share capital £m	Share premium account £m	Treasury shares £m	Share-based payment reserve £m	Share buyback reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2023	0.1	22.2	–	0.9	–	31.4	54.6
Comprehensive income for the year							
Profit for the year	–	–	–	–	–	3.7	3.7
Total comprehensive income for the year	–	–	–	–	–	3.7	3.7
Contributions by and distributions to owners							
Exercise of share options	–	–	0.6	(0.8)	–	0.2	–
Share-based payments	–	–	–	1.0	–	–	1.0
Purchase of own shares	–	–	(0.7)	–	–	–	(0.7)
Dividends paid	–	–	–	–	–	(10.3)	(10.3)
Total transactions with owners recognised directly in equity	–	–	(0.1)	0.2	–	(10.1)	(10.0)
Balance at 31 December 2023	0.1	22.2	(0.1)	1.1	–	25.0	48.3

34 ACCOUNTING POLICIES (COMPANY)

Corporate information

Eurocell plc (the 'Company') is a publicly listed company limited by shares and is incorporated and domiciled in England, United Kingdom. The registered office is located in England, at the following address: Eurocell Head Office and Distribution Centre, High View Road, South Normanton, Alfreton, Derbyshire, DE55 2DT.

The Company is principally engaged as a holding company for its subsidiaries which are engaged in the extrusion of PVC window and building products to the new and replacement window market and the sale of building materials across the UK.

Basis of preparation

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The Company has adequate resources to continue in operational existence for the foreseeable future and, as a result of this, the going concern basis has been adopted in preparing the Financial Statements (see below).

These Financial Statements have been prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework in conformity with the requirements of the Companies Act 2006 ('FRS 101') and the applicable legal requirements of the Companies Act 2006.

These Financial Statements have been prepared under the historical cost convention in accordance with FRS 101 and the Companies Act 2006.

Going concern

The position of the Company mirrors that of the Eurocell Group. The Eurocell Group funds its activities through a £75 million Revolving Credit Facility, provided by Barclays, NatWest and Bank of Ireland, which matures in May 2027. The facility includes two key financial covenants, which are tested at 30 June and 31 December each year on a pre-IFRS 16 basis. These are that net debt should not exceed three times adjusted EBITDA (Leverage), and that adjusted EBITDA should be at least four times the interest charge on the debt (Interest Cover). Adjusted EBITDA is defined as operating profit before depreciation, amortisation and non-underlying items. See alternative performance measures (see page 136).

No covenants were breached during the year ended 31 December 2024. For the next measurement period, being 30 June 2025, and going forward, the Group expects to comply with its covenants.

In assessing going concern, the Directors have considered financial projections for the period to December 2026, which is consistent with the Board's strategic planning horizons. These forecasts have been compiled based on the best estimates of the Group's commercial and operational teams. This includes a severe but plausible 'Downside' scenario, which reflects demand for the Group's products being severely weakened.

In all scenarios tested, including sensitivities reducing sales forecasts to 10% below management's estimates for the period 2025–26, key raw material prices increasing by 33% over that period and both scenarios combined. The Group operates with significant headroom on its RCF facility and remains compliant with its original covenants.

After reviewing the Group's projected financial performance and financing arrangements, the Directors consider that the Group has adequate resources to continue operating and that it is therefore appropriate to continue to adopt the going concern basis in preparing these Financial Statements.

The going concern assessment performed is intrinsically linked to the Group's financing arrangements and therefore letters of support have been provided from Eurocell plc to a number of Group companies, providing support over that individual Company's future cash flows in the period. This letter covers the period up to 31 December 2026.

Changes in accounting policies and disclosures applicable to the Company

The Company adopted no new accounting standards in the year. See Note 1 for more details.

Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost less provision for impairment. Eurocell plc provides letters of Group support to its subsidiary entities where required.

Financial assets

The Company's financial assets comprise trade and other receivables and cash and cash equivalents in the balance sheet. The Company records all of its financial assets at amortised cost and has not classified any of its financial assets as fair value through profit and loss or other comprehensive income.

Financial assets are non-derivative assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of funding to Group companies, but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Company applies the simplified approach to measuring expected credit losses, if the risk is deemed material, which uses a lifetime expected loss allowance for intra-group receivables.

Expected loss rates are derived based upon the payment profile of Group companies over a three-year period up to the reporting date, and the corresponding credit losses experienced. These rates are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of Group companies to settle receivables, including GDP, the rate of unemployment, new housing starts, interest rates and household disposable income. Where the adjusted loss rates are different from the original estimate, there is an impact on the carrying value of amounts owed by Group undertakings and the amount credited or charged on a net basis to operating expenses within the Statement of Comprehensive Income.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Financial liabilities

The Company classifies its financial liabilities as other financial liabilities which include the following items:

- Bank borrowings which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Further information is provided in Note 3
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Share capital

The Company's ordinary shares are classified as equity instruments.

Treasury shares

Treasury shares are held by the Company and Company's Employee Benefit Trust for the purpose of satisfying awards under the Group's various share-based payment schemes.

The Employee Benefit Trust transactions are incorporated in accordance with Note 1. Shares are acquired from the market and are held in treasury until such time as they are issued to share scheme participants. Any shares not yet issued to employees at the end of the reporting period are shown as treasury shares in the Financial Statements. Shares issued to employees are recognised on a first-in first-out basis. Under the terms of the trust deed, the Group is required to provide the Trust with the necessary funding for the acquisition of the shares.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

Further information regarding dividends is provided in Note 13.

34 ACCOUNTING POLICIES (COMPANY) CONTINUED

FRS 101 exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of the Company Financial Statements, in accordance with FRS 101:

Paragraphs 45(b) and 46 to 52 of IFRS 2, Share-based Payment (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).

- Paragraph 38 of IAS 1, Presentation of Financial Statements, comparative information requirements in respect of paragraph 79(a) (iv) of IAS 1;
- paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
- paragraph 118(e) of IAS 38 Intangible Assets (reconciliations between the carrying amount at the beginning and end of the period).

The following paragraphs of IAS 1, Presentation of Financial Statements:

- 10(d), (statement of cash flows);
- 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its Financial Statements, or when it reclassifies items in its Financial Statements);
- 16 (statement of compliance with all IFRS);
- 38A (requirement for minimum of two primary statements, including cash flow statements);
- 38B-D (additional comparative information);
- 40A-D (requirements for a third statement of financial position);
- 111 (cash flow statement information); and
- 134-136 (capital management disclosures).

Paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

Paragraph 17 and 18A of IAS 24, Related Party Disclosures (key management compensation).

The requirements in IFRS 7 Financial Instruments: Disclosures.

The requirements in IAS 24, Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

35 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgements. There are no estimates and judgements that are considered to have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

36 EMPLOYEE BENEFITS EXPENSE

	2024 £m	2023 £m
Staff costs (including Directors) comprise:		
Wages and salaries	**0.4**	0.4
Social security costs	**0.1**	0.1
	0.5	0.5

The average number of monthly employees was six (2023: six), all of whom are Directors of the Company.

Key management personnel compensation and Directors' remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, which is considered to be the Directors of the Company.

	2024 £m	2023 £m
Emoluments	**1.3**	1.4
Share-based payments	**–**	0.5
Pension and other post-employment benefit costs	**–**	0.1
	1.3	2.0

The emoluments are paid by Eurocell Group Limited. Directors' remuneration is set out in the Remuneration Report on pages 90 to 111. Mark Kelly retired and was replaced as Chief Executive by Darren Waters in May 2023.

The highest paid Director received remuneration of £476,000 (2023: £412,000).

During the year, retirement benefits were accruing to two Directors in respect of defined contribution pension schemes (2023: three).

The value of contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £21,000 (2023: £15,000).

During the current year, no share options were exercised by Directors of the Company (2023: 316,184 by two Directors). No options were exercised by the highest paid Director (2023: nil). No other shares were issued to Directors of the Company in either period.

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37 INVESTMENTS

Cost	Investments in subsidiary undertakings £m	Capital contribution to subsidiary companies £m	Total £m
At 31 December 2023	17.8	0.2	18.0
Addition	–	2.1	2.1
At 31 December 2024	**17.8**	**2.3**	**20.1**

Capital contribution to subsidiary companies reflects the fair value movement of share-based payments issued by the Company to employees who have provided services to subsidiary undertakings.

The subsidiaries of Eurocell plc, all of which have been incorporated in the United Kingdom, are included in these Consolidated Financial Statements, as follows:

		Holding (and voting rights)	
Name	Principal activity	2024	2023
Eurocell Holdings Limited*	Holding company	**100%**	100%
Eurocell Group Limited	Holding company	**100%**	100%
Eurocell Building Plastics Limited	Sale of building plastic materials	**100%**	100%
Eurocell Profiles Limited	Manufacture and sale of building plastic materials	**100%**	100%
Vista Panels Limited	Manufacture and sale of doors	**100%**	100%
Ecoplas Limited**	Recycler of PVC windows	**100%**	95%
Security Hardware Limited***	Dissolved	**–**	100%
Kent Building Plastics Limited	Dormant	**100%**	100%
Trimseal Limited	Dormant	**100%**	100%
S&S Plastics Limited	Dormant	**100%**	100%
Fairbrook Group Limited	Dormant	**100%**	100%
Fairbrook Limited	Dormant	**100%**	100%
Fairbrook Holdings Limited	Dormant	**100%**	100%
Eurocell Window Systems Limited	Dormant	**100%**	100%
Eurocell Plastics Limited	Dormant	**100%**	100%
Cavalok Building Products Limited	Dormant	**100%**	100%
Merritt Plastics Limited	Dormant	**100%**	100%
Merritt Engineering Limited	Dormant	**100%**	100%
Deeplas Limited	Dormant	**100%**	100%
Deeplas Building Plastics Limited	Dormant	**100%**	100%
Ampco 113 Limited	Dormant	**100%**	100%

* Directly held by Eurocell plc.

** On 22 April 2024, the Ecoplas Earnout on acquisition was settled resulting in the purchase of the remaining 5% shareholding for the consideration of £15,000.

*** The trade and assets of Security Hardware Limited were sold on 2 December 2022 and the company dissolved on 22 October 2024.

All of the above have a registered address of Eurocell Head Office and Distribution Centre, High View Road, South Normanton, Alfreton, Derbyshire, DE55 2DT.

The Company assesses that the recoverable amounts of these investments are supportable. Recoverable amounts have been determined from 'value-in-use' calculations which have been predicated on discounted pre-tax cash flow projections based on a three-year business plan approved by the Board. These projections are based on all available information and growth rates do not exceed growth rates achieved in prior periods.

All of the Company's CGUs operate principally in the UK Repair, Maintenance and Improvements market, and all are funded through a combination of retained earnings and the Group's Revolving Credit Facility. The strategic decision-making timeframe is also consistent across all CGUs. Consequently, the key assumptions detailed below are applied consistently across the Group's entities:

	2024	2023
Period on which management-approved forecasts are based (years)	**3**	3
Discount rate (pre-tax)	**14%**	12%
Profit growth rate in perpetuity	**2%**	2%

38 TRADE AND OTHER RECEIVABLES

	2024 £m	2023 £m
Prepayments and other debtors	**0.3**	0.9
Amounts owed by Group undertakings	**43.7**	29.2
Total trade and other receivables	**44.0**	30.1

Amounts owed by Group undertakings attract interest of 6.57% (2023: 6.08%) and are repayable on demand. The Company applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all financial assets. In measuring expected credit losses, receivables have been grouped based on shared characteristics and days past due.

The Directors have assessed the risk of impairment of its amounts owed by Group undertakings as at 31 December 2024. After considering the projected future cash flows expected to arise in its subsidiary entities, the Directors believe that any provision over the amounts owed by Group undertakings are trivial.

39 DEFERRED TAX

	2024 £m	2023 £m
At 1 January	**0.2**	0.3
Credit/(charged) to the Statement of Comprehensive Income	**0.4**	(0.1)
At 31 December	**0.6**	0.2

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered. There are no unrecognised deferred tax assets. The vast majority of the deferred tax liability is expected to unwind over a period of greater than one year.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the year, together with amounts recognised in the Statement of Comprehensive Income and amounts recognised in Other Comprehensive Income are as follows:

	Asset 2024 £m	Liability 2024 £m	Net 2024 £m	Statement of Comprehensive Income 2024 £m	Equity 2024 £m
Other temporary differences	**0.6**	**–**	**0.6**	**0.4**	**–**
Net tax assets	**0.6**	**–**	**0.6**	**0.4**	**–**

	Asset 2023 £m	Liability 2023 £m	Net 2023 £m	Statement of Comprehensive Income 2023 £m	Equity 2023 £m
Other temporary differences	0.2	–	0.2	(0.1)	–
Net tax assets	0.2	–	0.2	(0.1)	–

Amounts within Other Comprehensive Income due to be settled in greater than one year are not material and therefore no further disclosure has been provided. Other temporary differences relate to the tax impact of share-based payment transactions expected to reverse within one to three years and tax losses deemed to be recoverable in future periods.

40 TRADE AND OTHER PAYABLES

	2024 £m	2023 £m
Trade and other payables	**0.4**	0.1
Total current liabilities	**0.4**	0.1

Book values approximate to fair value at 31 December 2024 and 31 December 2023. Trade payables are non-interest-bearing and are generally settled on 30-60 day terms.

41 BORROWINGS

The book value and fair value of borrowings are as follows:

	Book value 2024 £m	Fair value 2024 £m	Book value 2023 £m	Fair value 2023 £m
Non-current				
Bank borrowings unsecured	0.5	0.5	–	–
Total borrowings	0.5	0.5	–	–

Borrowings of £1.0 million were drawn down at 31 December 2024 (2023: £nil). The average drawdown on the facility during the year ended 31 December 2024 was £2.3 million (2023: £12.4 million). Total unamortised costs of £0.5 million as at 31 December 2024 are presented as a deduction to borrowings. Total unamortised costs of £0.7 million as at 31 December 2023 are presented as a deduction to borrowings as no borrowings were drawn as at that date.

The bank borrowings outstanding at 31 December 2024 are classified as non-current liabilities as they relate to committed facilities available to the Group until 2027. The book value and fair value are not considered to be materially different.

In May 2023, the Group completed a one-year extension to its £75 million multi-currency revolving unsecured credit facility, which now matures in 2027. The key terms of the facility remain unchanged. Following the extension of the facility in 2023, £0.2 million of costs were capitalised within borrowings and are being released to the Consolidated Statement of Comprehensive Income within finance expense over the period of the facility.

Interest is charged at an excess over base rate of between 1.5% and 2.5% per annum and is dependent upon the ratio of total net debt to consolidated EBITDA (on a pre-IFRS 16 basis).

All borrowings are denominated in Sterling.

Details of the Company's banking covenants are given in Note 3.

42 RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, which is considered to be the Directors of the Company and the Directors of the Group's subsidiary companies.

The remuneration for key management personnel is disclosed on pages 90 to 111. The Group has taken advantage of the exemption from disclosing transactions with wholly-owned subsidiaries.

Other related party transactions

Kellmann Recruitment Limited is controlled by T Kelly, a close family member of M Kelly who was a Director of Eurocell plc until 11 May 2023. The fees paid to Kellmann Recruitment Limited relate to recruitment services, and are agreed on an arms' length basis, at rates that are consistent with other similar suppliers of recruitment services to the Group.

The following amounts were paid to Kellmann Recruitment Limited for services provided during the periods below, up to 11 May 2023:

	2024 £m	2023 £m
Kellmann Recruitment Limited – recruitment services	–	103

There were no outstanding balances as at 31 December 2023 or 2024.

COMPANY INFORMATION

For the year ended 31 December 2024

Directors	Derek Mapp Frank Nelson (resigned 16 May 2024) Alison Littley Kate Allum (resigned 31 July 2024) Will Truman Iraj Amiri Darren Waters Michael Scott Angela Rushforth (appointed 1 February 2024)
Registered Number	08654028
Registered Office	Eurocell Head Office and Distribution Centre High View Road South Normanton Alfreton Derbyshire DE55 2DT
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Chamberlain Square Birmingham B3 3AX
Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP
	National Westminster Bank plc 2 St Phillips Place Birmingham B3 2RB
	Bank of Ireland 26 Cross Street Manchester M2 7AF

For more investor information

visit eurocell.co.uk/investors

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