

Chief Executive Officer's statement

A year of strong progress

David Wood, Chief Executive Officer



2024 was a year of strong progress for Wickes as our balanced business model and brand strength saw us continue to deliver for customers and take further market share. I would like to thank my colleagues for their continued hard work and support and, together, we remain focused on helping the nation feel house proud.

We grew volumes and share throughout the year in our Retail business, as customers bought more of our products for their home improvement projects, however big or small. In our Design and Installation business, we have been encouraged by a return to growth in ordered sales in Q4, following the actions we took to enhance our customer offer and experience.

As expected, overall profitability declined versus 2023, reflecting a market with softer demand for larger ticket purchases and continued cost headwinds, which we were largely able to offset through our productivity savings. As a result, I am pleased to report that we were able to deliver adjusted PBT at the top end of expectations.

Market

The UK home improvement sector represents a large and attractive market of c. £27bn¹. Within this market we have a significant opportunity for long-term growth, given our relatively small market share of around 6%. The challenging trading conditions of the last two years have resulted in the exit of retailers such as Homebase, Carpetright, CTD Tiles and Wilko, presenting an opportunity for strong businesses of scale, such as Wickes. The market has grown at c. 2.5% per annum on average over the past ten years, driven by the high average



The actions we have taken across the business to invest in our growth levers and productivity plan position us well for future growth.

age of the UK's housing stock, the rising number of UK households and increasing home ownership. Specialist DIY sales are forecast to grow by 16% between 2024 and 2029, according to Mintel² driven by improved confidence and expected improvement in the housing market.

There are a number of macroeconomic trends which affect our market. Whilst the Wickes home improver customer base has not been immune from cost of living pressures (such as increased mortgage rates or rents), they tend to be slightly older and more affluent than the UK average. Moving house is often a trigger to undertake major home improvement projects over time and the rate of UK housing transactions has improved over 2024³. Wickes has virtually no exposure to civil engineering or the new build housing market, given that our customers are mostly home improvers and independent tradespeople.

Britain's 29.8m⁴ homes are among the least energy efficient in Europe, losing heat up to three times faster than in continental Europe⁵. The average household energy efficiency rating for England and Wales is band D⁶ and the UK government estimates that 33% of homes with a loft do not have loft insulation¹³. At Wickes we are committed to helping our customers improve the energy efficiency of their homes and save money on their energy bills. The January 2025 report from our proprietary Mood of the Nation survey showed that around 15% of home improvers have considered installing solar panels over the last year.

¹ Source: GfK, Mintel and Wickes estimates

² Source: Mintel UK DIY Retailing report, June 2024

³ HM Revenue & Customs monthly property transactions completed in the UK with a value of £40,000 or above, 31 January 2025

⁴ Department for Energy Security & Net Zero, Household Energy Efficiency, 28 March 2024

⁵ Decarbonising Buildings: Insights from Across Europe, published by the Grantham Institute – Climate Change and the Environment at Imperial College London, December 2022

⁶ ONS Energy efficiency of housing in England and Wales 2024

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Our December 2024 Mood of the Nation survey showed that planned spend by UK consumers on a new kitchen or bathroom remains below historical norms, but stable over recent months. Demand has been stronger in the <£4k segment of the kitchens market. Consumers remain interested in DIY but have been spending a bit less, with Mintel reporting that smaller projects have been the most popular type of DIY completed¹. The December 2024 Mood of the Nation survey also shows that local trade professionals remain busy, with 1 in 4 having a pipeline of work of more than 12 months.

Progress against strategic growth levers

The company's strategy, as outlined at the time of demerger, has delivered strong operational progress centred around developing and extending the Group's growth levers. These contribute to an improvement in our products and services, saving our customers time and money. Continued investment in our growth levers will drive market share growth in the coming years.

Winning for trade

Our TradePro membership scheme continues to attract local traders, who choose Wickes for its strong value credentials and simple discount scheme, high quality products, availability on the lines that matter most, as well as the convenience of our 30-minute Click-and-Collect service.

Sales from TradePro members increased steadily, by 14% over the year. The strong growth in the number of active customers to 581,000 was partially offset by a slight decline in average basket size as tradespeople have been managing their material quantities more carefully. Total membership of the TradePro scheme surpassed the one million mark in September, achieving the target set at the time of demerger.

TradePro members benefit from our rewards programme, with access to special deals on services such as skip hire, insurance and media subscriptions. In 2024, we added further services, including TradePro membership for trade accredited members of trade federations such as Checktrade and SafeContractor, as well as

discounted fuel and vehicle maintenance with Fuel Card Services. We have also continued to invest in improving TradePro members' digital experience, making it easier to shop via the app, adding VAT/ Non-VAT pricing and the ability to use the TradePro card in a digital wallet.

Partnerships with trade federations give us access to new sources of accredited tradespeople. In order to build loyalty with tradespeople at the start of their careers and to foster long-term engagement and spending, we have partnered with several apprenticeship organisations. Access Training provides essential training programs that help individuals upskill and gain qualifications in the construction sector, ensuring they are equipped for long-term success. Additionally, Building Heroes supports ex-servicemen and women by offering training and opportunities to transition into careers in construction. Through these partnerships, we are not only supporting individuals to get started in their careers but also contributing to the growth of a skilled and diverse workforce in the construction industry.

We continue to use behavioural analytics to understand the drivers of average spending by decile. Our proprietary and market-leading machine learning model, the Mission Motivation Engine (MME), drives deeper customer relationships and extracts greater lifetime value.

Accelerating Design & Installation

Design & Installation delivered sales² reflected the challenging market environment for larger ticket purchases in the UK. LFL sales declined by 13.9%, whereas ordered sales³ showed a single digit year-on-year decline. Momentum later in the year improved significantly, with LFL delivered sales improving from -13.3% in Q3 to -3.1% in Q4 and ordered sales moving into year-on-year growth in the fourth quarter for the first time since Q2 2023.

This improvement has been driven by the enhancements we have made to the business. In response to customer feedback, we have simplified the customer journey and now present a unified Wickes Kitchens and Wickes Bathrooms offering,

160

new Design Consultants

rather than separate Bespoke and Lifestyle paths. This new approach encompasses brochures, website, advertising and promotions. We have streamlined the customer journey in store by ensuring that new customers are able to interact directly with a Design Consultant as soon as they begin the design process, by adding around 160 Design Consultants and removing the Kitchen & Bathroom Adviser role. In addition to improving the customer experience, this has reduced the associated operating costs. Customers are now able to book an appointment instantly with a Design Consultant, through our website, in the store of their choice, replacing a more cumbersome telephone booking system. We also use a technical solution for scheduling installers, with our Customer Experience Centre overseeing the multi-stage installation process. Product development continues to drive growth, with new kitchen ranges proving successful with customers.

The acquisition of a 51% controlling interest in Solar Fast was completed on 21 May and is fully consolidated from that date. We have now installed Wickes Solar point-of-sale displays in all of our store estate in order to support the digital journey on the Wickes website. We are seeing an encouraging response, with around 1 in 4 Solar Fast leads coming through the Wickes channels and with these leads resulting in above average conversion. The market for domestic solar installations in the UK is in long-term growth with the market estimated to be worth £1.5bn pa by 2028⁴. It is a highly fragmented market with no clear brand leader; with a trusted brand and significant experience in design and installation services at scale, Wickes is well-placed to be a market leader in home energy solutions. We have an option to purchase the remaining 49% of the issued share capital of Solar Fast during the five years

following completion, in tranches of not less than 10% of the issued share capital, based on a valuation of 6x last twelve months EBITDA at the time.

DIY category wins

Our market share in Retail has continued to grow, with strength across numerous categories, particularly in the DIY categories of interior paint, decorative accessories and garden products.

These compounding market share gains have been driven by our ongoing development of new and existing categories, as we broaden the reach of the Wickes brand. We have grown our decor proposition by selectively introducing third party brands such as Crown, Zinsser and extended ranges of Dulux as well as refreshes to some of our own label ranges and one third of baskets now include at least one decorative product. The two own brand paint colours which we have launched with Kimberly Walsh have been a huge success and have helped to broaden our appeal, such that now over 1 in 3 Wickes customers are female⁵ compared to less than 1 in 6 in 2019. The relaunch in recent years of ranges such as our storage & shelving ranges continues to boost sales and market share in these categories. We have driven incremental revenue through launching new categories and expanding existing categories such as acoustic wall panelling, motor accessories and decorative accessories. The continuous range development within gardening and landscaping has grown our market share and attracted gardeners of all ages.

We continue to strive for the best possible range, price and availability for our customers. Our right-sized stores sell a carefully curated range

- 1 Source: Mintel UK DIY Retailing report, June 2024
- 2 Delivered sales refers to the revenue which is recognised when the Group has satisfied its performance obligation to the customer and the customer has obtained control of the goods or services being transferred
- 3 Ordered sales refers to the value of orders at the point when the order has been agreed
- 4 Source: Wood Mackenzie UK PV Capacity Forecast
- 5 Proportion of Wickes DIY customers identified as female in 2024

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of c.9,000-10,000 SKUs and we are constantly reviewing the range to ensure that each product category is meeting expectations. During 2024 we carried out 19 comprehensive range reviews.

All of these actions have contributed to our all-time high customer satisfaction metrics. 84% of our customers responded that our Click & Collect service was 'excellent' or 'good' in 2024, an improvement of two percentage points. Our customer satisfaction scores for Home Delivery remain at very high levels, with 89% rating the service as 'excellent' or 'good'.

Store investment

Investment in our store network continues, to modernise the stores, improve our showrooms and create additional fulfilment space.

Our refit programme continues to deliver good returns with strong sales uplifts, particularly from the Design & Installation areas, where we are able to showcase our full offer of kitchens and bathrooms. The refits enable us to upgrade the efficiency of multi-channel order pick and despatch, which drives sales densities and underpins our 30-minute Click & Collect promise and increases customer satisfaction metrics. 182 stores, or 80% of the network, are now in our new format. Seven store refits were successfully completed during 2024, in Ashford, Burgess Hill, Slough, Bedford, Worcester, Edmonton and Lowestoft.

Our new store opening programme is performing well, and we expect our new stores to deliver good economic returns, once mature. Four new energy efficient stores opened during 2024 in Long Eaton, Durham, Aberdeen and Leamington Spa, creating around 120 new jobs. During 2024 we closed five stores (Ashton Gate, Inverness, Sheffield Central, Warwick Kitchen & Bathroom, Battersea Kitchen & Bathroom). We therefore ended the year with 228 stores. Total square footage remained broadly flat year-on-year.

Our property plans for 2025 are on track. Early in 2025 we acquired three former Homebase stores, in Leeds Moor Allerton, Bury St Edmunds and

Dunfermline. Having already acquired the former Homebase store in Northampton in late 2024, we now have four former Homebase stores in our new store opening programme for 2025. We are planning a total of 10-15 refits in the year and 5-7 new stores. We have an exciting pipeline of new stores planned for the coming years, as we target an overall estate of around 250 stores over the medium term.

Digital capability

We continue to invest in our digital capabilities to deliver an integrated multi-channel shopping experience for our customers.

We use our proprietary and market-leading machine learning model, the Mission Motivation Engine (MME), to deliver tailored content to customers to help them complete their home improvement missions and this is driving significant revenues. Our MME collects data to help us understand who our customers are, what they browse, what they buy, how and when, in order for us to produce personalised communications. We have a comprehensive suite of MME-led programmes of marketing emails and app notifications, all of which are optimised for timing, audience and content for our different customer profiles, with incrementality measured against control groups. These communications predict which products a customer may need and encourage them to go deeper into their project or mission. Our lifetime value calculator assesses behavioural data to determine whether each customer is likely to be a high value customer, to determine their shopper type algorithm and gauge our marketing efforts accordingly. The MME is a highly effective method of using first party data to inform personalised communications to thousands of individual customers.

We continue to improve our offering of digital payment options. In order to complement our existing Apple Pay functionality, in January we rolled out Google Pay functionality for digital payments, offering ease of checkout and increased conversion rate. Following a successful launch of Klarna in 2023, we launched Clearpay in August 2024, as a

second Buy Now Pay Later option. We will subsequently be trialling both Klarna and Clearpay in some of our stores.

We have invested in a AI-driven predictive stock forecasting platform, which is delivering materially enhanced productivity whilst driving an improved customer experience and lower costs. The platform has led to a significant improvement in stock forecast accuracy with material financial benefits. We have delivered a reduction in total stock units held and a c. 70% reduction in third party storage usage over two years. Store availability has improved alongside the reduction in stock levels. We expect further network efficiency opportunities for 2025.

Enhanced store service model

Our '4C' model aims to meet our customers' needs through all four of our store network journeys: Self Serve, Assisted Selling, Order Fulfilment and the Design & Installation showrooms. Our approach offers a seamless shopping experience for customers and ensures that our store estate works hard for us. Recent changes to the store estate have increased back of house capacity for Click & Collect and Home Delivery Order Fulfilment, while reducing the impact on customers in the store.

A winning culture

We are proud of the Wickes culture which over the past fifty years has evolved to become a modern, inclusive workplace where all colleagues can feel at home and have the opportunity to grow their skills and develop their career. We continue to engage with colleagues so that they are informed, inspired and motivated to play their part in delivering our strategy through exceptional levels of customer service.

As part of our new Colleague Promise, we have rolled out flexible working to all roles in the Support Centre and to all store management teams.

Responsible Business Strategy update

During 2024 we have continued to focus on integrating our Responsible Business Strategy 'Built to Last' across our business and supply chain, with continued progress made across all three pillars of the strategy – People, Environment and Homes. As



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a responsible business we ensure we continue to also focus on our three fundamental topics – Health & Safety, Ethical Business Conduct and Responsible Sourcing.

The health and safety of our colleagues and customers remains our number one priority. In 2024, we had an 8% reduction of injury numbers across the business and a 36% reduction in colleague injuries leading to lost time or work days, compared to 2024.

In 2024, our progress with delivering our 'Built to Last' strategy and increasing the transparency of our ESG disclosures was recognised by our entry into the FTSE4Good index and achieving a 'AAA' ESG rating from MSCI. For our 2024 CDP (Carbon Disclosure Project) submission, we successfully maintained a 'B' rating for Climate Change and a 'C' for Forests.

People

Inclusion and diversity is central to our new employee value proposition, launched in 2024. In our management population we increased female representation from 35.1% to 37.0% in 2024, and representation of people from an underrepresented ethnic background from 11.3% to 11.9%. Fair pay remains at the core of our reward offering and we recently reported favourable median gender and ethnicity pay gaps.

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37.0%

female representation
of management population

80%

of the store network
is now in our new format

We employed on average 7,774 people in 2024 (2023: 7,919). As part of the work we have undertaken to improve the customer experience in Design & Installation (D&I), we restructured the team to ensure that our customers' first point of contact is with the person who will take them through the whole sales journey. This resulted in the difficult decision to remove the Kitchen & Bathroom Adviser (KBA) role in stores and reinvest in additional Design Consultant (DC) roles, with many people in KBA roles being offered the opportunity to move into a DC role or other roles within the business. As described above we opened four new stores in 2024 and closed five and, as always when we make the difficult decision to close a store, we took all reasonable steps to support colleagues who are affected in securing alternative employment with Wickes.



We continue to strive for the best possible range, price and availability for our customers.

In 2024, we provided 178 people with Early Careers opportunities including apprenticeships, work experience placements, traineeships, internship and graduate roles, in order to help develop the skills our business needs for the future. We introduced a School Outreach Programme and Wickes School Challenge for year nine students from across the UK, which promoted key skills like communication, teamwork, problem solving, creativity, numeracy and digital skills.

Through our Wickes Community Programme, we supported 47% more local community projects in 2024 compared to 2023, by donating over 28,000 products. We raised £926,000 for The Brain Tumour Charity in 2024, with thanks to the generosity of our customers, suppliers, and colleagues. In total we have now raised £1.6 million towards our £2 million target for the two-year partnership.

Environment

We completed a comprehensive exercise in 2024 to re-baseline our near term science-based targets (SBTs) in response to business changes in contracting out some of our distribution activities. We subsequently announced an update to our corresponding 2023 and 2024 LTIP targets. All three of our SBTs have been re-submitted to SBTi for validation following the re-baselining.

We have made significant progress towards our target to reduce Scope 1 and 2 emissions by 42% by 2030. Through sourcing 100% renewable electricity and delivering other energy efficiency improvements we have reduced our Scope 1 and 2 GHG market-based emissions by 61.3% compared to rebaselined 2021. We are continuing to collaborate closely

with our strategic suppliers and 52 suppliers, representing 27.3% of our Scope 3 emissions, now have their own SBTi-validated targets.

From February 2025, 100% of our own brand primary packaging on new stock is now PVC and polystyrene free and therefore easier to recycle. We are making progress towards our target to increase the recycled content of the primary plastic and paper packaging for our own brand products. By delivering on these targets we will be able to reduce costs associated with the introduction of the Extended Producer Responsibility (EPR) packaging regime and other packaging legislation in the UK, as well as reducing the environmental impact of our packaging.

We have furthered our understanding of the Company's nature-related dependencies, impacts, risks and opportunities and in 2024 we stopped selling compost containing peat. Timber remains a significant part of our business and in 2024 we once again achieved a level of 99.8% of the timber sold having either an FSC or PEFC Chain of Custody certificate, confirming that it had been responsibly sourced.

Homes

In line with our purpose to make the nation feel house proud, and supporting our customers with the increased cost of living, we want to help our customers save energy and reduce the carbon footprint of their homes. We continued to expand our online range of solar PV products, air source heat pumps and charging products for electric vehicles. Following the completion of the Solar Fast acquisition, we have also been able to support our customers with the installation of solar.

Confidence in our business model, underpinned by our strong balance sheet, drives us to continue investing in our proven growth levers, ensuring we are well placed to win in the UK's home improvement market and deliver for our colleagues, customers and shareholders.

David Wood
Chief Executive Officer