



**HOWDENS**

# Annual Report and Accounts 2025

Howden Joinery Group Plc



**Built for the Trade**

Strategic Report

# Howdens at a glance

## We are the UK's leading specialist trade-only kitchen and joinery supplier

Sustainable growth, sector-leading margins and strong cash generation

A well-established strategy to deliver profitable growth

A differentiated business model with benefits of scale and local trade relationships

Leading positions in attractive markets with opportunities to gain share

### Our business is about helping our trade customers achieve exceptional results

#### Core strengths

- Trade-only focus and the best local prices.
- Local delivery model - 88% of customers are less than 5 miles from a Howdens depot.
- Product leadership - always in-stock and easy to fit to get the job done.
- Efficient UK-based manufacturing, global sourcing and our own distribution fleet.

**12k**  
employees

**20k**  
kitchen and joinery products

**11mft<sup>2</sup>**  
UK footprint

**99.9%**  
availability from primary distribution to depots

Empowered depot teams support the needs of the local builder

**970** local depots **550k** local customers

Backed by UK manufacturing, global sourcing and an efficient distribution network

**c.38%** volume of products manufactured as % of cost of goods sold **+300** global suppliers

## A unique business model focused on long-term customer relationships and exceptional service



Market-leading kitchen and joinery product ranges



Trade-only: focused on our customers' needs



An empowered, depot-led business, close to the trade



Products immediately available locally



Competitive confidential pricing



Knowledgeable depot teams to support the builder

See page 16 for more information

Strategic Report

# Performance in 2025



**Howdens advanced on all fronts in the year. We gained market share and delivered a strong operational performance with profit growth ahead of sales.**

We continued to invest in our strategic initiatives, helping our trade customers win more business while making our operations more efficient and productive.

## Operational highlights

**23**  
UK depot openings



**Continued progress against our ESG goals**



**3**  
new depots in Republic of Ireland



**Making more products in our own UK factories**



**24**  
new kitchen ranges



**Continuing to strengthen our digital offering**



## Financial highlights

### Revenue

**£2.4bn**

2025	£2.4m
2024	£2.3bn
2023	£2.3bn
2022	£2.3bn
2021	£2.1bn

### Gross margin

**62.7%**

2025	62.7%
2024	61.6%
2023	60.8%
2022	60.9%
2021	61.6%

### Operating profit

**£355m**

2025	£355m
2024	£339m
2023	£340m
2022	£415m
2021	£402m

### Profit before tax

**£345m**

2025	£345m
2024	£328m
2023	£328m
2022	£406m
2021	£390m

### Earnings per share

**49.2p**

2025	49.2p
2024	45.6p
2023	46.5p
2022	65.8p
2021	53.2p

### Dividends per share

**21.9p**

2025	21.9p
2024	21.2p
2023	21.0p
2022	20.6p
2021	19.5p

### Net cash at year end

**£345m**

2025	£345m
2024	£344m
2023	£283m
2022	£308m
2021	£515m

### Dividends paid in year

**£117m**

2025	£116.6m
2024	£115.9m
2023	£114.1m
2022	£115.0m
2021	£133.6m

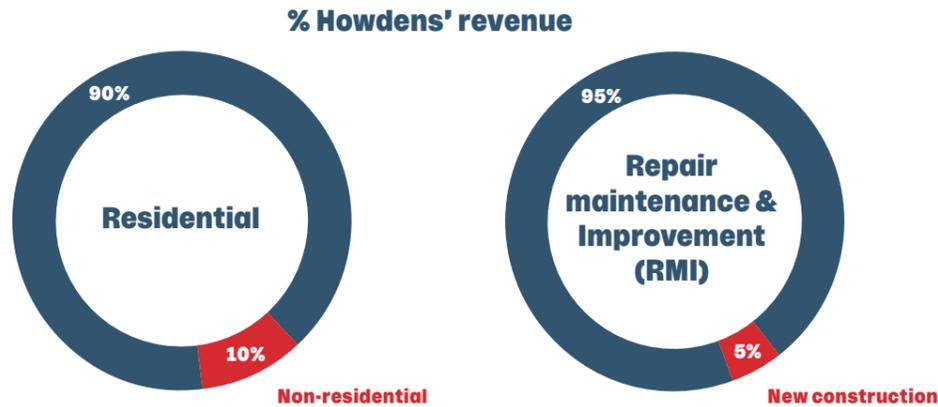
### Investment in assets - capex

**£156m**

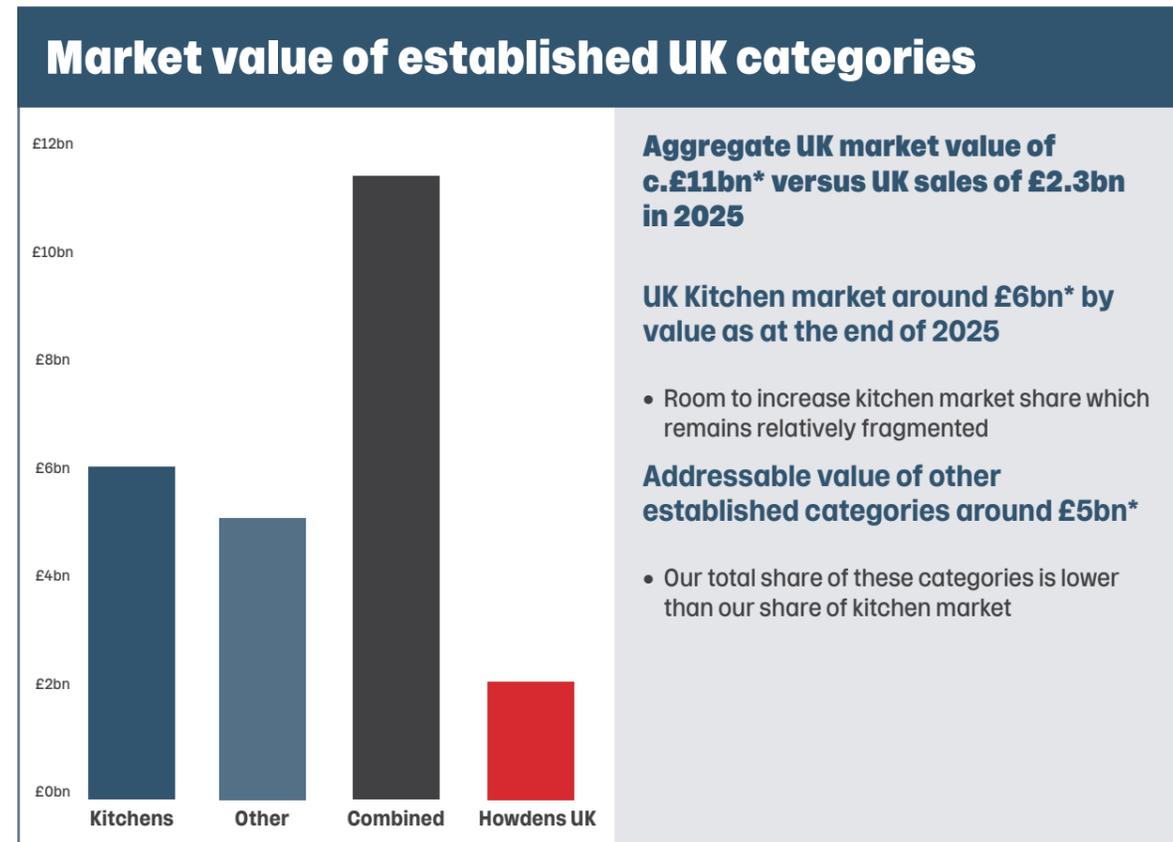
2025	£156m
2024	£122m
2023	£119m
2022	£141m
2021	£86m

Strategic Report

# Attractive end markets



# Significant UK growth opportunities



\* Howdens' estimates based on proprietary data - 2025

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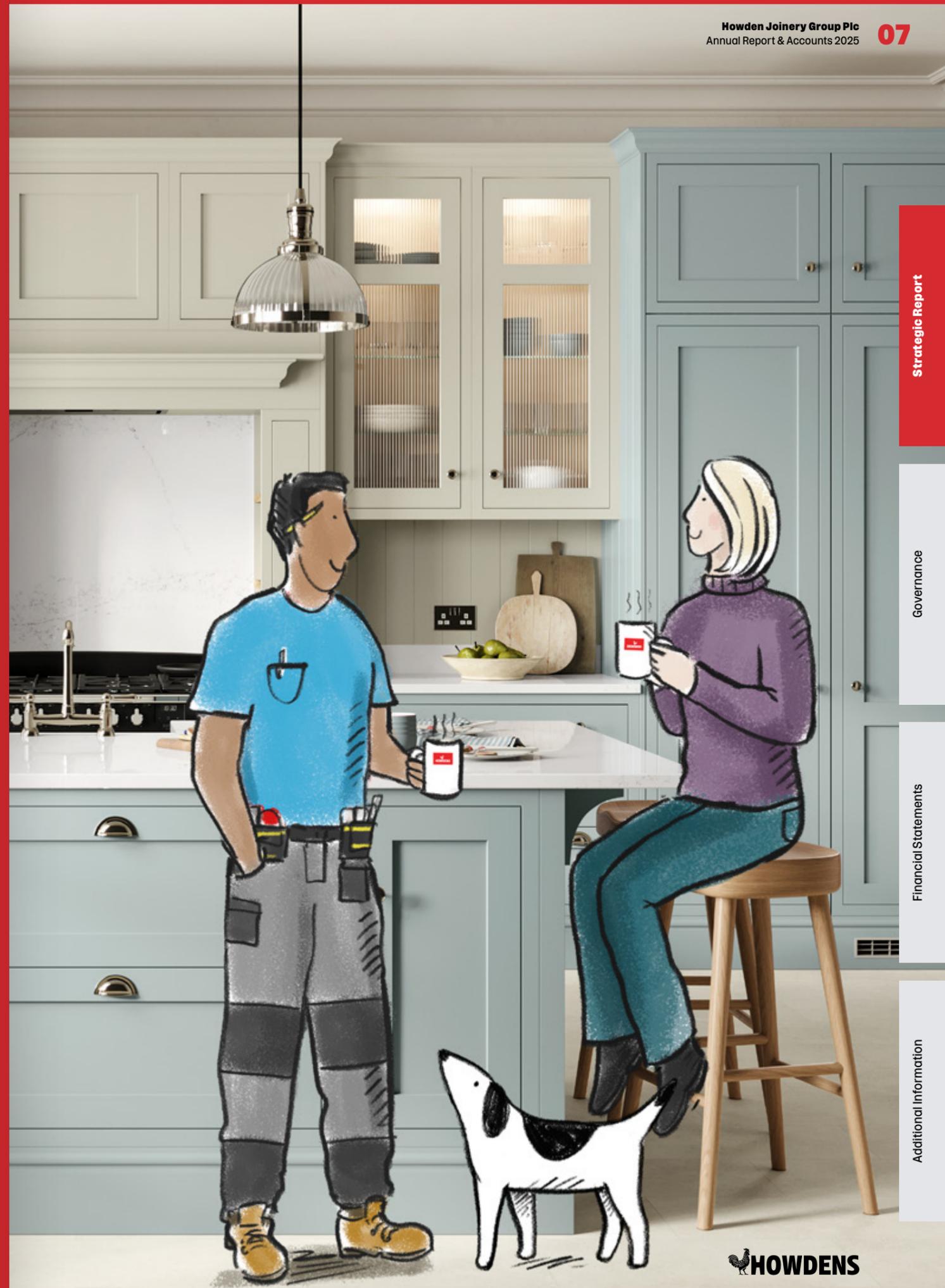
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# Strategic Report

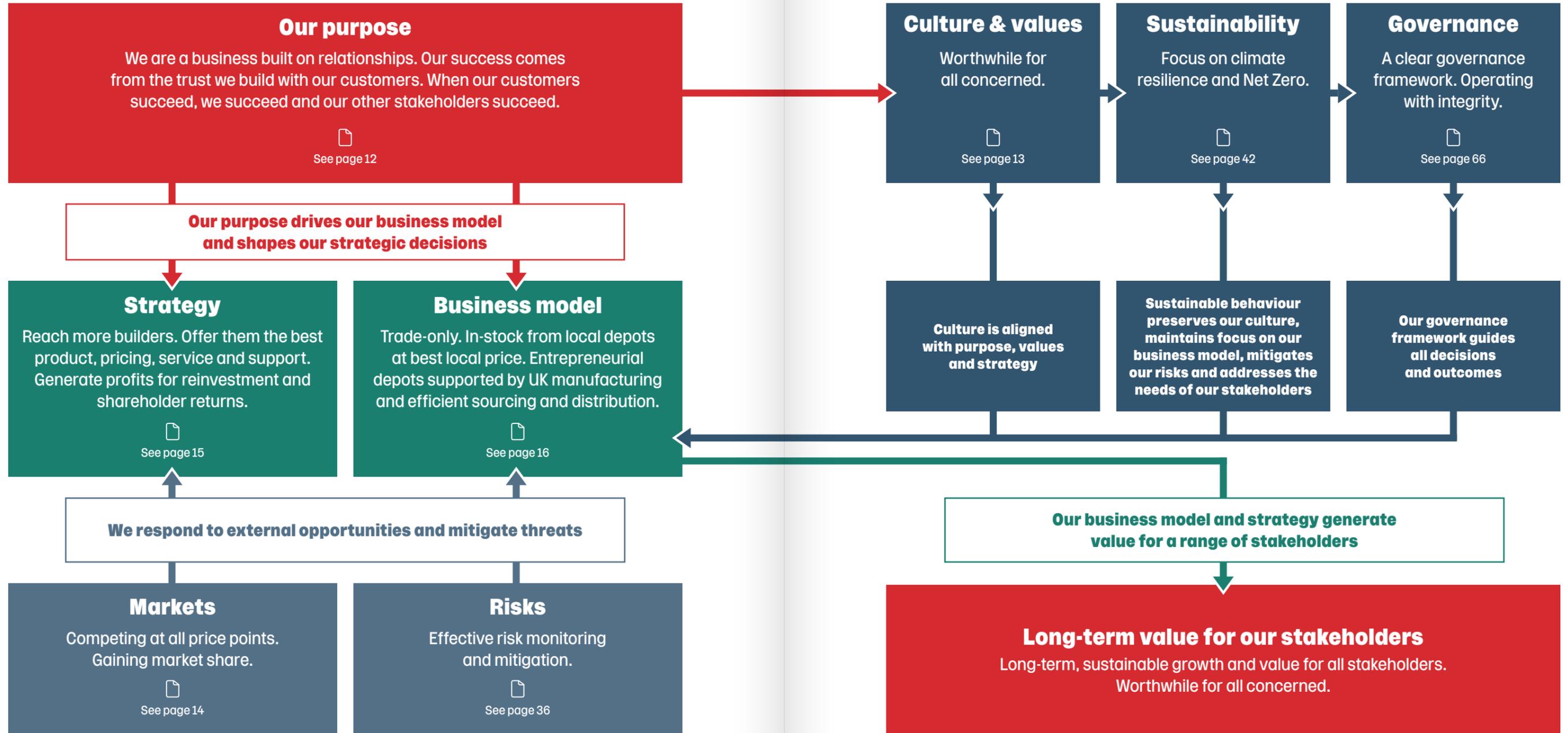
# How we create value

<b>Performance in 2025</b>  <b>02</b>	<b>How we create value</b>  <b>08</b>	<b>Purpose, culture, market, strategy and business model</b>  <b>12</b>
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Strategic Report

# How we create value



Strategic Report

Governance

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Strategic Report

# Creating value for our trade customers

We have strong and trusted local relationships with our trade customers, based on:

<p><b>Trade service and convenience</b></p> <ul style="list-style-type: none"> <li>Local depot network</li> <li>Knowledgeable depot teams and outstanding service</li> <li>In-stock model so builders can get the products they need at short notice</li> <li>Trade accounts</li> </ul>	<p><b>Trade value</b></p> <ul style="list-style-type: none"> <li>Best local pricing</li> <li>In-house manufacturing and distribution, and a low-cost depot operating model</li> <li>Value across entry, mid and high price ranges</li> </ul>	<p><b>Product leadership</b></p> <ul style="list-style-type: none"> <li>The right product ranges and styles</li> <li>Trade quality and easy for builders to fit</li> <li>Market-leading solid work surface offering</li> <li>Premium paint to order capability</li> </ul>
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## Our service offering

**88%**

of UK customers live within 5 miles of a depot

**99.9%**

service level from primary to UK depots

During the year we continued to revamp our depots to meet our customers' needs and provide the best trading environment. [See page 22](#)

# Creating value for our employees

Valuing our employees, supporting them and rewarding them well for outstanding performance

<p><b>Entrepreneurial culture</b></p> <ul style="list-style-type: none"> <li>The strong entrepreneurial culture in the business means our teams are engaged, committed and incentivised to provide our customers with outstanding service levels.</li> </ul>	<p><b>Excellent rewards</b></p> <ul style="list-style-type: none"> <li>As well as a good salary, plus local profit-sharing and incentives, employees receive excellent rewards and recognition for outstanding performance.</li> </ul>	<p><b>Career development</b></p> <ul style="list-style-type: none"> <li>As a growing company, there are many opportunities to develop and build great careers.</li> </ul>
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## Our employee inclusion survey

**74%**

said Howdens is a great place to work

**74%**

said Howdens is a place where everyone has the opportunity and is encouraged to succeed at work

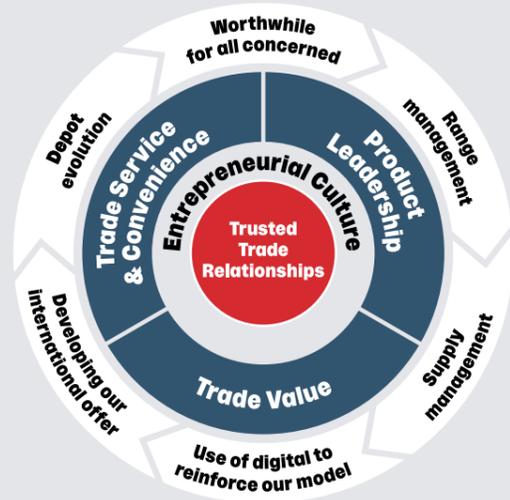
We are committed to developing our people and supporting apprenticeships for the new generation of employees and tradespeople. [See page 55](#)



Strategic Report

# Our purpose

**We are a business built on relationships, and our success comes from the trust we build with our trade customers.**



*When our customers succeed, we succeed.*

Our focus on serving our trade customers is at the heart of everything we do. We believe the best way to source and install a kitchen is to work with your local tradesperson, and we are clear that the purpose and future success of our business lies in serving the trade market to the highest standards.

Our relationship with our trade customers has three key facets, each supported by our entrepreneurial culture.

### Product leadership

Product design and testing facilities ensure that we offer the right product styles that are attractive to consumers, designed to be trade quality and easy for builders to fit, giving them more time.

### Trade value

Best local trade prices enabled by in-house manufacturing, long-term key supplier agreements and a low-cost depot operating model.

### Trade service and convenience

Depots located where our customers need them; monthly account facilities; product in-stock to get the job done - including appliances, joinery, doors, flooring, hardware and bedrooms. A free design service to help customers and end-users choose and plan their kitchens. Digital tools to help the busy builder.

# Our culture and values

**Howdens was founded on the principle that the business should be worthwhile for all concerned – customers, homeowners, tenants, local communities, our suppliers, our investors, our staff and their families.**

This founding principle has shaped our business model and our strategic decisions since 1995, and it continues to be at the heart of what we do.

### Worthwhile for our trade customers

- Profitability, convenience, service, support.
- Great product range for them to offer to their customers.
- Outstanding service.
- Trusted personal relationships - we do what we say.
- Trade accounts and confidential discounts.
- Design, planning and marketing support.

### Worthwhile for our suppliers

- Strong and enduring relationships based on trust.
- Working together to develop new products and deliver best service.
- Our scale provides good opportunities for suppliers to build a profitable business by working with us.

### Worthwhile for our staff

- A good salary, plus local profit-sharing and incentives, excellent rewards and recognition for outstanding performance.
- An entrepreneurial culture, with central support.
- A growing company with opportunities to develop and progress. Structured career development programmes.

### Worthwhile for our other stakeholders

- Delivering consistent long-term value for shareholders with a growing dividend and return of surplus cash through share buybacks.
- Helping end-users at each stage of their buying decision.
- Important local employer in over 970 communities.
- Giving back to charities and local communities.
- Responsible purchasing and environmental policies.

Strategic Report

# Our market

## The kitchen market

- 28 million households in the UK; 18 million owned and 10 million rented.
- UK kitchen and joinery market of c.£11bn<sup>1</sup>. We continue to grow market share.
- 'Do It For Me' and the trade market continue to be strong.
- Howdens sells to trade customers who work flexibly across a broad range of markets, including owner-occupied homes, private rentals and social housing.
- Our Contracts division supports the increasing demands of the new build market.

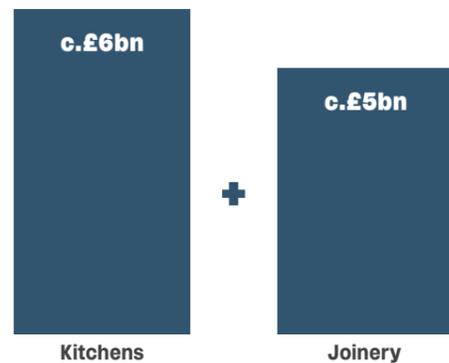
## Structural drivers

- The UK population could reach nearly 74 million by 2036. The UK population will increase by 6.6 million people (9.9%) between 2021 and 2036 (ONS, 2024).
- Ageing UK housing stock will drive renovation (ave. age of UK stock is 70 years - ONS, 2022).
- Increased end-user interest in sustainable products (44% of households are switching off or moving to more energy efficient appliances - NatWest, 2022).
- Entrepreneurial builders are well placed to win kitchens and joinery work as part of wider home refurbishment projects. They are supported by Howdens' in-stock, trade-only business model.

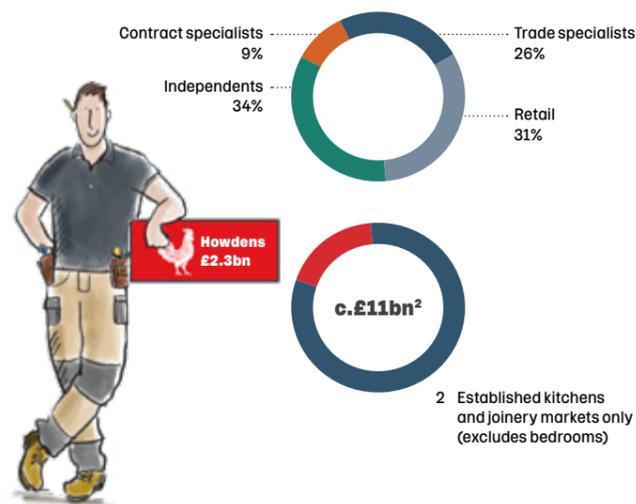
## Recent trends

- More than a quarter of working adults in Great Britain (28%) were hybrid working in the Autumn of 2024 (ONS). This leads to greater wear and tear on kitchens and appliances.
- Consumer mindset more focused on design and use of kitchen space to maximise flexibility (Howdens' proprietary data).
- Ageing population - by 2066 there will be a further 8.6 million projected UK residents aged 65 years and over, taking the total number in this group to 20.4 million and making up 26% of the total population (UK Govt, 2021). Increasingly this will drive renovation activity as many choose to age in their place of residence.

### UK market by revenue<sup>1</sup>



### UK market revenue by vendor category<sup>1</sup>



Large and attractive markets with significant growth potential

<sup>1</sup> Howdens' estimates based on proprietary data.

# Our strategy

## Our purpose

To help our trade customers achieve exceptional results for their customers and to profit from this.

Our medium-term strategic initiatives help us achieve our purpose by increasing market share and profits while delivering for our customers.

### Evolving our depot model

- to provide the best working and trading environment and use space efficiently.

See page 25

### Developing our digital platforms

- to raise brand awareness and support our business model.

See page 27

### Improving our product range and supply management

- to help customers' buying decisions, improve service and enhance productivity.

See page 26

### Expanding our international operations

- to expand our presence in attractive kitchen and joinery markets outside the UK.

See page 27

Underpinned by our long-term objectives to drive sustainable future growth

### Reach more builders

Grow market share.  
Increase trade convenience.

### Operational excellence

Increase customer service, efficiency, trade value and profitability.

### Product innovation

The right amount of the best product, at the best price.

### Prudent financial management

Giving us the tools to do the job.

### Measured by: KPIs

- Sales growth
- Profit before tax
- Cash
- Depot openings
- Health & Safety
- FSC® or PEFC certified raw materials
- Waste recycling

See page 28

Strategic Report

# Our resilient business model - built for the Trade

## What we do

### 1 Product manufacturing and sourcing

- Our expert teams make and source attractive products that are trade quality and easy to fit.
- We design and manufacture all of our own cabinets, as well as some cabinet frontals, worktops and skirting boards.
- We're agile and we keep the make vs. buy decision under review. We make what it makes sense for us to make in our UK factories, and we buy other product in from our suppliers.
- We buy in thousands of different products from hundreds of trusted suppliers around the world, including appliances, joinery, flooring and hardware. We offer everything necessary to complete any kitchen.

### 2 Distribution

- Our in-house distribution operation delivers from our factories and central warehouses to our network of over 950 depots.
- No two deliveries are alike, and each one must be correct, complete and on time. We can guarantee this because we control our own distribution.

### 3 Depots designed for our trade customers

- Decentralised depot business model. Entrepreneurial depot managers leading highly motivated and incentivised depot teams. Trusted relationships with their local builders.
- A typical Howdens depot is in an edge-of-town location - more convenient for trade customers, and cheaper to rent. 88% of our UK customers live within 5 miles of a Howdens depot.
- Our in-stock model means that builders can get the products they need at short notice, even when plans change part way through a job.
- We offer the builder quality products, excellent levels of service and trade accounts that allow them up to eight weeks to pay. We focus on helping our customers succeed. When they make money, we make money.

### 4 Consumers/ homemakers

- We have over 2,000 specialist kitchen designers who support the builder by visiting the end-user's home, or work with them remotely using our free virtual design service, and help them choose, plan and design their dream kitchens.

## The value we create

### 1 Customers

- Builders save time and money with Howdens. Trade quality, full product range for the complete kitchen, available from stock at competitive, confidential prices.
- Trusted personal relationships providing outstanding service. From free design and planning to delivery and aftersales support.
- Trade accounts allow the builder to finish their project and get paid by their customer before they need to pay us.
- Online account management, click and collect and anytime ordering tools help the busy builder.

### 2 Staff

- A growing company with opportunities for training, development and career progression.
- A safe working environment, good salary, pension and benefits, with local profit-sharing and incentives.

### 3 Suppliers

- Strong and enduring relationships based on trust.
- Cooperative engagement on new products and the scale necessary to support suppliers' businesses and their investment plans.

### 4 Investors

- Long-term value creation, generating cash for further profitable investment in the business and to support a growing dividend.
- Surplus cash after investment and dividends is returned to shareholders through share buybacks.

### 5 Communities and environment

- Employment opportunities and a good neighbour in over 970 communities.
- Supporting local and national charities.
- Responsible ESG practices and policies.
- See our Sustainability report on page 42.



Strategic Report

Chairman's statement

Another year of disciplined execution and robust financial delivery



**Peter Ventress**  
Chairman

“  
Our significant progress this year also puts firmly into focus the powerful combination of Howdens' differentiated trade-only, in-stock business model alongside the commitment and entrepreneurial drive of our depot teams.

**Increased sales and profitability in the year**

During 2025, Howdens continued to operate against a challenging geopolitical and macro economic backdrop. Yet, despite these headwinds, we increased sales, market share and profitability which was an outstanding performance and a credit to the considerable talents and commitment of our CEO Andrew Livingston and his Executive team.

Our significant progress this year also puts firmly into focus the powerful combination of Howdens' differentiated trade-only, in-stock business model alongside the commitment and entrepreneurial drive of our depot teams. Their focus on outstanding service, product expertise and supporting our local trade customers remains central to our success. On behalf of the Board, I would like to extend my sincere thanks to our 12,000 colleagues whose resilience, expertise and dedication underpin everything we do.

**Financial performance**

2025 was another year of disciplined execution and robust financial delivery. Group revenue grew by 4.1% to £2,418.0m, with UK revenue up 3.8%, reflecting our strong competitive position even in a subdued market environment. Gross margin improved by 110bps to 62.7%, supported by disciplined pricing management, increased volumes, and ongoing sourcing and manufacturing efficiencies. Costs were well controlled and operating profit increased 4.7% to £355.3m, with profit before tax up 5.1% to £344.9m, ahead of the rate of sales growth. Basic earnings per share grew 7.9% to 49.2p, reflecting the profit growth for the year, a lower effective tax rate and the benefit of the share buyback completed in the year.

Our strong cash generation remains a hallmark of Howdens' business model. We ended the year with £344.5m of cash, maintaining a robust and ungeared balance sheet that continues to support investment through the cycle.

During the year, we invested in further depot reforms and openings, key manufacturing upgrades, digital improvements, and the continued development of our international businesses. We also returned cash to shareholders through dividends and, reflecting our strong financial position, we also completed a £100m share buyback programme.

**Strategic initiatives**

The kitchen and joinery markets we operate in remain large, fragmented, and well suited to our trade only model. In 2025, we continued to make significant progress in executing our strategic priorities:

- Depot expansion and optimisation: We opened 23 new UK depots, completed 60 depot reformats, and added further depots internationally, ending the year with 891 UK depots, 63 in France and Belgium, and 16 in Ireland.
- Product innovation: We introduced 24 new kitchen ranges, further enhanced our solid worksurface offer, and continued to strengthen our joinery ranges.
- Manufacturing and supply chain: We commenced a major multi year upgrade of our rigid cabinet and panel lines at Runcorn, an important investment that will increase capacity, improve flexibility and support long term margin progression.
- Digital capabilities: We launched our new pricing and margin (PAM) tool across the UK depot network, with strong early indications of improved margin performance on everyday SKUs.
- International development: Our France and Ireland businesses made good progress, with international revenue up 13.4%. In France we focused on improving same depot sales and team capability, while Ireland continues to establish itself as a strong competitor in our categories.

These initiatives position us well to deliver sustainable, profitable growth as market conditions normalise over time.

You can read more about our progress on our strategic initiatives in Andrew Livingston's CEO review on pages 21 to 27.

**Further progress in sustainability**

Howdens continued to strengthen its leadership in responsible business in 2025, progressing its sustainability agenda and our externally validated Net Zero plan. The Group achieved its 25% Scope 3 emissions reduction target ahead of schedule and expanded value chain engagement, with more than 100 key suppliers now providing verified data and decarbonisation plans. It also completed a Double Materiality Assessment and used the deferral of the EU Corporate Sustainability Reporting Directive requirements to further enhance data quality and alignment of our ESG disclosures.

Operationally, all sites maintained zero to landfill status, supported by improved waste management, increased on site renewable generation, and ongoing fleet decarbonisation initiatives. We also advanced our product sustainability programme through stronger lifecycle design and higher recycled material use. The Group also continued to drive a vibrant people strategy recognising that as a service business the importance of well-trained, highly motivated staff. We continued to embed inclusion and wellbeing, expanded apprenticeships and early career pathways, and strengthened manager capability to support long term talent development.

You can read more about our progress this year starting at page 42.

**Governance**

Good governance remains critical to sustaining trust and accountability across our diverse stakeholder base. During 2025, we continued to strengthen the Board's experience and oversight capabilities. The year saw a planned CFO transition, with Jackie Callaway succeeding Paul Hayes following a comprehensive selection process. Jackie brings significant financial, operational and leadership experience to the Board.

We continue to ensure that our governance structures and Board composition remain appropriate to support the Group's long term strategy and to provide robust challenge to the Executive Committee. We assess principal risks across operational, reputational, compliance, financial and strategic categories over the short, medium and long term, and these with further detail are set out in the Strategic Report on pages 36 to 41. In 2025, cyber threats have again evolved in sophistication with several high profile incidents that included the use of emerging technologies and advanced social engineering techniques—we intensified colleague training and maintained strong technical controls, validated by external specialists, alongside tested disaster recovery and business continuity plans.

We remain focused on ensuring Howdens has the right governance structures and Board composition to support our long term strategy and to provide effective challenge to the Executive Committee.

For more information please see pages 66 to 139.

Strategic Report

Chairman's statement continued

Capital allocation and returns to shareholders

Our capital allocation policy is unchanged. We focus on achieving sustainable profit growth by investing in organic expansion and broadening our capabilities in growth adjacencies. We aim to provide shareholders with an attractive ongoing income stream and an ordinary dividend that grows in line with the long-term prospects of the business. After allowing for these uses of cash, Howdens remains committed to returning any surplus capital to shareholders.

Within its definition of surplus capital, the Board's objective is for the Group to be able to operate through the annual working capital cycle with a strong balance sheet, noting that there is seasonality in working capital balances through the year, particularly in advance of our peak trading period in the second half. We also take into account that the Group has a significant property lease exposure for the depot network, and a large defined benefit pension scheme. Our policy remains that when year-end cash is in excess of £250m we expect to return surplus cash to shareholders. This provides sufficient headroom to support organic growth, our seasonal working capital requirements, and ongoing investments in our strategic initiatives, while maintaining a strong balance sheet.

In July 2025 the Board declared an interim dividend of 5.0p per ordinary share (2024: 4.9p per ordinary share), an increase of 2%. The Board is recommending a final dividend for 2025 of 16.9p per ordinary share (2024: 16.3p per ordinary share), an increase of 3.7%. This brings the total dividend to 21.9p per ordinary share (2024: 21.2p per ordinary share), and represents a year-on-year increase of 3.3%. If approved by shareholders at the AGM in May the final dividend will be paid on 22 May 2026 to shareholders on the register on 10 April 2026. Reflecting the Group's strong financial position, the Board is announcing today a new £100m share buyback programme which will be completed over the next 12 months.

Looking ahead

As we look ahead, we expect the overall size of the UK kitchen market to remain broadly consistent with last year's levels, providing a stable backdrop for continued disciplined execution. As we focus on delivering day to day value for our trade customers, we will continue to strike the right balance between price and volume while maintaining firm cost control. We remain confident that our differentiated model is well positioned to capture the opportunities within our markets, and we enter the year prepared and determined to outperform our competitors once again. Although it is still early in the new financial year, our performance so far is in line with expectations, and we are on track to meet market expectations for 2026<sup>1</sup>.

Peter Ventress  
Chairman

25 February 2026

<sup>1</sup> On 26 February 2026 analysts' consensus forecasts for FY2026 profit before tax, which was published on the Company's corporate website, was an average of £354m, with a range of £345m to £383m.

Further reading

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Chief Executive Officer's review

Further market share gains in 2025, with profit growth ahead of sales



Andrew Livingston  
Chief Executive Officer

**“The business delivered strong operating cashflow and we maintained a robust balance sheet. This gives us the flexibility to continue to invest in our growth plans for the business and provide shareholders with an increased dividend and a £100m share buyback programme.”**

Q&A with Andrew Livingston, Chief Executive Officer

The business advanced on all fronts in the year. We gained market share and delivered a strong operational performance with profit growth ahead of sales. We continued to invest in our strategic initiatives, helping our trade customers win more business while making our operations more efficient and productive.

Q How would you summarise Howdens' performance in 2025?

A The business advanced on all fronts in, as we anticipated, a challenging UK marketplace. The results were at the top-end of our expectations, and we have made an encouraging start to 2026. Group sales increased by 4% with the business continuing to perform well in the final two periods of the year. In the UK, we gained kitchen market share which helped us mitigate a small single digit decline in the overall size of the market.

Our kitchen volumes rose, which helped us consolidate the significant market share gains we have made over the last five years or so, with our longest established depots making a substantial contribution to the share gains we have made over this period. We delivered an industry leading gross margin with gross profit up on last year, as we balanced recovery of cost rises with our commitment to provide competitive pricing for our customers.

Reported profit was 5% ahead of last year, increasing at a higher rate than sales. The business delivered strong operating cashflow and we maintained a robust balance sheet. This gives us the flexibility to continue to invest in our growth plans for the business and provide shareholders with an increased total dividend for the year. For 2026, we have also announced a new £100m share buyback programme.

Strategic Report

Chief Executive Officer's review continued

**Q Markets have been challenging. What are your assumptions for the UK kitchen market in 2026?**

**A** For 2026, our planning assumption is that the overall size of the UK kitchen market will be level year on year, following several of decline. We are well prepared for the challenges and opportunities ahead, and our customers, who are typically self-employed, are highly adept at winning business in all market conditions. Delivered by our highly entrepreneurial and well incentivised depot teams, I believe that our service orientated, trade only, in-stock, local model is the right one to deliver sustainable market share gains. Our model is hard to replicate and difficult to compete with, and we have initiatives in place to make it more so. In 2025, we believe the value of our principal UK markets totalled some £11 billion, versus our UK sales of £2.3 billion. So we have lots of growth opportunities to go after.

**Q How are your strategic initiatives supporting long-term development? Looking at the UK depot network how is your depot rollout and refurbishment programme progressing?**

**A** High service levels, local proximity and immediate availability remain very important to our customers and we continue to see profitable opportunities to open depots, with line of sight to around 1,000 in the UK. In 2025, we opened 23 UK depots, including 18 in the final two periods.

We expect to open around 25 more in 2026. The updated depot format strengthens productivity, space utilisation and the working environment. Last year we completed 60 revamps including 9 relocations, taking the total to 401. This year we plan to convert another 45 depots and by year-end will have around 77% of UK depots trading in the updated format. So we are making good progress.

**Q How is product innovation contributing to your performance? And what is included in your kitchen ranges for 2026?**

**A** Investment in product, service and availability helps us develop long-term customer relationships and build competitive advantage. Sales of new product introduced in 2025 and the prior two years represented around 29% of UK product sales.

Value for money is a consistent feature of purchasing decisions and we are committed to offering market-leading, easy-to-fit, fairly priced product. With household budget pressures, price featured prominently in 2025 and is expected to do so again this year.

Our 2026 NPI brings more colours, styles and finishes to more budgets, especially at entry and mid-level. We are also innovating in long-established categories and adding colours and styles to fitted bedrooms. Efficient portfolio management is crucial. Our rigid cabinet platform is shared across all families, enabling cost effective range expansion. Enhancements to stock management and replenishment, including the XDC network, support best availability at lower cost. More efficient testing enables us to bring more proven new styles to market more quickly.

Excluding paint to order, we have 24 new kitchens confirmed for 2026, with the full offer organised into 11 families. We have 15 new kitchens for these families in 2026. At entry level: five new kitchens including Greenwich and Whitney in Porcelain and Allendale in Reed Green. At mid-level we have six new colours added to Frome and new emerging tones added to Clerkenwell and Halesworth.

**Q You have expanded into higher-priced kitchen ranges more recently. Why are you doing this and how are you developing the range here?**

**A** Entry and mid-level kitchens remain the core source of our rigid cabinet volumes and kitchen invoice value. But yes, you are right, we have upscaled our higher priced kitchen portfolio in recent years utilising Howden's scale, supply and manufacturing capabilities to offer the bespoke look most associated with the high street independents at competitive prices. Our offering now comprises four families, including three shaker style timber families which are collectively marketed as 'Classic Timber Kitchens'.

In 2025 our Classic Timber Kitchen families performed particularly well, with the paint to order options growing in popularity. The number of our Chilcomb and Elmbridge kitchens sold in the paint to order colours, which are priced at a premium to the stock colours, increased significantly in 2025. This year we are refreshing our paint to order palette with four new colours with two of the leading paint to colours, becoming Chilcomb and Elmbridge stocked colours.

Last year we extended the reach of our timber offering with the launch of a new family, Ilfracombe, an in-frame timber kitchen of classic design. Positioned above our Chilcomb and Elmbridge families, Ilfracombe is exclusively available in 24 paint to order colours.

**Q How are solid surface worktops contributing to growth?**

**A** Solid surface worktops present significant opportunities, supported by our in-house manufacturing capacity – among the largest in the UK – enabling rapid template-to-fit times. Our offering in this category is underpinned by our in-house manufacturing capacity, which is amongst the largest in the UK, helping us offer rapid template to fit times.

In recent years we have increased the number of decors we offer for this service and for this year we have introduced clearer and simpler ranging and more delineated pricing to demonstrate the value we offer at all price points. Ahead of peak trading this year, our total offering will comprise a similar number of options to last year with increased space available to display worktops in more of our depots.

**Q Of course, Howdens also importantly supplies trade customers with joinery products for their everyday needs. How are these categories developing?**

**A** Yes, joinery is important to our trade customers and presents a significant long-term growth opportunity. For example, take appliances; our Lamona brand is one of the leading integrated appliance brands in the UK, and for this year we have completed a major refresh of the brand's offering. We have modified the design and lowered the prices of a suite of high-volume products, without compromising these products functionality. Elsewhere we have updated the design and specification of a number of higher priced products including washing machines, fridge freezers and cookers.

Launched in 2023, our own label flooring brand, 'Oake and Gray', now represents a substantial proportion of category sales. Having introduced water resistant laminates last year, new product for this year includes sustainably sourced engineered wood flooring with mass market leading standing water resistance. In ironmongery, we launched our own label brand 'Fuller and Forge' last year. It features door furniture in a variety of designs, finishes and styles and significantly improves our offering in a category where we are under-represented. Fuller & Forge product has landed well and for this year we have new finishes and designs and will be adding new sub - categories.

As well as being substantial businesses, doors and joinery are key footfall building products for us. Last year we added more colour and bolder styles at all price points to our door line-up and new product this year includes a new premium range of Howden branded solid engineered doors. In joinery we will continue to develop the sub-category extensions into wall panelling, stair parts and loft spaces initiated in 2025.

**Q Fitted bedrooms were introduced more recently as an incremental opportunity to supply trade customers. How is that going?**

**A** Yes, we think they represent a growing source of incremental sales and profit, and help us foster customer relationships. Installing fitted bedrooms suits the skills of customers who fit kitchens and last year a substantial proportion of total bedroom sales represented purchases either by new customers or by customers who had bought from us relatively infrequently.

We develop our bedroom ranges in-house, utilising our existing design and supply infrastructure and they have a high cabinetry content, which matches our manufacturing capabilities. Our 2025 offering comprised bedrooms in five leading family designs drawn from our kitchen portfolio, including a new family Clerkenwell, launched during the year. This year, we will continue to target entry and mid-price points, with five new bedrooms, including new colours for Bridgemere and Halesworth.

**Q Given you are a depot-led business predominantly, why is digital important to the business and what areas are you looking to develop?**

**A** We use digital to reinforce our model of strong local relationships between depots and their customers by raising brand awareness, supporting the business model with new services and ways to trade with us, and to deliver productivity benefits and more leads for our depot teams and our customers.

Usage of our on-line account facilities, which provide efficiencies and benefits for customers and depots alike, has continued to increase. New registrations totalled some 59,000 and around 61% of customers had an on-line account at the year-end. Total users viewing our trade platform increased by 45%, with around 80% of users regularly looking at their individual and confidential prices. Customers with an on-line account have on average continued to trade with us more frequently and spent more than non-users.

We generated high levels of engagement with our web platform and grew our social media presence, which also stimulates interest in viewing our products and services on-line and site visits totalled some 24 million in the year.

Amongst kitchen specialists, we continued to have the highest number of fitted kitchen site visits in the UK, and the time spent viewing pages and the number of sessions were at consistently high levels. Across the leading social media channels, our follower base at around 721,000 was up 18%, with around 6.8 million engagements a month.

Strategic Report

Chief Executive Officer's review continued

Digital can also make us a more efficient business. For example usage of our upgraded 'Click and Collect' service for 'everyday' products increased this year and the new depot account management tool introduced last year is helping depots manage their customer relationships more efficiently and productively.

**Q** Turning to International, it looks like you have generated strong growth this year. What are your plans for 2026 and beyond?

**A** In 2025, year on year sales of our operations based in France increased at a higher rate than the previous two years. In tough market conditions, the business responded positively to the measures taken to improve existing depot sales performance. We now have in place a highly experienced leadership team adept at depot management and have invested in enhanced offerings of 'footfall promoting' products, alongside other initiatives. In 2026, we will continue to build out our depot teams' capabilities, particularly account management, and actively manage our depot estate, including by closures and relocations where necessary, as we look to build on the progress made.

We are also trialling a more compact version of our format, initially at a new test-depot in Reims to the west of Paris. At around 500 square metres, this version is under half the average size of the current depots has lower rental costs and the layout incorporates the latest UK format innovations. We expect to maintain the aggregate number of depots trading at around the current number as we actively manage our depot estate to optimise its performance.

We opened for business in the Republic of Ireland in 2022 using a similar depot location strategy to that in France, with the local team supported by our UK infrastructure and our digital platform. By the end of 2025 we had 16 depots trading, including nine clustered around Dublin and three serving Cork. This year, we expect to open around five more depots which would increase the number trading to 21 by the year-end.

**Q** So finally Andrew, how do you see the coming year?

**A** We are well planned, including on our strategic initiatives. These are aimed at increasing our market share profitably, as day to day we deliver value to customers across all price points and product categories. We will have 24 new Kitchens in-stock well ahead of peak Autumn trading, plus a very competitively priced paint to order kitchen offering and overall our line-up in all product categories is the best we have had in my time at Howdens.

We will continue to improve service and availability and increase the range of services and functionality we offer on-line to the benefit of our depot teams, customers and end-users alike. During 2026 we plan to open around 25 depots in the UK and refurbish around another 45 existing depots to the updated format. In total, we expect to end the year with around 85 depots trading in the Republic of Ireland, France & Belgium.

While it is early in the financial year, we are on track to meet current market<sup>1</sup> expectations for 2026. We are planning for the size of the kitchen market to be level year on year, following several years of decline in what remains a competitive market place. We aim to retain a profitable balance between price and volume, as we continue to maintain competitive pricing whilst aligning operating costs and working with suppliers to keep product and input costs controlled.

We are confident that our business model is the right one to address the opportunities in our markets. We are well placed to outperform our competitors in 2026, as we continue to invest in our strategic initiatives so we are looking forward with confidence.

<sup>1</sup> Current analysts' consensus forecasts for FY2026 for profit before tax, which is published on the Company's corporate website, is an average of £354m, with a range of £345m to £383m.

Our strategic initiatives

We have made further progress on our medium-term strategic initiatives, and we expect to deliver profitable growth and market share gains over the medium term. The four strategic initiatives are:

- 1 Evolve our depot model
- 2 Improve our range and supply management
- 3 Develop our digital capabilities and services
- 4 Expand our international operations

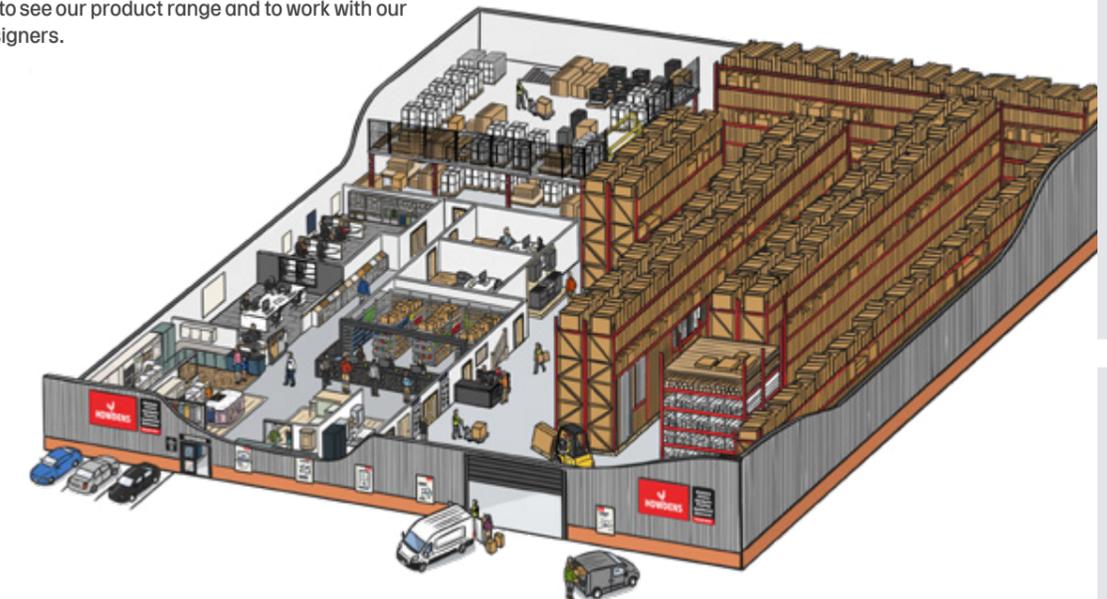
**1** Evolve our depot model - we want to improve our depot network over time to ensure we use space more efficiently, and to provide the best environment for our customers to do business in.

It also has an improved warehouse space that makes space utilisation and productivity gains in a cost-effective way by using vertical racking.

The reformat are budgeted to pay back costs in less than four years. Depot P&Ls are charged a reformat cost which ensures depot teams are motivated to deliver incremental sales.

High service levels, including local proximity and immediate availability, are very important to our customers and we have continued to extend our depot footprint to support growth.

We have been rolling out updated depot format across our estate. It provides an attractive space for us to do business with our Trade customers, and a place for them to bring their customers to see our product range and to work with our kitchen designers.



**The updated depot format**  
Updated front area creates the best environment for our customers to do business in. Better warehouse racking delivers more stock, in less space, with reduced picking times.

Strategic Report

Chief Executive Officer's review continued

Our strategic initiatives continued

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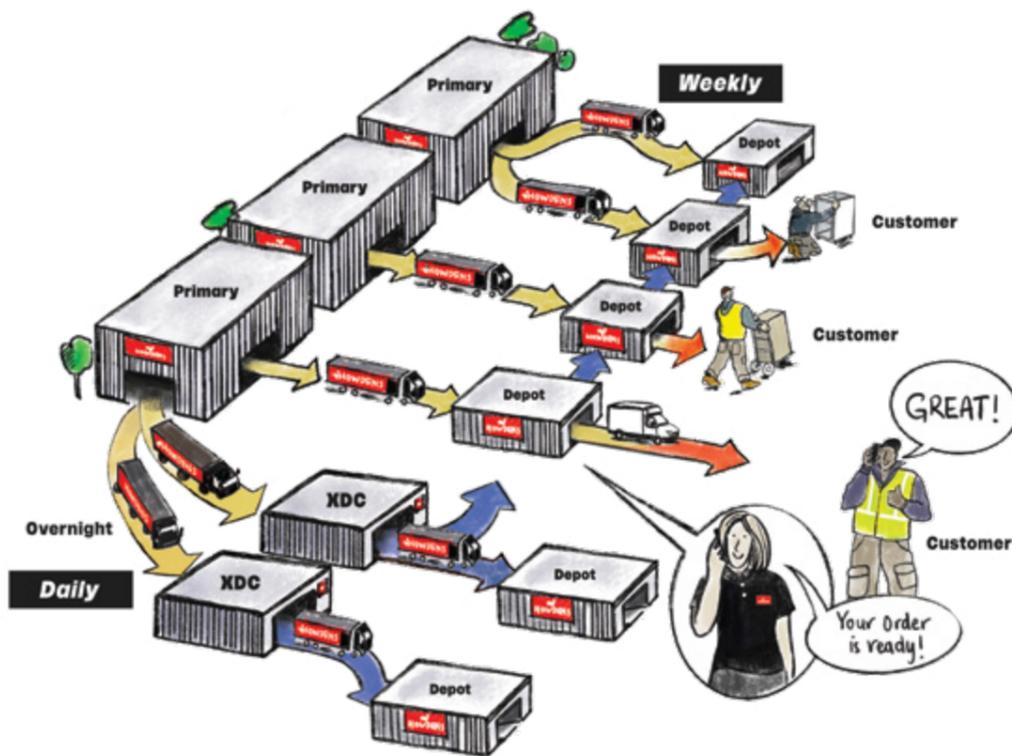
**Improving our range and supply management - to help customers' buying decisions, to improve service and to enhance productivity in our manufacturing, sourcing and supply chain activities.**

As product lifecycles shorten, managing the number of kitchen ranges efficiently is crucial for both our customers, who want best availability, and for profitability. We are managing range introductions and clearances so that we are offering the right number of range families, designed to fit all budgets. More recently we have placed more emphasis on building out our share of higher priced kitchens where we have been historically underrepresented. This has included expanding our offering to encompass template-to-fit solid worksurfaces, a wider range of appliances (including own label) and premium services such as Paint To Order. We are also innovating in other product categories to expand our share of attractive niche markets in joinery.

Howdens is an in-stock business, and high stock availability is a key reason the trade buys from us. In 2025, deliveries totalled 73.4 million pieces and our service level from primary to depots was 99.98%. Our XDC network enables next day delivery and, together with initiatives such as 'Daily Traders', supports exceptional service levels. We continue to balance make versus buy to optimise cost, availability, resilience and flexibility.

Recent investments have increased capacity and broadened capabilities; at Runcorn, our multi-year development programme is underway following planning permissions and the acquisition of the freehold, and will provide more capacity at the site, with increased flexibility and productivity and lower CoGS than would otherwise have been the case.

The Runcorn programme includes installing a new high volume panel machining line with automated WIP, building two extensions to house the equipment and significantly increasing warehouse storage capacity, and utilising additional land to expand trailer parking. The works are expected to take about three years to complete and are included within overall Group capex guidance.



3

**Digital - we are developing our digital platforms to raise brand awareness, support the business model and to deliver productivity gains and leads for depots and customers.**

Our digital strategy reinforces strong local relationships between depots and their customers by raising brand awareness, supporting new services and ways to trade, and delivering productivity benefits and more leads for depots and customers.

Use of online account facilities continues to increase, with 59,000 new registrations and around 60% of customers holding an online account at year end. Total users viewing our trade platform increased by 45%, with around 80% regularly viewing their individual confidential prices. Customers with an online account traded more frequently and spent more than non-users.

Use of our upgraded Click & Collect service for everyday products continues to increase. We have also recently introduced a new depot pricing and margin tool, 'PAM' which is now operating in all UK depots. Designed in-house, PAM makes depot price management easier and more effective. It provides comprehensive data for depots to make more informed pricing decisions with a higher degree of confidence and enables depots to assess quickly the impact on margin of price changes. Depot feedback has been very positive, and we are seeing both more bespoke local pricing and improvements in depot margin on the products incorporated in the system.

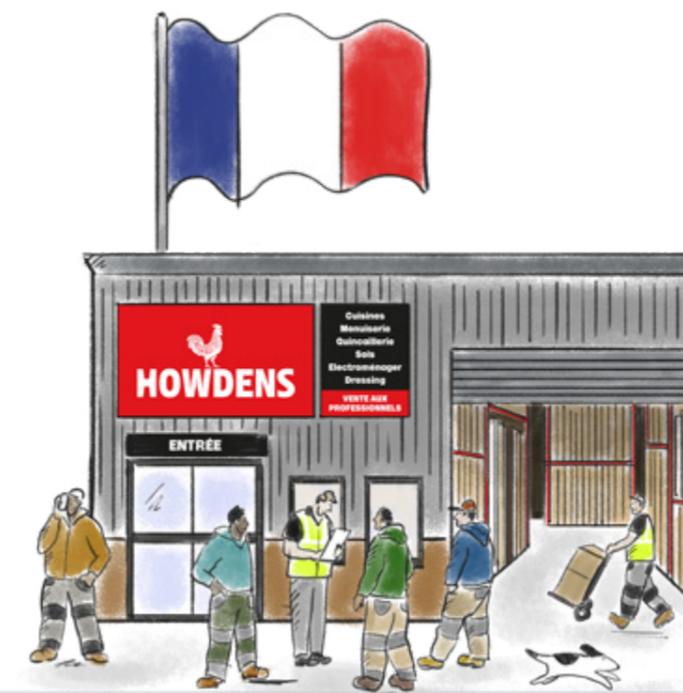
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**International - Expanding our presence in attractive kitchen and joinery markets outside the UK.**

While the UK market for kitchens and joinery is large, fragmented and attractive, we believe that there is an opportunity to take Howdens' highly differentiated in-stock, trade only, local business models to other markets outside the UK.

A good example is France, where most kitchens are purchased through kitchen specialists and DIY stores. Currently there is limited choice locally for builders to be served by a dedicated supplier where products are available from stock either same day or next day. We have tested our ability to access this sizeable market in several ways before adopting 'a city-based' approach, serving solely trade customers, led and staffed by people who embrace the Howdens way of doing business. Alongside team development, we are also investing in the business through enhanced offerings of 'footfall-promoting' products and a regular schedule of 'trade days' at all depots with aligned promotional activity and more supplier support. Our current strategy is to establish profitable businesses in these regions which deliver attractive returns for our shareholders

Sales in the Republic of Ireland were well ahead of last year, and we expect to open around five more depots in 2026, taking the total to 21 by the year end. The Irish market suits our differentiated, in stock trade model and continues to respond well to our approach.



Strategic Report

# Key performance indicators

Links to: [Strategy](#) [Risk](#) [Remuneration](#)

## Financial

### Sales

#### Why we measure it

We believe that there are considerable opportunities to grow sales. As sales grow, we believe there are economies of scale which will also allow us to grow long-term profitability.

#### Links to strategy, risks and remuneration

[Reach more builders](#) [Failure to maximise growth potential](#)  
 Depot staff bonuses are directly linked to their depot's sales

#### Progress

Total Group sales of £2.4bn in 2025, in line with market expectations.

2025	£2.4m
2024	£2.3bn
2023	£2.3bn
2022	£2.3bn
2021	£2.1bn

### Profit before tax

#### Why we measure it

Profit before tax is a simple and widely understood measure. We consider that it gives a complete picture of our performance as it includes all of our operating, selling and distribution, admin and financing expenses.

#### Links to strategy, risks and remuneration

[Operational excellence](#) [Prudent financial management](#)  
[Failure to maximise growth potential](#)  
[Deterioration of model & culture](#)  
 Executive Committee and senior management bonuses are directly linked to PBT

#### Progress

Profit before tax of £345m in 2025.

2025	£345m
2024	£328m
2023	£328m
2022	£406m
2021	£390m

### Cash

#### Why we measure it

We aim to cover our investment needs, to retain at least one year's working capital requirement, to pay a progressive dividend and to return surplus cash to shareholders (see page 33 for details of our capital allocation model).

#### Links to strategy, risks and remuneration

[Prudent financial management](#)  
[Invest in our strategic priorities](#)  
[Return surplus cash to shareholders](#)  
 Executive Committee and senior management bonuses are directly linked to cash generation targets

#### Progress

We have invested £156m in capital expenditure for future growth and have also returned £117m in dividends and £100m in share buybacks, ending the year with £345m cash.

**£345m**  
year end cash

**£156m**  
capex

**£117m**  
dividends paid

**£100m**  
share buyback

## Non-financial

### Depot openings

#### Why we measure it

We believe that there is some way to go before the UK market is saturated. We continue to identify possible sites for new depots whilst at the same time keeping our model flexible, and allowing us to take account of economic conditions and phase the speed of our growth accordingly. We are also developing a presence in France, Belgium and the Republic of Ireland. We plan to expand our depot network again in 2026.

#### Links to strategy, risks and remuneration

[Reach more builders](#) [Failure to maximise growth potential](#)  
[Deterioration of model & culture](#)

#### Progress

We ended 2025 with 22 more depots in the UK and an additional 3 in the Republic of Ireland.

2025	970
2024	947
2023	915
2022	873
2021	818

### Health & Safety

#### Why we measure it

We have over 12,000 employees working in our depots, our factories, our logistics operation and our support sites and we need to keep them all safe at work.

#### Links to strategy, risks and remuneration

[Operational excellence](#)  
[Health & Safety](#)

#### Progress

Our rate of RIDDOR-reportable injuries has remained low and is also significantly below the HSE all-industry average for the year. See page 53 for more detail.



### Use of FSC® or PEFC certified materials

#### Why we measure it

We use around 300,000 cubic metres of chipboard and MDF in our factories. FSC® and PEFC are the two main certification bodies. Ensuring that all our MDF and chipboard is certified by them gives us assurance over their provenance. See page 50 for more details.

#### Links to strategy, risks and remuneration

[Product innovation](#)  
[Product relevance](#) [Continuity of supply](#)

### Zero to landfill

#### Why we measure it

One of the pillars of our business model is our efficient production, which gives us a significant cost advantage. Reusing, recovering or recycling as much of our waste as we can benefits stakeholders as it reduces both our emissions and our costs.

#### Links to strategy, risks and remuneration

[Operational excellence](#)  
[Prudent financial management](#)  
 LTIP performance measure



#### Progress

We are pleased to announce that in 2025 we have maintained zero to landfill across our whole UK operations. We are now exploring ways in which we can maintain this performance and increase the proportions of our waste which we reuse or recycle. See page 53 for more details.

# Financial review

- Maintained sector leading gross margin
- 21.9p 2025 full year dividend
- £100m share buyback over the next 12 months



**Jackie Callaway**  
Chief Financial Officer



**Our strong competitive position in the UK enabled the business to gain further market share despite a modest contraction in the kitchen market.**

## Financial results for 2025<sup>1</sup>

### Revenue

Group revenue was 4.1% ahead of last year at £2,418.0m (2024: £2,322.1m). UK depot revenue of £2,333.2m (2024: £2,247.4m) was 3.8% ahead of last year and 2.6% ahead on a same depot basis, reflecting a strong end to the year. Our strong competitive position in the UK enabled the business to gain further market share despite a modest contraction in the kitchen market. Local currency revenue of €99.0m (2024: €88.1m) in the international depots was 12.4% ahead of the prior year and grew 9.3% on a same depot basis. This was an encouraging performance, as we continued to build out our depot network in the Republic of Ireland, and optimise our sites in France and Belgium.

### Gross profit

We maintained our sector leading gross margin by appropriately balancing pricing and volumes. Gross profit was £84.3m ahead of last year at £1,515.4m (2024: £1,431.1m) The higher gross margin percentage of 62.7% (2024: 61.6%) reflected the benefit of the price increase at the start of the year and increased volumes. It also included proceeds from an insurance claim relating to the replacement of damaged production equipment in a panel line at the Group's Howden manufacturing facility. This resulted in a one-off gain of approximately £6m. Cost savings within COGS of £14m included £17m of sourcing benefits from raw materials and finished goods suppliers which offset £3m of inflationary pressure in timber. Manufacturing efficiencies of £4m directly offset all cost increases in our factories.

### Operating profit and profit before tax

Operating expenses increased by £68.2m to £1,160.1m (2024: £1,091.9m). This included £28m of ongoing investments in our strategic initiatives with £12m for new UK depots opened in 2024 and 2025 and £13m of other strategic investments including digital upgrades and £3m relating to the expansion of our international operations. Higher inflationary costs of around £27m, principally payroll and property costs, were offset with continued productivity and efficiency improvements. There was also a charge of £6.1m in relation to the impairment of depot assets as part of our optimisation plans in France, where we are planning to relocate 6 depots over the next two years. Overall, operating profit was £16.1m or 4.7% ahead of last year at £355.3m (2024: £339.2m). The EBIT margin was 10 basis points ahead at 14.7% (2024: 14.6%).

The net interest charge was £10.4m (2024: £11.1m). Profit before tax of £344.9m was 5.1% ahead of the prior year (2024: £328.1m).

1 The information presented relates to the 52 weeks to 27 December 2025 and the 52 weeks to 28 December 2024 unless otherwise stated.  
2 Same depot basis excludes depots opened in 2024 and 2025 and closed depots.

Revenue <sup>1</sup> £m (unless stated)	2025	2024	Change	No. of depots 2025 <sup>3</sup>
UK depots - same depot basis <sup>2</sup>	2,297.6	2,239.7	+2.6%	839
UK depots opened in previous two years	35.6	7.7		52
<b>Total UK depots</b>	<b>2,333.2</b>	<b>2,247.4</b>	<b>+3.8%</b>	<b>891</b>
International depots	84.8	74.7	+13.5%	79
<b>Group</b>	<b>2,418.0</b>	<b>2,322.1</b>	<b>+4.1%</b>	<b>970</b>

Local currency revenue <sup>1</sup> €m (unless stated)	2025	2024	Change	No. of depots 2025 <sup>3</sup>
International - same depot basis <sup>2</sup>	94.2	86.2	+9.3%	72
Depots opened in previous two years	4.8	1.9		7
<b>Total international</b>	<b>99.0</b>	<b>88.1</b>	<b>+12.4%</b>	<b>79</b>

1 The information presented relates to the 52 weeks to the 27 December 2025 and the 52 weeks to the 28 December 2024 unless otherwise stated.  
2 Same depot basis excludes depots opened in 2024 and 2025 and closed depots.  
3 There was 1 depot closed in the UK in 2025. In International, 3 depots were opened in the Republic of Ireland and 2 depots were closed in France during 2025.

## Profit before tax

**Disciplined pricing management and purchasing efficiencies delivered higher gross margins**

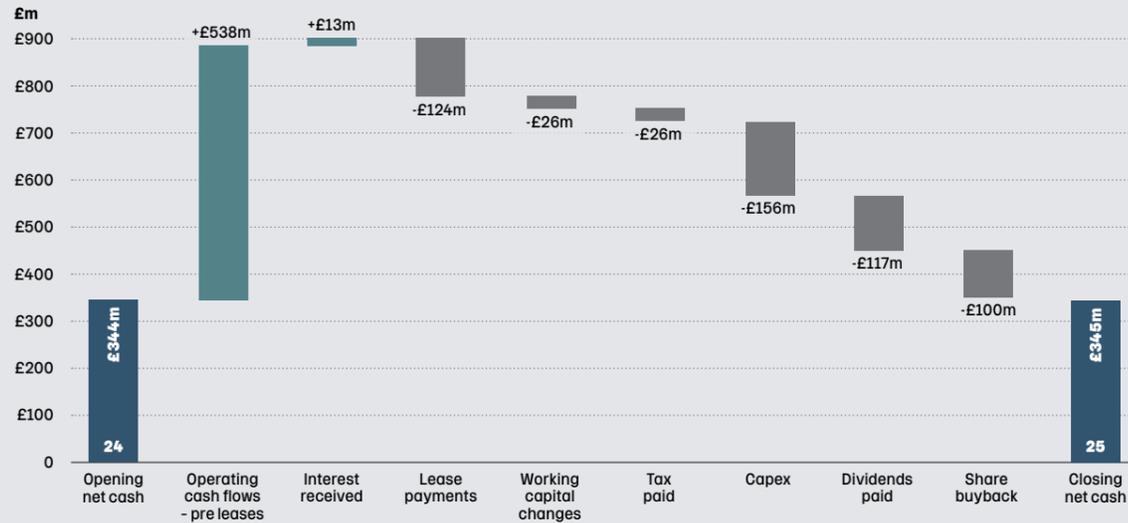


Strategic Report

Financial review continued

How we make cash and how we spend it

Changes in net cash

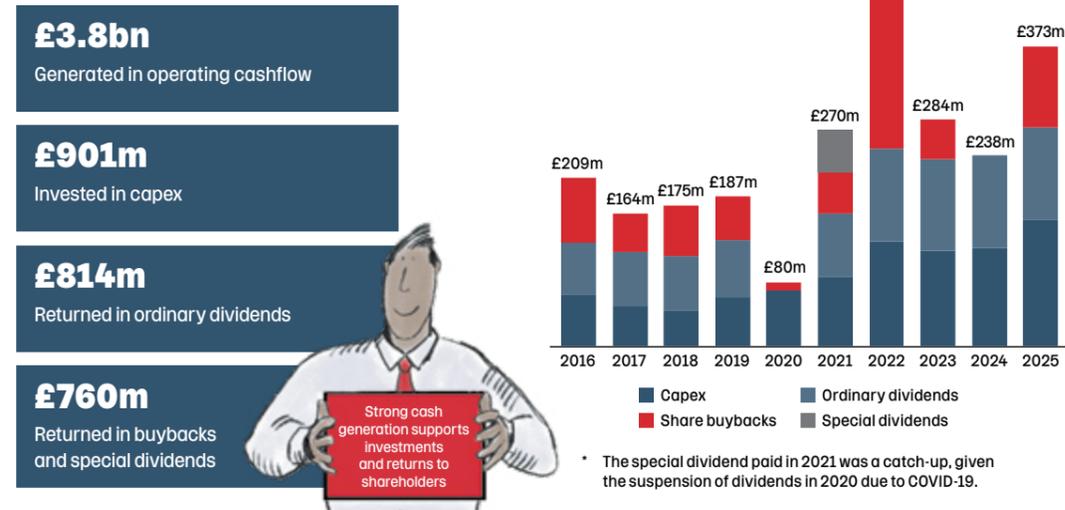


Uses of cash



We have a strong track record of cash generation, investment, and capital returns

Over the past 10 years:



Tax, profit after tax and basic earnings per share

The tax charge was £77.2m (2024: £78.8m) which represented an effective tax rate of 22.4% (2024: 24.0%). This was lower than our guidance at the start of the year as we have further refined the patent box claim. Profit after tax was £267.7m (2024: £249.3m). Basic earnings per share were up 7.9%, on the prior year at 49.2p (2024: 45.6p) reflecting the increased profit for the year, lower effective tax rate and the benefit of the reduced number of shares in issue following the share buyback programme completed in the year.

Cash

The net cash inflow before movements in working capital totalled £537.6m (2024: £504.6m). Overall working capital increased by £26.3m to support growth, with stock £18.5m higher as a result of depot openings and new product introductions. Receivables at the end of the period were £14.2m higher than at the end of the previous period principally due to the increase in sales.

Payables were £6.4m higher. Capital expenditure was £156.5m and included the one-off freehold purchase of the Runcorn manufacturing facility for £31m. Excluding this, capital expenditure was £125.5m, a similar level to last year at £122.0m, as we continued to prioritise growth initiatives. Corporation tax payments were lower at £25.7m (2024: £39.2m) as a result of prior year tax credits due to the patent box claim.

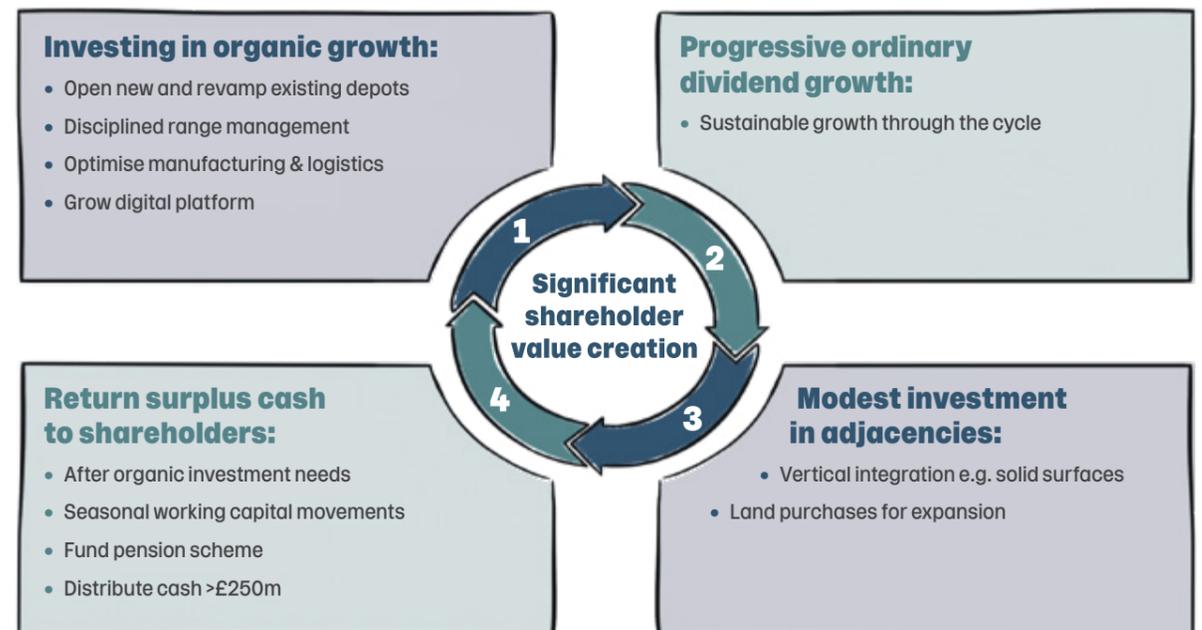
Dividends amounted to £116.6m (2024: £115.9m) and share buy backs were £100.2m (2024 nil). The interest and principal paid on lease liabilities totalled £123.9m (2024: £113.4m). Reflecting the above, cash at the year-end was £344.5m (28 December 2024: £343.6m).

Capital allocation and returns to shareholders

Our capital allocation policy is unchanged. We focus on achieving sustainable profit growth by investing in organic expansion and broadening our capabilities in growth adjacencies. We aim to provide shareholders with an attractive ongoing income stream and an ordinary dividend that grows in line with the long-term prospects of the business. After allowing for these uses of cash, Howdens remains committed to returning any surplus capital to shareholders.

Within its definition of surplus capital, the Board's objective is for the Group to be able to operate through the annual working capital cycle with a strong balance sheet, noting that there is seasonality in working capital balances through the year, particularly in advance of our peak trading period in the second half. We also take into account that the Group has a significant property lease exposure for the depot network, and a large defined benefit pension scheme. Our policy remains that when year-end cash is in excess of £250m we expect to return surplus cash to shareholders. This provides sufficient headroom to support organic growth, our seasonal working capital requirements, and ongoing investments in our strategic initiatives, while maintaining a strong balance sheet.

Howdens' approach to capital allocation



Strategic Report

Financial review continued

In July 2025 the Board declared an interim dividend of 5.0p per ordinary share (2024: 4.9p per ordinary share), an increase of 2%. The Board is recommending a final dividend for 2025 of 16.9p per ordinary share (2024: 16.3p per ordinary share), an increase of 3.7%. This brings the total dividend to 21.9p per ordinary share (2024: 21.2p per ordinary share), and represents a year-on-year increase of 3.3%. If approved by shareholders at the AGM in May the final dividend will be paid on 22 May 2026 to shareholders on the register on 10 April 2026. Reflecting the Group's strong financial position, the Board is announcing today a new £100m share buyback programme which will be completed over the next 12 months.

Pensions

The defined benefit pension scheme has a surplus on an ongoing funding basis meaning that no contributions are currently payable by the company. At 27 December 2025, the deficit was £7.8m on an IAS 19 basis (2024: Deficit of £2.1m). The scheme is closed for future accrual.

There is a mechanism in place to reinstate contributions if the funding position deteriorates in the future (as well as to turn them off again if the funding position subsequently improves). The current funding arrangement is in place to 31 May 2027 but will be reassessed before then as part of the triennial valuation being carried out as at 31 March 2026.

The Company has actively engaged with the Trustee to proactively manage and reduce pension risks over time through a Joint Working Party framework. We will look to accelerate actions to reduce and manage pension risk in areas such as investment strategy, data and benefits and scheme funding.

Board changes

Paul Hayes notified the Board of his intention to retire from his role as Chief Financial Officer (CFO) and Executive Director of the Company effective 30 May 2025. Following an extensive selection process, Paul was succeeded by Jackie Callaway who joined the Howdens Board on 2 June 2025. Prior to her appointment to Howdens, Jackie served as CFO of Coats Group plc and as CFO of Devro plc. She is currently a Non-Executive Director of IMI plc, the FTSE 100 specialist engineering company. Jackie has a strong finance record and extensive experience across multinational manufacturing and supply chain businesses. She is a Fellow of the Institute of Chartered Accountants in England and Wales.

Technical guidance for 2026

Income statement

- Inflationary cost headwinds of around £30m includes additional property and labour costs including the previously announced NICS and minimum wage increases. We will look to offset these costs as much as possible with disciplined cost control.
- Continued investment in our strategic initiatives to support future growth of c.£30m.
- Foreign exchange sensitivity in COGS of Euro: +/- €0.01 = £2.3m; US Dollar: +/- \$0.01 = £0.7m.
- Interest charge of c.£16m.
- Full year effective tax rate of 23% to 24%.

Cashflow

- Cash tax expected to be c.£60m.
- Capital expenditure of c.£125m including our ongoing investments to support future growth.
- Share buyback of £100m announced today.

Use and management of financial instruments, and exposure to financial risk

The Group holds financial instruments for one principal purpose: to finance its operations. The Group does not currently use derivative financial instruments to reduce its exposure to interest or exchange rate movements.

The Group finances its operations by using cash flows from operations, and it has access to a £150m revolving credit facility if additional financing is required. Treasury operations are managed within policies and procedures approved by the Board. The main potential risks arising from the Group's financial instruments are foreign currency risk, counterparty risk, funding and liquidity risk and interest rate risk, which are discussed below.

No speculative use of derivatives, currency or other instruments is permitted. The Treasury function does not operate as a profit centre and transacts only in relation to the underlying business requirements.

Foreign currency risk

The most significant currencies for the Group are the US Dollar and the Euro. It is the Group's current policy that routine transactional conversion between currencies is completed at the relevant spot exchange rate. This policy is reviewed on a regular basis. Sensitivity to movements in the Euro and US Dollar is given in the 'Technical guidance for 2026' section above.

Counterparty risk

Group Treasury policy on investment restricts counterparties to those with a short-term credit rating at least equivalent to Standard and Poor's A-1 or Moody's P-1. It also places limits on the maximum amount which can be invested with a single counterparty. The Group continuously reviews the credit quality of counterparties, the limits placed on individual credit exposures and categories of investments.

Funding and liquidity

The Group's objective with respect to managing capital is to maintain a balance sheet structure that is both efficient in terms of providing long-term returns to shareholders and safeguards the Group's ability to continue as a going concern. As appropriate, the Group can choose to adjust its capital structure by varying the amount of dividends paid to shareholders, the returns of capital to shareholders, the level of capital expenditure, or by issuing new shares.

The Group has a committed, multi-currency, revolving credit facility which allows borrowing of up to a maximum of £150m. The facility was not used at any point during 2025 and is in place until September 2029. More details of this facility are given in note 19 to the financial statements.

The Group's latest forecasts and projections have been stress-tested for reasonably possible adverse variations in trading performance and show that the Group will operate within the terms of its borrowing facility and covenants for the foreseeable future as part of our going concern assessment, which is further detailed beginning at page 69.

At the 2025 year end, the Group had £345m of net cash and £150m of funds available to borrow under the committed borrowing facility.

Section 172(1) 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 78 and they also consider the interests and views of other stakeholders, including our pensioners, regulators and the government, and the customers of our trade customers.

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 78 and 79. On pages 80 to 87, we have set out examples of how the Directors have had regard to the matters in s.172(1)(a) to (f) when discharging their section 172 duty.

Interest rate risk

The Group has not had any borrowings during 2025 and does not consider interest rate risk to be significant at present.

New accounting standards

None of the new accounting standards that came into effect during 2025 had a material implication for the Group.

Distributable profits

After paying £117m of dividends and buying back £100m of shares in the year, the parent company has distributable profits in excess of £750m.

Cautionary statement

Certain statements in this Annual Report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

By order of the Board

Jackie Callaway  
Chief Financial Officer

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 139 shows where in this Annual Report and Accounts to find each of the disclosure requirements.

Gender diversity information for the Group can also be found on page 98 of the Nominations Committee Report.

Strategic Report

# Risk management

## Our approach to risk

When we look at risks, we specifically think about internal and external drivers of operational, reputational, compliance, financial and strategic risk areas over short-, medium- and long-term timescales. We consider the effects they could have on our business model, our culture and our strategy which we set out starting at page 8, and which we encourage you to refer to as you read this section.

## The risk management process

The main steps in the process are set out below:



## Risk governance

<h3>Key activities</h3> <p><b>Risk monitoring and reporting</b> We determine our principal risks from the key risk report and agree them with Executive Committee and Board.</p> <p>The Executive Committee and Board challenge and agree the Group's key risks, appetites and mitigation strategies twice yearly.</p> <p>Key risks, assessments and responses are consolidated into a key risk report.</p> <p><b>Risk response</b> Where risks exceed our appetite, functional leaders draw up mitigation plans and agree them with the Executive Committee.</p> <p><b>Risk assessment</b> We prioritise risks using a Group-wide scoring mechanism and compare them to our risk appetite.</p> <p><b>Risk identification</b> We conduct operational risk register reviews regularly to monitor current and emerging risks.</p> <p>We review internal and external emerging issues prior to each register review.</p>	<h3>People responsible</h3> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p><b>Top-down</b></p> <p>Board Executive Committee Audit Committee Risk team</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p>Functional leaders Operational management Risk team</p> <p><b>Bottom-up</b></p> </div>	<h3>Reports/documents</h3> <p><b>Principal risks</b> We consolidate the principal risks from the key risk report. These are those risks that we consider could have a potentially material impact on our operations and/or achievement of our strategic objectives.</p> <p><b>Key risk report</b> We consolidate our key risk report from the risk registers. This report outlines the highest scoring risks, emerging risk issues, the biggest influences to our risk profile and changes to the risks reported. The key risk report also provides a Group-wide perspective on risks escalated.</p> <p><b>Risk register</b> We record risk registers for each functional area, aligned with our operating model. The register includes all of the information required to accurately capture the risk and is maintained on our risk management information system. We identify an owner for each risk register responsible for its maintenance as well as the risks it contains.</p>
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## Risk appetite

'Risk appetite' describes the amount of risk we are willing to tolerate, accept or seek. Our risk appetite is determined by the nature of the risk and how that risk could affect us.

<p><b>Low</b></p> <p>If the risk presents a hazard to our people, operations or strategy</p>	<p><b>Higher</b></p> <p>If the risk presents us with an opportunity to improve sales or service</p>	<p><b>Balanced</b></p> <p>For all other risks we carefully balance the risk and our mitigation efforts with the potential reward</p>
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## Emerging risks

We conduct periodic 'horizon scans' with the Executive Committee to understand our long-term emerging risk profile. This process considers risks over three timescales:

- **Short term** - Current and near future risks that are strategically and operationally important and are already covered in the operational risk register.
- **Medium term** - Risks important for achieving long-term objectives, development and growth plans.
- **Long term** - Trends that could impact the development or success of achieving strategic objectives.

If a specific emerging risk requires a more immediate response, we discuss it with the Business Continuity and/or Executive Committee as appropriate. The main emerging risks currently being considered can be found on page 40.

## Compliance risks

Whilst not a principal risk, we carefully manage and oversee compliance risks through a combination of dedicated reviews and horizon scanning. We carry out regular assessments across the business to help identify key compliance exposures. These cover our operations, data security, product and other financial areas including anti-bribery and corruption, fraud and tax compliance. The output of these is embedded in our operational risk process to ensure clear ownership and action plans across the business. We prioritise these risks and escalate them to the Executive Committee and Board where appropriate.

## Provision 29

As part of our Corporate Governance Provision 29 readiness work, we are ensuring our principal risks are fully mapped to material controls across the business for financial, operational compliance and non-financial reporting control areas. Our work remains on track to ensure compliance with the provision from when it applies.

## 2025 Principal risks and uncertainties

The arrows alongside each risk show the year-on-year change

### Links to strategy

- R** Reach more builders   **O** Operational excellence   **P** Product innovation   **F** Prudent financial management

## 1. Cyber security

### Risk and impact

A major cyber security breach could result in systems being unavailable, causing operational difficulties, and/or sensitive data to be unavailable or compromised.

### Mitigating factors

- We place continuous focus on training our people in cyber security, as we recognise that these risks are dynamic, not always technical, and awareness is our first point of mitigation.
- We employ industry standard IT security controls and regularly engage external specialists to validate the effectiveness of our controls against best practice.
- We have robust disaster recovery and business continuity plans that are tested regularly.
- We adopt a continuous improvement approach to IT security and continue to invest in the security of our systems.

### Risk appetite

We have a low appetite for cyber security risk and manage IT security closely to secure the confidentiality, integrity and availability of these systems.

### Trend

In 2025 cyber security threats have continued to develop with some high profile incidents with other businesses in the UK and globally. The approach taken has also become more sophisticated, through the combined use of emerging technologies such as artificial intelligence, increasingly dynamic use of social engineering techniques and gaining physical access.

Strategic Report

Risk management continued

2025 Principal risks and uncertainties continued

The arrows alongside each risk show the year-on-year change

2. Market conditions R O P F ◀▶

<p><b>Risk and impact</b></p> <p>We sell our products to independent builders who install them in different types of housing. Our sales depend on the demand for repair, maintenance and improvement services. If activity falls in these areas, it can affect our sales.</p>	<p><b>Mitigating factors</b></p> <ul style="list-style-type: none"> <li>• We have proven expertise in managing selling prices and costs. Data on competitors, depot activity and pricing is discussed by the Executive Committee at each meeting.</li> <li>• We use insights from our depot network, our builders' forums and other channels. This is reviewed regularly by the Executive Committee and the Board.</li> <li>• We use our good relationships with our suppliers to alert us of any changes. Our suppliers update us on their assessment of trading and market performance through regular reviews with our leadership team. We also gather insights from supplier visits and our Supplier Conference.</li> </ul>
<p><b>Risk appetite</b></p> <p>We have a low appetite for market conditions risks and we maintain close relationships with our customers and suppliers to identify movements early to enable appropriate action to be taken.</p>	<p><b>Trend</b></p> <p>Cost-of-living pressures, geopolitical instability and persistent inflation may further erode our end-consumer confidence. The volatility seen throughout 2025 has only intensified in early 2026, with geoeconomic confrontation and interstate conflict emerging as major global risks for the year ahead</p>

3. People R O P F ◀▶

<p><b>Risk and impact</b></p> <p>Our business could be adversely affected if we were unable to attract, retain and develop our staff, or if we lost a key member of our team.</p>	<p><b>Mitigating factors</b></p> <ul style="list-style-type: none"> <li>• We continue to invest in our employee value proposition, striving to provide the best possible working environment and growth opportunities for our employees.</li> <li>• The Executive Committee and senior leadership team assess succession plans for key roles regularly to ensure that appropriate continuity is in place.</li> <li>• The Remuneration Committee and Board are regularly updated on key people activity such as our internal projects to improve diversity as well as programmes such as employee financial education.</li> <li>• We continue to support a wide variety of apprenticeships, accreditations and development programmes across all areas of our business.</li> </ul>
<p><b>Risk appetite</b></p> <p>We have a low appetite for people risk and work hard in ensuring that they feel valued, are rewarded appropriately and have opportunities to develop and progress in their Howdens career.</p>	<p><b>Trend</b></p> <p>Ongoing cost of living, wages and inflationary pressures, management of hybrid working practices and changes of working laws and rights has created a challenging environment for our people and management teams. Maintaining the wellbeing and motivation of our people remains a focus area across the entire business.</p>

Links to strategy

**R** Reach more builders **O** Operational excellence **P** Product innovation **F** Prudent financial management

4. Health & safety R O P F ◀▶

<p><b>Risk and impact</b></p> <p>We have a large estate which employs various activities that could cause harm to our staff, our customers, their customers and the communities around us.</p>	<p><b>Mitigating factors</b></p> <ul style="list-style-type: none"> <li>• We invest in safe ways of working. We have developed dedicated health &amp; safety teams and formalised systems that help us stay safe.</li> <li>• We monitor, review and update our practices to take account of changes in our environment or operations and in line with best practice and changing legislation.</li> <li>• We make sure we keep talking about health &amp; safety at every level of the business, led by the Executive Committee.</li> </ul>
<p><b>Risk appetite</b></p> <p>We put a great deal of effort into identifying and managing health &amp; safety issues before they occur, and have a low appetite for health &amp; safety risks.</p>	<p><b>Trend</b></p> <p>A well-established health &amp; safety framework manages this risk effectively. We have continued to learn from constantly monitoring near misses, changes to our operating environment and changing legislation, ensuring this risk remains stable.</p>

5. Supply chain R O P F ◀▶

<p><b>Risk and impact</b></p> <p>A failure in governance or disruption to our relationship with key suppliers, manufacturing and distribution operations could affect our ability to service our customers' needs. If this happened, we could lose customers and sales.</p>	<p><b>Mitigating factors</b></p> <ul style="list-style-type: none"> <li>• We maintain strong relationships with our suppliers. We use long-term contracts and multiple sourcing to safeguard the supply of key products.</li> <li>• We have invested in our supply chain and distribution to secure capacity and agility when it is required. We have optimised our stock levels.</li> <li>• Supplier reviews are discussed regularly with the Executive Committee. In addition, a sub-committee monitors governance of supplier risk and considers potential issues.</li> </ul>
<p><b>Risk appetite</b></p> <p>We have a low appetite for supply chain risks and put considerable effort into identifying them early to enable us to prevent stock issues at our depots.</p>	<p><b>Trend</b></p> <p>Whilst our supply base has returned to a more pre-pandemic environment, changing legislation, ongoing geopolitical issues and extreme weather events could challenge the continuity of our supply-chain and impact cost of freight.</p>

Strategic Report

Risk management continued

2025 Principal risks and uncertainties continued

The arrows alongside each risk show the year-on-year change

6. Maximising growth R O P F ◀▶

<p><b>Risk and impact</b></p> <p>Failure to recognise, innovate and exploit opportunities could impact on growth. We must align our business model, risk appetite, structures, and skills with opportunities to maximise our growth potential.</p>	<p><b>Mitigating factors</b></p> <ul style="list-style-type: none"> <li>We continue to invest in our depot environment, people, services, and systems, and in our manufacturing and distribution capabilities to equip them for growth.</li> <li>Growth activities are reviewed in the light of our risk appetite, values, business model and culture.</li> <li>Our strategic priorities are actively discussed at the senior leadership, Executive Committee and Board level.</li> <li>The Board is updated on the strategic plan regularly, and there is a regular programme of 'Spotlight' sessions which examine specific areas of the strategy.</li> </ul>
<p><b>Risk appetite</b></p> <p>We have a balanced appetite for risk when it comes to growth. We are willing to accept some risk where we see opportunity, but we carefully balance that risk with the potential reward presented.</p>	<p><b>Trend</b></p> <p>An ongoing unpredictable economic environment and continued uncertainty for consumers has resulted in continued pressure on their spending. However our strategy has continued to grow our share of the kitchens market.</p>

7. Business model & culture R O P F ◀▶

<p><b>Risk and impact</b></p> <p>If we lose sight of our values, model or culture we will not successfully service the needs of the local independent builder and their customers, and our long-term profitability may suffer.</p>	<p><b>Mitigating factors</b></p> <ul style="list-style-type: none"> <li>Our values, business model and culture are at the centre of our activities and decision-making processes, and they are led by the actions of the Board, Executive Committee and senior management.</li> <li>The Board and Executive Committee regularly visit our depots and factories, our logistics and support locations, and hold events to reinforce the importance of our values, model, and culture.</li> <li>Regular 'Town Hall' meetings are held to bring together teams and discuss our successes and challenges ahead.</li> </ul>
<p><b>Risk appetite</b></p> <p>We have a low appetite for risks that can adversely impact our business model and culture, and put great emphasis on identifying issues and addressing them early.</p>	<p><b>Trend</b></p> <p>Growing international operations and bringing new people in, has required increased focus on ensuring the Howdens culture is maintained across all areas of the business. UK operations remained stable with established management teams' consistent focus on our core principles and business model.</p>

Emerging risks

Geopolitical risk

The continuing changing political situation in the Middle East, Europe and China, coupled with major changes in governments continue to have the potential to impact our supply base and the economies we operate in. We monitor the situation in the relevant territories and take a risk-based approach to any identified exposures.

Legislative environment

Increasing legislative requirements around climate and corporate governance continue to have the potential to impact our operations at home and abroad, and/or to distract our focus on our customer.

We review emerging legislative requirements as well as our compliance with existing legislation to understand how and when they could impact on us and what we need to do to comply.

Links to strategy

**R** Reach more builders **O** Operational excellence **P** Product innovation **F** Prudent financial management

8. Product R O P F ◀▶

<p><b>Risk and impact</b></p> <p>If we do not support the builder with products that they and their customers want, we could lose their loyalty and sales could diminish.</p>	<p><b>Mitigating factors</b></p> <ul style="list-style-type: none"> <li>Our product team regularly refreshes our offerings to meet builders' and end-users' expectations for design, price, quality, availability and sustainability.</li> <li>We work with our suppliers, external design and brand specialists, and attend product design fairs to monitor likely future trends.</li> <li>Our local depot staff have close relationships with their customers and end-users, and we actively gather feedback from them about changes in trends.</li> </ul>
<p><b>Risk appetite</b></p> <p>We have a balanced appetite for product risk and are willing to take some calculated risks when selecting new products to continue to meet the need of our customers.</p>	<p><b>Trend</b></p> <p>Over the year we have continued to work on understanding our customers' and end-consumers' wants and needs, regularly reviewing our product offering to ensure we continue to meet them.</p>

9. Business continuity & resilience R O P F ◀▶

<p><b>Risk and impact</b></p> <p>We have some key business operations and locations in our infrastructure that are critical to the continuity of our business operations.</p>	<p><b>Mitigating factors</b></p> <ul style="list-style-type: none"> <li>We maintain and regularly review our understanding of what our critical operations are.</li> <li>We ensure resilience by design, building high levels of protection into key operations and spreading risk across multiple sites where possible.</li> <li>We ensure appropriate business continuity plans are in place for these and have a Group-wide incident management team and procedures established.</li> <li>We regularly review our continuity plans covering our sourcing and logistics approaches to support peak trading.</li> </ul>
<p><b>Risk appetite</b></p> <p>We have a low appetite for business continuity risk, ensuring that critical functions are resilient and appropriate business continuity plans are in place to protect them.</p>	<p><b>Trend</b></p> <p>Though we have not experienced any significant events, we continue to develop and test our business continuity capabilities, whilst ensuring resilience by design as we continue to grow.</p>

Climate-related risk and tax risk

Climate is an emerging risk but is not a principal risk for us. We handle climate risk in the same way as our other risks, albeit that time horizons may be longer. We have continued to develop our climate risk approach during 2025, and more detail on this can be found in our TCFD report on pages 58 and 59.

We consider tax risk as part of our operational risk management. We have a specific tax risk register, owned by senior staff with Executive oversight. We do not consider tax as a principal risk. Our UK tax strategy may be found at <https://www.howdenjoinerygroupplc.com/docs/librariesprovider25/archives/governance/2025-tax-strategy.pdf>

# Sustainability Matters

# Worthwhile for all concerned

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<p><b>Why sustainability matters to us</b></p> <p style="text-align: center; font-size: 2em; color: green;">44</p>	<p><b>Our sustainability strategy</b></p> <p style="text-align: center; font-size: 2em; color: green;">45</p>	<p><b>Net Zero</b></p> <p style="text-align: center; font-size: 2em; color: green;">46</p>
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Strategic Report - Sustainability Matters

# Why sustainability matters to us

## Sustainability generates long-term value

- Helps to preserve our culture, supports our business model, increases business resilience, mitigates our risks and addresses the material needs of our stakeholders.

## Sustainability is part of our culture

- Our culture is to be 'worthwhile for all concerned'. For our staff, our customers, our suppliers, the environment and the communities we work in.

## Sustainability supports our business model

- Gives us a competitive advantage and builds business resilience and helps us to maintain sector-leading margins.
- Lowest cost production in our own UK factories leads us naturally to minimising waste, energy and raw materials.
- Being trusted partners to our suppliers and customers means that our relationships need to be worthwhile for all over the long term.
- Each of our depots relies on strong local relationships to trade profitably, so we need to be a good neighbour in each of those communities.

## Sustainability mitigates our risks

We discuss our principal risks beginning on page 37. Sustainable behaviour helps us to address some of those risks.

- Investing in keeping our people safe, developing their skills and offering them a great place to work is the right thing to do, but it also mitigates our 'Health & safety' and 'People' risks.
- Developing and maintaining sustainable supplier relationships mitigates our 'Supply chain' risk.
- Sustainability is a core principle of our new product design. This gives us energy-efficient, safe and durable product, and mitigates our 'Product' risk.

## Our material sustainability areas and our ESG strategy

We last refreshed our ESG materiality assessment in 2023 by commissioning an independent review with third-party specialists, consulting both external and internal stakeholders.

We present our materiality assessment and show how the material topics are aligned to the strategic pillars and foundation principles of our ESG strategy at page 48. Our ESG strategy is summarised on the next page.

## Our sustainability KPIs, our Net Zero SBTi targets, ESG and remuneration

Our sustainability KPIs cover safety, use of wood from certified sources and avoiding sending waste to landfill. You can find them on pages 50 and 53.

Our SBTi Net Zero targets were submitted in the first half of 2023 and were approved in January 2024. We present these targets on page 47.

Our PSP share plan includes ESG-related vesting targets, which are aligned with our Net Zero goal. Please see page 51 and 117 for details of the targets.

### ESG strategic highlights of 2025

#### Progress against SBTi targets

Good progress. 2030 Scope 3 reduction achieved by 2025 (page 61).

#### Supplier engagement

Extensive supplier engagement - linked to our SBTi targets and increasing the accuracy of our Scope 3 data (page 49).

#### Climate resilience scenarios

Updated our climate scenarios for TCFD reporting (page 59).

#### Investment in solar power

£3.5m solar panel investment went live in H1 2025. Generating 1.8GWh in 2025 (page 50).

## The Board and Executive Committee lead our commitment to sustainability

The importance of sustainable behaviour is recognised right through the business. You can see the Board's Statements of Intent on Health & Safety and Sustainability at: [www.howdenjoinerygroupplc.com/sustainability/group-health-safety-and-sustainability-policies](http://www.howdenjoinerygroupplc.com/sustainability/group-health-safety-and-sustainability-policies). The Board's Sustainability Committee met regularly throughout the year and their report begins on page 134.

# Our sustainability strategy

Our sustainability vision		
<b>UK's leading responsible kitchen business</b> A sustainable product offering, responsibly manufactured or sourced, that meets the needs of the builder and the end consumer.	<b>A unique and sustainable culture</b> Maintaining and building on our culture of being worthwhile for all concerned. Continuing to grow a sustainable business that appeals to current and future stakeholders.	<b>Leader in risk and resilience governance</b> An agile and resilient business, proactively managing ESG risks, with transparent high-quality stakeholder reporting.

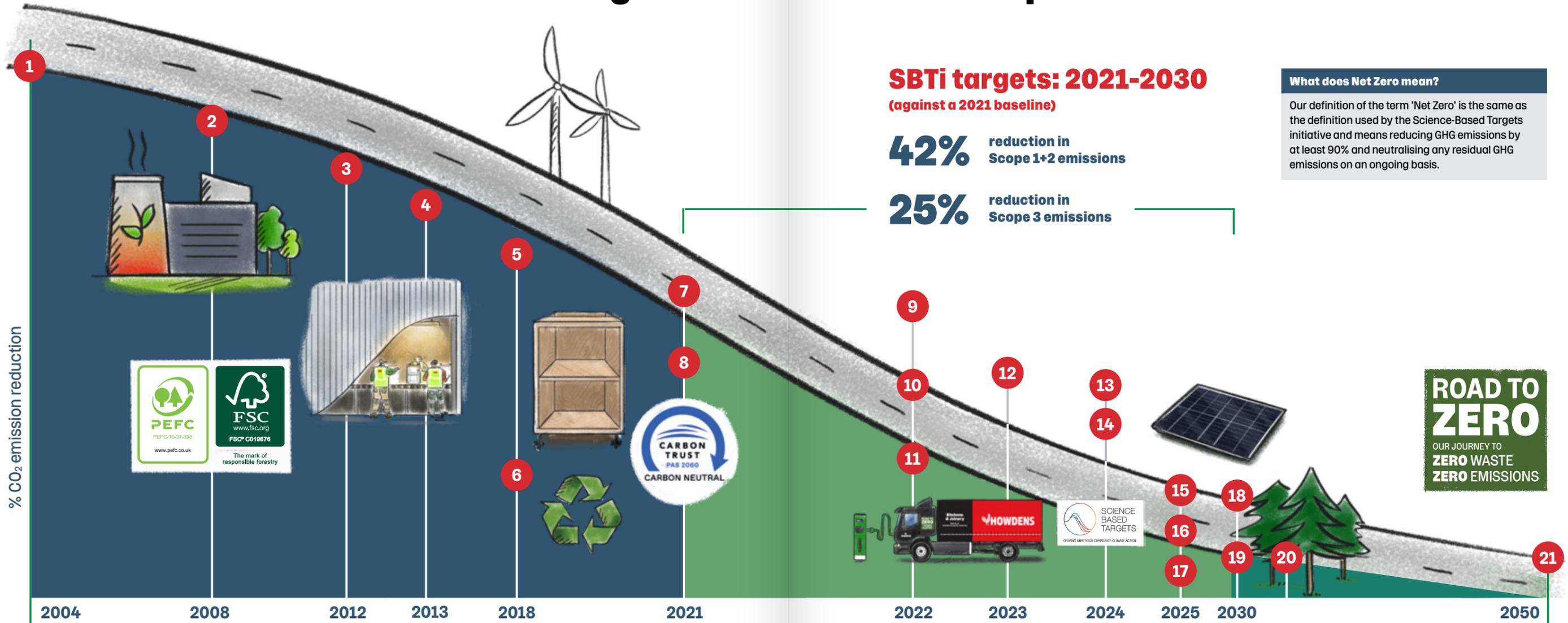
Our sustainability strategy					
Strategic objectives	Net Zero			Climate resilience	
Strategic pillars	Supply chain emissions	Renewable energy /sustainable operations	Decarbonise the fleet	Sustainable product offer & innovation	Supply chain risk mapping & resilience
	See page 49	See page 50	See page 51	See page 52	See pages 59
Foundations	EDl: Strategic priorities & wellbeing See pages 54				
	Behavioural health & safety: Maintain & next steps See page 53				
	Effective waste management: Zero to landfill See page 53				
	Emissions reductions: SBTi Net Zero targets See page 47				
Governance	Effective reporting & disclosure				

Our material SDGs	
UN SDG description and relevant targets under each SDG	
	SDG targets 8.4, 8.5, 8.6, 8.7, 8.8: resource efficiency; sustainable growth; full, productive and worthwhile employment; equal pay for work of equal value; youth training; eradicate modern slavery and child labour; safe and secure working environments.
	SDG targets 12.2, 12.5, 12.6, 12.7: sustainable management and efficient use of natural resources; reduce waste, increase recycling and reuse; publish sustainability information; sustainable procurement.
	SDG targets 13.1, 13.2: strengthen resilience to climate-related hazards; integrate climate change and emission reduction measures into strategic planning.
	SDG targets 15.1, 15.2: conservation and sustainable use of forests.

Strategic Report - Sustainability Matters

# Our Net Zero commitment and targets

# How we plan to reduce our emissions



## SBTi targets: 2021-2030 (against a 2021 baseline)

**42%** reduction in Scope 1+2 emissions

**25%** reduction in Scope 3 emissions

### What does Net Zero mean?

Our definition of the term 'Net Zero' is the same as the definition used by the Science-Based Targets initiative and means reducing GHG emissions by at least 90% and neutralising any residual GHG emissions on an ongoing basis.

**ROAD TO ZERO**  
OUR JOURNEY TO  
**ZERO WASTE**  
**ZERO EMISSIONS**

2004 2008 2012 2013 2018 2021 2022 2023 2024 2025 2030 2050

## Our history of positive action

- 1 Biomass heating boilers (in use since 1995)
- 2 FSC® and PEFC chain of custody introduced
- 3 Carbon Trust standard (first carbon reduction plan)
- 4 Further investment in biomass for factory heating
- 5 Development and introduction of 100% recycled and 100% recyclable cabinet legs
- 6 Zero to landfill achieved in manufacturing
- 7 Introduction of renewable electricity in our supply operations
- 8 Carbon neutral status achieved\*

## Our SBTi targets to 2030

- 9 Introduction of renewable electricity in depots
- 10 Committed to Science Based Targets initiative (SBTi) with Net Zero plan
- 11 Introduction of HVO alternative fuel
- 12 Introduction of EV trucks in our XDC network
- 13 Long-term exploration of alternative fuels, materials & technologies
- 14 Approval of our SBTi targets
- 15 Solar panels start to generate energy at our Howden factory
- 16 On track to meet our SBTi 2030 commitments
- 17 Working with suppliers to decarbonise

## 2030-2050

- 18 Increased use of HVO and solar
- 19 Interim 2030 emission reduction targets
- 20 Monitoring and using new technologies, where appropriate for our business
- 21 Net Zero - 90% reduction in emissions against a 2021 baseline

\* In our Howden and Runcorn factories.

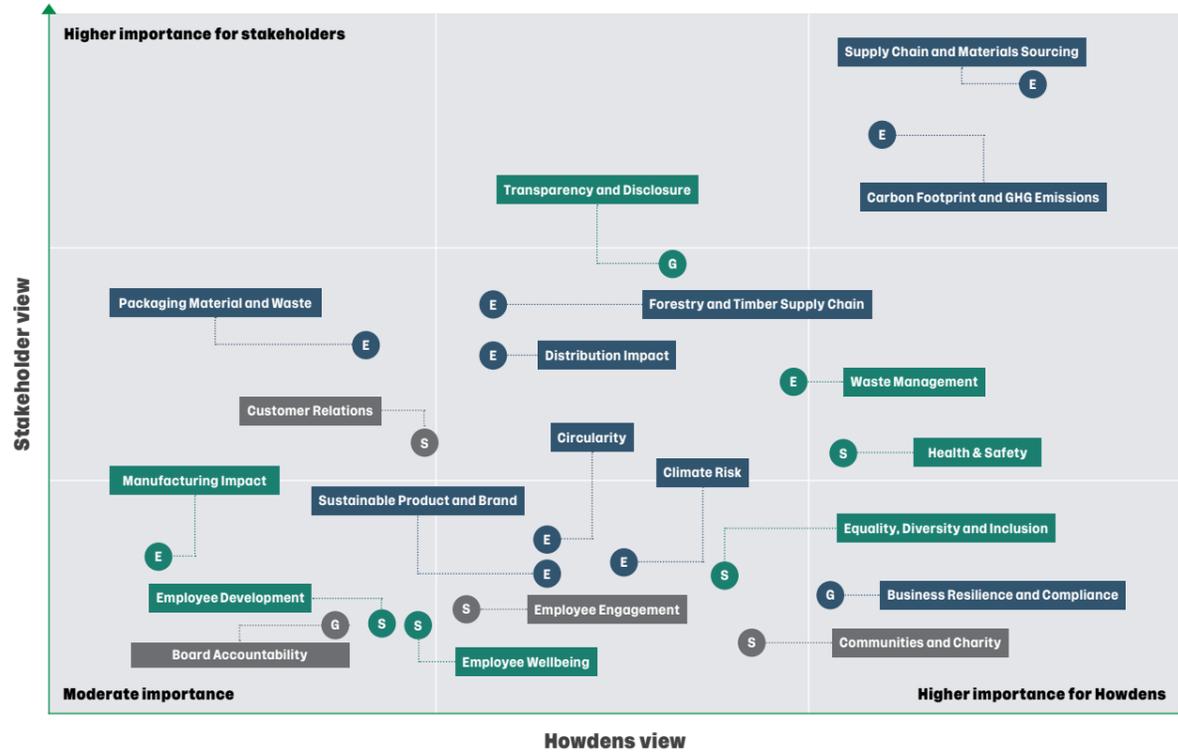
Strategic Report - Sustainability Matters

# Our material sustainability issues

## Our ESG materiality assessment

In 2023 we refreshed our existing ESG materiality assessment by commissioning an independent specialist review and carrying out interviews with both internal and external stakeholders. The results are below.

### Results of the materiality assessment and stakeholder engagement:



- Aligns to our ESG strategic pillars
- Aligns to our ESG foundation values
- Aligns to wider business strategy and governance
- E Environment
- S Social
- G Governance

**Stakeholder views** are gathered from interviews with depot managers, employees, suppliers and investors. **Howdens views** are gathered from interviews with the senior leadership team.

When examining the answers from both sets of interviews, we found that the scoring for some topics was being given on a net basis, because the interviewees were aware that the Group had effective plans of action in place for these topics and were taking account of this in their answers.

**Correlation of material topics with our ESG strategy**

As well as showing the relative importance of each of the topics that arose in our stakeholder interviews, the diagram above shows how they link to our ESG strategic pillars and foundation values, set out at page 45, or in some cases, how they link with our wider business strategy and our governance.

**Double materiality**

We have completed the initial stages of a double materiality assessment ('DMA'), which will give us further strategic insight and will prepare us for reporting under the European Corporate Sustainability Reporting Directive ('CSRD') in the future.

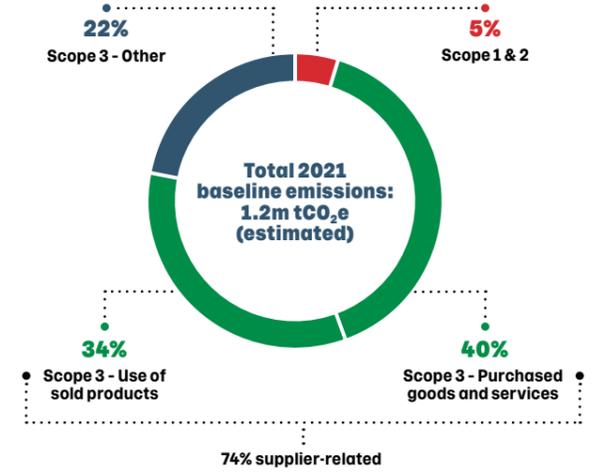
The DMA raised six additional topics, which were already addressed by some areas of our existing ESG strategy, and which we will give additional consideration to in the future. These topics were: pollution; biodiversity; circularity; own workforce; workers in the value chain, and affected communities.

# Supplier engagement - addressing Scope 3 emissions together

## Why supplier engagement is important

95% of our baseline total emissions are Scope 3, i.e. they are in our value chain. Three quarters of these relate to goods purchased from our suppliers and the use of products that we source from our suppliers.

We can only achieve our Net Zero SBTi targets by collaborating with our key suppliers.



**Our history of supplier engagement**

See our website: [www.howdenjoinerygroupplc.com/sustainability/supplier-engagement](http://www.howdenjoinerygroupplc.com/sustainability/supplier-engagement)

## Supplier engagement headlines in 2025

- Continued increase in supplier commitment to providing more accurate emissions data.**

Number of our main suppliers who have submitted finalised emissions data for 2021-2024

Year	Percentage
2023	7%
2024	10%
2025	49%
- ESG objectives are included in standard supplier terms of business.**

Defined targets in line with our SBTi objectives, and commitment to provide carbon reporting data.
- Supply chain risk mapping and resilience to climate change.**

We have included key supplier operations in our physical climate risk assessment exercise - see page 59.

\* The Director of ESG is a management role and is not a Director of the Board of Howden Joinery Group Plc.

Strategic Report - Sustainability Matters

# Strategic pillar - renewable energy & sustainable operations

**KPI**



By ensuring PEFC, we are supporting sustainably managed forests globally  
www.pefc.co.uk

**All chipboard & MDF used in our manufacturing processes is from FSC® or PEFC certified sources**



FSC® C019678  
The mark of responsible forestry

**KPI - FSC®/PEFC**

We used 249,000 cubic metres of chipboard and 59,000 cubic metres of MDF in our factories in 2025 - enough to fill 123 Olympic swimming pools - so it's natural that we have a long-standing KPI requiring all wood to be from certified sources.

FSC® or PEFC certification means that the wood comes from responsibly managed sources and that we have independent documented evidence of an unbroken chain of ownership all the way from the forest to us - via the mill, the importer and our suppliers.

## Renewable energy headlines in 2025

### Solar energy investment at Howden

In 2024 we approved a £3.5m investment in solar panels at our manufacturing site in Howden. This put 7,000 PV panels on our main warehouse roof, covering an area of 350,000ft<sup>2</sup>. The installation began to generate power in 2025 and has generated 1.83GWh of electricity in its first year. This was 12% of the total site electricity consumption and avoided 378 tCO<sub>2</sub>e of Scope 2 emissions. The investment is expected to pay back within 5 years. We intend to install more solar panels across our estate in the future.

### Policies

-  Read our Modern Slavery Statement: [www.howdenjoinerygroupplc.com/governance/modern-slavery-statement](http://www.howdenjoinerygroupplc.com/governance/modern-slavery-statement)
-  Read our Human Rights Policy: <https://investorcom.sitemfinity.cloud/docs/librariesprovider25/archives/governance/human-rights-policy.pdf>

### More information

-  More information on renewable energy and sustainable operations on our website: [www.howdenjoinerygroupplc.com/sustainability/renewable-energy-and-sustainable-operations](http://www.howdenjoinerygroupplc.com/sustainability/renewable-energy-and-sustainable-operations)



# Strategic pillar - decarbonising the distribution fleet

## Strategic importance and current position

We operate our own transport fleet, and it accounts for around a third of our Scope 1 baseline CO<sub>2</sub> emissions, so it's a clear ESG strategic priority area for us, as well as being a key part of our SBTi 2030 emission reduction target.

The scope for step changes in a fleet that's already operating at a high level of efficiency is small, but our fleet drove over 19 million miles in 2025, so every incremental gain is worthwhile.

## Fleet decarbonisation headlines in 2025

### Increasing the use of HVO in our fleet

Hydrotreated vegetable oil ("HVO") is a sustainably sourced, plant-based biofuel which can replace diesel without requiring engine modifications. It reduces CO<sub>2</sub> by up to 90% compared to diesel, and has lower nitrogen oxide and particulate emissions. We have increased our HVO usage in each of the last three years and plan to increase it by a further 40% in 2026.

### LNG lorries in our fleet

Bio-LNG is produced by anaerobic digestion of organic waste, manure and sewage and produces up to 85% less CO<sub>2</sub> than diesel. We have 15 LNG vehicles in the fleet at the end of 2025.

### Electric vehicles in our XDC network

With current technology, there isn't a viable electric vehicle with the range to replace our long-haul fleet. Our XDC network, described at page 26, involves shorter range deliveries and is operated on our behalf by third-party logistics partners. We have engaged with one of our partners and between us we are now operating four electric vehicles at the end of 2025.

## Future plans for fleet

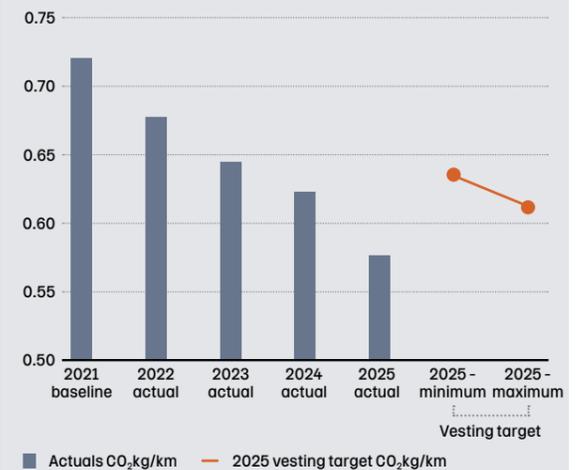
We are introducing longer trailers in 2026, with 14% more capacity. This will reduce the number of trailer movements by around 500 per year, and will reduce both our fuel consumption and our CO<sub>2</sub> emissions.

## Metrics and targets: link to LTIPs

Our distribution fleet has a 2030 emissions reduction plan, aligned with our SBTi Net Zero commitments.

The first step of this is the emissions reduction targets, which are built into our PSP share awards (page 117) and are aligned with the first 5-year targets in our SBTs, giving minimum payout at a total cumulative reduction from our 2021 baseline of 12%, and a maximum payout at 15%.

2025 performance achieved maximum vesting.



## More information

-  More information on reducing fleet emissions on our website: [www.howdenjoinerygroupplc.com/sustainability/decarbonising-the-distribution-fleet](http://www.howdenjoinerygroupplc.com/sustainability/decarbonising-the-distribution-fleet)

Strategic Report - Sustainability Matters

# Strategic pillar - sustainable product offer and product innovation

**We want to create sustainable products that we're proud of. We make over 4.5 million cabinets a year in our own UK factories, so our choices here can make a real difference. We buy our chipboard from sustainably managed UK forests. For every acre of trees used, an acre or more is planted.**

**When the cabinet has come to the end of its life in the home it can be recycled and broken down to produce more chipboard, which can be used to make more cabinets in the future.**

We don't only want to do things to an incredibly high standard - we want them to be sustainable too. Sustainability is built into our product design process and is one of the five pillars that we base new product design and sourcing decisions on, sitting on an equal footing alongside quality, design, cost and availability.

Some recent examples of building sustainable considerations into new product are shown below.

### 1 Cabinets kitchens and bedrooms

Our new kitchen family, Frome, leads the way in using materials with reduced environmental impact. It uses PET-based decorative foil instead of PVC, reducing the harmful impacts of the production and use of PVC. The PET we use can have up to 30% post-consumer waste, depending upon availability and production demands. Frome is also the first family in the Howdens portfolio to contain MDF produced using up to 30% recycled timber content, reducing the demand on virgin fibre. Our Allendale kitchen family has taken a significant step forward in 2025 with the introduction of the Allendale Reed Green colour, using polypropylene decorative foil instead of PVC. This shift away from the use of PVC has paved the way for future Allendale introductions. Polypropylene is one of the most sustainable plastics available, and its durability means we can use less of it, further reducing its environmental impact. We hope to eventually use polypropylene for the whole Allendale range. We're investing in an environmental Life Cycle Analysis calculation tool so that we can make more informed decisions to reduce environmental impacts of potential new products earlier in the design process.

### 2 Innovation

We continue to explore new technologies that can reduce the need for virgin or less environmentally friendly materials, exploring ideas both within and outside of the furniture industry. Examples include looking at agricultural and fabric waste to reduce demand for plastic in injection moulding, wood fibre in paper production, and MDF. We have continued to build our external innovation network including partnerships with universities.

### 3 Appliances

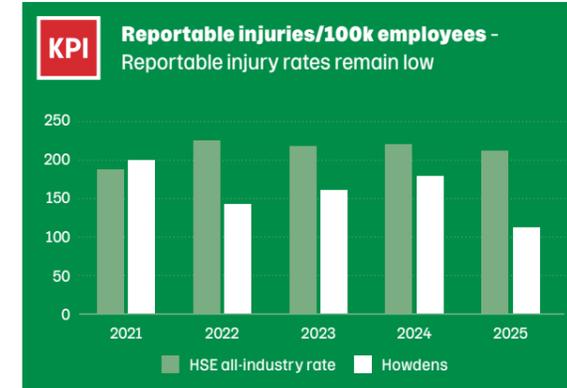
Lamona washing machines are now 'A' rated, giving a 25% reduction in energy consumption over a 10 year life. Lamona dishwashers are now 'C' rated, giving a 9% reduction in energy consumption over the same period. Launched energy-saving tool Youreko on our product website which allows customers to compare energy use and potential cost savings for different products over their lifetimes. Failure rates have improved by 4.3% year on year to 2.45%, reducing the number of repairs and replacements, and their associated emissions.

### 4 Joinery & flooring

Our supplier engagement programme and SBTi emissions reduction targets have actively encouraged suppliers to take action. Our main UK door supplier, Jeldwen, achieved Cradle2Cradle bronze certification in February 2025. The Bronze level of certification recognises their intent to improve the way their product is made, establishing a commitment to ongoing assessment and optimisation. We continue to assess the removal of plastic wrap and by the end of 2025 all plastic door corner protectors were removed from supply. We are incorporating more recycled content into our vinyl, laminate and engineered floors. In 2026 we will explore further collaboration with our partners on end-of-life recycling for flooring.

# ESG foundation values - health & safety, carbon neutral, renewable energy and waste

## Keeping our people safe and healthy



- Our safety KPI has remained low at 110 RIDDOR-reportable injuries per 100,000 employees in 2025. This is 47% below the 2024/2025 HSE All-Industry rate of 209. We continue to be vigilant on all aspects of health & safety.
- Our accident severity rate has also remained low at 18.7 hours lost to accidents per 100,000 hours worked.
- We continue to hold ISO 45001 Health & Safety management certification across our UK and Republic of Ireland depots, and our manufacturing and distribution network.

### Developments in 2025

- Rolling out our new 'SAFER Together' and 'Blueprint for Safety Excellence' programmes.
- Renewal of 3-year ISO 45001 certification across the UK depot network.

### More information

More information on our approach to Health & Safety on our website: [www.howdenjoinerygroupplc.com/sustainability/health-safety](http://www.howdenjoinerygroupplc.com/sustainability/health-safety)

## CDP

This is our third cycle of reporting CDP data for Climate, and we were pleased to be awarded Grade B. This score recognises evidence of action and processes to manage decarbonisation issues, showing that the company is moving from understanding to implementation.

We are delighted to have scored a Grade A in the subsections for emissions reductions initiatives, low carbon products, Governance, Scope 3 emissions and targets.



## Carbon Trust Route to Net Zero Standard

We were very pleased to achieve this standard at the 'Taking Action' tier in 2024, with an accreditation which lasts for 2 years. This tier is the first of three tiers, and it required us to show historical reduction in operational emissions, greenhouse gas emissions reduction targets, and foundational CO<sub>2</sub>e management practices. This is an important step in our Net Zero journey and demonstrates our commitment to climate leadership and best practices.



## Reducing waste



### Our baseline: zero to landfill across all UK operations

We are pleased to have maintained our standard of zero to landfill across all UK operations in 2025 and we continue to see this as our baseline for the future.

### Future challenges for our waste management

We are now working on more challenging targets for the future, which concentrate on opportunities for reuse and recycling of waste streams that have previously gone to energy recovery. We are assessing options and circular principles to both eliminate waste and also find routes for reuse and repurposing.

### More information

More information on our approach to reducing waste on our website: [www.howdenjoinerygroupplc.com/sustainability/waste-management](http://www.howdenjoinerygroupplc.com/sustainability/waste-management)

Strategic Report - Sustainability Matters

# ESG foundation value - EDI & Wellbeing Vision

## Worthwhile careers, opportunities to develop and thrive

**"I want Howdens to be a 'home from home' place to work, where you are valued for who you are and where you can give the best of yourself, make a great contribution to the business and build lifelong friendships". Andrew Livingston - CEO**

**Our inclusion strategy: Worthwhile for ALL, Support for ALL, Accessible for ALL.**

See our website: [www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing](http://www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing)

### 2025 Headlines

#### Employee inclusion survey

Our Employee inclusion survey showed positive improvements since last year across the 3 main questions:

**74%**  
said Howdens is a great place to work (up 6%).

**78%**  
expressed pride in working for Howdens (up 5%).

**74%**  
felt everyone has the opportunity and encouragement to succeed (up 4%).

### Developing our managers

We continue to build on the strong foundations of learning with a particular focus on helping managers get the best out of their teams. 80% of leaders who have attended our Leading the Way programme say it has made a difference to their team's performance.

In March 2025 we launched a new manager induction to help managers new to Howdens understand our culture, lead their teams and run their depot or operation successfully. So far over 100 managers have completed the programme.

### Helping our kitchen sales designers perform

Our 'Better Buy Design' programme gives our designers the skills and confidence to design and sell great kitchens. The four-day accredited course tests designers in real customer scenarios. Over 300 designers have completed the programme. The results speak for themselves. Trained designers reach full performance in half the time and deliver a sales margin that is higher than a control group that have not completed the training. Designers new to the business also have a revamped induction, ensuring they are 'Ready to Trade' as soon as possible.

### Aspiring managers and talent pipelines

In 2025 our first cohort of aspiring managers completed our 'GROW' programme with 50% of them securing a new role in the business. We plan to expand this programme to more areas of the business in 2026.

In November we launched our 'Future Ready' programme to help spot and develop the next generation of Depot leaders. By understanding people's strengths and potential, managers can improve succession for future needs.

### Rewarding success

We believe great managers realise potential in their teams and create opportunities for success. Over 85% of eligible employees received a bonus, and our depot teams earned a record amount in incentives during Trade Fest on the back of fantastic peak trading. We continue to recognise successful depot team members at our annual Gleneagles event and our Golden Rooster Awards ceremony.



### Apprentice levy transfer - training tomorrow's customers

There is a recognised shortage of tradespeople in the construction industry. Since starting a small trial in 2021 we have committed to transferring up to 20% of our apprentice levy to small construction-related businesses so that they can bring on the new generation of skilled tradespeople. Since 2021, we have committed £1.8m supporting 157 apprenticeship opportunities in trades such as joinery, plumbing, electrical, and painting and decorating.

### EDI priority areas

We've brought our EDI working groups together into the Worthwhile for ALL Forum, focusing on ethnicity, disability and gender. This helps us keep our actions meaningful and relevant.

#### More information

More information on our EDI priorities: [www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing](http://www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing)

### EDI headlines in 2025

We launched a Women in Technology mentoring scheme to nurture female talent. Five mentoring partnerships are now well established in response to listening sessions and in support of our Gender Pay Gap action plan.



### Our wellbeing strategy

Our wellbeing strategy encompasses three key elements: **financial, mental and physical.**

#### More information

More information on our wellbeing strategy: [www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing](http://www.howdenjoinerygroupplc.com/sustainability/people-edi-and-wellbeing)

### Health & wellbeing highlights

#### Supporting wellbeing

Our proactive internal annual health campaign 'Know your numbers' continues to gather interest, growing from 542 participants in 2023 to 1,351 in 2025, and with a reduction in the number of employees with worrying health indicators.

We're seeing an increased openness amongst our employees to share stories and experiences on health and wellbeing topics. We marked World Menopause Day with a session titled 'Male Support Matters' where male employees shared their experiences of supporting family or colleagues during menopause. And new for 2025 was a webinar on Gambling Awareness, again strengthened by a powerful employee story.

We enhanced our wellbeing benefits with the launch of the Virtual GP service in September 2025. This service is open to all employees and their immediate family members and so far almost 700 people have accessed it. We expect to see an improvement in employee wellbeing.



Strategic Report - Sustainability Matters

# Our impact on our stakeholders

## Environment

- 100%** All of our chipboard is from sustainably managed UK forests
- Zero to landfill** across our UK operations
- 1.8GWh** solar electricity generated in 2025 by our new £3.5m investment at our Howden factory. Short payback period. Further investment planned.
- 94%** of company cars are PHEV/EV as we move away from fossil fuels

## Apprentices

- 14th** place in Sunday Times Top 100 Apprentice Employers 2025
- 13%** of our current employees started their Howdens career as an apprentice
- 3rd** cohort of our Chartered Management Apprenticeship programme launched
- £2m** of Apprenticeship Levy invested in developing worthwhile careers in 2025

## The wider economy

- £480m** of tax generated or collected. Corporation tax, NI PAYE, VAT etc.
- £342m** of working capital extended to our customers in our peak trading period
- Over 550k** small business customers supported by our trade account facility in our peak trading period. No fees, up to 8 weeks to pay

## Shareholders

- £117m** dividends paid in 2025
- £1bn** returned to shareholders in 5 years 2021-2025
- £100m** share buyback in 2025

## Community & charity

- £81k** raised in partnership with Movember for men's health charities
- £315k** donated to support Craft & Making workshops in partnership with the National Saturday Club

## People

- Over 12,000** full-time jobs with prospects. In manufacturing, in over 950 local depots, and in distribution, systems and support
- Over 970** local communities where we employ people
- £675m** salaries and benefits paid to our employees in 2025
- 11,000** members of our largest pension schemes
- 100%** of UK employees in share ownership schemes

Strategic Report - Sustainability Matters

# Task Force on Climate-Related Financial Disclosures - climate-related opportunities and risks

## Our TCFD reporting

Our TCFD report begins on page 206. We set out a summary of the main strategic points from the report below.

## Progress in 2025

We have made good progress in 2025. Mainly in working with suppliers to collect more, and more accurate, Scope 3 data (page 61), and also in refreshing our climate risk scenario modelling (page 210).

## No identified material climate-related risks in the medium term

The results of our scenario modelling agree with the results of our existing business risk management process (described starting on page 36), in that they did not identify any material climate-related risks in the medium term (to 2030). This also agrees with the results of the work done on assessing physical climate risks (page 59).

## No identified material financial impact of meeting our SBTi targets in the short term

We have examined the estimated incremental costs of meeting our SBTi targets over the short term (to 2027), and neither the incremental capex requirement nor the net annual effect on operating profit is material. We have not noted any indication of material financial impact in the medium term (to 2030), but our financial forecasting works on a 3-year cycle so we are not making any claims beyond the end of that cycle.

## Summary of climate-related opportunities and risks

These are presented in more detail starting on page 211. We have mitigating actions in place for the risks, and none of the risks are regarded as a principal risk.

Opportunities	
Access to capital	A climate-resilient strategy could increase demand for our shares and/or provide access to lower-cost financing
Brand	Establishing a brand which is regarded as a leader in managing climate-related risks could lead to increased brand awareness, sales and market share, as well as increased attractiveness to employees
Cost reduction	Reductions in energy and raw material usage, as well as initiatives such as generating our own energy, will reduce costs.
Product design	Becoming a leader in sustainable product design could increase competitive advantage and market share

Risks	
Sourcing	Carbon pricing, pressure on supply chains, raw material unavailability or price increases
Operations	Physical climate-related risks
Decarbonisation of our transport fleet	Adjustments to working practices and requirement for additional investment
Customer expectations	Failing to meet customer expectations could lead to reduced demand.

# Resilience to physical climate risk

## Using climate risk modelling to assess risk

We've done a significant amount of work to help us understand the parts of our business most at risk from physical climate change and to assess the potential financial impact.

We've used a physical risk assessment tool built on the Intergovernmental Panel on Climate Change's Recognised Climate Pathways (RCPs). We've used the tool to analyse the risk of rain, river floods, storms, sea level rises, heat, fire and drought.

The tool shows us our current exposure, and also provides insight on short (to 2030), medium (to 2050) and long (to 2100) term time horizons. It covers three separate outcomes (RCPs 2.6, 4.5 and 8.5) modelling good, intermediate and poor climate change scenarios. The tool is updated regularly to reflect the latest climate projections.

### We've assessed the risks across critical sites

- 947 depots
- Our 4 manufacturing plants
- 44 of our main suppliers' factories
- 20 major distribution sites across the UK and Europe
- 11 critical infrastructure locations. Our major IT hubs and office locations
- 13 international port locations

### Our analysis confirms that there are no significant physical risks

The latest assessment confirmed we have **no significant physical climate risk in the short or medium term** to our depot network, manufacturing and distribution sites or any major infrastructure components that are critical to our supply chain.

Some drought risks exist for European suppliers in the long term (by 2100) but only in the worst case climate scenario.

Strategic Report - Sustainability Matters

# Our SECR and Scope 3 reporting

## SECR - Emissions reporting

### Total absolute carbon emissions reduced 3.3% against 2024

#### Emissions reporting methodology

Footprint calculations performed in accordance with the WRI GHG Protocol and market-based emissions are reported in accordance with the GHG Protocol Scope 2 Guidance - An amendment to the GHG Protocol. This report is produced in accordance with HMG Environmental Reporting Guidelines, including Streamlined Energy and Carbon Reporting (SECR). All footprint calculations are subject to internal quality checks at source data and final report stages. The intensity measure was chosen because it best shows changes in emissions relative to turnover, giving a clearer indication of carbon performance over time.

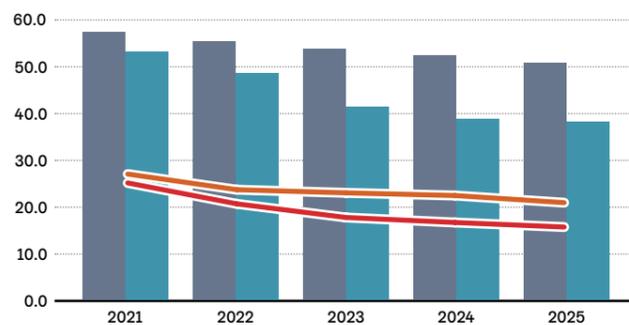
We have used the Operational Control boundary, which includes all UK and international operations. There are no process emissions within Howdens, as defined in the GHG Protocol, and fugitive emissions from air conditioning systems are omitted as they are immaterial.

	Total emissions (tonnes CO <sub>2</sub> equivalent)	
	2025	2024
Scope 1 - Direct: Gas	12,913	11,489
Scope 1 - Direct: Owned Transport (LGV / Van / Car)	22,555	24,356
Scope 1 - Direct: Other fuels	1,222	1,225
Scope 1 - Direct: Biomass		408
<b>Scope 1 - Direct: Total</b>	<b>36,690</b>	<b>37,478</b>
Scope 2 - Indirect: Purchase of electricity, heat, steam or cooling: location-based	13,927	14,857
<b>TOTAL Scope 1 and 2 Absolute Emissions: location-based</b>	<b>50,617</b>	<b>52,335</b>
Scope 2 - Indirect: Electricity: market-based	1,343	1,205
<b>TOTAL Scope 1 and 2: market-based</b>	<b>38,033</b>	<b>38,683</b>
Biogenic emissions*	461	
<b>Turnover (£m)</b>	<b>2,418.0</b>	<b>2,322.1</b>
<b>Carbon Intensity ratio (tCO<sub>2</sub>e per £m) Gross: location-based</b>	<b>20.9</b>	<b>22.5</b>
Inflation adjusted intensity ratio (tCO <sub>2</sub> e per £m) Gross: location-based	28.0	29.1
<b>Additional Carbon Intensity ratio (tCO<sub>2</sub>e per £m): market-based</b>	<b>15.7</b>	<b>16.7</b>
Additional Inflation adjusted intensity ratio (tCO <sub>2</sub> e per £m): market-based	21.0	21.5
Energy consumption used to calculate above emissions (kWh)	295,556,579	287,276,782
Proportion of Scope 1 CO <sub>2</sub> e emissions generated in the UK	98.6%	98.5%
Proportion of Scope 2 CO <sub>2</sub> e emissions generated in the UK	98.5%	98.8%
Proportion of total energy consumed (kWh) in the UK	98.3%	98.2%

\* As of 2025, in line with the GHG Protocol, CO<sub>2</sub> emissions of biogenic origin, including emissions from biomass combustion, are reported as a standalone disclosure and are excluded from Scope 1 and Scope 2 emissions totals.

## SECR reporting

Our record over the past five years is shown on the chart below:



### Energy efficiency initiatives

See pages 50 and 51 for examples of developments in 2024 in our manufacturing and transport operations, our most significant sources of Scope 1 and 2 emissions.

### Use of renewable energy sources

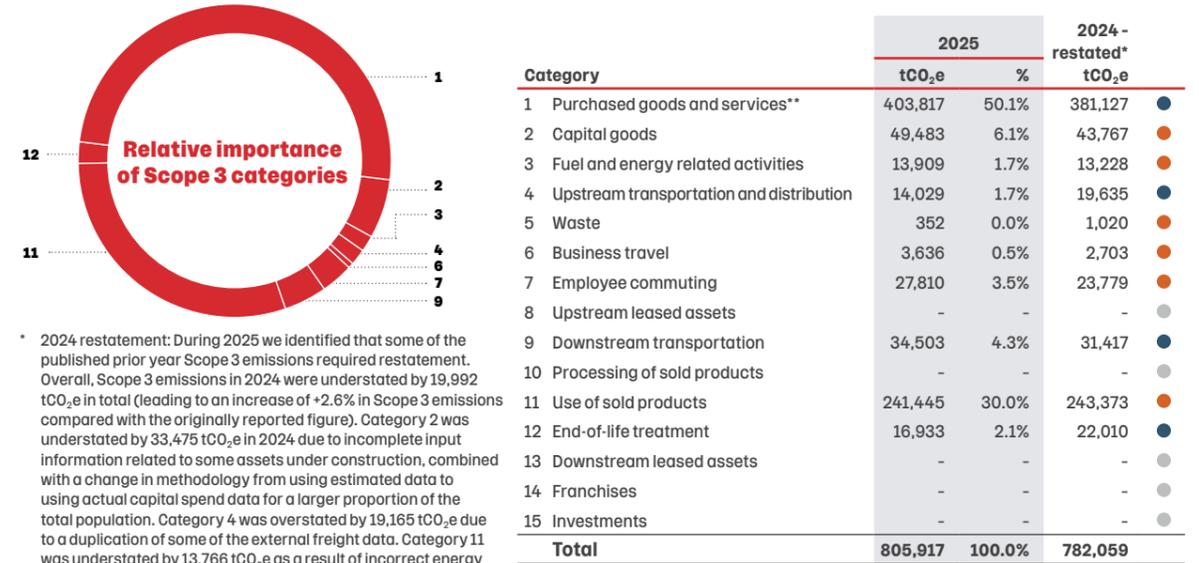
We discuss this on pages 50 and 51.

- Total Absolute Carbon emissions ('000s tCO<sub>2</sub>e): location-based
- Total Carbon emissions ('000s tCO<sub>2</sub>e): market-based
- Carbon Intensity ratio (tCO<sub>2</sub>e per £m): location-based
- Additional Carbon Intensity ratio (tCO<sub>2</sub>e per £m): market-based

# Our SECR and Scope 3 reporting continued

## Our UK Scope 3 emissions

As shown below and on page 49, 95% of our emissions are Scope 3, typically emissions where we have less direct control. As our ESG reporting journey matures we have assessed our prior year emissions with a focus on continuing to improve our data quality. In 2025 there have been significant improvements in our reporting procedures, including new resource and supporting technology improvements. Scope 3 has been calculated in accordance with the GHG Protocol and SBTi guidance, using primary data and actualised to give the most accurate and up-to-date picture.



\* 2024 restatement: During 2025 we identified that some of the published prior year Scope 3 emissions required restatement. Overall, Scope 3 emissions in 2024 were understated by 19,992 tCO<sub>2</sub>e in total (leading to an increase of +2.6% in Scope 3 emissions compared with the originally reported figure). Category 2 was understated by 33,475 tCO<sub>2</sub>e in 2024 due to incomplete input information related to some assets under construction, combined with a change in methodology from using estimated data to using actual capital spend data for a larger proportion of the total population. Category 4 was overstated by 19,165 tCO<sub>2</sub>e due to a duplication of some of the external freight data. Category 11 was understated by 13,766 tCO<sub>2</sub>e as a result of incorrect energy consumption calculations used in deriving tCO<sub>2</sub>e for some products. Category 12 was overstated by 8,084 tCO<sub>2</sub>e due to inaccuracies in the timber quantity calculation and an update in the percentage allocation for timber disposal methods to align with the rates published by the Wood Recycling Association.

\*\* Excludes indirect spend.

#### Key to Scope 3 data

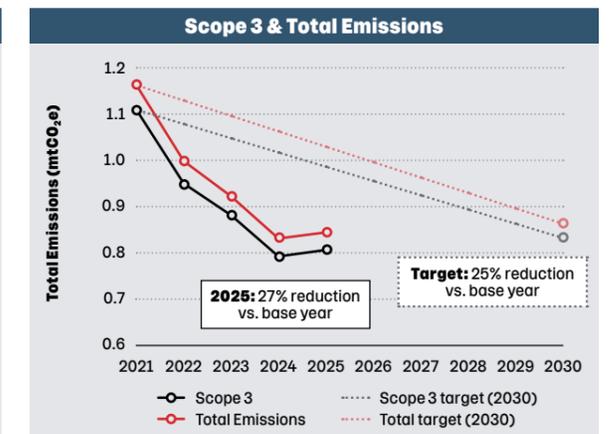
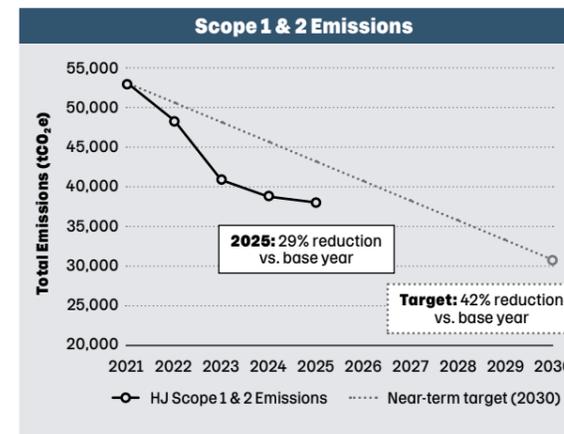
#### Source of data

- Derived from data that is within our direct control or that we can more easily verify
- Derived from data that is not within our direct control or that is more difficult to verify
- Not applicable

## Good progress against our 2030 SBTi targets

The first step towards our 2050 Net Zero ambition is our SBTi-approved target of a 42% reduction in Scope 1 and 2 emissions and a 25% reduction in Scope 3 emissions by 2030 (against a 2021 baseline). The graphs below show that we are making good progress towards our SBTi targets.

As noted above, we have restated some of our Scope 3 figures for 2024 and in line with SBTi target procedures, we will restate the baseline figures in 2027 to ensure that they are fully comparable.



## Strategic Report - Sustainability Matters

## Going concern and Viability statements

## Going concern

The Directors have adopted the going concern basis in preparing the financial statements and have concluded that there are no material uncertainties leading to significant doubt about the Group's going concern status, and that there were no significant judgements involved in coming to this conclusion. The reasons for this are explained below.

## Going concern review period

The going concern review period covers the period of at least 12 months after the date of approval of these financial statements. The Directors consider that this period continues to be suitable for the Group as it is the period for which the Group prepares the most frequently revised forecasts, and which is most regularly scrutinised by the Executive Committee and Board.

## Assessment of principal risks

The Directors have reached their conclusion on going concern after assessing the Group's principal risks, as set out in detail in the 'Principal risks and uncertainties' section, starting on page 37.

Whilst all the principal risks could have an impact on the Group's performance, the specific risks which could most directly affect going concern are the risks relating to continuity of supply, changes in market conditions, and product relevance. The Group is currently holding additional amounts of faster-moving inventory as a specific mitigation against supply chain disruption, and the Directors consider that the effects of the other risks could result in lower sales and/or lower margins, both of which are built into the financial scenario modelling described below.

## Review of trading results, future trading forecasts and financial scenario modelling

The Directors have reviewed trading results and financial performance in 2025, as well as early weeks' trading in 2026. They have reviewed the Group balance sheet at 27 December 2025, noting that the Group is debt-free, has cash and cash equivalents of £345m, and appropriate levels of working capital. They have also considered three financial modelling scenarios prepared by management:

1. **A 'base case' scenario.** This is based on the final 2025 Group forecast, prepared in December 2025 and including the actual results of the 2025 peak sales period.

This scenario assumes future revenue and profit in line with management and market expectations as well as investments in capital expenditure and cash outflows for dividends and share buybacks in accordance with our capital allocation model (see pages 33 and 34).

2. **A 'severe but plausible' downside scenario** based on the worst 12-month year-on-year actual fall ever experienced in the Group's history. For additional context, this is more significant than the combined effect of COVID and Brexit on 2020 actual performance.

This scenario models a reduction in most of the variable cost base proportionate to the reduction in turnover. It includes capital expenditure at a lower level than in the base case, but which is still in line with our announced strategic priorities for growth, namely: new depot openings and refurbishments; investment in our manufacturing sites, investment in digital and expanding our international operations. It also includes dividends and share buybacks in line with the Group's stated capital allocation model.

In this scenario the Board considered the current economic conditions that the Company and its customers are facing, and noted that the downside scenario included allowances for reduced demand and increased costs to reflect such adverse conditions.

3. **A 'reverse stress-test' scenario.** This scenario starts with the severe but plausible downside model and reduces sales even further, to find the maximum reduction in sales that could occur with the Group still having headroom over the whole going concern period, without the need to take further mitigating actions.

Capital expenditure in this scenario has been reduced to a 'maintenance' level. Variable costs have been reduced in proportion to the reduction in turnover on the same basis as described in the severe but plausible downside scenario. It assumes no dividends or share buybacks.

## Borrowing facility and covenants

The Group has a five-year, committed, multi-currency revolving credit facility of up to £150m which expires in September 2029 and which was not drawn at the period end. A summary of the facility is set out in note 19 to the December 2025 Group financial statements.

As part of the scenario modelling described above, we have tested the borrowing facility covenants and the facility remains available under all of the scenarios. We have therefore included the credit available under the facility in our assessment of headroom.

## Going concern and Viability statements continued

## Results of scenario testing

In the base case and the severe but plausible downside scenarios, the Group has significant headroom throughout the going concern period after meeting its commitments.

In the reverse stress-test scenario, the results show that sales would have to fall by a significant amount over and above the fall modelled in the severe but plausible downside scenario before the Group would have to take further mitigating actions. The likelihood of this level of fall in sales is considered to be remote.

## Conclusion on going concern

Taking all the factors above into account, the Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the Group will continue to operate and to meet its liabilities in full and as they fall due for the going concern review period set out above. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

## Long-term prospects and viability

## Assessment of long-term prospects

The Directors have assessed the Group's long-term prospects, solvency and liquidity, with particular reference to the factors below:

## Current position

- History of profitable trading, with strong net profit margins.
- Cash and cash equivalents balance at 27 December 2025 of £345m.
- Debt-free. Consistently cash-generative. Proven ability to maintain strong cash balances whilst also investing for growth and returning cash to shareholders.
- £150m committed borrowing facility, due to expire in September 2029. Unused, but available if needed.
- Strong relationships with suppliers and customers.
- Proven ability to flex the operating cost base in a severe economic downturn.
- Robust disaster recovery and business continuity framework.

## Strategy and business model

- Proven, successful business model.
- Demonstrated agility and resilience of the business model to adverse economic conditions.
- Clear strategic direction.

## Robust assessment of principal risks

- The Directors' role in the risk identification, management, and assessment process is outlined on page 36, followed by details of the principal risks and mitigations.
- The Directors are satisfied that they have carried out a robust assessment of the Group's principal risks over the viability period on the basis already described in the going concern disclosure directly above.

Strategic Report

Going concern and Viability statements continued

Long-term prospects and viability continued

Assessment of viability

Time period and scenario modelling

The Directors' review of the Group's long-term viability used a three-year period to December 2028. This was considered to be the most suitable period as it aligns with the Group's strategic planning process.

The financial modelling to support the assessment of viability was based on the three scenarios used for the going concern assessment and detailed above. We have tested the borrowing facility covenants and the facility remains available under all of the viability scenarios. We have therefore included the credit available under the facility in our assessment of headroom.

- The base case scenario** takes the base case described in the discussion of going concern above and extends it over the viability assessment period. It assumes future revenue and profit in line with management expectations, investments in capital expenditure and cash outflows for dividends and share buybacks in accordance with our capital allocation model (see pages 33 and 34).
- The severe but plausible downturn scenario** takes the same decline over the going concern period as described in the discussion of going concern above, and then assumes a phased recovery over the rest of the three-year period. It assumes capex at a lower level than in the base case but which is still in line with our announced strategic priorities for growth, and dividends and share buybacks in line with our capital allocation model.
- The reverse stress-test scenario** assumes a phased recovery of margin and profit on the same bases as for the severe but plausible downturn scenario. This is then stress-tested to find the maximum amount by which sales in the first year would have to fall before the Group would no longer have headroom at any point in the viability assessment period, without taking further mitigating actions. It assumes capex at a maintenance level and no dividends or share buybacks.

The Directors consider that the reasonably foreseeable financial effects of any reasonably likely combination of the Group's principal risks are unlikely to be greater than those effects which were modelled in the severe but plausible downside and reverse stress-test scenarios.

Results of scenario testing

The results of the base case and plausible downside scenario modelling showed that the Group would have sufficient headroom over the viability assessment period.

The reverse stress-test showed that the level of fall in sales required in the first year of the viability assessment period was significantly more than the fall modelled in the severe but plausible downturn scenario before the Group would have to take further mitigating actions. The likelihood of this level of fall in sales is considered to be remote.

Conclusion on viability

Having considered the Group's current position, strategy, business model and principal risks in their evaluation of the prospects of the business, and having reviewed the outputs of the scenario modelling, the Directors concluded that they have a reasonable expectation that the Group will continue to operate and to meet its liabilities in full and as they fall due during the three-year period to December 2028.

Further reading relevant to going concern and viability	
	Page
Principal risks and mitigations	37-41
Trading results	18-35, and the Financial Statements
Balance sheet	158
Details of our £150m borrowing facility	180
Auditor's report, with details of their work and conclusions on going concern and viability	142-156

Directors' statements

Disclosure of information to the auditor

Having made the requisite enquiries, the Directors in office at the date of this report have each confirmed that, so far as they are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Group's auditor is unaware, and each of the Directors has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts and the Group and parent Company financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law, the 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 parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and, in respect of the parent Company financial statements only, prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ('DTR') 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Directors' responsibility statement

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company, and the undertakings including the consolidation taken as a whole;
- the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and Company and the undertakings including the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors and is signed on its behalf by:

**Andrew Livingston**      **Jackie Callaway**  
Chief Executive Officer      Chief Financial Officer

25 February 2026