

Strong portfolio of businesses

We are pleased to have successfully navigated challenging market conditions in 2024 to deliver adjusted operating profit slightly ahead of analysts' expectations. This resilient performance was supported by our exposure to different geographies, our diversified customer base and the active management of gross margin and costs.

Highlights in the period included the strong performance of our Irish businesses and completion of the platform acquisition of Salvador Escoda, whilst also returning £154.1 million to shareholders through share buybacks and dividends.

The integration of Salvador Escoda continues to progress well, extending our geographic diversification and exposure to a new growth market, presenting an attractive opportunity to build further scale across the Iberian Peninsula in due course.

Whilst the timing of recovery in certain geographies remains uncertain, the medium term outlook is positive. We will continue to strengthen our positions in existing markets and are excited by the development opportunities ahead.



Adjusted operating profit margin before property profit

7.6%

2023: 8.8%

Adjusted return on capital employed

10.3%

2023: 11.9%

Business review

Grafton delivered a resilient performance in 2024 despite the impact of price deflation in Ireland and the UK on product pricing and the squeeze on operating margin which arose from operating cost increases despite mitigating actions to offset these pressures. Labour cost increases were affected across our geographies, principally as a result of substantial national minimum wage increases or local collective labour agreements. Property lease costs also continued to rise at above inflation levels as a result of demand for industrial units in particular. The benefits of our geographic diversification and a range of self-help initiatives to actively manage our cost base and gross margin resulted in the Group delivering an adjusted operating profit slightly ahead of analysts' expectations.

Continuing strong cash generation and a healthy balance sheet supported the Group's platform acquisition of Salvador Escoda S.A.U. ("Salvador Escoda") for €128.0 million calculated on a cash and debt free basis (before leases) in the growing and fragmented Spanish market. This was achieved whilst also returning £154.1 million of cash to shareholders through share buybacks and dividends.

Though most markets remained challenging, overall trading conditions did improve slightly in the final quarter of 2024 compared with the same period last year, with the Group returning to average daily like-for-like sales growth in this period. We were pleased with the performance of our Ireland Distribution and Retailing businesses, both of which achieved strong volume increases in 2024 supported by a pick-up in activity in the

second half of the year. Chadwicks delivered higher trading profitability in the year largely due to higher sales and gross margin growth in a construction market that was broadly flat. This improvement was delivered despite housing completions in the year being lower than 2023 and with Repair, Maintenance and Improvement ("RMI") demand remaining subdued. Woodie's delivered a strong performance in the year, supported by the growth of the Irish economy and its market-leading customer proposition.

Our UK Distribution business saw a continuing decline in profitability as RMI demand and consumer confidence remained at historically low levels. Relative to easier comparators in the second half of last year, the decline in volumes continued to moderate approaching year end, whilst the negative effects of product price deflation also reduced as the year progressed. Conversely, pass-through of inflationary cost pressure on overheads, particularly labour and property related costs, was difficult in what remains a competitive, value-focused market at this point in the cycle.

In the Netherlands, trading profitability declined in the year due to a decline in sales, as the RMI market remained weak, and higher overheads, primarily driven by collective wage agreements. Our Finland Distribution business, IKH, reported a decline in trading profitability due to challenging market conditions and a contracting Finnish economy.

On 30 October 2024, Grafton acquired Salvador Escoda which provides the Group with a new platform further extending our geographical diversification and providing exposure to a new growth market. Salvador

Escoda is one of Spain's leading distributors of heating, ventilation, air conditioning, water and renewable products serving professional installers across the residential, commercial and industrial sectors. Salvador Escoda is a high-quality business with a strong market position and an experienced management team. The business is differentiated by its extensive own-brand offering and provides an excellent base for further development, both organically and inorganically, into the attractive and fragmented Iberian market. Integration of the business into the Group is progressing well.

In our manufacturing segment, CPI EuroMix delivered a resilient performance with active cost management partially offsetting UK housing market volume declines. StairBox, while negatively impacted by the weak RMI market in the UK, delivered improved profitability largely due to good margin management and the positive impact of its Wooden Windows acquisition.

The Group's overall gross margin was broadly maintained against the backdrop of a competitive market environment whilst the increase in overheads in the like-for-like business was contained following the implementation of active cost management measures across the Group. Cost reduction actions continued across our businesses, including headcount reductions primarily in UK and Finland Distribution, as the market recovery has not materialised as initially expected.

Our proven operating model of a lean central management team supports the strategic development of the businesses and continues to develop our pipeline of investment and acquisition opportunities. The team drives best practice and leverages economies of scale as appropriate across the businesses, whilst keeping firm control of costs. These Group functions are actively supporting the integration of Salvador Escoda and connecting our new colleagues with other businesses across the Group to identify additional opportunities for synergies.



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Chief Executive Officer's review continued



Our balance sheet remains strong, supported by robust cash generation by our businesses in the year, which benefitted from a further year on year reduction in net working capital.

We continue to actively pursue opportunities for bolt-on investments to further strengthen our market positions in existing geographies whilst continuing to explore opportunities for further platform acquisitions.

Dividends

The Board is recommending a final dividend for 2024 of 26.5p (2023: 26.0p) per ordinary share in line with its progressive dividend policy. An interim dividend of 10.5p (2023: 10.0p) per share was paid on 11 October 2024. The total dividend for the year is 37.0p per share, an increase of 2.8 per cent on dividends of 36.0p paid for 2023.

The total dividend for 2024 of 37.0p is 1.9 times (2023: 2.2 times) covered by adjusted earnings per share of 71.8p (2023: 77.9p) and is slightly below the lower end of the Board's medium-term dividend cover policy of between two-times and three-times adjusted earnings. Given the Group's strong balance sheet and cash flow and recognising the Board's confidence in the medium and long-term growth prospects for the Group, it was deemed appropriate to incur a slightly lower dividend cover ratio in the current year.

The Group's cash outflow on dividends paid during the year was £73.2 million (2023: £72.6 million). A liability for the final dividend has not been recognised at 31 December 2024 as there was no payment obligation at that date.

The final dividend will be paid on 15 May 2025 to shareholders on the Register of Members at the close of business on 22 April 2025, the record date. The ex-dividend date is 17 April

2025. The final dividend is subject to approval by shareholders at the Annual General Meeting to be held on 8 May 2025.

Share buybacks

Consistent with its disciplined approach to capital allocation, Grafton has completed five share buyback programmes since May 2022 supported by its strong financial position. In total, cash of £371.7 million has been returned to shareholders through share buybacks completed between 9 May 2022 and 31 December 2024 reflecting the repurchase of 43.08 million ordinary shares at an average price of £8.63 per share. The number of shares bought back by the end of the year amounted to 17.9 per cent of the shares in issue when the first share buyback programme commenced on 9 May 2022.

The fourth share buyback programme, which launched on 31 August 2023, was extended to 31 May 2024 and the maximum aggregate consideration increased from £50 million to £100 million. This programme completed on 30 April 2024 and involved the repurchase of 11.1 million ordinary shares. A fifth programme was launched on 29 August 2024 for an aggregate consideration of up to £30 million. The Group had purchased £28.39 million of ordinary shares by the close of business on 31 December 2024. The fifth programme completed shortly after year end on 8 January 2025.

Given the strong cash generation of the Group and free cash flow exceeding expectations in 2024, a new buyback programme for £30 million is announced today which will commence on 6 March 2025. By funding the return of capital to shareholders through free cash flow generation in 2024, the Group has maintained its capacity to support future development activities.

Progress on sustainability

Today we are publishing our sustainability progress and performance statement for 2024. This covers the five areas of our strategy: Planet, Customer and Product, People and Community and Ethics.

The sustainability legislative landscape is evolving at pace and a number of sessions have been held with the Board and the Executive Sustainability Committee throughout the course of the year to ensure that they are aware of the requirements and are satisfied with our strategy, process and progress.

On climate change, we have committed to reach net-zero greenhouse gas emissions across the value chain by 2050 at the latest and we were pleased to have received validation by the Science Based Targets initiative ("SBTi") for this and our associated near (by end 2030) and long-term targets (by end 2050), the detail of which can be found on page 64. In setting these targets, the Group has modelled the transition required to achieve the 2030 targets through business efficiencies, renewable energy and alternative fuels to reduce Scope 1 and 2 emissions and extensive engagement through the supply chain to reduce Scope 3 emissions. Scope 3 emissions account for over 98 per cent of the Group's greenhouse gas emissions and positive and proactive engagement with our supply chain is central to achieving these targets.

On supplier due diligence, we have selected EcoVadis to support us in the risk assessment of suppliers, the rating of their sustainability programmes and to drive improvements over time. In the second half of 2024 we prepared for the transition to this provider and have started the training sessions with commercial teams across the Group in January 2025.



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On People, the Executive Sustainability Committee has established a new Wellness at Work Policy building on all the good work taking place across the Group to ensure colleagues' health and wellness is integrated into daily work.

We were also pleased to demonstrate the following progress over the year*:

- 38.6% reduction in absolute market-based Greenhouse Gas emissions in 2024 vs the 2021 base year for scope 1 and 2 and a 13.7% reduction in Scope 3 Greenhouse Gas emissions in 2023 vs the 2021 base year** reflecting emission reduction initiatives as well as market related decline in activity levels
- 99.3% diversion of operational waste from landfill
- Increase in the number of women in leadership roles from 13.0% in 2023 to 15.0% in 2024. This progress highlights the actions we have taken to ensure we access a broader and more diverse talent pool through the recruitment process as well as initiatives to tailor our benefits packages to attract and retain more women in leadership roles.
- Over £1.2 million donated to charities and good causes through cash, in kind or volunteering which equates to 0.71 per cent of our adjusted operating profit before property profit for the year

* Data points exclude Salvador Escoda.

** Our latest Scope 3 data is for 2023.

Outlook

Positive trading conditions are expected to continue in Ireland and Spain, however, in our other geographies, markets are anticipated to remain challenging in 2025. While inflation is expected to continue to moderate and interest rate cuts to follow, significant levels of macro-economic and political uncertainty remain across the global economy. It is not yet known what impact the new US administration will have on trade with potential scope for new tariffs.

We remain cautious on the timing of a broader recovery in the near term with increased global uncertainties and consistent with our prior commentary, we are not anticipating a significant increase in volumes this year. While product deflation has largely subsided, growth in product pricing is expected to be very modest and likely lower than the general level of cost inflation experienced

by the business, most notably labour costs. Manufacturers remain reluctant to push significant price increases to the market in advance of volume recovery.

Our experienced management teams will continue to actively manage both gross margin and the cost base appropriate to this period of the cycle. With our strong market positions and market leading brands, the Group is well positioned to grow revenue as volumes increase in line with a general recovery in our markets.

The Irish economy is expected to grow in 2025 on the back of momentum from the second half of 2024 supported by real income growth and strong consumer spending and job creation. The outlook for growth in the construction market in Ireland remains positive. Housing completions are expected to increase in 2025 after a significant number of recorded commencements in 2024. RMI demand is expected to improve supported by greater cost certainty as inflation continues to stabilise, interest rates decline and as household finances improve.

In the UK, we remain cautious on the near-term outlook for a recovery in RMI demand as consumer confidence remains weak due to economic uncertainty and forecasts for growth weaken. The recovery in housebuilding in the UK is expected to be slow with any meaningful acceleration of output expected to be very gradual and reliant on supply-side improvements from the Government.

In the Netherlands, the outlook for construction in 2025 is improving as the first signs of recovery are visible however recovery is likely to be gradual as the pipeline of large construction projects will come on stream over the next couple of years.

In Finland, there are increasing signs that the bottom of the construction cycle has been reached. The Finnish economy is expected to return to modest growth in 2025 as it slowly emerges from recession and as consumer and business confidence improves.

The Spanish economy, which was the fastest growing economy in the Eurozone in 2024, is expected to continue to grow in 2025. The outlook for construction growth in Spain remains positive supported by population growth and a general housing shortage. Notwithstanding the potential macro-

economic challenges in 2025, the medium-term fundamentals continue to remain positive. Housing shortages across all of our geographies and the natural investment cycle in RMI is likely to become increasingly supportive as the over-investment made by consumers in 2020 and 2021 starts to require further upgrading.

Group average daily like-for-like revenue in the period from 1 January 2025 to 28 February 2025 was 0.1 per cent behind the same period last year. Unfavourable weather conditions had a negative impact on trading in the early part of the year as our businesses in Ireland and the UK were disrupted by Storm Éowyn while in Finland mild winter conditions reduced sales of seasonal products. Trading activity did recover in February however as weather patterns in Ireland and UK improved. Woodie's had a good start to the year as consumer spending in Ireland remains resilient. Our business in the Netherlands performed strongly supported by strong demand from key accounts and access control related project sales in addition to favourable timing of holidays.

Average Daily Like-for-Like Revenue Change in Constant Currency

	Q4 2024	1 Jan 2025 – 28 Feb 2025
Distribution		
Ireland	+5.0%	+0.3%
UK	(2.9%)	(4.1%)
Netherlands	(2.3%)	+5.0%
Finland	(2.5%)	(2.8%)
Retailing	+5.3%	+4.0%
Manufacturing	+2.3%	+3.3%
Total Group	+0.5%	(0.1%)

Grafton demonstrated the strength of its portfolio of businesses with a high rate of conversion of profit into cash in 2024. This has been achieved while the Group continued to upgrade and improve its branch network, open new locations and invest in IT infrastructure to enhance customers' experience. The Group ends the year in a strong financial position, with a healthy balance sheet, and remains well positioned to continue to invest in organic and inorganic opportunities to support future growth and development. Whilst uncertainties remain in the short term, we are confident that Grafton is exceptionally well positioned to benefit as conditions improve.

Eric Born
Chief Executive Officer

5 March 2025