50 YEARS AND A BRIGHT FUTURE

Wickes Group Plc
Annual Report and Accounts
2022

CEO's introduction

THIS YEAR WE CELEBRATE

THE 50TH ANNIVERSARY OF THE BRAND IN THE UK

Over the past 50 years, the way people use and enjoy their homes has changed dramatically, never more so than in recent history during the pandemic. At Wickes, we are very proud to have played our small part in the history of home improvement.

As a digitally-led, service-enabled home improvement retailer, we offer customers choice, convenience, value and best-in-class service, and we fulfil all of this through a low-cost, efficient and integrated operating model.

Our uniquely balanced business, across the three different customer propositions of Local Trade, Do-it-for-me (DIFM) and Do-it-yourself (DIY), means we are perfectly placed to help all customers, whatever their home improvement project might be. We look forward to many more decades of helping the nation feel house proud.

DAVID WOOD
Chief Executive Officer

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CHAIR OF THE BOARD'S INTRODUCTION TO GOVERNANCE

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FINANCIAL HIGHLIGHTS

Adjusted revenue (£m)

2021: £1,534.9m

£1,559.0m

2022	1,559.0
2021	1,534.9
2020	1,346.9
2019	1,292.4

Adjusted PBT (£m)[1]

2021: £85.0m

£75.4m

2022	75.4
2021	85.0
2020	49.5
2019	62.3

Statutory PBT (£m)

2021: £65.4m

£40.3m

2022	40.3
2021	65.4
2020	28.9
2019	22.7

Net debt (£m)

2021: £618.7m

£591.8m

2022	591.8
2021	618.7
2020	783.5
2019	829.6

Adjusted basic earnings per share (p)[2]

2021: 27.2p

23.8p

2022	23.8
2021	27.2
2020	16.1
2019	20.0

Statutory basic earnings per share (p)[2]

2021: 23.3p

12.6p

2022	12.6
2021	23.3
2020	10.4
2019	5.1

LFL sales growth[3]

2021: 13.0%

3.5%

2022	3.5
2021	13.0
2020	5.0
2019	8.7

TradePro accounts (k)

2021: 634k

746k

2022	746
2021	634
2020	553
2019	509

Stores in new format (%)

2021: 65%

70%

2022	70
2021	65
2020	61
2019	57

1 Refer to the Income Statement on page 127.
2 Refer to note 11 on page 141.
3 Refer to note 5 on page 137.

STRATEGIC HIGHLIGHTS

DIGITAL INNOVATION

Building on our strong digital foundations, 2022 saw some exciting innovations in customer service and insight. Using handheld digital technology, our colleagues have been able to speed up the product picking process so customers can now Click & Collect in just 30 minutes. We have also put into action our Missions Motivation Engine tool, which uses data and analytics to better understand our customers, and have rolled out ten programmes to inspire and support customers with their home improvement projects.

INVESTING IN OUR STORES

In 2022, we welcomed customers to our new Bolton store, our first new store to open in three years and the first of around 20 new stores to open over the next five years. 2022 was also a successful year for our refit programme with the refitting of 12 stores, typically delivering sales growth and ROCE over 25%.

LAUNCHED NEW 'WICKES LIFESTYLE KITCHEN' RANGE

We repositioned and expanded our ready-to-fit kitchen ranges as 'Wickes Lifestyle Kitchens', which is aimed at the lower budget kitchen market. The range, which includes eight new ready-to-fit kitchens, has a digital design element to it, which is managed through a virtual sales hub in our Bicester store.

RESPONSIBLE BUSINESS HIGHLIGHTS

I&D LEADERSHIP AWARDS

Our I&D employee network leads have been recognised within the national EMpower, HERoes and OUTstanding lists 2022

FT FINANCIAL TIMES LEADER IN DIVERSITY 2023 statista

We have been recognised in the Financial Times Diversity Leaders report 2023

SUSTAINABLE HOUSE GUIDE

We have launched our online Sustainable House where customers can find out how they can make their homes more sustainable with hints and tips to save energy and reduce costs

PRODUCT CATEGORISATION

We have categorised every single product we sell, which will help our colleagues and customers understand their environmental impact

£2m+

SUPPORTING YOUNGMINDS

We have raised over £2 million for our charity partner, YoungMinds

SCIENCE BASED TARGETS

We have announced our near-term Science Based Targets to reduce our absolute emissions across our business and supply chain by 2030

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

PERIOD POSITIVE

We launched a Period Positive campaign which offers free sanitary products for all colleagues across all stores, distribution centres and support centres

COMMUNITY PROGRAMME ORGANISATIONS

We have supported over 800 organisations across the UK, with over 200 of our stores participating in the programme to support their local communities

WICKES AT A GLANCE

OUR VISION

A Wickes project in every home

OUR MISSION

To be the partner of choice for Home Improvers and Local Trade

OUR PURPOSE

To help the nation feel house proud

8100 colleagues

230 stores

A uniquely balanced business supporting three customer propositions:

LOCAL TRADE

From trade-trusted brands and a flat 10% discount, we can save you time and money when you shop with TradePro:

- Extension
- Loft conversion
- Driveway

DO-IT-FOR-ME

From concept to completion, plus all the finishing touches, we can help you with your project every step of the way:

- Kitchen
- Bathroom
- Tiling

DIY

From our curated range to bringing you the right quality products at the right prices, we can help you to tackle your project, providing advice, guidance and knowledge:

- Painting
- Hang a shelf
- Gardening

Supported by an efficient and integrated model:

- Curated product ranges
- Digitally-led
- Distinctive service model
- Low-cost, physical estate
- Simple, clear pricing

OUR COMMITMENT TO GROWING RESPONSIBLY

We are building a business we are proud of, where all our colleagues can feel at home and are empowered to support their communities and customers; we're supporting the fight against climate change and taking action to protect the natural environment; and we're helping the nation make their homes more sustainable.

WE ARE A SUCCESSFUL, GROWING AND PROFITABLE HOME IMPROVEMENT BUSINESS, WITH A COMPELLING INVESTMENT CASE

WE OPERATE IN A MARKET WITH LONG TERM STRUCTURAL GROWTH

The UK home improvement market has been growing at an average 2.5% per annum for the last ten years (source GfK) and this is expected to continue, with growth being driven by:

- a rising number of UK households;
- increasing UK home ownership;
- more time spent in the home and garden as a result of hybrid working practices;
- investment by consumers to reduce energy costs and make their homes more energy efficient.

Rising mortgage rates may have some impact on housing market activity and disposable income in the short term, although unemployment remains low and a large proportion of expenditure across the market is carried out by older, wealthier homeowners.

25%

ROCE from store refits

BALANCED BUSINESS MODEL

The business is split across three distinct customer propositions – Local Trade, Do-it-for-me (DIFM), and DIY Retail. This balanced business model gives us greater exposure to the fastest growing sectors in the market, and provides us with greater resilience to consumer trends. In addition, our range of proven growth levers across our customer three propositions has driven additional market share gains. These growth levers, particularly digital development, TradePro and store refits, are relatively immature, and should, along with the white space catchments we have identified, continue to drive revenue growth and share gains over the next few years. Any capacity reduction from weaker competitors could enhance these likely share gains.

ABILITY TO BENEFIT FROM OPERATING LEVERAGE AS BUSINESS GROWS

A combination of market growth and share gains should generate mid single digit revenue growth over the cycle. Our growth levers have successfully driven sales densities, and, looking ahead, this will be supplemented by the contribution from new stores. At the same time, our occupancy costs are stable, and our three customer propositions allow us to schedule colleagues efficiently across the trading week. As a result of this efficient model, we would expect to grow profit at least as fast as revenue over the economic cycle.

98%

of sales are touched by our stores

STRONG OPERATIONAL CASH FLOW SUPPORTING FUTURE GROWTH AND DIVIDENDS FOR SHAREHOLDERS

Our profitable business model generates strong operational cash flow. The cash generated funds new capital investment into our proven growth levers – store refits, new stores, digital – which deliver revenue and profit growth with a good return on capital. In addition to re-investing for growth the business is able to deliver healthy dividends to shareholders from its operational cash flow.

BALANCE SHEET STRENGTH AND POTENTIAL ADDITIONAL CAPITAL RETURNS

At demerger, we outlined the rationale for a strong balance sheet to give us flexibility for future investments or to trade through periods of uncertainty. In March 2022, we outlined a target to reduce lease-adjusted net debt / adjusted EBITDA to below 2.75x; when the ratio consistently falls below this, we would expect to return surplus cash to Shareholders in the form of special dividends or share buy-backs.

2/3rds

of sales digitally-enabled

INVESTING IN GROWTH AND DOING SO RESPONSIBLY

CHRISTOPHER ROGERS
Chair of the Board

2022 was a milestone year for Wickes as we celebrated our 50th anniversary. On pages 12-15 we reflect on some of the trends and changes within the home improvement sector and our business over the past five decades, and look ahead to a bright future as we continue to help the nation feel house proud.

Performance

In 2022 we delivered sales of £1.6bn and an adjusted profit of £75.4m, and whilst this represented a decline in profits year on year we nevertheless continued to strengthen the business and grow market share in an uncertain environment. This is only possible thanks to our fantastic team of colleagues who come to work every day to provide outstanding service and care for each other and their customers. On behalf of the Board and myself, I'd like to extend our sincerest thanks for everything that they do to make Wickes the great business it is.

This has been a pivotal year for the home improvement market as two years of pandemic disruption have receded and we've returned to more normal business patterns. Thanks to our balanced business model, we have been able to successfully navigate volatile trading conditions. At the beginning of the year, we benefited from carrying over a strong DIFM order book and passing the anniversary of the showroom closures in the first four months of 2021. Throughout 2022, Local Trade has seen a strong performance as tradespeople were allowed back into people's homes. And in DIY, whilst sales have come off their pandemic heights, they remain significantly ahead of 2019 levels.

Supporting customers and colleagues

2022 stands out as a year of considerable geopolitical and economic disruption following the Russian invasion of Ukraine. The resulting energy insecurity, supply chain disruption and rising inflation have put significant pressure on household finances. We are very conscious of the environment we are now living in and are focused on supporting our customers and colleagues during this cost of living crisis.

As consumers keep a watchful eye on their household expenditure, we are attracting customers with great-value products and services they can trust and are well placed to help people tackle their rising energy costs. The recent launch of our online interactive Sustainable House guide provides a plethora of hints and tips to help customers make their homes more energy efficient and bring down their utility bills.

Equally important is how we can support our c.8,100 colleagues through these challenging times. In addition to bringing forward and upweighting 2023 annual salary increases, we have set up a cost of living colleague working group which has produced a comprehensive resource to help with budgeting, financial planning, savings, debt support and the provision of accessible short term loans through payroll. We also recognise the toll that the cost of living crisis and pandemic are taking on people's mental health and wellbeing, and we are working hard to ensure we offer colleagues the support they need.

Investing in a bright future

Looking ahead to 2023, we face significant cost headwinds with material increases to our energy bill and wages. We continue to run our business as efficiently and effectively as possible and, whilst we are operating in an uncertain economic environment, we remain confident in our strategic growth levers (see pages 23-30) and are committed to continuing to invest in them.

In our Preliminary results last March, we announced plans to accelerate our store refits programme and to open around 20 new stores over the next five years, and I was delighted when our first new store in three years opened in Bolton in October. Innovation is key to a bright future, and across our three customer propositions we are developing exciting new products and services. A great example is the recent launch of our Wickes Lifestyle Kitchens range, where we identified an opportunity to reposition and innovate our ready-to-fit range to grow our market share of the lower-budget kitchen market.

> We remain confident in our strategic growth levers.

Dividend

The Board is pleased to recommend a final dividend of 7.3 pence per share, taking our full year ordinary dividend to 10.9 pence per share. We recognise the importance of cash returns to our Shareholders and, given the strength of our balance sheet, we have maintained the full year dividend per share at the same level as 2021.

Board

In January 2022, we announced the retirement of our Chief Financial Officer, Julie Wirth. Julie played a pivotal role in the successful demerger and listing of the Company, and on behalf of the Board I would like to thank Julie for her huge contribution, particularly as we demerged from Travis Perkins Plc. Julie stepped down from the Board on 29 July and was succeeded by Mark George, who joined Wickes from The Gym Group PLC, where he was Chief Financial Officer.

With a strong track record in a listed company environment, Mark brings extensive financial leadership, strategy and investor experience combined with a passion for the customer. As a result of this change, the gender diversity of the Board was reduced. We believe that having a diverse Board is in the best interests of the business and we are currently in the process of recruiting another Non-executive Director and will keep diversity at the front of our minds during this recruitment process.

2022 has been a year of evolution and transformation for Wickes. We have made great progress with the separation from Travis Perkins Plc and we remain on track to complete the separation in 2023, as planned.

We have firmly positioned ourselves as a market leading business that is investing in growth and doing so responsibly. You can learn more about our progress on environmental, social and governance matters in the Responsible Business section of this report. Whilst the external environment continues to be challenging, Wickes has the tools and resources to emerge as a stronger and more focused business, and we look forward to an even brighter future.

Christopher Rogers
Chair of the Board
22 March 2023

> The Wickes culture is stronger than ever and I'm tremendously proud of our colleagues who work tirelessly everyday to help our customers feel house proud.

WE'RE HERE TO HELP THE NATION FEEL HOUSE PROUD

DAVID WOOD
Chief Executive Officer

In our 50th year I'm delighted to report we achieved record sales and made further market share gains. While profit declined, the outcome is still ahead of the pre-Covid period. Our performance was underpinned by our uniquely balanced business model, our digital leadership and our ability to offer the best value and service proposition across Trade, DIFM and DIY. I'd like to thank all our fantastic colleagues for their hard work, passion and commitment to giving our customers outstanding service and helping create our unique Wickes' culture.

We are encouraged by how 2023 has started, with performance in line with our expectations. Whilst we are mindful of the macroeconomic backdrop, we remain confident in our ability to drive further market share gains, given the strength of our proposition and improvements we have made to the offer. Inflationary pressures will affect our cost base in 2023, although we have efficiency plans in place, which will offset all these increases, except for energy. Like all businesses we remain watchful of the external consumer environment. However, we have the right strategy and a strong and compelling offer. We will continue to invest across our distinctive growth levers, and are well-placed to achieve further market share gains.

Market

2022 proved to be a challenging year for the market, driven by well-documented challenges facing the consumer. The need to combat rising inflation has seen UK and global interest rates rise, and, as a result, house price inflation and transaction volumes are now starting to moderate.

Despite this softer economic environment, which we expect to continue in 2023, UK home improvement remains a large and attractive market. The structural drivers remain intact, which will continue to support market growth over the medium term. These include behavioural changes brought about by the pandemic, the need to improve energy efficiency to reduce heating costs and emissions, and the age and composition of the UK housing stock. Importantly, at the same time it is worth noting that most homeowners either remain in work, choose not to be, or are retired. Our exposure to new build, which may be more cyclical, is very limited.

We continue to believe that behavioural changes post Covid remain supportive. Many businesses have retained hybrid working practices, increasing time spent at home, fuelling further desire for homeowners and tenants to invest in their properties. While some DIY activities were brought forward into the early phases of the pandemic, some larger projects – involving our Local Trade and DIFM segments – may have been deferred. The growth of our TradePro customer base showed continued momentum and accelerated in 2022, reflecting strong order books across the trade and the increasing importance of value for money in an inflationary environment.

More recently, the sharp rise in energy prices has seen increased focus on the energy efficiency of UK housing. Wickes is well-placed to help with the drive for energy efficiency through the products and services we sell, such as insulation, lighting and smart meters, and through the advice we offer.

In 2022 we launched our interactive Sustainable House Guide, highlighting the measures that can be taken in each room of the house (or garden), with a click through to the relevant products. This complements our online Energy Saving advice guide, and our work with the Energy Saving Trust (EST) to verify the financial benefits from each product.

The UK also has the oldest housing stock in northern Europe, with an average age of 65 years. One third were built before 1945. This is supportive in itself for structural growth in the RMI (Repair, Maintenance and Improvement) market, but ongoing government measures taken to improve energy efficiency are likely to require a multi-year investment in the UK housing stock. For example, it is estimated that around half of UK housing requires some form of investment to meet an EPC rating of C or better.

Under current proposals, all UK homes will need to achieve this by 2030, and rental properties by 2025. Add in an element of likely population growth, and a trend towards more single person dwellings, and the outlook for the home improvement market remains bright.

The homeowning demographic into which our Local Trade and DIFM end propositions face also leave us well placed to continue to take share, as do our credentials for value, quality and convenience. Although as yet we have seen little sign of trading down or rising own label participation, our surveys tell us that customers are becoming more discerning on price and are shopping around more. We believe that our value credentials, the strength of the Wickes brand, our simple and clear pricing policy, alongside our 10% flat rate discount to all TradePro members, stand us in good stead if market conditions become more challenging.

Operational progress

We are pleased to have made strong operational progress since demerger, reflected in continued growth in Core market share and a strong recovery in delivered DIFM sales.

During the year, we demonstrated the flexibility of Wickes' operating model, including a number of actions undertaken to respond to more challenging market conditions, and to drive further efficiencies within the business to offset increases in our cost base. Our balanced model gives us the agility to respond to changes in customer demand, leading to efficiencies across both store and distribution centre fulfilment costs.

We have continued to invest in the customer proposition. We refitted another 12 stores in 2022, showcasing our full offer of kitchens and bathrooms, and taking the number in the new format to 162. We continue to see strong returns and sales uplifts in our refitted stores.

Our store refresh programme also continues, with particular focus on the efficiency of multi-channel order pick and despatch, which drives selling densities and underpins our 30-minute click & collect promise. We have added Klarna to our online payment options, and continue to have a very competitive APR of 4.9% in our DIFM business despite rising base rates. All these initiatives are reflected in our customer satisfaction metrics, which have risen in all areas of the business (in-store, click & collect and home delivery).

> “Our balanced model gives us the agility to respond to changes in customer demand, leading to efficiencies across both store and distribution centre fulfilment costs.

LFL sales across the Group were up 3.5% despite very tough comparatives in our Core business. Core LFL revenue declined by 2.0%, with the second half stronger as comparatives eased and as sales of energy-saving products helped our DIY category towards the end of the year. During the year we continued to prioritise our price leadership by working closely with our suppliers. We remained committed to managing supply chain inflation responsibly and our selling price inflation has been significantly less than our cost price inflation.

The estimated level of selling price inflation for the full year was 13% (first half 15%, second half 10%), driven mainly by categories such as timber and cement. Inflationary pressures eased in the second half, with the timber price declining year on year, and we would expect this trend to continue into 2023.

Despite the well documented industry shortages in certain categories in the first half, our strong supplier relationships, curated range and operational agility served us well to continue to provide customers with the products they need. Together with our price leadership and own brand credentials, we believe our strong focus on availability helped to drive increased revenues and awareness of Wickes, as reflected in our Core market share gains and the strong performance of TradePro, where both membership and sales increased by almost 20%.

We entered FY 2022 with an elevated pipeline of DIFM orders due to the impact of Covid on the ability of our installation teams to deliver projects in the final quarter of 2021. Despite moderately lower orders over the course of the year, the successful work through of the order book resulted in LFL delivered sales increasing by 26.1%. Although there was some disruption in the first half relating to Covid and the supply of appliances, these issues faded as the year progressed.

There was another strong performance in bathrooms, where new ranges in sanitaryware and accessories, and a wider range of pricing options, have helped to broaden our appeal. Refitted stores also continue to perform strongly in DIFM due to the welcoming nature of new showroom displays.

We noted in our July trading update that DIFM orders had slowed in early summer, as customers were taking longer to commit to big ticket purchases. However, the pace of order decline moderated into Q4, and in the first 11 weeks of 2023 ordered sales are in line with the same period last year.

> “Despite the impact of heightened build costs during the year, store investments continue to deliver sales uplifts of 25% and ROCE of over 25%.

At the end of 2022, the order book was below the prior year, although still ahead of pre-Covid levels. Given improvements in product availability and labour scheduling, we would expect the order book to return to more normal levels by the end of 2023. This will result in delivered sales being above ordered sales for the year, although this is expected to stabilise in 2024 and beyond.

Winning for Trade

Our TradePro membership scheme showed increasing momentum in the period. We enrolled 112,000 customers in the year, taking its total membership to 746,000 as we continued to grow the awareness and appeal of the scheme through its compelling proposition. Our local trade customers indicate that they are increasingly conscious of rising material costs and are switching to Wickes for its strong value credentials and simple discount scheme. We also believe the recent addition of 30 minute click-and-collect to our offering has increased the attraction of the scheme during a period where tradespeople are finding ways to most efficiently use their time whilst balancing full order books.

Chief Executive Officer's review continued

We are encouraged that the TradePro members joining the platform during the year have adopted characteristics in line with previous cohorts using the platform. Sales from TradePro customers in the year increased by 19% compared to 2021. Our TradePro customers continue to represent strong strategic value to Wickes in terms of average order value and frequency of visit, and we have plans to evolve our offering in 2023 to drive further loyalty and engagement.

To this end, we are encouraged that the results of our February Mood of the Nation survey showed that 45% of tradespeople have a pipeline of work for over three months. Although this is moderately down on the prior year, it remains healthy by historical standards.

Accelerating DIFM

Developing our digital expertise and continuous innovation of our product range continues to be a key focus within DIFM. During the year we completed the major refresh of our kitchen ranges initiated in Autumn 2021, introducing a number of new ranges and trending colourways during the period.

Following the introduction of a completely new bathroom range during the second half of 2021, we continued to introduce new products to our showroom displays. We have also further improved our end-to-end bathroom service by driving greater engagement with our design consultants, supported by focused recruitment of installers with bathroom capabilities. Across kitchens and bathrooms our installer network continues to grow and now stands at 3,000 teams of independent contractors (March 2021: 2,600), enabling Wickes to continue to offer market-leading lead times whilst retaining a flexible approach to capacity.

We continue to see encouraging attachment rates of tiling, flooring and joinery sales to kitchen and bathroom projects, confirming the opportunity to increase overall project spend within the home.

DIY Category Wins

As communicated in our July trading update, following the Jubilee weekend in June, we experienced signs of the DIY market softening from the very high levels of demand experienced during the pandemic. DIY sales continued to underperform Local Trade for most of the second half, although towards the end of the fourth quarter DIY sales started to recover with strong growth in sales of energy-related products such as insulation, smart meters, lighting and draught excluders.

We have made it easier for customers to access these products with the launch of our Sustainable House Guide on our website, with advice on sustainable living and energy reduction for all rooms in the house with a click to purchase option for the most important products.

In line with our strategy to capture share in underweight categories, we have grown market share in key segments such as garden and décor following recent range reviews. This has included the roll out of our new Crown colour emulsion paint range to support greater customer choice across different price points. The continued growth of our extended online range continues to support range depth whilst our curated range in store lends itself to high stock turn and limited exposure to highly seasonal lines and markdown activity across the wider sector.

Within our ready-to-fit kitchen offer, we have launched six new ranges as part of a rebranding of this offer to Wickes Lifestyle Kitchens. This range is now offered with an online design option, which enables us to provide an excellent design service for projects with lower price points than our showroom ranges, thus allowing us to operate over a broader section of the market.

Digital developments

Despite the unwinding of Covid influences we have continued to grow the proportion of our digitally-enabled sales on a year-on-year basis. We completed a number of enhancements to our digital capabilities in the year, including greater use of push messaging, personalisation and targeted campaigns across our digital channels. Underpinned by our predictive Missions Motivation Engine, which is generating identifiable incremental sales, we have also stepped up the digital experience for our trade customers, increasing the levels of engagement throughout the project journey. Increased use of social campaigns and display marketing has also grown the awareness of the TradePro mobile app.

We launched our Wickes eBay store during the year with 4,000 lines, extending our customer reach to a younger audience. We are currently looking at opportunities with marketplace platforms, including eBay, to extend our range accessibility to a wider audience of home improvers. We also now offer Klarna as an online payment solution.

IT SEPARATION

Following initial mobilisation during the previous financial year, 2022 saw good progress with the transition of technology and processes from our previous parent Travis Perkins plc. The second half of the year saw new Finance and HR systems go live, plus a successful migration of our office collaboration platform. We remain focused on delivery of the separation of the IT infrastructure in 2023 as planned. All aspects of the programme continue to be overseen by the Wickes Executive and PLC Boards who monitor delivery and any operational risk arising.

Our digital marketing campaigns have been recognised across the industry with Wickes receiving a number of prestigious awards. At the recent Marketing Week Awards Wickes claimed the coveted Grand Prix award, a large part of which was based on the success of the Mission Motivation Engine. Wickes also received the awards for Retail and Ecommerce and Best Use of Segmentation, making it the most decorated brand at the 2022 awards.

Growing our estate of new format stores

12 store refits were completed during the year, including the downsize and refit of our Maidstone store. In addition to a new format showroom, our refitted stores also benefit from an improved order fulfilment layout which increases our home delivery capacity.

Despite the impact of heightened build costs during the year, store investments continue to deliver sales uplifts of 25% and ROCE of over 25%. Sales increases by category are very consistent, with over 50% uplift in DIFM sales and around 10% in Core. We will continue our refit programme in 2023, where possible tied to lease renewals.

Our property team is continuing to review and stress test a number of white space catchments and we remain confident on the opportunity to expand into 20 new locations over the next five years. Our first new store for some time opened in Bolton in October, and further openings are planned in 2023.

IT separation

Following initial mobilisation during the previous financial year, 2022 saw good progress with the transition of technology and processes from our previous parent Travis Perkins plc. The second half of the year saw new Finance and HR systems go live, plus a successful migration of our office collaboration platform. We remain focused on delivery of the separation of the IT infrastructure in 2023 as planned. All aspects of the programme continue to be overseen by the Wickes Executive and PLC Boards who monitor delivery and any operational risk arising.

Responsible Business Strategy update

In 2022, we launched our new Responsible Business Strategy, Built to Last and this has been a year of strategy development, target setting and action planning, with significant progress made across all three pillars of the strategy.

People

Inclusion and Diversity remains central to our people strategy. Our 'Feel at Home' Inclusion & Diversity programme continues to go from strength to strength and receive national recognition and awards. We were recently recognised as the no.1 retailer in Stonewall's Top 100 UK Employers List 2023, ranking no. 11 in the overall list of public, private and third sector employers. We have also been included again within the Financial Times Diversity Leaders report, ranking as a top five retailer.

As our charity partnership comes to an end in March 2023 we're proud to have achieved our £2 million fundraising goal for YoungMinds, thanks to the generosity of our customers, suppliers and colleagues who have been so committed to supporting young people's mental health. In the year we have rolled out the Wickes Community programme to all stores, and to date over 200 stores have supported 800 projects in their local communities.

Environment

We have worked hard over the last year to embed climate change and sustainability across the business. For our first-ever CDP (Carbon Disclosure Project) Climate submission we were pleased to achieve a rating of B-, placing us in the 'Management' category. We also submitted a basic response for the Timber category survey ahead of our full response next year.

Towards the end of last year we launched our near-term Science Based Targets, which are: to reduce absolute scope 1 and 2 emissions by 42% by 2030 (from a 2021 base year); for 45% of our suppliers by emissions covering purchased goods and services to have science-based targets by 2027; and to reduce scope 3 Greenhouse Gas (GHG) emissions from the use of sold products by 42% by 2030 (from a 2021 base year).

Homes

In line with our purpose to make the nation feel house proud, we want to help customers feel proud of their homes for saving energy and protecting the environment. To that end, we are focused on providing customers with a broad range of sustainable and energy efficient products and services to achieve long term decarbonisation targets and short term relief on the cost of living. In FY2022 we introduced our 'Energy Saving Advice' pages on our customer website, in conjunction with the Energy Saving Trust, supported by our interactive Sustainable House Guide. During the year we undertook a comprehensive programme to taxonomise and label our products into a new set of categories in order to understand the environmental performance of those products and assess any gaps in our ranges to support energy efficiency.

Whilst we are mindful of the macroeconomic backdrop, we are confident in our ability to continue to grow ahead of the market, due to our distinctive customer proposition, balanced business model and proven growth levers.

David Wood
Chief Executive Officer
22 March 2023

50 years and a bright future

FROM SMALL **BEGINNINGS**

The Wickes brand was born in 1854 in the United States, when Henry Dunn Wickes and his brother started a modest operation in the local timber business in Michigan. Fast forward to the mid 1950s and an American property boom saw the brand develop into a one-stop shop selling construction materials to builders. It wasn't until 1972 that Wickes crossed the Atlantic to set up shop in the UK, at its first store in Whitefield, Manchester.

Over the following years, Wickes steadily grew its store network in the UK and underwent a change of ownership in 2000, and again in 2005 when it was acquired by Travis Perkins Plc. In 2021, Wickes demerged from Travis Perkins Plc to become a standalone company listed on the London Stock Exchange. Fifty years on from its first store in Manchester, Wickes has grown to 230 stores, with the most recent addition in Bolton, which opened its doors to customers in October 2022.

It's our Wickes culture that makes this business so special. Over 50 years, the business has evolved from a traditional, male-dominated builders' merchant to a modern retail business, where everyone, regardless of their gender, ethnicity, sexual orientation, disability or age, can feel at home and has the opportunity to grow their skills and their career.

> "I was lucky enough to join Wickes in 1990 and have great memories of unloading lorries, stocking timber and picking customer deliveries in the Coventry store. This led to lots of different opportunities in what, back then, was a relatively small business. One thing that has stayed true is the brilliant culture and people in our business. The opportunity for anyone to build a career and help others still remains strong, if not stronger, and we are now a much more inclusive business.

KEITH ASH
Director of Store Operations (32 years' service)

BOLTON STORE OPENING
Bolton colleagues celebrate the store opening on 7 October 2022

FEEL AT HOME
Wickes' first I&D network was set up by colleagues in 2016, there are now six networks helping all colleagues to feel at home

Wickes has grown from its first store in the UK in 1972 to 230 stores today

50 YEARS OF HELPING THE NATION FEEL HOUSE PROUD

The UK has always been a nation of homeowners and in recent decades people have grown to lavish more attention, love and money on their homes. Interior design and home improvement became popular as products became more varied, creative and affordable, with interior design magazines, TV shows and social media channels inspiring, encouraging and enabling people to create living spaces they can enjoy and be proud of.

Over the past five decades, Wickes has helped DIYers with useful hints, tips and ideas to improve their homes. Long before social media, we published a hardback book called 'Winning Ideas from Wickes'; it cost 99p in 1984 and had over 240 pages of customer projects and good ideas.

It showed customers standing proudly in front of their projects and provided detailed accounts as to how others could create the same thing.

Fast forward almost 40 years and these images of finished projects and how to achieve them can be found online: we're focusing digital content across our website and YouTube, and creating short hacks and tips on Instagram and TikTok. The way that customers shop has radically changed and Wickes has been at the forefront of digital developments in the home improvement market. Our continued focus and investment in our digital capability has led to two thirds of our sales being generated online, with 98% of orders touched by our stores.

2006 → **2017** → **2020** → **2021**

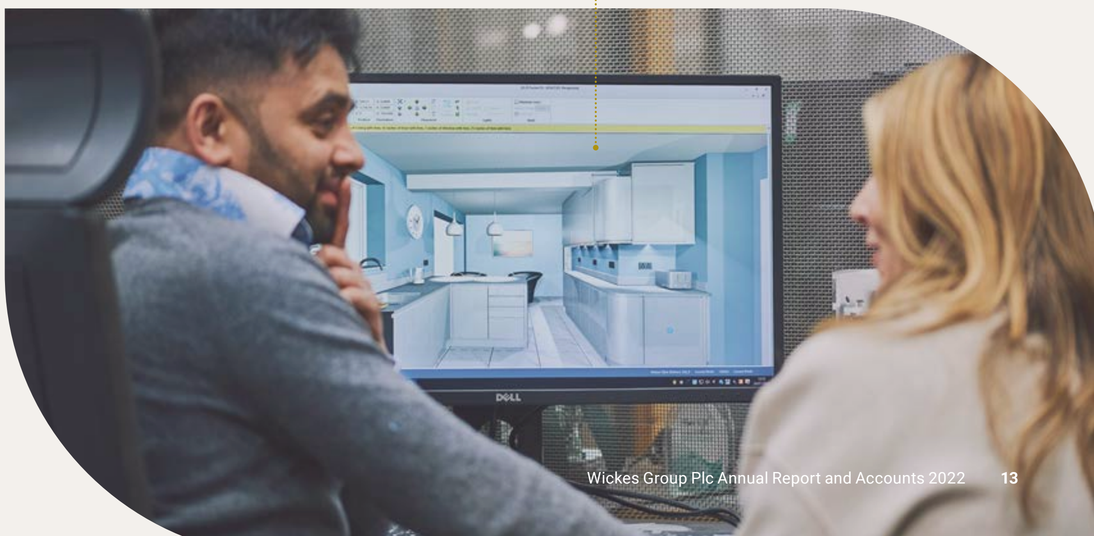
- **2006** – launched wickes.co.uk
- **2017** – launched TradePro, a digital app for our Local Trade customer base
- **2020** – launched our virtual showroom
- **2021** – Launched our DIY app

Wickes has always been there to help the nation improve their homes

> I remember pampas green and pink bathrooms were all the rage back in the '70s and '80s, and everyone had 'chicken' tiles which were textured vein tiles, so called because if you looked closely at the pattern you could see the outline of a chicken!

KEVIN GREENLEY
Store Manager, York (44 years' service)

Customers are increasingly turning to our virtual showroom experience and design process to create their dream kitchen



50 years and a bright future continued

THE CHANGING **FACE OF DIY**

We have teamed up with celebrities and influencers such as Kimberley Walsh (shown above) to appeal to younger and female consumers

The Covid-19 pandemic has left its own legacy on home improvement, ushering in a new wave of DIYers who have come to enjoy the wellbeing benefits it offers.

At Wickes, we have conducted our own research to better understand these shifts in consumer trends and have learned that DIY is no longer the preserve of older men. To be at the forefront of these changes and create further momentum, Wickes is embracing these new audiences, targeting them through social media and influencer campaigns.

In a study of over 2,000 respondents, we found that almost half of women (47%) are now taking on more DIY in the home than men, and over half (59%) take on far more DIY tasks around the home than their mothers and grandmothers ever did 50 years ago. We have also learned that almost half of Brits (46%) are turning to social media platforms such as TikTok, YouTube or Instagram when taking on a DIY project instead of asking for help from a professional tradesman or family member.

increase in Wickes' female customer base since 2019

of followers on Wickes' Instagram are women

> The biggest stumbling block has been the lack of visibility of women in senior roles. In the first 15 years of my career, I had no role models to show me what I could do. This is now changing. It's so important to have role models in senior positions.

CLAIRE SKINNER
Store Manager, Ashford (15 years' service)

DIY IS GOOD FOR YOU[1]

86% say doing some form of DIY such as upcycling, putting up a shelf or laying tiles, has been beneficial to their wellbeing and eased anxieties

72% feel carrying out a DIY task gives them a sense of accomplishment

51% said DIY is the best outlet for helping to improve wellbeing

52% say it helps them step away from their phone or laptop

1 Source: Wickes Prospectus Global survey August 2022

A BRIGHT FUTURE

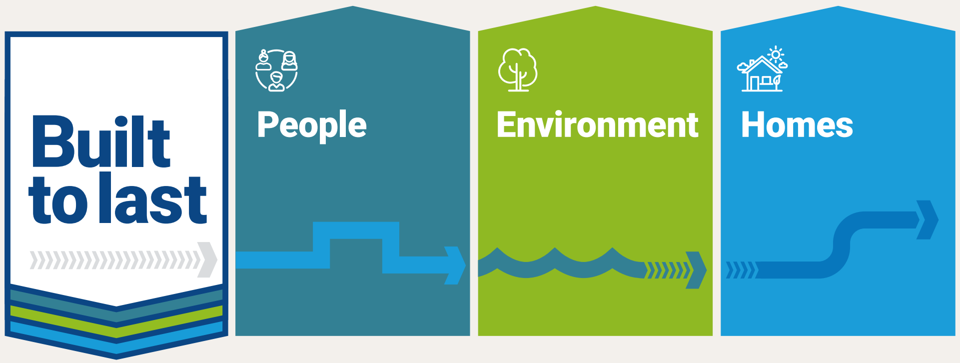
WHAT'S NEXT?

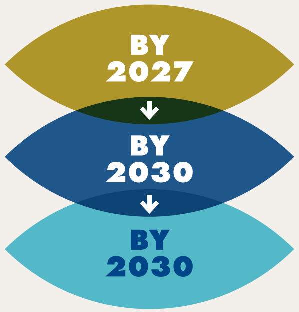
We have ambitious plans to grow our business with around 20 new stores over the next five years, creating new jobs and welcoming more customers as we increase our customer base both online and in store.

We are determined that, as we grow, we do so responsibly and give back to our colleagues, customers and communities. Our near-term Science Based Targets will ensure that we are watchful of our impact on the environment and we want to help our customers become more sustainable too. We believe we can play a valuable role in helping customers transform their homes to use less energy. In the future, we will be even more focused on providing products and services that can do just that, giving customers the information and advice they need to make decisions that will help in the fight against climate change.

Digital will continue to shape how customers shop, and at Wickes we are excited to further explore the opportunities of machine learning and virtual reality to anticipate our customers' shopping missions and give them inspiration, ideas and practical advice to help them with their home improvement projects.

Our culture has come a long way over the last five decades and we are passionate about making Wickes a place where absolutely everyone feels at home, and empowered and enabled to be at their best. We know we've got lots more to do to build a diverse and balanced team at all levels of the organisation and we want to play our part in connecting young people with careers and skills, creating future generations of talent.





45% **Wickes commits that 45% of its suppliers by emissions will have Science Based Targets**

42% **Wickes commits to reduce absolute Scope 1 and 2 emissions by 42%***

42% **Wickes commits to reduce Scope 3 emissions from the use of sold products by 42%***

* from a 2021 base year.

WICKES IS WELL PLACED TO WIN IN THE UK'S LARGE HOME IMPROVEMENT MARKET

We support customers however they decide to undertake their home improvement plans through our three customer propositions of Local Trade, Do-it-for-me and DIY. This balanced business model stands us in good stead as consumer trends shift. This has never been more apparent than during the past three years, which has been a period of unprecedented change for business.

During the height of the pandemic, DIY experienced a boom as people were locked down in their homes. They had more time on their hands to undertake DIY tasks and wanted to improve their living spaces as they were spending so much time there. However, the pandemic also meant that tradespeople were prevented from entering people's homes and our DIFM showrooms were closed to the public. As a consequence, the DIY side of our business grew rapidly, compensating for a reduction in Local Trade and DIFM sales. These trends reversed as society returned to normal and restrictions were lifted, resulting in strong growth in Local Trade, DIFM sales moving closer to pre-pandemic levels and DIY sales moderating, albeit still ahead of 2019.

At Wickes, we keep a close eye on both short term and long term market trends and, whilst the home improvement market has experienced challenges in 2022, the structural fundamentals of this market remain strong.

Key market growth drivers…

- UK HOUSING MARKET
- HOUSEHOLD ENERGY EFFICIENCY
- BROADENING DIY MARKET
- DIGITAL AND OMNICHANNEL RETAILING
- ROLE OF THE HOME

UNDERSTANDING OUR CUSTOMERS

We want all our colleagues to get closer to our customers, to be curious about what our customers are thinking, feeling and doing, and to make sure customer insight is not just the preserve of the marketing department. We run monthly consumer research of over 1,000 UK households and tradespeople, which we call our 'Mood of the Nation' survey, and we also hold monthly customer focus groups, which are conducted online and are available for all colleagues to watch either in real time or playback on demand.

This gives us a finger on the pulse of immediate consumer sentiment and short to medium term trends. In 2022, our research highlighted a number of key trends, the most significant of which is how the cost of living crisis is impacting the home improvement market.

Over
1,000
households and tradespeople surveyed in our monthly consumer research

MARKET DRIVER

HOUSING TRANSACTIONS

The housing market is an important indicator and driver of spending on home improvement projects, in particular the bigger ticket items such as kitchens and bathrooms, as homeowners tend to undertake a major renovation within 12 months of buying a new house. The UK has seen record housing market sales between 2010 and 2022, buoyed by the temporary suspension of stamp duty in 2021. Whilst housing transactions began to moderate in late 2022 due to rising mortgage interest rates, during the year they were still ahead of the ten-year average.

OUR APPROACH

- When choosing to undertake a major home improvement project, customers turn to our DIFM service, which offers inspiration, trustworthy support across the design and installation process, and post-completion assurance on the quality of the work.
- We continue to see encouraging attachment rates of tiling, flooring and joinery sales to kitchen and bathroom projects, and trials for new service propositions are confirming the opportunity to extend our DIFM offering to increase overall project spend within the home.
- In 2022, we extended and innovated our ready-to-fit kitchen offer with the launch of Wickes Lifestyle Kitchens, appealing to a broader demographic, including first time buyers and younger, less affluent customers.
- We continue to grow our strong base of trusted, Wickes approved installers and in 2022 we added a further c.400 installer teams to our network.
- Through our lending partner, we offer a highly competitive finance rate of 4.9% APR to make it more affordable for customers to have their dream kitchen or bathroom.

MARKET DRIVER

THE NEED TO MAKE OUR HOMES MORE ENERGY EFFICIENT

40%[1] of the UK's carbon emissions come from the residential sector and, to achieve the Government's net zero target by 2050, there will be increasing pressure to decarbonise our homes through retrofitting energy saving solutions. According to the latest English Housing Survey, 50% of the UK's homes are graded EPC band D or lower. Under current proposals, all UK homes will need to achieve an EPC rating of C or better by 2030. As energy costs rise, it is even more imperative for consumers to reduce their energy consumption and we are seeing increasing demand for more sustainable and energy efficient products.

OUR APPROACH

- This presents a tremendous opportunity for Wickes. We are well placed to help consumers reduce their energy consumption as we sell numerous energy saving products, from LED light bulbs to draught excluders and insulation.
- We are focusing our trading and pricing plans on making energy efficient products more affordable to help customers lower their household energy consumption.
- We have introduced Energy Saving Advice pages and launched a Sustainable House Guide on our website that customers can explore to find great tips on how to make their homes more energy efficient and reduce their utility bills.
- We continue to look at ways that we can help customers make sustainable choices and are working on a taxonomy and labelling strategy to enable customers to make informed decisions about the products they purchase and their environmental impact.

65%

of the UK's housing stock is owner occupied and the lion's share is well over 50 years old, generating an ongoing need for repair and maintenance

We have seen strong demand for energy saving products such as loft insulation

1 Source: Committee on Climate Change.

Market review continued

c.90%

of households engaged in a home improvement project

MARKET DRIVER

A NEW WAVE OF DIYERS

The pandemic has introduced a new wave of younger DIYers, many of whom are women. Whilst in the past, DIY tended to be undertaken by homeowners looking to improve their homes, rental tenants are now increasingly doing so too. We have seen a 38% increase in female DIY customers on our database since 2019 and 70% of followers on Wickes' Instagram feed are women.

OUR APPROACH

- As part of our customer research programme, we continue to explore DIY's appeal to these new audiences and are proactively marketing to them.
- To address their desire for content rich environments and to help them develop their DIY skills, we are creating hints and tips, delivered to them online and through social media, to help bring DIY to life in a relevant way.
- We have been working with key female influencers such as Kimberley Walsh and Rochelle Humes to front our social media campaigns, and we are increasing investment in female orientated publications and channels such as TikTok.

38%

increase in female customer base since 2019

MARKET DRIVER

THE CONTINUED GROWTH OF DIGITAL AND OMNICHANNEL RETAILING

Another legacy of the pandemic has been the rapid acceleration in online shopping and the use of digital channels as a source of inspiration and information for customers embarking on a home improvement project. Customers are more digitally savvy and will conduct their entire shopping mission online, from searching social media for ideas, to comparing prices, to buying online and getting their product through Home Delivery and Click & Collect services.

OUR APPROACH

- During the pandemic, we doubled our customer base from 2.5 million to around 5 million. This has strengthened our understanding of the customer, and we use machine learning and artificial intelligence to tailor our proposition. We call this our Missions Motivation Engine, which uses data and analytics of customers' interactions with social and digital channels to better understand their shopping missions and to tailor and personalise our communications and services to them.
- We are focused on integrating digital capabilities with our physical store network and in 2022 we increased the fulfilment areas of 28 stores, adding a further 25,000 sq ft, to better fulfil our customer Click & Collect and Home Delivery orders. The roll-out of handheld technology to help our colleagues pick and pack orders has meant that we have been able to reduce our Click & Collect delivery times to 30 minutes.
- We continue to make enhancements to our virtual showroom journey and 360° virtual tour to provide our DIFM customers with innovative new tools to help them design their dream kitchen or bathroom.

MARKET DRIVER

THE CHANGING ROLE OF THE HOME

Perhaps one of the most significant shifts in consumer behaviour has been how people are spending more time at home. The pandemic lockdowns forced people to fundamentally rethink how they used their homes. They became multi-purpose, serving as an office, a classroom, a gym and, for those with outdoor space, a place to socialise with friends and family. Many of these trends have continued with a long term shift to hybrid working patterns and the increased use of outdoor space. We want our homes and gardens to better reflect the way we're living and working today, and this is encouraging people to invest in their living space.

OUR APPROACH

- Typically, a customer has three possible routes to undertake their home improvement project – Local Trade, DIFM or DIY. We ensure that however a customer wants to improve their home, they are able to get everything they need from Wickes.
- We continue to invest in our growth levers (see pages 23-30) to provide our customers with great value, innovative products and services, and a best-in-class in-store and digital shopping experience to help them improve their homes and gardens.
- We successfully use digital and social channels to give our customers inspiration, ideas and information as to how they can improve and repurpose their homes.

UNDERSTANDING OUR CUSTOMERS

COST OF LIVING CRISIS

2022 has been a turbulent year, defined by economic and geopolitical uncertainty. The impact of the war in Ukraine has led to growing energy insecurity and supply chain disruption, which have resulted in rapid inflation. This, coupled with increasing mortgage interest rates, has led to a squeeze on household finances and, as consumers curb their spending, they are increasingly looking for affordability and great value.

In times of difficulty, people look to their homes as a place of comfort, safety and security. Our monthly 'Mood of the Nation' surveys continue to show that around 90%[1] of households are engaged in a home improvement project, and Local Traders tell us that whilst their pipeline of work is softer than a year ago it remains strong, with 45% saying they have worked lined up for over three months.

OUR APPROACH

We are very mindful of the economic hardship that people are facing and are well placed to support increasingly value conscious customers. Our market leading proposition, strong own brand, efficient low-cost operating model and highly curated product range mean we can have a laser sharp focus on providing the lines that matter most at the best possible value. We are doing this in a number of ways across our three customer propositions.

For Local Trade

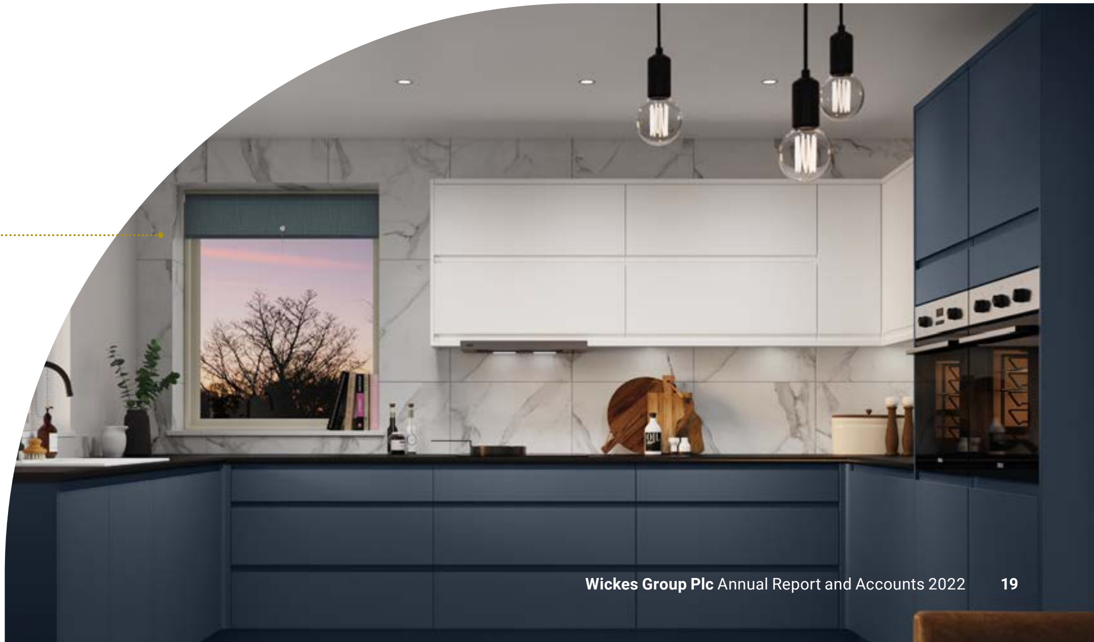
- Local Trade are increasingly seeking value to be able to mitigate rising costs for their customers and they look to Wickes to save them time and money. Our TradePro scheme offers a flat 10% discount across the store and we have seen an 18% increase in sign-ups in the year. One in two local trades are doing more price research than normal and turning to Wickes products more frequently as a result.
- As important as saving them money is saving them time, ensuring good product availability on the lines that matter most. As 70% of our products are sourced domestically we are relatively protected from global supply chain disruption and our strong supplier partnerships mean that Local Trade can trust us to have the products they need in stock. They can also save themselves time by placing their order through the TradePro app and taking advantage of our Click & Collect and Park & Collect services, which offer collection within 30 minutes.

For DIFM

- Typically, our DIFM customers are older and more affluent, with a higher degree of resilience to the cost of living crisis, many of whom will use savings to purchase their new kitchen or bathroom. That said, we are responding to the softer consumer environment with a highly competitive finance rate of 4.9% APR through our lending partner. We're making it more affordable so they don't have to compromise on their new dream kitchen or bathroom.
- In 2022, we extended and innovated our ready-to-fit kitchen offer with the launch of Wickes Lifestyle Kitchens, appealing to a broader demographic, including first time buyers and younger, less affluent customers.

For DIY

- Our well-regarded own brand, which accounts for two thirds of sales, has strong brand recognition, having built up half a century of goodwill. As consumers search for value, we are seeing them shift to our Wickes own-brand products, testament to the inherent strength of the brand.
- We conduct regular range reviews to ensure we are providing customers with great product choice and maintaining our position as market leader on price.
- With rising energy costs making up an increasingly large percentage of household costs, we are helping customers reduce their utility bills with hints and tips on how to make their homes more energy efficient.



We have repositioned our lower-price, ready-to-fit kitchen range as Wickes Lifestyle Kitchens, which is targeted at the volume kitchen market.

1 Source: Wickes Mood of the Nation survey

WE HAVE A UNIQUE BUSINESS MODEL TO WIN IN THE HOME IMPROVEMENT MARKETPLACE

With our differentiated customer proposition of Local Trade, DIFM and DIY we can support customers however they decide to undertake their home improvement plans.

Our assets enable us to...

OUR PEOPLE

8,100- highly engaged colleagues who are passionate about delivering our purpose – to help the nation feel house proud

OUR CULTURE

An inclusive and diverse modern workplace where colleagues can 'feel at home' and perform to the best of their ability

OUR BRAND

For 50 years the Wickes brand has been synonymous with home improvement in the UK

OUR PHYSICAL ESTATE

230 stores across the UK, working in harmony with our digital offer to provide an integrated and seamless shopping experience for the customer

OUR DIGITAL CAPABILITY

We maximise our digital capability to gain greater customer insight and loyalty, drive operational efficiencies and create a seamless shopping experience

OUR PRODUCT SUPPLY

Strong relationships with our suppliers ensuring we offer quality products at the right price and industry leading availability. We are committed to protecting the environment and ensure natural materials such as wood are sourced responsibly

...offer a unique proposition

OUR PURPOSE

TO HELP THE NATION FEEL HOUSE PROUD

CUSTOMER PROPOSITION

LOCAL TRADE	DO-IT-FOR-ME (DIFM)	DIY
From trade-trusted brands to always being 10% cheaper, we can save you time and money when you shop with TradePro	From concept to completion, plus all the finishing touches, we can help you with your project every step of the way	From our curated range to bringing you the right quality products at the right prices, we can help you to tackle your project providing advice, guidance and knowledge

ENABLER

Delivering brilliant customer experience through engaged colleagues, a winning culture and growing responsibly

FOUNDATION

Curated product ranges	Digitally-led	Distinctive service model providing inspiration, service and fulfilment	Low-cost, right-sized physical estate	Simple, clear pricing offering value to customers
Our strong sales densities and curated ranges result in rapid stock-turn at 4-5x	Two thirds of sales are digitally-enabled with 98% of sales touching the store	We save customers time and money by offering great value, excellent service and availability. Our different customer propositions shop in store at different times of the day and week, helping drive sales densities and service levels	Our stores are located on retail parks with, on average, 28,000 sq ft of rentable internal space. This enables operational efficiencies, and is convenient and easy for our customers	We reinvest our buying and efficiency gains back into the customer proposition, so we can sell more, buy for less and maintain our great value offer

Underpinned by our Winning Behaviours, sound corporate governance and responsible business practices

We are focused on creating future value through our strategic growth levers...

WINNING FOR TRADE
TradePro growth

ACCELERATING DIFM
Natural category extensions, broadening the proposition

DIY CATEGORY WINS
Getting our fair share in underweight categories

DIGITAL CAPABILITY
Continued development of a seamless offer

STORE INVESTMENT
High return on refits, exploit new space opportunities

ENHANCED STORE SERVICE MODEL
Laying the foundations for future growth

DELIVERING EXCEPTIONAL CUSTOMER EXPERIENCE THROUGH ENGAGED COLLEAGUES, A WINNING CULTURE AND GROWING RESPONSIBLY

Delivering long term value for all our stakeholders

COLLEAGUES
80%
employee engagement

We provide a great place to work where colleagues are supported to build their skills and careers

CUSTOMERS
3
distinct customer propositions

We help our customers create their perfect home and feel house proud, however they choose to undertake their home improvement project

COMMUNITIES
£2m
raised for YoungMinds

We have met our goal to raise £2 million by the end of 2022 for our chosen charity, YoungMinds, and are supporting hundreds of local community projects around the UK

SHAREHOLDERS
10.9p
dividend

We create long term and sustainable value by growing the business responsibly and increasing our market share, driving profitable growth with strong cash generation enabling strong returns

SUPPLIERS
99.8%
timber FSC or PEFC certified

With our track record of market share gains, we deliver additional volume to our suppliers and work closely with them to target areas of product growth, as well as supporting them to develop their responsible sourcing practices

ENVIRONMENT
42%
goal to reduce Scope 1 and 2 emissions

We have committed to reduce absolute Scope 1 and 2 emissions by 42% by 2030 from a 2021 base year

OUR VISION

A WICKES PROJECT IN EVERY HOME

We have a clear framework to win, which is guided by our vision, mission and purpose to help the nation feel house proud.

We aim to continue developing our digitally-led, service-enabled proposition across Local Trade, DIFM and DIY through focused efforts on key strategic levers, which we call our '**growth levers**'.

To win in this market, we have a strong portfolio of growth levers that are relatively immature, with more to go for.

In 2022, we have made great progress on each of our growth levers as we continue to evolve and enhance our proposition through product and service innovation.

OUR VISION

A WICKES PROJECT IN EVERY HOME

OUR MISSION

TO BE THE PARTNER OF CHOICE FOR HOME IMPROVERS & LOCAL TRADE

OUR PURPOSE

TO HELP THE NATION FEEL HOUSE PROUD

GROWTH LEVERS

ACCELERATING DIFM

Natural category extensions, broadening the proposition

WINNING FOR TRADE

TradePro growth

DIY CATEGORY WINS

Getting our fair share in underweight categories

DIGITAL CAPABILITY

Continued development of a seamless offer

STORE INVESTMENT

High returns on investment refits, exploit new space

ENHANCED STORE SERVICE MODEL

Laying the foundations for future growth

DELIVERING EXCEPTIONAL CUSTOMER EXPERIENCE THROUGH ENGAGED COLLEAGUES, A WINNING CULTURE AND GROWING RESPONSIBLY

Strategy in action

GROWTH LEVERS

WINNING FOR TRADE

Our TradePro membership scheme offers a simple, entirely digital scheme for Local Trade designed to save them time and money and offering a flat 10% discount across the store and online.

746,000
registered TradePro members

Targeting
1 million
TradePro members

RISKS

PRIMARY PRINCIPAL RISK FOCUS:

- Reputation and brand integrity
- Customer service and experience

OTHER RELATED PRINCIPAL RISKS:

- Operations
- People, culture and safety
- Cyber security and data

STRATEGIC FOCUS

- Expand our most strategically valuable customer base through growing membership of our TradePro scheme, engaging in new trade markets and developing a stronger business to business (B2B) offer.
- Continue to develop our Missions Motivation Engine to use data and analytics to gain greater understanding of our Local Trade customers and their shopping 'missions' to further personalise the customer experience and increase the relevance of our communications.
- Leverage strong media partnerships and expert influencers to increase the visibility of the TradePro proposition.
- Create a compelling loyalty offer for all trade customers.

WHAT WE ACHIEVED

- Increased TradePro membership, enrolling over 112,000 new customers, bringing total membership to 746,000 and growing sign-ups and sales by almost 20%.
- Our Missions Motivation Engine is increasing engagement and sales. In 2022, we went live with three mission-based customer communication programmes, which are performing significantly better than our control communications.
- Continued our sponsorship with Sky Sports darts tournaments, targeting a trade customer base, and developed new partnerships with 'On the Tools' and 'Bald Builders' to increase our presence in social channels.

OPPORTUNITIES

- Grow TradePro membership to over one million members without diluting the quality of our TradePro sign-ups, through extending our reach into the trade B2B market.
- Increase the frequency tradespeople shop with us by creating greater loyalty through a rewards programme and improved digital experiences.
- Buoyant pipeline of work for trade professionals, with almost half of trade saying they have jobs in the pipeline for the next three months.

GROWTH LEVERS

ACCELERATING DIFM

Accelerate growth in DIFM through digital development and product innovation.

3,000
installer teams

Installer base up
16%

RISKS

PRIMARY PRINCIPAL RISK FOCUS:

- Reputation and brand integrity
- Customer service and experience

OTHER RELATED PRINCIPAL RISKS:

- Operations
- People, culture and safety

STRATEGIC FOCUS

- Grow DIFM by enhancing and innovating the existing proposition, introducing new kitchen and bathroom ranges and refreshing our showrooms.
- Develop natural extensions into adjacent categories to increase overall home improvement project spending.
- Maximise our Missions Motivation Engine to create digital communications that inspire and engage customers with their home improvement projects.
- Expand our proposition into the lower-budget kitchens market to appeal to a broader customer base.
- Continue to strengthen our installer base of 3,000 Wickes approved installer teams to increase competitive advantage.
- Run the Wickes Installer Apprenticeship programme to secure a future generation of skilled installers.

WHAT WE ACHIEVED

- There are now 34 apprentices undertaking our Installer Apprenticeship scheme, 17 of whom joined the scheme in 2022.
- Continued to see encouraging attachment rates of tiling, flooring and joinery sales to kitchen and bathroom projects, with trials of new DIFM service propositions ongoing.
- Saw continued strong customer demand for our DIFM virtual showroom journey, with almost 2 million interactions with the tool.
- Digital development has delivered improved imaging, video content, features and pricing illustrations on the website for DIFM projects.

OPPORTUNITIES

- Highly fragmented marketplace with opportunity to take share through our market leading national proposition.
- Continue to grow installer base.
- Identify additional home improvement categories to extend installer services.

Strategy in action continued

GROWTH LEVERS

DIY CATEGORY WINS

Provide an in-depth and carefully curated range in store with an extended range online to offer customers the best range, price, availability and convenience.

9,500
products in store

17,500+
products online

RISKS

PRIMARY PRINCIPAL RISK FOCUS:

- Reputation and brand integrity
- Customer service and experience

OTHER RELATED PRINCIPAL RISKS:

- Operations
- People, culture and safety
- Cyber security and data

STRATEGIC FOCUS

- Grow our existing DIY proposition. Grow volumes by targeting large markets for common DIY projects and aim to get our fair share in underweight categories.
- Conduct an active programme of range reviews, seeking to innovate and evolve our product offering.
- Ensure good availability of our highest-demand products in store, and limit the use of promotional periods and discounting activity to increase sales.
- Our highly curated product range supports our efficient operating model, enabling simpler and more efficient product refreshing, and reducing complexity for distribution and in store stocking activities.
- Utilise our Missions Motivation Engine to target DIY customers to drive conversion and average spend.

WHAT WE ACHIEVED

- Completed range reviews in a number of key areas including gardening, decorating, tools, hardware, mouldings and light bulbs.
- These reviews continued to expand our product range in key customer segments, addressing range gaps and building on successful previous changes. These have included strengthening our own Wickes brand in selected areas such as woodcare, hardware, hand tools and light bulbs, as well as introducing new brands in key areas, such as Crown Paints in decorating.
- Rebranded our ready-to-fit kitchen ranges as Wickes Lifestyle Kitchens, tailored to the lower budget kitchen market.
- Ran two communication programmes targeting DIY customers using our Missions Motivation Engine.

OPPORTUNITIES

- Continue to target further categories where we are currently underweight to increase market share.
- Capitalise on our entry into the lower-spend segment of the ready-to-fit kitchen market.
- Identify new categories to develop, particularly for our extended online only ranges, working with key suppliers to ensure we develop non-cannibalising ranges that broaden our appeal and sales opportunities.
- Help customers understand and make more sustainable choices through our product ranges, labelling and promotional activity.

GROWTH LEVERS

STORE INVESTMENT

We continually review the footprint of our store network, utilising a 'right size, right place, right cost' approach, to ensure our stores are strategically located for maximum footfall and to act as fulfilment centres for digital sales across the network.

12
stores refitted

Bolton
opened new store

RISKS

PRIMARY PRINCIPAL RISK FOCUS:

- Finance and Treasury
- Customer service and experience

OTHER RELATED PRINCIPAL RISKS:

- Operations
- Climate change
- Autonomy

STRATEGIC FOCUS

- Accelerate our new store opening programme, targeting around 20 new stores in the next five years in new catchments or existing Wickes conurbations with high demand and high customer density.
- Continue to invest significantly in our store refit programme.
- Improve the quality of our store estate and right-size certain stores to support more efficient operations and to offer a more welcoming, easier-to-use and consistent customer experience.
- Target high-volume stores with a lower-investment refit model to increase their storage capacity to facilitate more Click & Collect and Home Delivery orders.

WHAT WE ACHIEVED

- We refitted 12 stores including resizing our Maidstone store. 162 stores are now in our new store format.
- Refitted stores increase sales by c.25% (c.60% in DIFM and c.15% across DIY and Local Trade) which is sustained in subsequent years and, on average, continue to exceed their 25% ROCE target.
- We opened our first new store in three years in Bolton in October 2022.
- We reconfigured 28 stores (excluding refits) to create an additional 25,000 sq ft of storage space, thereby increasing capacity to fulfil online customer orders for Click & Collect and Home Delivery.

OPPORTUNITIES

- Introduce the Wickes brand to more customers through building a pipeline of sites for new stores across the UK.
- Continue to increase sales per square foot and improve our existing store estate as a result of our accelerated refit programme.

Strategy in action continued

GROWTH LEVERS

DIGITAL CAPABILITY

We are investing significantly in our digital capabilities to integrate our online and in-store offerings to deliver a seamless and inspiring shopping experience for our customers.

2/3
of sales digitally enabled

RISKS

PRIMARY PRINCIPAL RISK FOCUS:

- Cyber security and data
- Customer service and experience

OTHER RELATED PRINCIPAL RISKS:

- Operations
- Reputation and brand integrity
- Autonomy

STRATEGIC FOCUS

- Deliver an ongoing programme of improved features across all digital channels.
- Continue to develop our Missions Motivation Engine, using data and analytics to identify customer 'missions' and gauge the commercial volume and value within them.
- Create targeted personalised communications through our marketing channels to increase the quality and quantity of the missions customers shop with us.
- Augment our colleague digital picking app to improve operational efficiency.
- Improve our fulfilment capability and customer offer by modernising our order management solutions and carrier management capability.
- Explore how we can profitably deliver the Wickes range through marketplace solutions and reach more customers.

WHAT WE ACHIEVED

- Launched our first marketplace store with eBay with 4,000 product lines, extending the reach of the Wickes brand to potential new customers.
- Introduced Klarna as a payment option.
- Introduced new functionality across our digital channels, improving website navigation, the checkout and purchase journey, new account functionality for customers and creating content such as our new online Sustainable House.
- Rolled out our first missions for Local Trade, DIY and DIFM customers through our MME, inspiring customers to commence projects and targeting stronger conversion from customers already undertaking a project.
- Updated our fulfilment capability to open up future Home Delivery options and added a number of new carriers to our network.

OPPORTUNITIES

- Further develop our digital capabilities to increase operational efficiency.
- Improve our DIFM customer experience, making it easier for customers to design and curate their new kitchen or bathroom digitally.
- Grow our Click & Collect and Home Delivery services, with particular focus on leveraging our new reduced 30-minute Click & Collect collection window.
- Enhance our Local Trade and DIY customer apps to improve functionality and features.
- Accelerate our Missions Motivation Engine development by introducing new programmes and enhancements to the machine learning.
- Continue to explore our marketplace offer.

GROWTH LEVERS

ENHANCED STORE SERVICE MODEL

Our unique '4C' model is designed to meet all our customers' needs through the DIFM, Assisted Selling, Self Serve and Order Fulfilment areas of the store.

New
30 minutes
Click & Collect service

RISKS

PRIMARY PRINCIPAL RISK FOCUS:

- Operations
- Customer service and experience

OTHER RELATED PRINCIPAL RISKS:

- Finance and Treasury
- People, culture and safety

STRATEGIC FOCUS

- Continue to develop and roll out our unique 4C model, which is critical to offering a seamless shopping experience for all our customers.
- Integrate digital capabilities across the four areas of the store to improve efficiency and give us significant competitive advantage.
- Grow Click & Collect and Home Delivery services through increased storage capacity, introducing service-enabling technology and securing best-in-class delivery partners.

WHAT WE ACHIEVED

- Launched a digital picking app which has helped us to reduce the time to pick our Click & Collect orders from 60 minutes to 30 minutes.
- Launched a new delivery picking app to improve service quality and efficiency. 90% of our customers rate the delivery service as Excellent or Good.

OPPORTUNITIES

- Continue to roll out the enhanced 4C model across the estate.
- Maximise future digital innovations to become more efficient and to enhance the customer experience through the four areas of the store.

Strategy in action continued

GROWTH LEVERS

DELIVERING EXCEPTIONAL CUSTOMER EXPERIENCE

THROUGH ENGAGED COLLEAGUES, A WINNING CULTURE AND GROWING RESPONSIBLY

80%
employee engagement score

210
Early Careers placements

RISKS

PRIMARY PRINCIPAL RISK FOCUS:

- Reputation and brand integrity
- People, culture and safety
- Customer service and experience

OTHER RELATED PRINCIPAL RISKS:

- Operations
- Climate change

STRATEGIC FOCUS

- Build on our strong foundations of inclusion and diversity to maintain a culture where everyone can feel at home.
- Build a strong and diverse pipeline of talent that focuses on early careers.
- Upskill and develop our colleagues through learning and development programmes.
- Create a modern workplace, with opportunities for colleagues to work flexibly and access benefits to support their overall wellbeing.
- Engage with colleagues so they are informed, listened to, inspired and motivated to play their part in delivering our strategy and purpose through providing exceptional levels of customer service.
- Develop and implement our Responsible Business Strategy.
- Living our Winning Behaviours to support our strategy and culture (for more information see page 81).

WHAT WE ACHIEVED

- Introduced a number of cost of living initiatives to help colleagues, including bringing forward the 2023 annual salary review, breakfast provision in stores and adjusting our store 'Gainshare' incentive targets to reflect economic conditions.
- Made significant progress in improving the diversity of our store teams.
- Achieved national recognition for the great work of our I&D network leads (see page 35).
- Awarded 'Best Reward Strategy' at the 2022 Reward Strategy magazine awards.
- Broadened our Apprenticeships provision, developed our Early Careers proposition and started 138 apprenticeship placements (see page 36).
- Enhanced our learning and development offer with our 'Under One Roof' leadership programmes.
- Made significant progress across all areas of our Responsible Business Strategy (see pages 33-53).

OPPORTUNITIES

- Continue to improve our data and insight to help us accelerate our I&D strategy.
- Strengthen our employer brand through a clear employee value proposition and attraction strategy.
- Continue to build a modern flexible workplace with the conclusion of our flexible working trials and the implementation of the outcomes.
- Continue to build skills in our community and drive diverse pipelines through our Early Careers proposition.
- Enhance our learning and development offering with new tools and a Winning Behaviours programme for all colleagues.
- Continue to develop future talent and skilled tradespeople through our apprenticeship programmes.
- Increase awareness of our Responsible Business Strategy with internal and external stakeholders.

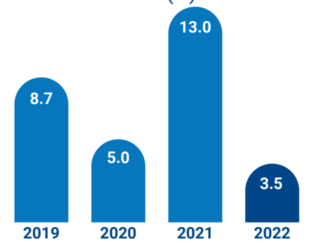
GROWTH LEVERS KEY:

1 Winning for Trade
2 Accelerating DIFM
3 DIY category wins
4 Store investment
5 Digital capability
6 Enhanced store service model
7 Delivering exceptional customer experience through engaged colleagues, a winning culture and growing responsibly

KEY PERFORMANCE INDICATORS

FINANCIAL

Overall LFL sales (%)



DESCRIPTION
A measure of the underlying sales growth of products to Core and DIFM customers.

DEFINITION
The performance of sales to Core and DIFM customers from stores that have been open for more than 12 months

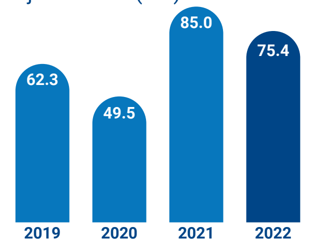
LINK TO GROWTH LEVERS
LFL sales is a measure of how successful we have been in developing our growth levers

1 2 3 4 5 6 7

REMUNERATION LINKAGE
Linkage will be via the impact of LFL sales growth on Adjusted PBT

TARGET
We aim to grow market share profitably in our target market, and this is closely linked to LFL performance against our peer group

Adjusted PBT (£m)



DESCRIPTION
Profit before tax adjusted for one-off or unusual costs in the financial year, as reported in the income statement

DEFINITION
Adjusted PBT is our key profit target to measure underlying performance and is calculated before deducting adjusting items, such as demerger costs and IT separation costs, although statutory pretax profit is also important

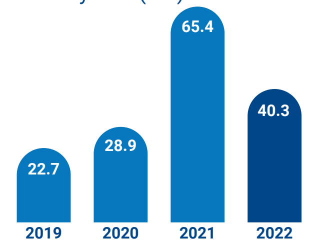
LINK TO GROWTH LEVERS
Adjusted PBT is a key measure of the efficiency of the business and how we are investing in future growth

1 2 3 4 5 6

REMUNERATION LINKAGE
Adjusted PBT will represent 70% of the annual bonus target for Executives

TARGET
We aim to grow adjusted PBT each financial year, although this will be dependent on market and competitive conditions

Statutory PBT (£m)



DESCRIPTION
Profit before tax in the financial year on a statutory basis, as reported in the income statement

DEFINITION
Statutory profit before tax

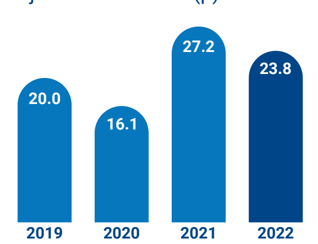
LINK TO GROWTH LEVERS
Profit before tax is a key measure of the efficiency of the business and how we are investing in future growth

1 2 3 4 5 6

REMUNERATION LINKAGE
Linked to Adjusted PBT profit before tax

TARGET
Not applicable

Adjusted basis EPS (p)



DESCRIPTION
A measure of how much profit after tax a company makes for each share in issue

DEFINITION
Post-tax adjusted profit divided by the average number of shares in issue, before adjusting for share options

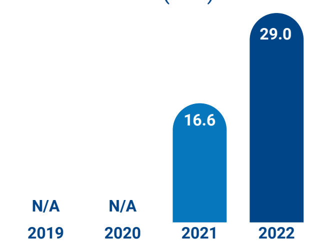
LINK TO GROWTH LEVERS
EPS growth is closely linked to profit growth for businesses that have not issued new shares during the year

1 2 3 4 5 6

REMUNERATION LINKAGE
Adjusted basic EPS will represent 60% of the Long Term Incentive Plan target for Executives

TARGET
We expect adjusted EPS to grow in line with adjusted profit before tax, before any movements in the corporation tax rate

Free Cash Flow[1] (FCF)



DESCRIPTION
Cash flow available for distribution or debt repayment in any given financial year, after investing in the business and paying tax and interest

DEFINITION
Cash generated from operations, before the impact of adjusting items, after capex, interest and tax

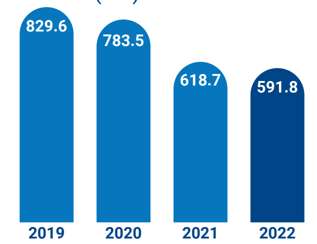
LINK TO GROWTH LEVERS
All growth levers are important in driving sales and profitability, which in turn support free cash flow (all six growth levers needed here)

1 2 3 4 5 6

REMUNERATION LINKAGE
Free cash flow will represent 20% of the annual bonus target for Executives

TARGET
Under normal conditions we would expect to generate positive free cash flow, although this will be dependent principally on the level of profitability and investment in capex and working capital

Net Debt (£m)



DESCRIPTION
A measurement of year end net debt including lease liabilities

DEFINITION
The total value of our year end lease liabilities plus year end cash

LINK TO GROWTH LEVERS
Net debt is not directly linked to growth levers but will be influenced by our performance across the business

1 2 3 4 5 6

REMUNERATION LINKAGE
Linkage is via profit and free cash flow performance

TARGET
Our target IFRS 16 net debt leverage is 2.75x Adjusted EBITDA[1]

1 Refer to APMs on page 164

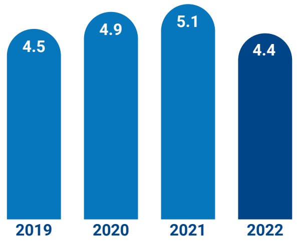
Key performance indicators continued

GROWTH LEVERS KEY:

1 Winning for Trade
2 Accelerating DIFM
3 DIY category wins
4 Store investment
5 Digital capability
6 Enhanced store service model
7 Delivering exceptional customer experience through engaged colleagues, a winning culture and growing responsibly

OPERATIONAL

Stock turn[1]



DESCRIPTION
A measure of how efficient we are in converting our stock into sales

DEFINITION
Cost of goods sold excluding installation services divided by the average of financial year start and financial year end inventory

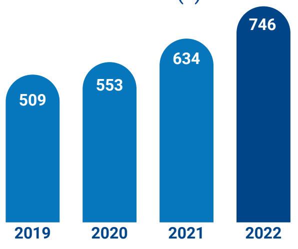
LINK TO GROWTH LEVERS
More rapid stockturn, especially relative to the creditor payment cycle, is a key driver of FCF

1 2 3

REMUNERATION LINKAGE
Linkage is via the impact on FCF

TARGET
We aim to maintain stock turn at around 5x, although this is dependent on trading conditions, product mix, supply chain issues, and targets for product availability

TradePro accounts (k)



DESCRIPTION
TradePro is our digital membership club for Local Trade, offering a 10% discount on all purchases

DEFINITION
Year-on-year account growth across the TradePro membership base

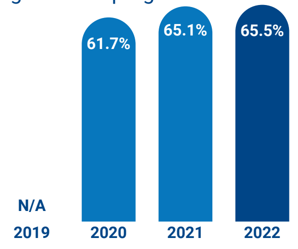
LINK TO GROWTH LEVERS
Servicing trade customers is central to our offer, and reflects our strengths in digital, pricing and convenience

1 3 4 5

REMUNERATION LINKAGE
Linkage will be via profitable growth of trade sales

TARGET
We aim to have one million TradePro accounts which would ensure sales here continue to grow faster than the Company average

Digital sales progression



DESCRIPTION
This measures how successfully we are engaging with our increasingly digital customer base

DEFINITION
The proportion of customer journeys which start online, plus direct digital sales such as TradePro, Click & Collect and Home Delivery orders

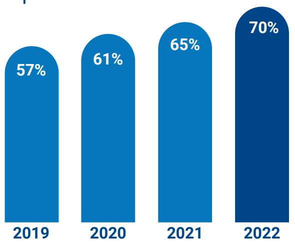
LINK TO GROWTH LEVERS
Our customer base is increasingly digital, and if we do not serve them well here then our market share and profitability will suffer over the long term

1 2 5 6

REMUNERATION LINKAGE
Linkage is via the impact on sales and profit performance, and the returns we generate from our digital investments

TARGET
We expect our digital participation to grow over time as we serve our customers' digital demands

Proportion of stores in new format



DESCRIPTION
New format stores are a key driver of brand image and sales growth, especially in digital and DIFM

DEFINITION
The number of stores in the new format at financial year end, as a percentage of total stores

LINK TO GROWTH LEVERS
Focus on digital, DIFM and extended range is a key driver of customer service and revenue growth

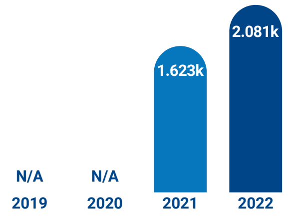
4

REMUNERATION LINKAGE
Linkage is via stronger short and medium term revenue growth, which in turn will drive profitability

TARGET
We plan to have all stores in the new format within five years

NON-FINANCIAL

Carbon emissions[2] (tonnes)



DESCRIPTION
We are acutely aware of our impact on the environment and this measure covers emissions from our own stores, transportation and our wider supply chain

DEFINITION
Scope 1, 2, and 3 carbon emissions as measured by our third party partner, South Pole

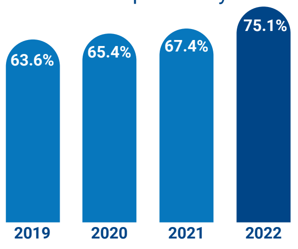
LINK TO GROWTH LEVERS
We are committed to being a responsible business, and emissions reductions are a key part of this.

7

REMUNERATION LINKAGE
Near-term Science Based Targets will represent 10% of the Long Term Incentive Plan for Executives

TARGET
Deliver near-term Science Based Targets

Store leadership diversity



DESCRIPTION
We want to build a more diverse and inclusive workforce, for the good of our employees and customers

DEFINITION
The proportion of stores that have at least one female in every store leadership team

LINK TO GROWTH LEVERS
We strive to grow an inclusive and diverse business in order to best support the needs of our customers and communities

7

REMUNERATION LINKAGE
Gender diversity targets will represent 10% of the annual bonus for Executives

TARGET
Over the long term the aspiration is to achieve a balance of male and females across all our store leadership teams

1 Refer to the APM on page 163.

2 The 2021 number for Carbon emissions has been restated following an improved methodology that was applied for the calculation of our Science Based Targets. See page 43 (GHG) for further information.

INTRODUCTION TO RESPONSIBLE BUSINESS

SONITA ALLEYNE
Chair of the Responsible Business Committee

2022 has been an exciting and challenging year for Responsible Business at Wickes. Global events continue to shine a light on social and environmental issues in the UK, and we have worked hard to position our strategy to address these issues.

The World Cup in Qatar has ignited conversations around LGBTQI+ rights, as well as labour standards and cultural diversity. We have always put people at the heart of our business, and the strength of our 'Feel at Home' Inclusion and Diversity networks are a testament to that commitment. Our LGBTQ+ PRIDE network in particular, has strengthened our position as a leader in the space, receiving several awards and recognition throughout the year.

The Conference of the Parties (COP 27) in Egypt has once again positioned climate change as a generational crisis, and placed a greater focus on the contributions of more developed nations and businesses to support those on the front line of climate change. Wickes is now in a position to drive this conversation with our suppliers, colleagues and customers, and do what we can to support their ambitions to lower their carbon footprint. In December, we were delighted to announce our near-term Science Based Targets, the details of which are laid out on page 42.

The war in Ukraine, and the subsequent energy crisis, has driven citizens to prioritise energy saving as part of the cost of living crisis. We have developed energy saving advice and guidance for customers and colleagues, and will be working to make our products more efficient, as well as expanding our ranges to support energy efficiency across the home.

In 2022 we launched our new Responsible Business Strategy, Built to Last. As a recently listed and standalone company, we initially focused our efforts on data collection, measurement and benchmarking across the three pillars of People, Environment and Homes. With the majority of this groundwork now complete, 2022 has been a year of strategy development, target setting and action planning, and I'm delighted to report that we have made significant progress across all three pillars of the strategy.

> "Through our three pillars of People, Environment and Homes, we will look to address key issues throughout our supply chain, our own business and our customers.

A BUILT TO LAST RESPONSIBLE BUSINESS STRATEGY

WE ARE BUILDING A BUSINESS WE ARE PROUD OF:

– where all our colleagues can feel at home and are empowered to support their communities and customers,

– by supporting the fight against climate change and taking action to protect the natural environment, and

– helping the nation make their homes more sustainable.

PEOPLE

Grow a diverse and inclusive business that supports the needs of our colleagues, customers and communities.

COLLEAGUES – CUSTOMERS – COMMUNITIES

Supply chain and responsible sourcing

Responsible sourcing underpins our entire Responsible Business Strategy. From the materials used to make our products to how they are manufactured and transported, everything we do is built on a foundation of a sustainable, responsible supply chain.

Safety and wellbeing

Managing risks and developing a great safety culture are a fundamental part of the way we do business. Our safety culture is centred around commitment and care and we make it our priority to ensure that everyone who works and shops with us goes home safe and well every single day.

HOMES

Focus our products, services and installations to support sustainable homes that everyone can be proud of.

PRODUCTS – SERVICES – INSTALLATIONS

Strong governance

The first step in an effective strategy is strong governance, and our Responsible Business Strategy is no exception. Through our Responsible Business Committee and Working Group, we ensure this programme of work is managed effectively.

ENVIRONMENT

Decarbonise our sites, operations and supply chain to fight climate change and protect the natural environment.

CARBON – WASTE – WATER

We're proud of our Responsible Business Strategy and the work that we're doing, and we want to be able to share it in an engaging, interesting and inspiring way with all our stakeholders.

To do this, we've developed a visual identity that creatively illustrates the three pillars using photography, video and animation, bringing to life all the great work that our teams are doing. We're excited to start using this across all our internal and external communication channels.

PEOPLE

OUR GOAL

We are building a business we are proud of where all our colleagues feel at home and are empowered to support their communities and customers

OUR TARGETS

- Progress gender diversity in leadership roles
- Offer and support 200 Early Career places each year for the next three years
- Raise £2 million for our charity partner over the 2-year partnership
- Wickes' Community programme to support 1,500 projects across our local communities

Colleagues

Inclusion and diversity at Wickes continues to be driven by six 'Feel at Home' networks led by our colleagues, who are the driving force for change. They raise awareness and understanding of the different communities whilst supporting the introduction of policy and practice changes to deliver our goals.

To drive awareness, at this year's Pride events, the Wickes LGBTQ+ community used its voice to share a strong and important message supporting trans inclusion. Our work with strategic partners such as Trans in the City has helped us to better target our support for trans colleagues and customers, and raised much wider awareness of our business amongst the trans and non-binary community. Wickes was shortlisted for the British LGBT Inspirational Leader and INvolve Ally of the Year awards – Ben Jackson, Pride Network Lead, and Fraser Longden, Chief Operating Officer, respectively – and achieved Gold standard in Stonewall's Workplace Equality Index. Wickes participated in Mind's Workplace Wellbeing survey and achieved a Silver award, recognising the efforts in promoting colleagues' mental health and demonstrating impact. We continue to educate our teams and during Black History Month we launched a RAACE Allyship programme (Raising Awareness and Action on Culture and Ethnicity).

Our efforts to create an inclusive and diverse workplace continue to see traction this year in actioning policy and practice change. We've worked with trans and bisexual colleagues to build a strategy for marginalised LGBTQ+ groups and made improvements to our Transgender Policy, which includes the most up to date recommendations, such as the introduction of Line Manager and Colleague toolkits.

We continue to listen to our colleagues about their lived experiences of being menopausal whilst at work. We've provided tools for managers to support colleagues, including the Peppy app, giving personalised expert advice. Our Period Positive campaign offers colleagues free period products in all stores, distribution centres and support centres.

We continue to build a modern, flexible workplace and have partnered with Timewise and the Institute for Employment Studies to evidence the positive benefits of flexible working practices within store-based roles. In 2022, we conducted a pilot with seven store managers giving them full flexibility in a working week.

The pilot has proven to be successful and in 2023 we are moving into a second phase to further test how we embed a consistent organisational culture, mindset and understanding of the benefits and opportunities for flexible working in all store-based leadership roles.

We believe that a balance of genders in our leadership teams is only going to benefit our business and our colleagues. We're working to ensure all our store teams have a balance of male and female colleagues leading the store, and we've increased the number of gender balanced leadership teams from 67.4% in 2021 to 75.1%.

Director, senior manager and employee gender breakdown information

	As at 31 December 2022			
Gender	Male	Male %	Female	Female %
PLC Board	5	83.3	1	16.7
Executive Board	6	75.0	2	25.0
Senior managers	59	68.6	27	31.4
All other colleagues	4,835	61.2	3,061	38.8

Responsible Business continued

RAACE ALLY PROGRAMME

Our newly formed RAACE Ally programme is designed for colleagues to understand issues such as privilege and micro-aggression, providing tools about how to have conversations about race and actions on how to reduce their unconscious bias. We launched this programme as part of Black History Month and it has started with our leadership teams. We hope to take as many colleagues as possible through the programme and help the many move from great intentions to great actions!

EARLY CAREERS

Nathan Taylor was part of the Wickes Installer Apprenticeship pilot programme and is now a certified Wickes Installer. In November, he took on his own installer apprentice, Keenan Hasancevic (seen here) who is part of our ninth cohort.

> Wickes is a great career opportunity for me! Being with two great installers who have both given me the knowledge and valuable experience required to become a great installer in the future. They really inspire me to start my own business and gain great connections in the trade industry.

Customers

We want to reflect our customers and wider society so we can properly serve them. Our customers care about seeing an inclusive, diverse workplace full of happy employees. We're committed to supporting our customers in store and online through strong accessibility, support and education. Our Let's Care for Each Other ethos is internally and externally focused and makes clear the zero tolerance stance on physical, verbal or racial abuse against colleagues or customers. We launched a new e-learning module this year to every colleague in our stores providing them with training on how to defuse potentially dangerous situations. We stand with other retailers and support the Shop Kind initiative, which also tackles violence and abuse against shopworkers.

Communities

Building skills in our local communities through an Early Careers offering is essential to ensuring we continue to attract and develop the skills required for future growth and drive diverse pipelines. Our focus has been on understanding the external early talent landscape and defining our Early Careers proposition which is supported by new Job Board partnerships and social media marketing to amplify our presence in this space.

Our core offering of nine apprenticeship programmes supports our ambition to offer 200 Early Careers placements every year for the next three years. This year we've seen an increase in demand for our programmes and are delighted to have 210 Early Careers placements, which includes 138 people starting their apprenticeship with us. Positively, we've over-indexed on female and under-represented ethnic minority colleagues in this population when compared with our colleague population overall. As part of the separation from Travis Perkins Plc, we now have a Wickes Apprenticeship Levy pot. Our Installer Apprenticeship proposition remains a key point of differentiation for us in the market. With the national skills shortage and limited Government funding for this key skills area, we plan to continue to invest in developing these skills to protect future growth.

Through our Driver Apprenticeship, which trains internal colleagues to become a driver for classifications Van, C1, C and C&E, we've focused on attracting female talent to these opportunities. We are delighted to now have three women on the scheme. Our ambition is to grow the number of internal female colleagues on this programme and to broaden it to external delegates in the future.

We've achieved Youth Verified accreditation with the Youth Group, giving us access to their network of 1.7 million young people and a range of tools to help us improve the experience for early talent.

As our charity partnership with YoungMinds comes to an end in March 2023, we're proud to have achieved our £2 million fundraising goal, thanks to the generosity of our customers, suppliers and colleagues, who have been so committed to supporting young people's mental health. This year we've seen colleagues paddle on the Thames and take on a 'step up' challenge, and our suppliers participated in our annual Charity Dinner which alone raised £148,000. The £2 million raised will help the YoungMinds Parents Helpline answer another 40,000 calls, offering advice and emotional support to parents about a young person in their care.

The Wickes Community Programme enables and encourages our colleagues to support causes in their local communities. Stores have access to an umbrella programme with a dedicated fund of £250,000 for product donations. This programme is able to showcase the collective and significant difference Wickes makes in local communities. In 2023, as a trial we will offer 500 colleagues the opportunity to volunteer in their local communities.

> The roll-out of our community programme this year to all stores has seen over 200 stores support 800 projects in our local communities, including helping schools, community centres and animal shelters.

NAOMI WOODSTOCK
Community programme manager

SUPPORTING YOUNG PEOPLE'S MENTAL HEALTH

We've been able to help YoungMinds support ordinary people to do extraordinary things. YoungMinds has been working with adults who support young people within community settings and has provided them with training to help them feel able to act when they are concerned about a young person's wellbeing. In the last year, it has delivered over 80 courses and trained over 1,000 community leaders, including launching dedicated online resources on its website for adults working in community settings, which received over 13,000 page views in the first six weeks of launch.

YOUNGMINDS
fighting for young people's mental health

> At YoungMinds we are working towards a world where no young person feels alone with their mental health, and Wickes have helped us to make that a reality for even more young people. This fundraising milestone is a huge achievement and we are hugely grateful to every customer, Wickes staff member and supplier who has contributed to it.

EMMA THOMAS
Chief Executive, YoungMinds

80
courses delivered

1,000
community leaders

13,000
page views in the first six weeks of launch

COMMUNITY PROGRAMME

Wickes store team in Canning Town supported St Luke's Primary School with timber and paint to give a much-needed facelift to its Eco Garden. The children have been actively involved in the design of the Eco Garden and each class has its own allotment to grow vegetables; there's also a campfire and garden house.

> School funds are always stretched, so this donation from Wickes has made a real difference to us.

MATT HIPPERSON
Head Teacher

LOOKING FORWARD

Like any good project, we know there's always more to be done. In 2022, we laid the foundations. Now we'll continue to evolve and make changes until everyone at Wickes feels at home. In 2023, we will:

- align our policy and practices to deliver our goals
- connect young people with careers and skills in retail and DIY
- improve the quality of our data to enable us to measure progress against targets that bring the greatest shift around ethnicity and gender

EVERYONE HOME SAFE AND WELL, EVERY SINGLE DAY

At Wickes, we believe that nothing is more important than making sure that everyone goes home safe and well every single day. We are actively developing and maintaining an embedded safety culture with the care of our people and strong, active safety leadership at its centre.

We have a low risk tolerance for safety, and have a three lines of defence model in place to manage this risk. Our operations have accountability for ensuring that any risk of harm is identified and controlled. They are supported by an expert Safety team which oversees our safety management framework and provides safety assurance. Our third line of defence involves assurance activities by both the Safety team and Group Internal Audit. Our model is supported by strong governance, with monthly reporting to the Executive Board on safety performance and six monthly to the PLC Board.

Our safety management framework

Our safety policies are supported by procedures that ensure those managing risks understand how to manage them properly, supported by job specific training and reference material on our Safety Management System. We continually seek to reduce the risk of harm in our operations and have a robust accident investigation process. We take pride in our learning culture, and always seek to understand how we can do better when things go wrong. Incident review meetings are held for more serious incidents to show our commitment to getting it right and learning from when things go wrong. Through this process, we have led significant improvements in a number of areas, including how we manage workplace transport risks and the use of mechanical handling equipment across our stores.

Our progress

In 2022, our initial focus was emerging safely from the pandemic, ensuring colleague and customer safety and trust as we returned to previous ways of working. We then began to focus on establishing our operational Safety Risk Registers, and build our risk improvement and assurance plans for safety.

- Safety Risk Registers were established across our operations to help prioritise our safety improvement plans and our assurance activity for 2023. The work led to better consistency of our risk controls across distribution sites and provided assurance that our established retail improvement plans contained the right priorities.
- Colleagues moved back into our Support Centre and, following consultation, we provided new safety notice boards and familiarisation packs for all colleagues which included guidance on hybrid working and safety procedures. A new Committee was established to manage risk and culture improvement activities.
- Under our 'Let's Care For Each Other' programme, we launched training to better support our colleagues with the skills required to manage conflict situations and keep themselves safe. We continue to investigate all incidents of physical abuse and provide support to colleagues through our Employee Assistance Programme, as needed.
- We continued a successful Primary Authority Partnership with West Northamptonshire Council, which has provided advice on our Safety Policy and expressed a high level of confidence in our store managers' general health and safety experience and knowledge during a number of store familiarisation visits.
- We introduced a more detailed risk-based Safety Review Programme, ensuring that all stores have a thorough review of their safety procedures at least every three years, and included our distribution and support centres in the reviews. The new audit was designed to align to our operational risk areas and provide improved insight into our Safety Risk Registers and future improvement plans.
- The mental health of our colleagues has continued to be high on our wellbeing agenda and we now have over 500 trained Mental Health First Aiders (MHFAs). Our Wellbeing Committee has the largest community within the business and delivered a Wellbeing Month in September, providing leader-led stories and tips on financial, mental and physical wellbeing for all colleagues.

Our performance

In 2022, we raised the profile of our injury reporting system across our Support Centre and installation teams, encouraging the reporting of any injury or near miss associated with our work. Even with a potential increase in reporting, we showed a strong safety performance across the year.

- A reduction of 27% total injuries reported.
- A reduction of 16% in Lost Time Accident Frequency Rate.
- An increase of 16% in hours worked before a Lost Time Incident.
- A 14% reduction in actual customer accidents.
- A 21% increase in the active reporting of hazards and near misses.

OUR THREE LINES OF DEFENCE

1 **Operation**
Accountability
Responsible for the implementation of safety, our policy, standards and the development of safe procedures

2 **Stay Safe Team**
Oversight
Responsible for the development of our Safety Management Framework and provision of risk assurance to the Wickes Board

3 **Internal/independent audit** Assurance
Responsible for the independent validation of our Safety Policy and its implementation

Looking forward

We will continue to support colleague wellbeing and ensure that our risks are effectively managed, listening to both our colleagues' needs and external requirements. Our focus will be on our operational risk improvement plans, and the development and maintenance of an embedded safety culture that all our team can be proud of.

In 2023, our focus will be:

- the effective management of business wide risk registers and safety improvement plans to demonstrably reduce the risk of harm to our people;
- establishing a colleague safety culture survey to help identify where we can proactively improve our safety culture and better engage our teams; and
- reviewing our injury reporting system to help improve the insight from safety incidents and support the implementation of effective safety improvement plans.

COLLEAGUE VOICE

At Wickes our highly-engaged colleagues are key to our success and we want them to be successful both individually and as a team. Seeking their feedback regularly and ensuring they have a voice is fundamental to continuously improving our business and creating a workplace where everyone feels at home.

We are committed to ensuring we use a number of formal and informal ways to have open, robust and regular two-way dialogue with colleagues across a wide range of topics. Our Non-executive Director Sonita Alleyne takes the lead on ensuring colleague views are heard by the Board and taken into consideration in their decision making.

Our listening initiatives in 2022 supported our 'always on' approach and consisted of the following activities:

Colleague Engagement survey: This is an annual survey that seeks both quantitative and qualitative feedback from all colleagues on a range of subjects and is used to assess overall engagement. In 2022, our colleague engagement was 80%.

'Ask the Exec' roadshow: We hold an annual roadshow where managers from our stores and distribution centre have the chance to ask the Executive Board questions about the business.

Colleague Voice: Led by Non-executive Director Sonita Alleyne we invite a cross-section of colleagues to meet with the Board once a year, when they get the chance to ask questions on various topics, including remuneration.

Inclusion and Diversity Network Surveys: During the year we undertake a variety of external surveys to support the objective and insights of our I&D colleague networks

Cost of living working group: In 2022, we have brought together a cross-section of colleagues to share their thoughts, insights and ideas as to how the business can provide support to colleagues during the cost of living crisis.

COLLEAGUES' FEEDBACK & OUTCOMES

Culture

Feedback: Our colleagues continue to tell us that they believe Wickes has a strong culture, with people at the heart of what makes this a great place to work. A high level of empathy is demonstrated across the organisation from leaders to colleagues. New members joining the team feel our culture is our best kept secret. Our Winning Behaviours are well embedded and demonstrated across the business, and we have further opportunity to enhance this through our recognition activities.

Outcome: Feedback inputted to our employer brand strategy and reward and recognition strategy.

Strategy and purpose

Feedback: Colleagues are confident in the direction of our business strategy. They feel that our balanced business gives us a competitive edge. Our strategic framework is clear and colleagues are keen to hear more consistently as to how this plays into their role.

Outcome: Create more opportunities through our internal communication channels to bring to life the strategic framework.

Inclusion and diversity

Feedback: Colleagues are proud to work for a modern business that is truly leading in terms of inclusion and diversity, and feel that we celebrate everyone's differences. We have a greater opportunity to move at pace with implementing action plans and offering flexibility across the business areas.

Outcome: Comments fed into the flexible working programme, which is in partnership with Timewise.

Pay and benefits

Feedback: Colleagues value our total package. They appreciate our colleague discounts, the Wickes Reward scheme and the other benefits we offer, and they feel we have a greater opportunity to advertise these. Colleagues appreciate that in more senior roles the variable pay increases versus the fixed pay, as there are more elements linked to business performance.

Outcome: Improved regular communication highlighting the benefits available, including the introduction of new benefits.

Working environment and communication

Feedback: Colleagues appreciate the consistent, regular and transparent communication from the Executive Board. Colleagues believe that communication is very effective up to manager level; however, we have a further opportunity with the wider store team to engage with them independently.

Outcome: Feedback inputted towards internal communications channel strategy.

Career development

Feedback: Colleagues recognise that our culture of personal responsibility encourages them to drive their own development, supported by their manager. They appreciate the internal progression opportunities across the organisation and recognise that this can also include 'squiggly careers'.

Outcome: Introduction of new Step Up leadership programme accessible to all levels of colleagues to self nominate themselves to take part.

Cost of living

Feedback: We set up a cost of living working group to develop meaningful and practical support to help colleagues with the cost of living pressures. Colleagues identified that we needed targeted support for those most in need. We had a greater opportunity to improve communication and education on promotional benefits and discounts. Finally, they expressed the need to enhance pay and benefits for the wider population.

Outcome: Colleague concerns on food prices led us to introduce the 'Breakfast on Us' provision to all stores in October 2022. An enhanced Wickes colleague discount of 30% was offered during October as part of our cost of living promotion which saw colleagues save £750,805. We adjusted 'Gainshare' incentive targets to reflect economic conditions, and we invested £3.5m in bringing forward our annual pay review for all colleagues from April to January 2023.

ENVIRONMENT

OUR GOALS

Fight climate change and protect the natural environment

OUR TARGETS*

- **Science Based Target 1**
  Operations: reduce absolute scope 1 and 2 emissions by 42% by 2030
- **Science Based Target 2**
  Goods and Services 45% of suppliers by emissions to have Science Based Targets by 2027
- **Science Based Target 3**
  Use of sold products: reduce absolute scope 3 GHG emissions from the use of sold products by 42% by 2030

* The baseline year for all targets is 2021.

Fighting climate change and protecting the natural environment

Climate change and sustainability continue to grow in importance and impact. We are now feeling the physical and transitional impacts of climate change in the UK. In July, record temperatures of more than 40°C gave us a glimpse of a warmer future, and continuing challenges around energy supply, including electric vehicle (EV) infrastructure, have brought into question whether we are truly ready to transition to a low-carbon economy. Wickes is positioning itself not only to support the UK's 2050 net zero target, but also to help colleagues and customers transition to the low-carbon economy. We have pledged our support to the British Retail Consortium (BRC) Climate Action Roadmap to fully decarbonise the retail industry and achieve net zero by 2040.

> "Through engagement with suppliers we are working to better understand and reduce the emissions associated with the products we sell, how they are packaged and the energy they use.

Carbon emissions

We continue to track our carbon emissions across all three scopes within our business. The vast majority of our emissions sit within our supply chain, due to the large volume and range of products we sell.

Through engagement with suppliers, we are working to better understand and reduce the emissions associated with the products we sell, how they are packaged and the energy they use. We are also continuing to work on reducing our operational emissions through energy efficiency in our stores, LED lighting upgrades in our heritage estate, heating and cooling control upgrades, and EV chargers for support centre and distribution centre colleagues. In 2022, we reduced our store energy consumption by 2.3% primarily through the work of our store colleagues managing their consumption, and the upgrades as part of our store refit programme.

We have introduced a new EV policy for company cars, which allows colleagues to transition to electric vehicles and charge them at the Support Centre. All of our corporate cars will be electric by 2025. We are also exploring affiliations with EV partners to support colleagues, as well as customers in prominent EV ownership areas, to be able to charge their vehicles at our stores.

Waste

In 2022, we produced 60,007 tonnes of waste through our operations and our supply chain. In total, we recycle 92.8% of our waste, with 4.6% going to energy recovery. Some of our waste, however, is not suitable for recycling or energy recovery, which means that 2.6% is sent to landfill.

We have spent 2022 assessing our waste in more detail in order to set better recycling targets across the different parts of our business. We now understand that the lowest recycling rates in our business are those of our colleagues and customer waste in stores, and as such we have set recycling targets of 50% by 2025 in our store waste.

STORE ENERGY EFFICIENCY

In 2022, we created a group of sustainability representatives for each of our stores to drive energy efficiency across the estate. Using our half-hourly energy data and store expertise, we were able to identify behavioural changes and control fixes that helped us to reduce our energy consumption. We have also invested in our store heating controls and have started upgrading our store heating controls so that we can monitor and manage our store heating remotely.

> Energy efficiency will be central to our store decarbonisation programme, and also ensure our stores are comfortable over the winter for colleagues and customers.

MAPPING OUR WASTE AND RESOURCES

In order to improve our understanding of our waste and recycling, we are working to map out all of our waste and recycling across the business, to not only find improvements in our recycling practices but also see how we can best manage our donations to our charity and community partners. We have also been working with our partners to better understand our waste and recycling journey, including a tour of the Biffa Materials Recovery Facility (MRF) where our support centre and store waste is processed.

Water

We do not use much water in our business operations. Our total water consumption for 2022 was 66,388 m_3, made up of colleague and cleaning consumption in our stores, distribution and support centres. Most of the water consumption sits within our supply chain, integral to the growth of the timber industry and water intensive manufacturing processes. We have used our Task Force on Climate-related Financial Disclosures (TCFD) report this year to investigate the impact of water scarcity on our supply chain. This will help us to understand water sensitivities in our supply chain, and help suppliers to manage their risk. You can read more about water risk in our TCFD section on pages 49-50.

Engagement

Environmental engagement at Wickes is delivered by colleagues across the business and driven primarily by the Responsible Business Working Group with oversight from the Executive Board. Members of the Working Group have contributed to our annual supply away day to talk about sustainable products and services, presented at our monthly business briefing on the fundamentals of climate change and carbon emissions, and launched a sustainable store working group to test new technologies in our stores.

Using our colleague learning and communication platform, Campus, the Forward Focus network created a Climate and Sustainability learning platform that brings together information about our broader Responsible Business Strategy, as well as updates from COP 26 and 27, and giving access to learning materials.

The Forward Focus colleague network has delivered several events in 2022, driving engagement on environmental issues across the business. These have included a clothes donation drive, a waste awareness week for store colleagues, and communications supporting the British Retail Consortium Climate Action Week.

Disclosure

Disclosure is an essential part of any sustainability strategy. It helps us to understand our performance, benchmark ourselves against our peers and our industry, and inform our customers and investors on our progress. We have completed our second year of greenhouse gas accounting and TCFD reporting. We also completed our first CDP Climate Response.

Our TCFD report addresses three key risks and opportunities, building on our 2021 report, which investigated risks to our timber business. This year we have reviewed the impact of water stresses on key supply chains, the potential future impacts of carbon prices, and the opportunities of low-carbon products and services as the UK tackles the energy and cost of living crisis. We have also included in this report a Sustainability Accounting Standards Board (SASB) response, aligned to the guidance as a Building Products and Services business.

Responsible Business continued

Near-term Science Based Targets
Near-term Science Based Targets are the gold standard of climate change commitments. We identified the setting of near-term Science Based Targets as one of our key deliverables for 2022. We are pleased to announce that we have had our near-term Science Based Targets approved by the SBTi, joining other businesses in the UK by committing to emissions reductions by 2030. Our journey to Science Based Target approval began in 2021, with the collection and verification of our base year data. This base year data was used to calculate our decarbonisation pathway across all three scopes of emissions, in line with SBTi guidelines, and support from our climate partner South Pole.

Operational emissions (Scope 1 and 2)
We intend to address operational emissions through absolute carbon reduction by focusing on decarbonising our estate and fleet by switching gas boilers for Air Source Heat Pumps, transitioning towards HVO and purchasing Renewable Energy Certificates.

Purchased goods and services (Scope 3.1)
We intend to address product emissions through partnership Science Based Target setting, supporting our key suppliers to set their own Science Based Targets by 2027.

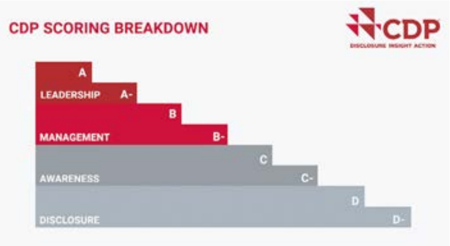
Use of sold products (Scope 3.11)
We intend to address use of product emissions through absolute carbon reduction by reviewing our ranges of carbon intensive products, grid decarbonisation and improved efficiencies.

We will be reporting against our near-term Science Based Targets every year.

Our ambition is to improve our Climate submission score in 2023, and also complete a full Forestry submission for scoring.

CARBON DISCLOSURE PROJECT
For our first CDP submission, we set ourselves a target of a D rating, placing ourselves in the Disclosure category, and a stretch target of C, reaching the Awareness category. We are pleased to announce that we achieved a rating of a B-, placing us in the Management category and above our stretch target.

This submission has highlighted areas of improvement, specifically in our risk management and strategy. We also completed the basic Forestry CDP questionnaire, in order to understand how we can improve our responsible sourcing strategy and inform and develop our timber policy. This submission was not scored. We intend to complete the full Forestry disclosure in 2023.



Chemicals
Wickes recognises the concerns of safe use, content and labelling of chemicals. We actively abide by all UK legislation to reduce the impact of substances of concern and, where possible, use a suitable alternative. Wickes has committed to identifying any products that are supplied to us that contain any substances of very high concern (SVHCs), explosives precursors or poisons, and we take steps to replace any products that contain restricted substances or SVHCs with suitable alternatives. We require our suppliers to ensure that products supplied to Wickes are free of any banned substances and compliant with any restrictions detailed in the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). We also ensure that all our packaging and products are compliant with volatile organic compound (VOC) and REACH standards.

Chromium 6 (Dangerous chemicals)
Chromium 6 is used in industrial processes and can be responsible for negative health effects. Our goal is to remove Chromium 6 from all our own brand products and replace it with Chromium 3, which does not have the same negative properties. All new chromed products being developed by Wickes are Chromium 6 free and we are working with our suppliers with the aim of being completely free of Chromium 6 in the production of Wickes branded products by the end of 2023.

LOOKING FORWARD
2023 will be an important year in our decarbonisation journey. We will begin our work to deliver our near-term Science Based Targets, with a particular focus on energy supply and efficiency in our stores. This will include a new electricity contract starting in April, which will be sourced with 100% renewable electricity, and our continued upgrade to our heating controls, to better manage our gas consumption. We will also continue to increase our support to our key suppliers, in order for them to better understand their environmental impact, and set Science Based Targets of their own over the next five years.

GREENHOUSE GAS AND STREAMLINED ENERGY AND CARBON REPORTING

Greenhouse gas emissions

	2022 Total Tonnes of CO_2e	2021[1] Total Tonnes of CO_2e
Scope 1	17,484	23,087
Scope 2 Market	15,722	14,541
Scope 2 Location	8,585	9,687
Total Scope 1 & 2 (Market)	**33,206**	37,628
Scope 1 & 2 Carbon Intensity (tCO_2e/1,000 sq ft)	5	5
Scope 3.1 Purchased goods and services	1,590,648	1,075,463
Scope 3.11 Use of sold products	294,996	362,655
Scope 3.12 End of life treatment	119,973	120,951
Scope 3 Other	42,940	26,351
Total Scope 3	2,048,557	1,585,420
Total Emissions	**2,081,763**	1,623,048

(1) Following submission to the SBTi in 2022 Q3 for our 2021 Science Based Targets, updated methodologies were applied to categories 3.1 Purchased Goods & Services, 3.11 Use of Sold Products and 3.12 End of Life Treatment. This provided more accurate emissions data upon which our targets for a 2021 baseline were approved. There has been no change to the 2021 base data.

Emissions overview

Our focus for GHG reporting in 2022 was to continue our data collection in line with our environmental strategy. It was important for us to fully understand our emissions and be able to provide more detail than the previous year. 2022 has been the first year we are able to directly report against our carbon reduction targets, which are aligned to the British Retail Consortium (BRC) Climate Action Roadmap and Science Based Targets (SBTi).

We spent much of 2022 improving our data collection methodologies and verifying our data. We consolidated our multiple water suppliers across the estate to improve visibility, as well as bringing our gas meters online into the same platform as our electricity for better control of our energy consumption. We have collaborated with our operational waste contractors to improve our waste and recycling data for our operations and installations by increasing the frequency of reports received and refreshing our validation process. We have also been able to report fully on our purchased goods and services, including our core ranges and kitchens and bathrooms, as well as goods not for resale such as office equipment. The vast majority of our emissions still sit within our Scope 3, specifically our purchased goods and services, use of sold products, and end of life treatment of products.

The increase in overall emissions from 2021 can be attributed to a combination of the improved methodologies in data analysis, business growth, and external database updates. We have used the same emissions factor databases in 2022 as with our previous year, namely BEIS and CEDA, however some cost-based factors have increased significantly. Therefore emission scopes which are calculated using this cost-based methodology have been impacted, and may also be influenced by other external factors including inflation. Our aim for the 2023 data collection process will be to minimise the use of cost based methodologies even more to continue our improvement in emissions accuracy.

For more detail on our emissions calculations and methodology, our method statement is available to view on our website www.wickesplc.co.uk.

Emissions commentary

Our emissions across Scope 1 and 2 have reduced following energy saving initiatives across our operations, including updated heating controls in our stores and installing LED lighting in our refurbished stores and heritage replacements.

The majority of our emissions continue to sit within our Scope 3, specifically our purchased goods and services, use of sold products, and end of life treatment of products. Our approved near-term Science Based Targets for Scope 3 are a partnership target to collaborate with our top suppliers to help them set their own Science Based Targets, and an absolute reduction of our Use of Sold Products emissions.

Assurance

Our independent limited assurance was carried out by LRQA using ISO 14064-3 2019 assurance standards. This assurance covers all of our Scope 1, 2 and 3 emissions, with the exception of our water data. Our assurance statement is available online in our Responsible Business pages.

Streamlined Energy and Carbon (SECR) Reporting

	Group / UK 2022	Group / UK 2021
Annual emissions (Scope 1 & 2 Market tCO_2e)	33,206	37,628
Annual Energy Use (GWh)	98,141	114,515
Emissions Intensity (tCO_2e/1,000 sq ft)	5	5

SECR – Methodology

We have reported our GHG emissions and energy consumption in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations. To calculate our emissions, we have followed the GHG Protocol Corporate Accounting Standard, using an operation control approach, and the emissions factors used were from the Department for Business, Energy & Industrial Strategy Greenhouse gas reporting: conversion factors 2022, and CEDA emissions database. Our Scope 1 was collected through monthly invoice data for stationary emissions, mileage data for mobile emissions, and heating and cooling asset registries for fugitive emissions. Our Scope 2 emissions were calculated through monthly electricity invoice data, using market and location based emissions factors to reflect our current operational energy contracts. Market based emissions were also used for our Scope 1 and 2 intensity metric. Our Scope 3 emissions reporting includes all relevant scopes, with the vast majority of emissions representing purchased goods and services, and use of sold products. Our purchased goods and services used a weight, and volume-based methodology. We have improved our methodologies for transportation by providing transport categories, as well as using accurate capital goods and goods not for resale spend data. For more detail on our emissions calculations and methodology, our method statement is available to view on our website www.wickesplc.co.uk. For more information about how we are managing our impacts, and identifying risks and opportunities associated with these emissions, please see our TCFD response on pages 45-50.

Energy efficiency measures

Energy efficiency measures this year include:

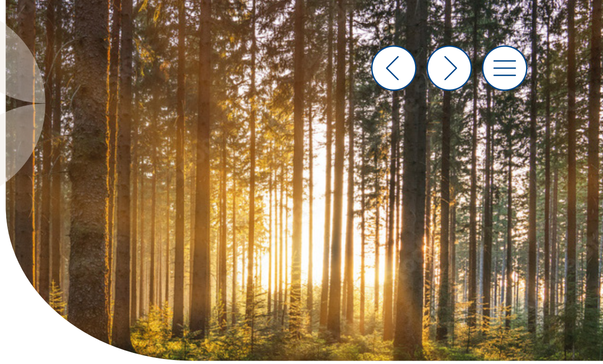
- upgrading our gas meters to enable half-hourly data reporting;
- upgrading our heating controls to allow for remote management and monitoring;
- trials of electric heating systems in a sample of stores;
- energy champions in stores seeking to drive behavioural changes around energy efficiency.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD

SASB 2022

BUILDING PRODUCTS & FURNISHINGS				
ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODIFIED METRIC CODE	RESPONSE
ENERGY MANAGEMENT IN RETAIL AND DISTRIBUTION				
(1) Total energy consumed	Quantitative	Gigawatt hours (GWh)	CG-MR-130a.1	(1) 98,141 GWh of energy across our estate
(2) Percentage grid electricity		Percentage (%)		(2) 100% grid electricity
(3) Percentage renewable				(3) 0% renewable
				Annual Report page 43
MANAGEMENT OF CHEMICALS IN PRODUCTS				
Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and analysis	n/a	CG-BF-250a.1	Wickes maintains chemical commitments and guidance that ensure we manage our risks and hazards appropriately, and compliant with REACH and VOC standards. Annual Report page 42
Percentage of eligible applicable products meeting volatile organic compound (VOC) emissions and content standards	Quantitative	Percentage (%) by revenue	CG-BF-250a.2	We do not currently track the total % of products at SKU level; however, all of our applicable products meet VOC emissions and content standards. Annual Report pages 42
PRODUCT LIFE CYCLE ENVIRONMENTAL IMPACTS				
Description of efforts to manage product life cycle impacts and meet demand for sustainable products	Discussion and analysis	n/a	CG-BF-410a.1	We continue to report against our carbon reduction targets to understand the life cycle impacts of our products, and are currently reviewing potential new ranges to increase the number of responsibly sourced and energy efficient products available to customers. We will also be trialling a take back scheme for key products, and improving our packaging to include more recycled materials. Annual Report page 40 and 53
(1) Weight of end of life material recovered	Quantitative	Metric tonnes (t),	CG-BF-410a.2	(1) 60,007 tonnes
(2) Percentage of recovered materials that are recycled		Percentage (%) by weight		(2) 92.79% of recovered materials
				Annual Report page 40
WOOD SUPPLY CHAIN MANAGEMENT				
(1) Total weight of wood fibre materials purchased	Quantitative	Metric tonnes (t),	CG-BF-430a.1	(1) Total weight of wood fibre 377,686 tonnes
(2) Percentage from third party certified forestlands		Percentage (%) by weight		(2) 100% from third party certified forests
(3) Percentage by standard				(3) 99.8% by FSC or PESC standard
(4) Percentage certified to other wood fibre standards				(4) 0.2% to other wood standards
(5) Percentage by standard				(5) 0% by other standards
				Annual Report page 53

ACTIVITY METRIC				
ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODIFIED METRIC CODE	RESPONSE
ENERGY MANAGEMENT IN RETAIL AND DISTRIBUTION				
Annual production	Quantitative	Tonnes	CG-BF-000.A	1,366,848 tonnes of goods
Area of manufacturing facilities	Quantitative	Square foot	CG-BF-000.B	6,586,448 sq ft stores, 748,556 sq ft distribution



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

We have set out below our climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures for Governance (all recommended disclosures), Risk Management (all recommended disclosures), Strategy (disclosure a), and Metrics and Targets (all recommended disclosures) taking into account the 'Guidance for All Sectors', the 'Supplemental Guidance for Non-Financial Groups', and the 'TCFD Guidance on Scenario Analysis for Non-Financial Companies'. Our disclosures in relation to the TCFD Strategy recommended disclosures b) and c) are not yet consistent and further work will be undertaken over the coming year (2023) to gather the data required to better understand the impact of climate-related risks and opportunities on Wickes' strategy and financial planning, and to continue to test the resilience of our strategy under different scenarios with a view to providing consistent disclosures in our Annual Report next year.

GOVERNANCE

The relevant organisational structures for climate issues are summarised in the chart and described below.

Plc Board

The Board has overall responsibility for the delivery of the Group's strategy. The Board has delegated responsibility for ESG matters, including climate-related issues, to the Responsible Business Committee and receives regular updates from the Committee on its work. The Board considers climate-related issues and risks when guiding strategy, annual budgets and business plans as well as performance objectives. The Board level Audit and Risk Committee oversees the management of climate-related risks and opportunities as part of our risk management process (see Risk management on page 69).

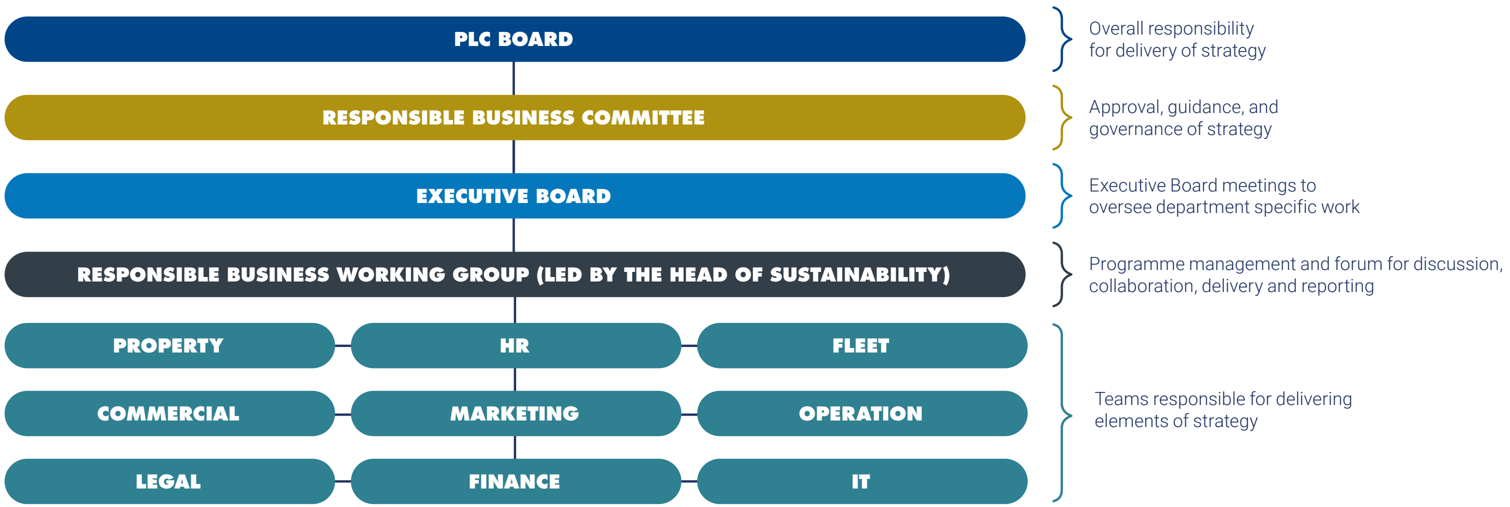
Responsible Business Committee

The Responsible Business Committee's primary purpose is to oversee the development of Wickes' Responsible Business Strategy and monitor performance in relation to environmental, societal and governance matters, as set out on pages 98-100.

The members of the Responsible Business Committee are the Chair of the Board and the Non-executive Directors. The Committee is chaired by Sonita Alleyne, one of our Non-executive Directors. Key members of our management, including the CEO, General Counsel and Company Secretary, Chief People Officer, Head of Sustainability and Investor Relations Director attend all meetings.

Climate-related issues are part of the Responsible Business Committee's duties to oversee the Group's ESG conduct, and are a regular agenda item for the Committee, which meets on a quarterly basis. The Committee monitors and oversees progress against goals and targets for addressing climate-related issues by reviewing and discussing the reports presented.

The Committee reviews our operational energy consumption, our annual CDP submission and score, and our near-term Science Based Targets, which together provide a view of our performance against our climate-related ambitions.



Task force on climate-related Financial disclosures (TCFD) continued

Executive Board

Department specific initiatives are overseen by the Executive Board ensuring climate-related decision making is integrated across the business. One example of how climate-related issues are considered when implementing strategy and financial planning is the integration of delivery of our near-term Science Based Targets into our operational and commercial planning, including the budgeting for delivery of such programmes, negotiations with our key suppliers, and range reviews within the products we sell. The Executive Board is regularly updated by the Head of Sustainability and operational leads (who are members of the Responsible Business Working Group) on progress with climate-related matters.

Responsible Business Working Group

The Responsible Business Working Group, with membership from heads of functions across the business, is chaired by the Head of Sustainability. The Responsible Business Working Group is responsible for the delivery of climate related initiatives across the business. It reports to the Executive Board and the Responsible Business Committee on a regular basis through the Head of Sustainability.

STRATEGY

Time horizons: short, medium and long term

We continually monitor climate-related risks and opportunities across three time horizons:

- Short term (2025): our existing enterprise risk management process already covers short term climate-related risks in the next two years.
- Medium term (2030): this time horizon was selected for climate-related risks and opportunities as it aligns with global standards and climate policy as well as our near-term Science Based Targets.
- Long term (2040): this time horizon was selected for climate-related risks and opportunities as it aligns with global standards and climate policy as well as our long term target.

Last year, we focused on identifying a longlist of climate-related risks and opportunities across the business and the value chain via engagement with the Responsible Business Working Group. A description of the specific climate-related issues potentially arising in each time-horizon that could have a material financial impact on the Group is set out on page 48. Risks are considered to be consistent across locations and sectors.

The scenario analysis was performed in two stages. In 2021, we engaged with cross-functional stakeholders to prioritise risks and opportunities based on their importance to the business. When determining importance a wide range of factors were considered, including the impact on key stakeholders, the achievement of strategic objectives and cost-benefit analysis. We then conducted an initial scenario analysis to identify 'hotspots' of climate change risks and opportunities.

This year, we also short listed three climate-related risks and opportunities for further assessment. These were:

- **Exposure to carbon pricing mechanisms:** We assessed our level of exposure to future carbon pricing mechanisms based on future carbon prices under two climate scenarios across our entire footprint.
- **Water risks across the supply chain, focused on key suppliers:** We assessed our vulnerability to water scarcity across the supply chain, with a focus on key locations for our major suppliers, especially those with water intensive manufacturing processes.
- **Opportunities related to the sale of products and services related to heat pumps, solar panels and EV chargers:** We assessed the market opportunities for Wickes from three products supporting the low-carbon transition including solar panels, heat pumps and EV chargers.

These risks were selected as they were considered to be high potential future climate-related risks or areas where we have limited knowledge of the potential impact.

Potential impacts on strategy and financial planning

In 2022, we explored how these climate-related issues might affect our strategy and financial planning at a high level (see 'Potential financial impacts' column in the table on page 48). Based on the latest assessment of the potential financial impacts of these risks and opportunities, we plan to explore in more detail during 2023 how these will serve as inputs to our financial planning process. We will also be using the analysis to inform our commercial strategy in new product areas, and in our engagement with suppliers to aid in their decarbonisation, reduce their emissions and set Science Based Targets, and mitigate risks in water shortages. Our near-term Science Based Targets form the start of the development of our climate transition plan, which we will continue to build on in the coming months. Now that our climate related risks and opportunities are fully assessed, we can undertake further analysis to better understand their potential impacts across areas of the business including products and services, value chain, adaptation and mitigation activities, investment in research and development, operations, acquisitions or divestments, and access to capital. We intend to provide an update on our work in this area in our Annual Report next year.

Resilience of strategy under different scenarios

This year, we started to test the resilience of our business strategy against prioritised climate-related risks and opportunities, and identified what strategic response is required to address gaps identified (see 'Strategic response' in the table on page 48). We plan to continue testing the resilience of our strategy as we better understand how these risks and opportunities are likely to impact our business. Further information on the scenarios we have used this year and the findings of our scenario analysis to date are set out on pages 49-50. We intend to provide an update on our work in this area in our Annual Report next year.

RISK MANAGEMENT

Our climate-related risk management processes follow four main steps: risk identification and monitoring, risk assessment, risk prioritisation and risk integration and management.

Risk identification and monitoring

Climate-related risks and opportunities identified as part of our first TCFD assessment in 2021 were logged in a newly-developed Climate Risk Register. Owned by the Head of Sustainability, this Register sits separately to our main Group Risk Register, and is used to monitor climate-related risks and opportunities on an annual basis. This year, three climate-related risks and opportunities were shortlisted for further assessment (see Strategy).

Risk assessment

Prioritised climate-related risks and opportunities are then assessed via a scenario analysis.

Scenario analysis is one of the processes that Wickes utilises to identify and assess our climate risk. We also use our EarthScan platform, to identify any significant risks in our property estate, and assess their impact on our ability to operate. Significant risks are then tracked and managed accordingly. In our operational estate we have identified high-risk properties in our future estate strategy, and invested in technology within our estate to lower our carbon footprint and energy consumption. Our improved understanding of our supply chain in terms of their carbon footprint and risk to changes in carbon pricing, for example, have allowed us to begin engagement with them to reduce these risks for both businesses. The scenarios used to assess these future risks are based on both existing and emerging regulatory requirements. This year, we undertook a detailed scenario analysis exercise to assess the three prioritised climate risks and opportunities in a rapid warming 4°C scenario, a high emission 'limited transition' 3°C scenario, and a 'rapid transition low emissions' 1.5°C scenario (see Scenario analysis section on page 49).

Risk prioritisation

Climate-related risks and opportunities are prioritised on the basis of the strength of the climate change signal, and the extent of the potential financial or strategic impact on our business, to help us determine the relative significance of climate-related risks when compared to the Group's other risks. The Group's Enterprise Risk Management framework requires the evaluation of risks based on their impact and likelihood to arrive at an assessment score. This is a process that Wickes already has in place for the identification, assessment and management of risks other than climate-related risks. Risks that scored highly are then brought to the attention of the Risk Management team.

Risk integration and management

Priority climate-related risks and opportunities are then integrated into our Group risk register using the prioritisation process described on pages 64-66 as part of risk management and internal control. Climate change risks have already been integrated into our Group risk register as part of our 2021 TCFD response, with additional risks identified as part of our 2022 response also included, ensuring that we anticipate and manage the strategic, operational and reputational risks associated with climate change. Climate is one of the Group's principal risks and uncertainties (see page 69 for further information).

The Audit and Risk Committee is responsible for the management of key risks through Group Risk Registers, with key risks regularly collated and reviewed by management and the Board to assess the potential impact and likelihood of occurrence, after taking into account key controls and mitigating factors, as well as interdependencies. The Group risk register is discussed at Board level on a regular basis, and scores have been attributed to each risk (before and after mitigation), along with a mitigation plan and risk owner. Wickes has assessed each risk against a risk appetite level.

METRICS AND TARGETS

GHG emissions

We have calculated our full 2022 GHG footprint for our business, covering absolute Scope 1, 2 (market and location) and 3 emissions and carbon intensity, following best practice guidance from the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI)'s Greenhouse Gas Protocol. This full GHG footprint is provided on page 43 including for historical periods (from 2021) to allow for trend analysis.

Scope 1, 2 and 3 GHG emissions are key metrics in monitoring our climate impact over time, and are independently verified. Wickes is a signatory of the BRC Climate Action Roadmap, with an emissions reduction roadmap which was defined in 2022 using our verified 2021 base year. Wickes does not currently use internal carbon prices.

Near-term Science Based Targets

In 2022, we submitted near-term Science Based Targets for approval to the SBTi, using our 2021 data as our baseline year, with a target year of 2030 (see pages 40-42). These targets were approved, and we are now working to deliver our decarbonisation pathway in line with the BRC Climate Action Roadmap and our own intervention pathway. One of these targets relates to our purchased goods and services emissions, and aims to encourage our major suppliers to set Science Based Targets of their own. This supplier engagement will also help to address our key transition opportunities and risks identified in our 2022 scenario analysis.

Additional Metrics and Targets

We have defined a number of additional targets related to packaging, including eliminating unnecessary packaging by 2023, making all packaging easy to recycle by 2025, and having at least 50% of packaging volume containing recycled materials, with progress being monitored using relevant metrics. We also target 100% responsible sourcing in our timber sourcing, monitoring our suppliers through PESC and FSC.

Executive remuneration

Members of the Executive Board have an ESG metric as part of their bonus targets (see Directors' Remuneration report on pages 101-114), which in 2022 was focused on Environmental and Social metrics. Environmental targets were to achieve a submission and score of our first every CDP response, as well as reduce our absolute energy use across electricity and gas in our store estate.

This year, our ESG targets will be integrated into our Executive Long Term Incentive Plan (LTIP), and will be linked to our near-term Science Based Target roadmap.

Responsible Business continued

Task force on climate-related Financial disclosures (TCFD) continued

TCFD category	Climate-related risk/opportunity topic	Potential financial impact	Climate scenario	Potential impact 2025	Potential impact 2030	Potential impact 2040	Strategic response
Transition: Policy, Market	**Opp:** Transition to heat pumps to heat homes across the UK as part of UK Government's plans to decarbonise buildings	Increased sales/revenues from increase in demand for heat pumps	STEPS (<2°C)	Not deemed material	High	High	– Monitoring relevant policy developments – Defining strategy related to heat pumps and services
			NZE (<1.5°C)	Not deemed material	High	High	
Transition: Policy, Market	**Opp:** Opportunities related to new products and services related to energy storage and microgeneration	Increased sales from new products and services related to solar PV panels and EV chargers	STEPS (<2°C)	Not deemed material	Medium	High	– Monitoring relevant policy developments – Exploring new products and ranges as part of internal strategic initiatives
			NZE (<1.5°C)	Not deemed material	High	High	
Transition: Policy	**Risk:** Implementation of carbon pricing mechanisms including emissions trading schemes (ETS)	Increased costs passed on by suppliers	STEPS (<2°C)	Not deemed material	High	High	– Focusing on decarbonisation targets (incl. near-term Science Based Targets) – Engagement with suppliers on climate-related targets/ reduction plans – Monitoring relevant policy developments
			NZE (<1.5°C)	Not deemed material	High	High	
Transition: Policy, Market	**Risk/Opp:** Phase out of gas boilers and replacement with low-carbon heating alternatives, driven by the UK target of no new gas boilers by 2035	Reduced sales of gas boilers/ Increased sales from alternatives to gas boilers	NZE (<1.5°C)	High	High	Low	– Exploring phase out and new ranges as part of internal strategic initiatives
Transition: Policy, Market	**Opp:** Expansion of existing and development of new products and services relating to improving the thermal efficiency of buildings, energy efficient lighting and appliances and smart controls	Increased sales from new products and services supporting these areas	NZE (<1.5°C)	High	Medium	Low	– Exploring existing and new products and ranges as part of internal strategic initiatives
Transition: Policy	**Risk:** Implementation of product specific standards related to embodied emissions	Increased costs to meet product specific standards	NZE (<1.5°C)	Medium	Uncertain	Uncertain	– Monitoring relevant policy developments
Transition: Policy	**Risk:** Implementation of a carbon border adjustment mechanism (CBAM) in the UK and the EU	Increased costs passed on by suppliers	NZE (<1.5°C)	Low	Medium	Uncertain	– Monitoring relevant policy developments
Transition: Policy	**Risk:** UK Government targets to decarbonise transport	Increased costs linked to the decarbonisation of the fleet	NZE (<1.5°C)	Medium	Medium	Medium	– Engaging on long term decarbonisation strategy of main transport providers – Defining business case for potential low/zero-carbon fleet options
Transition: Policy	**Risk:** Increased adoption of green clauses in building leases	Increased costs linked to stores' building leases	NZE (<1.5°C)	Low	Medium	Uncertain	– Monitoring energy usage and emissions of stores – Exploring emission reduction possibilities in stores
Physical	**Risk:** Water availability across the supply chain	Production disruptions due to water scarcity	RCP8.5	Uncertain	Uncertain	Uncertain	– Engaging with identified suppliers to discuss mitigation actions
Physical	**Risk:** Climate change risks related to timber sourcing	Production and supply disruptions	RCP8.5	Uncertain	Low	Medium	– Monitoring weather conditions in sourcing regions

Climate-related risks and opportunities selected for focus in 2022

Selected for potential impact

Low | Medium | High | Uncertain | Not deemed material in this time horizon

SCENARIO ANALYSIS

Climate scenario analysis is an essential tool for us to better understand how climate change is likely to affect our business in the future. This year, we conducted the second stage of our scenario analysis and assessed three climate-related risks and opportunities in more detail. Two of the risks and opportunities are transitional risks – business exposure to future carbon pricing mechanisms, and opportunities related to future products and services supporting the low-carbon transition under a rapid transition scenario. One physical risk, assessment of water risks across our supply chain under a high-impact scenario, was considered in more detail.

Rapid transition scenario (<1.5°C)

Wickes explored climate-related transition risks and opportunities using two reference scenarios provided by the International Energy Agency (IEA). The Net Zero Emissions by 2050 Scenario (NZE) is a 1.5°C-aligned scenario, showing a narrow but achievable pathway to achieve net zero emissions by 2050. We also used the Stated Policies Scenario (STEPS), as a "business as usual" (BAU) comparative scenario. This scenario considers current policy settings (already implemented or confirmed upcoming policies) and is the IEA's 'worst-case' scenario given the current policy and market landscape and trends.

The scenario analysis for transition risks and opportunities focused on two material transition topics: the potential exposure to future carbon pricing mechanisms and the opportunities related to products that support the transition to net zero. These topics were selected based on last year's scenario analysis results, which pointed towards potential high risks related to our sourcing of carbon intensive products as well as potential opportunities arising from policy and market developments related to heat pumps, solar panels and electric vehicle (EV) chargers.

Exposure to future carbon pricing mechanisms

Explicit carbon costs under the IEA's STEPS scenario[1] are due to increase to ~£90/tCO_2e by 2030 and ~£98/tCO_2e by 2040.[2] Under the IEA's NZE scenario, prices are projected to increase to ~£146/tCO_2e by 2030 and ~£205/tCO_2e by 2040.

Under a BAU STEPS scenario, we estimated that our exposure to carbon costs in the medium term is lower relative to other scenarios due to lower carbon prices. In the long term, there is a continued but small increase in carbon price projections leading to a sustained but low risk exposure relative to other scenarios. Achieving net zero by 2040 with STEPS scenario price projections presents the lowest risk outlook.

Under a NZE scenario, the business could be subject to high carbon prices by 2030. This presents a high carbon cost risk given that we will still be at relatively early stages of decarbonisation towards net zero by 2040.[2] If we achieve net zero in this timeframe, our risk exposure will be mitigated through a low GHG emissions profile. Failure to decarbonise under a NZE scenario by 2040 presents the highest risk outcome to Wickes.

Thus decarbonisation presents the primary risk mitigation action to reduce exposure to carbon costs. Achieving both our near-term and long-term, net zero Science Based Targets could substantially reduce our exposure to these costs. With Scope 3 carbon costs more material than Scope 1 and 2 costs under all pathways (reflecting our GHG footprint), engaging with our suppliers to reduce emissions is a priority mitigation action to reduce the impacts of future carbon costs.

Opportunities from products supporting the low carbon transition

To meet its net zero target, the UK will need to reduce emissions from heat and buildings by 100% by 2050 compared with 2019.[3] With the majority of emissions coming from heating buildings, the primary focus of current and future policies is on decarbonising heat while improving the energy efficiency of UK homes. UK Government policies like Future Home Standard (new homes), the Boiler Upgrade Scheme and The Ten Point Plan For A Green Industrial Revolution present opportunities in relation to expanding and developing low carbon products and services across our Sustainable Home offerings, specifically heat pumps, EV chargers and solar panels.

The climate scenario analysis we conducted found that:

- **Heat pumps** represent the biggest market opportunity in terms of revenues as they are key to decarbonising home heating. However, there is a significant gap between the BAU and NZE scenarios reflecting a misalignment between ambitious targets and current policy and market conditions.
- **EV chargers** also represent a significant opportunity based on current policies (aligned with national emission reduction plans) and market conditions, including the ban of new sales of internal combustion engine cars by 2030, the incentive for new builds to be 'EV charger ready' and grant schemes. This is reflected in a smaller gap between scenarios, presenting a more certain opportunity.
- **Solar panels** represent a smaller opportunity which is likely to be boosted in a NZE scenario, as the lack of current economic incentives (e.g. the end of the Feed-in-Tariff Scheme) is translated into a lower uptake in a BAU scenario.

High physical impact scenario (4°c)
Physical risks

We used the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 8.5 scenario to project the most likely climate outcomes associated with a trajectory where global emissions continue rising at current rates, leading to a temperature increase of 4°C by 2100.

As water use across our own operations is negligible in comparison to that of our supply chain, the analysis of physical risks focused on water availability risk across the supply chain only. The majority (62%) of our products are sourced from industries with very high or high water intensity, making them vulnerable to water availability risks in the future.

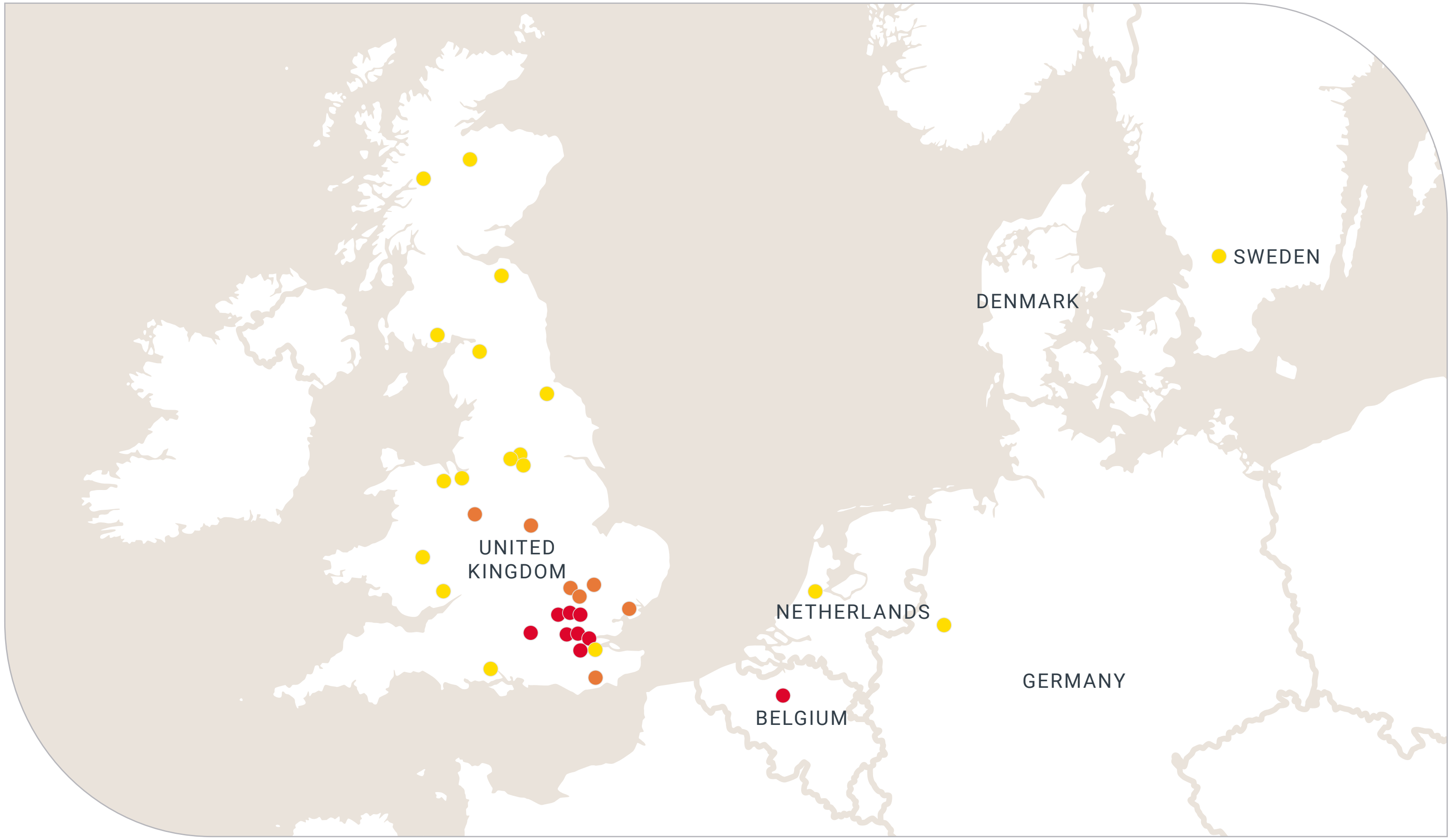
An exploratory scenario analysis of our supplier locations was carried out with the purpose of identifying water availability risk hotspots. 45 locations from the top 20 suppliers were identified for the scenario analysis. The analysis (summarised on the map on page 50) showed that 11 out of the 45 supplier sites are projected to be in locations with high water availability risk by 2030 under an RCP8.5 scenario; these suppliers are located in the south of the UK (Thames basin) and in Belgium (Scheldt basin). By 2040 and under an RCP8.5 scenario, only the location in Belgium is projected to be at high water availability risk, while the sites in the south of the UK are projected to be at moderate water availability risk.

1 IEA (2022) World Energy Outlook.
2 Using the IEA categorisation of European Union for price projections equitable to the UK's.
3 HM Government (2021) Net Zero Strategy: Build Back Greener.

Responsible Business continued

Task force on climate-related Financial disclosures (TCFD) continued

Projected water availability risk for selected Wickes' supplier locations by 2030



PROJECTED WATER STRESS:
- High
- Moderate
- Low

Property and supply chain

Throughout 2022, Wickes has been working with Cervest to better understand how the physical risks of climate change will affect our property and supply chain portfolio. Using Cervest's Earth Scan technology, Wickes has created portfolios of property and supply chain assets, and assesses the risk of climate change through various warming scenarios and physical climate risks such as temperature, flooding and wind. The subsequent reports act as intelligence for our property estate, to integrate their findings into future property strategy, as well as provide climate risk reports for category managers for our largest product portfolios such as timer and aggregates. We will continue to build out our supply chain portfolios, to include a wider range of suppliers covering a large geographic range, with special focus on locations which are particularly susceptible to the physical risks of climate change.

HOMES

OUR GOAL

Help the nation to make their homes more sustainable

OUR TARGETS

- Eliminate all unnecessary packaging and all packaging to be easy to recycle or reuse by 2025
- 50% of our own brand products classified as sustainable
- Reduced in-use emissions of our products

Sustainable homes for everyone

Whilst making homes more sustainable ultimately leads to them lowering their environmental impact and carbon emissions, it also helps to address the cost of living crisis gripping the UK. With the dramatic rise in energy prices, reducing energy consumption is an absolute priority for our customers. Wickes is focused on providing customers with a broad range of sustainable and energy efficient products and services to achieve long term decarbonisation targets and short term relief on the cost of living.

Products

In 2021, we identified sustainable products and services as a major growth lever for the business, and so 2022 has been about understanding our products, and their impact on the environment and customers' homes. At the start of the year, we set out to taxonomise our products into a new set of categories, understand the environmental performance of those products and assess any gaps in our ranges to support energy efficiency. **Sustainable products** are those that are sustainably sourced, made, packaged or delivered. **Sustainable living** are those that provide positive social and environmental impacts through their use. Each of these categories has a series of subcategories depending on the qualities of the product. You can read more about our classification and their definitions on our website.

Services and support

Currently we do not offer any specific services for customers on energy efficiency. We are working with our customer insight and commercial teams to assess how best to build our service offering, looking especially at energy generation technologies.

We now offer energy advice and guidance in the form of our 'Energy Saving Advice' pages on our customer website. These pages provide product information and installation guidance for key products for customers to save energy. This page is supported by a new partnership with the Energy Saving Trust, which allows us to use verified energy.

Wickes Sustainable House Guide

In November, we released a new shopping experience for our customers in the form of a Sustainable House on our customer website. This interactive shopping experience allows customers to explore energy saving and sustainable products for their homes and understand their environmental impact, whilst being integrated into our existing customer journey. The house highlights not only the products available, but also useful hints and tips to lower energy consumption through behaviours and conservation. The house is also available to customers in store, through prompts in the form of 'wobblers' positioned next to key products, and as part of our assisted selling model.

SCAN ME

OUR SUSTAINABLE HOUSE GUIDE

Learn what you can do to save money and live more sustainably. Visit wickes.co.uk/sustainable-house to find out more

BETTER PACKAGING

In addition to improving the recyclability and recycled content in our packing, we have also been developing a new labelling system for our own brand products that help to make your home more sustainable. These icons are currently in testing, and will begin to be integrated into our own brand products through our range review process in 2023.

> It is really rewarding to see the improvements we've made so far to our own label packaging, and to have had such great levels of engagement and collaboration from colleagues and suppliers.

VICTORIA ELLIS
Sustainable Materials Manager

Installations

We continue to focus on ensuring the waste from our kitchen and bathroom installations is recycled, and that all product packaging waste, and removed kitchen and bathroom units are not sent to landfill. Working with our waste partners AnyJunk and Hippo, 98% of our installations waste is recycled, with only a small amount of unrecyclable ceramic waste being sent to landfill.

Packaging

We are continuing to deliver against our three key packaging strategy targets:

We will eliminate all unnecessary packaging across our business by 2023

This target is designed to focus our teams on efficient packaging strategies, and to make an absolute reduction in our packaging volumes. All own label packaging has been assessed and we have removed all unnecessary packaging from our own brand products. We have eliminated 6% of plastic and any new packaging introduced is as minimal as possible.

All our packaging will be easy to recycle or reuse by 2025

This target focuses on the materials we use in our packaging – moving away from unrecyclable materials such as PVC and polystyrene to those that offer the opportunity for a second lease of life as future packaging materials or construction materials, or those that are biodegradable.

50% of our customer plastic and paper packaging will come from recycled materials by 2025

This target aims to reduce the use of virgin materials within our packaging strategy. To support these targets, we have built a new packaging management system, which allows us to monitor and manage the packaging within our business, and work with our suppliers and colleagues.

New packaging data portal

We have now started transitioning our packaging data into our new portal, Valpak. This will enable us conform with all legal compliance requirements, manage our costs, and focus on improving recycled content in our packaging. We are on target to achieve this transition in 2023.

LOOKING FORWARD

We recognised that customers needed help and advice on how to live more sustainably and reduce their energy consumption. In 2022 we developed an Energy Saving Advice guide and a virtual Sustainable House on our website. The aim of this virtual tool is to help guide customers on how they can live more sustainably through modifying their behaviours, and implementing projects with Wickes products to make their homes more sustainable and energy efficient .

In 2023 we will continue to support and guide our customers on the right products and projects they can implement through all our channels including stores. We will also continue to build our product offer to enable customers to be more energy efficient and explore what role we want to play in the installation of energy efficient products and technologies.

GOVERNANCE AND RESPONSIBLE SOURCING

GOVERNANCE

Our established Responsible Business Committee is responsible for guiding and overseeing the development of our Responsible Business Strategy. Further information on our governance arrangements are set out in the TCFD report on pages 45-50 and the Responsible Business Committee report on pages 98-100.

RESPONSIBLE SOURCING

Our Responsible Business Strategy is built on the foundation of a sustainable, responsible supply chain.

Wickes Supplier Manual

We ensure our suppliers demonstrate and share similar values to our own, especially for their employees' health and safety, the environment, business ethics and product quality. These values make up the five pillars of our Supplier Manual, and we have made a series of commitments to establish these principles throughout our supply chain.

Labour standards

Wickes is committed to upholding human rights and promoting positive working conditions and practices throughout our supply chain. We aim to work collaboratively, and to create an environment that enables transparency throughout the supply chain.

Health and safety

Wickes is committed to providing a safe environment to work and shop in so that everyone returns home safe and well every day. You can find more information on our health and safety culture on page 38.

Environment

Wickes is committed to making positive choices that will reduce our impact on the environment. Wickes' environmental management controls are externally aligned to the international standard ISO 14001, with an independent audit due in the first half of 2023 followed by certification audits later in 2023. We are members of the On-Pack Recycling Label (OPRL) scheme, and we encourage all suppliers to sign up to the scheme and use the labels on their products. We understand the nature and scale of our impact, and the importance of working with our supply chain and partners to reduce it.

Business ethics

Wickes is committed to conducting our operations honestly and with integrity.

Product quality

Wickes aims to source only products that are safe, fit for purpose and meet or exceed our customers' expectations. We require each product that enters our supply chain to comply with all applicable legislation.

Responsible Sourcing Policy

Our Responsible Sourcing Policy ensures that we source products and partners responsibly and set minimum standards across our supply chain. This policy is intended to meet all relevant legislative requirements, as well as to provide confidence for our customers and stakeholders that Wickes is a trusted partner and retailer. We continue to conduct our ESG questionnaire with key suppliers, which looks to better understand the risks within our supply chain and the opportunities for improvement and collaboration. We regularly review the outcomes of the ESG supplier questionnaires and report these to the Executive Board annually. We review our minimum standards each year to make sure that our policy remains fit for purpose.

Auditing and risk assessments

Thanks to improved travel opportunities in the last 12 months, we have conducted in-person verification with key suppliers in India, South Africa and China. Our next ESG supplier questionnaire in March 2023 will help to inform our future in-person verification plans for the next 12 months.

Engagement

This year, we have focused on engagement with key suppliers, including training sessions on requirements and legislation. We connect with third parties who can verify these suppliers, as well as ensuring continued compliance with UK law.

Near-term Science Based Targets

As part of our work to set and deliver near-term Science Based Targets, we have begun to engage our top 20 suppliers on their own carbon reduction targets. Our ambition is to have 42% of our suppliers by emissions to have also set Science Based Targets by 2027. We will report on this target annually,

Timber Policy

Timber remains a key resource for our business, making up 45% of our sold products. Under our Timber Policy, each timber product that enters our supply chain has to comply with all applicable legislation, including FSC and PEFC. We require full chain of custody on all timber and joinery products. We carry out regular inspections of our suppliers, conduct a supplier risk assessment every two years, and conduct Sedex ethical audits to complement our process. This strategy means that all our timber is responsibly sourced, with 99.8% being certified under FSC and PEFC. The results of the inspections carried out against our Timber Policy are reported to the Executive Board.

Environment Policy

We set out our commitment to becoming a sustainable business, along with all the responsibilities that come with it, in our Environment Policy. This includes working with our supply chain partners to reduce our indirect impacts, improving the efficiency of our estate and reducing waste and packaging. Relevant business leads monitor compliance and report regularly to the Executive Board.

Forestry CDP response

To support our main climate CDP response, which you can read about in our Environment section, we also submitted a basic forestry CDP response. The purpose of this submission was to better understand the requirements of a full forestry response in the future, as well as our own timber and forestry practices. Although our response was not scored, it provided us with an overview of key strengths and focus areas, including:

- innovation – we are using new and innovative methods to better understand risk in our timber supply chain, such as mapping our exposure to various physical climate-related risks across our supply chain geographies, which you can read more about in our TCFD section;
- certification – our alignment to responsible sourcing certifications including PEFC and FSC;
- auditing – our key suppliers are audited regularly through our Sedex platform; and
- policy – we have a Wickes Timber Policy that brings together our sourcing, auditing and governance into a single document, which enforces our approach to sourcing these key products.

We will complete a full forestry response in 2023.

NON-FINANCIAL INFORMATION STATEMENT

The following table sets out where the key content requirements of the Non-financial information statement (as required by sections 414CA and 414CB of the Companies Act 2006) can be found in this document and also on our website.

Non-financial matter	Disclosures of policies and standards	Page
Employees	Section 172 statement: colleagues	56
	Board leadership and company purpose	79
	Strategic report: People, Inclusion and diversity, Colleague voice, Health and wellbeing	35-39
	Safety Policy	38
	Nominations Committee report: Inclusion and diversity	89-90
	Principal risks and uncertainties: People, culture and safety	68
	Directors' Remuneration report	112
Stakeholders	Section 172 statement	55-59
Human rights	Code of Business Ethics	81-82
	Human Rights Policy, Modern Slavery and Human Trafficking Policy	116
	Our Modern Slavery statement can be found on our website	
Social matters	Section 172 statement	55-59
	Strategic report: People, Environment, Homes	35-53
Anti-corruption and anti-bribery	Board leadership and company purpose	79
	Modern Slavery Statement	116
	Anti-bribery Policy	116
	Anti-Fraud Policy	116
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Environmental matters	Task Force on Climate-related Financial Disclosures	45-50
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	Strategic report: Environment	40-53
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Principal risks and impact of business activity	Principal risks and uncertainties	66-70
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PROMOTING THE SUCCESS OF THE COMPANY

Section 172 of the Companies Act 2006 requires the Directors to promote the long term success of the Company for the benefit of its members as a whole, having strong regard to our stakeholders when making decisions, and seeking to conduct business responsibly, including reducing our environmental impact. The differing interests of stakeholders are considered in the business decisions we make at all levels across the business and these decisions are guided by our culture and purpose and by the Board setting the right tone from the top.

Our stakeholders have an important role to play in the success of our business and throughout our Strategic report you can see how our decisions and actions have been influenced by our stakeholders.

In this section we describe how the Board has factored section 172 considerations into decision making.

During the year the Board has had to act in an agile and responsive way to the uncertain economic environment, the considerable geopolitical and economic disruption following the Russian invasion of Ukraine, as well as adjusting to the post-pandemic business patterns and finalising the separation programme after the demerger. The Board has closely monitored business performance during these uncertain trading conditions and stakeholder feedback on market expectations of our trading results.

Board decision making is supported by our structured governance framework, which includes regular Board meetings, as well as having clear policies and authority levels in place for management. The Board ensures that it receives quality information, including views from stakeholders, to inform decision making. The Board has approved a suite of policies, including our Code of Business Ethics, which establish a robust system of control and oversight in matters of ethics and compliance. The main activities of the Board during the year are set out on pages 83-84.

Engaging with stakeholders

The Board engages with our different stakeholder groups to enable the Board to gain a good understanding of stakeholders' views and places great emphasis on their feedback as part of its decision making considerations. In order to fulfil its duties, the Board takes care to have regard to the likely consequences on all stakeholders of the decisions and actions which it takes. Such considerations ensure the business is making decisions with a longer term view in mind and with the sustainable success of the business at its core.

The needs and views of our stakeholders are also considered by colleagues and leaders throughout the business, which helps us make good decisions at all levels. By understanding each stakeholder group, the business and the Board can ensure that they are taking all views into account and reaching conclusions that will benefit the Company as a whole. Where possible and relevant, decisions are carefully discussed with affected groups to ensure they are fully understood and supported when taken. Details of our key stakeholders, how they link with our business model and how we engage with them is set out on pages 56-57.

s.172 duties

Examples of how the Directors have undertaken their Section 172 duties and have had regard for these matters when making decisions is included through this Annual Report:

s.172 factor		More information	Page ref.
a)	The likely consequences of any decision in the long term	Strategy and business model	22-30, 20
		Principal risks and uncertainties	66-70
		Performance review	8-11
b)	The interests of the company's employees	People strategy	35-39
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		Section 172	55-59
		Principal risks and uncertainties	66-70
		Board leadership and Company purpose	79
		Directors' report	115-117
		Directors' Remuneration report	101-114
c)	The need to foster the company's business relationships with suppliers, customers and others	Strategy	22-30
		Responsible Business	33-53
		Section 172	55-59
		Principal risks and uncertainties	66-70
		Board leadership and Company purpose	79
		Responsible Business Committee report	98-100
d)	The impact of the Company's operations on the community and the environment	Section 172	55-59
		Responsible Business	33-53
		TCFD disclosure	45-50
		Responsible Business Committee report	98-100
e)	The desirability of the company maintaining a reputation for high standards of business conduct	Strategy and business model	22-30, 20
		Responsible Business	33-53
		Responsible Business Committee report	98-100
		Board leadership and Company purpose	79
		Division of responsibilities	85
		Whistleblowing	81
f)	The need to act fairly as between members of the company	Section 172	55-59
		Board activities	83-84
		Shareholder information and AGM	160

Section 172 continued

Stakeholder: COLLEAGUES

Priorities

Our colleagues want a great place to work where everyone feels at home and can bring their true authentic self to work. They want to work for a business that prioritises the health and wellbeing of colleagues, provides development opportunities, values inclusion and diversity, and is an environment where colleagues feel recognised and rewarded for the work they do. More recently colleagues have also wanted support and guidance with managing the cost of living crisis and more information on environmental matters.

Business model & strategy link

Our passionate colleagues and the winning culture are an enabler at the foundation of our business model and strategy to deliver our Purpose – to help the nation feel house proud.

How we engage & outcomes

Our people are key to our success and we want them to be successful individually and as a team. The Board ensures its understanding of colleague interests through many forums, including a regular review of talent and succession, reward and benefits and safety and wellbeing reports, along with listening to colleague views.

We engage with and listen to our people in many ways, including colleague surveys, site visits, forums, Support Centre monthly briefing meetings, listening groups, face-to-face briefings, internal communities, newsletters and through our anonymous whistleblowing service. To help understand how colleagues are being affected by the cost of living crisis, we have set up a cost of living colleague working group. In response, the Board decided to bring forward the annual pay review from April to January so that colleagues could benefit from pay increases earlier.

Key areas of focus in our communications with colleagues include business updates, new products and services, health and wellbeing, inclusivity programmes, development programmes, pay and benefits, and charity activities. The Board receives regular reports about what is important to our colleagues and one of our Non-executive Directors, Sonita Alleyne, takes the lead on ensuring colleague views are heard by the Board and taken into consideration in Board decision making.

Through colleague engagement on environmental awareness and changes made by colleagues in store we have seen a reduction in our electricity usage during the year.

Stakeholder: CUSTOMERS

Priorities

Our customers want good quality, affordable and sustainable products which have been ethically sourced, which they can buy easily. They also want excellent service and for all our colleagues and suppliers to be treated fairly.

Our customers want to know that we will conduct business ethically, including protecting the environment and keeping their personal data safe.

Business model & strategy link

With our vision of a Wickes project in every home and our mission to be the partner of choice for home improvers and Local Trade, customers are at the heart of our business however they decide to undertake their home improvement plans.

We recognise that getting it right for customers is key to achieving our growth levers by delivering exceptional customer experience and growing responsibly.

How we engage & outcomes

The business spends considerable time analysing customer trends and reviewing customer feedback, including from customer listening groups and surveys, to understand their needs and views and to listen to how we can improve our offer and service. Our senior management team meets on a monthly basis to review customer insights and discuss the customer proposition in depth. Outputs are reported to the Board at every meeting and Board members also attend customer listening groups from time to time.

In response to customer interest we partnered with Klana in November 2022 to provide customers with an alternative payment method. We now offer customers the option to: pay now, pay later in 30 days, or pay in three installments.

During 2022 we launched our 30 minute click & collect service to meet customers' needs for a faster fullfilment service for online orders.

In response to customer focus on environmental and sustainability issues, we launched our sustainable house guide and energy saving advice pages on our website to help support customers to engage in environmental matters. We are looking at opportunities to bring this knowledge and information to life in our stores by curating specific ranges of energy saving products and providing better signposting for customers in store to these products. We also provide information on our website on our Responsible Business Strategy.

Stakeholder: SUPPLIERS

Priorities

Our suppliers want to be treated fairly and with respect. To receive a fair price for the products and services they provide and be paid on time. They welcome our collaborative approach and want to develop long term partnerships based on trust to build capability together and create value that can be shared.

Suppliers want our guidance and support to help them understand their climate-related risks and set their own Science Based Targets.

Business model & strategy link

Having strong relationships with our suppliers to ensure that we offer quality products, at the right price and have good availability underpins our business model and our three customer propositions.

Working with suppliers on our Responsible Business Strategy means we can have a greater impact on environmental issues, such as packaging. We will work with suppliers to achieve our Scope 3.1 near-term Science Based Target by helping them set their own Science Based Targets by 2030.

How we engage & outcomes

The Board places great importance on ensuring suppliers are treated fairly and we build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. This enables us to provide the best products at the best prices for our customers and a great platform for our suppliers to grow with us.

Engagement with our suppliers is primarily through a series of interactions and formal reviews. Key areas of focus include innovation, product development, health and safety, sustainability and payment practices. We also host supplier conferences each year with our largest suppliers. The Board's forward plan includes a strategic supplier visit and this year the Board visited one of our kitchen cabinetry suppliers, receiving direct feedback from the supplier's management team.

We want to encourage our suppliers to be environmentally focused and to set Science Based Targets by actively helping suppliers to understand their climate-related risks.

To improve our ways of working with suppliers, we updated our standard Terms of Business in 2022, both to simplify the structure of the terms and to make them more commercially balanced to enable a more efficient process for onboarding new suppliers. We also published an updated Supplier Manual and set of Supplier Commitments on our corporate website, setting out how we work with Suppliers and the values and behaviours we expect our suppliers to align with.

Stakeholder	LANDLORDS	SHAREHOLDERS	COMMUNITIES	GOVERNMENT AND REGULATORS
Priorities	Our landlords want successful and reliable tenants, to understand the environmental impact of their assets and work with tenants to reduce their carbon footprints.	Our Shareholders want us to achieve long term, sustainable growth and returns. Shareholders want us to set targets and deliver strong performance on ESG matters and link executive performance to ESG metrics.	Our communities want us to: be a responsible employer that operates ethically, bring value to the community, and be committed to reducing our impact on the environment. They want our colleagues to be representative of the communities that they serve and to provide equal opportunities.	The Government and regulators want us to operate in a safe and ethical way and comply with laws and regulations.
Business model & strategy link	A low-cost, right-sized physical estate is part of the foundation of our business model and having strong long term relationships with our landlords supports our store investment decisions.	We aim to deliver long term sustainable growth and returns to Shareholders through the delivery of our strategy. Our Responsible Business Strategy provides a framework to communicate our ESG targets and ambitions with Shareholders.	Our Responsible Business Strategy sits alongside our business model and supports an inclusive and diverse society, an environment that is protected for the next generations and homes fit for a sustainable future for all.	Our sound corporate governance and high ethical standards underpin our business model.
How we engage & outcomes	Engagement with landlords is conducted via the property team on a day-to-day basis and in formal quarterly meetings. Discussions focus on leasing arrangements and extensions, ESG initiatives, energy data sharing and reporting, and early stage green lease clauses. The Board receives an annual update on property and landlord matters. We want to work together to help decarbonise our estate. We have actively engaged in conversations with our landlords on environmental matters, such as installing solar panels and heat source pumps. As part of these projects, we have entered into Power Purchase Agreements to set a fixed rate for solar energy to be paid to landlords who install solar panels on our stores.	Our Shareholders are key to the long term success of the business and we value their input and views. We engage with our Shareholders in a number of ways, including one-to-one and group meetings with Board Directors and senior management, written communications, store visits, roadshows, regulatory reports, market announcements and presentations, and our Annual General Meeting. Our executive remuneration performance metrics are strategically aligned with Shareholders' interests by linking incentive plan metrics with KPIs, such as earnings per share growth, total shareholder return and ESG objectives. In response to shareholder views we have incorporated a decarbonisation target into our 2023 Long Term Incentive Plan.	We engage with the communities in which we operate to build trust and understand the local issues that are important to them. We engage with our communities at a local level through our stores and distribution centres. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment In addition to our main national charity partnership, through our Community Programme we support local charitable activities at a store level to raise awareness and funds and complete community projects. To support our Community Programme further we had a dedicated fund of £250,000 for product donations in 2022. We engage with our communities at a local level through our stores and distribution centres. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment.	We engage with the Government and regulators to understand their views and priorities and to share our views and experience to help shape future policy. We engage through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to our business. Key areas of focus are compliance with laws and regulations, health and safety and product safety. The Board also receives regular updates on legal and regulatory developments. This year, we wrote to the Government to express our support for the Government's commitment to energy efficiency, including the new ECO+ scheme and the establishment of the UK Transition Plan Taskforce.

STAKEHOLDER KEY

Colleagues Communities Shareholders Suppliers Customers Government and regulators Landlords

NEAR-TERM SCIENCE BASED TARGETS[1]

Background

Science Based Targets (SBTs) are the gold standard of climate change commitments. Growing our business sustainably and managing the impact of our business on the environment is important to the Board. The Board wants to be able to demonstrate that protecting the environment is an integral part of our Responsible Business Strategy and to set firm commitments to decarbonise our business by having approved near-term SBTs building on the collection of baseline data in 2021.

Stakeholder considerations

Shareholders

The Board considered the need to deliver long term sustainable value to shareholders and to provide shareholders with globally recognised and measurable targets to assess our environmental performance. The Board also considered the balance needed between a return of capital to shareholders and the capital investment required to support a programme of works to decarbonise the business, which will underpin our ability to achieve our near-term SBTs.

Customers

The Board recognises that customers are looking for ways to reduce their own impact on the environment and to make their homes more energy efficient to help manage costs more effectively, as well as wanting businesses that they deal with to look after the natural environment. The Board has taken these views into account when setting our SBTs, which will help us to demonstrate our commitment and monitor our progress so that customers can be confident that we are taking action.

Suppliers

Engagement with suppliers will be critical to deliver our near-term SBTs. The Board recognised the importance of our supplier relationships and the opportunity to strengthen relationships through support on common environmental matters, as well as identifying further opportunities for suppliers to provide new sustainable products and services.

Landlords

As a business operating a leasehold structure of our physical estate, the Board considered the support and collaboration needed with landlords to decarbonise. In particular, the opportunity to support landlords to install solar panels so that our store energy can be sourced from solar power and to move from gas boilers to air source heat pumps. We also want to help landlords to achieve their own environmental reduction targets.

Colleagues

The Board felt that committing to near-term SBTs would support a culture where protecting the environment was recognised as being important for the long term success of the business. Colleagues are passionate about wanting to work for a responsible business and to feel that they can play a part in contributing to a more sustainable future. Colleagues' support will be crucial to delivering our near-term SBTs through implementing our in store energy saving initiatives and encouraging more environmentally friendly behaviours.

Communities

The communities that we operate in expect us to behave ethically as a responsible business and to commit to reducing the impact of our business on the environment. Our near-term SBTs will enable us to measure and demonstrate our environmental performance to these communities.

Government and Regulators

By setting near-term SBTs the Board is able to demonstrate our commitment to environmental issues. SBTs will help us to meet our legal and regulatory climate related disclosure requirements by making environmental matters integral to our business strategy.

Outcome

The Board approved the near-term Science Based Targets submission and the capital investment required to support the programme of works to decarbonise the business. Our near-term SBTs were approved by the SBTi in December 2022 and the Board will closely monitor progress to achieve them.

1 s172 paragraphs (a), (b), (c), (d), (e) and (f).

SUPPLY CHAIN LOGISTICS CONTRACT[2]

Background

As part of a strategic review of our distribution and supply chain logistics services, the Board reviewed the contractual arrangements with our current suppliers. An opportunity was identified to simplify our contractual arrangements and achieve cost efficiencies, whilst maintaining excellent service delivery and good outcomes for colleagues by entering into a new medium term supply chain logistics contract with a key strategic supplier.

Stakeholder consideration

Suppliers
The Board considered the longstanding and collaborative supplier relationship that had been established and supported the opportunity to simplify the existing supplier arrangements into a single contract. This set consistent performance measures, whilst also developed the relationship by including additional services, providing certainty to both parties on the duration of the contract, and benefiting from the supplier's expertise.

Colleagues
The Board considered the impact of the new supply chain logistics contract on colleagues, which would require the majority of colleagues affected to transfer to the supplier pursuant to TUPE regulations, with a small number of colleagues put at risk of redundancy. The Board recognised the excellent health and safety record of the supplier and the specialist skills and learning opportunities for colleagues to further their careers. It was felt that the supplier's safety and wellbeing values aligned with our own.

Customers
The Board recognised that the new contract would enable the business to deliver a better service to our customers in the longer-term by expanding the scope of services to a specialist logistics partner.

Shareholders
The Board considered the cost efficiencies associated with the new contract, which would support the need to deliver long term sustainable value to shareholders.

Communities
The Board considered the implication of the new contract on the Company's related carbon emissions and noted that the supplier already had strong decarbonisation initiatives in place.

Outcome

On balance, the Board decided that entering into the new contract was in the best interest of the Company because it provided favourable cost savings and budget certainty for the duration of the contract.

2 s172 paragraphs (a), (b), (c), (d), (e) and (f).

WICKES LIFESTYLE KITCHENS RANGE[3]

Background

As part of a strategic review of our ready-to-fit kitchen range, an opportunity was identified to expand the range under a new brand and offer customers a new digital design element. The rebranded Wickes Lifestyle Kitchens range targets the lower budget kitchen market and offers an alternative to our DIFM showroom offering.

Stakeholder consideration

Customers
The Board considered the needs of customers with a lower budget, customers who wished to take advantage of a fully virtual sales and design service, and already wanted a ready to fit option.

Shareholders
The Board considered the importance of making investment decisions that support long term sustainable growth and provide new opportunities to grow market share. The Board wanted to act in an agile way to respond to market trends and develop an already popular product range.

Suppliers
The Board recognised that expanding the number of products in the Wickes Lifestyle Kitchens range would help to deepen existing supplier relationships and provide opportunities for suppliers to offer new products to us.

Colleagues
The Board felt that the expanded product range would enable colleagues to better meet customer needs. New jobs would be created at the virtual sales centre in Bicester providing opportunities for existing colleagues and for new colleagues to join the business from the local community.

Outcome

The Board decided that investing in the Wickes Lifestyle Kitchen range was a sound investment case, which would give the business the opportunity to increase market share and better meet customers' needs.

3 s172 paragraphs (a), (b), (c) and (f).

FINANCIAL REVIEW

MARK GEORGE
Chief Financial Officer

We are pleased to report another period of sales growth and market share gains in Core (source: GfK). This builds on our long term track record of growth, which reflects the effective business model and the investments we have made in our digital and service propositions. LFL sales for FY2022 were ahead by 3.5%, with a strong finish to the year in DIFM delivered sales, and, within Core, strong Local Trade sales over the year. Adjusted operating profit declined moderately from the record high of 2021, with a lower adjusted gross margin as a result of inflation and mix factors, plus higher P&L investment costs in areas such as distribution, refits and IT.

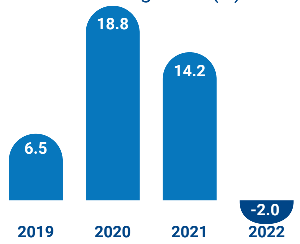
Adjusted profit before tax also declined, despite reduced interest costs which were primarily a result of lower leasehold debt. Note that from FY2022 onwards we will be excluding unrealised gains and losses from forward currency contracts from adjusted profit before tax, as these can potentially be material, are non-cash and do not reflect underlying business performance.

Statutory profit before tax also declined, reflecting the reduction in adjusted profit before tax, a full year of IT separation costs, and a right-of-use asset impairment charge. The business was broadly cash neutral in the year, other than the expenditure on IT separation.

Adjusted revenue

Adjusted revenue for the 52 weeks to 31 December 2022 was £1,559.0m, an increase of 1.6% on the prior year. In FY2021, the 53rd week added £24.5m of sales, so revenue growth on a 52 week basis was 3.2%. With a small net reduction in floorspace (closure of two stores and a Kitchen and Bathroom standalone unit, and the opening of a new store at Bolton), full year LFL sales growth was 3.5%.

Core LFL sales growth (%)



Core revenue, encompassing Local Trade and DIY segments, declined by 3.8% to £1,187.9m, down 2.2% on a 52 week basis. LFL sales declined by 2.0%, although this improved over the course of the year. This was partly as a result of weaker one-year sales comparatives as Covid comparatives eased, but also from some stabilisation in DIY sales, which had softened from June onwards as a result of the cost of living crisis. Stronger sales of energy-saving products were a notable feature here. There was also some impact from very hot weather in late summer, which may have shifted some activity from Q3 into Q4.

On a three-year basis, Core LFL sales growth was 33.0%, driven by growth in Trade sales as our TradePro business goes from strength to strength. Looking ahead, the three-year comparatives become less meaningful as the base year will include the first Covid lockdown, so this measure will no longer be provided.

Core sales performance was strongest in a number of areas which have seen specific range reviews and product development, such as garden, decorative and SNAF (screws, nails and fittings). The building category also performed well. Other categories, such as outdoor decking, were affected by a strong Covid-related performance in 2021.

> Although profits stepped back from a record year in FY2021, we are very pleased to report another year of improving sales densities and Core market share.

Selling price inflation for the full year was 13%, moderating as the year progressed. In the first half, inflation was 15% (H1 2021 3%), as we experienced the full impact of Covid recovery and the war in Ukraine. Inflation then moderated in the second half to 10% (H2 2021 11%) as we started to see some price increases moderate and, in some categories reverse (e.g. timber). We would expect a lower level of inflation overall in 2023, although some price inflation remains in energy-intensive categories such as cement.

Our trading strategy remains to be very competitive on price (even before the 10% TradePro discount), and in 2022 our selling price inflation was significantly less than cost price inflation. Historically this strategy has helped to drive market share gains.

This unprecedented level of price inflation had several implications. Firstly, industry volumes came under pressure, as consumer spending could not grow in cash terms as fast as inflation. Our own volume performance, excluding mix effects, declined by 15% in 2022, although this improved sharply as the year progressed and in the fourth quarter was down by less than 5%.

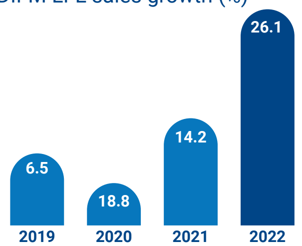
Secondly, our customer surveys show an increasing focus on value for money and shopping around, especially using digital channels. Projects that have been priced to a budget may be at risk unless inflation can be managed out of raw materials inputs. TradePro gives the trade the opportunity to lower the cost of their materials, and we believe this is one reason why our TradePro customer growth has accelerated in 2022. As yet, however, we have not seen a marked increase in the proportion of

Wickes branded products within the mix, although we are well placed to benefit if this does materialise. Finally, as outlined below, inflation affects both gross margin and cost ratio measures.

DIFM delivered sales were £371.1m, an increase of 23.6%, as we successfully worked through the elevated order book. LFL sales increased by 26.1%. The performance was particularly strong in the fourth quarter, where we benefited from reaching our target of 3,000 installer teams (March 2022 2,600), as well as some impact in the prior year from Omicron. On a three-year basis, delivered sales were close to the level reported in 2019, with LFL sales down 1.3% versus this pre Covid period.

DIFM orders in value terms were slightly down year-on-year, although the trend improved over the course of the second half. Orders have been particularly strong in new designs, both in kitchens and bathrooms, and the attachment rate (flooring, tiling, doors) continues to rise. Our credit offer, currently at 4.9% APR, remains very attractive. Cancellations remain at low levels.

DIFM LFL sales growth (%)



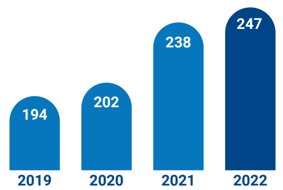
At the end of 2022, the order book was below December 2021, but still higher than 2019. With our installer base now at the optimum level, we see the order book returning to more normal levels by the end of 2023, which will provide some benefit to delivered sales in the current year.

Taken together, our growth levers have contributed to a 27% improvement in sales per square foot since FY2019. For FY2022, this metric improved from £238 to £247.

Adjusted gross profit

Adjusted gross profit for the full year was £567.1m, in line with the prior year. Adjusted gross profit margin declined 70bp for the full year (H1 2022 -70bp) as a result of mix effects in Core and selling price inflation below cost price inflation. Mix effects included the consistent growth of TradePro (lower percentage margin in trade products, plus the 10% TradePro discount), and, in the second half, the softening of DIY sales.

Sales density (£ per square foot)



Mix effects between Core and DIFM had a limited impact on adjusted gross margin. Inclusive of installation revenue, DIFM overall gross margin percentage is similar to that within Core.

Distribution costs, taken within gross profit, were flat as a percentage of sales. Despite inflation in related cost areas, some of these costs are volume, not value linked, allowing some improvement in ratios. The proportion of in-store sales also increased, with online sales falling back slightly as trading patterns normalised post pandemic.

Adjusted operating profit

Adjusted operating profit was £103.9m, down 10.7% on the £116.3m reported in FY2021. Incremental profit from the strong recovery in DIFM sales was more than offset by a lower contribution from Core as a result of lower LFL sales and the reduction in adjusted gross profit margin percentage. The impact of cost inflation and investment in growth initiatives were also not fully offset by cost savings of over £20m.

The adjusted operating profit margin was 6.7%, down from 7.6% last year. The majority of the reduction was driven by the decline in the adjusted gross margin, as noted above.

The cost to sales ratio[1] deteriorated by 20bps. Selling costs were broadly flat, with cost inflation offset by lower transaction numbers and elimination of the final portion of Covid costs. Adjusted administration costs were up moderately, with increases in IT, Support Centre salaries, and annualisation of PLC costs more than offsetting a lower bonus pool.

1 Cost to sales ratio is the total of Selling costs and Administrative expenses as a proportion of Revenue.

Net finance costs

Adjusted net finance costs were £28.5m, down from £31.3m last year. There was a £2m reduction in IFRS16 lease interest as a result of a lower average lease term, and a £1.8m increase in interest receivable as a result of higher rates on cash deposits. 2021 net finance costs included an unrealised gain of £0.7m on forward currency contracts. The corresponding figure for 2022 was £1.7m, but this, and any unrealised gains and losses in future years, will be taken as adjusting items as explained above. 2021 results have not been restated as the impact was immaterial.

Adjusted profit before tax

After finance costs adjusted profit before tax for the full year was £75.4m, a decline of 11.3% on the £85.0m reported in 2021. Excluding unrealised foreign exchange gains in both years, the decline would have been 10.6%.

Adjusting items

Adjusting items within revenue represent the £3.4m VAT reclaim. Statutory revenue in FY 2022 was £1562.4m, compared with adjusted revenue of £1559.0m.

Pre-tax adjusting item charges for full year 2022 were £35.1m (FY2021 £19.6m). IT separation costs were in line with expectations at £24.4m, and there was a non-cash impairment charge of £15.8m. These were partially offset by the unrealised foreign exchange gain of £1.7m referred to above, a reclaim of VAT overpaid in previous years of £3.4m and a tax credit of £6.8m.

Financial review continued

Profit before tax

Profit before tax in full year 2022 was £40.3m, compared with £65.4m in the prior year. The decline reflects the reduction in adjusted profit before tax and higher adjusting items.

Tax

Tax for the period is charged on profit before tax, based on the forecast effective tax rate for the full financial year. The underlying effective tax rate (before adjusting items) for the 52 weeks ended 31 December 2022 is 20.1% (53 weeks ending 1 January 2022 19.4%). In FY2021 the underlying effective tax rate was lower primarily reflecting a significant deferred tax credit (£6.7m) arising from changes to the UK corporation tax effective from 1 April 2023 from 19% to 25%.

Tax on adjusting items in full year 2022 was £6.8m (FY 2021 £9.9m).

Capital expenditure

Capital expenditure in FY2022 totalled £40.4m, slightly below our expectations at the start of the year but ahead of the £26.5m in 2021.

The main components were £24.7m investment in the store estate (2021 £13.0m), of which refits were £16.2m, the new store in Bolton £1.4m and other store capex across the estate of £7.1m. Separately, there was a £6.1m investment in one freehold at Braintree. There was £9.3m investment in our digital IT capability (2021 £6.1m), as we continue to develop our multi-channel offer.

We expect FY2023 capital expenditure once again to be £40-45m. Although we are not expecting to acquire further freeholds in FY2023, IT capital expenditure will step up further during the year as we continue to enhance our customer experience and operating systems.

Cash / net debt

Net cash as at 31 December 2022 was £99.5m, down from £123.4m in the prior year. Operating profit was broadly equal to the capex investment, working capital movement and dividend outflows, and the net movement in cash overall was therefore driven by the £24.4m of IT separation costs. As expected, net cash has also moderated from the £166.5m reported at the half year stage, as the latter is a seasonally high figure benefitting from the sell through of seasonal stock, the build up of deferred income from the DIFM Winter Sale, and is also struck before payment of the second half dividend.

The inventory position of £201.6m compared with £188.2m in the prior year. The increase resulted from the impact of product inflation, which more than offset the reduction in stock volumes. Despite lower Core sales and the stock rebuild at the end of 2021, which has seen an improvement in availability, stock turn remained healthy at 4.4x.

IFRS 16 net debt reduced to £591.8m (FY2021 £618.7m), driven by a fall in lease liabilities to £691.3m (FY2021 £742.1m) due to the low level of lease renewals during the period, partly offset by the lower cash balance.

On a last twelve month basis, IFRS 16 leverage was 2.90x compared with our target of being consistently below 2.75x.

Dividend

The Board has declared a final dividend of 7.3p per share, in line with prior guidance, which will be paid on 7 June 2023 to shareholders on the register at the close of business on 21 April 2023. This will bring the full year dividend for FY2022 to 10.9p.The proposed final dividend is subject to the approval of shareholders at this year's Annual General Meeting.

The shares will be quoted ex-dividend on 20 April 2023. Shareholders in the UK may elect to reinvest their dividend in the Dividend Reinvestment Plan (DRIP). The last date for receipt of DRIP elections and revocations will be 16 May 2023.

Capital allocation policy

The company plans to announce a revised capital allocation policy at the time of its Q2 trading update in July.

Mark George
Chief Financial Officer
22 March 2023

RISK MANAGEMENT OVERVIEW

Background

At Wickes, we recognise that effective risk management reinforces our short, medium and long term success, safeguarding value and enabling us to meet and exceed the expectations of our stakeholders.

In our second year since demerger, we have further refined our risk management approach to better take into account the environment in which we operate, as well as to further embed risk management throughout our business operations and decision making processes. Good awareness of our current and emerging risks, together with a sound understanding of our own strengths and improvement areas, has continued to be a key aspect of how we have operated our business throughout 2022.

During the past 12 months, we have seen the emergence of several new challenges, including the war in Ukraine and inflationary pressures, together with a return to normality after the significant impact of the Covid-19 pandemic.

Although Wickes does not have any operations in Ukraine or Russia and has minimal direct supply chain exposure from the conflict, we have nonetheless maintained a close eye over our operations and supply chain arrangements to ensure, if necessary, we are able to invoke continuity plans to minimise any potential disruption.

Inflationary pressures have increased during 2022, with the resulting effect being felt not only within the UK, but globally. Contributing to the rising cost of living, these economic forces have had a significant effect on the markets we serve, with fiscal projections indicating that the cost of living crisis will continue deep into 2023. Although a crystallising risk, the impact of this risk and the mitigations that we can apply are likely to remain a key focus of the Board and management teams going forwards.

Emerging risks

The Board's processes for assessing risks that may emerge in the medium to long term continue to operate efficiently. Where updates are required, these updates have been reflected within Wickes' risk profile and, where appropriate, form a key focus for the Board and management teams.

Structural changes to our markets first seen in 2020, driven by changes in working practices because of the pandemic, have become established, with levels of flexible working higher than pre-pandemic levels. We continue to adapt our service offering and evolve our strategy to meet the needs of our customers, while continuing to create long term value. Our approach of focusing on innovation, our supply chain and our ability to scale solutions that take advantage of emerging trends in the home improvement sector has proved effective and remains a core part of our strategy.

Although a risk driver rather than an emerging risk in its own right, climate change and its influence on our operations, and the world around us, continue to evolve. As an ongoing focus, Wickes is working hard to reduce its impact on the environment and, through supporting customers to make greener choices and decarbonise their homes, is supporting the wider climate change agenda. Details on our approach to supporting efforts to combat climate change are provided on pages 40-50.

Over the last 12 months, we have seen the cost of living increase in magnitude. Whilst largely driven by macro-economic factors, through our intelligent sourcing strategy we have sought to maintain the value that we are able to deliver to our customers.

Risk appetite

A critical part of a well-functioning risk management process includes defining the level of risk an organisation is willing to bear in the pursuit of its objectives. The Board has established the Company's risk appetite for each principal risk, and regularly reviews the suitability of these levels considering our operating environment. No changes to organisation's risk appetite has been made during 2022.

Risks that fall outside of appetite levels form the basis of deeper-dive reviews on a periodical basis. These assessments seek to provide assurance that mitigating activity is sufficiently focused to either reduce the level of risk exposure to within appetite in an appropriate timeframe or, where appetite has been purposefully set low, ongoing mitigations are in place to manage the risk as far as practicable.

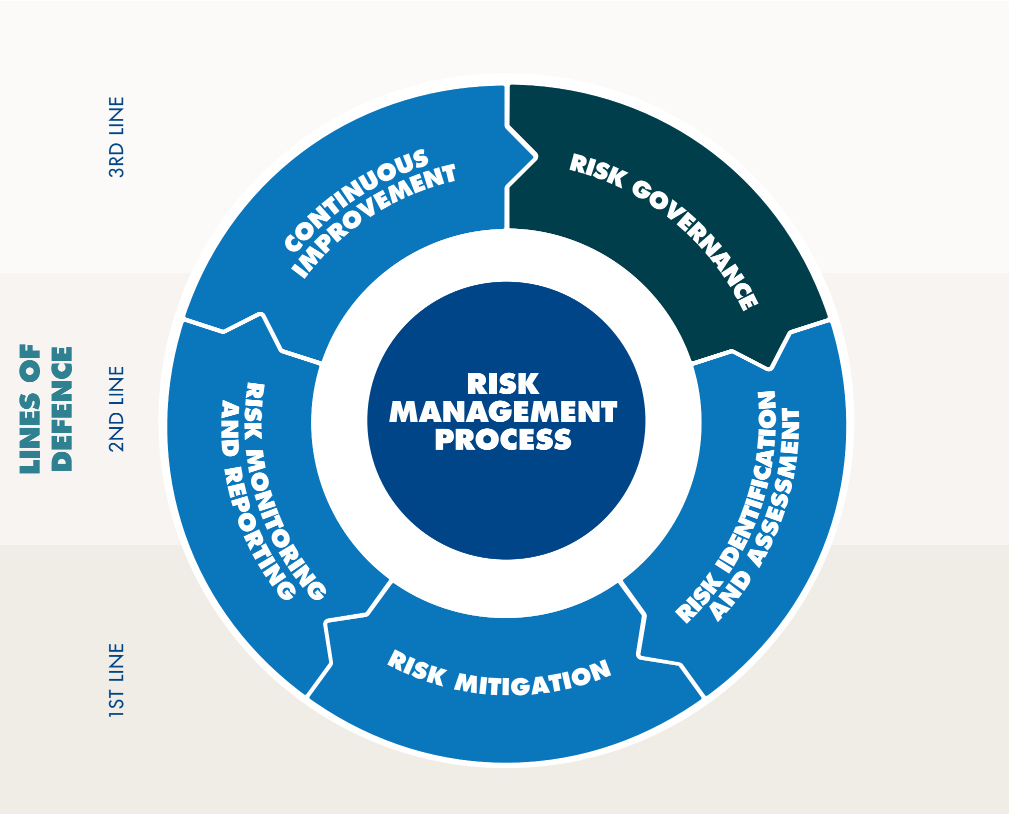
Risk evolution

To be considered truly effective, risk management should enhance, support and enable the achievement of strategy. Building and operating a framework to do this is challenging and requires a good level of commitment and engagement from risk owners and the wider business. From the base understanding of risks relating to our strategic priorities, we have interlaced a more operational view of risk management. Combined, these two perspectives support a more rounded and effective decision making approach.

Risk management overview continued

Risk management framework

Our risk management framework is constructed around a five-point model. Integrated across the three lines of defence, our framework has been designed to ensure that suitable oversight is applied throughout the risk management cycle, while ensuring that assurance is provided to those tasked with oversight responsibility. Risk identification, assessment, mitigation monitoring and reporting processes take place from both a top down and a bottom up perspective. This is to ensure that a comprehensive and complete view of organisational risk is captured, managed and monitored. Each of the five points in our risk framework is further explained across the following pages.



The three lines of defence model was designed to provide a blueprint of how effective governance, risk management and internal control processes work together.

The first line of defence is responsible for operating systems of risk management and control, the second line oversees the activities of the first line, with the third line providing independent assurance that the first and second lines are operating as intended. Together, the three lines provide assurance to governance structures that risks are being managed effectively.

Risk Governance

We have a formal risk management process, part of which assesses and prioritises the Company's principal risks (highlighted on page 66). The Board has overall responsibility for risk management and oversight of the system of internal controls. Risks are reviewed by risk owners on an ongoing basis and are assessed to identify and document corresponding mitigating actions. Risk updates form an integral part of periodic management reviews and are reviewed by other members of the Company's senior leadership team and the Audit and Risk Committee. The Board sets the risk appetite and monitors and reviews its application and ongoing relevance.

BOARD OVERSIGHT

Develops vision and strategy	Defines organisational Code of Business Ethics	Sets risk appetite and tolerance	Monitors the nature and extent of principal risk exposure

EXECUTIVE BOARD	AUDIT AND RISK COMMITTEE	INTERNAL AUDIT
Represents all key functions and teams of Wickes. Maintains policies and programmes, monitors risk exposure, mitigation and internal controls, and manages business risk on a day-to-day basis	Reviews the design and implementation of Wickes' risk management and internal control programmes Supports the Board in monitoring exposure against risk appetite	Supports Wickes to identify risks and gaps in compliance, and recommends mitigating actions Facilitates the maintenance of the corporate risk register and monitors progress in the mitigation of each risk Reviews and tests the effectiveness of internal controls and provides assurance

RISK MANAGEMENT PROCESS

RISK IDENTIFICATION AND ASSESSMENT	RISK MITIGATION	RISK MONITORING AND REPORTING	CONTINUOUS IMPROVEMENT
Identifies and owns relevant risks assigning responsibilities at operational/ functional level	Ensures internal control systems are embedded across the business	Ensures mitigating actions are monitored and implemented. Escalates risk identified at operational or grass roots level to Executive, Audit and Risk Committee and the Board	Reviews the outputs of the risk management process, identifies improvements and supports the further embedding of effective risk management processes within the business

TOP DOWN

Oversight, identification. assessment and mitigation of risk across the Company

BOTTOM UP

Identification, assessment and mitigation of risk across key functional areas

Risk identification and assessment

Formal risk identification and re-evaluation exercises are completed twice yearly with individual members of the Executive Board, functional leads and through the Executive Risk Committee. In addition, regular touch points with the Executive Board, both formally through the monthly Executive Board meeting and as part of regular liaison activities, help to ensure that our view and assessment of risks remain current and accurate.

Risk mitigation

As the primary means by which we can influence the impact and probability of our risks, review and assessment of our mitigation strategies form a crucial aspect of our risk management framework.

As an independent and objective assurance provider, Internal Audit, through delivery of its annual audit plan and regular reporting to the Audit and Risk Committee, provides a thorough assessment of the design and operation of our internal control environment.

Where applicable, second line functions (such as compliance teams) continuously assess the application of controls, providing assurance that appropriate mitigation is being maintained.

Risk reporting and monitoring

The Board, Audit and Risk Committee and the Executive Board remain the three principal governance groups to which the corporate risk register and principal risk view are regularly reported to. The Audit and Risk Committee and Executive Board regularly reviews risks outside current risk appetite levels challenging management on the extent and efficacy of mitigating actions.

Risk continuous improvement

Regular risk assessment and reporting activities enable a more refined assessment of risks to take place. As past understanding is built upon, this helps to create a better view of risk and a greater level of self challenge towards recorded mitigations. Through the risk management cycle, the quality of risk management improves.

Principal risks and uncertainties

To facilitate effective risk management, our principal risks have been further subdivided to provide a level of meaningful granularity, where individual risks and their causes and consequences can be identified and managed. These risks are reflected in the Corporate Risk Register. A view of our principal risks provides a valuable insight into our risk environment. We have identified eight principal risks, which remain from the prior year. In alphabetical order, these principal risk themes are:

Autonomy	Finance and Treasury
Climate Change	Operations
Customer Experience	People, Culture and Safety
Cyber Security and Data	Reputation and Brand Integrity

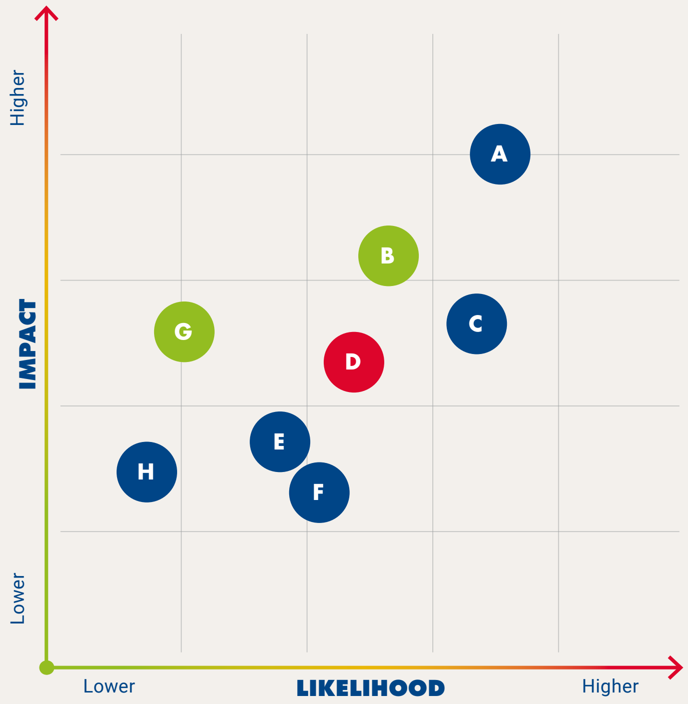
The Board, supported by the Audit and Risk Committee, has confirmed that it has undertaken a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

Opposite, a risk map shows the relative likelihood and impact for Wickes' principal risks, and the movement of risks across the period under review. A more detailed assessment of each principal risk is provided over the next few pages.

RISK MAP

PRINCIPAL RISKS THEMES

- **A** Cyber Security and Data
- **B** Autonomy
- **C** People, culture and safety
- **D** Finance and Treasury
- **E** Reputation and Brand Integrity
- **F** Climate change
- **G** Operations
- **H** Customer experience



RISK KEY
- Risk stable
- Risk decreasing
- Risk increasing

The risk map is designed to show the relative exposure of each principal risk theme on a net basis rather than establish the absolute level of impact and likelihood for each risk. The assessment on whether the risk has increased, decreased or remains stable has been made on the basis of the net risk exposure to Wickes.

HOW RISK MANAGEMENT WORKS AT WICKES

Following the demerger from the Travis Perkins Plc and listing as an independent entity, the Wickes Board and Executive team have prioritised developing a sound understanding of our risks, our mitigations and additional efforts that are required to manage our principal risks within agreed risk appetite levels.

This has required risk management thinking to permeate through decision making processes at all levels, from operational teams through to those key strategic decisions driven by the Board.

The approach taken has sought to avoid reliance on box ticking and form filling, instead focusing on developing a sound understanding of risks within the operational context of the business and using this understanding to inform rather than constrain thinking.

Red lines have been defined through risk appetite discussions, empowering management to operate within the boundaries set, supporting innovation and a customer centric mindset.

RISK MOVEMENT KEY
Stable Decreasing Increasing

RISK

CYBER SECURITY AND DATA

Executive responsibility:
CEO, General Counsel and Company Secretary, and Chief Information Technology Officer

Trend: Stable

DESCRIPTION

Robust and secure IT systems and accurate data are fundamental requirements for any successful business. Failure to adequately prevent or respond to a data breach or cyber incident could adversely impact our reputation and reduce the level of trust that customers, colleagues and other key stakeholders have in us, as well as leading to significant fines, loss of information and business disruption.

MITIGATIONS

As a digitally-led, service-enabled home improvement business, maintaining a secure IT domain and protecting data is an absolute priority. We adopt a 'Privacy by Design' approach to ensure data security is embedded into our business process. Policies are in place, as well as training and awareness for all colleagues to support a secure culture. We have security controls to prevent, detect and mitigate unauthorised activity and these are regularly tested to provide assurance. Our data and security governance committee, made up of a network of internal data champions in key business areas, meets regularly throughout the year and oversees the development and implementation of our data and security programme. We also report to the Board on data and cyber risk at least twice a year. Data and security provisions are included in third party contracts and a vendor assurance programme is in place to ensure appropriate due diligence is carried out on any third parties we work with who process our data.

PROGRESS

Globally, 2022 has followed a similar trend as previous years, with the frequency and sophistication of cyber attacks, particularly in the retail sector, continuing to increase. Given the external environment, cyber and data is an increasing area of focus for the business, with additional resources being allocated to reflect the additional work required.

Against this backdrop of increasing levels of threat, the direct management of our own systems following the demerger has improved the extent to which we can influence the controls we apply to cyber threats. It has also driven increased visibility and awareness in the business of how we manage and process data, enabling us to focus our efforts on key risk areas. This has been helped by the ongoing work to refine and improve our Record of Processing Activities. We have had one reportable data incident this year, which was dealt with quickly and effectively to mitigate any impact to customers, with no regulatory action taken.

RISK

AUTONOMY

(SYSTEMS SEPARATION FROM TRAVIS PERKINS PLC)

Executive responsibility:
CEO, CFO and Chief Information Technology Officer

Trend: Decreasing

DESCRIPTION

Prior to demerger, Wickes was reliant on back office systems designed and managed by the Travis Perkins Plc. A key aspect of the demerger has been the transition to Wickes systems; however, there are other aspects covered under the autonomy programme, which are required to ensure that Wickes can continue to operate and thrive as a standalone entity. Failure to optimise the outcome of this transition may have a negative consequence on several aspects of back office operations.

MITIGATIONS

Ahead of the demerger and listing in 2021, a detailed transition strategy, programme and individual project plans were put in place to establish our future direction and drive our separation from the Travis Perkins Plc.

As with all projects and programmes at Wickes, an effective project governance approach is taken to provide effective oversight and management of our projects, helping to ensure that they remain on track and on budget to deliver the outcomes required. In addition to following defined best-practice project management frameworks, regular, independent third party assurance is sought to help ensure that things are operating as intended.

PROGRESS

2023 will see Wickes enter its third year as an independent entity and, as such, the Autonomy programme is well advanced and remains on track to deliver full separation as per original timeframes.

To date we have moved across over 300 applications to Wickes and completed the implementation of new HR and finance systems.

As individual projects are completed and the number of projects still to do reduces, there is a reduction in both the gross and the net risk associated with autonomy.

On completion of the separation programme in 2023, Autonomy will cease to be a principal risk.

Principal risks and uncertainties continued

RISK MOVEMENT KEY
Stable Decreasing Increasing

RISK

PEOPLE, CULTURE AND SAFETY

Executive responsibility: Executive Board

Trend: Stable

DESCRIPTION

Our people are our biggest asset; together we are all responsible for making Wickes successful and providing the best service possible to our customers.

Failure to support our colleagues effectively and in the right way may impact their ability to bring 'their best selves to work' and therefore our ability to meet our strategic objectives. Maintaining the safety of our colleagues and customers in store and during installations in their homes is a key priority.

MITIGATIONS

People: The four pillars of Awareness, Education, Policy and Practice, around which our people strategy is built, remain a key focus to embed effective approaches in all that we do. We regularly canvass our colleagues to understand their views and challenges, and have built upon our colleague assistance programme to support good mental health through our 'it is okay not to be okay' campaign, underpinned by our Stevenson/Farmer programme and signed charter. As the cost of living crisis has deepened, additional mechanisms to provide support to those colleagues who need it have been identified, recognising that our colleagues are vital to our continued success.

Culture: We have a well-embedded set of values and leadership behaviours that are hardwired into people processes, ensuring a consistent messaging and approach throughout Wickes. Our motto of 'Let's do it right' extends right across Wickes, from what we do to how we engage with customers, suppliers and colleagues.

Health and safety: The safety of our colleagues and customers is our top priority. Health and safety training is provided to new colleagues during their induction, and regular refresher training is provided to ensure that awareness of this key topic remains high. Regular store health and safety audits are conducted to ensure that our operations remain as safe as possible.

PROGRESS

Our colleagues are vital to the current and ongoing success of the business. The cost of living crisis has also impacted our colleagues and we have recognised that additional support has been needed to help reduce some of the external pressures that are being experienced and support our colleagues to bring their best self to work.

Health and safety incidents have continued their downward trend throughout 2022 and maintaining our good record remains a key area of focus for the business. We are also maintaining a watching brief over our stores and existing safeguards as incidents of violence from members of the public to our colleagues and staged accidents have increased towards the latter half of the year.

RISK

FINANCE AND TREASURY

Executive responsibility: CFO

Trend: Increasing

DESCRIPTION

Managing finances, including understanding and managing the impact of external influences on our costs and revenue, in an effective and sustainable manner is key to our long term success. It helps to ensure that we are able to continue investing in our growth levers, operational capability, and digital and IT innovation. Failure to effectively manage our financial position sustainably may result in the inability to invest in the future of Wickes and meet our short and long term liabilities.

MITIGATIONS

Effective financial control and financial management enable us to support the delivery of our strategy and ensure that we are able to continue to invest in our colleagues and stores, and in innovating our products and services.

Through the development and introduction of better finance system modules during 2022. The efficacy of financial reporting and associated financial control processes have been substantially improved. These processes support timely monitoring and reporting of performance, including cash flows, which includes a breakdown per store, forming the basis of detailed financial analysis and performance assessment used by the Board and the Executive for decision making purposes.

In addition, detailed modelling, as presented in our financial viability assessment (see page 71) has been developed to provide insight into our financial position and sensitivities to external and internal stressors.

PROGRESS

2022 has seen the emergence and development of macro-economic headwinds. Rising inflation and energy costs, driving the cost of living crisis, have become more pronounced during the year. Impacts from both a cost of goods and energy perspective, and from customers having less disposable income, have contributed to a softening of demand. These factors have resulted in both the gross and net risks scores for this principal risk theme increasing. However, despite these challenges, we remain well positioned within the market, having maintained market share through focusing on our value driven customer proposition.

Although the external environment has softened, we have made good progress in terms of financial process and controls in our second year as a PLC, separated from our previous parent. An important milestone was the successful implementation of a new finance system, Oracle Netsuite, in the last quarter of 2022.

RISK MOVEMENT KEY
Stable | Decreasing | Increasing

RISK

REPUTATION AND BRAND INTEGRITY

Executive responsibility:
Executive Board

Trend: Stable

DESCRIPTION

Maintaining and growing our reputation and brand underpins our long term strategic aims. Failure to do so may prevent us from achieving our strategic objectives.

MITIGATIONS

Our brand integrity and reputation are fundamental factors in ensuring that we are able to achieve our strategic aims, and to maintain and grow our position in the home improvement market. These key elements are woven into the fabric of everything that we do here at Wickes.

Multiple strands contribute to our approach in this area, including significant investment in training our colleagues to ensure the highest levels of consistent customer service are maintained in whichever channel our customers choose to engage with us.

In addition, we work closely with our suppliers to deliver high-quality products that provide value for money, with extensive product testing protocols to ensure our quality expectations are met, together with a customer alert and recall process through the Wickes website, if required.

PROGRESS

Our strategy is underpinned by our strong brand, a distinctive customer proposition, a uniquely balanced business and curated product range delivered through a low-cost and efficient operating model. Great progress has been made throughout the year in delivering our strategy and putting in place strong foundations for future years. Our brand monitoring programme has helped to protect our brand.

In light of the increasing expectations of our customers, Government and investors towards probity and integrity both at an individual level and at an entity level, the Board and Executive team are focused on ensuring Wickes continues to build upon its strong reputation and brand.

RISK

CLIMATE CHANGE

Executive responsibility:
Executive Board

Trend: Stable

DESCRIPTION

The long term success of our business depends on the health of the natural environment. Although the direct impact of climate change on our operations is relatively small due to the business being located solely in the UK, it has the potential to significantly impact our business during the transition to a low-carbon environment. Environmental matters are increasingly important to our colleagues, customers, suppliers, investors and communities in which we operate, driving changes to expectations and information requirements. Failure to manage our operations and influence our value chain towards a low-carbon future may impact our ability to meet our strategic objectives and could adversely impact our reputation and reduce the level of trust that customers, colleagues and other key stakeholders have in us.

MITIGATIONS

Protecting the natural environment is one of the three pillars of our Responsible Business Strategy. We track our carbon emissions across all three scopes within our business and have developed plans to reduce our operational emissions. Through engagement with our suppliers, we are working to better understand and reduce the emissions associated with the products we sell, how they are packaged and the energy they use.

Given the importance of ESG matters to our strategy and our stakeholders, we put our Responsible Business Committee in place on listing as an independent company to oversee the delivery of our climate commitments. The Committee is chaired by Sonita Alleyne, an independent Non-executive Director.

PROGRESS

The impact of climate-related disasters on a global scale highlights not only the fragility of the world we live in but also the necessity for all organisations to act as responsible custodians of our planet.

In 2022, we set near-term Science Based Targets (SBTs) and had these approved, aligning us with other businesses in the UK that are also committed to reducing emissions by 2030 and support the Paris Climate Agreement to limit global temperature rises to 1.5C. We also continue to report on our climate-related financial disclosures (see TCFD section on pages 45-50).

We submitted our first CDP submission in 2022, achieving a B- rating, and completed our first basic forestry submission to better understand the environmental impact of our timber sourcing.

We continue to work on reducing our operational emissions through energy efficiency in our stores, including LED lighting upgrades, heating and cooling control upgrades, and the addition of EV chargers and solar panels. In 2022, we also created a group of sustainability representatives from each of our stores to drive energy efficiency across the estate.

Principal risks and uncertainties continued

RISK MOVEMENT KEY
Stable Decreasing Increasing

RISK

OPERATIONS

Executive responsibility:
CEO, Chief Operating Officer and Chief Commercial Officer

Trend: Decreasing

DESCRIPTION

Effective operations support us in our drive to be the home improvement partner of choice, whether a customer opts to do it themselves, hires local tradespeople or works with Wickes directly to achieve their home improvement dreams. Failure to manage our operations effectively will impact our ability to provide the right level of customer help, the right volume of stock to support their needs or a timely connection to our installation teams, reducing the high quality of customer experience we strive to deliver.

MITIGATIONS

Our digitally-led and service-enabled strategy continues to build on the solid foundations created in previous years.

Initiatives including Park & Collect, in-store digital picking and in-store fulfilment space to support multi-channel sales have supported customers with the products and services they need at the best possible value and have enabled us to maintain excellent product availability across our range.

We continue to maintain a close view on product demand, stock availability and supply to ensure that we can continue to bring customers the level of service, product range and value that our brand is known for.

PROGRESS

The pandemic and resulting global supply chain disruption proved challenging for many businesses, however, our team was able to build on strong relationships with our supply base to navigate inflationary pressures and raw material constraints over the period. As the pressures relating to the pandemic have eased, the measures that were put in place have maintained a robust and resilient supply chain. We remain well positioned despite the challenging global environment.

RISK

CUSTOMER SERVICE AND EXPERIENCE

Executive responsibility:
CEO, Chief Operating Officer, Chief Marketing and Digital Officer

Trend: Stable

DESCRIPTION

Our success is dependent on providing our customers with the highest levels of customer service and a positive customer experience that results in customers coming back to Wickes. Failure to maintain high standards of customer service and experience may impact sales.

MITIGATIONS

Throughout 2022, Wickes has maintained a sharp focus on our customer first approach, further enhancing and refining several customer focused activities including our Customer Closeness programme, our seven customer personas, our customer satisfaction programme and our rich understanding of data which fuels our Missions Motivation Engine.

Daily and weekly customer surveys gather feedback on customer experiences with Wickes. We also collect customers' views on their experience through our digital platform, store channels and our Click & Collect and Home Delivery services. Verbatim feedback is triaged and fed into functional ownership so that we can tackle the root cause of any issues found. This approach has delivered year-on-year customer experience benefits. All customer contact is captured and profiled to increase our understanding of why customers contact us; through this process, we can identify and fix the root causes of issues rather than addressing symptoms. All complaints are treated seriously and individually, and the customer contact process and root cause approach has helped us achieve an 80% Good or Excellent satisfaction rating when looking at customer complaints resolution. We also measure and report customer satisfaction at every stage of the DIFM customer journey, helping us to drive continuous improvement by targeting those parts of the process which receive lower satisfaction scores.

PROGRESS

We have seen a year-on-year improvement in our customer satisfaction scores, partly driven by our investment in technology and focus on measurement, corrective action and root cause analysis. This investment has resulted in improvements to back-office infrastructure and functionality which deliver a better customer experience. We have also made a significant investment in technology within our stores to support our unique '4C' (four channel) store service model.

VIABILITY STATEMENT AND GOING CONCERN

Introduction
The UK Corporate Governance Code requires companies to state whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of assessment. Several scenarios have been modelled to support our viability statement, which assess the impact of our principal risks on the solvency and liquidity of the Company.

Assessment period
The Directors' assessment of viability has been made over a five-year period. This is considered appropriate as it is consistent with the period over which the Group considers its principal risks and aligns with the Company's Five-Year Plan, which is regularly presented to the Board, and covers the period up to December 2027.

Assessment of prospects
This viability statement should be read in conjunction with the description of the Group's business model and strategy, which are set out on pages 20-21 and 22-30, respectively. The Directors assess the Group's prospects on a regular basis and in particular progress against the strategic objectives set out in its Five-Year Plan. The Plan delivers forecasts of the Group's financial performance including cash flows, and allows the Directors to assess the Group's liquidity position and adequacy of funding. Sensitivity analysis of the main assumptions underlying the plans is also carried out. The plans are approved by the Directors and financial budgets and KPIs are subsequently used to monitor performance in the Board's monthly review of the Group's results.

In its assessment of the Group's prospects, the Board has taken into account:

- Uncertain trading conditions and expectations of the future economic environment, as well as the potential influence of climate change on our business. There remains a lot of uncertainty over macro-economic risks brought about by the recessionary environment in the UK, high inflation, and global supply chain issues; despite the impact of these uncertainties in 2022, the Group has maintained revenue levels and continued to be profitable, although at a slightly reduced level.
- The Group's financial position: despite the ongoing and increasing challenges of the wider economic environment, the Company has reported a strong set of results and positive operating cash flows, offset by our continuing commitment to invest in our business and maintain our dividend policy. We have continued to demonstrate that Wickes is resilient as a standalone entity and we remain confident that our Five-Year Plan shows strong sustainable growth.
- The progress of the Group's demerger from Travis Perkins Plc and the impact of any delays that might be experienced as we move towards the final completion of separating our systems and processes in 2023: we are progressing well into the final stages of the plan across multiple workstreams and anticipate that this will continue to the point of completion of separation.

Assessment of viability
The scenarios for assessing the viability of the company were identified by considering the potential impact of individual principal risks and potential combinations (as shown in the table on page 72).

All eight principal risks have been considered when completing the modelling. These risks combine to represent severe but plausible scenarios covering a range of different operational and financial impacts on the business. In total, six individual scenarios have been created, with a seventh 'collective' scenario, which combines all of the individual scenarios to model a worst-case hypothetical situation (as these could theoretically all run together, with different impacts on our business).

None of the individual scenarios modelled were found to have an impact on the long term viability of the Company over the assessment period. The modelling showed we are in a strong position to withstand each of the individual scenarios. The collective scenario is more extreme and not considered possible to occur: in this scenario, without any mitigations applied, the Group would run out of cash, but limited and achievable mitigations could be applied to return the scenario to a positive cash position. Although covenant breaches are noted, the model does not assume use of the bank facility.

Additionally, reverse stress tests were performed on each scenario to identify what level of sensitivity on each scenario would cause the business to no longer be viable, and the likelihood of these reverse stress tests was considered and found to be remote.

Viability statement
Having assessed the current position, principal risks and prospects of the Company, and taking into account the assumptions above, the Directors confirm they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year assessment period.

Viability statement continued

Scenario modelled	Link to principal risks
Scenario 1 REDUCED CUSTOMER CONFIDENCE AND LOWER SPENDING Reduced customer confidence and lower spending, either through external economic factors or through loss of customer confidence in Wickes as a brand. The budgeted sales increases are not delivered: sales decline in 2023 and return to growth in 2024. ASSUMPTIONS Sales decline by 6% in 2023, followed by growth percentages in line with the Five-Year Plan but from a lower starting point. No change to margin and administrative costs.	Risk A: Cyber Security and Data; Risk E: Reputation and Brand Integrity; Risk H: Customer Experience
Scenario 2 INABILITY TO DELIVER AUTONOMY PROJECT TO BUDGET OR TO TIME The significant ongoing Autonomy project requires additional further investment over a longer time period than currently budgeted to enable the business to meet its strategic targets. Significant further cost is spent on the project up to the deadline of final separation of the remaining functions from Travis Perkins Plc in April 2023. Sufficient additional cost is invested into the project that there is no impact on sales or margin. ASSUMPTIONS Separation costs are increased by 20% each month over the current budgeted lifespan of the project, and the lifespan of the project is increased by another three months. No changes to sales or margin.	Risk B: Autonomy
Scenario 3 SUPPLY CHAIN AND COST MANAGEMENT DIFFICULTY Costs to obtain and distribute goods are impacted by internal factors (operational efficiency, people factors) or external factors (macro-economic factors such as inflation and the cost of living crisis, the cost implications of ESG, and the ongoing challenging global environment having an impact on the availability of goods and the costs of delivery). The business is able to maintain revenue levels but is required to increase the cost base to do so. ASSUMPTIONS No change to sales. Margin rate reduced by 1%. Customer delivery costs increased by 5%	Risk D: Finance and Treasury; Risk F: Climate change; Risk G: Operations
Scenario 4 FURTHER INCREASES IN ENERGY COSTS Energy cost increases driven by the current uncertain economic environment result in costs beyond the level currently budgeted. The business is able to maintain revenue levels but is required to increase the cost base to do so. ASSUMPTIONS Energy costs are £5m above those budgeted in each year of the plan.	Risk D: Finance and Treasury
Scenario 5 INCREASE IN PAYROLL COSTS The cost of living crisis and potential future increases in minimum wage results in salary increases in excess of those budgeted. The business is able to maintain revenue levels but is required to increase the cost base to do so. ASSUMPTIONS No change to sales. Payroll costs in relation to store and warehouse colleagues increased by 5%.	Risk C: People, Culture and Safety
Scenario 6 OPERATIONAL SHOCK A significant external disruption (e.g. a cyber attack or a disease outbreak) requires the business to shut down fully for a short period of time, returning to budget within two months as soon as the effects of the disruption have been addressed. ASSUMPTIONS Zero revenue for two weeks, returning to budget within one month. No change to gross margin percentage: all costs other than direct cost of stock assumed to remain in line with budget, as it is anticipated that any potential cost reductions during a shutdown would be offset by increased costs required to mitigate the potential losses.	Risk A: Cyber Security and Data
Scenario 7 A COMBINATION OF SCENARIOS 1-6 AS SET OUT ABOVE This is seen as a worst-case scenario and the likelihood of occurrence is highly remote.	As above

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report, including the principal risks of the Group set out on pages 66 to 70. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial review on pages 60 to 62. The Directors have considered the above and how they may impact going concern as well as modelling a severe but plausible downside scenario which assesses the impact on the Group's liquidity headroom of a combination of all six scenarios as set out above.

As a result of this review, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements and therefore consider it appropriate for the Group to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Furthermore, based on the Group's strong performance, prospects and liquidity position, the Directors do not consider going concern to be a critical accounting judgement. Further detail in relation to the use of the going concern assumption and the scenarios modelled by the Directors are detailed in note 1 of the Group financial statements.

The Strategic report has been approved by the Board of Directors and is signed on its behalf by:

David Wood
Chief Executive Officer
22 March 2023

Mark George
Chief Financial Officer
22 March 2023

HIGHLIGHTS

10.9p

per share total dividend
for the financial year ended 31 December 2022(1)

(1) Includes the proposed final dividend of 7.3p per share due to be approved by Shareholders at the 2023 AGM.

100%

attendance at Board and Committee meetings in 2022

NEAR-TERM SCIENCE BASED TARGETS APPROVED

in December 2022

ESG LINKED REMUNERATION TARGETS

introduced as a performance measure for the 2023 Long Term Incentive Plan

NEW CFO

inducted into the business

FIRST EXTERNAL BOARD EVALUATION

concluded the Board is effective

MAJOR BOARD DECISIONS

During the year the Board has acted in an agile and responsive way to the uncertain economic environment, whilst finalising key separation programmes following the demerger and building momentum on delivering our strategy. Major Board decisions included approving:

- to maintain the 2021 total dividend payout for the financial year ended 31 December 2022;
- the appointment of the new CFO;
- the submission of our near-term Science Based Targets to the SBTi;
- significant contracts for a new outsourced service provider for IT support services, and an expanded contract with one of our strategic logistics partners; and
- reviewed and approved the 2023 annual budget.

GOVERNANCE UPDATES

During the year the Board has undertaken the following activities to support and enhance its governance arrangements:

- appointed an external board evaluation facilitator to reflect on our governance processes and identify opportunities to refine and improve Board governance;
- commenced the search for a new Non-executive Director to strengthen the Board's current composition and assist with orderly succession planning;
- implemented a comprehensive induction programme for the new CFO;
- visited one of our largest kitchen cabinet suppliers as part of the Board's planned stakeholder engagement activities; and
- Regularly monitored progress against the separation programme and the implementation of new HR and Finance systems.

Introduction to governance

DOING THE RIGHT THING

Being guided by our purpose and listening to our stakeholders has helped us to keep moving forward, doing the right thing and responding in an agile way to the uncertain economic environment this year. Our purpose is deeply embedded across the business and has helped us to remain focused in order to make a positive difference for our stakeholders and put us in a strong position for the challenges and opportunities ahead.

Dear Shareholder,
I am pleased to present to you, on behalf of the Board, our Corporate Governance report for the year ended 31 December 2022.

This year, we have had one change to the Board with the retirement of Julie Wirth, Chief Financial Officer, and the appointment of Mark George as her successor in July 2022. During the recruitment process, the Nominations Committee sought a diverse range of candidates to be considered for the Chief Financial Officer role and, after a thorough process, Mark George was appointed as Chief Financial Officer.

We will keep the diversity requirements of the new FTSE Women Leaders Review (previously the Hampton-Alexander review) at the front of our minds, particularly in light of the change of Chief Financial Officer, as we look to expand the Board during 2023 with the appointment of an additional Non-executive Director and as we plan for future Board succession. More information on Board diversity and succession planning can be found on pages 88-90 of the Nominations Committee report.

Whilst the new FCA Listing Rule requirements (LR 9.8.6R(9)) on diversity only apply to financial years beginning on or after 1 April 2022, we have chosen to disclose our Board diversity and inclusion statement on page 89 of the Nominations Committee report this year, as well as the prescribed diversity data for the Board and Executive Board as required under LR 9.8.6R (10) and LR 14.3.33R(2), which is set out in the tables on page 90.

Wickes has a unique and special culture, which we need to protect and utilise to attract and retain high-performing talent from all backgrounds and genders. Our approach to inclusion and diversity leads to a culture where all colleagues feel at home at Wickes and this is an important foundation for our business. The Board is committed to improving diversity, in its widest sense, at all levels to ensure we continue to support and enhance our culture.

Rather than wait until the Company's third year as a listed business, we chose to invite an external facilitator to carry out our annual Board evaluation review, as the Board was keen to gain some early reflections on the Board's performance and the governance arrangements put in place at the demerger just under two years ago. I am pleased to report that the review concluded that the Board is effective and there were no high-priority recommendations arising. Details of the findings can be found on page 91.

Monitoring the performance of the business during these challenging economic times, whilst considering the impact on our colleagues and other stakeholders, was a key focus for the Board during 2022. We have had open and honest discussions about the impact of the macroeconomic conditions on the business and have been able to respond strategically in an agile way, looking for opportunities to support our growth levers and build the business.

The Board has also closely tracked progress on the separation of key IT and HR systems from Travis Perkins Plc and I am pleased that the separation programme is on track for completion in 2023.

The Board Committees have supported the work of the Board during the year, providing assurance and helping to deepen the Non-executives' understanding of the key areas of focus for the business. Further details on the work of the Board Committees can be found on pages 86-114.

The Board and I remain focused on creating long term value for Shareholders, whilst supporting and working with all our stakeholders in this uncertain economic time as we work towards building a brighter future and helping the nation feel house proud.

Christopher Rogers
Chair of the Board
22 March 2023

Being transparent and accountable

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE 2018

Governance underpins every aspect of the Board's considerations and decision making.
The Company has applied the Financial Reporting Council's (FRC) UK Corporate Governance Code 2018 (the 'Code') Principles and complied with all the Code's Provisions throughout the year ended 31 December 2022. The full wording of the Code is available on the FRC's website at www.frc.org.uk.

Signposts to where key content showing how the Company has applied the Principles of the Code are shown on this page.

1. BOARD LEADERSHIP AND COMPANY PURPOSE

- Information on the work of the Board and its role in setting the Company's strategy, creating an inclusive culture and engagement with stakeholders, as well as details on the Board's leadership in these activities and the findings from the annual Board evaluation can be found in the Governance report on pages 73-100. **(Code Principles A, B & D)**
- We acknowledge our impact as a business on the environment and communities that we operate in, and are committed to creating long term sustainable success and contributing positively to wider society. More information on our activities in these areas is set out in the Responsible Business report and Responsible Business Committee report on pages 33-53 and 98-100. **(Code Principle A)**
- The Board has set a clear purpose, we want to 'Help the nation feel house proud', and we have a strong business model to support this, which aligns with the Wickes culture and values. More information can be found in the Strategic report on pages 20-23. **(Code Principle B)**
- We're proud of the Wickes culture and values and strive to make sure that everyone feels at home. The Board set the tone from the top, demonstrating our Winning Behaviours and always acting with integrity. More information on our Winning Behaviours and workforce can be found on page 81. **(Code Principle B)**
- Our approach to risk management and internal controls is set out on pages 63-70. The Audit and Risk Committee support the Board with oversight of our risk register. **(Code Principle C)**
- The Board values engagement with all of our stakeholders and information on our engagement activities is contained within our Section 172 statement on pages 55-59. **(Code Principle D)**
- Information on our Whistleblowing policy is set out on page 81 and details on our employment policies and practices and their alignment with our values and strategy is set out on page 116. **(Code Principle E)**

2. DIVISION OF RESPONSIBILITIES

- Our governance framework and the division of Board responsibilities, as well as the role of the Company Secretary, is shown in the diagram on page 85 and information on Directors' time commitments and independence are detailed on pages 77 and 80. (Code Principles F, G, H & I)
- The skills and capabilities of the Board are detailed in the Board biographies on page 77. (Code Principles G & H)
- The work of the Nominations Committee is set out on pages 86-92. (Code Principles F, G & H)

3. COMPOSITION, SUCCESSION AND EVALUATION

- Board succession planning and the appointment process for Board members is set out in the Nominations Committee report on pages 86-92. **(Code Principle J)**
- The composition of the Board, along with biographies and details of the skills, experience and contribution of each Director can be found on page 77. **(Code Principle K)**
- The conclusions and recommendations from this year's external board evaluation can be found on pages 91. **(Code Principle L)**

4. AUDIT, RISK AND INTERNAL CONTROL

- The work of the Audit and Risk Committee is set out on pages 93-97. This includes a description of the work of the internal and external audit functions. **(Code Principle M)**
- The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to access the Company's position and performance, business model and strategy. **(Code Principle N)**
- The principal risks and uncertainties and the procedures in place to manage risks and internal controls are regularly reviewed by the Audit and Risk Committee as set out on pages 93-97. **(Code Principle O)**

5. REMUNERATION

Information on our remuneration policies and practices is set out in the Directors' Remuneration report on pages 101-114. **(Code Principles P, Q & R)**

Board of Directors

LEADING WITH PURPOSE

COMMITTEE MEMBERSHIP KEY: Chair of Committee | R Remuneration Committee | RB Responsible Business Committee | N Nominations Committee | A Audit and Risk Committee | D Disclosure Committee

CHRISTOPHER ROGERS

Non-executive Chair of the Board

PRONOUN He/Him

APPOINTMENT DATE 23 March 2021

SKILLS AND EXPERIENCE

Christopher has significant board, retail and finance experience gained during his extensive executive career, having held a number of senior roles in and directorships of public companies. From 2005 to 2016 he was an Executive Director of Whitbread plc, serving as Group Finance Director from 2005 to 2012 and as Global Managing Director of Costa Coffee from 2012 to 2016.

Christopher previously held senior roles in both the finance and commercial functions of Woolworths Group plc, Comet Group plc and Kingfisher plc. He was a Non-executive Director and Audit Committee Chair of Vivo Energy plc from April 2018 to July 2022. Christopher served as a Non-executive Director of Travis Perkins Plc from September 2013 to April 2021.

CONTRIBUTION

Christopher brings many strengths to his role as Chair of the Board, in particular his leadership; strategy, commercial and financial acumen; his deep grounding and understanding of corporate governance, compliance and regulatory issues; his experience in M&A and corporate transactions; and experience both internationally and in retailing and operations.

EXTERNAL APPOINTMENTS

- Non-executive Director of Sanderson Design Group plc
- Non-executive Director of Kerry Group plc

DAVID WOOD

Chief Executive Officer

PRONOUN He/Him

APPOINTMENT DATE 23 March 2021

SKILLS AND EXPERIENCE

David is a highly experienced executive and CEO with almost 30 years in the retail and consumer sector and extensive board level experience in the UK, Europe and North America, having spent the majority of his career with Tesco, Unilever and Mondelez.

David served as Commercial Director on the Board of Tesco Hungary from 2010 to 2012 and between 2012 and 2015 he served on the UK Operating Board of Tesco plc as Chief Marketing Officer and Group Managing Director.

More recently David was Group President of Kmart Holding Corp from 2015 to 2017, followed by a brief tenure as CEO of Mothercare plc in 2018. David joined Wickes as CEO on 28 May 2019 when Wickes was part of Travis Perkins Plc in anticipation of the demerger.

CONTRIBUTION

David is an engaging leader with extensive and international experience in retailing and operations, change management skills, strong strategic and commercial acumen, and proven record in brand building and marketing.

EXTERNAL APPOINTMENTS

- Non-executive Chair of the Board of Green Sheep Group Ltd

MARK GEORGE

Chief Financial Officer

PRONOUN He/Him

APPOINTMENT DATE 29 July 2022 (Joined Wickes on 6 July 2022)

SKILLS AND EXPERIENCE

Mark has held senior roles in finance, strategy and general management in a number of public listed consumer businesses including The Gym Group, Tesco, ASOS and Auto Trader.

Most recently Mark was Chief Financial Officer and a member of the Board of The Gym Group plc from 2018 to 2022.

Mark started his career as a management consultant with McKinsey & Co. and holds a degree in Philosophy, Politics and Economics from Oxford University.

CONTRIBUTION

Mark has sound commercial acumen, as well as recent retailing experience. His financial, risk management, strategic and leadership skills are key strengths for the role of CFO. He is also experienced in M&A and corporate transactions. Mark's financial and strategic strengths are a valuable asset to the Board and will help the Board to deliver long term sustainable success.

EXTERNAL APPOINTMENTS

None

MARK CLARE

Senior Independent Non-executive Director

PRONOUN He/Him

APPOINTMENT DATE 23 March 2021

SKILLS AND EXPERIENCE

Mark has extensive public listed company experience in the consumer service, property and construction sectors, particularly in customer facing businesses and has served on a number remuneration committees. In July 2022 Mark stepped down from his position as Senior Independent Director at United Utilities Group plc. Mark was the Senior Independent Director at Ladbroke's Coral Group plc from 2016 until 2018, and Non-executive Director and Audit Committee Chair at BAA plc from 2001 until 2006.

Mark's executive career included Chief Executive for Barratt Developments plc from 2006 until 2015; Managing Director of Centrica's retail subsidiary British Gas from 2002 to 2006; and CFO of Centrica plc from 1997 to 2002. He also served as a trustee of the Energy Savings Trust, the Green Building Council and BRE. Mark is a qualified accountant.

CONTRIBUTION

Mark's wealth of knowledge in governance, compliance and regulatory matters gained from his public listed company experience, as well his leadership skills, enhance his ability to undertake his duties as Senior Independent Non-executive Director. His financial acumen and commercial experience are particularly beneficial in his role as Chair of the Remuneration Committee.

EXTERNAL APPOINTMENTS

- Chair of Grainger plc
- Chair of Ricardo plc
- Non-executive Director at Premier Marinas Holdings Ltd

SONITA ALLEYNE OBE

Independent Non-executive Director

PRONOUN She/Her

APPOINTMENT DATE 23 March 2021

SKILLS AND EXPERIENCE

Sonita has extensive experience as a Non-executive Director on both private and public sector boards. She was a Non-executive Director of the British Board of Film Classification from 2009 to 2019, including Chair of the Council of Management in 2019 and Chair of the Remuneration Committee from 2016 to 2019. She was Chair of the Radio Sector Skills Council from 2008 to 2012; Non-executive Director of Archant from 2012 to 2016; and a trustee of the BBC Trust from 2012 to 2017.

Sonita was a Non-executive Director of the Department for Digital, Culture, Media and Sport, the National Employment Panel and the London Skills and Employment Board. In her earlier media career, Sonita was the co-founder and former CEO of the production company Somethin' Else and worked as a journalist and broadcaster.

CONTRIBUTION

Sonita's background in communications and journalism brings a different perspective to the Board. She has strong leadership, commercial and strategic skills. Her public sector roles have contributed to her sound governance, compliance and regulatory skills. This and her ESG experience, supports her in the role as Chair of the Responsible Business Committee.

EXTERNAL APPOINTMENTS

- Master of Jesus College, Cambridge

MIKE IDDON

Independent Non-executive Director

PRONOUN He/Him

APPOINTMENT DATE 23 March 2021

SKILLS AND EXPERIENCE

Mike has extensive public listed company experience, having held a number of senior finance roles throughout his career, and has been the Chief Financial Officer of Pets at Home Group plc since 2016.

Mike was previously the Chief Financial Officer of New Look from 2014 to 2016, and prior to this he held a number of senior finance roles over 13 years for Tesco plc both in the UK and overseas. These roles included Group Planning, Tax and Treasury Director, UK Finance Director and Chief Financial Officer of Tesco Homeplus (South Korea).

Mike has also held senior roles with Kingfisher plc and Whitbread plc. Mike is a Chartered Accountant and a graduate of the Harvard Advanced Management Programme.

CONTRIBUTION

Mike's current experience as a Chief Financial Officer of a public listed company, his financial acumen, leadership, risk management, and governance, compliance and regulatory experience are advantageous for his role as Chair of the Audit and Risk Committee and beneficial to his role on the Board. His strong strategic and commercial acumen, change management, and current retail experience strengthen his contribution to the Board.

EXTERNAL APPOINTMENTS

- Chief Financial Officer, Pets at Home Group plc

BOARD COMPOSITION AND ATTENDANCE AS AT 31 DECEMBER 2022

Board Independence
No. of Directors

Gender balance
No. of Directors

Length of tenure
No. of Directors

Board and Committee meetings 2022

9	Plc Board
6	Audit and Risk Committee
3	Nominations Committee
5	Remuneration Committee
4	Responsible Business Committee

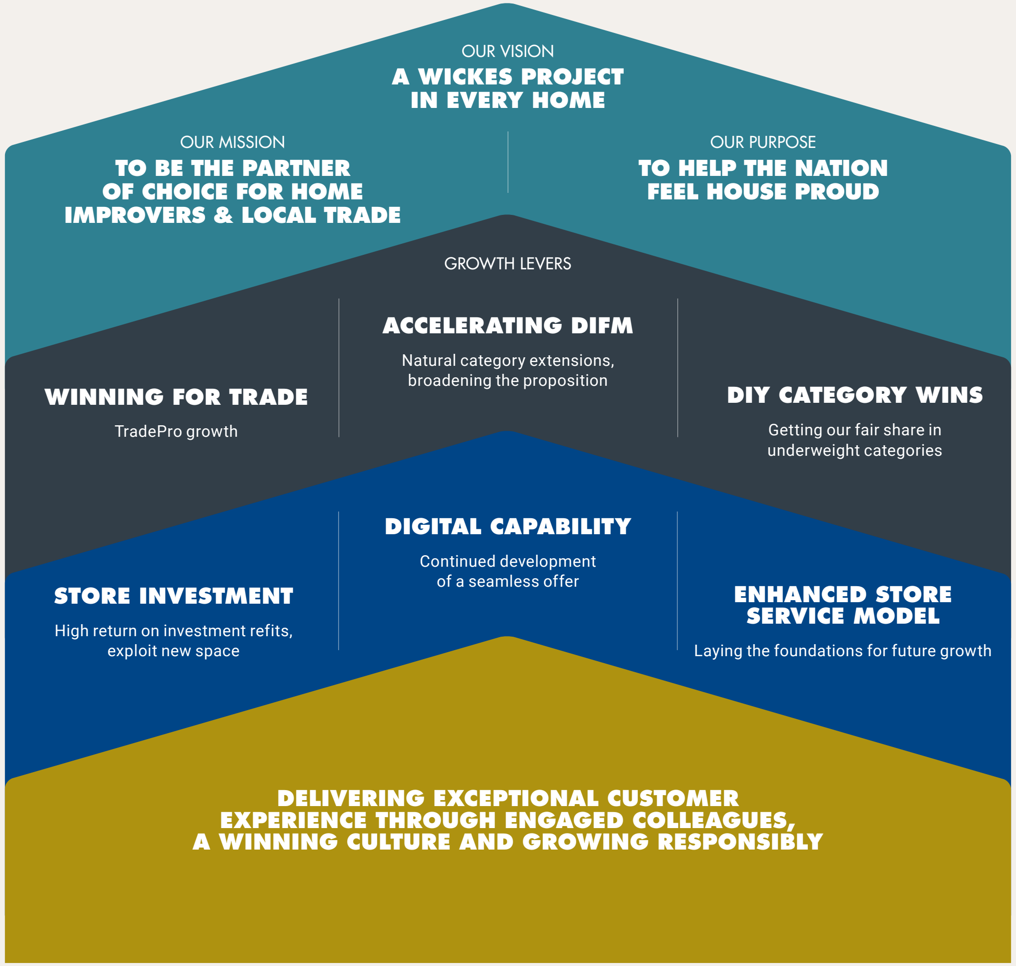
100% attendance at all Board and Committee meetings in 2022

Board industry experience
Average score out of 5 *

5.0	STRATEGY & COMMERCIAL ACUMEN
4.7	FINANCIAL ACUMEN
4.3	RISK MANAGEMENT
4.0	RETAIL INDUSTRY
3.7	BRAND, CUSTOMER, MARKETING
3.3	SUSTAINABILITY
3.2	DIGITAL / TECHNOLOGY STRATEGY & GOVERNANCE

* Based on individual Director self-evaluation responses. Further information on Board composition can be found on pages 86 to 87.

BOARD LEADERSHIP AND COMPANY PURPOSE



Role of the Board

The Board is responsible for promoting the long term sustainable success of the Company, generating value for Shareholders and contributing to wider society. It has ultimate responsibility for the direction and governance of the Company, taking into account the opportunities and risks to the future success of the business.

The effective operation of the Board is supported by the collective skills and experience of the Directors. The diverse experience and views of Board members enable the Board to consider a range of perspectives and make decisions in a balanced way through independent thought and constructive debate. The Board dynamic supports open and honest conversations, which ensures that decisions are made with full consideration of the impact on all stakeholders. You can find information about our Directors and the skills and experience they bring to the Company on page 77.

The Board is passionate about ensuring that, as the business grows, we do so responsibly and in a way that benefits all our stakeholders. We have a clear framework to win, which is guided by our vision, mission and our purpose – 'to help the nation feel house proud'. Our purpose is at the core of the Board's discussion, decision making and strategy.

The Board sets the strategy to align with our purpose and values. It ensures that the business is resourced appropriately to deliver the strategy and does so through a culture that drives the behaviours we want to see. Elements of the business strategy are discussed at every meeting and an annual strategy event is held to review and develop our strategic plans. Responsibility for developing and implementing strategy rests with the Chief Executive Officer, who is supported by the Executive Board. At the strategy event in July 2022, the Executive Board and key members of the leadership team presented a range of opportunities to enhance our strategy which were discussed and approved. You can find details of our strategy and business model in the Strategic report on pages 20-30.

The opportunities for and the risks to the future success of the business are carefully considered. Key opportunities are set out in the Strategic report on pages 2-72 and principal risks and uncertainties can be found on pages 66-70. The Board requires management to operate a robust control framework, which enables risk to be assessed and managed and reviews the effectiveness of this on an annual basis. You can find information about our internal controls framework on page 97.

The Board has implemented a governance framework and delegation of authority policy to ensure that an appropriate level of oversight is given to material matters. It has adopted a formal schedule of matters reserved to it which sets out the significant matters of focus for the Board due to their strategic, financial or reputational importance. The schedule is available on the Company's website www.wickesplc.co.uk. You can find more detail on the activities of the Board on pages 83-84.

In line with the Code, the Board places significant importance on the appropriate governance of the Company, discharging its responsibilities not only through its own activities, but also through Committees of the Board – the Audit and Risk Committee; Nominations Committee; Remuneration Committee and Responsible Business Committee. You can find more details on these Committees on pages 86-114.

Governance report continued

Meetings of the Board and its Committees

The Board normally has eight formal meetings scheduled each year and an annual strategy day. Additional meetings are held to consider time-sensitive matters as required.

The number of times the Board and its Committees met during the year is set out below. Directors are expected to attend all Board and relevant Committee meetings. All meetings were held in person and there was full attendance by all members at all meetings during the year.

In the event of a Director being unable to attend a Board or Committee meeting, a process has been agreed for the Chair of the respective meeting to discuss the matters proposed with the Director concerned in advance, seeking their support and feedback accordingly. The Chair will subsequently represent those views at the meeting.

Agenda items are structured to ensure appropriate time is spent on key areas of focus for the Board and that it has sufficient time to properly consider and reach decisions. A programme of work and priorities is agreed with the Board each year which forms the basis of the agendas for each meeting, with topical matters and matters of particular concern or interest incorporated as required. The activities carried out by the Board in the year are set out on pages 83-84.

The Chair of the Board meets with the Non-executive Directors without the Executive Directors present after each Board meeting and at other times as required. The Chair of the Board and the Chairs of each Committee also meet regularly with the Executive Directors and members of senior management.

The Senior Independent Director and Non-executive Directors (excluding the Chair of the Board) meet from time to time and specifically on an annual basis to assess the Chair of the Board's performance.

Independence

Over half of the Board's members, excluding the Chair of the Board, are independent Non-executive Directors. The Chair of the Board was assessed to be independent on appointment.

Relationships and circumstances which could affect the independence of any Director are reviewed annually and the Board remains satisfied that all Non-executive Directors remain independent.

External appointments

Before appointment to the Board, all Directors are required to disclose any external roles they hold along with the estimated associated time commitment. The competing demands on candidates' time are carefully considered in the selection process. Appointment letters set out the time commitment expected of each Director.

The significant external appointments of current Directors are set out in the biographical details on page 77.

The Board has an Additional External Appointments Policy and process in place for the consideration and, if appropriate, approval of additional external appointments to ensure that each Director continues to have sufficient time to exercise their duties effectively. Appointments must be approved by the Board in advance. Executive Directors are not permitted to take on more than one Non-executive Directorship or other significant appointment.

During the year, Mark Clare received approval from the Board to accept the position of Non-executive Director and Chair of the Board designate of Ricardo plc from 1 November 2022 and Chair of the Board from 17 November 2022. The Board discussed the proposed time commitment required for this position and took into consideration Mark's current external appointment as Chair of Grainger plc. Having considered that during the year, Mark had stepped down from his previous position as Senior Independent Director at United Utilities Group plc in July 2022, the Board was satisfied that Mark would continue to have sufficient time to fulfil his duties and be effective in his role at Wickes.

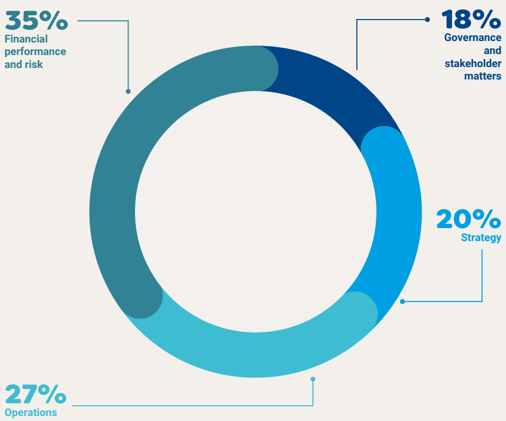
The Nominations Committee reviews annually the external time commitments of the Chair of the Board and the Non-executive Directors.

Governance support

All Directors have direct access to the General Counsel and Company Secretary for advice on governance matters. Directors may also seek independent professional advice at the Company's expense in the furtherance of their duties and there is an Independent Professional Advice Policy in place which sets out the procedure. No such requests were made during the year.

The General Counsel and Company Secretary supports the Board to ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

Board activity – percentage of time spent



Board attendance

Name and role	Plc Board	Audit and Risk Committee	Nominations Committee	Remuneration Committee	Responsible Business Committee
Christopher Rogers – Chair of the Board	8/8	n/a	3/3	5/5	4/4
David Wood – Chief Executive Officer	8/8	n/a	n/a	n/a	n/a
Julie Wirth* – Chief Financial Officer	5/5	n/a	n/a	n/a	n/a
Mark George** – Chief Financial Officer	3/3	n/a	n/a	n/a	n/a
Mark Clare – Non-executive Director	8/8	6/6	3/3	5/5	4/4
Sonita Alleyne – Non-executive Director	8/8	6/6	3/3	5/5	4/4
Mike Iddon – Non-executive Director	8/8	6/6	3/3	5/5	4/4

* Julie Wirth retired from the business and stepped down as a Director on 29 July 2022.
** Mark George joined the Company on 6 July and was appointed to the Board on 29 July 2022.

Note: The Chair of the Board has a standing invitation to attend the Audit and Risk Committee meetings. The Chief Executive Officer attends all Audit and Risk and Responsible Business Committee meetings and attends Nominations and Remuneration Committee meetings as required. The Chief Financial Officer has a standing invitation to attend all Audit and Risk Committee meetings and attends the Remuneration Committee meetings as required.

Our Wickes culture

The Board is responsible for setting the Company's culture, values and standards and their ongoing review, and recognises the importance of having an engaged workforce where all colleagues, no matter who they are or where they are from, can feel at home. The special culture at Wickes is built on a foundation of personal responsibility and underpinned by our Winning Behaviours.

Key to achieving the desired culture is setting the right tone from the top. Each of the Directors undertakes to conduct themselves in a manner consistent with our Winning Behaviours, (shown below) acting with integrity and leading by example. Our Winning Behaviours are a simple, yet deeply held set of beliefs, that we ask all colleagues to demonstrate, which underpin our business model and support our culture.

The Board actively monitors culture through regular feedback from management, colleague listening groups and the results of colleague surveys. In addition, a number of Board meetings are held at store and distribution sites at which time is allocated to allow the Board to hear from colleagues first hand.

The Board, the Responsible Business Committee and the Remuneration Committee receive reports on: colleague engagement; updates covering the six inclusion and diversity colleague networks; wellbeing; colleague turnover; reward; recruitment; and whistleblowing.

In addition to chairing the Responsible Business Committee, Sonita Alleyne is our designated Non-executive Director to champion workforce engagement on behalf of the Board and regularly provides feedback from colleagues and insights at the Board meetings to ensure colleagues' views are fully considered in the Board's decision making.

Our Code of Business Ethics sets out the standards and behaviours expected from colleagues and all colleagues receive training on this annually. It sets the tone for responsible business behaviour and legal compliance, and directs colleagues to Company policies for guidance.

Whistleblowing

The Company has a Whistleblowing Policy which is widely promoted and accessible to all. Colleagues and others are encouraged and empowered to speak up openly and raise any concerns through management or directly to the Board. Should colleagues or third parties feel the need to raise concerns which cannot be resolved through the normal routes of line or executive management, the Company has implemented a third party anonymous online whistleblowing platform, telephone line and mobile phone app through which concerns can be raised in confidence. Information about the whistleblowing service is widely publicised across all sites, referred to in policies and included in our monthly colleague communications.

All reports are investigated thoroughly and appropriate actions taken. The Board monitors the operation of the whistleblowing arrangements and receives reports annually on notable outcomes and learnings from reports.

Stakeholder engagement

The Board recognises the importance of listening to and understanding the views of its stakeholders and receives insights through engagement with stakeholders which it uses to inform decision making. The Board and management have a programme of active engagement with, and encourage participation from, the Company's stakeholders.

The Board places particular importance on understanding the views of colleagues. Sonita Alleyne, the designated Non-executive Director champion for workforce engagement, undertook a number of additional activities during the year to support the Board with this aim, including chairing colleague listening groups; discussing the results of colleague surveys with the Chief Executive Officer and Chief People Officer; and integrating informal colleague engagement at store visits.

Understanding customers is at the heart of everything we do. The Board uses customer listening groups, surveys and data analysis to understand customer views and act on what is most important to deliver the best possible customer experience. A monthly management meeting is dedicated to the customer proposition.

The Board values the opportunity to meet colleagues from across the business and to interact with customers. During the year, the Board visited the Stevenage and Oxford stores and received tours by the store managers and presentations from senior management. The Board regularly visits the Support Centre in Watford, where the majority of routine Board and Committee meetings are held.

The Board places great importance on ensuring suppliers are treated fairly. This is a key aspect of nurturing long term relationships and building trusted partnerships with our suppliers. It enables us to provide the best products at the best prices for our customers, and is a great platform for both us and our suppliers to grow. Our suppliers provide feedback through day-to-day contact with product teams, our risk assessment surveys and through our twice yearly supplier forums. During the year, the Board visited Gower Furniture Ltd, one of our cabinetry suppliers, and received presentations from management and a tour of the manufacturing facilities.

Members of the Board, senior management and the Investor Relations team hold regular meetings with existing and potential institutional investors and analysts to understand their views and policies, which are reported to the Board.

Governance report continued

The Board received reports on Investor Relations activities, movements on the share register and feedback from Shareholder engagement at every Board meeting. Following year end and half year the Board receives a detailed presentation covering Shareholder feedback from the investor roadshows. The Board noted the questions and issues raised and ensured that our communications to the market addressed these. When deciding the appropriate level of dividend to pay at half year and year end the Board considered the feedback it had received from investors and, together with the strength of the balance sheet, decided to pay a dividend above the 40% payout ratio previously announced.

The Chair of the Board wrote to the Company's largest Shareholders providing an update on topical governance matters and inviting Shareholders to meet with himself and/or the Chairs of each Committee and a number of Shareholders engaged with the Company.

The Board encourages Shareholder attendance and participation at the Company's Annual General Meeting, at which all Directors and Committee Chairs will be available to answer questions. The Board intends the 2023 AGM to be held as a physical meeting at the Company's Support Centre in Watford, Hertfordshire.

At the 2022 AGM held on 26 May 2022, all resolutions put to Shareholders were approved, with in excess of 95% of votes in favour for all resolutions. Shareholders were invited to submit questions in advance and could also raise questions during the AGM.

Policies and procedures

The Board has approved a suite of policies, including our Code of Business Ethics, which establish a robust system of control and oversight in matters of ethics and compliance. This is supported by mandatory training for all colleagues, appropriate to their role. The Executive Board oversees the day-to-day operation of these policies and related procedures and ensures they are embedded across the business.

Both the Executive Board and the Board have oversight and receive reports on compliance with policies and procedures at least twice a year. Should a breach of any of these policies occur, there is a robust incident response procedure in place and any material issues are escalated to the Executive Board and, if appropriate, the Plc Board.

Conflicts of interest

The Company has a Conflicts of Interest Policy in place and all colleagues receive online mandatory annual training in this area. All Directors are required to raise any actual or potential conflicts of interest for consideration and, if appropriate, authorisation. At every meeting, Directors are asked whether there are any new potential conflicts of interest to declare in relation to the matters on the agenda. Where such conflicts exist, Directors would be excused from related discussion and decision making. To date, no such instance has occurred.

A register of interests and authorised potential or actual conflicts is maintained and this is reviewed annually by the Board, with each Director asked to confirm that the register is accurate and up to date.

Director concerns

Should a Director have concerns about the operation of the Board or the management of the Company, these concerns would be discussed by the Board. If any concerns remained unresolved, they would be recorded in the Board minutes. No such concerns were raised during the year.

BOARD ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2022

The Board held eight scheduled formal meetings and had an annual strategy day. During 2022, a number of additional Board meetings and sub-committee meetings were held to consider time-sensitive matters including trading updates for release to the market and to approve matters requiring Board approval under the Matters Reserved to the Board.

The focus of the Board during 2022 has been on monitoring the performance of the business against the backdrop of significant uncertainty around the economic outlook, refining strategy around our growth levers and developing strategic options for future growth.

The information on the following pages demonstrates some of the areas of key activity for the Board for the financial period ending 31 December 2022 and the key stakeholders considered as part of the Board's decision making process.

STAKEHOLDER KEY

- Colleagues
- Customers
- Suppliers
- Shareholders
- Communities
- Government and regulators
- Landlord

BUSINESS PERFORMANCE

KEY ACTIVITIES

CEO report
At each Board meeting, the CEO led discussions covering all aspects of performance and progress on key topics including market developments; colleague feedback and engagement; customer insight; marketing topics, commercial and supplier activity and feedback; supply chain and availability challenges; digital transformation; store refits; and community and charity projects.

Operational updates
During the year, the Board had deep dive sessions covering each of the customer propositions: Local Trade, Do-it-for-me (DIFM) and Do-it-yourself (DIY). These covered performance statistics, customer trading metrics, operating costs and controls, and strategic analysis of business performance.

Technology
The Board received a deep dive session on the business's underlying IT infrastructure and capabilities, as well as considering proposals for development over the next five years.

FINANCIAL PERFORMANCE

KEY ACTIVITIES

CFO report
The CFO led discussions at every meeting on financial performance including risks and opportunities, and the financial impacts of the changing macroeconomic environment during the year.

Results and outlook
On the recommendation of the Audit and Risk Committee, the Board reviewed and approved the full year 2021 and half year 2022 results announcement, and 2021 Annual Report and Accounts, having considered that the Annual Report and Accounts, taken as a whole, was fair, balanced and understandable.

Budget and financial plans
At each meeting, the Board considered performance against the 2022 budget and updated forecasts. The Board reviewed and approved the budget for 2023 and reviewed the Five-Year Plan.

Investor relations
The Board received updates on Investor Relations activities and plans and feedback from investor engagement at every meeting. In May this year, the Board approved the appointment of Investec Bank plc as its joint corporate broker.

Treasury and tax
The Board received updates on tax and treasury matters at every meeting, and approved the Company's Tax Strategy.

Dividend and capital allocation policies
During the year, the Board reviewed the capital allocation policy and dividend policy, and approved the payment of an interim dividend of 3.60 pence per share and approved the recommendation of a final dividend of 8.80 pence per share for the 2021 financial year to Shareholders at the 2021 AGM.

STRATEGY

KEY ACTIVITIES

Strategy review
The Board spent a day reviewing current analysis, the customer and competitor environment, and the new strategic growth lever progress review. The Board also received an external perspective on the economic outlook from its corporate broker Investec.

Strategic deep dives
During the year, the Board received presentations on the strategy and plans for topics of particular relevance to the business including customer insight, store operations, refits, DIY proposition, Trade proposition, installations and distribution.

Sustainability
The Board approved the submission of the business's first near-term Science Based Targets to reduce Scope 1, 2, 3.1 and 3.11 emissions. Oversight of performance against the targets was delegated to the Responsible Business Committee.

Governance report continued

RISK

KEY ACTIVITIES

Risk Register
The Board reviewed the Risk Register during the year and reviewed the reporting on the principal risks and uncertainties for the 2021 full year and 2022 half year results.

Autonomy progress
As a principal risk, the Board has received an update at every meeting on the Separation Programme to set up the Company's own systems to replace those previously provided by the Travis Perkins Plc under a Transitional Services Agreement (TSA). The Board closely monitored the key milestones during the year to launch new Finance, IT and HR systems, and achieve successful autonomy in line with the original timeframes set out in the TSA.

Cyber risks and mitigations
The Board received a deep dive report on the cyber risks facing the business and the mitigations in place, which included an overview of the key controls and the results of an internal audit on Information Security.

Safety updates
The Board considered reports on safety performance at every meeting along with deep dives at two of its meetings to evaluate progress and provide insight and challenge.

TCFD
The Board approved the Group's Task Force on Climate-related Financial Disclosures including the Group's approach to managing climate-related risks.

Insurance
The Board reviewed the approach for insuring the Group's risks and approved the renewal of the Group's insurance programme.

GOVERNANCE, REGULATORY AND COMPLIANCE

KEY ACTIVITIES

Policies and statements
The Board approved updates to Group policies including the Delegation of Authority Policy and approved the Group's Modern Slavery Statement.

Board evaluation
The Board reviewed and discussed the findings from its first external Board evaluation and agreed actions to improve the effectiveness of the Board and its Committees.

Planning
The Board reviewed the forward schedule of activities at every meeting and discussed options for future operational site visits.

Employee voice
The Board received an update from the designated Non-executive Director champion for workforce engagement, Sonita Alleyne, on the themes arising from her listening activities and review of colleague engagement insight.

Compliance
The Board received reports on regulatory compliance including the operation of and reports via the Company's anonymous whistleblowing service.

Cyber security incident
The Board discussed the Group's response to a cyber incident resulting in a phishing SMS message being sent to customers. The incident was reported to the Information Commissioner's Office and no regulatory action was taken.

Consumer Duty
In compliance with the new FCA Consumer Duty regulations, the Board approved an Implementation Plan and appointed Sonita Alleyne as the Non-executive Director Consumer Duty champion for the business.

MATERIAL CONTRACTS AND ARRANGEMENTS

KEY ACTIVITIES

Contract approvals
In line with the Delegation of Authority policy, the Board reviewed and approved a fleet replacement programme in 2022, a goods for resale contract and three goods not for resale contracts during the year, which were material due to their size and strategic importance.

Banking facilities
The Board is required to approve changes to or new lending arrangements. During the year, the Board approved a one-year extension to the existing £80m Revolving Credit Facilities.

DIVISION OF RESPONSIBILITIES

The Company's strong governance framework is built upon a foundation of clear and effective division of responsibilities between the Board, its Committees and operational management. This provides an effective and robust corporate governance structure to enable agile decision making with robust controls, which promote the long term and sustainable success of the business.

The responsibilities of the Chair of the Board, CEO, Senior Independent Director, Board and its Committees have been approved by the Board, are set out in writing and are available on the Company's website www.wickesplc.co.uk

THE BOARD

The Board is responsible for overall leadership of the business, setting its purpose, values and strategy and providing a framework of strong governance and effective controls.

COMMITTEES OF THE BOARD

AUDIT AND RISK COMMITTEE

Provides independent and objective oversight of the Company's financial reporting, systems of internal control, risk management and compliance, and the effectiveness of internal and external audit.

More information can be found on pages 93-97

NOMINATIONS COMMITTEE

Reviews the composition and skills of the Board and leads the process for appointments to the Board and Executive team; oversees the processes for succession planning and the development of a diverse pipeline.

More information can be found on pages 86-92

REMUNERATION COMMITTEE

Determines the Remuneration Policy and packages for the Chair of the Board, Executive Directors and Executive Board members, having regard to workforce remuneration and related policies and the alignment of incentives and rewards with culture.

More information can be found on pages 101-114

RESPONSIBLE BUSINESS COMMITTEE

Oversees the development of strategy and monitors performance in relation to environmental, social and governance matters.

More information can be found on pages 98-100

DISCLOSURE COMMITTEE[1]

The Committee is convened only when a full Board meeting or an authorised sub-committee meeting of the Board is not possible. The Committee oversees the Company's compliance with its disclosure obligations in line with the UK Market Abuse Regulation and Listing Rules. This includes consideration of potentially market sensitive information and the timing and review of such related disclosures.

1 There have been no meetings of the Disclosure Committee during 2022 as all disclosure matters have been considered by the Board.

THE CHAIR OF THE BOARD

The Chair of the Board's principal responsibility is the leadership of the Board and ensuring its effectiveness. The Chair of the Board encourages a culture of openness and communication between members of the Board, ensures all Directors contribute to discussions and promotes constructive debate. The Chair of the Board ensures that Directors receive accurate and clear information in a timely manner to enable them to make informed contributions and to support good decision making by the Board.

SENIOR INDEPENDENT DIRECTOR (SID)

The SID provides a sounding board for the Chair of the Board and serves as an intermediary for the other Directors and Shareholders should this be required.

The Senior Independent Director meets with the non-executive directors at least once a year to appraise the performance of the Chair of the Board and on other occasions as appropriate.

INDEPENDENT NON-EXECUTIVE DIRECTORS (INEDS)

The independent Non-executive Directors provide strategic advice and guidance, offer constructive challenge and hold the Executive Directors to account.

The Non-executive Directors bring independent oversight and specialist advice to support good decision making by the Board.

THE CHIEF EXECUTIVE OFFICER (CEO)

The CEO is responsible for the development and implementation of strategy and for managing the day-to-day operations of the business. The CEO ensures appropriate delegation of responsibilities to the Executive Board to ensure decisions of the Board are implemented. The CEO plays a key role in devising strategies for review by the Board and is responsible for updating the Board on operations of the business.

THE CHIEF FINANCIAL OFFICER (CFO)

The CFO is responsible for managing the Group's financial affairs and the system of internal controls, including risk management. The CFO supports the CEO in the implementation and achievement of the strategic objectives and oversees the Company's relationship with the investment community.

The CFO is appointed as the FCA approved person for the purposes of the Group's consumer credit activities.

GENERAL COUNSEL AND COMPANY SECRETARY

The General Counsel and Company Secretary is responsible for advising the Board on all governance, compliance and legal matters. The General Counsel and Company Secretary supports the Chair of the Board and the independent Non-executive Directors to ensure that they have access to the necessary resources and information to operate as a Board effectively and efficiently.

Executive Board

Oversees the day-to-day management of the business including all matters not contained within the Matters Reserved to the Board and its Committees. The Executive Board is chaired by the CEO.

COMPOSITION, SUCCESSION AND EVALUATION

The Board has established a Nominations Committee to review Board composition and lead the succession process. Details regarding Board composition, succession and evaluation can be found in the Nominations Committee report below.

> In a challenging external environment, the role of the Nominations Committee to ensure that the Board and senior management have the skills and experience necessary to succeed, to maintain robust succession plans and to continue to build a diverse pipeline of future talent is more important than ever.

NOMINATIONS COMMITTEE REPORT

Christopher Rogers
Chair of the Board

Committee members
Christopher Rogers, Chair of the Board and Committee Chair
Mark Clare, Senior Independent Non-executive Director
Sonita Alleyne, independent Non-executive Director
Mike Iddon, independent Non-executive Director

Dear Shareholder,
I am pleased to present the Nominations Committee report for the year ended 31 December 2022. During the year, the Committee held three scheduled meetings and continued its focus on succession planning and driving improvements in diversity at all levels.

At the start of the year, the Committee was focused on the search for a new Chief Financial Officer. Rigorous selection criteria were set and candidates from a variety of backgrounds, including women and underrepresented ethnic groups, were shortlisted. Following the appointment of Mark George, we no longer meet the targets for female representation on the Board as set previously by the Hampton-Alexander Review. We also do not meet the new targets under the FTSE Women Leaders Review. However, the Board strongly supports the objective to promote greater female and ethnic minority representation on listed company boards and believes that diversity in the boardroom and workforce is in the best interests of the business.

During the year, the Committee focused much of its time on diversity as part of its review of our talent pipeline and succession planning for the executive leadership and the wider workforce. The business works hard to attract and engage the highest-quality talent from all backgrounds who will drive the business forward. Further information on the diversity of the Board is set out on pages 89-90.

As a newly appointed Board on demerger, the Committee is mindful of the need to plan an orderly succession of the Board in order to avoid a significant change to the Board membership in a short timeframe. This also creates the opportunity to increase diversity on the Board, as well as rebalance the skills and experience of the Board as a whole to reflect the growing needs of the business.

During the year, the Committee also reviewed the composition of the Board and recommended the appointment of an additional Non-executive Director with digital and marketing experience to strengthen the current skills and experience of the Board. The criteria for this role also require that the successful candidate improves the diversity of the Board.

Although only in our second year, our Board evaluation review was externally facilitated this year and the Board was pleased with the feedback received, particularly on the creation of strong Board dynamics, providing constructive engagement and challenge, in a relatively short period of time since the demerger. The review concluded that the Board was effective and there were no high-priority or urgent actions arising. Recommendations to help the Board continue its development and progress were agreed. More information on the Board evaluation is set out on page 91-92.

Looking ahead to 2023, the Committee will focus on Board succession planning and driving a diverse talent pipeline as part of the succession planning for the executive leadership over the medium to long term, as well as leading on the appointment and induction of the additional Non-executive Director.

Christopher Rogers
Chair of the Board
22 March 2023

Committee composition
The Committee membership comprises the Non-executive Directors, including the Chair of the Board. Details of the experience and skills of Directors are set out in the biographies on page 77. You can find details of meetings and attendance on page 80.

Role of the Committee
The Committee's role is to lead the process for appointments to the Board and executive leadership and to ensure orderly succession plans are in place, as well as overseeing the development of a diverse pipeline for succession. The Committee also reviews the structure, size and composition, including skills, knowledge, experience, independence and diversity and the length of service of the Board as a whole, and its Committees, and makes recommendations to the Board with regard to any changes. The full responsibilities of the Committee are set out in its Terms of Reference, which can be found on the Company's website www.wickesplc.co.uk

Board composition
The Board comprises six Directors, three of whom are independent Non-executives. In July 2022, Julie Wirth, Chief Financial Officer, retired and Mark George was appointed as her successor. All other Directors were appointed on 23 March 2021 as part of the demerger and have remained in their roles throughout the year.

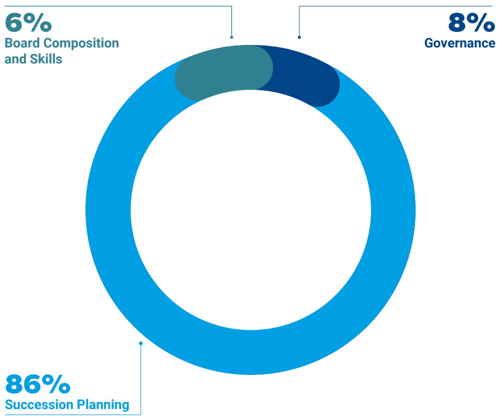
The Board recognises the importance of having complementary and diverse skills and backgrounds within its composition, enabling rich and effective discussions and decision making.

During the year, the Committee reviewed the Board composition against a skills matrix to ensure that the Board and its Committees have the skills needed to provide effective leadership of the Company. Information on the key strengths and experience of each Director can be found on page 77.

To complement and strengthen the Board's current skill set the criteria for the additional Non-executive Director includes digital and marketing experience. The appointment of an additional Director will also create an opportunity to increase the diversity on the Board.

The Committee has reviewed the external time commitments of the Chair of the Board and each of the Non-executive Directors. The Board is satisfied that during the year each Director committed enough time to be able to fulfil their duties and has capacity to continue doing so.

Percentage of time spent by the Committee



Appointments, induction and development
After Julie Wirth signalled her intention to retire from a full-time executive role, Korn Ferry, which has no connection with Wickes or any of its Directors, was appointed to assist the Committee in its search for a new Chief Financial Officer. Open advertising was not used. The recruitment process involved setting rigorous selection criteria, in terms of both technical capabilities and cultural and style attributes. A diverse longlist of candidates was presented to the Committee from which a shortlist of candidates was produced. Candidates on the shortlist were interviewed by members of the Committee and assessed by Korn Ferry. Following extensive discussion of the assessments and feedback from the interviews, Mark George was recommended by the Committee for appointment by the Board as Chief Financial Officer. The Remuneration Committee considered and approved the remuneration arrangements.

Mark George received a comprehensive induction over several months, which was tailored to his individual needs and designed to facilitate his understanding of the business. This included a comprehensive programme of meetings with members of the Plc Board, Executive Board, senior management and key third parties including brokers, bankers, auditors and consultants; access to relevant documentation such as recent Board and Committee papers and demerger documents; and site visits to stores and distribution centres to ensure he gained a detailed understanding of business operations and experienced our special culture in person.

The Chair of the Board discusses specific development needs with each Director on an individual basis. Ongoing Board development takes place through briefings at Board meetings and regular store visits. The Board has a long term development programme of scheduled visits and activities to enhance the Directors' knowledge on the business across the differentiated customer propositions. This year, the Board visited a key supplier and previously visited the distribution centres. Future visits are planned to the outsourced customer support centre and key stores, as well as an installations experience to integrate knowledge of the end-to-end customer journey of the DIFM proposition. Technical briefings are given to the Board and Committee meetings on relevant legal and regulatory developments, including guidance and policies, or changes,and Directors are encouraged to attend training to ensure that their individual development needs are met.

Details of the process in relation to the appointment of an additional Non-executive Director and their induction will be set out in our 2023 Annual Report and Accounts.

Nominations Committee report continued

Our approach is designed to ensure a thorough and inclusive process.

Succession planning

The Board recognises that an effective and orderly succession plan for the Board, ensuring the right mix of skills and experience of future Board members, is vital to delivering our strategy. The Board is also committed to recognising and developing talent within senior management across the business, creating opportunities to develop current and future leaders.

All Non-executive Directors were appointed at the same time in April 2021 ahead of the listing of the Company on the London Stock Exchange. The Committee is mindful of the need for orderly succession planning to avoid a significant change to Board membership in a short timeframe and will start to develop plans for Non-executive Director sucession in 2023. In line with the Code, Non-executive Directors will not participate in discussions concerning their own succession plans. Given the short tenure of the Non-executive Directors, although it was agreed that a plan would need to be developed for orderly succession, no specific plans were agreed in the year.

The Committee, with input from the CEO, considered during the year a talent map of potential successors for the CEO. The talent map provided a list of 'ready now' and 'step up' candidates against a set of criteria and experiences which would provide a starting point for recruitment should the need arise. The map will be refreshed annually and extended over time to include other Executive Board roles.

The plans for succession to other key Executive and leadership roles in the short, medium and long term have also been reviewed by the Committee in detail. The Committee is focused on ensuring there is a robust pipeline of talent and that these high-potential colleagues are developed and supported to prepare them for leadership roles. This includes strengthening the leadership development proposition, supporting mentoring initiatives and planning role moves to provide more experience earlier in the careers of potential future successors.

Diversity of gender, social and ethnic backgrounds, and cognitive and personal strengths were considered carefully to ensure the pipeline is strengthened with appropriate skills and perspectives. Areas for development for succession candidates to key leadership roles have been identified and opportunities for them to present to and engage with the Board have been identified and planned for future meetings.

The Board believes that succession plans will result in a continuously robust leadership structure that can achieve the Company's purpose and ensure its long term sustainable success.

Inclusion and diversity statement

The Board believes an inclusive culture is a key driver of business success. It is committed to having inclusive and diverse leadership which provides a range of perspectives, insights and the challenge needed to support good decision making.

Board membership reflects a range of skills, backgrounds and business experiences which facilitates a broad evaluation of matters considered by the Board and contributes to a culture of collaborative and constructive discussion.

As at 31 December 2022[1], the Board comprises three male Non-executive Directors (including the Chair of the Board), one female Non-executive Director and two male Executive Directors and, as such, the Company did not meet the targets on board diversity relating to female representation on the Board as set out in Listing Rule 9.8.6R(9)(a)(i) and (ii), which require at least 40% of the individuals on the Board to be women and at least one woman holding the position of Chair, CEO, Senior Independent Director or CFO. The Board meets the Listing Rule 9.8.6R(9)(a)(iii) target of having one director from a minority ethnic background. It is the intention of the Board, through the Nominations Committee, to focus on diversity as part of its succession planning.

The Board strongly supports diversity in its broadest sense in the boardroom, although it recognises that being a recently formed Board and relatively small in size will make achieving diversity targets more challenging in the short term. In accordance with Listing Rule 9.8.6R(10), the prescribed numerical data on the ethnic background and the gender identity of the Board and the Executive Board is set out in the tables on page 90. The Board also supports the Parker Review regarding ethnic diversity on UK boards, published in 2017, and continues to meet the Parker Review target of at least one director of colour by 2024.

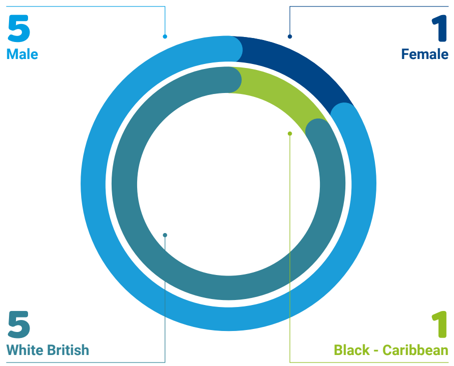
In line with our colleague inclusion and diversity policy, the Board remains committed to improving gender diversity at all levels. Members of the Executive Board comprise two female and six male members, representing a gender split of 25% female and 75% male. The senior leadership team (direct reports to the Executive Board) have a gender split of 39.58% female and 60.42% male.

A key part of the People pillar of the Board's Responsible Business Strategy is our early careers proposition, which includes apprenticeships, traineeships and graduate placements. The Board is committed to building skills in our local communities to create a diverse and inclusive talent pipeline for the business and to benefit wider society. Through our apprenticeship schemes and Kick Start programmes, we have created opportunities to attract a significantly more diverse workforce. We also have graduate and specialist rotation programmes, which help us to build our colleague capability and deliver our business strategy. In 2022, the Board has committed to offering 200 early careers places over the next three years and has so far offered 172 places.

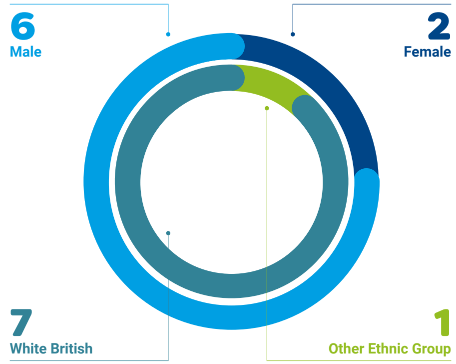
The Board places great importance on fostering an inclusive and diverse workforce which is representative of the communities in which we operate. The Board, Nominations Committee and the Executive Board receive regular updates on the progress of inclusion and diversity initiatives and feedback from colleagues to monitor progress against our aim of ensuring all colleagues have an opportunity to get on and feel at home at Wickes. Further details of the Company's approach to diversity and inclusion can be found on pages 35-39.

1 31 December 2022 is the Company's chosen reference date for the purposes of reporting against Listing Rule 9.8.6R(9).
2 'Executive Board' means 'senior management' for the purposes of the Code and the requirements of Provision 26 and includes the Company Secretary.

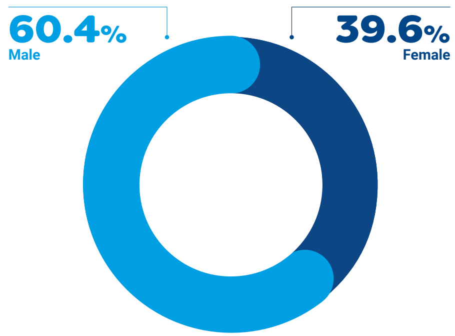
PLC Board gender identity and ethnicity



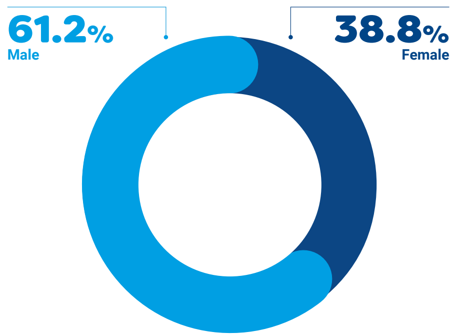
Executive Board gender identity and ethnicity[2]



Direct reports of the Executive Board gender identity



All other colleagues gender identity



Nominations Committee report continued

Diversity data
In accordance with Listing Rule 9.8.6R(10), the prescribed numerical data on the ethnic background and the gender identity of the Board and the Executive Board is published here.

For the purposes of making these disclosures, the Company has collected this data by asking each Director or officer of the Company to confirm their gender identity and ethnic background directly. Each response is recorded on the Company's HR system.

Inclusion and Diversity policy
This year, the Board approved a Board Inclusion and Diversity policy and will now monitor compliance against the objectives contained therein annually. The Board policy compliments the Company's wider colleague inclusion and diversity policy, which has previously been used as the diversity policy applied to the Company's administrative and management bodies, the Board and its Committees.

Our ambition through both the Board and colleague inclusion and diversity policies is to make everyone 'Feel At Home' and able to bring their authentic selves to work: knowing their safety, happiness and wellbeing is at the heart of our thinking.

2023 Board Inclusion and Diversity policy targets
The Board Inclusion and Diversity policy states that the Board is committed to promoting inclusion and diversity in the boardroom and aims to meet industry targets and recommendations while recognising that there may be periods when this balance is not achieved. This includes the diversity targets recommended by the FTSE Women Leaders Review and Parker Review, with targets as follows:

– female representation on the Board of at least 40%;
– at least one of the roles of Chair, Senior Independent Director, Chief Executive Officer or Chief Financial Officer filled by a woman; and
– at least one Director from a minority ethnic background on the Board.

We will be reporting against the Board Inclusion and Diversity Policy in next year's Annual Report and Accounts.

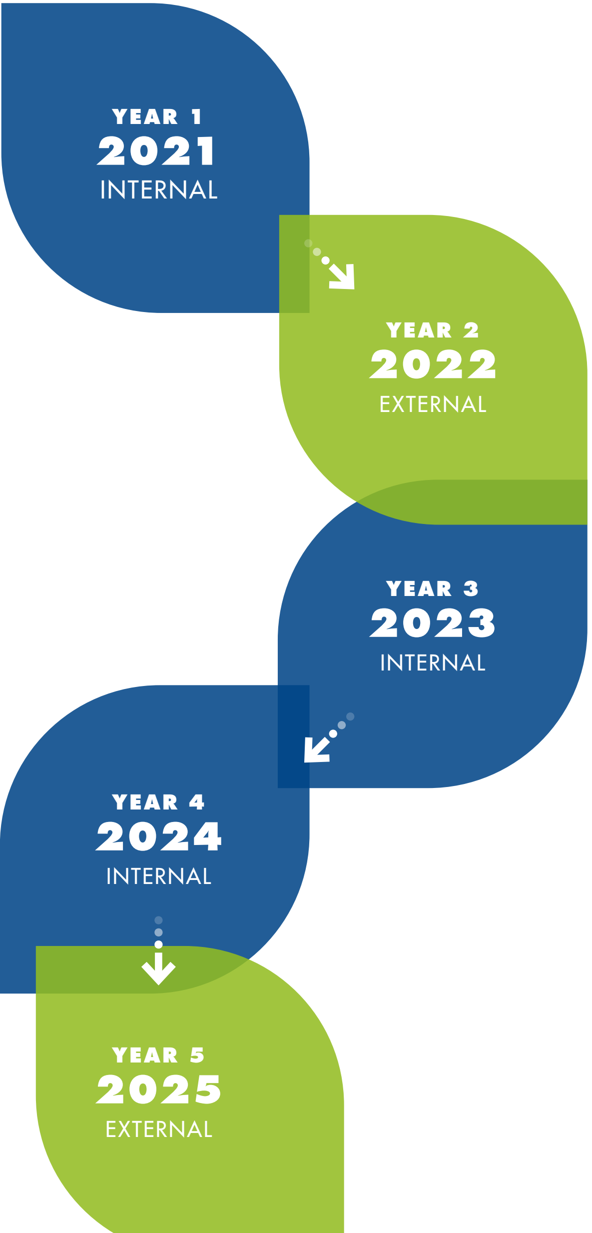
Reporting table on ethnicity representation

	No. of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID & Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	5	83.3	4	7	87.5
Mixed/Multiple Ethnic Groups	–	–	–		
Asian/Asian British	–	–	–		
Black/African/Caribbean/Black British	1	16.7	–	–	–
Other ethnic group, including Arab	–	–	–	1	12.5

Reporting table on gender representation

	No. of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID & Chair)	Number in executive management	Percentage of executive management
Men	5	83.3	4	6	75.0
Women	1	16.7	0	2	25.0

BOARD EVALUATION REVIEW TIMELINE



Board evaluation

The Code requires the Board to undertake a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors. The evaluation should be externally facilitated at least once every three years.

This year's annual Board effectiveness review was facilitated externally, for the first time, by Board Alchemy, an independent specialist consultancy, and supported by the Company Secretary. Rather than wait until its third year as a listed company, the Board decided to have an external review in its second year as it felt that it would be a good time to reflect on Wickes' governance processes and identify any opportunities to refine and improve Board governance. A competitive tender process was undertaken, which involved the Chair of the Board and Company Secretary meeting with a short list of providers and giving feedback to the Board. Board Alchemy had no previous connection with the Company. The Board was satisfied that the reviewer was suitably qualified and experienced to conduct the effectiveness review and that Board Alchemy followed the principles set out in the Code of Practice for independent reviewers.

The review included: one-on-one interviews with each Board member, followed by individual meetings with members of the Executive Board, the former CFO and the external audit partner; a review of the recent Board and Committee papers; and observation of the October 2022 Board meeting.

> "Despite all Board members being relatively new to each other and effective new working relationships needing to be established, the Board has formed well and quickly.
>
> **BOARD ALCHEMY**
> November 2022

The Board Alchemy report concluded that the Board and its Committees was operating effectively. A discussion of the Board effectiveness review report, outlining the Board's current strengths, challenges and recommendations was facilitated by Board Alchemy at the November Board meeting.

Board evaluation – key findings

The Board evaluation review concluded that the Board was effective and there were no high-priority or urgent recommendations arising. It found that the Non-executives, as a group, have strong listed company experience and this had served the Company well as a recently listed company. The Board has strong finance expertise, which reflects itself in the focus of the Board and its areas of challenge, although good focus is also given to a wide range of other areas. The review noted the valuable perspective brought by the different Non-executives' backgrounds and remits. The Board is well led by the Chair of the Board, who has extensive listed company experience himself. Feedback from interviews indicated that the CEO leads the company well. He is visible across the organisation and engages well with colleagues at all levels.

The newly formed Board has benefited from its Board meetings being held face-to-face during the year, notwithstanding the challenges of the pandemic, and holding regular Board dinners, which have contributed to a good dynamic. The review found there to be open, constructive and supportive relationships between the Chair of the Board and CEO, and Chair of the Board and SID. The review noted the good governance arrangements that are in place, such as role descriptions for the Chair of the Board, SID and CEO, and good delegation by the Board to its Committees, with well-considered and clear Terms of Reference.

The review highlighted where further skill and experience capabilities could strengthen the Board's current skillset and the need for the Board to work to improve its diversity. The observed Board meeting dynamic had good discussion, debate and challenge.

The Board's focus on strategy was found to be appropriate and the review highlighted that, looking forward, more time would be devoted to longer-term strategy, moving on from the Board's focus on the immediate period after the demerger and the impact of the current economic climate.

The Board gave good consideration to risk, supported by the Audit and Risk Committee, and had developed an embedded risk culture when deliberating and making decisions. Board members showed considerable interest in stakeholder matters and received regular updates at the Board, as well as having direct involvement with several stakeholder groups, including colleagues and investors.

The review also made recommendations in relation to internal audit and risk management following feedback on the outsourced internal audit function.

2022 Action plan

The Board considered all of the recommendations contained in the review and developed an action plan which will be reviewed by the Board during 2023 to ensure progress is being made.

The key actions agreed by the Board arising from the review were as follows:

1. Develop a plan for the orderly succession and to increase the diversity of the Board.
2. Continue to develop relationships between Non-executive Directors, the Executive Board and colleagues.
3. Keep the forward plan under review to ensure strategic matters are appropriately scheduled.
4. Propose a plan for the future provision of internal audit services.
5. Map out key risks to Board agendas and ensure key risk owners present to the Board at least once every year.

This summary of the 2022 external board evaluation process and disclosure of the evaluation findings has been reviewed and agreed with Board Alchemy.

Nominations Committee report continued

Progress against 2021 Board evaluation actions

During the year, the Committee monitored progress against the agreed key actions arising from the internally facilitated 2021 Board evaluation. A summary of the actions and progress is set out below. For further information on the 2021 Board evaluation process, please refer to the 2021 Annual Report and Accounts.

AREA	ACTION	PROGRESS
Board agenda	The forward agenda would be updated to incorporate priority topics identified in the strategy meeting and to include more focus on areas highlighted by the Board of significant interest or relevance.	Additional agenda items were added to the Board's schedule covering topics of interest, including customer engagement and insights, supplier engagement, employee feedback and IT matters. The forward agenda is regularly reviewed by the Chair of the Board, CEO and Company Secretary, and is tabled at every Board meeting for review, which allows flexibility for emerging discussion topics to be added and other changes to be made where appropriate.
Board papers	Management would review papers with a view to making them more concise.	Guidance on drafting Board papers was shared with senior management. Work is ongoing to further streamline reporting to the Board.
Board meetings	The frequency of Board meetings would be kept under review.	The number of scheduled Board meetings was reduced by one and the 2022 evaluation concluded the frequency was appropriate.
Additional training, including environmental, social and governance (ESG) and digital topics	Additional training would be arranged for Board members with a focus on ESG and digital topics.	Training on ESG matters was provided through the Responsible Business Committee meetings. Briefings on digital developments and cyber risk were delivered to the Board during the year.

Director performance reviews

The Chair of the Board reviewed the performance of individual Directors, taking into account feedback from the other members of the Board, and discussed any identified development needs with each Director.

The performance review of the Chair of the Board was conducted by the Senior Independent Director supported by Board Alchemy. The review included feedback from Board and Executive Board members gathered from a questionnaire and individual interviews with Board Alchemy.

Election and re-election of Directors

The Board has confirmed, following a performance review, that all Directors continue to perform effectively and demonstrate commitment to their roles. All Directors will submit themselves for election or re-election at the forthcoming AGM. Directors do not participate in discussions involving their own reappointment.

AUDIT AND RISK COMMITTEE REPORT

> The Committee has fostered a dynamic working relationship to bring together stakeholders to focus on building a strong internal control environment to promote the long term success of the business.

Mike Iddon
Chair of the Audit and Risk Committee

Committee members
Mike Iddon, Chair of the Committee, independent Non-executive Director
Mark Clare, Senior Independent Non-executive Director
Sonita Alleyne, independent Non-executive Director

Dear Shareholder,
I am pleased to present the Company's Audit and Risk Committee report for the year ended 31 December 2022.

In its second year of operation since listing, the Committee met six times and I am pleased with the constructive environment that has been created, providing supportive challenges to management, open discussion and promoting transparent reporting. As Chair of the Committee, I have fostered good working relationships with the external and internal auditors through regular dialogue, particularly during the financial reporting periods, to receive feedback on their audit work.

The Committee has continued to prioritise the development of internal financial processes and controls, building on work undertaken in the previous year. Taking into account observations from management, and also the external and internal auditors, we recognise the need for a continued high level of focus on enhancing and embedding financial controls around the new finance system launched at the end of 2022.

I am pleased to note that the cut over to the new system, which marked a key milestone in the separation from Travis Perkins plc, was executed to a high level of quality and provides a solid foundation on which to deliver greater automation throughout the financial processes, and presents a great platform to improve the efficiency, timeliness and quality of the financial controls.

The Committee will closely monitor progress in delivering these improvements, in particular in relation to the significant accounting areas, including the production of impairment calculations and the recognition of DIFM revenue. For both of these areas, alongside enhancements to controls, we would envisage more work being completed by management ahead of the 2023 year end.

As usual, the Committee has spent time during the year reviewing financial results, assessing the accounting policies and procedures adopted by management. In particular, the Committee reflected on the uncertain economic backdrop and its impact on the calculation of impairments on store-related assets and the carrying value of investments in subsidiaries. The Committee also reviewed the recognition of revenue in the DIFM segment.

Building on the establishment of the Group's Risk Register in 2021, the Committee received updates on the Company's risk management approach and reviewed the principal and emerging risks and uncertainties with a focus on supply chain, cyber security and data privacy.

During the year the Committee was briefed on preparations for the anticipated changes in audit and corporate governance requirements following the publication of the Government response to its consultation paper 'Restoring trust in audit and corporate governance' last year.

Looking ahead to 2023, the Committee will remain focused on evolving the internal control framework and preparing for the Government's proposed corporate governance reforms.

Mike Iddon
Chair of the Audit and Risk Committee
22 March 2023

Audit and Risk Committee report continued

Committee composition

The Committee membership comprises three independent Non-executive Directors, with the Chair of the Committee having recent and relevant financial experience. The Committee as a whole has relevant experience and competencies in the retail sector. The Chair of the Board is not a member of the Committee but was invited to and attended all meetings in 2022. You can find details of meetings and attendance on page 80.

Role of the Committee

The role and responsibilities of the Committee are set out in the Committee Terms of Reference, which are available on the Company's website at www.wickesplc.co.uk, and include the following:

- Monitoring the integrity of the financial statements and related announcements and reviewing significant financial reporting judgements.
- Advising the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable.
- Reviewing the Company's internal financial controls and internal control and risk management systems and, where appropriate, to make recommendations to the Board.
- Monitoring and reviewing annually the effectiveness of the internal audit function.
- Making recommendations to the Board regarding the appointment, reappointment and removal of the external auditor and approving its remuneration and terms of engagement.
- Reviewing the effectiveness of the external audit process, including monitoring the independence and objectivity of the external auditor and making recommendations on when to undertake a competitive tender for statutory audit services.
- Determining the policy on non-audit fees and monitoring the provision of non-audit services
- Considering the Company's emerging and principal risks and uncertainties, and reviewing the mitigating actions management has taken to ensure that these risks are appropriately monitored and controlled.

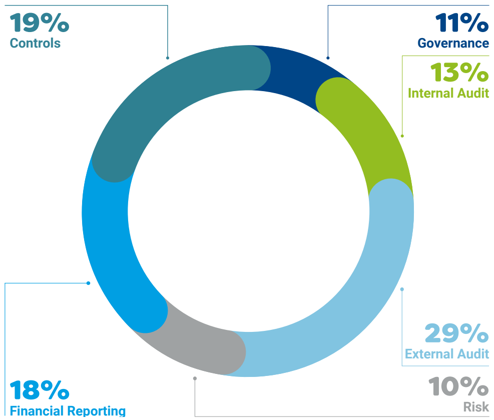
Operation of the Committee

Prior to the start of each Committee meeting, the Chair of the Committee meets with the internal and external auditors and members of the Committee without the Executive team present to discuss any relevant matters.

The Committee receives reports and updates from both the internal and external audit functions; along with reports on any non-audit services provided and how these meet the Non-audit Fees Policy. The Committee has a structured forward looking planner to ensure that the responsibilities of the Committee are discharged during the year. The content of the forward planner is regularly reviewed, which also allows for the planner to evolve to reflect the changing needs of the business.

The Chair of the Committee meets with both the internal and external auditors, and executive management, outside of formal meetings as preparation for the Committee meetings and to discuss any areas of concern or significance.

Percentage of time spent by the Committee



Work of the Committee

During the year, the Committee held six scheduled meetings. A summary of the key activities of the Committee is set out below.

Oversight of the preparation of financial results

Following the conclusion of the audit of the 2021 financial results, which were the first full year results for the business as an independent listed entity, the Committee carried out a detailed review with management to identify process improvements for future financial reporting periods, supported by both internal and external audit.

Monitoring the internal control environment

A key area of focus for the Committee was to continue to track progress against improvements to the Group's internal controls. Following the Committee's review of the first set of financial statements (described above), a control improvement plan, incorporating recommendations from both management and external audit, was agreed and monitoring completion of actions is now a standing item on the Committee's agenda and is discussed at each meeting. Substantial progress has been made during the year, including the implementation of the new finance system. However, this area is a key priority for the business and as such will be closely monitored by the Committee in 2023.

Implementation of new finance system

The Committee closely monitored the implementation of new finance system and the migration from Travis Perkins Plc's finance systems as part of the separation programme by receiving reports from the steering committee set up to manage the project. The embedding of this system and the continuing development of process and control improvements will remain an area of interest to the Committee in the short term.

Proposed audit and corporate governance reforms

During the year, the Committee received input from the external and internal auditors on the Government consultation on the reform of audit and corporate governance and the Government response to the consultation. The Committee will continue to monitor the Group's readiness for any proposed reforms and any necessary improvement activity required, and this will become a key priority for the business alongside strengthening the internal controls environment.

Risk management oversight

During the year, the Committee has regularly received risk management updates, including reviewing the approach to key risks, risk appetite, tolerance and strategy. The Committee undertook a detailed review of the Risk Register as part of the 2021 year end process and in support of the 2022 half year reporting. More information on the Committee's oversight of risk management can be found on page 97 and the principal risks and uncertainties for the Group are set out on pages 66-70.

FRC Corporate Reporting Review 2022

In August 2022, the Company received a letter from the Supervision Committee of the FRC following a review of the Annual Report and Accounts for the 53 weeks ended 1 January 2022 in accordance with Part 2 of the FRC Corporate Reporting Review and Operating Procedures[1].

The letter confirmed that following the review there were no questions or queries that the FRC wished to raise. The letter did note a number of matters where the users of the Annual Report and Accounts could benefit from improved disclosure and these matters have been considered when preparing the 2022 Annual Report and Accounts.

(1) The FRC's review was based on the Group's Annual Report and Accounts for the 53 weeks ended 1 January 2022 (the 2021 Accounts). It was conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework but no detailed knowledge of the Group's business or an understanding of the underlying transactions entered into by the Group. The FRC's review provides no assurance that the 2021 Accounts are correct in all material respects and the FRC's role is not to verify the information provided but to consider compliance with reporting requirements. The FRC's letters are written on the basis that the FRC (which includes the FRC's officers, employees and agents) accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and Shareholders.

Internal audit reporting

At every meeting, the Committee received and reviewed reports from internal audit setting out progress against the agreed Internal Audit Plan, findings from individual internal audits undertaken and progress against audit actions previously identified. During the year, a number of minor changes were made to the Internal Audit Plan to ensure the plan focused on the key needs of the business, such as adding an audit on the migration of the finance systems and removing the audit on flexible working. Timings of audits were also adjusted to ensure that management resources were available to fully support and engage with the internal audit teams. You can read more information on the provision of internal audit services on pages 96-97.

Governance oversight

In addition to the key matters discussed above, during the year the Committee also undertook the following activities: a review of the Committee's Terms of Reference; a review of the performance of the internal and external auditors; regular oversight of contractor and consultancy spend; and monitoring of non-audit fees. The Committee received a briefing from management on fraud prevention procedures, which include anti-bribery and anti-money laundering controls and policies, regular Key Control Audits of stores and distribution centres, training colleagues on fraud prevention and supporting fraud detection through whistleblowing.

Significant audit issues considered during the year

The following are the key matters associated with the Group's financial statements for the year ended 31 December 2022 that were considered by the Committee. This is not a complete list of all accounting issues, estimates and policies, but includes those which the Committee believes are the most significant and discussed most prominently.

In reaching its conclusions, set out in more detail below, the Committee considered papers and explanations given by management, discussed each matter in detail, challenged assumptions and judgements made and sought clarification where necessary. It reviewed and discussed internal audit reports in respect of the matters under consideration and the Committee also received a report from the external auditor on the work undertaken to arrive at the conclusions set out in its audit report on pages 119-126 and had the opportunity to discuss it with the external auditor in depth.

Area: The carrying value of right-of-use assets

The Group balance sheet contains £542.4m (2021: £604.4m) of right-of-use assets. The Directors are required to determine whether those assets have suffered any impairment whenever there are indicators of possible impairment. They do so by comparing the present value of future cash flows for each cash generating unit (CGU) with the carrying value of assets. CGUs are determined to be individual stores: each store's profitability is reviewed, after apportioning an appropriate amount of central costs, to identify which stores show indicators of impairment, with a full impairment analysis then being performed on those stores that are considered to show such indicators.

The calculations undertaken to help arrive at a conclusion incorporate a consideration of the risks associated with each CGU and are based upon forecasts of their long term future cash flows, which by their nature require judgement to be exercised and are subject to considerable uncertainty.

The cash flow forecasts used for impairment considerations are prepared taking into consideration the historical financial performance, the annual budget, the Five-Year Plan presented to and approved by the Board of Directors, plus an estimate of the long term growth rate beyond the Five-Year Plan.

Factors considered and conclusions reached

Management presented the Committee with papers setting out the results of the work performed, the methodology used, the assumptions made and the conclusions reached. Management explained to the Committee how the cash flow, central cost allocation and discount rate calculations were prepared, how individual stores were determined to be potentially impaired, the key assumptions and judgements that were made and how sensitive the cash flows were to changes in key assumptions.

After reviewing these papers and obtaining further explanation where necessary, the Committee concluded that management's final position, after appropriate challenge and review, reached a balanced and reasonable conclusion regarding the impairment charge recognised and included acceptable judgements.

Area: Revenue recognition in respect of DIFM revenue

The Group recognised £371.1m (2021: £300.2m) of revenue in the financial year in respect of DIFM revenue and carried deferred DIFM revenue of £43.6m (2021: £60.6m) as a liability on its balance sheet where orders had been paid in advance but either fully or partially undelivered at the period end.

DIFM revenue represents a large number of individual transactions and recognition is driven from a number of different systems, including the product delivery system, the ordering system, as well as the data automatically posted in the finance system, with each system showing some timing differences on the point of completion of individual orders. To ensure appropriate revenue recognition in the accounting records, management therefore maintains a separate order book to track the revenue that should actually be recognised in the period.

Factors considered and conclusions reached

Management performs a significant amount of analysis and reconciliation to compare revenue recognised by each system, determine how the timing differences arise and ensure revenue is appropriately recognised in line with its accounting policies.

Management reported to the Committee on the outcome of this exercise through the audit period and presented final papers to the Committee at the year end setting out how conclusions were reached on the reported revenue.

The Committee reviewed and discussed the information presented, received a report from the external auditor on the work undertaken to arrive at the conclusions set out in its audit report and discussed the progress with the external auditor.

After reviewing these papers and obtaining further explanation where necessary, the Committee concluded that the process of review and controls operated by management had resulted in an accurate revenue and deferred revenue number being reported in the financial statements.

Area: The carrying value of investments in subsidiaries (Company only)

The Company balance sheet contains £598.9m (2021: £770.8m) of investments, representing its investment in Wickes Group Holdings Limited. The Group contains only one trading entity, Wickes Building Supplies Limited, and the investment therefore represents the entire trading business.

The Directors are required to determine whether this investment has suffered any impairment whenever there are indicators of possible impairment. They do this by comparing the net present values of future cash flows from the investment with the carrying value of the investment in the balance sheet.

The calculations undertaken to help arrive at a conclusion incorporate a consideration of the risks associated with the business and are based upon forecasts of its long term future cash flows, which by their nature require judgement to be exercised and are subject to considerable uncertainty.

The cash flow forecasts used for impairment considerations are prepared taking into consideration the historical financial performance, the annual budget and the Five-Year Plan presented to and approved by the Board of Directors.

Audit and Risk Committee report continued

Factors considered and conclusions reached
Management presented the Committee with papers setting out the results of the work performed, the methodology used, the assumptions made and the conclusions reached. Management explained to the Committee how the cash flow and discount rate calculations were prepared, the key assumptions and judgements that were made and how sensitive the cash flows were to changes in key assumptions.

After reviewing these papers and obtaining further explanation where necessary, the Committee concluded that management's final position, after appropriate challenge and review, reached a balanced and reasonable conclusion regarding the impairment charge recognised and included acceptable judgements.

External audit
KPMG LLP ('KPMG') continued as our external auditor for the financial period ended 31 December 2022, having been reappointed as auditor of the Company on 26 May 2022 by Shareholders at the AGM.

KPMG was appointed under a competitive audit tender whilst the Company was part of Travis Perkins Plc in 2015. The Company became a public interest entity (PIE) in April 2021 as a result of the demerger from Travis Perkins Plc. Therefore, under the Competition and Markets Authority's Statutory Audit Service for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the 'CMA Order'), the next tender for an external auditor will be required in 2025 (ten years from the last tender), which also complies with the Companies Act 2006 which requires a tender for PIEs after ten years. Auditor rotation is required 20 years from the date of the Company becoming a PIE and therefore this will be due in 2041.

The Committee currently has no plans to undertake a tender earlier than 2025 for the reason that the Committee considers it is in the best interests of the Company and its Shareholders to maintain continuity of external auditor at this time as KPMG has a detailed knowledge of our business and an understanding of our sector, and continues to demonstrate that it has the necessary expertise and capability to undertake the audit. The Company is in compliance with the requirements of the CMA Order, which relates to the mandatory use of competitive tender processes for the provision of statutory audit services.

KPMG reported regularly to the Committee during the year on its audit work and audit opinion.

During the year, the Committee considered the performance, effectiveness and independence of KPMG. The evaluation considered whether the external auditor met the required standards of qualification, independence, expertise, effectiveness and communication. All members of the Committee, as well as key members of management and those who have regular contact with the external auditor, completed a feedback questionnaire focusing on the following areas:

- Appropriateness of the scope of the audit and the planning process for the delivery of an effective and efficient audit.
- Expertise of the audit team conducting the audit.
- The audit team's knowledge and understanding of the business.
- Degree of independence applied by the external auditor.
- Robustness of the external audit process and degree of challenge to matters of significant audit risk and areas of management subjectivity.
- Quality of audit findings and reporting.

Feedback was collated and presented to the Committee in September 2022. The Committee discussed the conclusions and any opportunities for improvement, which were brought to the attention of the external auditor. No significant issues were reported as part of this process, and it was concluded that the external audit process and services provided by KPMG were satisfactory and effective.

The Committee regards the independence of the external auditor as crucial in safeguarding the integrity of the audit process and takes responsibility for ensuring the relationships between the Committee, the external auditor and management remain appropriate. The Committee recognises that independence is also a key focus for the external auditor, and KPMG has confirmed that it has complied with its own ethics and independence policies. KPMG provides confirmation of independence during the planning stage of the audit, disclosing matters relating to its independence and objectivity, and a final independence confirmation statement at the conclusion of each audit. There were no independence issues raised in respect of the 2022 audit.

Non-audit services
The Non-audit Fees Policy was approved by the Committee in 2021 and was designed to ensure the ongoing independence and objectivity of the external auditor. The policy sets out the permitted and prohibited services for which the external auditor may be engaged and includes approval limits and a cap on allowable non-audit fees.

During the year the Committee monitored the non-audit fees at each of its meetings. For the year ended 31 December 2022 the total fees for non-audit services provided by the auditor to the Group did not exceed 70% of the average of the statutory audit fee for the Group's consolidated financial statements and statutory accounts paid to the auditor in the last three consecutive financial years.* The fees paid to the auditor are set out on page 137 of the notes to the financial statements.

* Fees paid to the auditor in relation to Reporting Accountant services in respect of the demerger of the Group, which were agreed by Travis Perkins Plc prior to separation, have been excluded from the calculation of the non-audit fee ratio when assessing the Company's compliance with the Non-audit Fees Policy.

Internal audit
Internal audit services are provided by BDO LLP ('BDO') in accordance with an annually agreed Internal Audit Charter. The internal audit function is responsible for providing independent and objective assurance to the Audit and Risk Committee on the design and effectiveness of the Group's systems of internal control through a risk-based approach.

BDO reports to the Chief Financial Officer and also has direct access to the Audit and Risk Committee. The Committee also meets with internal audit without executive management present.

In addition, BDO provides the Audit and Risk Committee with support and advice concerning the Group's assurance framework more generally and during the year provided advice and assistance with the full year risk management process.

Internal Audit Plan
The Internal Audit Plan for 2022 was approved by the Audit and Risk Committee and included a combination of risk-based audits and projects. Areas covered by the plan in 2022 included the following:

- DIFM revenue recognition
- Cyber security
- Supplier contracts and supplier management
- Consumer credit
- Health and safety
- Strategic performance management
- Cash and banking
- HR – Wellbeing
- Facilitation of tax evasion (Criminal Finances Act 2017)
- Goods received not invoiced (GRNI)

BDO undertakes a regular review of the plan against the corporate risk register to ensure it remains fit for purpose and discusses the content of the plan with the Executive Board on a monthly basis. Any proposed changes to the plan are presented to the Audit and Risk Committee for approval.

The high-level scope of the internal audit work is agreed with the Audit and Risk Committee within the Internal Audit Plan. An Executive 'sponsor' is allocated to each audit and involved in the planning stages of each audit.

Ongoing visibility of the internal control environment is provided via internal audit reports to the Executive Board and the Audit and Risk Committee. Reports are graded to reflect an overall assessment of the design and operational effectiveness of the control environment under review, and the significance of any control weaknesses identified.

Improvement actions to address findings are identified and agreed with management. The Audit and Risk Committee regularly reviews actions being taken as a result of internal audits. Progress reports are presented to the Executive Board every month and to the Audit and Risk Committee at every meeting with a focus on the status of any deferred and overdue actions.

The Committee formally assesses the effectiveness of internal audit annually and seeks to satisfy itself that the quality, expertise and experience of the function are appropriate for the Group. This assessment involves both Committee members and members of the Executive Board through the completion of a questionnaire, with the results considered by the Committee. This assessment includes a consideration of independence and objectivity; the overall level of fees; the quality of the risk assurance process; and the role of the function in the context of the broader sources of risk assurance. The internal audit function was considered to be effective for the financial period ending 31 December 2022.

BDO also formally reflects on how it has added value through its internal audit services on an annual basis and reports the outcomes from this exercise to the Audit and Risk Committee.

Risk management and internal control

Risks are actively managed on an ongoing basis. Details of risks faced by the Group are maintained in the Group risk register, with key risks regularly collated and reviewed by management and the Executive Board to assess the potential impact and likelihood of occurrence, after taking into account key controls, mitigating factors and interdependencies. Additional focus is given to any risks that fall outside of the Company's risk appetite, and further mitigating actions are put in place, where appropriate, to manage risks to an acceptable level.

The Group's approach to risk management began to be developed as an independent entity on demerger in April 2021 and continues to be refined.

The principal risks and uncertainties are developed from this Group view of risk management, and are set out on pages 66-70, together with information on how those risks are mitigated and how emerging risks are assessed.

Prior to the demerger in April 2021, Wickes was reliant on back office systems designed and managed by Travis Perkins Plc. Significant progress has been made in 2022 on the delivery of the Autonomy programme to transition to standalone systems. The Autonomy programme is on track and will be completed in 2023. As part of the separation activities, a replacement finance system was implemented in 2022. These system developments will provide a robust foundation upon which a sound system of internal control can be developed.

Following completion of the Company's first year end process for the 2021 financial year, a thorough review of controls was undertaken. An Improvement Plan, addressing the control issues identified by management and the internal and external auditors, was prepared and approved by the Committee. As a result of this review, investment has been made in the finance team and a number of improvements have been made to review processes.

Both management and the Committee acknowledge that there still remains work to be done to present a fully effective control environment to reduce the reliance on compensatory procedures.

The Committee receives regular reports throughout the year which provide assurance over the extent and performance of the control environment, including:

- recommendation tracking reports where the status update of control improvements (including progress against the 2022 Improvement Plan), internal audit recommendations and any recommendations received through third party advisors is presented;
- internal audit reports, delivered as per the Internal Audit Plan; and
- KPMG's external audit findings and insight from the external audit process.

The Committee discussed the effectiveness of the control environment in relation to the 2022 financial year and concluded that, with the support from the compensatory procedures and reviews in place, the internal control environment was effective. The Committee noted that although good progress had been made against the Improvement Plan, further improvement is still needed to reduce the reliance on compensatory procedures. Delivery of the Improvement Plan will continue to be closely monitored by the Committee through 2023.

RESPONSIBLE BUSINESS COMMITTEE REPORT

> “We have continued to move at pace this year to develop plans to reduce our impact on the environment and to help customers to decarbonise their homes whilst protecting our unique and inclusive culture.

Sonita Alleyne
Chair of the Responsible Business Committee

Committee members
Sonita Alleyne, Chair of the Committee Chair, independent Non-executive Director
Christopher Rogers, Chair of the Board
Mark Clare, Senior Independent Non-executive Director
Mike Iddon, independent Non-executive Director

Dear Shareholder,
It gives me great pleasure to present my second Responsible Business Committee report, covering the year ended 31 December 2022. During the year, we covered the full breadth of ESG matters contained within the Responsible Business Strategy and I am pleased with the great progress that has been made.

It has also given me great pleasure to see the number of external awards that have been given to the business and individual colleagues this year giving well deserved recognition of Wickes' inclusive and diverse culture.

The separation of our standalone HR systems has given the business greater control over the data that we collect from colleagues and we have seen an improvement in our baseline data on gender and ethnic background this year, which will help us to monitor performance more accurately and develop our future targets.

Our Early Careers proposition, which is essential to attract the talent that the business needs and to help create our diverse talent pipelines, has continued to develop and we expect to start seeing the benefits from our focus in this area.

Submitting and receiving approval of our first near-term Science Based Targets this year, in such a short period of time since listing, has been a huge achievement to demonstrating the commitment of the business to reducing our impact on the environment. There is still work to be done by the Committee to monitor our progress against the roadmap and achieve the targets.

We also completed our first CDP submission this year and received a B- score, which sits in the 'management' category. It is our aim to continue improving and to achieve a 'leadership' rating over the coming years.

Significant progress has been made on the Homes pillar of our Responsible Business Strategy this year and the recent launch of our interactive Sustainable House Guide and energy saving advice pages on the customer facing website have been an exciting development. I look forward to seeing the positive impact that sharing this knowledge will have on customers and colleagues to help them save money and make more sustainable choices during the cost of living crisis and rising energy costs.

The Committee will continue to closely monitor the implementation and development of our Responsible Business Strategy over the coming year, along with monitoring our performance on ESG matters. Communication and engagement will also be a key focus for 2023.

Further information on the Responsible Business Strategy can be found on our website at www.wickesplc.co.uk or on pages 33-53.

Sonita Alleyne
Chair of the Responsible Business Committee
22 March 2023

Committee composition

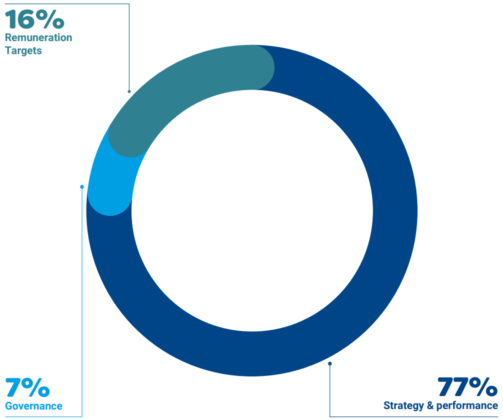
The Committee membership comprises the Non-executive Directors, including the Chair of the Board. Details of their experience and skills are set out in the biographies on page 77. The CEO is not a member of the Committee but, along with other key members of management, is invited to and attends all meetings to provide valuable operational insight and feedback on performance against the Responsible Business Strategy. You can find details of meetings and attendance on page 80.

Role of the Committee

The role and responsibilities of the Committee are set out in the Committee Terms of Reference, which are available on the Company's website at www.wickesplc.co.uk, and include the following:

- oversee the Group's conduct with regard to its ESG obligations as a responsible corporate citizen;
- review and approve the strategy for managing the Group's ESG responsibilities in such a way as to build trust and confidence;
- approve ESG targets to support the Responsible Business Strategy and monitor progress against agreed performance measures;
- review and monitor the Group's responsible business disclosures, including carbon disclosures and climate-related financial disclosures consistent with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and recommended disclosures;
- monitor the Group's responsible business engagement and communications with its stakeholders; and
- recommend ESG targets for executive remuneration purposes to the Remuneration Committee.

Proportion of time spent by the Committee



Work of the Committee

The Committee held four scheduled meetings during the period ended 31 December 2022 and over the course of the year received detailed updates on each of the three pillars of the Responsible Business Strategy: People, Environment and Homes. A summary of the key activities of the Committee is set out below.

People

During the year, the Committee received regular updates from the Chief People Officer on people matters, in particular on the progress to collect better colleague gender and diversity data. The launch of the new standalone HR systems this year has greatly assisted with this data collection exercise, as well as data being published from the 2021 Census. Now that we have established a good baseline of colleague data, the Committee expects to be able to set more focused targets to drive progression in this area of the strategy in 2023 and beyond.

The Committee received updates on the Inclusion and Diversity (I&D) Policy and the work undertaken by the six colleague-led I&D networks to support meaningful change for colleagues. The Committee commended the wide number of external recognition awards for inclusivity, diversity and wellbeing that had been received by the business and a variety of individuals, including network leads, during the year. The Committee received updates on the communication strategy and supported the bold event messaging used at Brighton Pride, which received national media coverage.

The Committee also considered the results of the 'Your Say, Our Future' colleague engagement survey and the outputs from a colleague cost of living working group, including initiatives undertaken to support colleagues facing the cost of living crisis.

Updates on our Early Careers proposition, which includes apprenticeships, traineeships and graduate placements, were presented to the Committee, which reflected the Board's commitment to building skills in local communities. More information on the Early Careers proposition is set out on page 36.

Regular updates were also received by the Committee on fundraising for the charity partnership with YoungMinds and the success of the Wickes Community Programme. The Committee also supported the '50p ask' fundraising initiative, in partnership with UNICEF, which took place in stores in response to the conflict in Ukraine, and the Mission Christmas campaign, creating gift 'drop-off' points in stores for customers and colleagues to donate Christmas gifts to children of families in crisis.

Environment

A significant amount of the Committee's time has been spent this year on the Environment pillar of the Responsible Business Strategy, which reflects the desire of the business to demonstrate its commitment to tackling climate change and reducing its impact on the natural environment.

The Committee oversaw the submission of our first near-term Science Based Targets, which are set against a 2021 baseline, receiving regular updates on progress leading up to approval being received in September 2022. It is a significant achievement to have received approval of our three targets by the Science Based Targets initiative (SBTi) within 18 months of listing and it aligns the Company with other businesses in the UK that are also committed to reducing emissions by 2030 and support the Paris Climate Agreement to limit global temperature rises to 1.5°C.

The Committee has also considered our approach to managing climate-related risks and is satisfied that good progress continues to be made on understanding and managing these risks in the business, including developing a supply chain risk profile. Further information on the TCFD can be found on pages 45-50.

Responsible Business Committee report continued

Homes

Towards the end of the year, the Committee received a detailed briefing from management on the development of the Homes pillar of the Responsible Business Strategy, focusing on the opportunities and challenges of our sustainable products and new installation opportunities, as well as reviewing our communications of the newly launched Sustainable House Guide on our customer website at www.wickes.co.uk/sustainable-house

The Committee discussed the opportunities to support colleagues and customers to select the most sustainable products for their needs. In addition to the interactive Sustainable House Guide, specific energy saving advice has been added to the website during the year, with a view to improving awareness and education on energy saving initiatives. The small changes recommended through the advice and guidance content will help customers to lower their personal environmental impact and carbon emissions, and save money on energy consumption during the cost of living crisis.

In addition to the key matters discussed above, during the year the Committee also reviewed its Terms of Reference, considered stakeholder views and reviewed market trends and developments on ESG matters.

More information on our Responsible Business Strategy and work is set out on pages 33-53.

ESG targets

The Committee closely monitors progress against targets for all areas of the Responsible Business Strategy. It also considers the key areas of strategy to link to remuneration and recommends ESG targets for incentive purposes to the Remuneration Committee. At the end of each year, the Committee considers performance against targets and makes a recommendation on the level of payout against the targets to the Remuneration Committee. Further details can be found in the Directors' Remuneration report on pages 101-114.

SCAN ME

ENERGY SAVING ADVICE

Read our energy saving hints, tips and projects to improve the energy rating of your property and help save you money on energy bills.

REMUNERATION COMMITTEE REPORT

> We remain focused on supporting our customers and colleagues with the challenges associated with the cost of living crisis.

Mark Clare
Chair of the Remuneration Committee

Committee members

Mark Clare, Senior Independent Non-executive Director and Committee Chair
Christopher Rogers, Chair of the Board
Sonita Alleyne, independent Non-executive Director
Mike Iddon, independent Non-executive Director

Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present the 2023 Directors' Remuneration report for Wickes Group Plc. The report covers three areas:

– A summary of the pay outcomes for FY2022, and our approach for FY2023.
– A summary of our Directors' Remuneration Policy – the Company's Directors' Remuneration Policy (the 'Policy') was approved at the 2022 Annual General Meeting. A copy of our full Policy is available on our website.
– The annual Directors' Remuneration Report – this summarises the remuneration outcomes for FY2022 and explains how we intend to apply the Remuneration Policy in FY2023.

As our second year as a listed company, 2022 has been a year of both economic and political uncertainty following the Russian invasion of Ukraine, resulting in rising inflation which has put significant pressure on household finances. As we continue to face into these challenges as a business, we remain focused on supporting our customers and colleagues with the challenges associated with the cost of living crisis.

Our approach to remuneration as a Group continues to be guided by a set of reward principles that are aligned to our business strategy. For executives, pay is governed by our Remuneration Policy, approved by Shareholders in 2022. Our key focus for 2023 is effective implementation of this Policy, for example by evolving our performance measures to ensure they reflect our wider ESG priorities and ensuring we continue to set pay at a competitive level.

During the year there have been no changes to membership of the Remuneration Committee, which remains focused on maintaining an open dialogue with Shareholders.

Reward and benefits across the Group in 2022

The Group provided meaningful and practical support to help colleagues with the cost of living crisis, whilst rewarding them for their contribution and maintaining our approach to fair pay. Further details of our approach to colleague reward and wellbeing, and our initiatives to help colleagues with cost of living can be found on page 112.

£3.5m
invested in bringing forward annual pay review from April 2023 to January 2023 for our lower paid colleagues

18,542
food items ordered as part of our 'Breakfast on Us' food provision introduced to stores in October

£2.97m
saved by colleagues on Wickes colleague discount during 2022, including £750,805 alone in our October cost of living promotion

5.8%
reduction in our median gender pay gap from 8.4% to 2.6%

Responsible Business

Through our apprenticeship schemes and Kick Start programmes, we have created opportunities to attract a significantly more diverse workforce. We also have graduate and specialist rotation programmes, which help us to build our colleague capability and deliver our business strategy. In 2022, the Board has committed to offering 200 early careers places each year over the next three years and has so far offered 172 places.

During 2022 we continued to develop and embed our Responsible Business Strategy. We have announced our near term Science Based Targets to reduce our absolute emissions across our business and supply chain by 2030.

Going forward, this work will form the basis of the targets for carbon reduction across the business and for 2023 these will be included as part of the Company's Long Term Incentive Plan (LTIP) for the first time.

Group performance highlights for 2022

During 2022, we maintained our market leading position, delivering record sales of £1,559.0m. The uncertain economic environment has led to a material increase in our cost base, and as a result profits were impacted.

£1,559.0m

adjusted revenue (2021: £1,534.9m)

£75.4m

profit before tax (adjusted) (2021: £85.0m)

£29.0m

free cash flow (2021: £16.6m)

23.8p

adjusted basic earnings per share (2021: 27.2p)

Shareholder experience in 2022

The Board is pleased to recommend a final dividend of 7.3 pence per share, taking our full year ordinary dividend to 10.9 pence per share. We recognise the importance of cash returns to our Shareholders and, given the strength of our balance sheet, we have maintained the full year dividend per share at the same level as 2021.

Recognition and retention

Against the backdrop of a challenging environment the Committee has been keen to focus on ensuring the continued recognition of all our colleagues for their hard work in 2022.

Looking forward, the Committee also recognises the importance of retaining our high-performance teams across the business and is taking appropriate action where it deems it necessary.

EXECUTIVE REMUNERATION IN 2022

Basic salary

From 1 April 2022, the annual salary for David Wood was increased by 2.5% to £507,375, in line with the rate applied to the wider workforce. Mark George joined the Company on 6 July 2022 on an annual salary of £375,000.

Annual bonus outturn

The 2022 annual bonus paid out at 4.66% of maximum based on achievement of the ESG targets, comprised of both people and environmental measures. There was no payout earned against the profit and cash flow targets:

Of the 4 ESG measures, payout was achieved against 3 of these:

1.33%

ESG – People
% female representation in store leadership

2.5%

ESG – Environment
Carbon Disclosure Project scoring

0.83%

ESG – Environment
Store energy reduction

4.66%

Total % achievement of bonus in ESG

Further details on performance outturns can be found on page 106.

The Committee considered the results against the targets and has not exercised discretion in relation to the bonus payout.

For the wider annual bonus eligible population below the Executive Directors, a 'recognition payment' was made to those eligible under the plan to reflect their contribution during the year. Colleagues were awarded a higher percentage payment than senior management in line with fair pay principles.

LTIP and Transitional Award grants
As set out in last year's Annual Report and Accounts, the Committee made a grant of LTIP awards to executives and senior management in 2021 known as 'Transitional Awards'. These awards were put in place to ensure continuity of incentives to the senior team post demerger. David Wood's award was 391,614 options and Julie Wirth's award was 237,342. The awards vest in two equal tranches. The first tranche vested in April 2022, following achievement of the performance hurdles. The second tranche is due to vest in April 2023 for David Wood, subject to achievement of the performance hurdles. The second tranche lapsed for Julie Wirth in line with the departure terms agreed. These awards are subject to a two year holding period for executives. Further details on these awards can be found on page 106.

2022 LTIP award
LTIP grants were made during the year in line with the Remuneration Policy. The LTIP awarded to David Wood was 175% of base salary, and the award to Mark George was 150% of base salary. The Committee is conscious that the share price used for the September 2022 award for Mark George was 33.15% lower than the share price used to determine award levels for the primary grant in March 2022. In this context, the Committee carefully considered whether it should scale back the grant of the award, but considered it inappropriate to do so at the time. The Committee will, however, review the payout at vesting, and consider whether Mark George has benefited from 'windfall gains', in which case the intention would be to scale back vesting levels. More details on the performance measures and targets are set out on page 108.

Management changes
Mark George was appointed to the Board as Chief Financial Officer with effect from 6 July 2022. His remuneration arrangements were disclosed as part of our Annual Report and Accounts 2021. His predecessor, Julie Wirth, retired from the Company on 31 July 2022. Further details on the remuneration arrangements in respect of Mark's employment and Julie's departure are set out on pages 108 and 106.

OUR APPROACH TO REMUNERATION IN 2023

As set out earlier in my statement, our Remuneration Policy is unchanged for 2023.

Both Executive Directors will receive a 4% salary increase in April 2023. This is below the average increase of more than 8% awarded to the wider workforce as part of the annual review, which was also brought forward to January 2023 to help with the cost of living.

2023 annual bonus
The operation of the annual bonus in 2023 will continue broadly unchanged. The maximum opportunity will continue to be 140% of base salary (Chief Executive) and 120% of base salary (Chief Financial Officer). The bonus for the 2023 financial year will continue to be based 70% on profit before tax (adjusted), 20% on free cash flow, and 10% on people measures that form part of our wider ESG strategy. Further details can be found on page 109.

2023 LTIP
To further strengthen the link between our ESG priorities as a business and remuneration, the 2023 LTIP will incorporate an additional ESG measure based on our approved near-term Science Based Targets. The revised targets under the plan will be weighted 60% on Adjusted Basic Earnings per Share (EPS), 30% on Total Shareholder Return (TSR), and 10% on ESG. The face value of the award will remain unchanged at 175% to David Wood and 150% to Mark George, in line with Policy.

Like the 2022 awards, the performance range has been set to reflect the Company plan and consensus forecasts whilst recognising the greater levels of uncertainty over the longer-term. Further details on the 2023 LTIP measures and targets can be found on page 110.

Below the Executive Director level, the Committee has worked with the management team to expand the use of share awards including schemes aimed at securing key talent in critical roles, allowing greater share ownership and alignment with Shareholder value.

We continue to consider colleague pay structures when implementing our reward strategy for executives, and further details on colleague pay can be found on page 112. On behalf of the Board, I invite you to read our Remuneration report and welcome your feedback.

Mark Clare
Chair of the Remuneration Committee
22 March 2023

Our remuneration philosophy

Our approach to executive remuneration is underpinned by a set of reward principles that are aligned with our business strategy.

Whilst we recognise that due to the nature of the role of our executives, their remuneration structure will have a higher performance-related element and greater alignment to long term measures when compared with colleagues, our reward principles apply across both populations to ensure alignment.

ALIGNMENT BETWEEN THE REMUNERATION POLICY AND WICKES' BUSINESS STRATEGY

The chart below sets out our overall remuneration philosophy and its alignment to the Wickes' business strategy.

We aim to set pay at a market competitive level across the business, and fairly recognise and reward colleagues for their individual contribution
All colleagues are eligible to participate in a performance-based incentive plan

Our incentives are based on realistic but stretching performance targets
Colleagues are encouraged to act within the business's risk appetite

Bonuses for senior leadership are based on profit and cash – two of Wickes' key financial performance indicators
Good performance is not just about profitable growth – our incentive programmes include ESG goals to encourage actions that benefit the environment and our colleagues (see pages 109-110)

Wickes SAYE enables all colleagues to participate in our success (see page 112)
Our LTIP measures encourage focus on growth in Shareholder returns, bottom line profitability and carbon reduction targets (see page 110)

Strategic alignment of executive incentive plan metrics with KPIs

Key performance indicator	Measure	Annual bonus scheme	Long term incentive
Profit	Profit before tax (adjusted)	●	
Earnings growth	Earnings per share (adjusted)		●
Cash	Free cash flow	●	
Share price growth	Total Shareholder Return (relative)		●
ESG objectives	People*	●	
	Environment**		●

* Based on our inclusion and diversity targets in relation to gender mix in management roles
** Based on our approved Science Based Targets for carbon reduction

Annual Report on Remuneration

Single total figure of remuneration (audited)

The table below sets out the remuneration received by the Directors in respect of the year ended 31 December 2022.

Director	Salary/Fees[1] £'000		Benefits[1,2] £'000		Pension[1,3] £'000		Bonus[4] £'000		Long term incentives[5] £'000		Other £'000[6]		Total fixed remuneration £'000		Total variable remuneration £'000		Total remuneration £'000	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Executive Directors																		
David Wood	**504**	378	**13**	10	**50**	38	**33**	547	**264**	384	**0**	0	**567**	426	**297**	931	**864**	1,357
Mark George	**183**	–	**6**	–	**16**	–	**10**	–	**0**	–	**184**	–	**205**	–	**194**	–	**399**	–
Julie Wirth	**204**	261	**8**	13	**18**	28	**0**	332	**0**	232	**0**	0	**230**	302	**0**	564	**230**	866
Non-executive Directors																		
Christopher Rogers[7]	**188**	144	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**188**	144	**0**	0	**188**	144
Mark Clare[7]	**74**	66	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**74**	66	**0**	0	**74**	66
Sonita Alleyne[7]	**66**	54	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**66**	54	**0**	0	**66**	54
Mike Iddon[7]	**66**	54	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**66**	54	**0**	0	**66**	54
Total current Directors[8]	**1,081**	957	**19**	23	**66**	66	**43**	879	**264**	616	**184**	0	**1,166**	1,046	**491**	1,495	**1,657**	2,541
Directors of the Company prior to the demerger																		
Alan Williams[9]	**–**	1	**–**	0	**–**	0	**–**	0	**–**	0	**–**	0	**–**	0	**–**	0	**–**	1
Total	**–**	1	**–**	0	**–**	0	**–**	0	**–**	0	**–**	0	**–**	0	**–**	0	**–**	1

1 For David Wood, base salary, benefit and pension figures relate to the full financial year. For Mark George, figures reflect the date he became a Director of Wickes Group Plc (6 July 2022). For Julie Wirth, figures reflect the period up to 31 July 2022, which was her leaving date. Please note that the 2021 salary, benefits and pension figures for David Wood and Julie Wirth relate to the period 23 March 2021 to year end, reflecting the date they became Directors of Wickes Group Plc, as disclosed in last year's Annual Report and Accounts.
2 Includes the cost to the Company of private medical insurance and company car benefit. David Wood and Julie Wirth also received a fuel allowance.
3 Pension contributions equal to 10% of base salary were paid in cash in respect of 2022, in line with the maximum rate available to the wider workforce.
4 One third of bonus earned will be deferred into shares, in line with Policy.
5 For David Wood, figures relate to the second tranche of the Transitional Award due to vest on 28 April 2023 (subject to achievement of the performance underpin). The award has been valued using the average three-month share price to 31 December 2022 of £1.354 (see further details on page 106). Please note that the estimated figures disclosed in the previous Annual Report for the 2021 Transitional Award vesting have been restated to reflect the share price on the date of vesting. The estimated share price used was £2.260 and the actual share price on vesting was £1.960. The differences in value were £58,742.10 for David Wood and £35,601.30 for Julie Wirth.
6 Mark George received a one-off cash buyout award upon joining of £183,973 (see further details on page 108).
7 The 2021 fees shown for Christopher Rogers, Mark Clare, Sonita Alleyne and Mike Iddon relate to the period each of them commenced qualifying services during 2021, as disclosed in last year's report.
8 The 2022 totals exclude Julie Wirth.
9 Alan Williams resigned as a Director of the Company on 23 March 2021. In the period from 27 December 2020 to 23 March 2021, he carried out administrative services for the Company and its subsidiaries.

Base salary

	Salary effective from 1 April 2022
David Wood	**£507,375**
Mark George	**£375,000**[1]

1 Since appointment as Chief Financial Officer on 6 July 2022.

Annual Report on Remuneration continued

Benefits
For 2022, benefits for Executive Directors included the provision of private medical insurance, life assurance, income protection and a company car or car allowance.

Pension
David Wood and Mark George received pension contributions equal to 10% of base salary paid in cash in respect of 2022, which is in line with the maximum rate available to the wider workforce.

Annual bonus
The table below sets out details of the bonus targets and outturns for 2022:

Measure	Weighting % of bonus	Threshold	On-target	Maximum	Actual	% achievement of bonus	Discretion or adjustment to targets?
Profit before tax (adjusted)*	70%	£85.6m	£90.1m	£99.1m	£75.4m	0%	N
Free cash flow**	20%	£57.3m	£63.7m	£76.4m	£29.0m	0%	N
ESG							
% female representation in store leadership	2.5%	29%	30%	32%	30.26%	1.33%	N
% female representation in Support Centre management	2.5%	46%	47.9%	49%	44.31%	0%	N
Carbon Disclosure Project scoring	2.5%	D-	D	C-	B-	2.5%	N
Store energy reduction	2.5%	2%	3%	5%	2.28%	0.83%	N
Total outturn	100%					4.66%	

* Excludes adjusting costs such as demerger costs and IT separation costs.
** The increase in cash from operating activity less capital investment and excludes adjusting items, dividends and share purchases.

Further details on performance against the ESG targets is below:

- % female representation in store leadership: We saw a positive increase of 21 females during the year, partly due to a higher female internal promotion rate for Operations Managers.
- % female representation in Support Centre management: We saw a positive increase of 7 females during the year, however the percentage increase in the number of males was higher.
- Carbon Disclosure Project scoring: We received a B- scoring for our first CDP disclosure as an independent business, which is above maximum target. Effective management of our climate risks and opportunities was a key factor.
- Store energy reduction: We reduced electric and gas primarily through the focus given to this by our store teams.

Long term incentives
The Transitional Awards were intended to address a long term incentive 'gap' whereby Wickes executives and management would not otherwise have had any LTIPs vesting until 2024 as no awards were made to the executives from Travis Perkins Plc in 2019. The awards were granted to ensure the remuneration offering remains market competitive during these first few years of operation and to reward management for their role in the demerger and transformation of Wickes into an independent listed business.

Vesting of the Transitional Awards is dependent on achievement of the following performance underpin conditions:

- Personal performance
- Underlying corporate performance:
- For T1: 70% of the 2021 bonus profit target (£66.2m)
- For T2: 70% of the 2022 bonus profit target (£63.1m)
- Any Shareholder concerns
- Any other factors the Committee may consider relevant.

In the case of significant failure on the part of the Company or the participant, vesting may be reduced, including to nil.

The first tranche (T1) of the Transitional Awards vested in full on 28 April 2022 following achievement of the performance conditions outlined above. The 2021 bonus profit outcome was £116.3m.

The second tranche (T2) is due to vest for David Wood on 28 April 2023 based on achievement of the performance conditions. The corporate performance element of the underpin for the second tranche of the Transitional Awards has been met. A final decision on the underpin will be made on 28 April 2023. The share price used to value the awards for the purpose of the single figure was £1.354 compared to a share price of £2.212 on the date of the award. Therefore, no portion of the value disclosed is attributable to share price appreciation.

Payments to past Directors and payments for loss of office (audited)
As disclosed in last year's Directors' Remuneration Report, Julie Wirth retired as Chief Financial Officer from 31 July 2022. The Remuneration Committee determined that Julie Wirth would receive good leaver status only in respect of the incentives where the performance period was fully completed at the date of leaving and only to the extent that the associated performance conditions were met. All other terms were operated in line with those previously disclosed:

- Base salary and associated benefits were paid until the leaving date.
- No eligibility to receive a bonus in respect of the period of 2022 served in role.
- No eligibility to receive an LTIP grant in 2022.
- The 2021 LTIP award lapsed in full.
- The second tranche of the Transitional Awards (awarded in respect of the demerger from Travis Perkins Plc) lapsed in full.

The following incentives were permitted to vest:

- The first tranche of the Transitional Awards.
- The 2021 bonus (including deferred element).

There were no other payments made for loss of office or to past Directors.

Statement of Director shareholdings and share interests (audited)

A summary of the Directors' share interests is set out below.

Director	Shares owned 31 Dec 2022	Shares owned 31 Dec 2021	Exercised	Awards over nil cost options – 2022 Vested but not exercised	Awards over nil cost options – 2022 Unvested and subject to continued employment	Unvested and subject to performance	Shareholding requirement	Deferred annual bonus plan (DABP)	Shareholding as % of salary
Executive Directors									
David Wood	**367,436**	16,615	204,303	0	0	1,078,475	200%	99,169	121%
Mark George	**0**	–	0	0	148,114	454,362	200%	0	0%
Julie Wirth[1]	**6,067**	6,067	0	123,820	0	0	–	60,102	–
Non-executive Directors									
Christopher Rogers	**71,272**	71,272	0	0	0	0	–	–	–
Mark Clare	**42,797**	40,000	0	0	0	0	–	–	–
Sonita Alleyne	**0**	0	0	0	0	0	–	–	–
Mike Iddon	**0**	0	0	0	0	0	–	–	–

1 The figures shown for Julie Wirth relate to her shareholding at her departure date of 31 July 2022. In line with Policy, post-departure Julie Wirth is expected to retain the lower of 100% of her actual shareholding at cessation and 200% of salary, for two years after leaving.

Shareholdings include all shares beneficially owned by the Director and their partner and the post-tax value of any awards that have vested but have not been exercised. Unvested awards subject to performance or continued employment are not counted. The calculation is based on the closing share price at year end of £1.463. There have been no changes in the shareholding of Directors between 31 December 2022 and the date this report is signed.

The Executive Directors have five years to meet their shareholding guidelines, in line with Policy.

Share awards made during the financial year (audited)

The below table summarises the terms for the long term incentives and deferred annual bonus plan (DABP) awarded to Directors during 2022.

Director	Type of award	Plan name	Date of grant	Number of shares / options	Award as % of salary	Face value	Performance period	Vesting date	Holding period
David Wood	Nil cost option	LTIP	31/03/22	482,557	175%	£887,905	1/1/22–31/12/24	31/03/25	2 years
David Wood	Nil cost option	DABP	31/03/22	99,169	36%	£182,471	n/a	31/03/25	n/a
Mark George	Nil cost option	LTIP	28/09/22	454,362	150%	£558,865	1/1/22–31/12/24	28/09/25	2 years
Mark George[1]	Nil cost option	Listing Rule 9.4.2 buyout award – Tranche 1	28/09/22	101,216	33%	£124,496	n/a	09/09/23	2 years
Mark George[1]	Nil cost option	Listing Rule 9.4.2 buyout award – Tranche 2	28/09/22	46,898	15%	£57,685	n/a	25/03/24	2 years
Julie Wirth	Nil cost option	DABP	31/03/22	60,102	32%	£110,588	n/a	31/03/25	n/a

1 No further conditions apply to these awards.

The number of shares under award for David Wood and Julie Wirth's awards was calculated using a share price of £1.845, being the closing market price of the Company's shares on the dealing day immediately preceding the grant date. The number of shares under award for Mark George was calculated using a share price of £1.238, being the closing market price of the Company's shares on the dealing day immediately preceding the grant date.

The Company's share plan rules are available from the Company Secretary on request.

Annual Report on Remuneration continued

2022 LTIP

LTIP grants were made during the year in line with the Remuneration Policy. The LTIP awarded to the CEO was 175% of base salary, and the award to the CFO was 150% of base salary. The Committee is conscious that the share price used for the September 2022 award for the CFO was 33.15% lower than the share price used to determine award levels for the primary grant in March 2022. In this context, the Committee carefully considered whether it should scale back the grant of the award, but considered it inappropriate to do so at the time. The Committee will, however, review the payout at vesting, and consider whether the CFO has benefited from 'windfall gains', in which case the intention would be to scale back vesting levels.

Performance conditions attached to long term incentive awards granted during 2022

Measure	Weighting	Threshold	Maximum	Vesting at threshold	Vesting at maximum
Adjusted basic EPS in FY2024	70%	27.2p	32.9p	20%	100%
Relative TSR vs constituents of the FTSE 250 (excluding investment trusts)	30%	Median	Upper quartile	20%	100%

Note – Vesting is on a straight line basis between threshold and maximum.

Adjusted basic EPS has been selected because this is a key performance indicator of the business and is reported externally. It is also a relevant Shareholder measure of Group profitability. Relative TSR has been selected because it aligns executives to our investors' experience and helps to reward outperformance of the market and long term value creation.

The adjusted basic EPS targets were set with a narrower range in 2022 compared with 2021, where a wider range was applied to provide for the uncertainty of the first year of operation as a demerged business and in part to reflect the uncertainty of future trading conditions in relation to the pandemic.

CFO remuneration arrangements

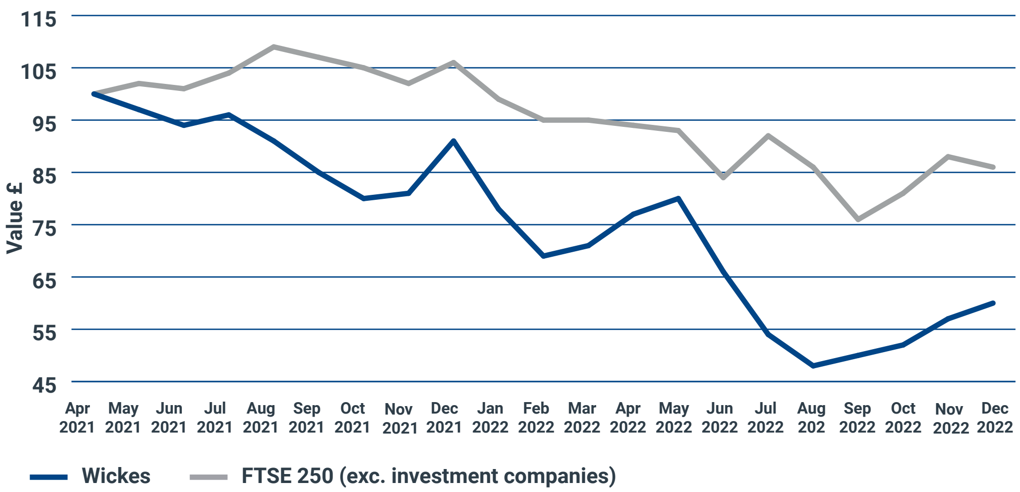
Mark George was appointed to the Board as Chief Financial Officer with effect from 6 July 2022. Mark was appointed on an annual base salary of £375,000. The Committee recognised that Mark's base salary was set at a level above the previous CFO's salary but the Committee considers this appropriate taking into account a number of factors including Mark's prior experience as CFO of a listed business. Mark's incentive arrangements are in line with the Remuneration Policy.

The Remuneration Committee agreed to buy out some of The Gym Group incentive awards forfeited by Mark. Upon appointment, Mark received a cash payment of £183,973, made up of £115,223 to replace his forfeited 2021 Gym Group bonus in full, and £68,750 as a partial buyout of his 2022 bonus. In September 2023, Mark was awarded a total of 148,114 Wickes shares to replace his foregone 2020 and 2021 The Gym Group LTIPs. A total of 101,216 shares are due to vest on 9 September 2023 and a total of 46,898 shares are due to vest on 25 March 2024. The performance conditions associated with Mark's 2019 The Gym Group LTIP were not met, therefore no buyout award was made. None of these payments are pensionable.

TSR performance graph and history of CEO pay

The graph below shows the Group's performance from the date of listing to the financial year end, measured by TSR, compared with the FTSE 250 (exc. investment trusts). The Remuneration Committee has chosen the FTSE 250 (exc. investment trusts) as the comparative index as it is also the peer group used for the TSR performance condition in the 2022 LTIP. The table details the total remuneration for the Chief Executive over this period.

Wickes Total Shareholder Return vs FTSE 250 (exc. investment trusts)



Director	Year	Total single figure of remuneration (£,000)	% of annual bonus paid out	% of LTIP vested*
David Wood	2022	864	4.66%	100%
David Wood	2021	1,357	79%	100%

* Note – the LTIP values relates to the Transitional Awards. The first tranche vested on 28 April 2022. The second tranche is due to vest on 28 April 2023 (subject to achievement of the performance underpin).

External appointments

External appointments must be approved by the Board in advance and Executive Directors are restricted to one Non-executive Directorship or other significant appointment. They are entitled to retain any fees paid for these services. During the year, David Wood served as Non-executive Chairman, 'Green Sheep Group Ltd' and Director, 'Dremt Consulting Ltd'. David Wood was paid a fee of £71,500 by 'Green Sheep Group Ltd'[1]. Mark George served as Director, 'HMNG Ltd', Director, 'The Prentice and Seabright Cups Ltd'[2] and Director, 'Fallows Green Ltd'. No fees applied to any of these appointments for Mark George.

1 Fees earned from Green Sheep Group Ltd are paid to Dremt Consulting Ltd.
2 Position commenced on 27 May 2022.

Dilution limits

Where shares for use in connection with the Company's share plans are newly issued, the Company complies with Investment Association dilution guidelines on their issue. These provide that overall dilution under all plans should not exceed 10% of the Company's issued share capital over a 10 year period, with a further limitation of 5% in any ten year period for executive plans.

Directors' Remuneration Policy

Implementation of Executive Remuneration Policy in 2023

The table below summarises the key elements of the Company's Directors' Remuneration Policy approved at the 2022 AGM and its proposed application in 2023. The full Policy wording, including details pertaining to malus and clawback, is set out in the 2021 Annual Report and Accounts which is available on the Company's website https://www.wickesplc.co.uk/investors/investors-overview/. When implementing the Policy, the Remuneration Committee considered the Company's remuneration principles on page 104 and the six factors listed under Provision 40 of the UK Corporate Governance Code. Further details of how our Policy aligns to these six factors can be found in the full Policy on our website.

Policy element	Statement of implementation of the Directors' Remuneration Policy in 2023
BASE SALARY	
To provide fixed remuneration that will attract and retain the executive talent required to execute our strategy. There is no maximum salary, or maximum salary increase level. Salary increases will generally be in line with increases awarded to the wider workforce. However, as with all employees, the Committee may make increases above this level in specific circumstances such as: stepped or one-off increases to bring a recently appointed executive's salary up to targeted/market levels; an increase in the scope or responsibilities of the role; an increase to the size/complexity of the business; increases in market pay levels. Base salary levels are reviewed in the context of the potential value of the total remuneration package.	– Base salary for the CEO will be increased by 4% to £527,670 from 1 April 2023. – Base salary for the CFO will be increased by 4% to £390,000 from 1 April 2023. Both increases are below the average increase awarded to the wider workforce in 2023 of more than 8%.
PENSION	
To enable executives to save for their retirement and to enhance the market competitiveness of the total remuneration package. The maximum pension provision will be in line with the maximum rate available to the wider workforce, currently up to 10% of base salary per annum.	There are no changes to the pension provision which will continue to be 10% of base salary in line with the maximum rate available to the wider workforce.
BENEFITS	
To enable the executives to perform their role by providing benefits that enhance their wellbeing. There is no maximum benefits value. The value of benefits is equal to the cost to the Company of providing benefits and may change year on year based on the cost of the provider. However, the Company will endeavour to select the best value benefits.	There are no changes to the benefits provision for Executive Directors which includes family private medical, life assurance, income protection and a company car or car allowance.
ANNUAL BONUS	
To reward achievement of stretching annual performance targets that are directly linked to delivery of the business strategy. **Deferral of one third of the bonus into Wickes Group Plc shares aligns Executive Directors with Shareholder interests over the long term.** The maximum opportunity for the Chief Executive Officer is 140% of salary and 120% of salary for other Executive Directors. For on target bonus performance 50% of the maximum bonus will be earned. For achievement of threshold performance 20% of the maximum will be earned. There is a straight line payout between these points.	– The annual bonus will continue to operate in line with the framework set out in the Policy table. The maximum opportunity will continue to be 140% of salary for the CEO and 120% of salary for the CFO. – The performance focus areas and weightings will remain broadly the same as for 2022: 70% profit before tax (adjusted), 20% free cash flow, 10% ESG. – The ESG targets will be focused on the gender balance of our management populations which forms part of our wider ESG strategy. – Due to commercial sensitivity, the performance targets for the financial metrics will be disclosed retrospectively.

Annual Report on Remuneration continued

LONG TERM INCENTIVES

To incentivise and reward long term Shareholder value creation.

Enables Executive Directors to build meaningful long term Wickes Group shareholdings, and further align the interests of the Executive Directors with Shareholders.

The maximum annual LTIP opportunity under the rules of the plan is 200% of base salary.

The ongoing LTIP opportunity for the Chief Executive Officer is 175% of salary and for the Chief Financial Officer it is 150% of salary. 20% of the maximum award will be earned for achievement of threshold performance and 100% for maximum. There will be a straight line payout between these points.

- The LTIP will continue to operate in line with the framework set out in the Policy table. The maximum opportunity will continue to be 175% of salary for the CEO and 150% of salary for the CFO.
- The performance metrics and weightings will be updated to incorporate an additional ESG measure based on our approved Science Based Targets, and become 60% adjusted basic EPS, 30% Relative TSR, 10% ESG.
- The adjusted basic EPS performance range has been widened to reflect greater uncertainty over the longer-term.
- The performance targets for FY2023 LTIP awards are as detailed below the table.

Measure and weighting	Threshold (20% vesting)	Maximum (100% vesting)
Adjusted basic EPS growth (60%)	16.3	22.1
Relative TSR (30%)	Median Ranking	Upper Quartile Ranking
ESG – Science Based Targets (10%)	See below	

* We intend to make awards in line with Policy at levels no more than the maximum face values referred to above. Specific details will be confirmed in the RNS shortly after grant.

ESG targets (10%)

The ESG target is based on Wickes' approved near-term Science Based Targets covering Operations, Suppliers and Products, as detailed on page 40 within this report. The expected progress and milestones associated with each of these longer term targets has been used to set the three year targets that apply over the period FY2023 to FY2025, as detailed below:

- Target 1 (Operations) – Reduction in absolute Scope 1 and 2 emissions by 25% by 2025.
- Target 2 (Suppliers) – 30% of Wickes' suppliers by emissions will have Science Based Targets by 2025.
- Target 3 (Products) – Reduce Scope 3 GHG emissions from the use of sold products by 16% by 2025.

The performance targets for each of these measures hold equal weighting:

Measure and weighting	Threshold (20% vesting)	Maximum (100% vesting)
Target 1 – Operations (3.33%)	22.5%	27.5%
Target 2 – Suppliers (3.33%)	27.0%	33.0%
Target 3 – Products (3.33%)	14.4%	17.6%

Note: Should there be a significant change to the business that results in rebasing of the Company's near-term Science Based Targets, the remuneration targets will be adjusted accordingly.

EMPLOYMENT SHAREHOLDING GUIDELINES AND POST-CESSATION SHAREHOLDING GUIDELINES

To encourage Executive Directors to build meaningful shareholdings and to align Executive Director interests with those of Shareholders both during their service and for a period afterwards.

During their employment, Executive Directors are expected to retain at least 50% of post tax shares acquired from Company share plans to accumulate a shareholding in Wickes Group shares of 200% of salary within five full years of this Policy being approved. Newly appointed Executive Directors are expected to build up this shareholding within five years of appointment.

Post-cessation of employment, Executive Directors are required to hold the lower of 100% of their actual holding at cessation and 200% of salary for two years after leaving.

The Committee retains discretion to adjust the formulaic outcomes under the annual bonus and LTIP and both annual bonus and LTIP contain malus and clawback provisions.

Implementation of Non-executive Director Policy in 2023

Non-executive Director fees will be increased by 4% from 1 April 2023 in line with the wider workforce. Fees as at 1 April 2023 are set out below:

Role	Fee level per annum
Basic non-Executive Director	£58,630
Chair of the Board	£197,210
Senior Independent Director	£7,995
Chair of a Committee	£10,660

In line with our Policy, reimbursement of reasonable expenses in relation to Non-executive duties may be paid.

Director remuneration in the context of colleague pay

Remuneration approach for the wider Group

The approach to remuneration for our colleagues is aligned with the principles that apply to our Policy for the Executive Directors. Pay and benefits reflect the nature and contribution of the role and take into account levels of pay in comparable roles in the market. Our reward framework is regularly reviewed to ensure colleague pay is fair and appropriate.

During the year, we recognised that higher cost of living would have a greater impact on our lower paid colleagues. Basic pay was increased by more than 8% on average for the wider workforce, and we invested over £3.5m in bringing forward the annual salary review for this population from April 2023 to January 2023.

For our management and head office populations, we implemented a 5% salary increase for 2023. With fairness in mind, this was higher than the Executive Directors and senior management who were awarded 4%.

Although the financial targets were not met under the 2022 central colleague annual bonus plan, it was decided a small 'recognition payment' would be made to those eligible under the plan, in recognition of their contribution during the year. Colleagues were awarded a higher percentage payment than senior management, in line with our approach to fair pay.

> We have invested over £3.5m in bringing forward the annual salary review for our store colleagues.

We set up a cost of living working group to develop meaningful support for colleagues. We adjusted our store 'Gainshare' incentive targets to reflect economic conditions, which led to 4,843 additional payments to colleagues totalling over £240,000. Having listened to colleagues' concerns around food prices, we introduced 'Breakfast on Us', our free food provision for store colleagues, and saw 18,542 food items ordered in the first quarter of the scheme. Our colleague discount remains hugely popular with our colleagues, and our October promotion alone saw colleagues save a total of £745,579.

In September, we introduced our second SAYE plan, as a further means of strengthening the link between colleagues' interests and those of Shareholders. A total of 1,644 (20% of eligible colleagues) joined the 2022 plan, resulting in 2,200 colleagues (over 26% of total workforce) paying into either the 2021 or 2022 plans.

Over 26% of our total workforce are in either the 2021 or 2022 SAYE plans.

Our colleague reward strategy was recognised at the 2022 Reward Strategy magazine awards.

Gender pay gap

We continue to focus on reducing our gender pay gap at all levels of the business, and in 2022 the ESG element of the executive bonus plan included specific targets relating to female representation in management roles within the Support Centre and store management populations.

In December 2022, we published our second gender pay gap report as an independent business. We reported a significant 5.8% reduction in our median pay gap to 2.57%, from 8.36% in 2021. We also saw a modest increase in our mean gender pay gap from 6.44% to 7.42%. This is mainly down to a slight change in our executive and senior leader composition as our headcount has grown at that level.

5.8%

Reduction in our gender pay gap (median)

Our Winning Behaviours

Our business is powered by highly engaged teams who operate around a set of simple principles.

See more on our Winning Behaviours on page 81.

Engagement with Shareholders

In our engagements with Shareholders since listing we have had a number of discussions on the use of ESG measures in remuneration targets. Shareholders are increasingly wanting to see ESG linkage to remuneration and we have taken this feedback on board, initially through our bonus scheme and going forward also through our LTIP.

Engagement with colleagues (UK Code requirement)

When considering remuneration arrangements for Executive Directors, the Committee takes into account, as a matter of course, the pay and conditions of colleagues at all levels throughout the Company, to ensure appropriate alignment. The Committee receives regular updates regarding any major changes to colleague remuneration during the year and also reviews information on internal measures, including details of our gender pay gap and the ratio of Chief Executive Officer remuneration to that of our colleagues, and considers how these compare externally.

The Board places great importance on listening to the views of our colleagues on a range of issues including pay and benefits, and Sonita Alleyne our designated Non-executive Director representing employee views, takes the lead on ensuring these are heard by the Board (see page 39 of the Annual Report and Accounts for further details). To facilitate more in depth and open discussion with colleagues on a broad range of current issues, we held a colleague listening group in November 2022 with Sonita in attendance. One of the focus areas of this session was sharing our approach to executive pay, including how this aligns with wider Company pay policy, and colleagues were given the opportunity to share their views on this topic.

CEO to employee pay ratio

The table below sets out the ratio of CEO total remuneration to the 25th, 50th and 75th percentile colleagues. Approach B has been used in order to identify the relevant colleagues to calculate the ratio. This was chosen as it utilises data already collected for gender pay gap calculation from April 2022, providing consistency. The Committee is comfortable this approach provides a realistic assessment of the differential between CEO and colleague pay.

Year	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2022	Approach B	45:1	43:1	31:1
2021	Approach B	97:1	90:1	71:1

The CEO total remuneration has been taken from the single figure table and reflects 2022 remuneration earned over the full financial year. Colleague remuneration has been calculated on the same basis. Where relevant, each colleagues' pay and benefits were calculated on a full-time equivalent basis, and no further adjustments were made. The values for total remuneration for the 25th, median and 75th percentiles consist of salary, bonuses and employer contribution to pension. To ensure these three colleagues were a suitable representative of their quartile, the total pay figures calculated were compared against a sample of colleagues either side of the three identified colleagues.

There has been a reduction in the CEO pay ratio in 2022 compared with 2021, which is mainly reflective of the lower executive annual bonus outcome in 2022.

The Remuneration Committee considers pay ratios as one of a number of reference points when reviewing executive remuneration and considers that the median pay ratio for 2022 is consistent with the pay and progression policies for the Company.

	P25	P50	P75
Base salary	£18,967	£18,967	£25,065
Total remuneration	£19,117	£20,291	£27,504

Relative importance of spend on pay

The table below illustrates the total spend on colleague remuneration in 2022 compared with other financial dispersals.

	2022 £m	2021 £m	%
Total colleague cost[1]	**220.5**	217.9	1.2%
Total distributions to Shareholders[2]	**31.2**	5.3	488.7%
Total income taxes paid[3]	**4.3**	14.6	(70.5%)
Total capital expenditure[4]	**40.4**	26.5	52.5%

1 Includes social security, pensions and share-based payments (see note 8 of the financial statements)
2 (See note 26 of the financial statement)
3 (See the cash flow statement on page 130)
4 (See the cash flow statement on page 130)

Percentage change in Directors' and colleague remuneration

The table below summarises the change in each Director's base salary/fee, benefits and bonus received for FY2022 compared with the prior year.

Director	Salary/fee	Taxable benefits	Bonus
Executive Directors			
David Wood[1]	3.80%	(2.02%)	(93.95%)
Mark George[2]	n/a	n/a	n/a
Julie Wirth[3]	4.95%	(21.90%)	n/a
Non-executive Directors			
Christopher Rogers[1]	2.03%	n/a	n/a
Mark Clare[1]	1.70%	n/a	n/a
Sonita Alleyne[1]	2.49%	n/a	n/a
Mike Iddon[1]	2.49%	n/a	n/a
All employees[4]	3.52%	n/a	(12.09%)

1 Salary and benefit amounts for David Wood, Julie Wirth, Chris Rogers, Mark Clare, Sonita Alleyne and Mike Iddon have been annualised for 2021 based on their joining date with Wickes, to reflect what they would have been over a full 12 month period, to aid comparison.
2 Mark George was appointed during 2022 and therefore no annual change is shown.
3 Julie Wirth stepped down in 2022. Salary and benefit amounts have been annualised for 2022 based on her leaving date, to reflect what they would have been over a full 12 month period. Julie Wirth did not participate in the annual bonus for 2022 therefore no annual change is shown.
4 The salary, benefit and bonus figures for colleagues are based on the median earning colleagues identified for the CEO pay ratio calculation, for consistency. Actual annual increases were aligned at c.2.5% for colleagues and Executive Directors as part of the 2022 annual pay review, however due to the timing of the increases in 2022 the % change figures are different in this table.

Remuneration Committee

The Committee is responsible for determining the Remuneration Policy for the Chair of the Board, Executive Directors and other designated senior management. In doing so, the Committee is required to consider all factors which it deems necessary, including:

- relevant legal and regulatory requirements;
- alignment to Company purpose and values;
- the link to the successful delivery of the Company's long term strategy and long term Shareholder interests;
- workforce remuneration and related policies and the alignment of incentives and rewards with culture; and
- feedback from the engagement process with employees.

The Committee comprises all the independent Non-executive Directors and the Chair of the Board (who was considered independent on appointment). Prior to appointment, the Chair of the Committee had served on a Remuneration Committee for at least 12 months in line with the Code. Biographical details on the Chair of the Committee and members of the Committee can be found on page 77.

The Committee operates in line with its Terms of Reference, which are available on the Company's website at www.wickesplc.co.uk

Committee activities

The table below sets out the meetings and key activities undertaken in the year:

	Jan 22	March 22	Sept 22	Nov 22
Approved Remuneration Committee Terms of Reference	●			
Reviewed Remuneration Policy and proposals	●			
Approved appointment terms for the new CFO and leaving terms of the departing CFO	●			
Approved Directors' Remuneration Report		●		
Approved Remuneration Policy		●		
Approved 2021 annual bonus outcome		●		
Approved 2022 bonus and LTIP targets		●		
Approved the Shareholding Requirements Policy		●		
Reviewed trends in remuneration and governance			●	
Reviewed Group wide remuneration and cost of living support			●	
Reviewed progress against bonus targets for the financial year ended 31 December 2022			●	
Noted the colleague SAYE plan outcome for 2022				●
Discussed principles for 2023 annual salary review				●
Discussed the gender pay gap reporting outcome for 2022				●
Reviewed CEO and Chair of the Board expense claims				●
Reviewed Committee forward agenda and meeting schedule				●

Advice to the Committee

Members of the executive leadership team may attend meetings at the invitation of the Committee but are not present when their own remuneration is being discussed. The Committee is supported by the Chief People Officer, Head of Reward, Chief Financial Officer and General Counsel and Company Secretary.

The Committee received external advice during 2022 from Willis Towers Watson, who are members of the Remuneration Consultants Group and operate under the executive remuneration consulting Code of Conduct. The Committee is satisfied that no conflict of interest arose in the provision of these services.

The total fees paid to Willis Towers Watson in respect of services to the Committee during the year were £56,116.

Shareholder voting

The table below sets out the votes on the Annual Report on Remuneration and on the Directors' Remuneration Policy at the 2022 AGM.

Resolution	Votes for (and % of votes cast)	Votes against (and % of votes cast)	Proportion of shares voted	Shares on which votes were withheld
Directors' Remuneration Report (2022 AGM)	162,001,102 99.43%	932,920 0.57%	62.75%	2,214,014
Directors' Remuneration Policy (2022 AGM)	161,449,811 97.77%	3,683,296 2.23%	63.60%	14,929

We remain committed to engaging proactively with Shareholders and advisory bodies on remuneration matters.

The Directors' Remuneration report has been approved by the Board of Directors and is signed on its behalf by:

Mark Clare
Chair of the Remuneration Committee
22 March 2023

DIRECTORS' REPORT

The Directors present their report, together with the audited financial accounts for the 52 weeks ended 31 December 2022. This report sets out information required to be disclosed in the Directors' report in accordance with the Companies Act 2006 (the 'Act'), the Financial Conduct Authority's Listing Rules ('Listing Rules'), the Disclosure Guidance and Transparency Rules ('DTRs') and the UK Corporate Governance Code 2018.

Principal activity and areas of operation

The principal activity of the Group is the operation of retail home improvement stores across the UK.

Articles of Association

The Company's Articles of Association ('Articles') may only be amended by special resolution at a general meeting of the Shareholders. The Articles are available on the Company's website www.wickesplc.co.uk

Directors

Details of the Directors at the date of this report are set out on page 77 together with their biographical information. During the year, Julie Wirth resigned as a Director of the Company on 29 July 2022 and Mark George was appointed as a Director of the Company on 29 July 2022. All other Directors held office throughout the year.

The appointment and removal of Directors is governed by the Articles, the Act, the Code and related legislation. In accordance with the Code and to promote good governance, all Directors shall retire and those wishing to serve again will put themselves forward for election or re-election at the AGM.

The powers and responsibilities of the Directors are governed by the Act, the Articles and any direction given by Shareholders by special resolution, and subject to these conditions the Board may exercise all of the powers of the Company.

Directors' interests

The Company has robust procedures to identify, authorise and manage actual and potential conflicts of interest. If any potential conflicts arise they are reviewed and, if appropriate, approved by the Board.

At no time during the year did any Director have a material interest in any contract of significance to the Group's business.

The interests of the Directors who served during the year and their immediate families in the shares of Wickes Group Plc, along with details of Directors' share options, are set out in the Directors' Remuneration report on pages 101-114.

Directors' indemnities

In accordance with the Company's Articles and s.234(2) of the Act, a qualifying third party indemnity is in force to the extent permitted by law for the benefit of each of the Directors in respect of liabilities incurred as a result of their office. For those liabilities for which Directors may not be indemnified, the Company has maintained Directors' and Officers' Liability Insurance throughout the financial year.

Share capital

The Articles contain provisions governing the ownership and transfer of shares. As at 31 December 2022, the Company had an allotted and fully paid issued share capital of 259,637,998 ordinary shares of 10 pence each, with an aggregate nominal value of £25,963,800.

The ordinary shares of the Company are listed on the London Stock Exchange and each share carries the right to one vote at general meetings of the Company. No Shareholder holds securities having special rights with regard to control of the Company. There are no restrictions on voting rights or the transfer of securities in the Company. The Company is not aware of any agreements between holders of securities that result in such restrictions.

Details of the Company's share capital are set out on page 147.

As at 31 December 2022, The Wickes Employee Benefit Trust held 5,894,719 ordinary shares (2.27% of the issued share capital) and the Wickes Share Incentive Plan (SIP) Trust held 924,144 ordinary shares (0.36% of the issued share capital) in the Company for use in connection with the Company's share plans.

Shares held by the trusts rank pari passu with the shares in issue and have no special rights. Voting rights and rights of acceptance of any offer relating to the shares held in these trusts rests with the trustees, who may take account of any recommendation from the Company. It is the Company's policy not to give voting instructions to the trustees.

The trustees of the SIP Trust may vote in respect of shares held in the SIP Trust, but only as instructed by participants in the SIP in respect of their Free Shares and Dividend Shares. The trustees will not otherwise vote in respect of shares held in the SIP Trust.

Authorities

At the AGM on 26 May 2022, the Directors of the Company were authorised to allot new shares in the Company or grant rights to subscribe for, or to convert any security of the Company in, shares up to a maximum number of shares representing not more than one third of the share capital of the Company. The Directors were also given the authority to allot relevant securities in connection with an offer by way of a rights issue up to a further one third of the issued share capital of the Company. No shares were allotted under either authority during the financial year.
The Company was further authorised at the same AGM to purchase its own shares in the market up to a maximum of approximately 10% of the Company's issued share capital. No shares were purchased under that authority during the financial year.

The Company is seeking to renew these authorities at the forthcoming AGM, within the limits set out in the notice of that meeting and in line with the recommendations of the Pre-Emption Group.

Significant agreements – change of control

The Company is not party to any significant agreements that would take effect, alter or terminate following a change of control of the Company. The Company does not have agreements with any Director or officer that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the Company's share plans may cause options and awards granted under such plans to vest on a takeover.

Dividends

The profit for the financial year ended 31 December 2022 after taxation amounts to £31.9m from continuing operations. The Directors have declared dividends as follows:

Ordinary shares	£m
Paid interim dividend of 3.60 pence per share[1]	9.1
Proposed final dividend of 7.3 pence per share[2]	18.4
Total dividend of 10.9 pence per share in respect of financial year ended 31 December 2022[2]	27.5

1 Excludes £0.2m dividends waived.
2 Subject to Shareholder approval at the 2023 AGM, the final ordinary dividend in respect of the 2022 financial year will be paid on Wednesday 7 June 2023 to all Shareholders on the Register of Members at the close of business on Friday 21 April 2023.

Further information on dividends can be found in note 26 to the accounts on page 149.

Directors' report continued

Dividend waivers
The Wickes Employee Benefit Trust (EBT) and the Wickes SIP Trust hold shares in the Company in connection with the operation of the Company's share plans. An evergreen dividend waiver is in place on the shares held by the EBT and for shares held by the SIP Trust that have not been allocated to employees.

Major Shareholders
As at 31 December 2022, the Company had been notified of the following interests in voting rights pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules. Between 31 December 2022 and the date of this report, Solas Capital Management, LLC notified the Company that it had dropped below the 3% reporting threshold.

Ordinary shares	Number of shares	% of voting rights
Solas Capital Management, LLC	7,806,924	3.01

Employment policies
The Company's policies and related guidance are designed to create a modern and inclusive working environment and provide support to colleagues through the key moments that matter in their personal and work life and help them to feel at home at Wickes.

Family friendly and wellbeing policies have been designed to support colleagues' mental health and wellbeing as well as their financial health. Policies encourage and promote equal treatment, and any decisions relating to any aspect of employment are free from bias. Colleagues feel safe in speaking up where unacceptable behaviour is experienced.

We recognise the benefits of inclusion and diversity within our workforce and encourage equality of treatment and opportunities in all aspects of employment, including recruitment, training and development, and promotion. This is reflected in all employment policies and processes which are designed to ensure that anyone with a disability is treated fairly and any form of discrimination is not tolerated.

We regularly review our facilities and working practices to ensure we cater for people with special requirements or disabilities. Line managers are given support and coaching to help understand mental or physical health and wellbeing conditions so they can make suitable adjustments to ensure their colleagues can perform at their best and feel at home at Wickes, including any colleagues who may have become disabled during employment.

We do not tolerate any kind of disability discrimination. We focus on ability and not disability, ensuring that all colleagues are empowered to flourish. To achieve this, the Wickes Ability network exists to champion each colleague's own ability to ensure they reach their full potential and to highlight opportunities where we can continue to improve.

The Company's culture and values are critical to sustaining an engaged workforce, but we know things can sometimes go wrong. Grievance and disciplinary policies have been designed to ensure all colleagues are treated fairly in line with our values and in a professional and sensitive manner. Colleagues know where to go for support and guidance is available to help them every step of the way.

Policies are designed to engage and retain talent in the business and set out the behaviours expected, what colleagues are entitled to, where they can go for help and how we will treat all colleagues fairly and consistently.

Colleague engagement
We know that our high levels of colleague engagement and unique culture are what make our colleagues feel at home at Wickes. We communicate with colleagues regularly through a variety of channels tailored to each area of the business to ensure they are informed about the business direction, including Company performance, and that they are listened to and inspired to play their part in delivering our strategy and purpose.

We engage with our colleagues formally and informally, using weekly newsletters, regular 'team 5s' (informal team briefings), 'The Scoop' intranet communications, Google communities, and monthly CEO Company wide updates via email, video and town halls. We also host an annual managers' meeting.

We use these many communication channels to engage colleagues in the Company's share schemes, thereby giving them the opportunity to share in the future success of the business and give them a personal connection to Company performance. More information on colleague reward and engagement can be found in the Directors' Remuneration report on pages 101-114 and the Section 172 statement on pages 55-59.

Colleagues have an opportunity to give regular feedback through our annual colleague engagement surveys, topical mini surveys, listening roadshows with our Executive team and quarterly Employee Voice sessions. In November, we held a virtual Employee Voice session which was represented by 17 colleague voices, and the Plc Board was represented by our designated Non-executive Director for employee voice, Sonita Alleyne. The matters raised are fed back and discussed by the Board.

Human Rights and Modern Slavery Policy
The Company is opposed to all forms of unethical business behaviour. We are committed to ensuring there is decent, fair and safe work for all, both directly and indirectly throughout our supply chain, as set out in our Human Rights Policy and Modern Slavery and Human Trafficking Policy. Through our supplier audits we monitor human rights standards. We recognise the harmful impact that modern slavery has on individuals and society and we are committed to help prevent these illegal practices. The Company's statement on Modern Slavery is reviewed and approved by the Board on an annual basis and published on the Company's website www.wickesplc.co.uk

Anti-bribery Policy
We have a zero-tolerance approach to bribery. Our anti-bribery programme is built around a clear understanding of how and where bribery risks affect our business and comprises key controls of: policies (including anti-bribery, gifts and entertainment, conflicts of interest, charitable donations); procedures (such as conducting due diligence on suppliers); training all colleagues annually on bribery risks; and ongoing assurance programmes to monitor the effectiveness of controls. We encourage any instances of alleged bribery and corruption to be reported either through line management or through the anonymous whistleblowing platform. All reports are thoroughly investigated and the Board receives reports at least annually on any breaches of policy.

Anti-Fraud Policy
We take a zero-tolerance approach to fraud and any activity which amounts to fraud or is a dishonest act is prohibited. We have an anti-fraud policy and training module that all colleagues are required to

complete annually. We ask colleagues to complete due diligence on any third parties before contracting with them. We encourage any suspected incidents of fraud to be reported to a line manager or via our anonymous whistleblowing platform. We are committed to assisting the police in any fraud investigations and will endeavour to recover any wrongfully obtained assets.

Political Donations Policy

The Group's policy is not to make donations to political parties and has made no such payments to either political groups or individual candidates, nor did it incur any political expenditure during the year.

The Company is seeking to renew the authority to make political donations at the forthcoming AGM, within the limits set out in the notice of that meeting. This is on a precautionary basis to avoid any unintentional breach of the relevant provisions of the Act.

Events after the balance sheet date

No important events have occurred after the balance sheet date.

Statement of disclosure to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that the Director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with s.418(2) of the Act.

Branches

The Company does not have any branches outside of the UK.

Research and development

The Company does not undertake any research or development activities.

Additional disclosures

Other information that is relevant to this Directors' report and which can be incorporated by reference to this report can be located as follows:

Applicable disclosures required pursuant to Listing Rule 9.8.4R	
Long term incentive schemes LR9.8.4(4)	108
Dividend waivers LR9.8.4(12)(13)	116

Sections (1)(2)(5)(6)(7)(8)(9)(10)(11)(14) are not applicable.

Other disclosures incorporated by reference to this Directors' report

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Financial review and KPIs	60-62, 31-32
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Streamlined Energy and Carbon Reporting (SECR) disclosures	43

Cautionary statement regarding forward-looking information

Where this Annual Report contains forward-looking statements, these are based on current expectations and assumptions, and speak only as of the date they are made. These statements should be treated with caution due to the inherent risks, uncertainties and assumptions underlying any such forward looking information.

The Group cautions investors that a number of factors, including matters referred to in this document, could cause actual results to differ materially from those expressed or implied in any forward looking statement. Such factors include, but are not limited to, those discussed under principal risks and uncertainties on pages 66 to 70.

Forward looking statements can be identified by the use of relevant terminology including the words: 'may', 'will', 'seek', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe' or other words of similar meaning and include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and Accounts and include statements regarding the intentions, beliefs or current expectations of our officers, Directors and employees concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the business.

Neither the Group, nor any of its officers, Directors or employees, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Annual Report and Accounts will actually occur.

Undue reliance should not be placed on these forward looking statements. Other than in accordance with our legal and regulatory obligations, the Group undertakes no obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events or otherwise.

The Company has chosen, in accordance with s.414C(11) of the Act, and as noted in this Directors' report, to include certain matters in its Strategic report that would otherwise be required to be disclosed in the Directors' report. The Strategic report can be found on pages 2-72 and includes an indication of future likely developments in the Company, details of important events and the Company's business model and strategy.

The Directors' report, which comprises pages 74-100 and pages 115-117, has been approved by a duly authorised Committee of the Board of Directors on 22 March 2023 and is signed on their behalf by:

Helen O'Keefe
General Counsel and Company Secretary
22 March 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Under company law, the Directors are responsible for preparing the Annual Report and 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. The Directors have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 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 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 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 the Strategic report, Directors' report, Section 172 statement, Directors' Remuneration report and Corporate Governance statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information 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 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

Responsibility Statement of the Directors in respect of the annual financial report

We confirm that 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 company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Statement of Directors' Responsibilities has been approved by the Board of Directors and is signed on their behalf by:

David Wood
Chief Executive Officer
22 March 2023

Mark George
Chief Financial Officer
22 March 2023

TO THE MEMBERS OF WICKES GROUP PLC

1. Our opinion is unmodified

We have audited the financial statements of Wickes Group Plc ("the Company") for the 52 week period ended 31 December 2022 ("2022") which comprise the Consolidated income statement and other comprehensive income, Consolidated and Company balance sheet, Consolidated and Company statement of changes in equity, Consolidated cash flow statement, and the related notes, including the accounting policies in note 2 to the Group financial statements and note C2 to the parent Company financial statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's profit for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the Directors on 6 March 2020 prior to the parent Company becoming a public interest entity. The period of total uninterrupted engagement is for two financial years ended 31 December 2022 as a Public Interest Entity, and four financial years in total. Prior to that we were also auditor to the Group's main trading subsidiary Wickes Building Supplies Limited, but which, being unlisted, was not a Public Interest Entity. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed Public Interest Entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole	£3.5m (2021:£3.4m) 4.6 % (2021: 4.0%) of adjusted profit before tax	
Coverage	100% (2021: 100%) of adjusted profit before tax	
Key audit matters		**vs 2021**
Recurring risks	Recoverability of store assets	▲
	Completeness of Do It For Me ("DIFM") revenue recognition	◀▶
Parent Company	Recoverability of parent Company's investment in subsidiary	▲

Independent Auditor's report continued

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from the 53 week period ended 1 January 2022 ("2021"), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Recoverability of store assets Store assets carrying values (£69.7 million; 2021 £51.4 million) and impairment charges (£15.8 million; 2021: £4.1 million) *Refer to* page 95 *(Audit Committee Report),* page 136 *(accounting policy) and* page 144 *(financial disclosures).*	**Forecast based assessment:** Given the current macroeconomic environment, there is an increased risk of underperforming stores, or other performance related impairment triggers which would require the Directors to carry out an impairment assessment. Each store is considered a CGU for the purposes of impairment. Recoverability of store assets relies on a number of assumptions, most notably forecast future cash flows including the store revenue growth rate, gross margin, the allocation of central costs and the discount rate, which all involve a high degree of estimation uncertainty. Auditor judgement is required to assess whether the Directors' estimate of an individual store's recoverable amount falls within an acceptable range. The effect of these matters is that, as part of our risk assessment, we determined that the carrying value of store assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 15) disclose the sensitivity estimated by the Group.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. We performed an assessment of whether an understatement of the impairment of store assets identified through these procedures was material. Our procedures included: – **Assessing indicators of impairment:** We considered the actual and forecast performance by store for indicators of impairment to assess the completeness of the Group's store impairment review; – **Historical comparisons:** We assessed the reasonableness of the forecasts used by considering the historical accuracy of previous forecasts and the results currently being achieved; – **Tests of details:** We assessed whether the allocation of central costs to individual CGUs was complete and was deemed appropriate based on the nature of the costs; – **Our sector experience:** We assessed whether assumptions used, in particular those relating to forecast store revenue growth rate and gross margin reflect our knowledge of the business and industry, including known or probable changes in the business environment; – **Benchmarking assumptions:** We challenged the key inputs used in the Group's calculation of the discount rate by comparing it to externally derived data, including available sources for comparable companies; – **Sensitivity analysis:** We performed our own sensitivity analysis on the forecasts, including a reduction in assumed growth rates, the allocation of central costs, and discount rates; and – **Assessing transparency:** We assessed whether the Group's disclosures regarding the sensitivity of the outcome of the impairment assessment to changes in key assumptions appropriately reflects the risks inherent in the recoverable amount of the store assets. **Our results** – We found the store assets carrying values, and the related impairment charges to be acceptable (2021: acceptable).

2.Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Completeness of Do It For Me "DIFM" revenue recognition (£371.1 million; 2021: £300.2 million) and Deferred income (£43.6 million; 2021: £60.6 million) *Refer to* page 95 *(Audit Committee Report),* page 132 *(accounting policy) and* page 137 *(financial disclosures).*	**Inappropriate deferral of 2022 DIFM revenue into 2023:** Professional standards require us to presume (unless rebutted) that the fraud risk from revenue recognition is a significant risk. In our view this risk is most prevalent in DIFM. A significant value of DIFM orders are deferred at the end of the financial year, and judgement exists as to whether performance obligations (delivery and/or installation) have been satisfied in relation to these orders. We consider the risk to relate to the completeness of revenue recognised in the financial year, on the basis that the fraud risk factors specific to the Group indicate there may be an incentive to defer income recognition into the following financial year.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. Our procedures included: – **Tests of details:** We carried out sample testing of DIFM orders included in the deferred income balance (products ordered and not delivered and/or installed) to assess whether they should have been recorded as revenue in the financial year, including agreeing to subsequent delivery and/or installation documentation, where applicable; and – **Tests of details:** We assessed whether the order dates of revenue recognised post period end indicated that revenue recognised in the period may be incomplete. **Our results** – The results of our testing were satisfactory and we considered the amount of DIFM revenue recognised in the financial year, and the deferred income at the period end, to be acceptable (2021: acceptable).
Recoverability of parent Company's investment in subsidiary (£598.9 million; 2021: £770.8 million) and impairment charge (£175.6 million; 2021: £nil) *Refer to page 95 (Audit Committee Report), 157 (accounting policy) and page 158 (financial disclosures).*	**Forecast based assessment:** The carrying amount of the parent Company's investment in its subsidiary is significant and at risk of irrecoverability due to the current macroeconomic environment. The estimated recoverable amount of this balance is subjective due to the inherent uncertainty in forecasting trading conditions and cash flows used in the forecasts. The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of the cost of investment in the subsidiary has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note C6) disclose the sensitivity estimated by the Company.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: – **Benchmarking assumptions:** We challenged the assumptions used in the cash flows included in the discounted cash flow calculation based on our knowledge of the Group and the markets in which it operates; – **Historical comparisons:** We assessed the reasonableness of the cash flow forecasts by considering the historical accuracy of the previous forecasts; – **Benchmarking assumptions**: We challenged the key inputs used in the Company's calculation of the discount rate by comparing it to externally derived data, including available sources for comparable companies; – **Sensitivity analysis:** We performed our own sensitivity analysis on the forecasts, including a reduction in assumed future cash flows, growth rate in the terminal value, and discount rates; – **Our sector experience:** We evaluated the current level of trading, including identifying any indications of a downturn in activity, by examining the post financial year end management accounts, considering our knowledge of the Company and the market, and external expectations of future financial performance; and – **Assessing transparency:** We assessed whether the Company's disclosures regarding the sensitivity of the outcome of the impairment assessment to changes in key assumptions appropriately reflects the risks inherent in the recoverable amount of investment in its subsidiary. **Our results** – We found the balance of the Company's investment in its subsidiary and the related impairment charge to be acceptable (2021: no impairment of its investment in subsidiary to be acceptable).

Independent Auditor's report continued

3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £3.5m (2021: £3.4m), determined with reference to a benchmark of group profit before tax, normalised to exclude adjusting items of £35.1m (2021: £19.6m) as disclosed in note 9, of which it represents 4.6% (2021: 4.0%). We adjusted for these items because they do not represent the normal, continuing operations of the Group.

Materiality for the parent company financial statements as a whole was set at £3.4m (2021: £2.7m), determined with reference to a benchmark of parent Company total assets, of which it represents 0.6% (2021: 0.4%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2021: 65%) of materiality for the financial statements as a whole, which equates to £2.3m (2021: £2.2m) for the Group and £2.2m (2021: £1.76m) for the parent Company.

We applied this percentage in our determination of performance materiality based on the level of identified misstatements, control deficiencies, and the changes in the control environment during the prior period.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.17m (2021: £0.17m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 5 (2021: 5) reporting components, we subjected 2 (2021: 2) to full scope audits for group purposes and 1 (2021: 0) to specified risk-focused audit procedures over treasury related balances. The latter was not financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed. The components within the scope of our work accounted for the percentages illustrated opposite.

For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

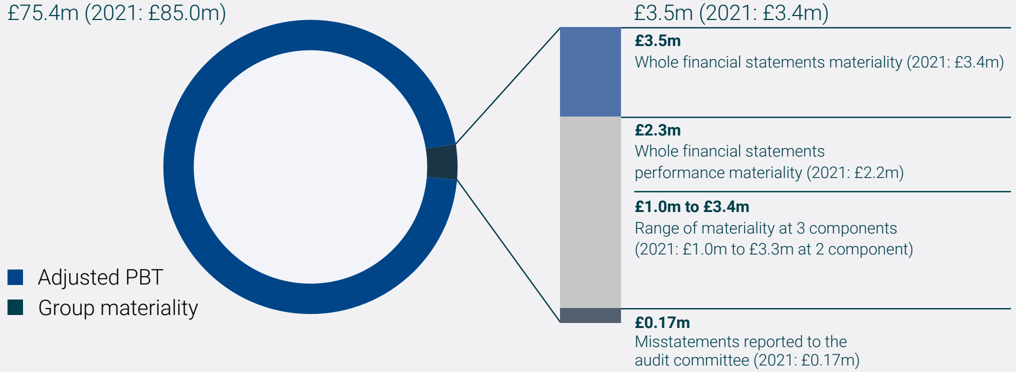
The Group team set the component materialities, which ranged from £1.0m to £3.4m (2021: £1.0m to £3.3m), having regard to the mix of size and risk profile of the Group across the components.

The audit of all components, including the audit of the parent Company, were completed by the Group engagement team, who also performed procedures on those items excluded from adjusted profit before tax.

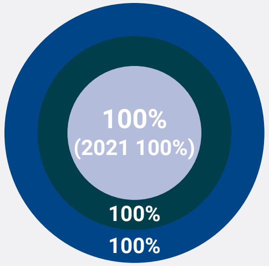
The scope of the audit work performed was predominantly substantive as we placed limited reliance upon the Group's internal control over financial reporting.

Adjusted profit before tax
£75.4m (2021: £85.0m)

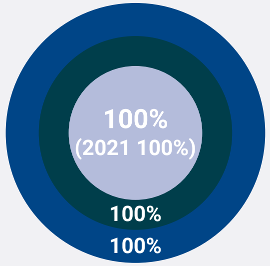
Group materiality
£3.5m (2021: £3.4m)



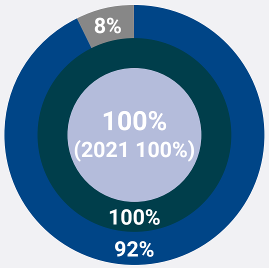
Group revenue



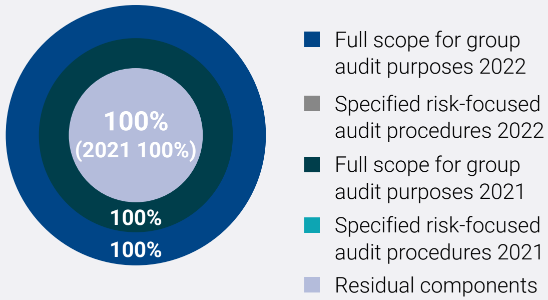
Group profit before tax



Group total assets



Adjusted profit before tax



4. The impact of climate change on our audit

We considered the impacts of climate change on the financial statements as part of our planning of the Group audit, including enquiries of management to understand the extent of the potential impact of climate change risk on the Group's financial statements and the Group's preparedness for this. The key areas of our consideration included the Group's plan to be a net zero business by 2040, to remove operational waste from the business, and to decarbonise various parts of the business.

We did not consider that any specific areas of the financial statements were materially affected by assumptions or commitments made in relation to climate change.

There was no significant impact of this on our key audit matters.

We also read the disclosure of climate related information in the front half of the annual report and considered consistency with the financial statements and our audit knowledge. We have not been engaged to provide assurance over the accuracy of these disclosures.

In addition to this we held discussions with our own climate change professionals to challenge our risk assessment.

5. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the parent Company or to cease their operations, and they have concluded that the Group's and the parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and parent Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and parent Company's available financial resources over this period was the ability of the Group to remain profitable and deliver on the budgeted Group performance for the 2023 period end.

We also considered less predictable but realistic second order impacts, such as the current macroeconomic environment and the erosion of customer confidence, which could result in a rapid reduction of available financial resources.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks, and related sensitivities. We also assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or parent Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- the related statement under the Listing Rules set out on page 72 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the parent Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Directors and Audit committee as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management (including Directors) including the profit target for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group management may be in a position to make inappropriate accounting entries;
- the risk of bias in accounting estimates; and
- the risk that DIFM revenue is understated through recording revenues in the wrong period in order to increase the likelihood of management meeting future profit targets.

We did not identify any additional fraud risks.

Further detail in respect of the DIFM revenue risk is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by certain Executive Directors and unusual account pairings.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards) and discussed with the Directors and other management, policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, consumer credit law, and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report & Accounts

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation on page 66 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal risks and uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 71 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and parent Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they consider that the annual report and financial statements 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;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

Independent Auditor's report continued

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 118, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Cawthray (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
22 March 2023

Consolidated income statement and other comprehensive income

(£m)	Notes	52 weeks ended 31 December 2022 Adjusted	52 weeks ended 31 December 2022 Adjusting items (note 9)	52 weeks ended 31 December 2022 Total	53 weeks ended 1 January 2022 Adjusted	53 weeks ended 1 January 2022 Adjusting items (note 9)	53 weeks ended 1 January 2022 Total
Revenue	5	**1,559.0**	**3.4**	**1,562.4**	1,534.9	–	1,534.9
Cost of sales		**(991.9)**	**–**	**(991.9)**	(966.4)	–	(966.4)
Gross profit		**567.1**	**3.4**	**570.5**	568.5	–	568.5
Selling costs (*)		**(332.1)**	**(15.8)**	**(347.9)**	(334.9)	(0.1)	(335.0)
Administrative expenses		**(131.1)**	**(24.4)**	**(155.5)**	(117.3)	(19.5)	(136.8)
Operating profit	6	**103.9**	**(36.8)**	**67.1**	116.3	(19.6)	96.7
Net finance costs	7	**(28.5)**	**1.7**	**(26.8)**	(31.3)	–	(31.3)
Profit before tax		**75.4**	**(35.1)**	**40.3**	85.0	(19.6)	65.4
Tax	10	**(15.2)**	**6.8**	**(8.4)**	(16.5)	9.9	(6.6)
Profit for the period and total comprehensive income		**60.2**	**(28.3)**	**31.9**	68.5	(9.7)	58.8
Profit for the period attributable to owners of the parent company		**60.2**	**(28.3)**	**31.9**	68.5	(9.7)	58.8
Earnings per share							
Basic	11			**12.6p**			23.3p
Diluted	11			**12.5p**			23.3p
Adjusted earnings per share							
Basic	11			**23.8p**			27.2p
Diluted	11			**23.7p**			27.1p

* Impairment charges in 2022 have been presented within Selling Costs. Impairment charges recorded in 2021 were originally presented within administrative expenses but have now been reclassified accordingly – see note 15

Consolidated balance sheet

(£m)	Notes	As at 31 December 2022	As at 1 January 2022 (Restated*)
Assets			
Non-current assets			
Goodwill	12	**8.4**	8.4
Other intangible assets	12	**16.6**	12.5
Property, plant and equipment	13	**114.9**	105.0
Right-of-use assets	14	**542.4**	604.6
Deferred tax asset	16	**22.7**	30.1
Total non-current assets		**705.0**	760.6
Current assets			
Inventories	18	**201.6**	188.2
Trade and other receivables	19	**87.4**	77.5
Corporation tax		**8.4**	6.5
Derivative financial instruments	29	**2.6**	0.7
Cash and cash equivalents	20	**99.5**	123.4
Total current assets		**399.5**	396.3
Total assets		**1,104.5**	1,156.9

* For details of restatement please see note 19

(£m)	Notes	As at 31 December 2022	As at 1 January 2022 (Restated*)
Equity and Liabilities			
Capital and reserves			
Issued share capital	21	**26.0**	26.0
EBT share reserve	21	**(0.7)**	(0.8)
Other reserve	21	**(785.7)**	(785.7)
Retained earnings		**924.8**	921.3
Total equity		**164.4**	160.8
Non-current liabilities			
Lease liabilities	14, 23	**610.4**	660.7
Long-term provisions	24	**1.8**	1.2
Total non-current liabilities		**612.2**	661.9
Current liabilities			
Lease liabilities	14, 23	**80.9**	81.4
Trade and other payables	25	**237.7**	241.8
Derivative financial instruments	29	**0.2**	–
Short-term provisions	24	**9.1**	11.0
Total current liabilities		**327.9**	334.2
Total liabilities		**940.1**	996.1
Total equity and liabilities		**1,104.5**	1,156.9

The consolidated financial statements of Wickes Group Plc, registered number 12189061, were approved by the Board of Directors on 22 March 2023 and signed on its behalf by:

David Wood
Chief Executive Officer

Mark George
Chief Financial Officer

Consolidated statement of changes in equity

(£m)	Notes	Issued share capital	EBT Share reserves	Other reserves	Retained earnings	Total equity
At 26 December 2020		25.2	–	(785.7)	890.3	129.8
Profit for the period and other comprehensive income		–	–	–	58.8	58.8
Issue of share capital	21	0.8	(0.8)	–	–	–
IFRS 16 adoption adjustments		–	–	–	3.1	3.1
Dividends paid	26	–	–	–	(35.3)	(35.3)
Equity-settled share-based payments	27	–	–	–	3.8	3.8
Tax on equity-settled share-based payments		–	–	–	0.6	0.6
At 1 January 2022		26.0	(0.8)	(785.7)	921.3	160.8
Profit for the period and other comprehensive income		–	–	–	31.9	31.9
Dividends paid	26	–	–	–	(31.2)	(31.2)
Equity-settled share-based payments	27	–	0.1	–	4.3	4.4
Tax on equity-settled share-based payments		–	–	–	(1.5)	(1.5)
At 31 December 2022		**26.0**	**(0.7)**	**(785.7)**	**924.8**	**164.4**

Consolidated cash flow statement

(£m)	Notes	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Cash flows from operating activities			
Operating profit		**67.1**	96.7
Adjustments for:			
Amortisation of other intangible assets	12	**5.2**	5.2
Depreciation of property, plant and equipment	13	**20.1**	19.1
Depreciation of right-of-use assets	14	**77.7**	78.1
Impairment of property, plant and equipment	15	**0.4**	0.2
Impairment of right-of-use assets	15	**15.4**	5.1
Reversal of impairment of right-of-use assets	15	**–**	(1.0)
Gains on terminations of leases		**(1.8)**	(1.6)
Losses on disposal of property, plant and equipment	6	**0.6**	0.6
Foreign exchange	6	**–**	(2.0)
Share-based payments	27	**4.4**	3.8
Operating cash flows		**189.1**	204.2
Movements in working capital:			
(Increase) in inventories		**(13.4)**	(49.9)
(Increase) in trade and other receivables		**(9.9)**	(7.4)
(Decrease) in trade and other payables		**(4.1)**	(0.7)
(Decrease)/increase in provisions		**(1.3)**	1.8
Cash generated from operations		**160.4**	148.0
Interest paid		**(1.0)**	(0.7)
Interest on lease liabilities		**(29.4)**	(31.3)
Income taxes paid		**(4.3)**	(14.6)
Net cash inflow from operating activities		**125.7**	101.4

(£m)	Notes	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Cash flows from investing activities			
Purchases of property, plant and equipment		**(31.1)**	(20.4)
Development costs of computer software		**(9.3)**	(6.1)
Proceeds on disposal of property, plant and equipment		**0.4**	1.2
Interest received		**1.9**	0.1
Net repayments from Travis Perkins Plc		**–**	123.5
Net cash (outflow)/inflow from investing activities		**(38.1)**	98.3
Cash flows from financing activities			
Payment of lease liabilities		**(82.4)**	(77.8)
Lease incentives received		**2.1**	0.3
Dividends paid to equity holders of the Parent	26	**(31.2)**	(5.3)
Net cash outflow from financing activities		**(111.5)**	(82.8)
Net (decrease)/increase in cash and cash equivalents		**(23.9)**	116.9
Cash and cash equivalents at the beginning of the period		**123.4**	6.5
Cash and cash equivalents at the end of the period	20	**99.5**	123.4
Adjusting items	9		
Adjusting items paid included in the cash flow		**21.7**	17.9
Total pre-tax Adjusting items		**35.1**	19.6

1 GENERAL INFORMATION AND ACCOUNTING POLICIES

Overview

Wickes Group Plc (the 'Company') is a limited company incorporated on 4 September 2019 in the United Kingdom under the Companies Act 2006. The registered office of the Company is 19 Colonial Way, Watford, WD24 4JL.

The consolidated financial statements represent the results of the Company and its subsidiaries (together referred to as the 'Group').

The principal activity of the Group is the operation of retail DIY stores across the United Kingdom.

Basis of accounting

The annual financial statements of the Group for the 52 weeks ending 31 December 2022 have been prepared in accordance with UK-adopted international accounting standards.

The current financial period is 52 weeks long, whereas the comparative financial period was 53 weeks long.

The Company has elected to prepare its Parent Company financial statements in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; these are presented on pages 155 to 159.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except that certain financial instruments including derivative instruments are stated at their fair value.

Summary of impact of Group restructure and listing of shares on the London Stock Exchange

On 28 April 2021, the Group listed its shares on the London Stock Exchange and was admitted to the premium segment of the Official List of the Financial Conduct Authority.

Ahead of the listing and in order to establish an appropriate capital structure for the independent Group, cash of £123.5 million was received from Travis Perkins Plc, through repayment of existing intercompany receivables. The remaining intercompany receivables were settled through a non-cash dividend to Travis Perkins Plc (£30 million), and a transaction whereby Travis Perkins Plc settled the repayment of 2020 rates on behalf of the Group (£32.6 million).

Going concern

Based on the Group's liquidity position and cash flow projections, including a forward looking severe but plausible scenario, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the duration of the going concern period, being the 12 month period following the date of approval of these financial statements, and accordingly they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements for the period ended 31 December 2022.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 60 to 62. The principal risks and viability statement of the Group are set out on pages 66 to 72. The Directors have considered these areas and how they may impact going concern.

The Directors do not consider going concern to be a critical accounting judgement. In determining this the Directors have taken into account the ongoing profitability and positive operating cashflow in 2022, despite the impacts of the economic environment in the UK and global supply issues, and a positive start to the 2023 financial year. Although the Group saw some weakening of sales as a result of the ongoing cost of living crisis, and continuing cost pressures in the second half of the 2022 financial year, the Group continues to demonstrate the flexibility of Wickes' operational model, including a number of actions undertaken to both respond to more challenging market conditions and to continue to drive efficiencies within the business.

At 31 December 2022, cash and cash equivalents stood at £99.5m. In addition the Group had available an undrawn committed Revolving Credit Facility (RCF) of £80m which expires in March 2025, and which is not forecast to be utilised for a period of at least 12 months.

Net debt stood at £591.8m relating to lease liabilities of £691.3m included on the balance sheet under IFRS 16, with £80.9m due within one year: the Group has no other debt obligations.

Considering whether the Group's financial statements can be prepared on a going concern basis, the Directors have undertaken a detailed review which entails assessing the Group's current and projected financial performance and position, including current assets and liabilities, debt maturity profile, future commitments and forecast cash flows. In forming their outlook on the future financial performance, the Directors considered the risk of higher business volatility arising from the potential negative impact of the general economic environment driven by the cost of living crisis.

1 GENERAL INFORMATION AND ACCOUNTING POLICIES CONTINUED

The Directors' review also included a severe but plausible scenario to assess the impact of a sales reduction of 6% from 2022, a margin reduction of 1%, and a short period of operational shock, together with increases to energy costs, staff costs, and the cost to complete the IT autonomy project, reflecting the current economic uncertainty. Under this severe but plausible scenario the group retains a significant cash balance and does not assume utilisation of the RCF: the severe but plausible scenario does show a covenant breach but, as it does not require use of the facility at any point, this does not indicate a risk to going concern. Nevertheless, if required there are further measures that could be taken to assist with covenant compliance if this was considered necessary, including reducing bonuses and discretionary spend in the short term.

The Directors remain watchful of ongoing pressures on customers and suppliers given the current economic environment, and are aware that the Group is exposed to a number of risks and uncertainties, which could affect the Group's ability to meet its forecasts. The Directors believe that the Group has the flexibility to react to changing market conditions and is adequately placed to manage its business risks successfully.

2 ACCOUNTING POLICIES

Functional and presentational currency

The financial information is presented in Pounds Sterling, the currency of the primary economic environment in which the Group operates. All amounts in the financial statements have been rounded to the nearest £0.1m except where otherwise noted.

Transactions denominated in foreign currencies are recorded at the rates ruling on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Business segments

The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM"), which is considered to be the Executive Board of Directors, to assess performance and allocate capital. Management considers there to be one operating segment.

2.1. Impact of new standards and interpretations

The following standards and interpretations, which have not yet been applied in these consolidated financial statements, have been issued by the IASB but not yet adopted by the UK Endorsement Board:

- Amendments to IAS 1 – Presentation of Financial Statements
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

The following standards have been adopted by the UK Endorsement Board but are not yet effective for the Group

- Amendments to IAS 12 – Deferred Tax
- Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to IAS1 – Disclosure of Accounting Policies
- IFRS 17 – Insurance Contracts, Amendments to IFRS 17, Initial Application of IFRS 17
- Annual Improvements to IFRS 2018 – 2020
- Amendments to IAS 37 – Onerous Contracts
- Amendments to IAS 16 – Property, Plant and Equipment
- Amendments to IFRS 3 – Reference to the Conceptual Framework

Adoption of these standards in future periods is not expected to have a material impact on the financial statements.

2.2. Revenue

Revenue is recognised when the Group has satisfied its performance obligations to the customer and the customer has obtained control of the goods or services being transferred. Revenue is measured at the transaction price received or receivable less a deduction for actual and expected returns and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and value added tax.

Customers are entitled to return goods for a period after purchase. A right of return is not a separate performance obligation and the Group is required to recognise revenue net of estimated returns. A refund liability and a corresponding asset in inventory representing the right to recover products from the customer are recognised.

Services comprise kitchen and bathroom installations and these are typically completed over a short period of time. The Group does not sell installation services separately from the sale of kitchen and bathroom products. Control of installed kitchens and bathrooms passes to the customer when the Group has fulfilled its obligations under the installation contract and revenue from the installation of kitchens and bathrooms is recognised at this point.

2.3. Inventories

Inventories, which consist of goods for resale, are stated at the lower of average weighted cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price less the estimated costs of disposal.

Cost of inventories

In determining the cost of inventories the Directors have to make estimates to arrive at cost and net realisable value. Determining the net realisable value of the wide range of products held in many locations requires an assessment to be applied to determine the likely saleability of the product and the potential price that can be achieved. In arriving at any provisions for net realisable value the Directors take into account the age, condition and quality of the product stocked and the recent trend in sales. The Group does not consider that there is a significant risk of material adjustment arising within the next financial period as a result of this estimate.

2 ACCOUNTING POLICIES CONTINUED

2.4. Adjusting items

Adjusting items are those items of income and expenditure that, by reference to the Group, are material in size or unusual in nature or incidence and that in the judgement of the Directors should be disclosed separately on the face of the consolidated financial statements to ensure both that the reader has an understanding of the Group's underlying trading performance and the separate impact of one off or unusual events in the year, and that there is comparability of financial performance between periods.

Items of income or expense that are considered by the Directors for designation as adjusting items include, but are not limited to, significant restructurings, significant write downs or impairments of current and non-current assets, the costs of demerging and listing the business, the associated costs of separating the business from Travis Perkins Plc's IT systems, the impact of fair value movements on derivatives through the profit and loss statement, the effect of changes in corporation tax rates on deferred tax balances, and in the current year a reclaim of overpaid VAT relating to prior years.

2.5. Tax

The tax expense represents the sum of the tax payable and deferred tax.

Current tax

Tax payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. This is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax laws and rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

In respect of the deferred tax on IFRS 16 leases, as Wickes Buildings Supplies Limited prepares its accounts under FRS 102, tax deductions flow from the payment of rent, effectively the settlement of the lease liability. This gives rise to a deferred tax asset in respect of that lease liability, including any onerous lease element that might be required under FRS 102, and deferred tax liability in respect of the corresponding Right-of-Use asset. No initial recognition exception was utilised in respect of these, in line with Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments to IAS 12) 2021. They are presented as the net deferred tax asset/liability in the balance sheet and in the Lease section of the deferred tax note.

2.6. Goodwill and other intangible assets

Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the share of the aggregate fair value of identifiable net assets (including intangible assets) of a business or a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset and allocated to cash generating units or groups of cash generating units that are expected to benefit from the synergies of the combination and is then reviewed at least annually for impairment. Any impairment is recognised immediately in the income statement and is not reversed. Goodwill is accordingly stated in the balance sheet at cost less any provisions for impairment in value.

Software

The directly attributable costs incurred for the development of computer software controlled by and for use within the business are capitalised and written off as an expense over their estimated useful life, which range from 3 years to 10 years. No amortisation is charged on computer software under construction.

Costs relating to research, maintenance and training are expensed as they are incurred. Licence fees for using third-party software are expensed over the period the software is in use.

2.7. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Assets are depreciated to their estimated residual value on a straight-line basis over their estimated useful lives as follows:

- Leasehold improvements – term of the lease
- Plant and equipment – 3 to 10 years

The residual value and useful life of assets are reviewed annually.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds net of expenses and the carrying amount of the asset in the balance sheet and is recognised in the income statement.

2.8. Supplier income

Supplier income comprises fixed price discounts and volume rebates.

Fixed price discounts and volume rebates received and receivable in respect of goods which have been sold are initially deducted from the cost of inventory and therefore reduce cost of sales in the income statement when the goods are sold. Where goods on which the fixed price discount or volume rebate has been earned remain in inventory at the period end, the cost of that inventory reflects those discounts and rebates.

Supplier income receivable is netted off against trade payables when there is a legally binding arrangement in place and it is management's intention to do so, otherwise amounts are included in other receivables in the balance sheet.

2 ACCOUNTING POLICIES CONTINUED

2.9. Trade and other receivables
The Group's trade and other receivables at the balance sheet date comprises principally of amounts receivable from the sale of goods and related services, amounts due in respect of rebates and sundry prepayments.

Trade receivables, which are held at amortised cost, are subject to the expected credit loss model in IFRS 9 – Financial Instruments. The Group applies the IFRS 9 – Financial Instruments simplified approach to measuring expected credit losses. This uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group and the commencement of legal proceedings.

2.10. Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation because of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value.

Should a provision ultimately prove to be unnecessary then it is credited back to the income statement. Where the provision was originally established as an adjusting item, any release is shown as an adjusting credit

The Group's stores operate from a significant number of leased properties. Where necessary a provision has been made for the residual commitments for rates and other payments, after taking into account existing and anticipated subtenant arrangements.

It is Group policy to insure itself using policies with a high excess against claims arising in respect of damage to assets, or due to employers or public liability claims. The nature of insurance claims means they may take some time to be settled. The insurance claims provision represents management's best estimate, based upon external advice, of the value of outstanding claims against it where the final settlement date is uncertain.

2.11. Trade payables and liabilities
Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs and are measured at amortised cost. The Directors consider that the carrying amount of trade payables approximates to their fair value.

2.12. Employee benefits – pensions
Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

2.13. Equity
Equity instruments represent the ordinary share capital of the Group and are recorded at the proceeds received, net of directly attributable incremental issue costs.

A description of the nature and purpose of each reserve is given below:

- The 'Other reserves' was created on the acquisition in March 2020 by Wickes Group Plc of Wickes Group Holdings Limited and by Wickes Group Holdings Limited of Wickes Building Supplies Limited and Wickes Finance Limited, via share for share exchanges, and represents the difference between the carrying value of the assets and liabilities of the acquired companies and the nominal value and premium of the shares issued.
- Retained earnings represents cumulative results for the Group.

2.14. Leases
IFRS 16 – Leases establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

Identifying a lease
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the Group has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for plant and equipment leases in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

For each lease or lease component, the Group follows the lease accounting model as per IFRS 16 – Leases, unless the recognition exceptions can be used.

Recognition exceptions
The Group has elected to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

(i) leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset; and

(ii) leases where the underlying asset has a low value when new – this election can be made on a lease-by-lease basis,

For leases where the Group has taken short-term lease recognition exemption and there are any changes to the lease term or the lease is modified, the Group accounts for the lease as a new lease.

Lessee accounting
Upon lease commencement the Group recognises a right-of-use asset and a lease liability.

2 ACCOUNTING POLICIES CONTINUED

Initial measurement

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate.

Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability and are initially measured using the index or rate as at the commencement date. Amounts expected to be payable by the lessee under residual value guarantees are also included.

Variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss in the period in which the event or condition that triggers payment occurs, unless the costs are included in the carrying amount of another asset under another accounting standard.

Subsequent measurement

After lease commencement, the Group measures right-of-use assets using a cost model. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is subsequently remeasured to reflect changes in:

- the lease term (using a revised discount rate)
- the assessment of a purchase option (using a revised discount rate)
- the amounts expected to be payable under residual value guarantees (using an unchanged discount rate)
- future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate)

The remeasurements are matched by adjustments to the right-of-use asset.

Lease modifications may also prompt remeasurement of the lease liability unless they are determined to be separate leases.

Depreciation

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lessor accounting

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises operating lease payments as income on a straight-line basis over the lease term as part of 'other income'. The Group recognises finance income over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment.

2.15. Borrowings

Interest bearing bank loans and overdrafts and other loans are recognised in the balance sheet initially at fair value and subsequently at amortised cost. Finance charges associated with arranging the undrawn revolving credit facility are recognised in the income statement over the life of the facility. All other borrowing costs are recognised in the income statement in accordance with the effective interest rate method.

2.16. Net debt

Net debt comprises cash and cash equivalents (being cash balances net of overdrafts) and the carrying value of lease liabilities. The carrying amount of these assets and liabilities approximates to their fair value.

2.17. Financial instruments

Classification

The Group classifies its financial instruments in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss "FVTPL"; and
- those to be measured at amortised cost.

The classification depends on the business model for managing the financial instruments and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (FVOCI). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTPL or at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2 ACCOUNTING POLICIES CONTINUED

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9 – Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.18. Impairment

Impairment of tangible and intangible assets

The carrying amounts of the Group's tangible and intangible assets with a definite useful life are reviewed at each balance sheet date to determine whether there is any indication of impairment to their value. If such an indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. The Group has determined that each store is a separate CGU. The recoverable amount of an asset is the greater of its fair value less disposal cost and its value-in-use (the present value of the future cash flows that the asset is expected to generate). In determining value in use the present value of future cash flows is discounted using a pre-tax discount rate that reflects current market assessments of the time value of money in relation to the period of the investment and the risks specific to the asset concerned. The carrying value of CGUs includes right-of-use assets.

Where the carrying value exceeds the recoverable amount a provision for the impairment loss is established with a charge being made to the income statement. When the reasons for a write down no longer exist the write down is reversed in the income statement up to the net book value that the relevant asset would have had if it had not been written down and if it had been depreciated.

For intangible assets that have an indefinite useful life the recoverable amount is estimated at each annual balance sheet date.

Measuring recoverable amounts

The Group tests goodwill for impairment annually or more frequently if there are indications that an impairment may have occurred. The recoverable amounts of the goodwill is determined from value in use calculations.

2.19. Share-based payments

The Group issues equity-settled share-based payments to directors and certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, having been adjusted to reflect an estimate of shares that will eventually vest and for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black-Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Prior to the demerger, the Group was part of a group share-based payment plan with Travis Perkins Plc. It recognised and measured its share-based payment expense on the basis of a reasonable allocation of the expense recognised for Travis Perkins Plc. This allocation was based on individual employees and where their services were rendered for group companies.

2.20. Post balance sheet events

These accounts reflect events only up to the date on which the relevant underlying consolidated financial statements were approved.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions concerning the future that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These judgements are based on historical experience and management's best knowledge at the time and the actual results may ultimately differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying value of assets and liabilities are explained below.

Impairment of store assets (significant estimate)

Determining whether store assets (right of use assets relating primarily to the lease of each individual store, and any associated property, plant and equipment) are impaired requires an estimation of the value in use of the cash-generating units to which such fixed assets have been allocated. The value in use calculation requires estimation of future cash flows expected to arise from the cash-generating unit (CGU) discounted at a suitable discount rate in order to calculate the present value. The significant estimates relate to the discount rate used, the store revenue and gross margin over the 5 Year Plan period, and the percentage of central costs allocated. Details of CGUs as well as further information about the assumptions made are disclosed in note 15.

4 AUDITOR'S REMUNERATION

During the period the Group incurred the following costs for services provided by the Company's auditors:

(£'000)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Fees payable to the Company's auditor for audit services:		
Audit of the Company's annual accounts	**100**	100
Auditor for the audit of the Company's subsidiaries	**665**	665
Fees paid to the Company's auditor for other services:		
Services relating to corporate finance transactions (demerger)	**–**	575
Review of interim statement	**80**	70
	845	1,410

A description of how the Audit & Risk Committee ensures that auditor objectivity and independence is safeguarded when the auditor provides non-audit services is set out in the report on page 96.

5 REVENUE

The Group has one operating segment in accordance with IFRS 8 'Operating Segments', which is the retail of home improvement products and services, both in stores and online.

The Chief Operating Decision Maker is the Executive Board of Directors. Internal management reports are reviewed by them on a regular basis. Performance of the segment is assessed based on a number of financial and non-financial KPIs as well as on profit before taxation.

The Group identifies two distinct revenue streams within its operating segment which are analysed below.

Both revenue streams operate entirely in the United Kingdom. The Group's revenue is driven by a large number of individual small value transactions and as a result, Group revenue is not reliant on a major customer or group of customers.

Adjusted Revenue (£m)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Core (product revenue)	**1,187.9**	1,234.7
"Do It For Me" (project revenue)	**371.1**	300.2
	1,559.0	1,534.9

Revenue reconciliation and like-for-like adjusted revenue (£m)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Adjusted revenue	**1,559.0**	1,534.9
Network change	**(1.0)**	(0.4)
Other movements (week 53)	**–**	(17.6)
Adjusted revenue (like-for-like basis)	**1,558.0**	1,516.9
Prior period revenue	**1,534.9**	1.346.9
Prior period network change	**(5.1)**	(4.8)
Prior period other movements	**(24.5)**	–
Prior period revenue (like-for-like basis)	**1,505.3**	1,342.1
Increase arising on a like-for-like basis	**52.7**	174.8
Like-for-like adjusted revenue (%)	**3.5%**	13.0%

Calculating like-for-like revenue enables management to monitor the performance trend of the business period-on-period. It also gives management a good indication of the health of the business compared to competitors.

Like-for-like revenue is a measure of sales performance for two successive periods. Stores contribute to like-for-like revenue once they have been trading for more than twelve months. Revenue included in like-for-like revenue is for the equivalent times in both periods being compared. When stores close, revenue is excluded from the prior period figures for the months equivalent to the post closure period in the current period. These movements are explained by the Network change amounts. The Network change number varies year on year as it represents a different number of stores.

Other movements (week 53) reflects that the period ended 1 January 2022 was a 53 week period, whereas the periods ended 31 December 2022 and 26 December 2020 were 52 week periods. The extra week is presented separately to enable direct comparison.

Notes to the consolidated financial statements continued

6 OPERATING PROFIT

Operating profit has been arrived at after charging/(crediting):

(£m)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Realised net foreign exchange gains recognised in cost of sales	**(4.9)**	(2.0)
Depreciation of property, plant and equipment (note 13)	**20.1**	19.1
Depreciation of right of use assets (note 14)	**77.7**	78.1
Amortisation of internally-generated intangible assets (note 12)	**5.2**	5.2
Impairment of right-of-use assets (note 14 and 15)	**15.4**	5.1
Reversal of impairment of right-of-use assets (note 14 and 15)	**–**	(1.0)
Impairment of property, plant and equipment (note 13 and 15)	**0.4**	0.2
Gains on terminations of leases	**(1.8)**	(1.6)
Loss on disposal of property, plant and equipment	**0.6**	0.6
Income from subleasing right-of-use assets (note 14)	**(2.6)**	(3.1)
Staff costs (note 8)	**220.5**	217.9

7 NET FINANCE COSTS

Finance income and expense recognised within adjusted profit (£m)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Finance income		
Net unrealised gains on remeasurement of derivatives at fair value	**–**	0.7
Interest receivable	**1.9**	0.1
	1.9	0.8
Finance costs		
Interest on lease liabilities (note 14)	**(29.4)**	(31.3)
Amortisation of loan arrangement fees	**(0.3)**	(0.1)
Commitment fee on revolving credit facilities	**(0.7)**	(0.6)
Other interest	**–**	(0.1)
	(30.4)	(32.1)
Net finance costs within adjusted profit	**(28.5)**	(31.3)
Adjusting items (£m)		
Finance income		
Net unrealised gains on remeasurement of derivatives at fair value	**1.7**	–
Net finance income within adjusting items	**1.7**	–
Total net finance costs	**(26.8)**	(31.3)

The net unrealised gains on remeasurement of foreign currency derivatives relate to the movement in the fair value of foreign currency forward contracts. No hedge accounting is applied and all movements in the fair value of derivatives are recognised in the income statement as net finance costs.

8 STAFF COSTS

Average number of persons employed by the Group (including directors) during the period (No.)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Administration	513	443
Stores	7,827	7,995
	8,340	8,438

Average number of full-time equivalent persons employed by the Group during the period (No.)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Administration	505	436
Stores	6,068	6,048
	6,573	6,484

Aggregate payroll costs of these persons were as follows:

(£m)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Wages and salaries	194.3	194.8
Social security costs	16.6	15.5
Other pension costs (defined contribution plans)	4.6	3.8
Share-based payments (equity-settled)	5.0	3.8
	220.5	217.9

There are wages and salaries and social security costs for the 52 weeks ended 31 December 2022 of £0.2m in Adjusting items (53 weeks ended 1 January 2022: £0.2m).

All qualifying employees are able to contribute to the Wickes Group Pension Plan, a defined contribution pension scheme. A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions. The pension costs represent contributions payable by the Group.

The amounts charged to the Income Statement in respect of pension costs and other post-retirement benefits are the contributions payable in the period. Differences between the contributions payable in the period and those actually paid are shown as either accruals or prepayments in the balance sheet.

9 ADJUSTING ITEMS

Adjusting items are those items of income and expenditure that, by reference to the Group, are material in size or unusual in nature or incidence and that in the judgement of the Directors should be disclosed separately on the face of the financial statements to ensure both that the reader has a proper understanding of the Group's financial performance and that there is comparability of financial performance between periods.

Items of income or expense that are considered by the Directors for designation as adjusting items include, but are not limited to, significant restructurings, significant write downs or impairments of current and non-current assets, the costs of demerging and listing the business, the associated costs of separating the business from Travis Perkins Plc's IT systems, the effect of changes in corporation tax rates on deferred tax balances, net gains on remeasurement of derivatives at fair value, and in the current period a VAT reclaim relating to overpaid output VAT in prior periods.

(£m)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Adjusting items – operating		
Demerger related costs	–	5.3
Property, plant and equipment impairment charge	0.4	–
Right-of-use asset impairment charge	15.4	1.1
Reversal of impairment of right-of-use assets recognised in prior periods	–	(1.0)
IT separation project costs	24.4	14.2
Net unrealised gains on remeasurement of derivatives at fair value	(1.7)	–
Output VAT reclaim	(3.4)	–
Total pre-tax Adjusting items	35.1	19.6
Adjusting items – tax		
Tax on adjusting items	(6.8)	(3.2)
Adjusting items – deferred tax rate change	–	(6.7)
Total tax on Adjusting items	(6.8)	(9.9)
Total post-tax Adjusting items	28.3	9.7

Demerger related costs
Demerger related costs are the costs incurred during the process of demerging the Wickes business from Travis Perkins Plc. Costs predominantly relate to professional services fees.

9 ADJUSTING ITEMS CONTINUED

Right-of-use asset and property, plant and equipment impairment charges and reversals

In the period ended 31 December 2022, due to the economic circumstances outlined in more detail in note 15, 20 stores were identified as impaired with a resulting impairment charge of £15.4m to right of use assets and £0.4m to property, plant and equipment. Given the size of the total store impairment charge, and that fact a key contributory to the existence of the charge is the broader UK macro-economic events impacting many retail businesses, and not solely the underlying performance of the Group's individual stores, this impairment charge is included within adjusting items. Future revisions to these impairments will also be recognised within adjusting items.

In the period ended 1 January 2022, an impairment charge of £1.1m was recognised on stores that had been identified as impaired in previous periods with the impairment charge included in adjusting items. Additionally, £1.0m of previously identified impairment charge was reversed due to the improved performance of the store.

In a portfolio of stores there will be, from time to time, impairments rising on certain specific stores that do not arise from a broader macro economic condition but arise from underlying trading performance. Such impairments are therefore included within adjusted profit. In the current period, no impairment charges (53 weeks ended 1 January 2022: £4.0m) due to such impairments are included within adjusted profit.

Impairment charges are discussed in further detail in note 15.

IT separation project costs

IT separation project costs are the costs incurred to enable the Wickes Group to operate an IT environment independent of Travis Perkins Plc. These include the following; the cost of creating standalone versions of existing systems, the cost of transferring data from Travis Perkins Plc to standalone systems, the cost of upgrading legacy systems including moving to "software as a service solutions" and the costs of transitioning the IT and support function into the Wickes environment including the project management costs of all the above. Costs related to the maintenance and licencing of existing systems are included in Adjusted profit as these costs will continue after the separation project is concluded. Where costs meet the definition of an intangible asset they have been capitalised, and future amortisation will be included in Adjusted profit.

Net unrealised gains on remeasurement of derivatives at fair value

During the period, the high level of foreign exchange rate volatility created significant fluctuations in the gains and losses relating to derivatives at fair value. Recognising that these movements would have distorted the trading result due to factors outside of management's control, and that they may reverse in future periods, a decision was made to treat these unrealised gains and losses as adjusting on an ongoing basis.

An unrealised gain of £1.7m was recognised in relation to the remeasurement of derivatives at fair value through the profit and loss account. As such movements can be significant due to major currency fluctuations and the timing of the Group's purchases, it has been classified as an adjusting item, which was not the case in the prior year period. As the prior period movement was not considered material to the financial statements, the comparatives have not been represented.

Output VAT reclaim

A claim for output VAT overpaid during the period from Q3 2018 to Q4 2021 was lodged with HMRC in August 2022. The claim arose due to output VAT being paid in error on zero and reduced rate products. Given the claim related to the three years prior to the current year, the £3.4m credit has been reflected in adjusting items. There were no such claims in the 53 weeks ended 1 January 2022.

Deferred tax rate change

The tax charge includes an adjusting credit of £nil (53 weeks ended 1 January 2022: £6.7m) arising from the increase in the rate of UK corporation tax effective from 1 April 2023 from 19% to 25%. The legislation enacting this rate increase was substantively enacted on 24 May 2021.

10 TAXATION

(£m)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Current tax		
UK corporation tax expense	**6.2**	12.4
UK corporation tax adjustment to prior periods	**(3.7)**	(0.1)
Total current tax charge	**2.5**	**12.3**
Deferred tax		
Deferred tax movement in period	**0.6**	0.7
Other	**0.2**	–
Effect of change in tax rate	**–**	(6.7)
Adjustments in respect of prior periods	**5.1**	0.3
Total deferred tax credit	**5.9**	**(5.7)**
Total tax charge	**8.4**	**6.6**

10 TAXATION CONTINUED

The differences between the total tax charge and the amount calculated by applying the standard rate of UK corporation tax of 19.0% (53 weeks ended 1 January 2021: 19.0%) to the profit before tax for the Group are as follows:

(£m)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Profit before taxation	**40.3**	65.4
Tax at the standard corporation tax rate	**7.7**	12.4
Effects of:		
Depreciation of non-qualifying property	**1.0**	0.9
Tax effect of non taxable income and non deductible expenses	**(0.3)**	0.4
Adjustment to prior period	**1.4**	0.2
Effect of share based payments	**(0.2)**	(0.2)
Change in tax rate	**–**	(6.7)
Other	**0.2**	–
Impact of superdeduction	**(1.4)**	(0.4)
Total tax charge	**8.4**	**6.6**

The tax charge includes an adjusting credit of £nil (53 weeks ended 1 January 2022: £6.7m) arising from the increase in the rate of UK corporation tax effective from 1 April 2023 from 19% to 25%. The legislation enacting this rate increase was substantively enacted on 24 May 2021.

The effective tax rate for the period is 20.8% (53 weeks ended 1 January 2022: 10.1%). The effective tax rate for the period was higher than the standard rate primarily due to enhanced capital allowance claims made in the 2021 submitted tax computations, which whilst reducing the current tax charge at 19%, resulted in a deferred tax charge at the future enacted rate of 25%. The effective tax rate for the 53 weeks ended 1 January 2022 was affected by the impact of the change in tax rate on the Group's deferred tax asset. These events and their tax effect do not provide a guide to the Group's future tax charge.

The underlying effective tax rate (before adjusting items) for the 52 weeks ended 31 December 2022 is 20.2% (53 weeks ended 1 January 2021: 19.4%). The underlying effective tax rate can be calculated directly from the income statement.

11 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the 52 week period ended 31 December 2022.

(£m)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Profit attributable to the owners of the Parent	**31.9**	58.8
(No.)		
Weighted average number of ordinary shares	**259,637,998**	256,163,656
Adjustment for weighted average number of shares held in EBT	**(6,941,807)**	(4,019,733)
Weighted average number of ordinary shares in issue	**252,696,191**	252,143,923
Basic earnings per share (in pence per share)	**12.6p**	23.3p

For dilutive earnings per share, the weighted average number of ordinary shares in issue is adjusted to include all dilutive potential ordinary shares arising from share options.

(£m)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Profit attributable to the owners of the Parent	**31.9**	58.8
(No.)		
Weighted average number of shares in issue	**252,696,191**	252,143,923
Diluted effect of share options on potential ordinary shares	**1,698,226**	259,182
Diluted weighted average number of ordinary shares in issue	**254,394,417**	252,403,105
Diluted earnings per share (in pence per share)	**12.5p**	23.3p

The Directors believe that EPS excluding Adjusting items ("Adjusted EPS") reflects the underlying performance of the business before the impact of unusual or one off events and assists in providing the reader with a consistent view of the trading performance of the Group.

Notes to the consolidated financial statements continued

11 EARNINGS PER SHARE CONTINUED

Reconciliation of profit after taxation to profit after taxation excluding Adjusting items ("Adjusted profit"):

(£m)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Profit attributable to the owners of the parent from continuing operations	**31.9**	58.8
Adjusting items before tax	**35.1**	19.6
Tax on adjusting items	**(6.8)**	(3.2)
Adjusting items – deferred tax	**–**	(6.7)
Adjusting items after tax (note 9)	**28.3**	9.7
Adjusted profit	**60.2**	68.5
Weighted average number of ordinary shares in issue	**252,696,191**	252,143,923
Weighted average number of dilutive ordinary shares in issue	**254,394,417**	252,403,105
Adjusted basic earnings per share (in pence per share)	**23.8p**	27.2p
Adjusted diluted earnings per share (in pence per share)	**23.7p**	27.1p

12 GOODWILL AND OTHER INTANGIBLE ASSETS

(£m)	Goodwill	Software	Total
Cost or valuation			
At 26 December 2020	8.4	23.3	31.7
Additions	–	6.1	6.1
Disposals	–	(1.0)	(1.0)
At 1 January 2022	8.4	28.4	36.8
Additions	–	9.3	9.3
Disposals	–	(0.4)	(0.4)
At 31 December 2022	8.4	37.3	45.7
Amortisation			
At 26 December 2020	–	11.0	11.0
Charged in the period	–	5.2	5.2
Disposals	–	(0.3)	(0.3)
At 1 January 2022	–	15.9	15.9
Charged in the period	–	5.2	5.2
Disposals	–	(0.4)	(0.4)
At 31 December 2022	–	20.7	20.7
Net book value			
At 31 December 2022	**8.4**	**16.6**	**25.0**
At 1 January 2022	8.4	12.5	20.9

Goodwill arising on acquisition represents the excess of the cost of acquisition over the share of the aggregate fair value of identifiable net assets (including intangible assets) of a business or a subsidiary at the date of acquisition. The goodwill held by the Group arose on the acquisition of Focus DIY stores in 2007 and 2011.

At the beginning and end of the financial periods the recoverable amount of goodwill with indefinite useful lives was in excess of their book value. In the absence of a binding agreement to sell the assets and active reference market on which fair value can be determined, the recoverable amount of the goodwill was determined according to value in use. The Directors' calculations have shown that no impairments have occurred. Details of impairment tests are shown in note 15.

13 PROPERTY, PLANT AND EQUIPMENT

(£m)	Land and buildings	Leasehold improvements	Plant and equipment	Total
Cost				
At 26 December 2020	–	126.4	240.6	367.0
Additions		14.3	8.0	22.3
Disposals	–	(4.7)	(17.2)	(21.9)
Impairments	–	(0.2)	–	(0.2)
At 1 January 2022	–	135.8	231.4	367.2
Additions	6.1	16.9	8.1	31.1
Disposals	–	(18.9)	(52.6)	(71.5)
Impairments	–	(0.4)	–	(0.4)
At 31 December 2022	**6.1**	**133.4**	**186.9**	**326.4**
Accumulated depreciation				
At 26 December 2020	–	70.9	193.0	263.9
Charged in the period	–	6.5	12.6	19.1
Disposals	–	(3.9)	(16.9)	(20.8)
At 1 January 2022	–	73.5	188.7	262.2
Charged in the period	0.1	7.4	12.6	20.1
Disposals	–	(18.3)	(52.5)	(70.8)
At 31 December 2022	**0.1**	**62.6**	**148.8**	**211.5**
Net book value				
At 31 December 2022	**6.0**	**70.8**	**38.1**	**114.9**
At 1 January 2022	–	62.3	42.7	105.0

£0.4m (53 weeks ended 1 January 2022: £0.2m) of impairment was recognised in the period on stores where the remaining cash flows from the store are not expected to support the carrying value of the asset.

14 RIGHT-OF-USE ASSETS

The Group leases many assets including land and buildings and vehicles, the weighted average remaining lease term of all leases is ten years (1 January 2022: ten years). Information about leases for which the Group is a lessee is presented below.

At 31 December 2022, the Group had no material leases committed to but not yet commenced (1 January 2022: nil). The Group, which does not enter into turnover rent agreements, does not have material variable payments in its leases and does not have significant exposure to extension options that are not reflected in the lease liability.

Net carrying value (£m)	Land and buildings	Plant and equipment	Total
At 26 December 2020	642.8	11.4	654.2
Additions	1.4	3.0	4.4
Modifications	32.5	–	32.5
Terminations	(3.6)	(0.7)	(4.3)
Depreciation	(72.6)	(5.5)	(78.1)
Impairments	(5.1)	–	(5.1)
Reversal of previous impairments	1.0	–	1.0
At 1 January 2022	596.4	8.2	604.6
Additions	–	8.2	8.2
Modifications	30.0	4.8	34.8
Terminations	(10.9)	(1.2)	(12.1)
Depreciation	(69.9)	(7.8)	(77.7)
Impairments	(15.4)	–	(15.4)
At 31 December 2022	**530.2**	**12.2**	**542.4**

14 RIGHT-OF-USE ASSETS CONTINUED

Lease liabilities (£m)	As at 31 December 2022	As at 1 January 2022
Maturity analysis – contractual undiscounted cash flow		
Less than one year	**107.3**	109.5
One to two years	**102.9**	105.8
Two to five years	**275.7**	284.6
Five to ten years	**260.4**	290.1
More than ten years	**89.7**	108.4
Total undiscounted lease liabilities	**836.0**	898.4
Lease liabilities included in the balance sheet		
Current	**80.9**	81.4
Non-current	**610.4**	660.7
	691.3	742.1

Amounts recognised in profit and loss (£m)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Interest expense on lease liabilities	**29.4**	31.3
Expenses related to short-term leases	**0.5**	0.9
Expenses related to low-value assets	**–**	0.3
Depreciation	**77.7**	78.1
Impairment	**15.4**	5.1

The weighted average incremental borrowing rate applied to property leases is 4.1% (1 January 2022: 4.1%), and for fleet leases is 3.0% (1 January 2022: 2.4%). Incremental borrowing rates for property leases are calculated from Group debt costs modified for retail property yields across the UK. Incremental borrowing rates for fleet leases are calculated from hire-purchase rates.

Sublet income

The Group leases space in some of its stores to third parties. Property rental income earned during the period in respect of these properties is disclosed in note 6.

At the balance sheet date, the Group had contracts with lessees for the following undiscounted future minimum lease payments:

(£m)	As at 31 December 2022	As at 1 January 2022
Within one year	**2.0**	2.9
One to five years	**6.1**	7.9
After five years	**3.2**	4.7
Total	**11.3**	15.5

15 IMPAIRMENT TESTING

Measuring recoverable amounts

For impairment testing purposes, the Group has determined that each store is a separate CGU. 'Click and collect' sales and an allocation of delivered online sales are included in store cash flows to reflect the contributions stores make to fulfilling such orders and marketing the Group's products.

CGUs are reviewed for indicators of impairment at each reporting date to determine if an impairment review is required; initially this requires a review of each store's performance to identify loss making or low profitability stores, after taking account of an appropriate proportion of central costs, over the period of the Board approved 5 Year Plan. In some particular cases, other factors are also considered including stores with recent losses or proportionately higher asset values, as well as assessing whether any stores are exposed to risks, including specifically those related to climate change, that could indicate that it will not be able to remain open to the end of its lease, or result in any non-property assets having reduced useful lives.

The Group's goodwill balance, which arose in relation to the acquisition of certain stores formerly operating under the Focus brand in 2007 and 2011, is allocated and monitored for impairment testing purposes to groups of individual CGUs. The Group tests goodwill for impairment annually, as well as for interim reporting if there are indications that an impairment may have occurred.

In accordance with accounting standards, the recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Recognising that a value in use approach will reflect the valuation premium arising from both the Group's store network and fulfilment model, as well as the significant investment made centrally to support its key growth drivers, which should be excluded when calculating fair value, value in use has been used when calculating recoverable amount.

The recoverable amount of each CGU is determined from value-in-use calculations, derived from the Group's approved 5 Year Plan. The carrying value represents each store's specific assets, as well as the IFRS 16 right-of-use asset, plus an allocation of corporate assets (and related cash flows) where these assets can be allocated on a reasonable and consistent basis.

Key assumptions

The estimation of future cash flows is derived from the Board approved 5 Year Plan, which is developed from a variety of sources including store performance, competitor activity, and consumer and market outlook. The key assumptions underpinning the value in use model include revenue growth, gross margin, and an allocation of a percentage of central costs.

	2022	2021
Pre-tax discount rate	**11.2%**	10.5%
Revenue growth rate	**1% – 6%**	5% – 6%
Gross margin	**39% – 47%**	44% – 45%
Central cost allocation	**60.5%**	50.2%

Management determined the values assigned to these financial assumptions as follows:

- The pre-tax discount rate is derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include a UK risk-free rate, equity risk premium, Group size premium and a risk adjustment ("beta").

15 IMPAIRMENT TESTING CONTINUED

- Revenue growth rates and gross margin in the 5 Year Plan period are after removing the impact of new stores, re-fits, and cost saving programmes that are yet to be enacted at the period end, but include the impact of all known ESG commitments and risks. These rates change each year based on the latest expectations of the business and will fluctuate based on both external and internal factors: the lower revenue growth rates in the near term, arising from the current economic uncertainty, are forecast to improve in the later years, reflecting the anticipated recovery in the UK economy and the continuing successful execution of the Group's growth strategy.
- Central costs are reviewed to identify amounts which are necessarily incurred to generate the CGU cash flows. Costs are allocated by category using appropriate volumetrics. A proportion of stewardship costs are allocated to CGUs, excluding those costs which are incurred solely due to the listed nature of the Group.
- Cash flows beyond the 5 Year Plan period (2028 and beyond) have been determined using a long-term nominal growth rate referencing UK nominal GDP.

Whilst the Directors consider their assumptions to be realistic: should actual results, including those for market changes, be different from expectations, for instance due to a worsening of the UK economy, then it is possible that the value of non-current assets included in the balance sheet could be further impaired.

Impairment of goodwill

At 31 December 2022 the recoverable amount of goodwill was in excess of its book value and therefore no impairment has been recognised. Of the impairments noted on right-of-use assets below, £1.5m relates to right-of-use assets for stores associated with some goodwill: however, the goodwill is associated with a group of CGUs and there remains significant headroom within this group as a whole. The impairment review was not sensitive to changes in the assumptions used in the value-in-use model.

Impairment of store related fixed assets

The impairment trigger review noted above identified 31 stores for which an impairment review was required. The number of stores with an indicator of impairment in the period has increased significantly reflecting the deterioration in the UK macro-economic environment and economic outlook in 2022, leading to an expectation of a downturn in financial performance in the short term, with a potentially significant impact across the retail sector as a whole.

The impairment reviews were carried out using the assumptions and methodology disclosed in this note. Any impairments have been recognised initially against the right-of-use assets associated with these stores, and in some cases where the impairment charge calculated is greater than the right of use asset, also against the other plant and equipment associated with the stores.

The impairment review identified 20 stores that should be impaired resulting in £15.8m (1 January 2022: £5.1m) of impairment charge, split as £15.4m (1 January 2022: £5.1m) relating to right of use assets and £0.4m (1 January 2022: £nil) relating to property, plant and equipment. No reversal of previous impairments has been recognised (1 January 2022: £1.0m). This impairment charge is recognised within selling costs.

Given the size of the total store impairment charge, and that fact a key contributory to the existence of the charge is the broader UK macro-economic events impacting many retail businesses, and not solely the underlying performance of the Group's individual stores, this impairment charge is included within adjusting items as disclosed in note 9.

The carrying amount of non-current assets attributable to the stores that have been subject to an impairment review after this impairment is £69.7m. The impairment sensitivities set out below are calculated with reference to those stores that have been subject to an impairment review.

Impairment sensitivities

It is possible that a materially different impairment would have been identified if the key assumptions were changed significantly in the value-in-use calculations. The impact on the impairment charge recognised from reasonably possible changes in assumption, all other assumptions remaining the same, are shown in the table below.

Assumption

(£m)	Change in impairment charge
Store revenue increases/(decreases) by 2%	£6.5m – £(6.5)m
Gross margin increases/(decreases) by 1%	£7.8m – £(7.9)m
Percentage of central costs allocated (increases)/decreases by 10%	£4.7m – £(4.0)m
Discount rate (increases)/decreases by 100 basis points	£3.4m – £(3.0)m

Reasonably possible changes of the other key assumptions, including reducing the growth rate to 0 per cent past the 5 Year Plan period, would not result in a material increase to the impairment charge.

16 DEFERRED TAX

The following are the major deferred tax assets and (liabilities) recognised by the Group and movements thereon during the current and prior reporting periods.

	Pension	Capital Allowance	Share-based payments	Leases	Total
At 26 December 2020	–	0.3	0.5	23.2	24.0
(Credit)/charge to the profit or loss	–	(0.7)	0.2	(0.2)	(0.7)
Charge to equity	–	–	0.4	–	0.4
Prior period adjustment	–	(0.1)	(0.2)	–	(0.3)
Change in tax rates	–	(0.2)	0.2	6.7	6.7
At 1 January 2022	–	(0.7)	1.1	29.7	30.1
(Credit)/charge to the profit or loss	(0.2)	(4.7)	0.8	3.3	(0.8)
Charge to equity	–	–	(1.5)	–	(1.5)
Prior period adjustment	0.2	(3.1)	(0.2)	(2.0)	(5.1)
At 31 December 2022	**–**	**(8.5)**	**0.2**	**31.0**	**22.7**
Disclosed within non-current assets	**–**	**(8.5)**	**0.2**	**31.0**	**22.7**

Notes to the consolidated financial statements continued

16 DEFERRED TAX CONTINUED

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted, or substantively enacted, at the balance sheet date. The Group has separately calculated the tax rates applicable in respect of Adjusting items for the period as well as the tax rate change as a result of the increase in the rate of UK corporation tax effective from 1 April 2023 from 19% to 25%. The legislation enacting this rate increase was substantively enacted on 24 May 2021.

At 31 December 2022, the Group had unused capital losses of £37.6m (1 January 2022: £37.6m) available for offset against future capital profits. No deferred tax asset has been recognised because it is unlikely that future taxable profits will be available against which the Group can utilise the losses.

17 INVESTMENTS

As at 31 December 2022, these consolidated financial statements of the Group comprise the Company, Wickes Group Plc, and the following companies which are all incorporated in the United Kingdom. All subsidiaries are 100% owned.

Incorporated in England and Wales and registered at Vision House, 19 Colonial Way, Watford, WD24 4JL	Principal activity	Class of share
Wickes Group Holdings Limited	Holding company	Ordinary
Wickes Building Supplies Limited*	Home improvement retailer	Ordinary
Wickes Finance Limited*	Dormant	Ordinary
Wickes Holdings Limited*	Dormant	Ordinary

* indirect shareholding

18 INVENTORIES

(£m)	As at 31 December 2022	As at 1 January 2022
Inventories	**201.6**	188.2

Inventories consist of goods for resale. Inventories are stated after provisions for impairment of £5.0m (2021: £4.4m).

Inventories include a deduction to account for rebates receivable on inventory purchases of £8.1m (1 January 2022: £8.8m).

Cost of sales for the 52 weeks ended 31 December 2022 includes inventory recognised as an expense amounting to £856.2m (1 January 2022: £829.1m).

	Period ended 31 December 2022	Period ended 1 January 2022
Movement in stock provisions		
Opening provision	**4.4**	4.0
Provision utilised	**(13.2)**	(10.9)
Provision increased	**13.8**	11.3
Closing provision	**5.0**	4.4

19 TRADE AND OTHER RECEIVABLES

(£m)	As at 31 December 2022	As at 1 January 2022 (Restated)
Trade receivables	**38.7**	33.3
Allowance for expected credit losses	**(1.3)**	(1.6)
	37.4	31.7
Other receivables	**32.8**	32.2
Prepayments	**17.2**	13.6
Total current trade and other receivables	**87.4**	77.5

Trade receivables primarily represent amounts receivable following the delivery of goods purchased through finance agreements or the completion of a DIFM project installation and electronic payment transactions with customers that were not received into the bank at the year end. Cash received from third parties providing finance to the Group's customers is recognised in the Cash Flow Statement as an operating cash flow.

The ageing of trade receivables is shown below. A provision for expected credit losses has been recognised at the reporting date through consideration of the ageing profile and the risk of non-recovery. The carrying amount of trade receivables, net of expected credit losses, is considered to be an approximation to its fair value.

Trade receivables on financed sales are ordinarily settled by financing providers; the Group does not retain consumer credit risk in respect of these sales. In a small number of cases, despite the Group having fulfilled its obligations under the installation contract, there may be a technical delay in receiving final settlement from the finance partner. The Group assesses whether these delays may result in amounts ultimately not being received and establishes a credit loss accordingly. Credit risk on credit card transactions is retained by the card issuer.

19 TRADE AND OTHER RECEIVABLES CONTINUED

The loss allowance for trade receivables was determined as follows:

31 December 2022	Current	1-30 days	31-60 days	61-120 days	More than 120 days	Total
Expected loss rate	0.8%	–	–	–	83.3%	3.4%
Carrying amount of trade receivables (£m)	36.8	0.5	–	0.2	1.2	38.7
Loss allowance (£m)	(0.3)	–	–	–	(1.0)	(1.3)

1 January 2022	Current	1-30 days	31-60 days	61-120 days	More than 120 days	Total
Expected loss rate	–	–	–	–	64.0%	4.8%
Carrying amount of trade receivables (£m)	29.7	0.7	0.2	0.2	2.5	33.3
Loss allowance (£m)	–	–	–	–	(1.6)	(1.6)

The Group assesses expected credit losses associated with the trade receivables on a forward looking basis by considering actual credit loss experience and whether there has been a significant increase in credit risk.

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

(£m)	As at 31 December 2022	As at 1 January 2022
At the beginning of the period	1.6	0.6
Provided in the period	0.2	1.6
Released during the period	(0.5)	(0.6)
At the end of the period	1.3	1.6

Trade receivables are written off when there is no longer a reasonable expectation of recovery. This is primarily where settlement is not received from the finance partners and an alternative payment plan cannot be agreed with the customer directly, or where a payment plan exists and the customer has failed to make contractual payments for a period greater than one year past due.

When assessing credit losses, trade receivables are grouped according to shared characteristics (payor / payor type) and the days past due. Given the primary settlor of trade receivables is large financing providers, such as Barclays or Hitachi, that have stable credit ratings, the Group has concluded that historical debt performance of the portfolio during the last three reporting periods provides a reasonable approximation of the future expected loss rates for each payor age category.

Other receivables primarily represent amounts due from suppliers to the Group for rebates of £23.4m (1 January 2022: £28.9m).

For the year ended 1 January 2022, the tax receivable of £6.5m was disclosed within current trade and other receivables. In accordance with paragraph 54(n) of IAS 1, 'Presentation of Financial Statements', the tax receivable should have been presented separately on the face of the consolidated balance sheet. The consolidated balance sheet for the year ended 1 January 2022 has been restated to separately present the tax receivable. This adjustment has no impact on the prior year reported profit or net assets.

20 CASH AND CASH EQUIVALENTS

(£m)	As at 31 December 2022	As at 1 January 2022
Cash at Bank	29.5	28.4
Short-term deposits	70.0	95.0
	99.5	123.4

Cash and cash equivalents comprise cash balances, short-term deposits and other short term highly liquid investments (including money market funds) with maturities not exceeding three months from the date of acquisition placed with investment grade counterparties which are subject to an insignificant risk of change in value.

21 CAPITAL AND RESERVES

	10 pence ordinary shares	
The Group and Company	Shares	£m
Authorised, issued and fully paid		
At 26 December 2020	252,143,923	25.2
Allotted under share option schemes	7,494,075	0.8
At 1 January 2022 and 31 December 2022	259,637,998	26.0

The Group and Company has 259,637,998 allotted and fully paid ordinary shares of 10 pence each. There is a single class of ordinary shares and all shares rank equally with regard to the Company's residual asset. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

Further to a prospectus of the Group dated 24 March 2021, the Group issued and allotted 6,557,475 ordinary shares at 10 pence each on the 17 June 2021 to the trustee of the Group's employee benefit trust. In addition and on the same date, the Group issued and allotted a further 936,600 ordinary shares of 10 pence each to the trustee of the Group's Share Incentive Plan. These shares were issued to support the employee share schemes put in place at the point of demerger.

EBT share reserves

The Wickes Employee Benefit Trust and Equiniti Share Plan Trustees Limited (together "the Trusts") have been put in place to further the interests of the Company by benefiting employees of the Group. The Trusts are treated as an extension of the Group and the Company.

21 CAPITAL AND RESERVES CONTINUED

During the 52 weeks ended 31 December 2022, nil ordinary shares were issued and allotted to the Wickes Employee Benefit Trust and Equiniti Share Plan Trustees Limited (53 weeks ended 1 January 2022: 6,557,475 and 936,600 shares).

Where the Trusts purchase the Company's equity share capital the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. As at 31 December 2022, 6,818,863 shares (1 January 2022: 7,489,514 shares) were held by the Trusts in relation to the Company's Share Incentive Plan.

(number of shares)	As at 31 December 2022	As at 1 January 2022
At beginning of the period	7,489,514	–
Issued and allotted shares	–	7,494,075
Shares released to participants	(670,651)	(4,561)
At end of the period	6,818,863	7,489,514

Other reserves
The 'Other reserves' balance as at 31 December 2022 of £785.7m (1 January 2022: £785.7m) was created on the acquisition in March 2020 by Wickes Group Plc of Wickes Group Holdings Limited and by Wickes Group Holdings Limited of Wickes Building Supplies Limited and Wickes Finance Limited, via share for share exchanges, and represents the difference between the carrying value of the assets and liabilities of the acquired companies and the nominal value and premium of the shares issued.

22 BORROWINGS

Bank borrowings
On 23 March 2021, the Group entered into a three-year £80.0m committed Revolving Credit Facility (RCF) with a syndicate of banks. The Revolving Credit Facility is intended to be used for general corporate purposes and was undrawn as at 31 December 2022 (1 January 2022: undrawn). In March 2022, a one year extension was obtained on the revolving credit facility, extending the expiry date to March 2025. A further one year extension, extending the expiry date to March 2026, is available.

The group does not have an overdraft facility as at 31 December 2022 (1 January 2022: no facility).

At the period end, the Group had the following borrowing facility available:

(£m)	As at 31 December 2022	As at 1 January 2022
Undrawn facilities:		
3-year committed revolving credit facility (expires March 2025)	80.0	80.0
	80.0	80.0

Lease liabilities
Obligations under finance leases
The Group has entered into lease agreements in respect of retail stores, warehouses, vehicles and office equipment. The leases are secured on floating charges over the assets of material subsidiaries in the Group. Leases, with a present value liability of £691.3m (1 January 2022: £742.1m), expire in various years to 2043 and carry an average incremental borrowing rate of 4.1% (1 January 2022: 4.0%). Rent in respect of retail stores leases are reviewed by the landlord periodically, subject to assorted floors and caps. Except for these reviews, cash flows and charges are expected to remain in line with the current period.

The discount rates used are calculated at inception of the lease on a lease by lease basis, and are based on estimates of incremental borrowing rates.

Changes in lease liabilities arising from financing activities are detailed in Movement in Net Debt note 23.

In the period, the Group recognised charges of £0.5m (1 January 2022: £1.2m) of lease expenses relating to short term and low value leases for which the exemption under IFRS 16 has been taken.

See note 14 for more detail on the depreciation of the Right-of-Use (ROU) assets and note 7 for more detail on the interest expense relating to leases.

23 MOVEMENT IN NET DEBT

(£m)	Cash and cash equivalents	Lease liability	Total
At 26 December 2020	6.5	(790.0)	(783.5)
Cashflow			
Net repayments from Travis Perkins Plc	123.5	–	123.5
Decrease in cash and cash equivalents – other	(6.6)	–	(6.6)
Repayment of lease liabilities	–	109.1	109.1
Discount unwind on lease liability	–	(31.3)	(31.3)
Lease modifications	–	(32.5)	(32.5)
Lease additions	–	(3.0)	(3.0)
Lease incentives received	–	(0.3)	(0.3)
Lease terminations	–	5.9	5.9
At 1 January 2022	123.4	(742.1)	(618.7)
Cashflow			
Decrease in cash and cash equivalents – other	(23.9)	–	(23.9)
Repayment of lease liabilities	–	111.8	111.8
Discount unwind on lease liability	–	(29.4)	(29.4)
Lease additions	–	(34.8)	(34.8)
Lease modifications	–	(8.2)	(8.2)
Lease incentives received	–	(2.1)	(2.1)
Lease terminations	–	13.5	13.5
At 31 December 2022	99.5	(691.3)	(591.8)

23 MOVEMENT IN NET DEBT CONTINUED

Balances (£m)	As at 1 January 2022	As at 1 January 2022
Cash and cash equivalents	**99.5**	123.4
Current lease liabilities	**(80.9)**	(81.4)
Non-current lease liabilities	**(610.4)**	(660.7)
Net debt	**(591.8)**	(618.7)

During the 53 weeks ended 1 January 2022, the Group received a £123.5m cash settlement of certain intercompany balances owed by Travis Perkins Plc as part of the pre-Demerger Reorganisation. On settlement of these intercompany balances the Group derecognised an equivalent amount of the intercompany receivables due from Travis Perkins Plc.

24 PROVISIONS

(£m)	Property	Warranty	Insurance	Total
At 26 December 2020	2.4	1.5	6.8	10.7
Charge to income statement	1.1	1.7	–	2.8
Cash received from Travis Perkins Plc in respect of dilapidations	1.2	–	–	1.2
Utilisation	(1.0)	(1.0)	(0.5)	(2.5)
At 1 January 2022	3.7	2.2	6.3	12.2
Charge to income statement	**0.9**	**2.5**	**–**	**3.4**
Utilisation	**(2.5)**	**(1.8)**	**(0.4)**	**(4.7)**
At 31 December 2022	**2.1**	**2.9**	**5.9**	**10.9**

(£m)	As at 31 December 2022	As at 1 January 2022
Current	**9.1**	11.0
Non-current	**1.8**	1.2
	10.9	12.2

Property provisions primarily arise following a decision to close a store where there is still an obligation to fulfil rate, insurance and dilapidation payments under the lease contract, or if there is other evidence that enables a dilapidation provision to be reliably estimated. The provision will be revised in future periods should the lease be terminated early or a subtenant found.

In the period ended 1 January 2022, £1.2m was received from Travis Perkins Plc in respect of dilapidations on a distribution centre previously leased by Travis Perkins Plc and transferred to the Group in the period.

The insurance claims provision represents management's best estimate, based on external advice, of the value of outstanding claims against it where the final settlement date is uncertain, using an expected value approach in line with IAS 37. There are no individually material claims and the potential settlement dates and amounts vary widely based on the portfolio of insurance claims provided for. The Group has no material self insured claims.

All provisions as at 31 December 2022 other than £1.8m of property provisions (1 January 2022: £1.2m of property provisions) are considered to be current and expected to be utilised within the next twelve months.

25 TRADE AND OTHER PAYABLES

(£m)	As at 31 December 2022	As at 1 January 2022
Trade payables	**119.9**	112.6
Social security and other taxes	**15.9**	8.9
Other payables	**12.4**	15.3
Deferred income	**48.1**	64.2
Accrued expenses	**41.4**	40.8
Trade and other payables	**237.7**	241.8

The trade payables balance includes a deduction to account for amounts due from suppliers to the Group for rebates of £8.6m (1 January 2022: £9.1m).

The deferred income balance represents amounts received directly from customers for goods and services where the Group has not fulfilled its performance obligations. Under the terms of the relevant contracts, sales made where third parties have provided finance to the customer do not give rise to deferred income. Of the total deferred income balance, £43.6m (1 January 2022: £60.6m) related to DIFM deferred income.

Revenue of £56.8m was recognised in the 52 weeks ended 31 December 2022 which had been included in the deferred income balance at the beginning of the period (53 weeks ended 1 January 2022: £32.1m).

As at 31 December 2022, no supply chain finance arrangements were in place.

26 DIVIDENDS

(£m)	As at 31 December 2022	As at 1 January 2022
Amounts recognised in the financial statements as distributions to equity shareholders are shown below:		
– final dividend for the 53 weeks ended 1 January 2022 of 8.8 pence (52 weeks ended 26 December 2020: nil pence)	**22.1**	–
– interim dividend for the 52 weeks ended 31 December 2022 of 3.6 pence (53 weeks ended 1 January 2022: 2.1 pence)	**9.1**	5.3
– Pre demerger dividend paid to Travis Perkins Plc	**–**	30.0
Total dividend	**31.2**	35.3

In the period prior to demerger, a dividend payment of £30.0m was recognised in the financial statements as a distribution to the former sole shareholder, Travis Perkins Plc, in the 53 weeks ended 1 January 2022.

26 DIVIDENDS CONTINUED

The dividend paid to Travis Perkins Plc was as a result of the reorganisation of the legal structure of the Wickes entities in preparation for the demerger. The dividend paid was in the form of an intercompany transfer, as a result no cash payment was made.

A final dividend of 7.3p is proposed in respect of the 52 weeks ending 31 December 2022. It will be paid on 7 June 2023 to shareholders on the register at the close of business on 21 April 2023 (the Record Date). The shares will be quoted ex-dividend on 20 April 2023.

Shareholders may elect to reinvest their dividend in the Dividend Reinvestment Plan (DRIP). The last date for receipt of DRIP elections and revocations will be 16 May 2023.

27 SHARE-BASED PAYMENTS

The Group operates a number of share-based payment schemes for Executive Directors and other employees, all of which are classified as equity settled. The Group has no legal or constructive obligation to repurchase or settle any of the options in cash.

The total cost in respect of LTIPs, SAYE and Free Shares recognised in the income statement was £5.0m in the period ended 31 December 2022 (period ended 1 January 2022: £3.8m). Of this charge, £4.4m, which is the amount net of Employer's National Insurance, is credited to equity. Employer's National Insurance (including Apprenticeship Levy) is being accrued on the balance sheet, where applicable, at the rate of 14.3%, which management expects to be the prevailing rate at the time the options are exercised, based on the share price at the reporting date. The total National Insurance charge for the period was £0.6m (period ended 1 January 2022: £0.7m).

The total cost between each of the relevant schemes, together with the number of options outstanding are shown below:

	52 weeks ended 31 December 2022			53 weeks ended 1 January 2022		
Charge (£m)	Wickes Group Plc	Travis Perkins Plc*	Total	Wickes Group Plc	Travis Perkins Plc*	Total
Long Term Incentive Plan	0.4	–	0.4	0.9	0.3	1.2
Transition Awards	2.1	–	2.1	1.2	–	1.2
Save As You Earn (SAYE)	2.2	–	2.2	0.2	0.8	1.0
Free Shares	0.3	–	0.3	0.4	–	0.4
	5.0	–	5.0	2.7	1.1	3.8

Number of options (thousands)	Wickes Group Plc	Travis Perkins Plc*	As at 31 December 2022	Wickes Group Plc	Travis Perkins Plc*	As at 1 January 2022
Long Term Incentive Plan	4,371	–	4,371	1,795	–	1,795
Transition Awards	862	–	862	1,617	–	1,617
Save As You Earn (SAYE)	10,727	–	10,727	5,434	–	5,434
Free Shares	612	–	612	882	–	882
	16,572	–	16,572	9,728	–	9,728

* to the date of demerger

A summary of the main features of the schemes are shown below:

Long Term Incentive Plan

The Long Term Incentive Plan ('LTIP') is open to Executive Directors and designated senior managers, and awards are made at the discretion of the Remuneration Committee. Awards are subject to market and non-market performance criteria.

Awards granted under the LTIP vest subject to achievement of performance conditions measured over a period of at least three years and the Wickes Group Awards are in the form of nil-cost options as allowed by the Plan rules.

Vesting of awards will be dependent on financial and share price measures, as set by the Remuneration Committee, which are aligned with the long-term strategic objectives of the Group and shareholder value creation. 30% of an award is based on share price measures. The remaining 70% are based on financial measures. At the threshold performance, no more than 20% of the award will vest, rising to 100% for maximum performance.

The charge in the period for LTIP includes an accrual of £0.1m (period ended 1 January 2022: £nil) for the LTIP Buy-out in respect of the award granted to Mark George on his appointment as CFO, following the decision to buy-out some of the incentive awards forfeited by him from his previous employer, The Gym Group.

The charge in the period for LTIP includes an accrual of £nil (period ended 1 January 2022: £0.6m) for the Group's Deferred Share Bonus plan in respect of the bonus payable in shares for the period ended 31 December 2022.

On 31 March 2022 and 28 September 2022, the Company granted a total of 1,998,542 and 666,396 options respectively, to the Executive directors and other senior management. The options will vest based on earnings per share ('EPS') (70%) targets for the period ending 29 December 2024 and relative total shareholder return ('TSR') (30%) targets on performance over the three year period to 31 December 2024. Upon vesting, the options will remain exercisable until 31 March 2032 and 28 September 2032 respectively.

On 28 September 2022, the Company granted 148,114 options to Mark George. These Buy-out awards were granted following the decision to buy-out some of The Gym Group incentive awards forfeited from his previous employment. Of the total options, 101,216 will vest on 9 September 2023, with the balance vesting on 25 March 2024. Upon vesting, the options will remain exercisable until 28 September 2032. The awards are subject to his continued employment.

On 28 September 2021, the Company granted a total of 1,795,194 options to the Executive directors and other senior management. The options will vest based on earnings per share ('EPS') (70%) targets for the period ending 30 December 2023 and relative total shareholder return ('TSR') (30%) targets on performance over the three year period to 31 August 2024. Upon vesting, the options will remain exercisable until 28 September 2031.

The Travis Perkins Plc charges included in the prior period are in respect of options on shares in Travis Perkins Plc held by the staff of Wickes Building Supplies Limited, now a subsidiary of Wickes Group plc, up to the point of demerger in 2021. All these shares were accrued up to the date of demerger and are available to be exercised.

27 SHARE-BASED PAYMENTS CONTINUED

Transition Awards

On 28 September 2021, the Company granted a total of 1,616,863 Transition Awards as planned shortly after the announcement of the Company's half year financial results.

The Transition Awards vested 50% on the first anniversary of the completion of the Demerger (28 April 2022) with the balance vesting on the second anniversary of the completion of the Demerger (28 April 2023).

Any awards made will be subject to the continued employment of recipients and for Executive Directors, a performance underpin.

Save As You Earn

The Save As You Earn ("SAYE") scheme is open to all Wickes Group employees. Vesting will be dependent on continued employment for a period of 3 years from grant. A maximum monthly contribution of £500 is permitted under the option scheme.

On 18 October 2022 the Company launched its second SAYE scheme, following its first SAYE scheme which the Company launched on 19 October 2021. There are no performance conditions in respect of the schemes and the vesting dates are 18 October 2025 and 19 October 2024 for the second and first schemes respectively. Upon vesting, the options will remain exercisable for 6 months.

Free Shares

Free Shares are free Wickes Shares which have been allocated to all full-time and part-time employees at demerger and had a market value of £300 or £150 respectively.

Fair value of options

The Black-Scholes option-pricing model is used to calculate the fair value of the options and the amount to be expensed. Judgements including the probability of the performance conditions being achieved, the number of employees who may leave the Group or the scheme, and dividend yields, are included in the fair value calculations.

The following information is relevant to the determination of the fair value of the awards granted under the schemes for the 52 weeks ended 31 December 2022, the 53 weeks ended 1 January 2022 and, in the case of Travis Perkins Plc, the options granted in the periods prior to the demerger. The information is expressed as weighted averages where relevant:

	52 weeks ended 31 December 2022	
The Group and Company:	LTIP (nil cost options)	SAYE
Share price at grant date (pence)	**166.6**	**124.8**
Option exercise price (pence)	**–**	**104.0**
Option life (years)	**2.9**	**3.0**
Expected dividends as a dividend yield (%)	**n/a**	**5.4%**
Risk free interest rate (%)	**2.2%**	**3.7%**
Volatility (%)	**30.4%**	**35.1%**

	53 weeks ended 1 January 2022			
The Group and Company:	LTIP (nil cost options)	Transition Awards	SAYE	Free Shares
Share price at grant date (pence)	221.2	221.2	232.8	249.0
Option exercise price (pence)	–	–	196.0	–
Option life (years)	2.8	0.8	2.8	2.5
Expected dividends as a dividend yield (%)	2.5%	2.5%	2.5%	2.5%
Risk free interest rate (%)	0.4%	0.2%	0.7%	0.2%
Volatility (%)	26.8%	26.8%	26.5%	31.9%

As the LTIP awards have a nil exercise price the risk free rate of return does not have any effect on the estimated fair value.

If options remain unexercised after a period of 10 years from the date of grant, these options expire. Options are forfeited if the employee leaves the Group before options vest. SAYE options vest after 3 and expire 3½ years after the date of grant.

The expected life of options used in the model has been adjusted, based upon management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The risk-free interest rate of return is the yield on zero-coupon UK Government bonds on a term consistent with the vesting period. Dividends used are based on actual dividends where data is known and future dividends using the Group's 5 year plan.

Volatility is based on historic share prices over the period since the demerger date, when Wickes Group Plc joined the London Stock Exchange. Option life used in the model has been based on options being exercised in accordance with historical patterns. For LTIP options (nil cost options) the vesting period is three years.

Travis Perkins Plc shares before Demerger

	53 weeks ended 1 January 2022		
	Executive options	SAYE	Nil price options
Share price at grant date (pence)	1,149	1,204	1,096
Option exercise price (pence)	1,144	898	–
Option life (years)	2.2	3.1	2.2
Expected dividends as a dividend yield (%)	2.5%	2.5%	2.6%
Risk free interest rate (%)	(0.1%)	0.0%	(0.1%)
Volatility (%)	42.5%	42.4%	42.6%

If options remain unexercised after a period of 10 years from the date of grant, these options expire. Options are forfeited if the employee leaves the Group before options vest. SAYE options vest after 3 or 5 years and expire 3½ or 5½ years after the date of grant.

Notes to the consolidated financial statements continued

27 SHARE-BASED PAYMENTS CONTINUED

The expected life of options used in the model has been adjusted, based upon management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The risk-free interest rate of return is the yield on zero-coupon UK Government bonds on a term consistent with the vesting period. Dividends used are based on actual dividends where data is known and future dividends estimated using a dividend cover of three times (within the Travis Perkins Board's target range at the time).

Volatility is based on historic share prices over a period equal to the vesting period. Option life used in the model has been based on options being exercised in accordance with historical patterns. For executive share options the vesting period is three years.

Income statement charge, shares granted and outstanding at the end of the period

A description of the share schemes operated by the Group is contained in the remuneration report on pages 101 to 114. The number of share options granted and the estimated fair values of the shares under option granted under the Group's share schemes in both 2022 and 2021 are shown below:

Grant date – scheme	Expiry date	Exercise price (pence)	Share options (thousands)	Fair value for the Group (£m)
31/03/2022 – Long Term Incentive Plan	31/03/2032	–	1,999	0.6
28/09/2022 – Long Term Incentive Plan	28/09/2032	–	666	0.1
28/09/2022 – Long Term Incentive Plan Buy-Out	31/03/2032	–	148	0.2
18/10/2022 – Save As You Earn Plan	18/04/2026	104.0	9,475	1.9
28/09/2021 – Long Term Incentive Plan	28/09/2031	–	1,795	2.5
28/09/2021 – Transition Awards	28/09/2031	–	1,617	3.5
19/10/2021 – Save As You Earn plan	19/04/2025	196.0	5,434	2.7
28/06/2021 – Free Shares	n/a	–	882	1.5

In the period the Group charged £5.0m (1 January 2022: £3.8m) to the income statement in respect of equity-settled share-based payment transactions.

The aggregate number of share awards outstanding for the Group and their weighted average exercise price is shown below:

	52 weeks ended 31 December 2022			53 weeks ended 1 January 2022		
	Weighted average exercise price (pence)	**Number of options (thousands)**	**Number of nil price options (thousands)**	Weighted average exercise price (pence)	Number of options (thousands)	Number of nil price options (thousands)
Outstanding at the beginning of the period	**110**	**5,182**	**4,294**	932	1,108	346
Exercised during the period – Travis Perkins Plc				932	(1,108)	(346)
Outstanding at end of period / before the date of the Demerger				–	–	–
Granted during the period – Wickes Group Plc	**80**	**9,475**	**2,813**	109	5,434	4,294
Exercised during the period	**–**	**–**	**(636)**	–	–	–
Forfeited during the period – Wickes Group Plc	**192**	**(3,930)**	**(626)**	90	(252)	–
Outstanding at the end of the period	**75**	**10,727**	**5,845**	110	5,182	4,294
Exercisable at the end of the period	**–**	**–**	**126**	–	–	–

Details of the share options outstanding at 31 December 2022 are shown below:

	52 weeks ended 31 December 2022			53 weeks ended 1 January 2022		
	LTIP	**Transition Awards**	**SAYE and Free Shares**	LTIP	Transition Awards	SAYE and Free Shares
Range of exercise price (pence)	**–**	**–**	**nil–196**	–	–	nil–196
Weighted average exercise price (pence)	**–**	**–**	**110**	–	–	169
Number of shares (thousands)	**4,371**	**862**	**11,339**	1,795	1,617	6,316
Weighted average expected remaining life (years)	**2.1**	**0.3**	**2.6**	2.8	0.8	2.8
Weighted average contractual remaining life (years)	**9.2**	**8.8**	**3.1**	9.8	9.8	3.2

28 COMMITMENTS

Consignment stock
At 31 December 2022, the Group held consignment stock on sale or return of £8.0m (1 January 2022: £9.0m). The Group is only required to pay for the goods it chooses to sell and therefore this stock is not recognised as an asset.

Capital commitments
Capital commitments comprise amounts payable under capital contracts which are duly authorised and in progress at the consolidated balance sheet date. They include the full cost of goods and services to be provided under the contracts through to completion. The Group has rights within its contracts to terminate at short notice and, therefore, cancellation payments are minimal.

Capital commitments at the end of the period are shown below:

(£m)	As at 31 December 2022	As at 1 January 2022
Contracted but not provided for in the accounts	11.2	13.8

29 FINANCIAL INSTRUMENTS

The carrying value of categories of financial instruments (£m)	Note	As at 31 December 2022	As at 1 January 2022
Financial assets:			
Cash and cash equivalents	20	99.5	123.4
Trade and other receivables at amortised cost	19	70.2	70.4
		169.7	193.8
Financial liabilities:			
Trade and other payables at amortised cost	25	132.3	127.9

Credit risk and impairment
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and financing institutions.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group's exposure to credit risk from trade receivables is considered to be low because of the nature of its customers and policies in place to prevent credit risk occurring.

Most revenues arise from the Core business and DIFM projects. Core and DIFM business revenues give rise to trade receivables which are mainly financed by large reputable financing institutions, which have high credit worthiness.

The Group establishes an allowance for impairment that represents its expected credit loss in respect of trade and other receivables.

This allowance is composed of specific losses that relate to individual exposures and also an Expected Credit Loss (ECL) component established using rates reflecting historical information for payor groups, and forward looking information.

The ECL as at 31 December 2022 is £1.3m (1 January 2022: £1.6m).

Trade and other receivables exclude prepayments of £17.2m (1 January 2022: £13.6m).

Trade and other payables excludes taxation, social security, accruals and deferred income amounts totalling £105.4m (1 January 2022: £113.9m).

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Fair value of financial instruments
Financial assets designated at fair value through profit and loss comprise foreign currency forward contracts, where the fair value of the contracts is measured by comparing the contract value using quoted forward exchange rates with the value using the exchange rates prevailing at the period end.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
– Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
– Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There were no transfers between levels during the period. There are no non-recurring fair value measurements.

The Group held financial instruments measured at fair value as shown in the table below:

(£m)	As at 31 December 2022	As at 1 January 2022
Included in assets		
Level 2		
Foreign currency forward contracts at fair value through profit and loss	2.6	0.7
Included in liabilities		
Level 2		
Foreign currency forward contracts at fair value through profit and loss	(0.2)	–
	2.4	0.7

Market risk
Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

29 FINANCIAL INSTRUMENTS CONTINUED

Interest rate risk

The Group is exposed to interest rate risk arising from fluctuations in market rates. This affects future cash flows from money market investments and the cost of variable rate borrowings such as the Revolving Credit Facility which is currently undrawn. The Group did not have any loans or overdrafts facility during the 52 weeks ended 31 December 2022 (53 weeks ended 1 January 2022: none).

Currency forward contracts

The Group acquires goods for sale from overseas, which when not denominated in sterling are paid for principally in US dollars. The Group has entered into forward foreign exchange contracts (all of which are less than eighteen months in duration) to buy US dollars to manage the exchange rate risk arising from these anticipated future purchases. At the balance sheet date the total notional value of contracts to which the Group was committed was US$58.8m (1 January 2022: US$87.3m). The fair value of these derivatives was a £2.6m asset and a £0.2m liability (1 January 2022: £0.7m asset and £nil liability). These contracts are not designated as cash flow hedges and accordingly the fair value movement has been reflected in the income statement as an adjusting item (see note 9 for further detail).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity analysis

The following table details the Group's liquidity analysis for its other financial liabilities. The Group's contractual maturities, as at the balance sheet date, of financial liabilities are as follows:

		Maturity analysis				
(£m)	Note	Carrying amount	Contractual cash flows	Within 1 year	Between one and five years	More than five years
As at 31 December 2022						
Trade and other payables at amortised cost	25	**132.3**	**132.3**	**132.3**	**–**	**–**
Lease liabilities	14	**691.3**	**836.0**	**107.3**	**378.6**	**350.1**
		823.6	**968.3**	**239.6**	**378.6**	**350.1**
As at 1 January 2022						
Trade and other payables at amortised cost	25	127.9	127.9	127.9	–	–
Lease liabilities	14	742.1	898.4	109.5	390.4	398.5
		870.0	1,026.3	237.4	390.4	398.5

30 RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. They include the Board, as identified on page 77.

Key management compensation

(£m)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Salaries and other short-term employee benefits	**1.5**	1.6
Post-employment benefits	**0.1**	0.1
Share based payments	**0.8**	0.9
Total	**2.4**	2.6

Further information about the remuneration of individual Directors is provided in the audited section of the Directors' Remuneration Report on page 105.

The Group has a related party relationship with its subsidiaries, with its Directors and up to the date of the demerger had related party relationships with Travis Perkins Plc companies. There have been no related party transactions with Directors other than in respect of remuneration. Transactions with Travis Perkins Plc companies relate to the purchase of goods and lease arrangements before the demerger date of 28 April 2021 and are detailed below. The Travis Perkins Plc companies ceased to be related parties after the demerger date and therefore there are no further related parties transactions after that date.

Purchases of £nil (53 weeks ended 1 January 2022: £0.9m) were made from other entities in the Travis Perkins Plc group. Rental payments of £nil (53 weeks ended 1 January 2022: £0.9m) were made to other entities in the Travis Perkins Plc group. Rental income of £nil (53 weeks ended 1 January 2022: £0.4m) was received from other entities in the Travis Perkins Plc group.

31 EVENTS AFTER THE REPORTING PERIOD

After the year end the Group received notification from Barclays of its intention to substantially withdraw its consumer finance offering from the market, and therefore its intention to cease offering this service to the Group in relation to finance products for DIFM customers. The Group has commenced the search for an alternative provider and is confident that this will be completed during 2023.

Company balance sheet

(£m)	Notes	As at 31 December 2022	As at 1 January 2022
Assets			
Non-current assets			
Investment	C6	**598.9**	770.8
Total non-current assets		**598.9**	770.8
Total assets		**598.9**	770.8
Equity and Liabilities			
Capital and reserves			
Issued share capital	21	**26.0**	26.0
EBT share reserves	21	**(0.7)**	(0.8)
Retained earnings		**571.8**	738.5
Total equity		**597.1**	763.7
Current liabilities			
Other payables	C8	**1.8**	7.1
Total current liabilities		**1.8**	7.1
Total liabilities		**1.8**	7.1
Total equity and liabilities		**598.9**	770.8

The loss attributable to the owners of the Company for the period ended 31 December 2022 was £139.8m (1 January 2022: profit of £27.3m).

The company's financial statements of Wickes Group Plc, registered number 12189061, were approved by the Board of Directors on 22 March 2023 and signed on its behalf by:

David Wood
Chief Executive Officer

Mark George
Chief Financial Officer

Company statement of changes in equity

(£m)	Issued share capital	EBT share reserve	Retained earnings	Total equity
At 26 December 2020	25.2	–	743.8	769.0
Profit for the period and other comprehensive income	–	–	27.3	27.3
Issue of share capital	0.8	(0.8)	–	–
Dividends paid	–	–	(35.3)	(35.3)
Equity-settled share-based payments	–	–	2.7	2.7
At 1 January 2022	26.0	(0.8)	738.5	763.7
Loss for the period and other comprehensive income	**–**	**–**	**(139.8)**	**(139.8)**
Dividends paid	**–**	**–**	**(31.2)**	**(31.2)**
Equity-settled share-based payments	**–**	**0.1**	**4.3**	**4.4**
At 31 December 2022	**26.0**	**(0.7)**	**571.8**	**597.1**

This section contains the notes to the Company financial statements. The issued share capital and EBT share reserves are consistent with the Wickes Group Plc Group Consolidated financial statements. Refer to note 21 of the Group financial statements.

C1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Financial Reporting Standard 102 ("FRS 102") in conformity with the Companies Act 2006 and on an historical cost basis. The financial statements are presented in pounds sterling and all values are rounded to the nearest million pounds (£m), except when otherwise indicated.

See note 1 for general information about the Company.

The Company has used the exemption granted under s408 of the Companies Act 2006 that allows for the non-disclosure of the income statement of the Parent Company.

As the consolidated financial statements of the Group headed by the Company are prepared in accordance with International Financial Reporting Standards as adopted by the UK and include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Cash Flow Statement and related notes
- Key Management Personnel compensation
- Certain disclosures required by FRS 102.26 *Share Based Payments*
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company did not have items to be reported as other comprehensive income; therefore, no statement of comprehensive income was prepared.

C2 SIGNIFICANT ACCOUNTING POLICIES IN THIS SECTION

Financial instruments

Financial instruments and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Investment in subsidiaries

The Company's investments in subsidiaries are carried at cost less provisions resulting from impairment. Investments are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in operating profit in the profit or loss as a charge to administrative expenses.

In testing for impairment, the carrying value of the investment is compared to its recoverable amount, being its value-in-use.

Where indicators exist for a decrease in a previously recognised impairment loss, the prior impairment loss is tested to determine whether a reversal is required. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Share-based payments

The financial effect of awards by the Company of options over its equity shares to employees of subsidiary undertakings is recognised by the Company in its individual financial statements as an increase in its investment in subsidiaries with a credit to equity equivalent to the cost in subsidiary undertakings. The subsidiary, in turn, will recognise the cost in its income statement with a credit to equity to reflect the deemed capital contribution from the Company.

C3 KEY ESTIMATES AND ASSUMPTIONS IN THIS SECTION

Impairment testing of investments in subsidiaries

The Company's investments in subsidiaries have been tested for impairment by comparison against the underlying value of the subsidiaries' assets based on a value in use calculation. The value in use calculation requires estimation of future cash flows expected to arise from the subsidiary discounted at a suitable discount rate in order to calculate present value. The significant estimates relate to the Group's profitability over the 5 Year Plan period, the longer term growth rate, and the discount rate used.

C4 STAFF COSTS AND DIRECTORS' REMUNERATION

The Company had no employees during the period, except for the Directors. The information on compensation for the Directors, being considered as the key management personnel of the Company, is disclosed in note 30.

C5 AUDITOR'S REMUNERATION

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements.

C6 INVESTMENT IN SUBSIDIARIES

(£m)	Subsidiary undertakings Cost
At 26 December 2020	887.5
Additions – share based payments	1.8
At 1 January 2022	889.3
Additions – share based payments	**3.7**
At 31 December 2022	**893.0**
Impairment	
At 26 December 2020 and 1 January 2022	(118.5)
Impairment	**(175.6)**
At 31 December 2022	**(294.1)**
Net book value	
At 31 December 2022	**598.9**
At 1 January 2022	770.8

Details of the Company's subsidiaries at the balance sheet date are in note 17 to the Group financial statements.

In accordance with accounting standards the Company's investments, which have indefinite useful lives, must have an impairment review at each reporting period. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell: the value in use of the investment is derived from the Group's 5 Year Plan on a pre IFRS 16 basis and management believe that this represents a higher value than a potential fair value valuation.

Key assumptions

The estimation of future cash flows is derived from the Board approved 5 Year Plan, consistent with the basis discussed in note 15 to the Group financial statements. The key assumptions underpinning the value in use model include revenue growth, gross margin, discount rate, and long term growth rate.

	2022	2021
Pre-tax discount rate	**17.0%**	10.5%
Revenue growth rate	**0% – 7.7%**	5% – 6%
Gross margin	**44.7% – 45.0%**	44% – 45%
Long term growth rate	**3.5%**	1.4%

Management determined the values assigned to these financial assumptions consistently with the basis discussed in note 15 to the Group financial statements.

In light of the challenges of performing Value in Use calculations in respect of an Equity Investment on a post IFRS 16 basis, the FY22 impairment review was performed on a pre-IFRS 16 basis. The discount rate disclosed is therefore higher than that disclosed in Note 15 (as a pre IFRS 16 discount rate does not incorporate the cost of debt and lease liabilities). In the prior year, where no impairment charge was required to be calculated due to the headroom in the impairment review, the Value in Use calculation was derived on a post IFRS 16 basis.

Impairment

An impairment review was therefore performed with an impairment charge of £175.6m being recognised. This impairment reflects the deterioration in the UK macro-economic environment and economic outlook'in 2022, leading to an expectation of a downturn in financial performance in the short term, with a potentially significant impact across the retail sector as a whole.

Impairment sensitivities

It is possible that a materially different impairment would have been identified in the impairment review if the key assumptions were changed in the value-in-use calculations. The impact on the impairment charge recognised from reasonably possible changes in assumption, all other assumptions remaining the same, are shown in the table below.

Assumption	Change in impairment charge
Discount rate increases or decreases by 0.5%	£26.7m – £(24.2)m
Revenue increases or decreases by 2%	£106.9m – £(106.9)m
Gross margin increases or decreases by 1%	£119.5m – £(119.5)m
Long term growth rate increases or decreases by 0.5%	£18.8m – £(17.0)m

C7 CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

The capital structure of the Company comprises issued capital, reserves and retained earnings as disclosed in the Company statement of changes in equity totalling £597.1m (1 January 2022: £763.7m) as at 31 December 2022.

Credit risk

As at 31 December 2022, the Company had no amounts owed (1 January 2022: £nil). The Company's maximum exposure to credit risk is £nil (1 January 2022: £nil)

Liquidity risk

The Company finances its activities through its investments in subsidiary undertakings.

The Company anticipates that its funding sources will be sufficient to meet its anticipated future administrative expenses and dividend obligations as they become due over the next 12 months.

Market risk

As at 31 December 2022, the Company had short-term payables of £1.7m (1 January 2022: £7.1m) owed to subsidiary undertakings, which are repayable on demand and bear no interest. The Directors do not perceive that servicing this debt poses any significant risk to the Company given its size in relation to the Company's net assets.

C7 CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

Distributable reserves

The distributable reserves of the Company approximate to the accumulated profits, under Reporting Standard FRS102, after deducting equity settled share based payments and investments in own shares, resulting in distributable reserves of £565.6m (1 January 2022: £735.9m). When required the Company can receive dividends from its subsidiaries to further increase the distributable reserves.

In the 52 weeks ended 31 December 2022, the Company received £38.3m of dividends from its subsidiaries (53 weeks ended 1 January 2022: £35.3m) to pay to its equity shareholders of the Parent.

Share-based payments made during the 52 weeks ended 31 December 2022 include nil (53 weeks ended 1 January 2022: £1.1m) of pre-demerger charges for Wickes employees under the Travis Perkins Plc share schemes.

C8 RELATED PARTY TRANSACTIONS

The Company's subsidiaries are listed in note 17 to the Group financial statements. The following table provides the Company's balances that are outstanding with subsidiary companies at the balance sheet date:

(£m)	As at 31 December 2022	As at 1 January 2022
Amounts owed to subsidiary undertakings – Wickes Building Supplies Limited	**1.8**	7.1
	1.8	7.1

The amounts outstanding are unsecured and repayable on demand.

The following table provides the Company's transactions with subsidiary companies recorded in profit for the financial year:

(£m)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Amounts invoiced by subsidiaries	**(1.7)**	(7.1)
Dividend received from subsidiaries	**38.3**	35.3
	36.6	28.2

Amounts invoiced to/by subsidiaries relate to general corporate purposes.

Directors' remuneration

The remuneration of the Directors of the Company is set out below. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration report on page 105.

(£m)	52 weeks ended 31 December 2022	53 weeks ended 1 January 2022
Salaries and other short-term benefits*	**1.5**	1.6
Post-employment benefits*	**0.1**	0.1
Share-based payments*	**0.8**	0.9
	2.4	2.6

* Emoluments and share-based payment charges for the Executive Directors are borne by a subsidiary company, Wickes Building Supplies Limited, and recharged to Wickes Group Plc. Please refer to note 27 of the Group consolidated financial statements.

Directors' interests in share-based payment schemes

Refer to note 27 to the Group financial statements for further details of the main features of the schemes relating to share options held by the Executive Directors and Senior Management Team.

Other transactions

During the period, the Company did not make any purchases in the ordinary course of business from an entity under common control.

C9 EVENTS AFTER THE REPORTING PERIOD

There have been no events to disclose after the reporting date.

Shareholder information

Managing your shares
The Company's share register is managed by our registrar, Link. Shareholders can manage their shareholdings online through the Link shareholder portal at www.signalshares.com. The benefits of managing your shareholding online include the ability to:

– view your holding balance and get an indicative valuation;
– view movements on your holding;
– view the dividend payments you have received;
– cast your proxy vote online;
– update your address;
– register and change bank mandate instructions for dividends to be paid;
– elect to receive Shareholder communications electronically; and
– access a wide range of Shareholder information including the ability to download Shareholder forms.

Shareholder communications
We encourage our Shareholders to view Shareholder communications, including the Annual Report and Accounts, electronically in order to minimise our impact on the environment and reduce costs. If you currently receive communications in paper form and would like to switch to electronic communications, you can do this by visiting the Link Shareholder portal at www.signalshares.com or by contacting Link.

Financial calendar
The key events in our financial year will be posted on our website at www.wickesplc.co.uk

Annual General Meeting (AGM)
The AGM is an important event that gives us an opportunity to engage with our shareholders. Our 2023 AGM is scheduled to be held on 23 May 2023 at 9.00am. Details about the meeting and how to participate will be available in the Notice of Meeting which will be posted on our website at www.wickesplc.co.uk

Dividends
An interim dividend of 3.6 pence per ordinary share was paid on 4 November 2022. Shareholders will be asked to approve a final dividend for the financial year ended 31 December 2022 at the AGM. If approved, a dividend of 7.3 pence per ordinary share will be paid on 7 June 2023 to Shareholders on the register on the record date of 21 April 2023.

Dividend Reinvestment Plan
You can choose to have any cash dividends paid reinvested in further Wickes shares through the Dividend Reinvestment Plan (terms and conditions apply). You can join the Dividend Reinvestment Plan via the Link shareholder portal www.signalshares.com or contact Link for details.

Paperless dividends
In line with our ambition to reduce our environmental impact and in line with market practice, we moved to the payment of cash dividends through direct payment to Shareholder bank accounts in 2022. This means that you will no longer be able to receive payment of dividends by cheque and a consolidated tax voucher for each tax year will be available electronically.

If you previously received your dividends by cheque you will need to register your bank details with Link via the Shareholder portal www.signalshares.com or by contacting Link (contact details under 'Managing your shares'). Any unclaimed dividends will automatically be released into your bank account once your bank details have been registered with Link.

ShareGift
ShareGift is a charity share donation scheme for Shareholders who may wish to dispose of a small quantity of shares where the market value makes it uneconomic to sell on a commission basis. The scheme is administered by the Orr Mackintosh Foundation and further information can be obtained by contacting them:

Telephone: 020 7930 3737
Email: www.sharegift.org

Shareholder security
If you receive any unsolicited phone calls or correspondence concerning investment matters you should get the name of the person and organisation and check that they are properly authorised by the FCA – visit https://register.fca.org.uk/s/

If you think something is not right, report it to the FCA by calling the FCA consumer helpline on 0800 111 6768 (freephone) – open Monday to Friday 8.00am-6.00pm and Saturday 9.00am-1.00pm.

More detailed information can be found on the FCA website www.fca.org.uk/scamsmart

Website publication
The Annual Report and Accounts 2022 will be available to view and download on the Company's website at www.wickesplc.co.uk. We will also publish on the website a machine-readable version of the annual accounts using the single electronic reporting format (ESEF) as required under Disclosure Guidance and Transparency Rule 4.1.14R and in accordance with the ESEF Regulation. The ESEF format of the accounts has not been audited.

Useful information

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Tel: +44 (0)371 664 0300*
Email: enquiries@linkgroup.co.uk

Investor Relations
investorrelations@wickes.co.uk

Corporate brokers
Citigroup
Investec

Independent auditor
KPMG LLP

SHAREHOLDER PORTAL[1]

Manage your shareholding by registering for the Link Shareholder portal at

www.signalshares.com

ANNUAL GENERAL MEETING (AGM)

Our 2023 AGM will be held on 23 May 2023 at 9.00am. Details about the meeting and how to participate are contained within the Notice of Meeting which will be available at

www.wickesplc.co.uk

ELECTRONIC COMMUNICATIONS

Switch to electronic communications by visiting the Shareholder Portal or contacting Link.

DIVIDENDS

In 2022, we removed cheque dividend payments and now pay all cash dividends directly to Shareholders' bank accounts. Register your bank details with Link through the Shareholder Portal or by contacting Link.

* Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. Lines are open between 9.00am-5.30pm, Monday to Friday excluding public holidays in England and Wales.

(1) You will need your Shareholder reference number to register. This can be found on your share certificate or dividend confirmation.

Glossary

Adjusted EBITDA	Adjusted EBITDA is defined as Earnings before Interest, Tax, Depreciation and Amortisation and before adjusting items. Adjusting items are defined as those items of income and expenditure that are material in size or unusual in nature or incidence, and in the current year such items relate to separation and demerger costs and certain store impairments, as set out in more detail in Note 9. Removal of such adjusting items allows the reader to understand the impact of the separation and demerger project separately from the performance of the underlying business.
AGM	Annual General Meeting
BAU	Business as usual
BRC	British Retail Consortium
CAGR	Compound Annual Growth Rate
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash generating unit
DIFM	Do-it-for-me
DIY	Do-it-yourself
DRR	Directors' Remuneration report
DTR	Disclosure Guidance and Transparency Rules
EBT	Employee Benefit Trust
ECL	Expected credit loss
EMS	Environmental Management System
EPS	Earnings Per Share
ESG	Environmental, Social, Governance
EV	Electric vehicle
FCA	Financial Conduct Authority
FCF	Free cash flow
FRC	Financial Reporting Council
FTE	Full-time equivalent
GHG	Greenhouse Gas
H&S	Health and safety
HGV	Heavy goods vehicle
I&D	Inclusion and diversity
IFRS	International Financial Reporting Standards
KPI	Key performance indicator
LED	Light-emitting diode
LFL	Like-for-like
LR	Listing Rules
NED	Non-executive Director
Order Book	Orders that have been placed but not yet delivered: a measure of secured future revenue
PBT	Profit before tax
PIE	Public Interest Entity
Plc	Public limited company
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
ROCE	Return on Capital Employed: a measure of the profit generated by new capital expenditure
RPI	Retail Prices Index
Sales density	Sales per square foot
SASB	Sustainability Accounting Standards Board
SAYE	Save As You Earn
SECR	Streamlined Energy and Carbon Reporting
SID	Senior Independent Director
SIP	Share Incentive Plan
SKU	Stock Keeping Unit
SVHC	Substance of very high concern
TCFD	Task Force for Climate-related Financial Disclosures
TSR	Total Shareholder Return
VOC	Volatile organic compound

Alternative Performance Measures

Stock turn

Stock turn is defined as the cost of goods sold divided by the average of year start and year end inventory. It is a measure of how effective we are in converting our stock into sales.

Stock turn is calculated as follows:

(£m)	31 December 2022	1 January 2022
Cost of goods sold	**856.2**	829.1
Opening stock	**188.2**	138.3
Closing stock	**201.6**	188.2
Average stock	**194.9**	163.2
Cost of goods sold divided by average stock	**4.4**	5.1

Like-for-like sales

The use of like for like sales and why they are useful is discussed in detail in note 5. Additionally, further LFL calculations, which are useful for the same reason, are calculated as follows:

Like-for-like sales – 52 week basis

The comparative period ended 1 January 2022 is a 53 week period and the current period ended 31 December 2022 is a 52 week period. To enable comparability, Like-for-like sales on a 52 week basis are calculated as follows:

(£m)	52 weeks ended 31 December 2022
Adjusted revenue	**1,559.0**
Prior period revenue (53 weeks ended 1 January 2022)	1,534.9
Impact of week 53	(24.5)
Prior period revenue on 52 week basis	**1,510.4**
Revenue increase on 52 week basis	48.6
Like-for-like sales growth %	**3.2%**

Like-for-like sales – Core and DIFM

Like-for-like sales are further broken down into Core and DIFM related sales to enable further visibility of the relative performance of the two areas.

Like-for-like sales – Core (£m)	52 weeks ended 31 December 2022
Adjusted revenue	**1,187.9**
Network change	**(0.3)**
Adjusted revenue (like-for-like basis)	**1,187.6**
Prior period revenue	**1,234.7**
Prior period network change	**(3.5)**
Prior period other movements	**(19.7)**
Prior period revenue (like-for-like basis)	**1,211.5**
Increase arising on a like-for-like basis	**(23.9)**
Like-for-like revenue (%)	**(2.0)%**

Like-for-like sales – DIFM (£m)	52 weeks ended 31 December 2022
Adjusted revenue	**371.1**
Network change	**(0.7)**
Adjusted revenue (like-for-like basis)	**370.4**
Prior period revenue	**300.2**
Prior period network change	**(1.6)**
Prior period other movements	**(4.8)**
Prior period revenue (like-for-like basis)	**293.8**
Increase arising on a like-for-like basis	**76.7**
Like-for-like revenue (%)	**26.1%**

Alternative Performance Measures continued

Like-for-like sales – 3 Year Basis

Given the exposure of recent years to COVID-19 lockdowns, a comparison to a pre-COVID revenue figure is considered to give a more meaningful analysis. These three year comparatives become less meaningful when the base year includes the COVID lockdown period, and therefore will no longer be provided after this year.

3 Year Like-for-like sales is calculated by compounding the like for like growth over the past three years:

	Core	DIFM	Total
2020 like-for-like	18.8%	(27.8%)	**5.0%**
2021 like-for-like	14.2%	8.5%	**13.0%**
2022 like-for-like	(2.0%)	26.1%	**3.5%**
Compounded	33.0%	(1.3%)	**22.8%**

Free cash flow

The use of free cash flow and why it is useful is discussed on page 31. It is calculated as follows:

(£m)	31-Dec-22	01-Jan-22
Cash generated from operations	**160.4**	148.0
Add back cash impact of adjusting items	**21.7**	17.9
Adjusted cash inflow from operating activities	**182.1**	165.9
Less: repayment of lease liabilities	**(80.3)**	(77.5)
Less: Interest on lease liabilities	**(29.4)**	(31.3)
Less: purchases of property, plant and equipment	**(40.4)**	(26.5)
Less: tax paid	**(4.3)**	(14.6)
Add: property disposal proceeds	**0.4**	1.2
Add: interest received	**1.9**	0.1
Less: interest paid	**(1.0)**	(0.7)
Free cash flow	**29.0**	16.6

Cost to sales ratio

Cost to sales ratio is the ratio of selling costs plus administrative expenses to total sales. The cost to sales ratio is used to determine whether revenue increases are matched by increases in profit

(£m)	31-Dec-22	01-Jan-22
Adjusted selling costs	**332.1**	334.9
Adjusted administrative expenses	**131.1**	117.3
Total adjusted costs	**463.2**	452.2
Total adjusted sales	**1,559.0**	1,534.9
Ratio	**29.7%**	29.5%

IFRS 16 net debt Leverage

IFRS 16 net debt leverage is the ratio of our net debt balance to our adjusted EBITDA (as calculated above). This enables us to assess whether the profit we generate will be sufficient to pay our debt obligations.

(£m)	52 weeks ended 31 December 2022
Adjusted operating profit	**103.9**
Add back depreciation of property, plant and equipment	**20.1**
Add back depreciation of right-of-use assets	**77.7**
Add back amortisation	**5.2**
Adjusted EBITDA	**206.9**

(£m)	31-Dec-22
Net debt	**591.8**
Adjusted EBITDA	**206.9**
Leverage ratio	**2.9x**

Sales density

Sales density is a measure of sales per year per square foot of store space and enables us to monitor whether increases or decreases in store space are matched by increases or decreases in revenue

	31-Dec-22	01-Jan-22
Sales (£m)	**1,559.0**	1,517.4
Average square footage (million)	**6.3**	6.4
Sales density	**247**	238

Return on Capital Employed (ROCE)

ROCE compares the amount spent to refit a store against the increase in gross profit gained in the following year as a result. This helps us assess whether refits are generating an appropriate amount of revenue uplift.

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