Wickes Group Plc

INVESTING TO WIN

Annual Report and Accounts 2023

INVESTING TO WIN

For over 50 years, Wickes has been proud to have played a part in the history of home improvement in the UK.

Our uniquely balanced business, across the three different customer propositions of Local Trade, Design & Installation and Do-it-yourself (DIY), means we are perfectly placed to help all customers, whatever their home improvement project might be. As a digitally-led, service-enabled 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.

We continue to invest in our strategic growth levers to ensure we win in the UK's home improvement market and to achieve our purpose, to help the nation feel house proud.

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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

OUR VALUES
We are proud of our special culture where everyone is welcome and given the opportunity to thrive. We are guided by a set of values we call our Winning Behaviours

A UNIQUELY BALANCED BUSINESS SUPPORTING 3 CUSTOMER PROPOSITIONS

LOCAL TRADE

We are trusted by local tradespeople to provide the quality products they need at great value, saving them time and money.

Our digital TradePro membership scheme offers a standard 10% discount across the store and our Wickes own brand has built a strong reputation with Local Trade over the past 50 years.

881,000
TradePro members

DESIGN & INSTALLATION

For customers who are looking to buy a new bathroom, kitchen or home office, we offer a full service from concept design to installation.

Our team of design consultants and nationwide network of Wickes-approved installers are on hand to support the customer with their project.

>3,000
installer teams

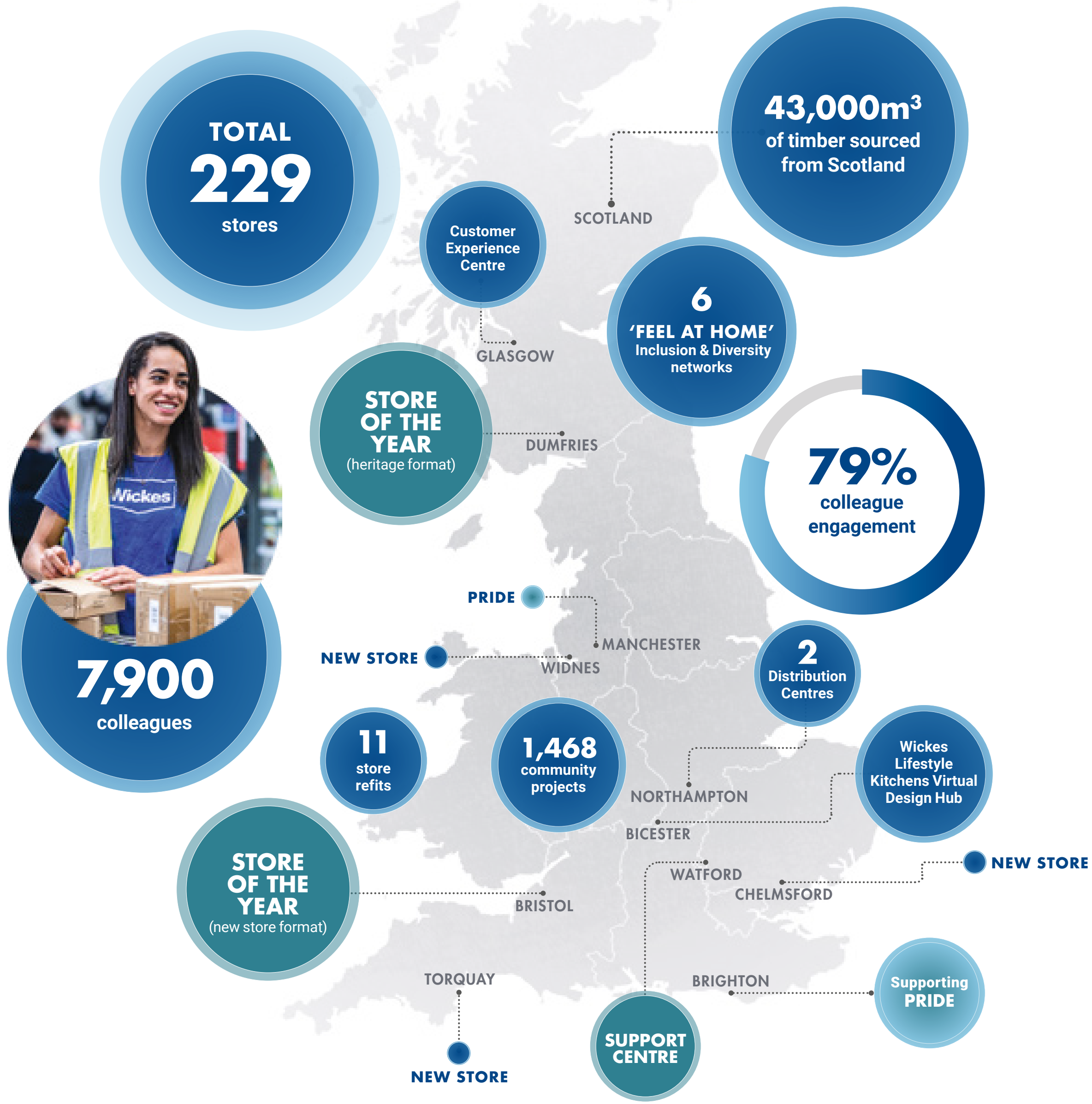
DIY

We provide a highly curated range of branded and own brand products in store, and further products online, to help customers undertake their DIY project. We pride ourselves on great value, simple, clear pricing and good stock availability.

Our store teams and online guides are there to provide customers with expert advice and knowledge to support them.

c.60%
of sales are Wickes own brand

As a leading UK home improvement retailer and employer, we have stores across England, Scotland and Wales and are proud to support our local communities



As we grow, we are committed to doing so sustainably. Our Built to Last Responsible Business programme focuses on People, Environment and Homes

See page 34

DIGITALLY-LED, SERVICE-ENABLED

2/3rds
of sales are digitally enabled

16%
digital visits market share*

* Source SimilarWeb.

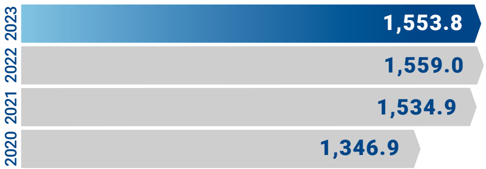
Financial and strategic highlights

Financial highlights

Adjusted revenue (£m)[1]

2022: £1,559.0m

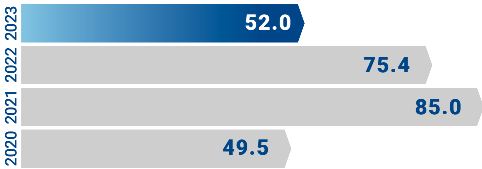
£1,553.8m



Adjusted PBT (£m)[2]

2022: £75.4m

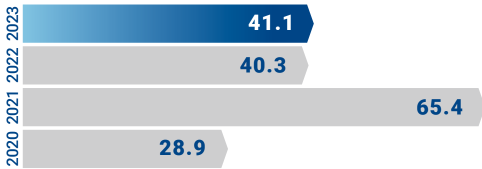
£52.0m



Statutory PBT (£m)

2022: £40.3m

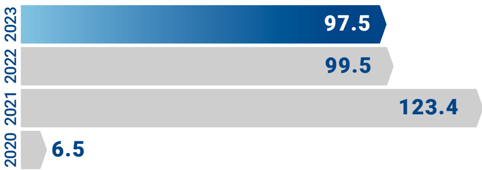
£41.1m



Cash (£m)

2022: £99.5m

£97.5m



Adjusted basic earnings per share (p)[3]

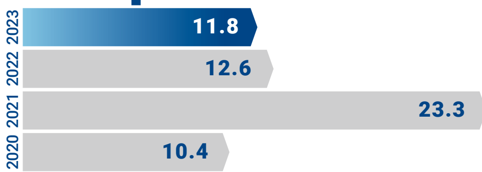
2022: 23.8p

15.1p

Statutory basic earnings per share (p)

2022: 12.6p

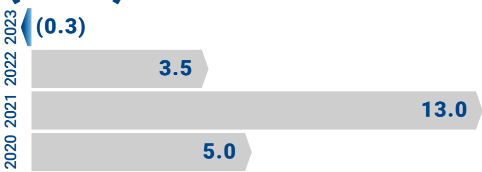
11.8p



LFL sales growth (%)[1]

2022: 3.5%

(0.3)%



Dividend per share (p)

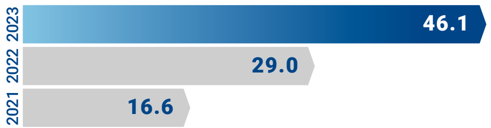
2022: 10.9p

10.9p

Free cash flow (£m)[4]

2022: £29.0m

£46.1m



1 Refer to note 5 on page 150; 2 Refer to note 9 on page 152; 3 Refer to note 11 on page 154; 4 Refer to note 32 on page 168.

Strategic highlights

New store openings

2023 has been an exciting year for growing our store estate. Across our three new stores in Chelmsford, Widnes and Torquay, we've created around 90 new jobs, and brought the Wickes experience to thousands more customers.

Enhancing our digital TradePro scheme

Local Trade are our most strategically valuable customers, spending on average ten times more than a DIY customer. We have grown membership of our digital TradePro scheme by 18%, developing new benefits and rewards for members.

Wickes Lifestyle Kitchens

We have seen a step change in the growth of Wickes Lifestyle Kitchens range, with sales up 24% since it was relaunched, successfully accessing the value end of the kitchens market.

Responsible Business summary

Built to Last Strategy: progress update

Data subject to independent limited assurance by DNV. DNV's limited assurance statement is available on our website at **www.wickesplc.co.uk/company/responsible-business/policies-and-reporting/**

	Focus area	Our targets	Progress in 2023	Further information	Alignment with UN Sustainable Development Goals (SDG) and Targets
PEOPLE	**Inclusion and diversity**	By the end of 2023, progress gender diversity in leadership roles: 1. **33.75%** females in store leadership; and 2. **45%** females in Support Centre leadership	1. **33.98% females in store leadership** (3.72% increase compared with 2022: 30.26%) 2. **43.54% females in Support Centre leadership** (slight decrease in performance compared with 2022: 44.31%)	See page 37	**SDG 10 Reduced Inequalities** Target 10.2
	Learning and development	Offer and support **200 Early Career places** each year from 2022 to 2024	**280 Early Career places** were provided in 2023; 248 of these were via an apprenticeship programme	See page 38	**SDG 4 Quality Education** Target 4.4
	Charity and community	**Raise £2 million** for our charity partner, The Brain Tumour Charity, between April 2023 and April 2025	In the first 9 months of the partnership, we raised **£718,060** and made an additional corporate donation of **£10,000**	See page 43	**SDG 3 Good Health & Wellbeing** Target 3.4
		Support 1,500 projects across our local communities in 2023	We supported **1,468 projects** across our local communities, reaching an estimated **500,000 people**	See page 42	**SDG 9 Industry, Innovation & Infrastructure** Target 9.1
ENVIRONMENT	**Climate change**	Reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions **42%** by 2030 from a 2021 base year	**36.9%** reduction in Scope 1 and 2 GHG emissions compared with 2021 baseline	See page 44-45	**SDG 7 Affordable & Clean Energy** Target 7.3
		45% of our suppliers by emissions covering purchased goods and services will have science-based targets by 2027	23 of our suppliers have set SBTi-validated science-based targets, which equates to **23.8%** of our Scope 3 GHG emissions	See page 44-45	**SDG 7 Affordable & Clean Energy** Target 7.3
		Reduce absolute Scope 3 GHG emissions from the use of sold products **42%** by 2030 from a 2021 base year	**14%** reduction in absolute Scope 3 GHG emissions from the use of sold products compared with 2021 baseline	See page 44-45	**SDG 12 Responsible Consumption & Production** Target 12.2
HOMES	**Products**	**50%** (by revenue) of our own brand products classified as supporting sustainability	We are working to define products that support sustainability in accordance with the Green Claims Code, establish a baseline and set a date when we plan to achieve this target.	See page 50-51	**SDG 13 Climate Action** Target 13.1
FOUNDATIONS	**Safety**	Our aim is: Everyone home safe and well, every single day	**1.8% reduction** in Lost Time Accident Frequency rate and **11% reduction** in actual customer accidents	See page 52-53	**SDG 8 Decent Work & Economic Growth** Target 8.8
	Packaging	Eliminate all unnecessary customer (primary), secondary and tertiary packaging across our own brand products by 2023	**All unnecessary packaging has been removed** from Wickes own brand products in 2023	See page 55	**SDG 12 Responsible Consumption & Production** Target 12.5
		100% (by weight) of customer packaging on our own brand products will be easy to recycle or reuse by 2025	**99.5% of packaging (by weight)** on Wickes own brand products was classified as easy to recycle or reuse	See page 55	**SDG 12 Responsible Consumption & Production** Target 12.5
		50% (by weight) of customer plastic and paper packaging on our own brand products will come from recycled materials by 2025	**43.6% of our packaging (by weight)** used on Wickes own brand products was **sourced from recycled materials** (plastic packaging 42.7%, paper packaging 44.8%)	See page 55	**SDG 12 Responsible Consumption & Production** Target 12.5

INVESTING IN growing responsibly

Christopher Rogers
Chair of the Board

I am incredibly proud to be part of this great business, which continues to navigate successfully these challenging economic times, by putting its customers and colleagues at the heart of everything. On behalf of the Board and myself, I'd like to take this opportunity to thank our colleagues who do such a tremendous job every day, taking care of our customers and each other.

Performance

In 2023, sales were broadly flat with a 0.3% decline to £1,553.8m, and adjusted profit for the year was down at £52.0m. In addition to the impact of the accounting treatment of our investment in IT, this reduction in profit reflected a more difficult UK home improvement market as the cost of living crisis dampened demand, coupled with the steep rise in energy and other costs. Despite the worsening economic backdrop, we have continued to invest in our growth levers as we wish to keep on strengthening the business and positioning Wickes as a leader in the market.

The cost of living crisis continues to cast a shadow over people's lives and is causing people to think more carefully about how they spend their money. Yet the desire and need to improve and repair our homes remains constant and at Wickes we are well placed to help the nation with their home improvement projects, whether they are using a local tradesperson, our kitchen and bathroom Design & Installation service or doing it themselves.

This year the Local Trade part of our business has been particularly strong, compensating for a softer market for DIY and Design & Installation.

Investing to win

The Wickes business has a clear strategy, which is focused on our key growth levers (outlined in pages 21-27). The management team has executed strongly on these growth levers in 2023 and continued to invest in them, within the envelope of a disciplined capital structure. In July, we outlined a new capital allocation policy (see more information on page 13) that reflects the strength of the balance sheet, our confidence in our future growth strategy and our focus on delivering strong Shareholder returns.

> "The management team has executed strongly on these growth levers in 2023 and continued to invest in them, within the envelope of a disciplined capital structure."

Enhancing our digital capability is one of these strategic growth levers and this year the separation of our IT systems from Travis Perkins Plc has been successfully delivered substantially on time and on budget. With this transition now complete, we are developing an in-house technology leadership team, which is focused on implementing and delivering a 'cloud-first' strategy, providing us with the capability to rapidly utilise emerging technologies. Whilst recognising that this will take several years to develop, I'm excited about the opportunities that this will unlock for the business.

Our culture
At Wickes, we have a very special culture, where everyone is welcome and where people are given the opportunity, encouragement and support to flourish. This is shown in our colleague engagement scores, with high levels of 'overall engagement' at 79% and low colleague turnover rates compared to the retail sector. You can read more about how we embed and monitor our culture on pages 36-43

As the cost of living crisis continues to impact colleagues as well as customers, we have introduced a number of measures to provide increased financial and wellbeing support. In January 2023, we upweighted our annual salary increase and brought this forward from April. We have also introduced a 'Salary Advance' policy to give colleagues more flexibility as to when they can access their pay. Following a successful pilot, we extended and improved our free breakfast offer, replacing it with a 'Brunch Box' that all store colleagues can take advantage of. We are also mindful to continue to enhance our comprehensive wider wellbeing support, and in the year we introduced Digicare, a suite of wellbeing services for all colleagues which includes digital GP, home health test kits, and mental health support, all free of charge.

Dividend
When we announced the new capital allocation framework in July, we stated our intention to maintain the dividend in absolute terms for this year, given our strong balance sheet and confidence in the business. The Board is therefore pleased to recommend a final dividend of 7.3 pence per share, taking the full year ordinary dividend to 10.9 pence per share.

Board
I am pleased to report that Laura Harricks joined the Board as a Non-executive Director in June 2023. With a background in e-commerce, marketing and strategy consulting, as well as deep experience of developing omnichannel customer journeys, she is proving a great asset to the Board. Diversity of Board experience was at the front of our minds when we recruited Laura, and we remain on a journey to increase diversity in the broadest sense, on the Board and across the business. You can read about the progress we are making on pages 37 and 97-99.

I believe it is vital that, as a Board, we dedicate time to get out and about to see and experience the great work that is happening right across the business. This year, we've had highly valuable and enjoyable visits to the Customer Experience Centre, our digital design hub for Wickes Lifestyle Kitchens based out of the Bicester store, as well as a visit to our brand new store which opened in Chelmsford in July.

Looking ahead
Economic headwinds have made 2023 a challenging year and we expect the external environment to continue to be difficult in 2024. However, our relentless focus on controlling costs at the same time as investing significantly in our growth levers has resulted in market outperformance, as we help customers with their home improvement projects.

We have exciting growth plans, underpinned by our commitment to grow responsibly. I am pleased that we have continued to enhance our external environmental, social and governance (ESG) disclosures demonstrating our commitment. You can learn more about our ESG matters in the Responsible Business section of this report.

I, along with the Board and all my Wickes colleagues, are looking forward to another year of delivering our growth plans and helping the nation feel house proud.

Christopher Rogers
Chair of the Board
18 March 2024

"At Wickes, we have a very special culture, where everyone is welcome and where people are given the opportunity, encouragement and support to flourish."

INVESTING IN helping the nation feel house proud

David Wood
Chief Executive Officer

This has been another year of strong progress for Wickes. Our robust trading performance, targeted investment programme and disciplined cost control have delivered profits ahead of expectations. In the current economic climate, our unrivalled focus on providing great value and outstanding customer service has underpinned this performance. I would like to thank each of my colleagues for their continued dedication and support, enabling us to achieve record levels of customer satisfaction.

We delivered a robust sales performance in 2023, benefiting from a great value and service-led proposition and underpinned by our balanced business model. We continued to achieve market share gains[1] in our Retail business, driven by impressive growth in membership of the TradePro scheme and volume growth in a number of strategically important categories. Our Design & Installation delivered sales were slightly down for the full year with sales declines in the second half reflecting the more challenging market environment for big ticket projects and the normalisation of our post-Covid order book.

As expected, overall profitability declined versus 2022, reflecting a market with softer demand and high cost inflation. Nonetheless our productivity programme enabled us to offset all cost increases other than energy and as a result we were able to deliver adjusted PBT ahead of expectations.

Market

The UK home improvement sector represents a large and attractive market of c.£27bn[2] and we have a relatively small market share of c.6% presenting us with a significant opportunity for long term growth. The market has grown at c.2.5% on average over the past ten years, driven by the high average age of the UK's housing stock, the rising number of UK households and increasing home ownership. People are also spending more time in their homes as a result of the rise of hybrid working, while there is an increasing trend of consumers investing in their homes for improved energy efficiency.

The cost of living crisis has led to pressure on consumer spending in the UK, due to rising mortgage rates and rental costs, as well as continued inflation across energy, food and fuel. Whilst on average the Wickes customer base tends to be slightly older and more affluent than the UK average, these cost of living pressures have nonetheless had an impact on our business. High levels of interest rates have suppressed UK housing transactions, which are often a trigger to undertake major home improvement projects, although this is typically partially offset by renovations to properties in which consumers decide to stay for longer. Our exposure to new build housing is very limited.

> "We delivered a robust sales performance in 2023, benefiting from a great value and service-led proposition and underpinned by our balanced business model."

1) Source: GfK GB point of sale data, sourced from GfK DIY Category Reporting December 2023.
2) Source: GfK, Mintel and Wickes estimates.

The high cost of energy has motivated consumers to seek out ways to improve the energy efficiency of their homes. The average household energy efficiency rating for England and Wales is band D[3] and the UK's 28.6m homes are among the least energy efficient in Europe, losing heat up to three times faster than in continental Europe[4]. At Wickes we recognise how important climate change is and we are committed to helping our customers to improve the sustainability of their homes, to save money on their energy bills and to reduce their carbon footprint.

The February 2024 report from our proprietary Mood of the Nation survey shows that UK consumers are increasingly planning to put more money into savings or to undertake smaller home improvement projects over the next year, rather than undertaking large projects like a new kitchen or bathroom. The survey also shows that local trade professionals remain very busy, with more than 50% of tradespeople having a pipeline of work over three months and 1 in 4 having a pipeline of work of more than 12 months.

Strategic progress

We have continued to build on the strong operational progress made since demerger, in developing and extending our growth levers. These contribute to an improvement in our products and services, saving our customers time and money. Continued investment in these growth levers will drive further market share growth in the coming years.

In 2023, we have taken a number of actions to respond to more challenging market conditions such as investing in new ranges for customers looking to undertake small home refreshes, including our paint range, curtain poles and shelving. We have also seen a step change in sales of our relaunched Wickes Lifestyle Kitchens range[5], which appeals particularly to customers with a lower budget. This range now includes a free design service which has proven popular with both landlords and homeowners.

We have continued to invest in our low-cost, right-sized stores. We refitted another 11 stores in 2023, showcasing our full offer of kitchens and bathrooms, and taking the proportion of stores in the new format to 77%. We continue to see strong returns and sales uplifts in our refitted stores.

The refit programme also enables us to upgrade the efficiency of multi-channel order pick and despatch, which drives sales densities and underpins our 30-minute Click & Collect promise. All these initiatives are reflected in our customer satisfaction metrics, which have risen in all areas of the business: Self Serve in store, Click & Collect, Home Delivery and Design & Installation.

We opened three new stores in 2023, in Chelmsford, Widnes and Torquay. We are pleased with the initial performance of the new store opening programme, relative to our expectations and returns criteria.

LFL sales across the Group were -0.3% compared to 2022. Within this, Retail saw three consecutive quarters of positive LFL sales growth, driven by a positive volume performance from Q2 onwards. Design & Installation experienced a positive first half but a weaker second half, as a result of a softer market environment for large consumer purchases and the normalisation of our post-Covid order book.

Selling price inflation slowed throughout the year, driven by lower commodity costs such as timber. Price inflation was slightly negative by year end and we expect inflation to be broadly flat in 2024.

We continue to work closely with our suppliers to maintain price leadership and our gross margins improved slightly year-on-year.

We faced significant cost headwinds this year with materially higher energy costs, an increase in the National Minimum Wage of 9.8% and general inflationary pressures across the business. However the successful implementation of our productivity plan helped to offset these headwinds, with the exception of energy. Further investment in energy saving initiatives, such as LED lighting and centralised heating controls, has helped reduce the impact of rising energy costs.

Winning for Trade

Our TradePro membership scheme showed increasing momentum in 2023 with 135,000 new customers enrolling, taking our total membership to 881,000. Local traders continue to switch to Wickes for its strong value credentials and simple discount scheme, as well as the convenience of our 30-minute Click-and-Collect service. The scheme saves both time and money for local traders, who benefit from our standard 10% discount across the store, regardless of spend level.

Our TradePro app has been further improved with new account features including digital receipts, a filter to show pricing excluding VAT, and project planning functionality. We run regular communications programmes using our Missions Motivation Engine (MME) which uses machine learning to further personalise the customer experience, driving engagement and incremental sales. We have launched a new loyalty scheme, TradePro Rewards, which aims to build deeper relationships with our most strategically valuable customers (worth ten times the value of an equivalent DIY customer) and to increase the frequency with which they shop and the amount they spend.

Sales from TradePro members in the year increased by 11% compared to 2022. A 19% growth in the number of active customers was partially offset by a slight decline in average basket size as tradespeople have been managing their material quantities more carefully.

3) ONS Energy efficiency of housing in England and Wales 2023.
4) Decarbonising Buildings: Insights from Across Europe, published by the Grantham Institute – Climate Change and the Environment at Imperial College London, December 2022.
5) Sales of Wickes Lifestyle Kitchens which include a design element are classified as Design & Installation revenues, whereas Self Serve purchases of the Wickes Lifestyle Kitchen range are classified as Retail revenues.

Chief Executive Officer's review continued

Accelerating Design & Installation

Design & Installation delivered sales decreased by 1.7% over the year. The first half saw strong sales growth as we successfully worked through the elevated order book from the Covid period. However in the second half we experienced a more challenging market environment for larger ticket purchases, as well as delays in Order Fulfilment as a result of a new software implementation, which has since been resolved.

We have seen increased attachment rates of customers choosing to use Wickes to fit their kitchen and bathroom products, which leads to incremental spend on tiling, flooring and joinery, increasing the overall project value. Targeted recruitment of installer teams remains strong and we now have more than 3,000 installer teams offering nationwide coverage.

We continue to digitise our installation service, with installers now using our field service management software (FSM). This software systemises each of our steps along the installation process, reducing manual activity and potential human error. Alongside many other benefits, this has increased the speed of the customer journey.

Our new Customer Experience Centre is now live for all new installation customers, giving every project a named individual who will coordinate and manage communication between the customers, installers and product delivery teams. This has reduced the number of incoming queries as well as the average time to installation and this highly positive outcome for new customers has been reflected in a Net Promoter Score of 92%.

Wickes Lifestyle Kitchens has performed well since its relaunch with sales in the second half +24%. The range is designed to better serve the high-volume market for lower price point kitchens and offers significant opportunities for further growth. Customers are now able to use our free design service for a Wickes Lifestyle Kitchen and this has proven popular with both homeowners and landlords.

Whilst leads in our showrooms have slowed significantly during 2023, as a result of the more challenging market conditions, our conversion rates continue to strengthen, underpinned by our unique customer proposition.

DIY Category Wins

We continue to strive for the best possible range, price and availability for our customers. Our right-sized stores sell a carefully curated range of c.9,000 SKUs and we are constantly reviewing the range to ensure that each product category is meeting expectations. This year we have conducted 17 range reviews across categories including decorating, flooring, electrical, hardware and roofing. We have also added innovation for smaller projects on lower budgets, such as paint ranges, curtain poles and shelving. Customers remain interested in making their homes more energy efficient and we have responded with new products, in the lighting category in particular. Categories which have seen strong volume growth this year include shelving & storage, power tools and paint.

We have successfully broadened our brand proposition, from our heritage in trade and heavy-end DIY to now address a younger and more female customer base. The proportion of Wickes' DIY customers who are female has increased from just 16% in 2019 to 27% in 2023[6], following our proactive marketing to women, including developing rich online and social media content to help develop DIY skills and bring DIY to life in a relevant way.

Digital capability

We are investing further in our digital capabilities to deliver an integrated multi-channel shopping experience for our customers.

We use our predictive MME to deliver tailored content to customers to help them complete their home improvement missions and this is driving significant revenues. 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.

We have also used technology to improve our fulfilment capability and modernise our order management solutions. This has enabled the roll-out of our very popular 30-minute Click & Collect service, which has resulted in a 6.7% growth in Click & Collect sales this year and record customer satisfaction levels.

In 2023, we increased our range of digital payment options by implementing both Apple Pay and Google Pay for online transactions (already in use in stores). This has increased our conversion rates by speeding up the check-out process for customers. We have also accessed the growing Buy Now Pay Later ('BNPL') market by adding Klarna to our online payment options, which has brought incremental revenue opportunities and access to a younger customer demographic.

Store investment

Investment in our store network continues, to modernise the stores, increase our showroom space and create additional fulfilment space for Click & Collect and Home Delivery. 11 store refits were successfully completed during 2023. Our refit programme continues to deliver c.25% ROCE with strong sales uplifts, in particular in Design & Installation. The programme continues, with 77% of the network now in our new format.

Our new store opening programme is gathering momentum, with three new stores opened during 2023 in Chelmsford, Widnes and Torquay. We have an exciting pipeline of new stores planned for the coming years, as we target an overall estate of 250 stores over the medium term.

"We have an exciting pipeline of new stores planned for the coming years, as we target an overall estate of 250 stores over the medium term."

During 2023, we closed four stores (Wigan, Loughborough, Paignton K&B and Darlington) which were not meeting our returns criteria. We therefore ended the year with 229 stores.

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. We have made changes to the store estate to increase back of house capacity for Click & Collect and Home Delivery Order Fulfilment, while reducing

5) Sales of Wickes Lifestyle Kitchens which include a design element are classified as Design & Installation revenues, whereas Self Serve purchases of the Wickes Lifestyle Kitchen range are classified as Retail revenues.
6) Wickes proprietary customer data 2023.

the impact on customers in the store. We have also transitioned to a new delivery partner which has helped to improve customer satisfaction.

This continued focus on how best to serve our customers has resulted in record customer satisfaction scores ('CSAT') in 2023. Self Serve customers who rate Wickes as 'excellent' or 'good' has increased by 4 percentage points ('ppts') year-on-year to 85%, whilst CSAT for our Click & Collect and Home Delivery [7] services has improved by 1ppt and 2ppts respectively. CSAT also continues to trend upwards in Design & Installation, with the key Lead to Order part of the process up 1ppt this year to a record 86%.

A winning culture

The Wickes culture has evolved over the past fifty years 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. This year we have enabled all store managers to work flexibly and have introduced a number of cost of living initiatives to help colleagues.

Our annual colleague engagement survey seeks both quantitative and qualitative feedback from colleagues on a range of subjects and assesses overall colleague engagement. In 2023, our colleague engagement score was 79%[8], which indicates a strong level of colleague engagement with the business.

Responsible Business Strategy update

2023 was the first full year of delivering our Responsible Business Strategy, Built to Last. This has been a year of integrating the strategy across our business and our supply chain, with continued progress made across all three pillars of the strategy and our foundation topics.

The health and safety of our colleagues and customers remains our number one priority and is one of the key foundations of our Responsible Business Strategy. In 2023, we demonstrated a continued reduction in injury numbers across the business and an improved performance in our Accident Frequency rate and number of lost time incidents, following a number of very strong years of pleasing performance.

We are committed to reduce the impact of the packaging we use in our own brand products, and we have removed 115 tonnes (annually) of plastic packaging, which is a reduction of 7% like-for-like volume compared with 2022.

People

Inclusion and diversity remains central to our people strategy through our 'Feel at Home' colleague-led inclusion and diversity programme. Following a successful trial, we are launching a new flexible working approach to all store management roles. Our 2023 Gender and Ethnicity Pay Gap report shows continued improvement in our gender pay gap, and a favourable ethnicity pay gap result.

Our Early Careers offering continues to focus on attracting and developing the skills our business needs for the future. In the year, we supported 280 individuals into Early Career placements, with 248 of these enrolled on an apprenticeship programme.

We employed on average 7,919 people in 2023, compared to an average headcount of 8,340 in 2022. As a result of the new supply chain logistics contract which went live in January, 339 colleagues transferred to the logistics supplier under the TUPE regulations.

In 2023, we opened three new stores (Chelmsford, Widnes, and Torquay) and closed four (Wigan, Loughborough, Paignton K&B and Darlington). When we need to close stores, we take all reasonable steps to support our colleagues who are affected with securing alternative employment with Wickes.

We launched a new two-year charity partnership with The Brain Tumour Charity and in 2023, with the generosity of our colleagues, customers and suppliers, we raised £728,000 towards our £2 million target. All of our stores participated in the Wickes Community programme during the year, supporting around 1,500 projects across our local communities.

Environment

After receiving validation from the SBTi for our near term science-based targets ('SBT') in 2022, we have made significant progress towards achieving our Scope 1 and 2 SBTs by switching to a 100% renewable electricity contract from April 2023 onwards. During 2023, we achieved a 36.9% reduction in Scope 1 and 2 emissions compared to 2021. We are collaborating closely with our strategic suppliers to work towards achieving our two Scope 3 SBTs, and a meaningful proportion of our suppliers now have their own SBTi-validated targets.

For our second CDP (Carbon Disclosure Project) Climate submission we successfully increased our rating from a B- to a B, and for our first-ever CDP Forests submission, we were pleased to achieve a rating of C. We are continuing to work to understand our nature impacts and by the end of 2023 we stopped sourcing compost containing peat. Timber remains a significant part of our business and in 2023 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 launched new product ranges to expand our offer, and we now offer solar PV products, air source heat pumps and charging kits for electric vehicles. We also provide information and guidance on our customer website and in-store to help our customers make informed choices on how to save energy, with a particular focus on the significant benefits of good insulation.

The acquisition of Solar Fast gives us a majority stake in a leading, nationwide operator in the emerging and exciting market for energy saving solutions. The market for domestic solar installations in the UK is growing from an estimated c.£1.1bn in 2024 to c.£1.5bn per year by 2028[9] and is a fragmented market with no clear brand leader. This acquisition enables us to rapidly accelerate our Design & Installation growth lever, capitalising on our expertise in installing major home improvement projects. The Wickes brand has been trusted by home improvers for over 50 years and with Solar Fast as part of our proposition we will be perfectly placed to support them with their energy saving plans and to help them feel house proud.

Wickes' balanced business model and proven growth strategy affords the Group resilience in the current uncertain environment, leaving us well positioned to win in the UK's large and growing home improvement market, and to continue to deliver for our colleagues, customers and shareholders.

David Wood
Chief Executive Officer
18 March 2024

7) Home Delivery refers to customer deliveries fulfilled from stores.
8) The colleague engagement score is an average score in response to the main engagement questions covering respondents' likelihood to recommend Wickes as a place to work, likelihood to recommend Wickes' products or services, likelihood to remain at Wickes and overall job satisfaction. These engagement questions form part of a wider annual colleague survey.
9) Source: Wood Mackenzie UK PV Capacity Forecast.

Sustainable competitive advantage driving investment returns

LARGE AND GROWING MARKET

The c.£27bn UK home improvement market[1] has grown at 2.5% pa over the past 10 years[2], driven by increasing home ownership, the rising number of households, people spending more time at home due to hybrid working and consumers investing to make their homes more energy efficient.

2.5%
per annum for past 10 years

1. Source: GfK, Mintel and Wickes estimates
2. Source: GfK, between 2013-2023

MID SINGLE-DIGIT SALES GROWTH

Our balanced business model enables us to access three customer propositions of Local Trade, Design & Installation and DIY, offering greater resilience through the economic cycle. Wickes has just c6% share of the UK RMI[3] market, offering significant opportunity for future growth. Continued market share gains and underlying market growth should generate mid single-digit revenue growth over the cycle.

7
Growth Levers

3. Repair, Maintenance & Installation

PROFIT GROWTH GREATER THAN REVENUE GROWTH

Our proven growth levers are successfully driving sales densities, profit contribution and returns from stores. Our efficient model keeps operating costs low, generating operating leverage so that over the economic cycle we would expect to grow profit faster than revenue.

c.20
new stores over 4-5 years

STRONG CASH FLOW

Our profitable business model generates strong operational cash flow. This cash flow supports future investment into proven growth levers such as store refits and digital, as well as enhancing shareholder returns through dividends and share buybacks. In 2023 we unveiled a revised capital allocation policy (see next page).

£37.2m
returned to Shareholders in 2023

Capital allocation policy

Strong balance sheet

Operate with net cash at all times
Cash of at least £50m at year end
RCF provides additional liquidity

Investing in the business

Capex of c.2% of sales (post IAS38)
Refits, new stores and IT
Target blended ROIC >15%

Ordinary dividend

Target dividend cover of 1.5x – 2.5x EPS in normal trading

Return of surplus cash

Excess cash will be returned to shareholders

Strong balance sheet supports growth and capital returns

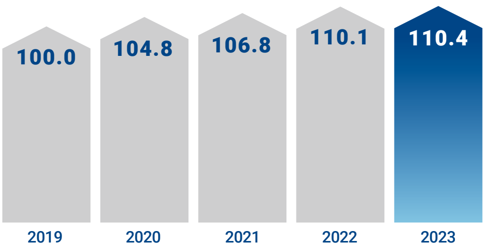
- Maintain strong balance sheet with significant liquidity at all times
- Hold minimum £50m cash at December year end, the seasonal low point
- Average cash considerably higher in a normal trading cycle
- RCF provides additional liquidity
- Capital investment to maintain store estate and invest in high-returning proven growth levers
- Target dividend cover 1.5x – 2.5x EPS. Currently paying out above the target range but expect cover to rebuild in future years
- Share buyback programme to return excess cash to shareholders
  - Initial £25m programme underway

Market review

UK home improvement remains a large and attractive market of £27bn, of which Wickes has a relatively small share. Our three customer propositions, across Local Trade, Design & Installation and DIY, mean that we span the entire market and can support customers however they decide to improve their homes.

We have a long track record of market share gains as a result of our business model, digital investment and focus on customer service.

Market share 2023*



The home improvement market has seen significant change over recent years, as it's been impacted by major global economic and social events, most notably climate change, the pandemic and the cost of living crisis. People have been forced to change the way they live, whether that's spending more time in their homes and gardens, cutting back on spending or finding ways to save energy. At Wickes, we seek to understand these fundamental changes to consumer behaviour through regular and comprehensive consumer research, and we use our insight to evolve and enhance our products and services to meet our customers' needs.

* Source: GfK GB PoS data, sourced from GfK DIY Category Reporting December 2023

We're customer curious

To find out what our customers are thinking, we conduct regular research in the form of our monthly 'Mood of the Nation' survey (of around 1,000 households and tradespeople), our six-monthly 'Barometer' survey (of around 2,000 households and tradespeople), monthly online customer focus groups and quarterly face-to-face customer focus groups. We believe it's important that all our colleagues, not just management, can get closer to our customers so we make all our research available internally and also share some key findings from our Barometer research on our corporate website.

Over the following three pages, we have pulled out what we see as the key short term and long term market growth drivers within the UK's home improvement sector and shared our consumer insights, along with how we are adapting our propositions to meet the needs of our customers.

The cost of living crisis

The UK housing market

The role of the home

Saving energy

Digitally enabled retail

In the short term, the UK home improvement market is being impacted by two key economic factors: the cost of living crisis and a slowdown in the UK housing market.

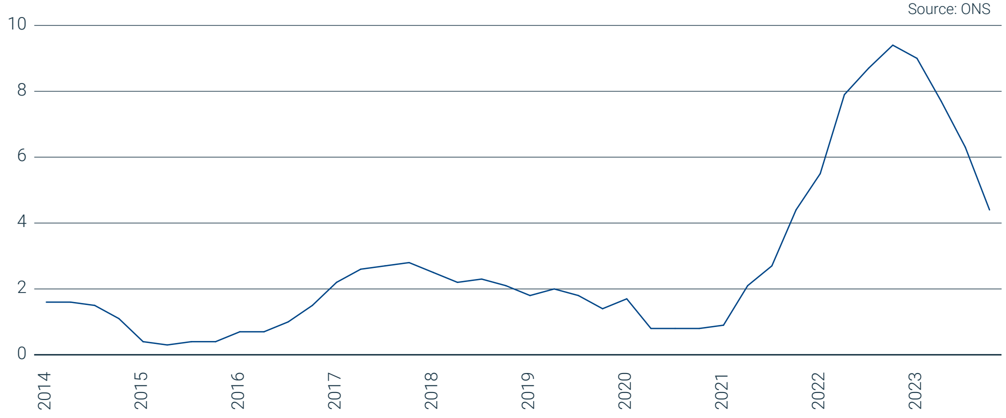
The cost of living crisis

2023 has been another year of global political turbulence, with events having an impact on economies around the world. In the UK, consumers are experiencing pressures on their disposable income as a result of rising mortgage rates, rental costs and continued inflation across energy, food and fuel.

Wickes has a certain degree of resilience in the face of these pressures, given that typically the customers who use our Design & Installation service or tradespeople to undertake their home improvement projects tend to be older and have more disposable income, however we are not immune to the customer trends.

Annual CPIH inflation rates from 2014 – 2023

Source: ONS



* Consumer Prices Index including owner occupiers' housing costs.

The UK housing market

The Bank of England increased interest rates every month from December 2021 until August 2023 and mortgage rates have consequently risen to their highest level in over a decade. These high levels of interest rates have suppressed UK housing transactions, which are often a trigger to undertake major home improvement projects, although this is typically partially offset by renovations to properties in which people decide to stay for longer.

The level of new home sales has also declined, although our exposure to new build housing is very limited.

What our customers are telling us

88%

of home improvers have undertaken as many or more home improvement projects in the past 12 months.

+30%

increase in people doing smaller DIY projects such as putting up shelves, pictures and curtain rails (up from 35% to 45% in a year).

1 in 4

tradespeople have work lined up for the next 12 months or more.

1 in 2

tradespeople are doing more price research than normal.

in 2023

we have seen a subdued consumer environment for larger projects, with fewer new leads in the market.

* Wickes Barometer survey April 2023.

Our approach

- As customers find ways to save money, they are more discerning on price and are shopping around more. Our value credentials, the strength of the Wickes own brand (which is around two thirds of sales) and our simple and clear pricing policy stand us in good stead.
- In 2023, we have seen strong demand for our own brand products as customers trade into Wickes' great quality and value, whilst our 10% flat rate discount for all TradePro members continues to be popular with tradespeople, and has helped drive an 18% increase in TradePro membership in the year.
- We proactively review our ranges to ensure we are providing customers with good product choice and maintaining our great value price proposition. In 2023, we conducted 17 range reviews and, as part of these reviews, in response to customer insight we introduced new ranges aimed at smaller DIY projects, such as selling curtain rails for the first time.
- We price check thousands of key stock items every week and aim to remain 2-3% cheaper than competitors, to ensure that we are always offering great value to customers. Our high stock turn enables us to pass through price changes quickly, such as the falling price of timber in autumn 2023.
- During 2023, we also launched our 'Seasonal Savers' promotions to offer discounted prices on a targeted number of key products that customers might need for their seasonal projects.
- For customers looking to purchase a new kitchen, our new Wickes Lifestyle Kitchens range means we can offer highly competitive, affordable kitchens (from £1,000 to £4,000), with a free design service. For customers looking to purchase a Wickes Bespoke Kitchen or bathroom, we offer highly competitive finance rates. The launch of the Klarna credit proposition means that customers are able to spread out their payments, which has introduced new customers to Wickes and driven higher average online transaction values.
- To help our DIY and Local Trade customers with payment solutions to suit their needs and preferences, we continue to increase the range of payment options, with the launch of Apple Pay and Google Pay, following the successful launch of Klarna last year.

Market review continued

Despite the current economic headwinds, we believe that the long term market fundamentals for the UK's home improvement sector remain strong.

The role of the home

Although the pandemic lockdowns ended in 2021, they have had a lasting effect on how we use our living space. Many businesses have embraced hybrid working practices and working from home is now commonplace.

Having spent more time at home, people have a new appreciation for their homes and gardens, and want them to reflect the way we are living and working today, fuelling further desire from homeowners and tenants to invest in their properties. Another positive outcome of the pandemic was that it ushered in a new wave of DIYers, encouraging more young people and women to try their hand at DIY, which is a trend that has continued.

What our customers are telling us

We recently conducted research into the way people use their kitchens and how this has changed. The Wickes Great Kitchen Report found out some fascinating details about what we want from our kitchens, including the following:

56%
rated the kitchen as probably the most important room in their house.

23%
said their experience of the pandemic changed the way they use their kitchens.

76%
said it's important that their kitchen caters for their pet.

According to our Home Improvement Barometer April 2023 survey :

7 out of 10
people say gardening DIY is one of the most popular jobs around the home.

22-34 years
Younger adults (aged 22-34 years) are more likely to do more home improvement jobs than people over 55 years old.

8 out of 10
people believe that DIY has made them enjoy their house and garden more.

Our approach

- We proactively market to a younger and female audience. In 2023, we continued our partnership with celebrity influencer Kimberley Walsh, and launched Kimberley's own paint colour – Blue Haze. We regularly produce short videos with hints and tips aimed at less experienced DIYers to help them with their home improvement projects, and across our digital and social channels we have seen an 88% increase in TikTok followers in the year as well as high levels of engagement with our posts.
- We continue to innovate in our kitchen and bathroom ranges to ensure that we are always on trend, and in the summer we relaunched our showroom kitchens as 'Wickes Bespoke Kitchens' with eight brand new ranges.
- To appeal to customers on a smaller budget, our Wickes Lifestyle Kitchens range offers beautiful kitchens with a free design service
- As gardens and outdoor space play an increasingly important role in people's homes, we continue to enhance our ranges, and have introduced a number of Wickes own brand garden power tools and Supagrow products, including a new peat-free compost.

Saving energy

The cost of energy continues to be a significant burden on people's finances, in spite of a moderate decline in energy prices from last year's all-time highs, and there is an urgent need to make our homes more energy efficient.

According to the ONS 2023 report*, the average household energy efficiency rating for England and Wales is band D. A 2022 report, 'Decarbonising Buildings: Insights from across Europe' published by Imperial College London noted that "the UK's 28.6 million homes are among the least energy efficient in Europe and lose heat up to three times faster than on the continent".

At Wickes, we recognise how important tackling climate change is and we are committed to helping our customers to improve the sustainability of their homes and, at the same time, save money on their energy bills.

* ONS Energy efficiency of housing in England and Wales 2023

What our customers are telling us

48%
of people say the main reason for installing greener options is to save money on their energy bills. 14% say it is to cut their carbon emissions.

6 out of 10
people would consider using more sustainable materials or energy saving appliances when renovating their kitchens.

3 out of 4
people say that cost is the main barrier to installing energy saving solutions.

2 out of 3
tradespeople say they have installed at least one energy saving product in their customers' homes.

Wickes Home Improvement Barometer April 2023

Our approach

- We are taking a number of measures to help our customers improve the sustainability of their homes. Our interactive online 'Energy Efficient Home' provides hints and tips on how to make the home more energy efficient and linking directly to products to purchase. In November, we partnered with NatWest to make the Wickes Energy Efficient Home available to NatWest's customers as part of their Home Energy Hub service. We have also run a number of social media campaigns to target consumers with energy saving products, along with promotions on energy saving products, such as a discount of 25% on rolls of loft insulation to support customers as winter approached.
- As part of our ongoing range reviews, we have also introduced a number of new energy products and services in the year, including solar products, electric vehicle chargers and air source heat pumps. We have also revamped the Wickes own brand LED lighting range to provide customers with even better value on this easy to fit, energy saving product.
- We continue to work on a taxonomy and labelling strategy to enable customers to make informed decisions about the products they purchase and their environmental impact.

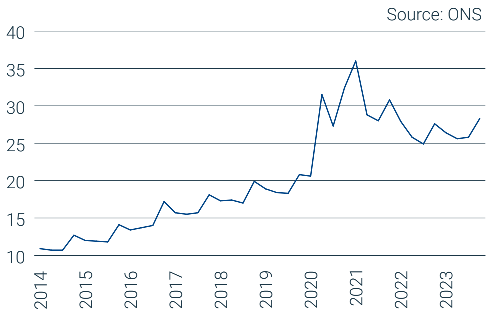
Digitally enabled retail

In today's retail environment, customers expect to be able to transition seamlessly from browsing on a mobile device to picking up an item in store.

They use digital channels as a source of inspiration and information, and have come to expect a streamlined, personalised shopping experience. There is also a shift from traditional payment types to digital wallet payment types, such as Klarna, Apple Pay or PayPal. As a result, businesses are having to adapt to the changing preferences of their customers, even more so since the pandemic.

At Wickes, whilst two thirds of our sales are digitally enabled, 98% of sales, go through our stores, which makes it vital that our stores are designed and managed to meet all the shopping needs of our customers and maximise operating efficiencies. We do this through our unique '4C' service model, which incorporates four customer shopping routes – Design & Installation, Self Serve, Assisted Selling and online Order Fulfilment (Click & Collect or Home Delivery).

Digital sales as a share of total UK retail market



What our customers are telling us

According to our customer satisfaction surveys (CSAT) all four measures of customer service across the routes they choose to shop have either increased or are flat year on year

Top Two boxes (Good and Excellent ratings):

Click & Collect
82% (2022: 81%)

Self-service
85% (2022: 81%)

Home Delivery (direct from suppliers)
84% (2022: 84%)

Home Delivery (fulfilled by stores)
89% (2022: 87%)

Our approach

- We are investing significantly in our digital capabilities by moving to a cloud-based infrastructure, which is being implemented by our in-house technology team. This enables us to be agile and swift to implement leading digital solutions that will further enhance the customer experience.
- We are already using AI technology, in the form of our Missions Motivation Engine, to capture data and insight into customers' shopping missions and to tailor our communications to them accordingly. This is delivering incremental sales and has won a number of awards, including the Chartered Institute of Marketing's Best Industry Campaign Award 2023. We will continue to develop this in the longer term to enhance the customer experience and deliver competitive advantage.
- In 2023, alongside the roll out of the Klarna credit proposition, which was launched in 2022, we continued to develop our payment options, with the introduction of Apple Pay and Google Pay, as well as digitising our gift card offer.
- We are seeing more customers choosing to use Click & Collect to shop with us. The roll-out of a new digital picking app for colleagues, combined with reconfiguration of picking and fulfilment areas within the store, has enabled us to reduce our Click & Collect service time from 60 to 30 minutes, providing a better customer experience, encouraging more customers to use this channel and delivering operating efficiencies.
- In addition to digital investment, we continue to invest in our store estate and the in-store shopping experience. In 2023, we refitted 11 stores and reconfigured a further 17 stores to create additional fulfilment space for Click & Collect and Home Delivery. To give even more customers the opportunity to visit a Wickes store, we opened three new stores in the year in Chelmsford, Widnes and Torquay.

Business model

WE CAN SUPPORT ALL CUSTOMERS WITH THEIR HOME IMPROVEMENT PLANS

LOCAL TRADE

We are trusted by local tradespeople to provide the quality products they need at great value, saving them time and money

DESIGN & INSTALLATION

For customers who are looking to undertake a major home improvement project such as a new bathroom or kitchen we offer a full service from concept design to completion

DIY

We provide branded and own brand products to help customers undertake their DIY project, whatever it may be

WE DELIVER OUR UNIQUE CUSTOMER PROPOSITION THROUGH

7,900 highly engaged colleagues who are passionate about delivering our purpose – to help the nation feel house proud

We use our digital strength to gain insight into our customers' shopping habits and to optimise the shopping experience for all our customers

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

Our 229 stores are located on quality retail parks across the UK that are convenient and easy for customers. Each stores has a distinctive 4C service model (see page 26) to provide an integrated and seamless shopping experience for customers

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

A highly curated range of quality products at great value, with simple clear pricing

OUR PROVEN GROWTH LEVERS ENABLE US TO GROW MARKET SHARE CONSISTENTLY

WINNING FOR TRADE
TradePro growth

DIGITAL CAPABILITY
Continued development of a seamless offer

DIY CATEGORY WINS
Getting our fair share in underweight categories

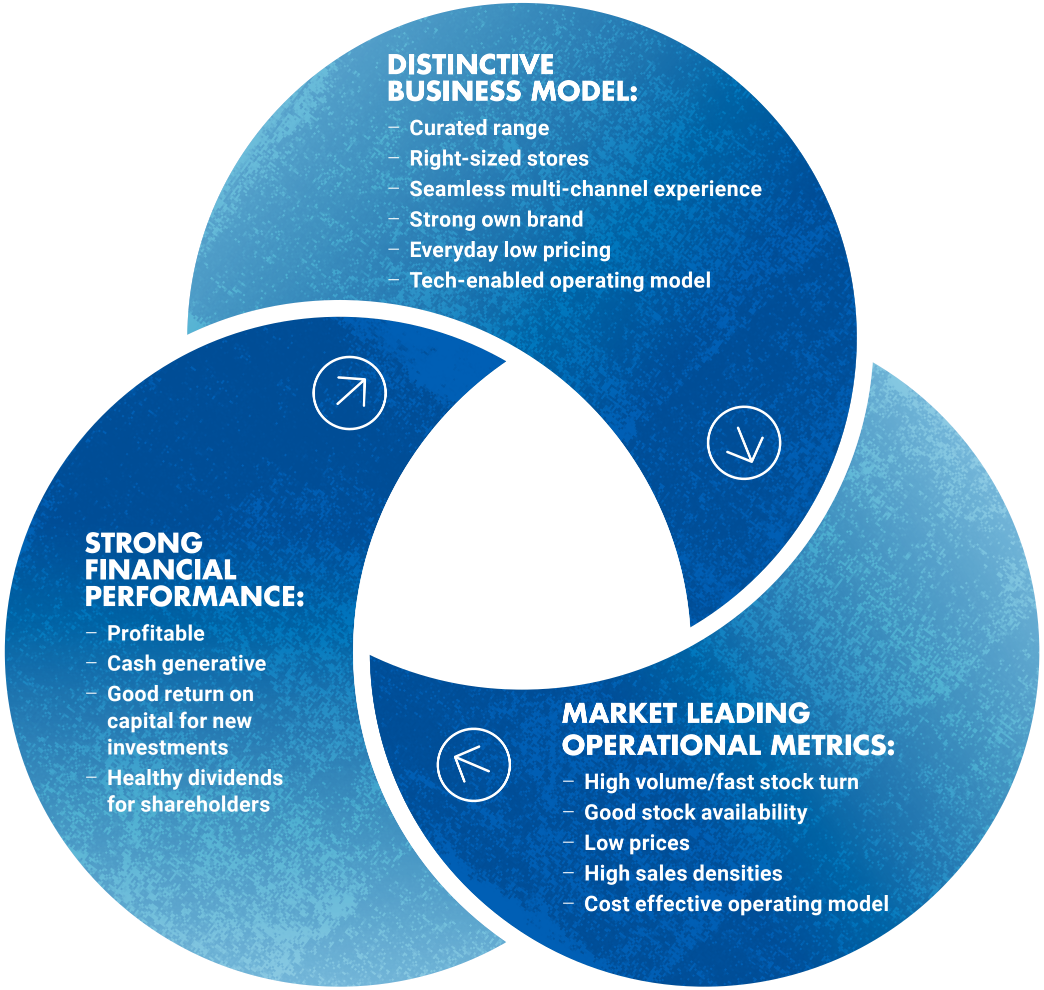
STORE INVESTMENT
High return on investment refits, exploit new space

ACCELERATING DESIGN & INSTALLATION
Natural category extensions, broadening the proposition

ENHANCED STORE SERVICE MODEL
Laying the foundations for future growth

See pages 21-27 for more details on our growth levers

OUR EFFICIENT OPERATING MODEL ENABLES US TO DELIVER GREAT VALUE FOR CUSTOMERS AND TO GROW THE BUSINESS PROFITABLY



See Section 172 on page 68 for further information about how the success of the Company benefits all our stakeholders

Our growth levers

We have a clear framework to win, which is guided by our vision, mission and purpose.

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

The distinctiveness of our business model and significant investment in our growth levers will help us to win in the UK's home improvement market.

These growth levers remain relatively immature, with more to go for. In 2023, we have made good progress on each of them, as outlined in the following pages.

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

CUSTOMER PROPOSITION

GROWTH LEVERS

WINNING FOR TRADE

TradePro growth

ACCELERATING DESIGN & INSTALLATION

Natural category extensions, broadening the proposition

DIY CATEGORY WINS

Getting our fair share in underweight categories

FOUNDATIONS

A WINNING CULTURE

Delivering exceptional customer experience through engaged colleagues and growing responsibly

STORE INVESTMENT

High return on investment refits, exploit new space

DIGITAL CAPABILITY

Continued development of a seamless offer

ENHANCED STORE SERVICE MODEL

Laying the foundations for future growth

Strategy in action

GROWTH LEVERS

WINNING FOR TRADE

Our TradePro membership scheme offers a simple digital scheme for tradespeople, trade federations and business to business (B2B) customers, designed to save them time and money, offering a flat 10% discount across the store and online.

STRATEGIC FOCUS

- Increase our active TradePro customer base through recruiting and retaining more members to our scheme, at the same time extending the scheme to larger businesses (B2B) and through partnerships with trade federations to establish Wickes as the preferred partner for the trade.
- Continue to develop our Missions Motivation Engine to use data and analytics to gain a greater understanding of our TradePro customers and their shopping 'missions' so that we can further personalise the customer experience, increase the relevance of our communications and drive engagement, loyalty, sales and incremental margin.
- Enhance our TradePro Rewards scheme to build deeper relationships with our most strategically valuable customers and increase the frequency with which they shop with us and the amount they spend.

WHAT WE ACHIEVED

- Increased TradePro membership, enrolling over 137,500 new customers in 2023, bringing total membership to 881,000 and growing sign-ups by 18% and sales by 11%.
- Onboarded eight trade federations to our TradePro scheme.
- Launched 'TradePro Rewards', offering a range of membership benefits from wellbeing offers and discounted offers through to prize competitions and discounts on business-related services.
- Improved our digital offer for TradePro members with new account features including digital receipts, the ability to view prices without VAT and project planning functionality.
- Ran four communications programmes targeting Local Trade customers using our Missions Motivation Engine.

FOCUS FOR 2024 AND FUTURE OPPORTUNITIES

- In 2024, we will continue to build on the success of our B2B strategy by increasing our partnerships with trade federations and starting to build partnerships with organisations which employ larger numbers of tradespeople.
- We will also continue to expand our rewards programme, adding such services as skip hire, insurance and media subscriptions, and we have plans to develop additional features on the TradePro app such as a dedicated 'buy now, pay later' solution and improved visibility of pricing and fulfilment options.
- Improve our Missions Motivation Engine programmes by expanding our use of first and third party data to reach our trade customers via new digital channels.

18%
growth in TradePro members

881,000
TradePro members

CASE STUDY

Growing TradePro members through partnering with industry federations

In August, we successfully launched our B2B programme for TradePro with the goal of increasing the reach of our scheme into larger organisations and trade networks through federation partnerships.

In 2023, we entered into partnerships with eight federations including Alcumus SafeContractor, Napit and Trustmark, which between them have over 80,000 registered tradespeople. As a result, an additional 2,000 tradespeople have already signed up to our TradePro scheme. By working with various federations, we are also able to negotiate discounted federation memberships that we can then offer to our existing TradePro customers as an added-value benefit.

"Extending the reach of TradePro into trade federations is a win-win. Not only does it increase membership but, importantly, it enables us to establish new partnerships with key trade-focused organisations, thereby helping deliver future customer acquisition, grow awareness of the programme and provide discounted offers for members to drive engagement and build loyalty."

Gary Kibble – Chief Marketing Officer

Strategy in action continued

GROWTH LEVERS

ACCELERATING DESIGN & INSTALLATION

Accelerate growth in Design & Installation through digital development and product innovation.

STRATEGIC FOCUS

- Grow Design & Installation by enhancing and innovating the existing proposition, introducing new kitchen and bathroom ranges, and refreshing our showrooms.
- Develop natural extensions into adjacent installation 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.
- Capitalise on the volume opportunity in the more affordable kitchen market with our Wickes Lifestyle Kitchens range.
- Secure the strength of our base of Wickes approved installer teams to increase competitive advantage.
- Create a unique digitally enabled, high-service installation process.

WHAT WE ACHIEVED

- Rebranded showroom kitchens as 'Wickes Bespoke Kitchens' and introduced eight new ranges.
- Achieved strong growth in bathrooms, with over 300 new product launches. Wickes is now the most prominent bathroom brand in the UK*.
- 24% sales growth in Wickes Lifestyle Kitchens since relaunch in the second half, primarily driven by the introduction of a new virtual design service
- Developed and launched the new Wickes Customer Experience Centre (CEC) to strengthen our Design & Installation service.
- Introduced field service management (FSM) technology, which automates the booking of installer teams to customers, thereby simplifying the process between customers and installers.
- Continued to see increasing attachment rates of tiling, flooring and joiner sales to kitchen and bathroom projects, with trials of new Design & Installation service propositions ongoing.
- Launched a Bathroom Installer Apprenticeship (alongside our successful Kitchen Installer Apprenticeship) and welcomed two cohorts on to the programme in the year (for more information, see page 38.).

FOCUS FOR 2024 AND FUTURE OPPORTUNITIES

- In 2024, all new Design & Installation customers will automatically be enrolled within the CEC.
- Continue to innovate with best-in-class product ranges and make it easier for customers to design and curate their new kitchen or bathroom digitally.
- Continue to grow our Installer Apprenticeship programmes, supporting people to achieve their apprenticeship and facilitate them becoming a Wickes approved installer.
- Manage our installer base to meet customer demand.
- In this highly fragmented marketplace, there is opportunity to take share through our national installer proposition and we will continue to build attachment rates of other installer services, such as tiling and flooring.

24%
growth in sale of Wickes Lifestyle Kitchens since relaunch

>3,000
installer teams

* Source: Salience Search Marketing survey of search and social media rankings

CASE STUDY

New Customer Experience Centre

In 2023, we have undertaken a number of measures to build upon our installation capabilities and resources to deliver an enhanced service for our Design & Installation customers.

A key initiative has been the development of a new CEC, where customers are given a personal point of contact to guide and support them throughout their design and installation journey. We also introduced new technology to automate the booking of installer teams, to provide digital design plans for our installers and to automate our quality control procedures and checks, making the installation process much simpler and more efficient for both parties.

While it is early days for this new approach, we are seeing strong CSAT scores, with three quarters of customers using the CEC having an excellent or good experience and a Net Promoter Score (NPS) of 92%. With improved overall coordination of activities, we are seeing fewer customer queries and a reduction in the average length of time from the purchase of a new kitchen or bathroom to it being fully installed.

"Wickes provides customers with a full design to installation service for their dream kitchen or bathroom. With our new resource and technology, this customer journey has been enhanced even more."

Tony Brown – Installations Director

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.

STRATEGIC FOCUS

- Grow our existing proposition and volumes by targeting large markets for DIY projects to get our fair share in underweight categories.
- Increase our appeal to both younger and more female audiences to broaden our customer base.
- Conduct a programme of range reviews seeking to innovate and evolve our product offering.
- Ensure good availability of our highest-demand products in store and use targeted promotional activity to optimise sales.
- Ensure our highly curated product range supports an efficient operating model, enabling simpler and more efficient product range changes 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 17 range reviews in a number of key areas including refreshes to gardening, decorating and flooring as well as selected parts of electrical, hardware and roofing. These reviews further innovated and expanded our product range in key customer segments, addressing range gaps and building on successful previous changes.
- Focused on product ranges for smaller home improvement projects, such as shelving and decorating, in response to customer insights.
- To help customers decarbonise and improve the energy efficiency of their homes, we have introduced new energy saving products, including EV chargers and air source heat pumps.
- Ran two communications programmes targeting DIY customers, 'DIY Inspiration' and 'HouseMove Heroes', using our Missions Motivation Engine

FOCUS FOR 2024 AND FUTURE OPPORTUNITIES

- Next year and in the longer term, we will continue to target those categories where we are currently underweight to increase market share.
- 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 therefore sales opportunities.
- Help customers understand the environmental benefits of different buying choices through our product ranges, labelling and promotional activity.

17
range reviews conducted

CASE STUDY

Enhancing our roofing category range

In 2023, we conducted a review of our roofing range, which includes such products as flashing, breather membranes and felt. As with all range reviews, we started by reviewing our poorer performing Stock Keeping Units (SKUs) and identifying where there was duplication to create space for new products. We used data from multiple roofing suppliers to identify top performing product lines, we looked at competitors' ranges to see where we had potential range gaps, and we reviewed and understood customer expectations for this category.

With DIY customers accounting for around two thirds of roofing product sales, we conducted analysis to see how we could continue to strengthen this base, at the same time as growing our Local Trade sales by adding new products to the range aimed specifically at trade professionals.

In stores, we changed the displays so that all roofing-related products were grouped together to help customers with their roofing 'mission'. We updated point of sale (POS) and design displays through the use of QR codes and imagery, and improved our digital content using lifestyle imagery and optimised search terms.

"This was a very comprehensive range review and it's driven excellent outcomes, with year-on-year category growth of 14% and market share for roofing products up 4%*."

Mark Cooke – Commercial Director

* Source: GfK.

Strategy in action continued

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.

STRATEGIC FOCUS

- Accelerate our new store opening programme, targeting around 20 new stores over 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 efficiency of our operations and create a consistently welcoming, user-friendly experience for our customers through the process of 'right-sizing' stores.
- Target high-volume stores to increase their storage capacity to facilitate more Click & Collect and Home Delivery orders.
- Improve energy efficiency and reduce carbon emissions across the estate through investment in energy saving technologies.

WHAT WE ACHIEVED

- Refitted 11 stores. 175 stores are now in our new store format.
- Refitted stores increased sales by c.20% (c.65% in Design & Installation and c.10% across DIY and Local Trade), which is sustained in subsequent years. Refitted stores continue to deliver an increase in ROCE of 25%, on average.
- Reconfigured 17 stores (excluding refits) to create additional fulfilment space for Click & Collect and Home Delivery.
- Opened three new stores in Chelmsford, Widnes and Torquay and closed four stores which were not meeting our returns criteria.
- In April 2023 we switched to a 100% renewable electricity contract across the estate, cutting our Scope 2 carbon emissions (see page 45). Continued the roll-out of LED lighting and, by the end of 2023, 85% of stores have been upgraded.
- Continued the roll-out of heating controls and, by the end of 2023, 48% of stores have been upgraded.
- Installed air source heat pumps (ASHPs) in our new Torquay and Chelmsford stores, resulting in a total of four stores now with ASHPs fitted.
- Continued site assessments to identify opportunities for solar photovoltaic panels. Seven stores are now fitted with on-site solar generation.
- Voltage optimisation trialled in one store to inform further implementation in 2024.

FOCUS FOR 2024 AND FUTURE OPPORTUNITIES

- In 2024, we will introduce the Wickes brand to more customers through our new store opening programme, targeting four new stores.
- We will undertake eight store refits next year as part of our accelerated refit and refresh programme.
- For our stores built to our 2025 specification we will install air source heat pumps, solar panels and EV chargers as standard.

3
new stores in Chelmsford, Widnes and Torquay

>75%
of stores in new store format

CASE STUDY

Opening our new store in Torquay

As part of our programme to open around 20 new stores in five years, we identified Torquay as a town that would benefit from a Wickes store. We worked with a specialist location planning agency to understand the local catchment and demographics, undertake competitor analysis and model sales. Our data showed it was a desirable location to position a Wickes store, providing an opportunity to expand our multi-channel fulfilment to areas that cannot be served by our existing Exeter store.

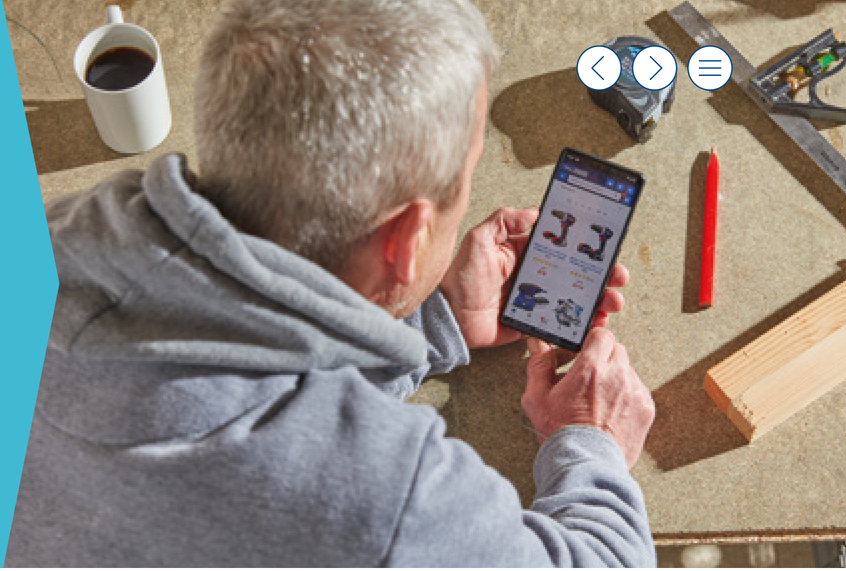
Following almost a year of construction and fitting out, with the creation of 30 new jobs, our colleagues welcomed their first customers on 3 November. With a square footage of c.30,000sq ft, the store includes a Design & Installation showroom of over 4,000sq ft as well as 5,000sq ft of outdoor space. As with all new stores, we have incorporated elements into the build that support our journey to net zero, including two EV charging bays and 94 solar panels – which we expect will produce around 30% of the store's energy. As part of the Wickes Community Programme, Torquay store colleagues are supporting local good causes through product donations and volunteering.

"Torquay is a great example of how we are growing responsibly, supporting the local community through job creation and charitable giving, and introducing ways to reduce carbon emissions as we seek to transition to a net zero economy."

Sarah Taitt – Property Director

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.

STRATEGIC FOCUS

- Develop our digital ecosystem to modernise our technology, creating a future platform for growth and more agile change capability.
- Leverage digital marketing channels and our machine-learning Missions Motivation Engine to engage and support customers by creating tailored inspirational and helpful content to help them complete their home improvement projects.
- Continuation of our payment strategy to provide Local Trade and DIY customers with payment platforms to suit their needs and preferences.
- Further improvements to our fulfilment capability and customer offer by modernising our order management solutions and carrier management capability.
- Continued development of digital solutions to make it easier for colleagues to pick products for Click & Collect and Home Delivery orders.

WHAT WE ACHIEVED

- Grown our digital visit market share to 16%, as measured by SimilarWeb.
- Increased our participation of Click & Collect orders through improved digital signposting of the 30-minute service, new digital picking solutions for colleagues and more accurate stock visibility. This has led to record CSAT scores for Click & Collect of 82% (see page 17).
- Increased the range of payment options for customers with the launch of Apple Pay and Google Pay, following the successful launch of Klarna last year.
- Made our Wickes gift cards available in digital format.
- The expansion of our Missions Motivation Engine programmes has delivered incremental revenues across TradePro, Design & Installation and DIY marketing campaigns.
- Introduced new functionality across our digital channels, including improvements to website navigation, producing innovative content through shoppable video functionality and our interactive Energy Efficient Home, and the provision of digital receipts for customers in store.

FOCUS FOR 2024 AND FUTURE OPPORTUNITIES

- In 2024, we will continue to expand our digital payment options.
- 2024 will also see the introduction of new digital tools to help customers understand, select and visualise paint colours before buying them, with paint being our most common DIY purchase.
- Continue to improve our Design & Installation digital proposition, making it easier for customers to design and curate their new kitchen or bathroom online.
- Continue to invest in our DIY, TradePro and colleague apps to improve functionality for customers and colleagues.
- Further develop our Missions Motivation Engine to deliver greater customisation and personalisation of content to help customers with their home improvement projects.

16%
digital visit market share

CASE STUDY

House Move Heroes

In 2023, we used our Missions Motivation Engine to launch our ‘House Move Heroes’ programme, aimed at helping those customers who are in the process of moving house. Using our data insights, we are able to target customers with relevant campaigns based on the stage of the house move journey they are on, whether that’s packing up their existing home or undertaking DIY projects in their new home.

We teamed up with TV property presenter Phil Spencer and his property advice platform Move iQ to create the House Move Heroes hub, which is sited all in one place on www.wickes.co.uk and features how-to guides, checklists and helpful videos to empower customers who are moving house.

“Moving home can be a very stressful and daunting experience. With our House Move Heroes programme, we’re able to give simple, accessible, practical advice to customers to support all stages of their move. Our campaign approach, mixed with expert content, is unique to Wickes and the hub is a great destination for customers looking for a bit of help.”

Paul Canavan – Director of Digital

GROWTH LEVERS

ENHANCED STORE SERVICE MODEL

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

STRATEGIC FOCUS

- Continue to develop and roll out our 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 provide a seamless shopping experience, improve efficiency and give us significant competitive advantage.
- Continue to grow our Click & Collect and Home Delivery services through increased storage capacity, introducing service-enabling technology and securing best-in-class delivery partners, thereby ensuring outstanding customer service and a reduced cost to serve.

WHAT WE ACHIEVED

- Made further physical changes to the store estate to increase back of house capacity in order to improve the fulfilment of Click & Collect and Home Delivery, resulting in c.28,300 sq ft of additional space. Almost 80% of the estate now has space optimised to deliver across all four areas of the 4C model.
- Record levels of customer satisfaction, with customers giving the following ratings for Top Two boxes (Excellent and Good) – Click & Collect 82%, Home Delivery 84% and Self Serve 85%, (see page 17).
- Successfully transitioned to new delivery partners after one of our key delivery partners, Tuffnells, ceased trading.
- The nature of our 4C service model, which has a dedicated manager and team per area, has meant that we have been able to redesign working patterns to make all management roles open to flexible working. Following a successful pilot, this is being rolled out to all store managers, for more information see page 34.

FOCUS FOR 2024 AND FUTURE OPPORTUNITIES

- In 2024, we will add further functionality to the app our colleagues use to help them pick items for customers, such as stock management and pricing information.
- We will continue to optimise space across the estate and maximise future digital innovations in order to deliver efficiencies and enhance the customer experience across all four areas of the store.
- Developing products that support customers with saving energy and reducing the carbon footprint of their homes.

21%
increase in OLI (online in store) sales

CASE STUDY

Growing our Assisted Selling 'OLI' channel

A key component of our 4C store model is the Assisted Selling channel, OLI, which is short for 'online in store'. OLI is an online terminal that colleagues and customers can use to search for products that are not stocked in the store. There are around 33,000 products available on OLI, and customers can place an order online and arrange for Click & Collect or Home Delivery.

In 2023, we focused on strengthening OLI customer participation by upskilling colleagues with customer service training based on our approachable, curious and resourceful (ACR) customer service behaviours. We identified Wickes Lifestyle Kitchens as an area of opportunity for driving OLI participation and sales. This was supported by a number of initiatives including training for store colleagues, customer services and support functions, along with regional roadshows, weekly performance reporting and Local Trade customer events. As a result, around a third of all Wickes Lifestyle Kitchens were purchased using OLI in 2023.

"OLI is going from strength to strength, with sales up 21% in the year. It's popular with customers and colleagues alike, as it provides a simple, efficient way for colleagues to ensure they can always say yes to the customer and help them find what they need for their home improvement project."

Fraser Longden – Chief Operating Officer

GROWTH LEVERS

A WINNING CULTURE

Delivering exceptional customer service through engaged colleagues and growing responsibly.

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.
- Build our leadership capabilities by focusing on internal progression and increasing internal talent through our leadership development programme.
- Develop and implement our Responsible Business Strategy.
- Living our Winning Behaviours to support our strategy and culture (see page 36).

WHAT WE ACHIEVED

- Introduced a number of cost of living initiatives to help colleagues, including a £3.5m investment in bringing forward the annual salary review, extending the free breakfast provision in stores, and offering a 'Salary Advance' scheme
- Achieved national recognition for our Inclusion & Diversity (I&D) work (see page 41).
- Introduced 'DigiCare', a suite of wellbeing services for all colleagues.
- Following the success of our flexible working trials for store managers, operations and duty managers, we rolled this out to all stores in December
- Made significant progress in improving the diversity of our store teams
- Broadened our apprenticeships provision with the launch of a Wickes Bathroom Installer Apprenticeship and supported 280 colleagues into Early Careers placements. Featured in RateMyApprenticeship's Best 100 Apprenticeship employers list 2023.
- Announced The Brain Tumour Charity as our new charity partner.
- Made significant progress across all areas of our Responsible Business Strategy (see pages 34-66).

FOCUS FOR 2024 AND FUTURE OPPORTUNITIES

- In 2024, we will launch our new employer brand, with a clear employee value proposition and attraction strategy.
- Implement and embed the new flexible working offer as we build a modern workplace.
- Longer term, we will continue to improve our data and insight to help us accelerate our I&D strategy and create a culture where everyone can feel at home.
- Continue to build skills in our communities and drive diverse pipelines through our Early Careers and apprenticeship programmes.
- Continue to provide colleagues with financial and wellbeing benefits and support.
- Increase awareness of our Built to Last Responsible Business Strategy with internal and external stakeholders.

79%
colleague engagement

1,468
local community projects supported

CASE STUDY

Making all store management roles open to flexible working

In 2023 we conducted a six month pilot across 14 stores to trial flexible working for store managers, operations managers and duty managers. Working with external consultants, Timewise, we undertook research on these roles to fully understand the barriers to flexible working and to design, trial and evaluate a flexible working model that supported managers to deliver their roles with greater flexibility, input and control over their working patterns.

The results were very positive with 96.5% of store managers taking part either 'satisfied' or 'very satisfied' with their working hours at the end of the pilot (up from 66.5% pre-pilot). As a result, we have subsequently rolled this out to all stores, with all store management roles now open to flexible working.

"My team has experienced and led amazing results in working flexibly. Giving them greater flexibility over their working patterns has created a work-life balance that supports the needs of their working time, and gives them time for other aspects of their personal or family life."

Gav Harrison – Regional Leader

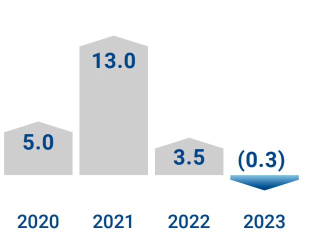
GROWTH LEVERS KEY:

1 Winning for Trade
2 Accelerating Design & Installation
3 DIY category wins
4 Store investment
5 Digital capability
6 Enhanced store service model
7 A winning culture

Key performance indicators

Financial

Group LFL sales (%)[1]



DESCRIPTION
A measure of the underlying sales growth of products to Local Trade, DIY and Design & Installation customers

DEFINITION
The performance of sales to Local Trade, DIY and Design & Installation customers from stores that have been open for more than 12 months

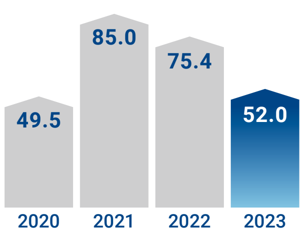
LINK TO GROWTH LEVERS
LFL sales is a measure of how successful we have been in developing our growth levers

1 2 3 4 5 6 7

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

TARGET
We aim to grow market share from the existing store estate in order to generate operating leverage

Adjusted PBT (£m)[2]



DESCRIPTION
Profit before tax adjusted for items that are material in size or unusual in nature as presented as part of the income statement

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

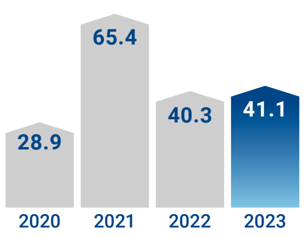
LINK TO GROWTH LEVERS
Adjusted PBT is a key measure of the efficiency of the business and the returns we deliver on our growth investment

1 2 3 4 5 6

REMUNERATION LINKAGE
Adjusted PBT represents 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

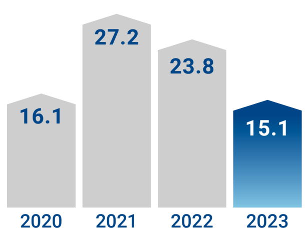
LINK TO GROWTH LEVERS
Profit before tax is a key measure of the efficiency of the business and the returns we deliver on our growth investment

1 2 3 4 5 6

REMUNERATION LINKAGE
Linked to Adjusted PBT

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

Adjusted basic EPS (p)[3]



DESCRIPTION
A measure of how much profit after tax the 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

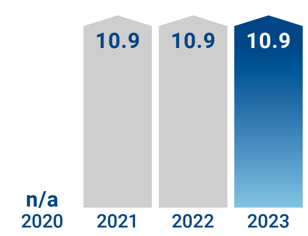
LINK TO GROWTH LEVERS
EPS growth is closely linked to profit growth. It also reflects the effects of the capital allocation policy, in particular the share buyback programme

1 2 3 4 5 6

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

TARGET
We aim to grow adjusted basic EPS each financial year, although this will be dependent on market and competitive conditions. Adjusted EPS will also benefit from delivering the targeted share buyback

Dividend per share (p)



DESCRIPTION
A measure of how much adjusted profit the Company distributes for each qualifying share in issue

DEFINITION
The amount per ordinary share the Company distributes to shareholders of that financial year's retained profit. The Company targets dividend cover of 1.5 times to 2.5 times EPS

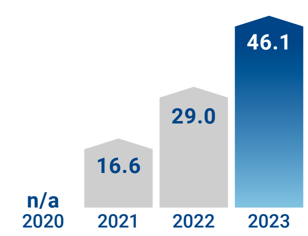
LINK TO GROWTH LEVERS
Dividends to shareholders reflect the company's success in executing its growth levers, and in generating cash that it can return to them

1 2 3 4 5 6

REMUNERATION LINKAGE
Dividends are an important element of Total Shareholder Return (TSR) and are also enabled by the achievement of free cash flow targets

TARGET
We target dividend cover of between 1.5 times and 2.5 times EPS

Free cash flow (FCF) (£m)[4]



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

1 2 3 4 5 6

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

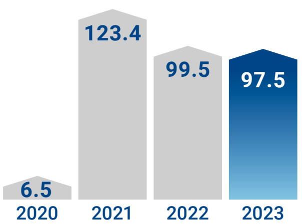
TARGET
Under normal conditions, we would expect to generate positive free cash flow, although this will be dependent principally on the level of profitability and investment in capex and working capital

1 Refer to note 5 on page 150; 2 Refer to note 9 on page 152; 3 Refer to note 11 on page 154; 4 Refer to note 32 on page 168.

GROWTH LEVERS KEY:

1 Winning for Trade
2 Accelerating Design & Installation
3 DIY category wins
4 Store investment
5 Digital capability
6 Enhanced store service model
7 A winning culture

Cash (£m)



DESCRIPTION
A measure of year end cash

DEFINITION
The total value of our year end balance of cash and cash equivalents

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

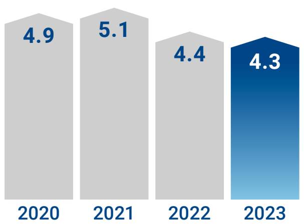
1 2 3 4 5 6

REMUNERATION LINKAGE
Linkage is via profit and free cash flow performance

TARGET
Our capital allocation policy has a target minimum cash balance of £50m

Operational

Stock turn[4]



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

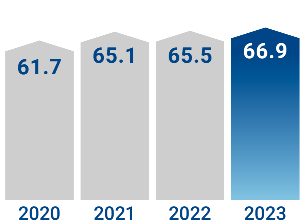
LINK TO GROWTH LEVERS
More rapid stock turn, especially relative to the creditor payment cycle, is a key driver of free cash flow

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

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 Local Trade, Click & Collect and Home Delivery orders

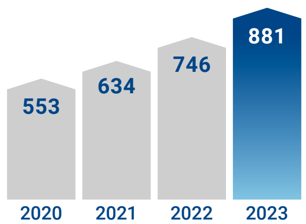
LINK TO GROWTH LEVERS
Our customer base is increasingly digital, and if we do not serve them well our market share and profitability will suffer over the long term

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

TradePro members (k)



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

DEFINITION
Total number of TradePro members

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

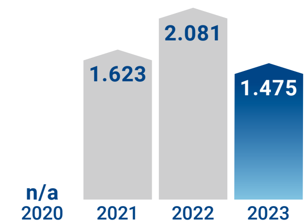
1 3 4 5

REMUNERATION LINKAGE
Linkage is 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

Responsible Business

Carbon emissions (m 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

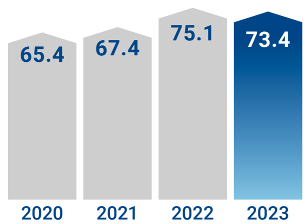
LINK TO GROWTH LEVERS
We are committed to being a responsible business, and emissions reductions are a key part of this

7

REMUNERATION LINKAGE
Near term science-based targets 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 colleagues 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 represent 10% of the annual bonus for Executives in 2023 and in 2024 it will also cover ethnicity

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

Financial review

"Our financial results have demonstrated a robust performance in challenging market conditions."

Mark George
Chief Financial Officer

Revenue of £1,553.8m reflects flat LFL sales growth for the year. The first half saw strong sales growth across the business whereas the second half was affected by the softer market environment for Design & Installation in particular. Gross margin increased by 19 basis points, reflecting a more stable inflationary environment, careful management of price and promotions, and productivity in distribution costs.

Despite a strong productivity programme, significant increases in operating costs, including higher energy prices and the 9.7% increase in the National Minimum Wage, meant that adjusted profit before tax on a pre-SaaS basis declined by 21.1% to £59.5m (2022: £75.4m). On a post-SaaS basis, adjusted profit before tax was £52.0m, which was ahead of market consensus. Statutory profit before tax increased by 2.0% to £41.1m (2022: £40.3m) reflecting lower adjusting items as the separation from Travis Perkins Plc reached its conclusion and lower net impairment charges.

There was £97.5m of cash on balance sheet at the year end (2022: £99.5m), after £10.1m of share buyback activity. Average cash through the year was £154.9m (2022: £153.6m).

Revenue

Adjusted revenue for the 52 weeks to 30 December 2023 was £1,553.8m (2022: £1,559.0m), a decrease of 0.3% on the prior year. Net selling area was flat year on year as new store openings in Chelmsford, Widnes and Torquay were offset with closures of some older stores. Full year LFL sales were -0.3%.

Retail revenue – sales from products sold to DIY customers and local trade professionals – increased by 0.1% to £1,189.1m (2022: £1,187.9m). Retail LFL revenue increased by 0.1%, with three consecutive quarters of positive LFL performance from the second quarter onwards. This performance was driven by positive volume growth in the second half, with marginal selling price deflation towards the end of the year.

Our TradePro business continues to perform strongly, with double digit sales increases in the year. This is driven by increasing membership numbers, as local traders continue to choose Wickes to save them time and save them money.

Sales performance was strongest in the interior paint, decorative accessories and flooring categories. The Wickes Lifestyle Kitchens range also had a strong sales contribution following its relaunch during the year.

Wickes remains highly competitive on price, with weekly benchmarking of thousands of items to ensure we are competitive on the lines that matter most. Our strategy is to offer everyday low pricing with limited use of targeted promotions so that our customers can rely on consistent and transparent pricing.

"Retail LFL revenue increased by 0.1%, with three consecutive quarters of positive LFL performance from the second quarter onwards."

"Our productivity programme enabled us to offset all cost increases other than energy and as a result we were able to deliver adjusted PBT ahead of expectations."

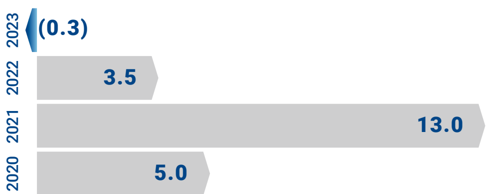
Design & Installation delivered revenue – sales from projects sold by our showroom design consultants – were £364.7m (2022: £371.1m), a decrease of 1.7%. The first half was notable for strong delivered sales as we successfully worked through the elevated order book from the pandemic period. The second half was characterised by a more challenging market environment for larger ticket purchases and delays in Order Fulfilment as a result of a new software implementation, which has since been resolved. LFL sales for the full year decreased by 1.7%.

The attachment rate of customers choosing to use Wickes installation continues to be strong, driving increased average order values.

The order book has continued to normalise from its pandemic peak and ended the year close to normal levels. Whilst the level of new leads in the market has been subdued throughout the second half, cancellations remain at normal, low levels.

Statutory revenue decreased by 0.6% to £1,553.8m (2022: £1,562.4m).

LFL sales growth (%)



Gross profit

Adjusted gross profit for the full year was £568.1m, in line with the prior year (2022: £567.1m). Adjusted gross profit margin increased by 19 basis points, primarily reflecting the impact of a more stable inflationary environment (particularly in the second half) and careful management of range, price and promotions.

Distribution costs, taken within gross profit, were lower as a percentage of sales year-on-year following a number of initiatives to improve productivity, including the consolidation of warehouse capacity and the outsourcing of some of our logistics operations.

Statutory gross profit decreased to £565.0m (2022: £572.2m) primarily reflecting the revised presentation for the prior year of net unrealised gains and losses on remeasurement of foreign exchange derivatives held at fair value relating to economic hedges. In 2022, these net unrealised gains and losses were presented in net finance costs, whereas in 2023 these amounts have been presented in cost of sales, in order to reflect that these foreign currency derivatives are entered into to mitigate the foreign exchange volatility arising from our purchase of inventory. The effect of these adjustments has been to reduce cost of sales in 2022 by £1.7m and to increase net finance costs by the same amount, as described in note 6.

"Adjusted gross profit margin increased by 19 basis points, primarily reflecting the impact of a more stable inflationary environment and careful management of range, price and promotions."

Financial review continued

Operating profit

Adjusted operating profit of £73.8m decreased by 29.0% year on year (2022: £103.9m) and the adjusted operating profit margin decreased to 4.7% (2022: 6.7%). The decline in operating margin reflects the impact of pressure on operating costs due to wage inflation, rising energy prices and other inflationary factors as described above, coinciding with an environment of weaker consumer demand. These cost increases were partly mitigated by productivity gains of £22m which offset inflationary cost increases except energy costs.

Statutory operating profit decreased by 8.6% to £62.9m (2022: £68.8m).

Net finance costs

Adjusted net finance costs were £21.8m (2022: £28.5m). The improvement in net finance costs relates primarily to the higher interest income received on our cash deposits, which is an offset to the IFRS16 interest charges due on store leases, which were little changed year-on-year.

Adjusted profit before tax

Adjusted profit before tax for the full year, after the impact of SaaS, was £52.0m (2022: £75.4m), a decline of 31.0% year-on-year.

Adjusting items

Pre-tax adjusting item charges were £10.9m (2022: £35.1m). These comprise a reversal of non-cash right-of-use asset impairment charges of £(3.7)m (2022: nil), which partially offset non-cash right-of-use asset impairment charges of £2.7m (2022: £15.4m); IT separation project costs of £8.8m (2022: £24.4m) representing the final charges in relation to the separation from our former parent company Travis Perkins Plc; and net unrealised foreign exchange losses of £3.1m (2022: £1.7m gain).

Profit before tax

Profit before tax for 2023 increased to £41.1m (2022: £40.3m) reflecting lower adjusting items as the IT separation project concluded and lower net impairment charges, offset by the reduction in adjusted profit before tax as described above.

Tax

The tax charge for the year was £11.3m compared to £8.4m in 2022.

The underlying effective tax rate (before adjusting items) for the full year was 26.7% (2022: 20.2%). This was driven primarily by the increase in UK corporation tax rates from 19% to 25%, effective from 1 April 2023.

Tax credit on adjusting items was £2.6m (2022: £6.8m).

Capital expenditure

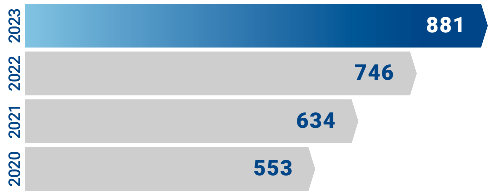
Capital expenditure in 2023 was broadly in line with our expectations at £38.2m (2022: £40.4m).

The largest component of capex was £20.4m investment in the store estate (2022: £24.7m), of which refits were £12.9m, new stores £5.8m and other store capex across the estate £1.7m. There was £6.1m investment in our digital capabilities (2022: £9.3m), as we continue to develop our multi-channel offer.

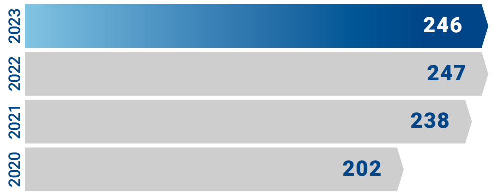
The reduction in capex year on year is due principally to a high proportion of our IT investment now being directed towards SaaS platforms which, in line with our accounting policies, must be expensed (see note on Alternative Performance Measures for details). SaaS project expenses of £7.8m were incurred in 2023 (2022: nil).

We expect capital expenditure for 2024 to be c.£30m driven by continued investment in the store estate and further IT capital expenditure as we continue to enhance our operating systems and customer experience. In addition we expect to invest c.£10m in SaaS IT projects, which will be expensed through the income statement.

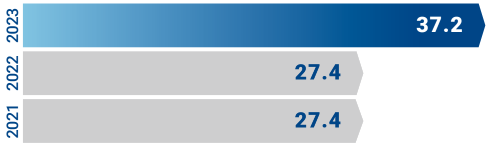
TradePro members (k)



Sales density (£ per square foot)



Cash returned to shareholders (£m)



Dividends declared in respect of the relevant year plus share buybacks

Cash / net debt

Net cash at year end was £97.5m (2022: £99.5m), broadly flat year-on-year. This cash balance is stated after the execution of £10.1m of share buybacks. Average cash across the year was £154.9m (2022: £153.6m).

Operating profit excluding impairment decreased year-on-year, resulting in cash flows from operations decreasing to £177.0m (2022: £189.1m). Cash flows related to working capital movements were £2.6m (2022: £(28.7)m), with the material cash outflow in 2022 driven by a large stock build. The increased interest received of £7.2m (2022: £1.9m) reflected higher prevailing interest rates available for cash on deposit. Cash outflows from financing activities of £150.4m (2022: £141.9m) include £111.7m (2022: £109.7m) related to lease liabilities, £27.4m dividend payments (2022: £31.2m) and £10.1m of share buybacks (2022: nil).

The inventory position of £195.5m (2022: £201.6m) reflects the planned reduction of stock during the year to more normal levels following the stock build in 2022. Stock turn remained healthy at 4.3x.

IFRS16 net debt reduced to £578.3m (2022: £591.8m), reflecting the maturity profile of our leasehold store portfolio. IFRS16 leverage was 3.3x (2022: 2.9x).

> "Net cash at year end was £97.5m, broadly flat year-on-year and slightly ahead of our guidance."

Dividend

The Board has recommended a final dividend of 7.3p per share, in line with prior guidance, which will be paid on 6 June 2024 to Shareholders on the register at the close of business on 26 April 2024. This will bring the full year dividend for 2023 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 25 April 2024. 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 15 May 2024.

Mark George
Chief Financial Officer
18 March 2024

Introduction to Responsible Business

Sonita Alleyne
Chair of the Responsible Business Committee

As Chair of the Responsible Business Committee, I am pleased to introduce the Responsible Business section of this annual report.

2023 was the first full year of delivering Built to Last, the business's Responsible Business Strategy. I am proud of the progress made in 2023 by the business as it works to integrate the objectives and targets of the Responsible Business Strategy across its operations and supply chain. The Responsible Business highlights of the year for the Board are as follows:

- Undertaking detailed analysis of colleague ethnic diversity mix compared with census data and being the first retailer to complete the Flair Impact race and ethnicity survey.
- Moving to a new energy contract in April 2023, so that 100% of the electricity used by the business is supplied by renewable electricity.
- Entering the market for air source heat pumps and solar products, and expanding our support and advice for customers to reduce energy costs.

The business made great progress in 2023 with delivering its Responsible Business Strategy targets, and an overview is given on page 5.

We have been impressed with the progress of the Early Careers programme, and really pleased the business has beaten its target of providing 200 Early Career places, by supporting 280 colleagues through the programme. The business has also made significant progress with addressing the negative impacts of packaging. Working with key suppliers, the business has worked hard to eliminate unnecessary packaging on its own brand products, and is on track to hit the 2025 packaging targets, increasing recycled content as well as increasing the recyclability of packaging on own brand products.

Whilst the business made great progress, it narrowly missed two Responsible Business targets it set for 2023.

It met the target for increasing females in store leadership roles, but the business just missed its target to improve gender balance in Support Centre leadership teams. Thorough analysis has been undertaken to understand the reasons behind this, including the barriers for women to progress and further interventions we can take to tackle this.

Although we fell just short of our Community Programme target of 1,500, we did support 1,468 community projects during the year – 48% more than 2022 – reaching an estimated 500,000 people. We plan to continue to promote the scheme to the local communities near our stores to encourage further uptake in 2024.

The Board and I remain committed to facing the challenges that lie ahead for the business to continue to address material social and environmental impacts, whilst balancing positive commercial performance.

Sonita Alleyne
Chair of the Responsible Business Committee
18 March 2024

> "We have been impressed with the progress of the Early Careers programme, and really pleased that the business has beaten its target of providing 200 Early Career places in 2023 by supporting 280 colleagues through the programme."

Built to Last

Our Responsible Business Strategy directly supports our purpose of helping the nation feel house proud.

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
– by helping our customers to save energy and reduce the carbon footprint of their homes.

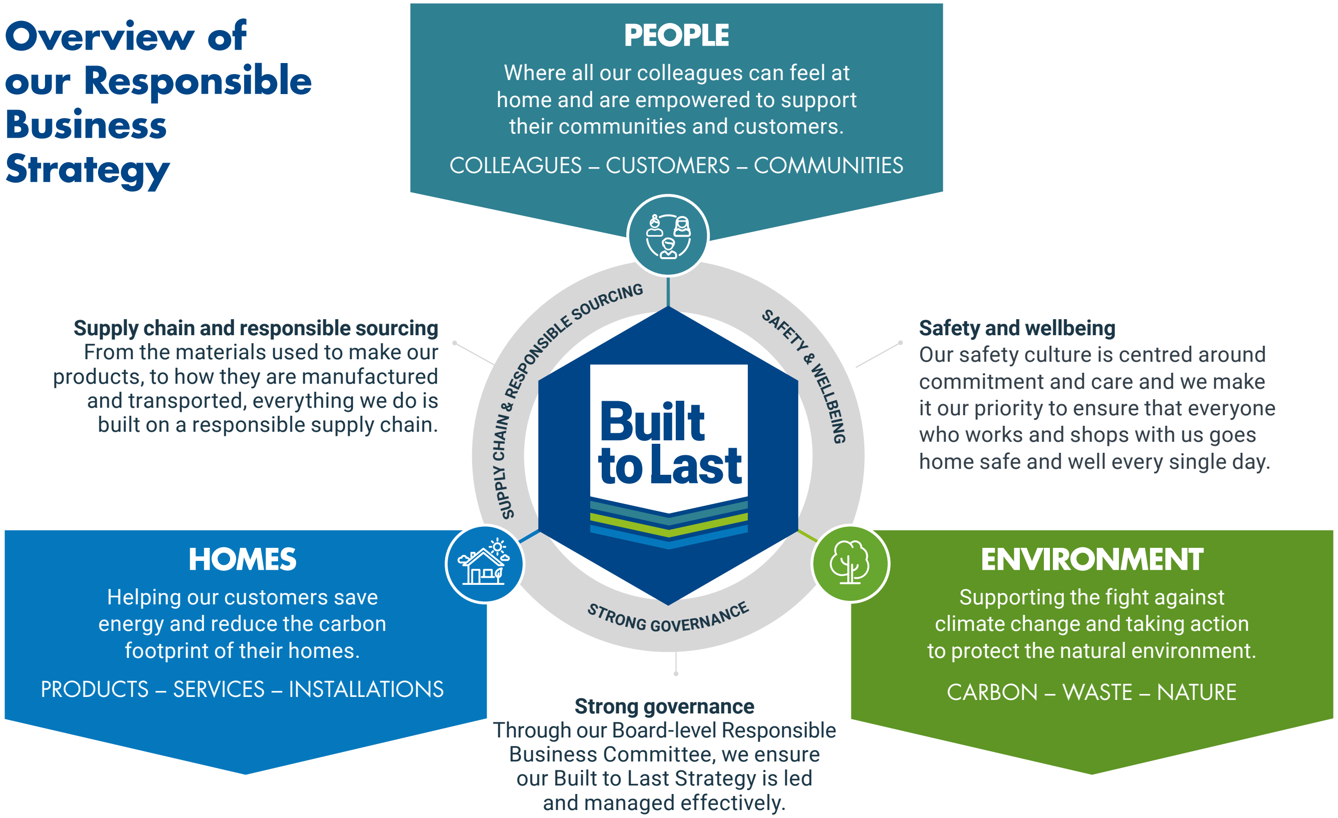
2023 was the first full year of delivering Built to Last, our Responsible Business Strategy, and we have focused on integrating it into the business. In 2023, our inclusion and diversity targets were linked to the Executive annual bonus scheme, and our near term science-based targets were linked to the Long Term Incentive Plan for 2023-2025.

Understanding what's important

When we developed our Built to Last Strategy in 2021, we engaged with our key stakeholders to inform our understanding and assessment of our material sustainability topics. We address our priority topics through three pillars: People, Environment and Homes. These are underpinned by our Foundations – these are topics we measure and manage to ensure we continue to operate responsibly through our business and supply chain activities.

Throughout 2023, we have continued to engage with key stakeholder groups, including our colleagues, customers and investors to ensure that we continue to focus on the topics that are of most importance to them. We have updated our strategic framework to include nature, recognising that this is an area that we can impact through our supply chain and the use and disposal of some of our products.

Overview of our Responsible Business Strategy



The launch of the UK Green Claims Code in 2021 has provided a helpful framework for us to align how we talk to our customers about our products and services. We have revised the terminology in our Homes pillar to reflect this.

Governance

Our Responsible Business Committee (a sub-committee of the Plc Board) is responsible for guiding and overseeing the development and delivery of our Responsible Business Strategy. Our Responsible Business Working Group brings together leaders in the business to work together to deliver the strategy. Further information on these governance arrangements in the context of climate-related risks and opportunities is set out in our Climate-related Financial Risk report on pages 57-68 and the Responsible Business Committee report on pages 107-110.

Disclosure

We recognise that disclosing our performance is an essential part of building trust with our stakeholders by demonstrating how we are performing with the delivery of our Responsible Business Strategy. We disclose our performance on ESG issues through several external benchmarks. We have aligned our climate-related disclosures with the UK's current requirements (see page 57). In 2023, we submitted our second response to CDP Climate Change and improved our overall score from B- to B, keeping us in the management category, and our Supplier Engagement Rating from B to A-. For our In addition, we submitted our first full response to CDP Forests, and achieved a score of C (placing us in the awareness category).

In this report, we have included how our strategy maps to the UN Sustainable Development Goals (SDGs) – in the Responsible Business summary (page 5) we identify the specific targets of eight of the 17 SDGs that our strategy aligns with. We have also aligned with disclosing against the Sustainability Accounting Standards Board (SASB) standard for our sector; Multiline and Speciality Retailers & Distributors. This can be found on page 56.

Responsible Business continued

PEOPLE

OUR OBJECTIVE

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.

OUR TARGETS

- **A gender balanced team across all roles and functions at Wickes**
- **A business that reflects the communities we serve through ethnic diversity and leadership ethnicity balance**
- **Offer and support 200 Early Career places each year from 2022 to 2024**
- **Raise £2 million for our charity partner over the 2-year partnership**
- **Wickes' Community Programme to support 1,500 projects across our local communities each year**

At Wickes, our people are our greatest asset. We're building a space where all our colleagues can feel at home. This means that everyone can bring their authentic selves to work and are empowered to support their communities and customers.

Culture

We live by our five Winning Behaviours which are the foundations of our culture. Our Winning Behaviours are underpinned by a strong sense of personal responsibility. We want all our colleagues to understand and display these to support us in achieving our future plans.

1. **Winning:** we relentlessly pursue our targets, celebrate and share successes, support all colleagues and embrace challenges positively.
2. **Can do spirit:** we say 'yes' to challenges, go the extra mile for customers and take initiative.
3. **Being at your best:** we approach every day with fresh enthusiasm, lead by example and lead every day.
4. **Humility:** we acknowledge we don't have all the answers and are honest and accountable.
5. **Authentic:** we embrace our true selves, respect our colleagues and have courage to face tough conversations.

Key performance indicators

73.4%
stores that have at least one female in leadership team

23%
voluntary colleague turnover

39.9%
of all our colleagues identify as female

280
Early Career placements supported in 2023

12.8%
of all our colleagues identify as Black, Asian or other ethnic minority

£719,060
raised for our new charity partner, The Brain Tumour Charity

79%
overall colleague engagement (calculated from four engagement questions in colleague survey)

1,468
projects supported across our local communities

Reward and ways of working

We continue to be guided by our colleague reward principles, which include placing colleague wellbeing at the heart of our proposition and offering competitive and fair rewards. We offer practical help through our colleague-led working group, and in 2023 we brought forward the pay review from April to January to support our lower paid colleagues with the cost of living, resulting in a £3.5m investment. We pay the National Minimum Wage as a minimum. This is supplemented by 'Gainshare', our store profit share plan, which incentivises and rewards team performance whilst also helping us keep our costs flexible. We do not have any zero hours contracts, and all our colleagues are on a minimum of 16 hours a week (unless the colleague has requested otherwise).

In August, we introduced 'Salary Advance' to give colleagues more flexibility as to when they can access their pay. We have also enhanced our comprehensive wider wellbeing support. In May, we introduced 'Digicare', a market leading suite of wellbeing services for all colleagues, which includes digital GP, home health test kits, and mental health support, all free of charge. We were shortlisted for the 'Best Healthcare and Wellbeing Strategy' at the Workplace Savings & Benefits Awards to recognise excellence in employee benefits.

We remain committed to fostering an engaged and inclusive workplace, with a flexible working approach that balances the needs of the colleague with their team and the wider business. Following the success of our store manager flexible working trial in 2022, we expanded the trial to Operations and Duty Managers in 2023. The results continue to be positive, with satisfaction of work-life balance of colleagues in trial stores rising from 66.5% to 96.5% (measured by a survey of colleagues from participating stores). All store colleagues were given the opportunity to give feedback on and insight into how stores can prepare for the wider flexible working roll-out in 2024.

Inclusion and diversity

In 2023, we have continued to focus on driving inclusivity across the business, and increasing diversity to reflect the communities we serve. Our Inclusion and Diversity policy sets out how we are creating an inclusive culture and diverse workforce through our colleagues' journeys with Wickes. We're proud to have our work on diversity recognised by being shortlisted in two categories at the Burberry British Diversity Awards in 2023; Wickes was shortlisted for Company of the Year and Fraser Longden, Chief Operating Officer, was shortlisted for Diversity Champion of the Year.

We continue to publish our gender pay gap reports on our website, and for 2023 we also included our ethnicity pay gap following the Government's guidance published earlier in the year. For the 12 months to April 2023, our median gender pay gap improved to 0.07% (2022: 2.57%) and our median ethnicity pay gap was -0.74%.

We believe that a balance of genders in our leadership teams will benefit our business and our colleagues. We set targets for 2023 to increase gender balance in the leadership teams of our stores and our Support Centre. To recognise the importance of these targets, we linked these to our Executive Remuneration 2023 Annual Bonus Scheme (see pages 120-121). The methodology for how we measure these targets and the independent limited assurance statement of our performance is available on our corporate website.

At the end of 2023, 33.98% of our store leadership teams were female, exceeding our target of 33.75%. We fell slightly short of our target of 45% of females in Support Centre leadership roles, achieving 43.54%. 73% of our stores have at least one female in the management team, just slightly lower than 75% in 2022. As part of our aim to achieve gender balanced teams, we are continuing to support women with career development and provide incentives (such as flexible working) to help increase this in the future. We partnered with Encompass Equality to participate in their research to understand the key drivers of why women leave their jobs. We are reviewing the insights to understand what further interventions we can implement and help to achieve our 2024 target to increase female representation across our management population.

We want to ensure that our business reflects the communities we serve through ethnic diversity at both operational and leadership levels. In 2023, we mapped each of our store colleagues' ethnicity data against the local 2021 census data. We have been pleased to see that we are already reflecting the local ethnic diversity in some of our regions, and we are using this data to set targets for ethnicity leadership, and encourage all colleagues to disclose their ethnicity.

Director, senior manager and employee gender and ethnicity breakdown[1]

	Gender				Ethnicity					
	Male		Female		White		Ethnic minority[3]		Unknown	
Plc Board	5	71.4%	2	28.6%	6	85.7%	1	14.3%	0	0%
Executive Board	6	75.0%	2	25.0%	7	87.5%	1	12.5%	0	0%
Senior managers[2]	68	65.4%	36	34.6%	82	78.9%	12	11.5%	10	9.6%
All other colleagues	4,613	60.0%	3,082	40.0%	5,368	69.8%	990	12.9%	1,337	17.4%

1 The data for this disclosure is as at 31 December 2023
2 Senior managers: D2 Director level, D1, senior leadership roles, M3 Senior management including technical and Head of Department roles.
3 All ethnic groups except White British and White ethnic minorities.

CASE STUDY

FLAIR

Anti-racism survey with Flair Impact

Led by the Raising Awareness and Action on Cultural Ethnicity (RAACE) network, in 2023 we began a three-year partnership with Flair Impact, a racial equity technology company, to undertake an anti-racism survey amongst our colleagues.

As the first retailer to partner with Flair Impact, this partnership has allowed us to better understand how race affects our entire workforce's experience of work and develop a measurable action plan focused on:

- providing training for colleagues to intervene if witnessing racial microaggressions;
- providing appropriate wellbeing services to colleagues; and
- implementing a policy and process to report racist incidents at work.

"We're excited to be working with Flair Impact to hear directly from our colleagues about their attitudes and experiences of race in the workplace and to use this insight to focus on what we need to do to improve the retention, progression and inclusion of our colleagues from ethnic minority backgrounds."

David Wood – Chief Executive Officer

Colleagues

Early Careers

Building skills in our local communities through our Early Careers offering is essential to ensure we continue to attract and develop the skills required for future growth at Wickes. We have an opportunity to support social mobility within our communities by ensuring we offer the skills and support required for young people to gain employment and succeed in our business.

In 2023, we supported 280 people into Early Careers placements (248 people enrolled on an apprenticeship programme, 27 work experience placements, and five graduate, intern and business placements). People in these placements are more diverse in terms of gender and ethnicity when compared with our colleague population overall. Driving growth through this channel will ensure we can develop the diverse talent pipelines for the future and reflect the communities we serve. Since its launch in 2019, Wickes' 17 apprenticeship programmes have seen 913 people either complete or currently engaged in an apprenticeship.

One of our key focuses is developing a skilled workforce and securing a sustainable installer workforce for the future. Our Installer Apprenticeship Programme is an integral part of this and saw us awarded an Outstanding Achievement by the British Institute of Kitchen, Bedroom & Bathroom Installation for our longstanding work on apprenticeships within the kitchen, bedroom and bathroom sector. We also featured on RateMyApprenticeship's Best 100 Apprenticeship Employers for 2023-2024.

Looking ahead, our apprentices are poised to increasingly contribute to our installation work. It is also hugely positive that three of our early graduates have now taken on apprentices of their own, further nurturing talent for the future.

"Since its launch in 2019, Wickes' 17 apprenticeship programmes have seen 913 people either complete or currently engaged in an apprenticeship."

Employment

We employed on average 7,919 people in 2023, compared to an average headcount of 8,340 in 2022. As a result of the new supply chain logistics contract that went live in January 2023, 339 colleagues transferred to the supplier pursuant to TUPE Regulations.

In 2023, we opened three new stores (Chelmsford, Widnes, and Torquay) and closed four (Wigan, Loughborough, Paignton K&B, and Darlington). When we need to close stores, we take all reasonable steps to support our colleagues who are affected with securing alternative employment with Wickes.

CASE STUDY

Fitted Furniture Apprenticeship

"I am a Bathroom Apprentice based in the West Midlands. I started my Level 2 Fitted Furniture Apprenticeship in July 2023, and I'm really enjoying it.

I'm learning new skills such as plumbing and tiling, building my knowledge and having fun. Being involved in the Wickes apprenticeship scheme has given me a great opportunity to learn a trade, gaining practical experience whilst still earning a wage.

I would recommend the apprenticeship scheme to other people who are thinking of starting their own bathroom fitting business – it is a great way of gaining a trade while earning, with knowledgeable and experienced people to provide support when you need it."

Sophia Fearon – Bathroom Apprentice

Colleague Voice

At Wickes, we remain committed to fostering transparent communication with our colleagues. We employ a variety of formal and informal initiatives, ensuring regular, open and robust two-way dialogue. Each initiative is championed or led by an Executive Board or Plc Board member. Our independent 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 channels

We've continued our listening initiatives in 2023 to support our 'always on' approach:

Colleague Voice: Held annually, we invite a variety of colleagues to meet with independent Non-executive Director Sonita Alleyne on behalf of the Plc Board, where they can ask questions on various topics.

Colleague engagement survey: This annual survey seeks both quantitative and qualitative feedback from colleagues on a range of subjects and assesses overall colleague engagement. In 2023, our colleague engagement was 79% (2022: 80%), which is calculated from four engagement questions included in our colleague survey.

'Hangout with the Exec' sessions: These quarterly virtual roadshows give store, Distribution and Support Centre managers the opportunity to ask the Executive questions on any subject.

Inclusion and Diversity network surveys: In the year we undertake a variety of external surveys to support the objectives and insights of our I&D colleague networks and wider strategy.

Cost of living working group: Following its conception in 2022, we have continued to bring together a cross-section of colleagues quarterly to share their thoughts, insights and ideas as to how the business can provide support to colleagues during the cost of living crisis.

Colleague feedback and outcomes

Culture

Feedback: Colleagues continue to tell us that 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 colleagues indicated that there were opportunities to provide greater financial recognition in this area.

Outcome: Feedback inputted into our employer brand for activation in 2024. Our Instant Reward Pot has been made more accessible for store managers to recognise colleagues.

Strategy and purpose

Feedback: Colleagues are confident in the direction of our strategy and feel that our balanced business gives us a competitive edge. They are proud of our Built to Last Strategy and are pleased that it is broader than just the environment. However, they would like more regular communications on our progress.
Outcome: Continue to focus on our Built to Last communication, both internally and externally, with a particular focus on Homes and Environment.

Inclusion and diversity

Feedback: Colleagues continue to be proud of our extensive I&D agenda and activity. Our survey in partnership with Flair Impact showed that while colleagues not identifying as 'White' do not believe that their ethnicity is a barrier to feeling included at work, there were areas where we could further develop colleagues' understanding of racism and its impact.

Outcome: The action plan from the Flair survey includes rolling out bystander intervention for colleagues, introducing appropriate workplace counselling services and implementing a simple policy and process to report racist incidents.

Pay and benefits

Feedback: Colleagues value our total package. They appreciate our colleague discounts, the Wickes Rewards scheme and the host of other benefits we offer, but they feel we have a greater opportunity to advertise these benefits. Colleagues feel that to have further transparency in pay bandings could help their progression in the business.

Outcome: The Reward team is working on improving how we can better communicate both our enhanced benefit and wellbeing offering and the value of our overall total reward package.

Career development

Feedback: Colleagues recognise that our culture of personal responsibility encourages them to drive their own development supported by their manager. However, they feel that more structure is required in the Performance Development Plan (PDP) process.

Outcome: The performance management process is on the People team's priorities to review and improve for all areas of the business.

Meaningful work

Feedback: We heard that colleagues (primarily store and distribution colleagues) felt further attention on the volume and breadth of the work they do would help to give a greater sense of satisfaction.

Outcome: We are enhancing the level of support given to line managers on balancing the volume of work and providing Learning & Development support. The Operations leadership team has this as a priority on its engagement plan.

Feel at home

We are building a space where anyone – no matter who they are or where they're from – can feel at home. Our inclusion and diversity programme is spearheaded by our six colleague-led 'Feel at Home' networks to drive awareness and education of our diverse communities.

Ability

Building a workplace that everyone can access

"Disabled does not mean less able. We want to give everyone opportunities to thrive and support colleagues to make the most of their ability."

Helen O'Keefe – General Counsel and Company Secretary and Ability Executive Sponsor

We want Wickes to be a place that champions each colleagues' own ability to ensure they reach their full potential, enabling them to deliver exceptional customer service, all the while taking into account their and their family's needs.

We're into the second year of working with Change 100, an internship programme offering paid summer work placements, professional development and mentoring for talented university students and recent graduates with any disability or long term condition. In the summer of 2023, the Customer Insight team hosted an intern from the programme as an Insights Analyst.

Balance for Better

Building a workplace where gender balance is fair

"Balanced teams are much more successful than teams that have a gender bias. We want every colleague to have the right opportunities to shine and reach their full potential, irrespective of gender."

Gary Kibble – Chief Marketing Officer and Balance for Better Executive Sponsor

The priority areas for the network are creating a more balanced workforce across all levels, and empowering all colleagues to reach their full potential by having access to the right opportunities, allowing us to retain and attract talent.

In 2023, the network introduced the Balance for Better podcast which saw colleagues speak about breaking down gender stereotypes and societal norms. With the Reward team, the network expanded the use of Peppy, a women's health, fertility and menopause app, to include men's health, empowering our male colleagues to take control of their health with personalised care from experts.

Pride

Building a workplace that the LGBTQ+ community can call home

"It's important for us to be visible in our support. Everyone, regardless of sexuality or gender identity, is welcome and supported at Wickes."

Fraser Longden – Chief Operating Officer and Pride Executive Sponsor

The Pride network objective is to create a positive and supportive environment that allows our LGBT+ colleagues to reach their full potential.

We ranked 11th in the top 100 Stonewall Workplace Equality Index 2023 and were awarded a gold accreditation for the second year running. We attended Brighton Pride and Manchester Pride with a float, supported by our LGBTQ+ colleagues from across the business. The Pride network won 'Large Brand or Organisation of the Year' at the 2023 Bank of London Rainbow Honours.

RAACE

Building a workplace with diversity at every level

"We believe that when different backgrounds, cultures, nationalities and perspectives come together, we can be more creative, more inclusive and more productive."

Mohamed El Fanichi – Chief Information and Technology Officer and RAACE Executive Sponsor

The RAACE network works to create more opportunities and provide support for colleagues and external candidates from ethnically diverse communities to professionally progress to, and within, the leadership team at Wickes. The network also leads activities to increase awareness, education, and celebration of diverse cultures, religions and races.

2023 marked the first year of our RAACE Ally Programme, designed to train colleagues and give a greater understanding on issues around race, including privilege and microaggressions. In 2023, we trained over 250 managers across the business.

Wellbeing

Building a workplace that prioritises wellbeing

"We want to create a place of wellbeing where our colleagues can feel good and function well, and are supported through any challenges they may face."

Sonia Astill – Chief People Officer and Wellbeing Executive Sponsor

We are committed to creating a workplace that supports our colleagues' physical, mental and financial wellbeing.

We appointed broadcaster Jeff Brazier as our Wellbeing Ambassador for 2023. The newly created position is part of our ongoing investment and commitment to support colleague and customer wellbeing. As a trained life coach and grief counsellor, Jeff has been working with us on wellbeing content for all colleagues, from live talks to bitesize videos accessible to all.

Our Wellbeing network continues to partner with St John Ambulance to provide all our line managers, including every store manager, with Mental Health First Aid Training. We have around 565 Mental Health First Aiders available to all colleagues.

Future Focus

Building a workplace that embraces tomorrow

"We're focused on supporting the next generation of colleagues and customers, through looking at ways we can positively influence business sustainability, colleague development and the communities we serve."

Mark Cooke – Chief Commercial Officer and Future Focus Executive Sponsor

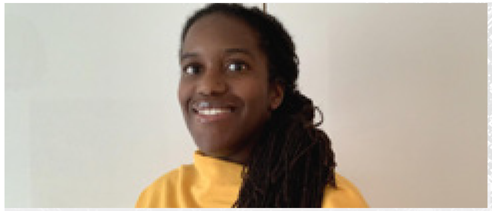
As part of being a responsible business, the Future Focus network supports our ambitions to create a business that is ready for the future, where everyone can thrive, regardless of age, experience and background. The network also looks to support young people in building a better future for themselves, their families and their communities.

The network supported our Early Careers initiative through a dedicated Early Careers group, offering training and networking opportunities with more senior members of Wickes. Colleagues from the Support Centre, Distribution Centre and all stores were invited to take part in A Big Litter Pick to collect rubbish in their local areas. As part of National Recycling Week, the network gave insight into how cardboard, plastic and pallets returned from stores are recycled when they are returned to our Distribution Centre.

External recognition for our work on inclusion and diversity

We are proud of the external recognition the Company and individual colleagues have received during 2023 for our work to address inclusion and diversity in our business:

- Wickes: shortlisted for Company of the Year at the Burberry British Diversity Awards.
- Wickes: ranked 11th in the top 100 Stonewall Workplace Equality Index 2023 and awarded a gold accreditation for the second year running.
- Wickes Pride network: won the award for Large Brand or Organisation of the Year at the 2023 Bank of London Rainbow Honours Awards.
- Chloe Howe, co-lead of Balance for Better: nominated for '*INvolve – The Inclusion People 2023 Heroes Woman's Role Model* list' for the second year in a row.
- Fraser Longden, Chief Operating Officer: shortlisted for Diversity Champion of the Year at the Burberry British Diversity Awards.
- Lauren Cross, co-lead of Wellbeing: shortlisted for two awards at the Great British Workplace Wellbeing Awards for 'Most Inspiring Employee of the Year' and 'Breaking the Silence'.
- Lee Burrows, co-lead of Pride network: nominated for 'Top 10 Future Leader' at the British LGBT Awards.
- Zee Botchway, co-lead of RAACE: nominated finalist in the 'FMCG, Retail, Hospitality & Tourism' category of the 2023 Black Talent Awards.



CASE STUDY

Zee Botchway

Co-lead of RAACE network and Senior Procurement Manager

When did you get involved with the network?
I was asked to set up a network to represent colleagues from an ethnic minority background in 2018. We named the network Raising Awareness and Action on Culture and Ethnicity, or RAACE, in 2022.

Why were you attracted to leading the network?
Being the co-lead Chair of the network is a powerful vehicle for personal and professional development. For me, it aligns with my future career aspirations by providing me with leadership experience, networking opportunities, and a platform to make a positive impact on workplace culture.

What was your best RAACE moment of 2023?
I developed and delivered Allyship workshops for our Wickes colleagues. Connecting directly with over 189 store managers, 13 regional leaders, and key leaders across the business has resulted in some great conversations.

Overall, how would you summarise your experience?
Dynamic, impactful and collaborative.

Customers and community

Our customers

Understanding our customers' views and needs is a cornerstone of our approach to stakeholder engagement, and is covered in detail in our Market review (pages 14-17) and Section 172 statement (pages 68-71).

We continue to seek to mirror the values and diversity of our communities so we can best support our customers. We want everyone to feel at home in a Wickes store and everyone is welcome.

For those customers shopping online, we ensure that all our digital content is easily accessible and incorporate best-practice accessibility standards on our website. We have recently added subtitles to all 150+ of our inspirational 'how to' videos to support hearing impaired customers and added those subtitles as the default setting for video content.

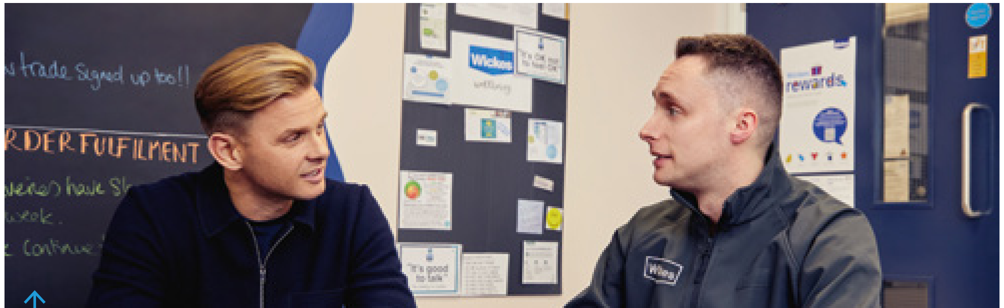
We have extended the support of our Wellbeing Ambassador, Jeff Brazier, to our TradePro members, who are now able to access his coaching content to help with their wellbeing.

We know that, for many of our customers, financial wellbeing and cost efficiencies continue to be top of mind. In store, we have provided energy saving advice to help mitigate rising energy bills against the backdrop of the cost of living. For more information on this, please see the 'Homes' section.

Our 'Let's care for each other' ethos is not just an internal principle but also extends to the communities we serve; we have a zero tolerance stance on physical, verbal or racial abuse against colleagues or customers. We stand in solidarity with fellow retailers by participating in Shop Kind, an initiative designed to tackle violence and abuse against shopworkers.

> "I'm looking forward to working closely with Wickes colleagues and customers, and exploring their own stories around wellness and mental health."

Jeff Brazier – Wellbeing Ambassador



Wickes Wellbeing Ambassador
Jeff Brazier talking to a colleague

Our local communities

We empower and support our colleagues to give back to their communities. The Wickes Community Programme allows and encourages our colleagues to support good causes in their local communities by donating Wickes products. Stores have access to a dedicated product fund of £300,000 per year to support local initiatives to maintain and renovate their local communities. In 2023, the Wickes Community Programme supported 1,468 projects, an increase of 48% on last year, across England, Scotland and Wales, and reached an estimated 500,000 people.

We are proud to announce Crown Paints as the Wickes Community Programme's official paint partner. They have pledged to donate 34,000 litres of paint each year to local communities through our Community Programme, which will enable our stores to support even more good causes around the UK.

In 2023, we launched a five-month volunteering trial to colleagues in 40 stores, our Distribution Centre and Support Centre. Colleagues were connected to local projects using a platform called Neighbourly, to give them the opportunity to donate some of their work time and make a difference in their local communities. 155 colleagues took part across the Company, volunteering 772 hours of their time to support community projects with gardening and painting. In 2024, we will review the outcomes of the trial and plan to produce a volunteering policy and expand the opportunity for workplace volunteering to all our colleagues.

CASE STUDY

Community Programme winners

Last year, the ROC Garden, a Blackpool-based charity empowering unemployed people back into work by training them to become gardeners, was the winner of a £10,000 grant in the National Wickes Community Programme Competition. Its proposal was to develop a repurposing site to handle green waste for the benefit of the local community in Blackpool. The site was officially opened in October 2023.

The aim of the site is to reuse, recycle and repurpose green waste collected from the day-to-day work carried out by ROC Garden teams in Blackpool. The green waste collected will be 'repurposed' to create compost, mulch, wood chips or other repurposed natural products useful for people's gardens, and the local community will be invited to come and collect it for free.

> "We were delighted to be the winners of the Wickes Community Programme competition."

James Baker – ROC Garden Development Manager

Charitable giving

Our partnership with YoungMinds, the UK's leading charity fighting for children and young people's mental health, came to an end in March 2023 after an mutually rewarding three years. In the final three months of our partnership, our colleagues' and customers' incredible fundraising efforts propelled us beyond our £2 million target and we raised £2,335,255 for YoungMinds over the length of the partnership (of which £88,078 was raised in 2023).

This year we announced The Brain Tumour Charity, the UK's largest dedicated brain tumour charity, as our new charity partner. It was chosen through a rigorous three-month process involving colleague nominations and voting. Starting in April 2023 and continuing until April 2025, our mission is to raise £2 million to support The Brain Tumour Charity's vital work in fighting brain tumours on all fronts.

In the first nine months of our partnership, we directly donated £10,000, and we leveraged funds totalling £718,060 to The Brain Tumour Charity from colleague fundraising, plastic bag sales, customer donations and donations from our suppliers.

All 230 of our stores took part in four '50p-ask' customer fundraising events supported by bake sales and other in store activities. In total, we raised £488,266 from customer donations. Our suppliers also helped raise an incredible £170,000 at our annual Charity Dinner. These are just some of the amazing activities organised by our charity champions.

Amidst the economic challenges of 2023, our colleagues have generously given to a variety of charities through our 'Give As You Earn' partnership, over the past 12 months. This allows colleagues to make regular, tax-free donations to a charity of their choice. Over 680 colleagues have donated £43,456 to more than 110 different charities, including The Brain Tumour Charity.

> "This partnership with Wickes is transformational for us, and Wickes colleagues have been tremendous in both their fundraising efforts and raising awareness of the Charity, which will enable us to reach more people affected by a brain tumour diagnosis and support them to live longer and better lives."

Dr Michele Afif – CEO of The Brain Tumour Charity

CASE STUDY

Better Safe Than Tumour Campaign

We have used our reach to promote The Brain Tumour Charity's Better Safe Than Tumour Campaign to colleagues and customers. Knowing the signs and symptoms of a brain tumour can lead to a faster diagnosis, which could reduce the impact of a brain tumour. The primary symptoms in all people facing a brain tumour are vision changes, balance issues and a persistent headache, but these vary by age and circumstances. Please visit https://bettersafethantumour.com if you are facing any of these symptoms or are concerned about a loved one.

THE BRAIN TUMOUR CHARITY

Wickes colleagues fundraising for The Brain Tumour Charity

LOOKING FORWARD

We want all of our colleagues and customers to feel at home. In 2024, we plan to:

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

ENVIRONMENT

OUR OBJECTIVE

We are building a business we are proud of, by supporting the fight against climate change and taking action to protect the natural environment.

OUR TARGETS

- **Operations: Reduce absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 base year**
- **Supply chain: 45% of our suppliers by emissions covering purchased goods and services will have science-based targets by 2027**
- **Products: Reduce absolute Scope 3 GHG emissions from the use of sold products by 42% by 2030 from a 2021 base year**

SCIENCE BASED TARGETS

Our approach

In 2023, we reviewed and updated our Environment Policy to reflect the commitments set out in our Responsible Business Strategy. The updated policy is available on our website, and has been communicated to all our colleagues.

The Company's environmental management controls are designed with the international environmental management system (EMS) standard ISO 14001 in mind. We are continuing to establish our EMS, ensuring that environmental controls are integrated into key business decision making processes. We intend to commission an independent audit of our EMS against ISO 14001 in 2024, after which we expect to develop a timeline to achieve certification.

Climate change

We recognise the substantial risk that climate change poses to humanity and the environment, and we continue to focus on mitigating our impact and preparing our business for a future with a changing climate. As is common with other businesses in the retail sector, 98% of our emissions arise from our value chain (Scope 3). This is due to the large volume and range of products we sell. Our greenhouse gas footprint can be found on page 48.

Wickes is committed to playing our part to achieve the UK's 2050 net zero target, and also to help our colleagues and customers transition to a low-carbon economy in a fair and equitable way. We pledged our support to the British Retail Consortium's (BRC) Climate Action Roadmap when it was first launched in 2021, and we are collaborating with our sector peers to fully decarbonise the retail industry and achieve net zero by 2040.

We received validation in 2022 from the Science Based Targets initiative (SBTi) for our near term science-based targets that cover our Scope 1, 2 and most material Scope 3 emissions.

A significant proportion of our products are timber derived. Therefore, we assessed if we met the SBTi's threshold to set an additional target where emissions related to Forest, Land and Agriculture (FLAG) exceed 20% of our overall emissions. In 2023, total emissions from products with FLAG-related emissions represented 16.7% of our footprint. We intend to continue to review our footprint against this criterion each year.

Throughout 2023, we have been developing detailed delivery plans towards achieving our near term targets and we will continue to refine these as well as improving our methodology for calculating our footprint.

"Throughout 2023, we have been developing detailed delivery plans towards achieving our near term targets and we will continue to refine these as well as improving our methodology for calculating our footprint."

Emissions from our direct operations (Scope 1 and 2 market-based) decreased by 36.9% compared with our baseline of 2021 (2022: 11% decrease compared with 2021). In April 2023, we moved the procurement of the electricity for all of our stores, Distribution Centres and Support Centre to a renewable electricity contract. This has contributed to a significant reduction of GHG emissions arising from our Scope 2 activities. We have also continued to focus on improving the energy efficiency of our estate and our fleet (further information on this can be found on page 49).

Following the introduction of our EV policy for company cars in 2022, we now have 34% electric vehicles and 44% hybrid and plug-in hybrids in our corporate car fleet. From 2025, all new corporate cars ordered will be electric. In June 2023, we launched a low-emissions car salary sacrifice scheme for our colleagues provided by Tusker, and 2.15% of the eligible population had ordered a car through the scheme by the end of 2023.

By the end of 2023, 23 of our suppliers that contribute most significantly to our supply chain carbon emissions have set a science-based target (SBT), all validated by the SBTi. This represents 23.8% of our Scope 3 emissions. In 2023, we focused our engagement on our top 20 suppliers (by emissions) to understand where they are on their journey towards achieving net zero, and we are really pleased with the engagement and commitment of our strategic suppliers. We will be expanding our proactive engagement throughout our supplier network.

In 2023, emissions from the use of products we sold in the year decreased by 14.1% compared with our 2021 baseline (2022: 18% decrease compared with 2021). These emissions are based on internationally recognised estimates of greenhouse gas emissions produced whilst a product is being used across its lifetime. The reason for this change compared to 2022 is due to updates in emissions factors and the mix of products sold in the year.

CASE STUDY

BRITISH RETAIL CONSORTIUM'S

Climate Action Roadmap

As a signatory to the BRC's Climate Action Roadmap since 2021, we have been using the five Pathways for Decarbonisation as a framework to guide our approach. We are making good progress with the roadmap's 2025 milestones

1. Placing GHG data at the core of business decisions – we publicly report our full GHG emissions, and we are engaging with our suppliers on setting SBTs.

2. Operating efficient sites powered by renewable energy – our estate is powered by renewable electricity and we install 100% LEDs in new stores.

3. Moving to low carbon logistics – we collect GHG performance data from our logistics providers.

4. Sourcing sustainably – we achieved a C in our 2023 Forest response to CDP.

5. Helping our colleagues and customers love low carbon lifestyles – we support our customers with information to help them choose products that are energy efficient or can reduce household carbon emissions.

Find out more online www.brc.org.uk/climate-roadmap

Responsible Business continued

CASE STUDY

Low-carbon stores

In November, we opened our new 2,400sq m store in Torquay. We have incorporated energy efficient and low-carbon features into the design and build, including an air source heat pump and electric vehicle chargers.

The site is 100% powered via our renewable electricity contract, and we will be fitting solar panels in 2024. These features have resulted in the store achieving an A-rated Energy Performance Certificate.

"With our estate of 229 stores and two distribution centres, we're actively exploring ways to maximise energy efficiency and decarbonise our existing estate. When developing new stores, we collaborate with developers to incorporate low-carbon features, prioritising the long term sustainability of our estate.

We aim to strike a balance between our journey toward a low-carbon footprint and ensuring comfort for our valued colleagues and customers, all while making sound strategic financial investments for a sustainable future."

Sarah Taitt – Property Director

CASE STUDY

Tackling packaging

Collaborating with our suppliers to look at alternative packaging solutions for our own brand products has been critical to us achieving our target to eliminate unnecessary packaging.

It is vital that any alternative material meets its primary purpose of protecting the product, and remains commercially competitive. Our suppliers rose to the challenge, and our customers can now see the improvements on our shelves and we can see the impact in our packaging data.

Now that we have removed unnecessary packaging on our own brand products, we are working to ensure PVC and polystyrene packaging components are replaced by lower environmental impact alternatives.

In September, we started diverting cardboard packaging, collected at our Northampton Stores Distribution Centre, to nearby Smurfit Kappa sites in Tamworth and Birmingham, where it is recycled into new cardboard packaging. We expect to send over 2,000 tonnes of card packaging waste each year to Smurfit Kappa. Some of our UK suppliers will use this 100% recycled content card for our own brand packaging.

Energy and resource efficiency

Improving the energy efficiency of our estate has continued to be a focus for the business in 2023. This year, we reduced the energy consumption of our property estate by 0.48% and stores by 0.41% compared with 2022. We incorporate energy efficiency into the design of our new store and refit programmes, as well as rolling out improvements across the estate. A list of energy efficiency measures we have implemented in 2023 can be found on page 49 in our SECR update.

Managing our fuel consumption by our fleet operations is also important. With upgrades in our tractor units, we have seen a 5.2% improvement in our fleet fuel efficiency compared to 2022. In December, we conducted tests and reviews for the roll-out of a wagon and drag outbase truck solution for our kitchen and bathroom delivery network, which is expected to reduce road journeys, fuel consumption and carbon emissions, whilst maintaining service delivery. A full launch is planned for 2024, following the roll-out of training.

In 2023, we have completed energy audits as required by the mandatory Energy Savings Opportunity Scheme (ESOS) Phase 3, and we are on track to submit our notification of compliance to the Environment Agency in 2024. The audits will identify further energy efficiency opportunities to implement in future years.

Our direct use of water is limited to colleague catering and welfare, and cleaning our stores and fleet vehicles. We consumed 57,821m^3 of water in 2023 (an improvement compared with 66,388m^3 consumed in 2022).

Waste and recycling

We produce a lot of waste from our business activities. The majority (around 90%) is generated from our kitchen and bathroom installations, with the rest (around 10%) from our store operations.

We are working with our waste contractors who support our installer network to better understand current waste disposal routes and identify opportunities to reduce waste that is sent to landfill and increase recycling rates.

Waste from our stores that is easily recyclable (e.g. card, wood, plastic wrapping) is returned to our Distribution Centre for consolidation and segregation before being collected by specialist recycling contractors. With the majority of the highly recyclable store waste returned to the Distribution Centre, we recycled 11.6% of the remaining in-store waste in 2023; including waste returned to the Distribution Centre, we recycled 39% of the store generated waste.

This year, we started collaborating with some of our suppliers to discuss opportunities to capture our waste packaging material, recycle it and use it in some of our own brand products and packaging. We will continue to work on opportunities to increase the amount of waste which is recirculated back into our products and packaging.

Ultimately our goal is to do more to reduce and reuse waste from our stores, Distribution Centres and offices. In 2024, we will be reviewing our waste streams, developing more robust data reporting processes, and reassess future waste and recycling targets in line with UK Government policy.

Nature

Our business is both reliant upon nature and impacts nature (through product sourcing and our new store programme). We welcome the launch of the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations in 2023, which provides a framework to identify and assess our business's current and potential nature-related risks and opportunities in the short, medium and long term. We also welcome the commencement of the UK's biodiversity net gain policy in 2024 and we will meet these new requirements when constructing our new stores.

We acknowledge the scientific evidence that global nature is deteriorating and biodiversity is declining. (FSC) or the Programme for the Endorsement of Forest Certification (PEFC) (2022: 99.8%). We completed our first CDP Forests submission in 2023, achieving a score of C. Completing this has helped us to understand in more detail where our timber is sourced from.

By the end of 2023, we stopped sourcing compost containing peat. We are selling our existing stock in line with the UK Government's plan to stop the retail sale of all bagged peat compost in England and Wales by the end of 2024.

We plan to work to understand our nature-related risks and opportunities in the coming years as the framework continues to mature.

> "By the end of 2023, we stopped sourcing compost containing peat and we welcome the UK Government's plan to stop the retail sale of all bagged peat compost in England and Wales by the end of 2024."

Of particular relevance to the retail sector is the link between product sourcing and forest risk commodities (such as wood and palm oil) and the connection with illegal deforestation.

We estimate that, in 2023, 35% of our revenue was from timber-based products. We have strict supplier requirements to ensure that the timber used in our products is sourced responsibly (see pages 51-54), and in 2023 we updated our Timber Sourcing Policy. We only purchase material which complies with the UK Timber Regulations and, in 2023, 99.8% of our timber had a Chain of Custody certified by either the Forest Stewardship Council

Engagement and collaboration

The Future Focus colleague network has delivered engagement activities in 2023, driving engagement on environmental activities across the business, including a Company wide litter-picking competition and 'no disposable coffee cups' campaign in the Support Centre.

We continue to learn from and collaborate with our peers in the retail sector through our membership of the British Retail Consortium and the Retail Energy Forum, and with our global peers through our membership of the European DIY Retail Association and the Global Home Improvement Network (EDRA/GHIN).

In 2023, 99.8% of timber we sold had a Chain of Custody certificate issued by either the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC) (2022: 99.8%).

LOOKING FORWARD

We will continue to play our part in the fight against climate change and take action to protect the natural environment. In 2024, we plan to:

- develop more detailed plans on how we will deliver our near-term science based targets;
- continue to collaborate with suppliers and others in our industry to collectively deliver net zero;
- identify further opportunities to reduce waste and increase recycling; and
- further our understanding of our nature-related risks and opportunities.

Greenhouse gas and Streamlined Energy and Carbon Reporting (SECR)

Selected KPIs have been subject to independent limited assurance by DNV. DNV's limited assurance statement is available on our website: https://www.wickesplc.co.uk/company/responsible-business/policies-and-reporting/

Greenhouse gas emissions

	2021 Emissions (tCO_2e)	2022 Emissions (tCO_2e)	**2023 Emissions (tCO_2e)**
Scope 1	23,087	17,484	**19,806**
Scope 2 (market)	14,541	15,722	**3,938**
Scope 2 (location)	9,687	8,585	**9,212**
Total Scope 1 and 2 (market)	37,628	33,206	**23,744**
Scope 1 and 2 carbon intensity (tCO_2e/1,000sq ft)	5	5	**3.15**[1]
Scope 3 Category 1 – Purchased goods and services[2]	1,075,463	1,590,648	**1,011,287**
Scope 3 Category 11 – Use of sold products	362,655	294,996	**311,436**
Scope 3 Category 12 – End of life treatment	120,951	119,973	**88,401**
Scope 3 Other (categories 3, 5, 6, 7, 9 and 13)[3]	26,351	42,940	**40,995**
Total Scope 3[3]	1,585,420	2,048,557	**1,452,119**[1]
Total greenhouse gas emissions[3]	1,623,048	2,081,763	**1,475,862**[1]

1 Scope 1 and 2 carbon intensity, Total Scope 3 and Total Greenhouse Gas Emissions were not included in the scope of assurance for 2023.
2 For 2023, we have included emissions from Scope 3 Category 2 Capital Goods with Category 1 Purchased Goods and Services as we have identified opportunities to align with the capitalisation process of purchased goods and services. We will incorporate this methodology change into our 2021 rebaselining exercise that we will carry out in 2024, when we will also recalculate 2022 and 2023 in line with the improvements.
3 For 2023, we have excluded all emissions in Scope 3 Category 4 Upstream Transportation and Distribution as we have identified opportunities to significantly improve on the previous assumptions made in 2021 and 2022. We will incorporate this methodology change into our 2021 rebaselining exercise that we will carry out in 2024, when we will also recalculate 2022 and 2023 in line with the improvements.

Greenhouse gas emissions overview

We measure our GHG footprint across all three scopes, in line with the Greenhouse Gas Protocol Corporate Standard. We have identified further opportunities to improve our methodology and key exclusions are included in the footnotes to the table, with key assumptions included in our method statement.

The majority of our emissions (98%) continue to arise from our Scope 3 activities, specifically from these categories: purchased goods and services (68%), use of sold products (21%), and end of life treatment of products (6%). We have reported a decrease in overall emissions compared with 2022. This can be mainly attributed to the reduction in emissions from Scope 2 (market-based) and improvements in our methodology.

Our emissions across Scope 1 and 2 have reduced by 28.5% compared with 2022, and by 36.9% compared with our 2021 baseline. This is primarily as a result of the introduction of a renewable electricity contract in April 2023 for all our purchased electricity. Therefore, we are making encouraging progress to meeting our near term target to reduce Scope 1 and 2 by 42% by 2030. Through improvements in how we deliver our distribution by outsourcing some of the operations to our logistics partner Wincanton, this has resulted in some Scope 1 emissions moving to Scope 3. This has triggered our SBTi recalculation policy, and we will rebaseline our 2021 GHG footprint in 2024.

Our Scope 3 emissions have decreased by 29.1% compared with 2022, this can be partly attributed to improvements in our methodology and our temporary exclusion of emissions from transportation and distribution. We will factor this into our rebaselining exercise in 2024. Emissions for our purchased goods and services reduced by 6% compared with our 2021 baseline. We have focused on improving the materials and weight data of the Goods for Resale products we sold in 2023. We are currently using standard emissions factors for key materials. We will explore with our suppliers when we will be able to understand more specific emissions for the products we sell. Although emissions for use of sold products reduced by 14% compared with 2021 baseline, we saw a 5.6% increase compared to 2022. This can largely be attributed to changes in product mix.

For more information about how we are identifying and mitigating our financial risks and opportunities associated with these emissions, please see our TCFD response on pages 57-66 . For more detail on our emissions calculations and methodology, our method statement is available to view on the Responsible Business pages of our website www.wickesplc.co.uk.

Assurance

Independent limited assurance was carried out on selected KPIs by DNV, in accordance with DNV's assurance methodology Verisustain™ and the ISAE 3000 revised standard. For more details on the engagement and the methodology, please refer to the Assurance Statement available on the Responsible Business pages of our website www.wickesplc.co.uk.

Streamlined Energy and Carbon Reporting

	Group/UK 2021[1]	Group/UK 2022[1]	**Group/UK 2023[1]**
Annual GHG emissions (Scope 1 and 2 market tCO_2e)	37,628	33,206	**23,744**
Annual energy use (MWh)	114,515	170,003[2]	**159,994**
Emissions intensity (tCO_2e/1,000sq ft)	5	5	**3.15**

1 The Group does not conduct any activities in the offshore area.
2 Following a review annual energy use for 2022 has been restated (originally stated as 98,141 MWh).

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 SECR emissions, we have followed the GHG Reporting Protocol – Corporate Standard, using an operational control approach, and the emissions factors used were from the UK Department for Energy Security & Net Zero 2023 Government Greenhouse Gas Conversion Factors for Company Reporting, and CEDA emissions database.

Our Scope 1 emissions were calculated from monthly invoice data for stationary emissions, fuel consumption and mileage data for mobile emissions, and heating and cooling asset registries for fugitive emissions. Our Scope 2 emissions were calculated from 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.

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

Energy efficiency action

In 2023, we reduced the energy consumption of our property estate by 0.48% and store energy consumption by 0.41% compared with 2022. This was delivered through the work of our store colleagues to monitor and manage their consumption, the roll-out of energy efficiency technology, and upgrades as part of our store refit programme.

We implemented the following energy efficiency measures in 2023 to address our electricity, gas and diesel consumption:

- With upgrades in our tractor units, we have seen a 5.2% improvement in our fleet fuel efficiency compared to 2022.
- Continued roll-out of LED lighting and, by the end of 2023, 85% of stores have been upgraded.
- Continued roll-out of heating controls and, by the end of 2023, 48% of stores have been upgraded.
- Continued replacement of diesel forklift trucks with electric powered ones, and, by the end of 2023, 83.6% of stores have electric powered forklift trucks only.
- Air source heat pumps (ASHPs) installed in our new Torquay and Chelmsford stores, resulting in a total of four stores now with ASHPs fitted.
- Continued site assessments to identify opportunities for solar photovoltaic panels, and, by the end of 2023, seven stores are fitted with on-site solar generation.
- Voltage optimisation trialled in one store to inform further implementation in 2024.
- Improved reporting to store managers on energy performance.

Responsible Business continued

HOMES

OUR OBJECTIVE

We are building a business we are proud of, by helping our customers save energy and reduce the carbon footprint of their homes.

OUR TARGETS

50% (by revenue) of our own brand products classified as supporting sustainability.

A key market driver for our business is the drive to make the UK's homes more energy efficient and promoting products and services that support sustainability is a potential area of growth for our DIY and Design and Installation customers.

In our 2022 Annual Report, we published an ambition to help the nation make their homes more sustainable, with a supporting target to achieve 50% of our own brand products classified as supporting sustainability.

Throughout 2023, we have undertaken further work to ensure that our strategic focus is aligned with our customer proposition and the ways in which we communicate this meet the Competition and Markets Authority's Green Claims Code. We have reframed our objective to focus on helping our customers save energy and reduce the carbon footprint of their homes.

To provide further clarity we have defined the product groups that we highlight to customers that support sustainability. We use three labels to explain how these products support this objective: supports energy efficiency; supports water efficiency; and generates renewable energy and/or reduces carbon footprints. Products that fall into these groups contribute to the UK meeting its net zero goal by 2050, therefore this is the main strategic focus areas of our Homes pillar.

We also currently highlight products that contain recycled materials or that contain responsibly sourced timber.

We are developing criteria for our colleagues and our suppliers to provide clear guidance on how we define products that support sustainability. We have also provided an overview of our approach to our customers on our customer website.

We are continuing to classify our products according to our guidance. This will allow us to establish a baseline and report in future years how the sale of products classified as supporting sustainability contributes to our business.

Understanding what is important to our customers

We regularly check in with our key customer groups to ensure that we understand how the growing awareness of sustainability may be influencing buying decisions. In the home improvement retail sector, our DIY customers have told us that value for money is key when making product choices and that the cost of living continues to be driving interest in products that can reduce their energy bills.

We are also seeing a small but growing number of customers who want to be less reliant on energy companies, and are looking at local energy generation and renewables. With our trade customers, we have seen a growth in demand for installing more energy saving solutions and products that will help to save money.

Our customers are seeking information, advice and reassurance on measures that will help to reduce their energy bills. To this end, we have been mindful to ensure we are using clear, informative product information which helps reduce the risk of using terms that could be ambiguous and therefore misleading.

Helping our customers save energy and reduce the carbon footprint of their homes

Products included within this category support our customers with: energy efficiency (such as insulation, energy efficient lights and appliances); water efficiency (e.g. water flow restrictors); moving away from fossil fuels (e.g. air source heat pumps, electric vehicle charging equipment); or generating renewable electricity (e.g. solar PV panels).

Improving insulation in homes is the key first step to reducing energy costs. Throughout the year, we continued to promote the benefit of insulation; for example highlighting that the ideal minimum thickness for loft insulation is 270mm.

We also launched new product ranges to expand our offer to help our customers reduce the carbon footprint of their homes. We now offer solar PV products, air source heat pumps and charging kits for electric vehicles.

We provide information and guidance on our customer website and in store to help our customers make informed choices on how to save energy and reduce the carbon footprint of homes. In store, we provide prompts in the form of 'wobblers' positioned next to key products (such as insulation) as part of our Assisted Selling model. On our website, we provide an interactive guide to an 'Energy Efficient Home', product information and installation guidance for key products.

We have continued our partnership with the Energy Saving Trust to provide our customers with impartial and independent energy saving advice.

Offering products that have a lower environmental impact

Reducing the environmental impact of the products and services that we provide is a key focus area of the environmental pillar of our Responsible Business Strategy. Specifically, we are improving our understanding of the carbon impact of the products and services in the supply chain, when they are in use and at the end of their life. Two of our science-based targets focus on these areas.

We currently highlight products to our customers that contain recycled materials. With the advance of product eco-labels and product carbon footprinting, we expect to be able to expand the types of products we include in this category in future years.

We are continuing to explore with our suppliers opportunities to bring to market products in our standard ranges which provide value to our customers, meet our quality standards and have a substantiated reduced environmental impact compared with alternatives on the market.

SCAN ME

OUR ENERGY EFFICIENT HOME GUIDE

Our energy saving advice for customers can be found on **www.wickes.co.uk/ideas-advice/energy-saving-advice**

Products that are certified as responsibly sourced

Responsibly sourced means that environmental and ethical issues associated with the raw material sourcing and manufacture of a product have been addressed. There are organisations that have established responsible sourcing certification schemes for specific materials (e.g. wood, copper, cotton) and suppliers can apply for certification to confirm that specific environmental and ethical standards have been met.

Timber-based products remain a significant part of our business (estimated that 35% revenue in 2023 was based on timber-based products). We have continued to focus on ensuring that, where possible, products made of wood or materials derived from wood have received chain of custody certification from one of the two primary global schemes:

- FSC chain of custody certification
- PEFC chain of custody certification

In 2023, 99.79% of our own brand products made of wood or material derived from wood received chain of custody certification (78.44% certified by the FSC, and 21.35% by the PEFC). For the remaining 0.21% of products, whilst these are not fully certified they are still subject to our strict responsibly sourcing requirements.

LOOKING FORWARD

Whilst developing our product ranges that incorporate sustainability attributes, we will continue to closely follow evolving customer trends and understand market developments and Government policy and how that influences behaviour changes and lifestyle choices. We plan to:

- continue to build our product offer to enable our customers to be more energy efficient and reduce the carbon footprint of their homes;
- explore the role we want to play in the installation of energy efficient products and technologies; and
- expand our information and advice, helping to educate and upskill all of our customer groups on improving the energy efficiency improvement projects and reducing the carbon footprint of their homes.

OUR FOUNDATIONS

SAFETY AND WELLBEING

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. Our aim is to develop and maintain an embedded safety culture, where safety and wellbeing are paramount, led by strong and active safety leaders across our business.

Our safety management framework

Our operations have accountability for ensuring that any risk of harm is identified and controlled, and 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 reporting to every meeting along with six-monthly deep dives on safety to the Plc Board.

Our Safety policies are supported by operational procedures that ensure that 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 reporting and accident investigation process. We take pride in our learning culture, and actively seek to understand how we can do better when things go wrong. Executive Board-led 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 risks to visitors in all our sites.

OUR THREE LINES OF DEFENCE

1. Operation

Accountability

Responsible for the implementation of our Safety Policy and standards, and the development of safe procedures

2. Stay Safe Team

Oversight

Responsible for the development of our safety management framework and the 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

Our progress

In 2023, as well as delivering continuous improvement in the management of our safety risks, we focused on enhancing key parts of our safety management framework. This included establishing managed Risk Registers across the business, improving how we capture safety insights and ensuring a consistent means of safety consultation across our business. Here are some examples of our progress:

- Safety Risk Registers established across our retail, distribution, property and installation teams, enabling the development of risk prioritised improvement plans across our operations.
- A review of our safety consultation processes led to the creation of new safety committees in installation and retail, supported by a safety champion network. These committees promote the engagement of colleagues through consultation and feedback, and will be fundamental to our future safety culture.
- We developed and launched a safety leadership workshop for all our central managers and leaders. This has been rolled out across our operations to ensure all leaders have a consistent message and learning experience, no matter where they work. Over 160 of our leaders were trained in 2023.
- To understand what we need to achieve – an embedded safety culture – we developed an in-house safety culture measurement survey. Using insight from our colleague engagement survey and focus groups across the business, question sets were aligned with industry guides and our own safety culture pillars to produce bespoke operational recommendations to improve our culture. In 2024, these recommendations will be built into our safety improvement plans.
- We embedded a more detailed risk-based Safety Review Programme (audit) that provides more robust assurance on our processes and identifies trends to enable safety improvements both locally and nationally. Where sites have not achieved a satisfactory result, we encourage investigations to identify ways to support managers in improving their standards.
- To ensure the safety of colleagues working around forklift trucks, we delivered a project to identify potential safety solutions and rolled out new controls. All stores have been provided with fixed, extendable barriers, enabling the closing off of work zones to pedestrians. This practice was reviewed by our Safety team across a sample of stores in July and is checked annually as part of safety assurance visits.
- Our Wellbeing network continued to focus on the financial, mental and physical wellbeing of our colleagues. A full programme of planned awareness days was marked with content drawing attention to the many tools and resources that the organisation has to support the wellbeing of colleagues. A partnership was forged with broadcaster Jeff Brazier, supporting the delivery of campaigns during Mental Health Awareness Week and Suicide Prevention Day.
- External recognition of wellbeing excellence continues to grow, with Wickes Store Distribution Centre as a finalist in the category of health, safety and wellbeing at the Northamptonshire Logistics Awards. Wickes was also named as a finalist in two categories in the Great British Wellbeing Awards 2023.

Our performance

In 2023, we expected a levelling out of our safety performance figures following a number of very strong years of pleasing performance on injury reduction. We have seen this in our Accident Frequency rate and our number of lost time incidents, but continue to show strong performance in our reduction of injury numbers across the business. This year we unfortunately saw an increase in the impact of injuries on our colleagues with a significant increase in lost work days (from 845 in 2022 to 1,255 in 2023). Supporting our colleagues back to work safely and with their wellbeing will be a focus for 2024.

14%
reduction of total injuries reported

1.8%
reduction in Lost Time Accident Frequency rate

2%
increase in hours worked before a Lost Time Incident

11%
reduction in actual customer accidents

12%
reduction in Reportable incidents

LOOKING FORWARD

We will continue to actively 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 2024, our focus will be to:

- embed our business wide Risk Registers and safety improvement plans;
- launch a new injury reporting system to enable improved capture of safety data;
- implement the recommendations of our safety culture measurement survey through business wide risk improvement plans;
- deliver a simplified risk assessment schedule to support effective communication of risk management to front line colleagues;
- continue our successful relationship with West Northamptonshire Council to gain assurance on key elements of our safety management framework; and
- deliver four Wellbeing campaigns with the support of our Wellbeing Ambassador, Jeff Brazier.

Governance

Business ethics
Wickes is committed to conducting our operations honestly, responsibly and with integrity. We have a Code of Business Ethics (the 'Code') that applies to all our colleagues, which we updated in 2023. All our colleagues receive e-learning training on our Code, which is at the heart of how we run our business. In addition, we have policies which support the Code for all key regulatory areas, including Competition Law, Advertising, Anti-Bribery and Corruption, Anti-Money Laundering, Corporate Criminal Offence, Consumer Duty, Market Abuse and Anti-Fraud. Colleagues working in relevant areas of the business or in higher risk roles also complete bespoke e-learning on these key regulatory subjects.

We are committed to engaging colleagues on business ethics and regulatory matters in a practical and relevant way, and have a calendar of communication activity in place to ensure colleagues are both clear on the standards we expect and know what to do if they are concerned something is wrong. We operate a confidential and independent whistleblowing service with update reports provided to the Executive team and the Plc Board on a regular basis.

Anti-Bribery and Corruption Policy
We are committed to the highest standards of ethics and have a zero-tolerance approach to any form of bribery and corruption in our business and supply chain. We operate an anti-bribery programme which is built around a clear understanding of how and where bribery risks affect our business and comprises key controls of: policies (including anti-bribery and corruption, gifts and hospitality, and conflicts of interest); procedures (such as conducting due diligence on suppliers); training all colleagues 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 service. All reports are thoroughly investigated and the Plc Board receives reports at least annually on any breaches of policy.

Anti-Fraud Policy
We have an anti-fraud policy in place and take a zero-tolerance approach to any activity which either amounts to fraud or is dishonest. All colleagues are required to complete an annual training module on fraud and due diligence is completed on third parties before contracting with them. We encourage colleagues to report any suspected incidents of fraud or dishonest behaviour either through line management or through our independent, anonymous whistleblowing service. We will continue to review and develop our anti-fraud policy, processes and monitoring to meet legislative requirements.

Human rights and modern slavery
Wickes is committed to respecting all internationally recognised human rights, standards and legislation relevant to our operations. Our Human Rights Policy sets out how we uphold human rights by identifying our areas of responsibility and taking relevant action.

We recognise the harmful impact that modern slavery has on individuals and society, and we are committed to help prevent these illegal practices. Our Modern Slavery and Human Trafficking Policy sets out our zero tolerance approach to any form of forced, bonded or involuntary labour, human trafficking, child labour, and other kinds of slavery and servitude within our own operations or within our supply chain.

Our biggest risk of modern slavery is in our supply chain. We are committed to upholding human rights and promoting positive working conditions and practices throughout our supply chain, and we commit to meet the principles of the Ethical Trade Initiative (ETI) Base Code. We aim to work collaboratively, and to create an environment that enables transparency throughout the supply chain. We promote our Whistleblowing Helpline to our suppliers for them to report concerns. We are a member of SEDEX, a leading platform that supports the management and improvement of working conditions in supply chains, and we require all suppliers providing Wickes own branded products to undertake and deliver an acceptable ethical audit before we begin trading.

Data security and privacy
We recognise that the availability and security of our systems and the safeguarding of data are critical for Wickes to operate successfully. Across the year, we have continued to improve our security controls to prevent, detect and mitigate unauthorised activity, and have invested in both our privacy and information security teams to achieve this.

We have a clear governance framework in respect of data security and privacy, which is overseen by a dedicated data and information security committee, which meets regularly throughout the year.

During the year, new cyber security training was rolled out to all colleagues to sit alongside existing data privacy training. This training was supported by an ongoing awareness and communication programme, including phishing tests, to keep colleagues informed and aware of data privacy and cyber security risks in a practical and relevant way.

As we continue to invest in new technology going forward and decommission old systems, we are adopting a 'Privacy by Design' approach to ensure data security and privacy are appropriately embedded into the design at the outset and throughout the life cycle. We comply with PCI-DSS (independently audited annually by Blackfoot Cyber Security) and as part of our Cyber Security Strategy, we are working towards alignment with ISO 27001 and we plan to consider seeking certification in the future.

Responsible Sourcing, Products and Packaging

Responsible sourcing and supplier engagement
Our Responsible Sourcing Policy ensures that we source products and partners responsibly and set minimum standards across our supply chain. This approach 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 ensure that our suppliers demonstrate and share similar values to our own, especially in the areas of labour standards, health and safety, 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. Our Supplier Manual for Goods for Resale (GFR) and Our Commitments for Goods Not for Resale (GNFR) can be found on our www.wickesplc.co.uk website.

We have continued to enhance and deliver our Supplier Online Risk Assessment (SORA) programme throughout 2023 with significant IT development for all current GFR suppliers. This activity will continue as a priority into 2024 when GNFR will also be assessed. This process helps us to better understand the risks within our supply chain and educate and improve our supplier base. We regularly review the outcomes of the SORAs 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. In 2023, we completed 25 in-person verification visits with key suppliers in India, South Africa and China.

Product quality and safety

Wickes aims to source only products that are safe and 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.

We recognise 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 by the UK Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulations. We also ensure that all paint and varnish products that we sell are compliant with volatile organic compound (VOC) regulations.

When Chromium 6 is used to chrome-plate steel products, it can be responsible for negative health effects during the production process. We are behind with our target to remove Chromium 6 in the production of Wickes own brand products by the end of 2023. We expect to become Chromium 6 free in the production of all our own brand products in 2024.

Packaging

In 2023, we published our first Packaging Materials Policy. This sets out our requirements that will enable us to meet our targets to improve the recycled content and recyclability of packaging used on Wickes branded products. 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 committed to eliminate all unnecessary packaging across our business by 2023. In practice, this has meant reducing, removing and replacing plastic where possible. We have assessed all packaging on our Wickes branded products and we have removed all unnecessary plastic packaging. We have eliminated all other plastics in our own brand packaging, resulting in the removal of 115 tonnes (annually) of plastic packaging, which is a reduction of 7% like-for-like volume compared with 2022. Any new packaging introduced is as minimal as possible.

We are on track to meet our two packaging improvement targets by the target date:

- 100% of our own brand packaging to be reusable or recyclable by 2025. To achieve this, we are removing and replacing polystyrene and PVC packaging. PVC has been reduced by 67% in 2023 compared with 2022 total weight, and we continued to proactively remove polystyrene throughout 2023.
- 50% of our customer plastic and paper packaging to come from recycled materials by 2025. In 2023, 42.7% of our plastic packaging was sourced from recycled plastics (2022: 36.4%) and 44.8% of our paper-based packaging was sourced from recycled paper (2022: 40.9%).

Sustainability Accounting Standards Board disclosure

Multiline and Specialty Retailers & Distributors Sustainability Accounting Standard (version 2023-12)

Accounting metric	Category	Unit of measure	Code	2023 response
Energy Management in Retail & Distribution				
(1) Total energy consumed	Quantitative	Gigajoules (GJ)	CG-MR-130a.1	575,978
(2) Percentage grid electricity		Percentage (%)		27% * 2022 SASB disclosure updated – 44.5% grid electricity for 2022
(3) Percentage renewable		Percentage (%)		83%
Data Security				
Description of approach to identifying and addressing data security risks	Discussion and analysis	n/a	CG-MR-230a.1	Refer to 'Data security and privacy' section on page 54.
(1) Number of data breaches (2) Percentage involving personally identifiable information (PII) (3) Number of customers affected	Quantitative	Number Percentage (%) Number	CG-MR-230a.2	We report breaches where appropriate to the relevant regulatory authorities but we do not currently include this in our public reporting.
Labour Practices				
(1) Average hourly wage	Quantitative	Reporting currency	CG-MR-310a.1	We use this internally, but we do not currently include this in our public reporting.
(2) Percentage of in-store employees earning minimum wage, by region		Percentage (%)		We use this internally, but we do not currently include this in our public reporting.
(1) Voluntary turnover rate for in-store employees	Quantitative	Rate	CG-MR-310a.2	We use this internally, but we do not currently include this in our public reporting. We report voluntary turnover rate for all employees: 23%
(2) Involuntary turnover rate for in-store employees		Rate		We use this internally, but we do not currently include this in our public reporting.
Total amount of monetary losses as a result of legal proceedings associated with labour law violations	Quantitative	Reporting currency	CG-MR-310a.3	We use this internally, but we do not currently include this in our public reporting.
Workforce Diversity & Inclusion				
Percentage of gender representation for: (1) management; and (2) all other employees	Quantitative	Percentage (%)	CG-MR-330a.1	% of females: (1) 34.62% (management levels M3+); (2) 40.05%
Percentage of racial/ethnic group representation for: (1) management; and (2) all other employees		Percentage (%)		% of ethnic group representation: (1) 11.54% (management levels M3+); (2) 12.87%
Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	Quantitative	Reporting currency	CG-MR-330a.2	We use this internally, but we do not currently include this in our public reporting.
Product Sourcing, Packaging & Marketing				
Revenue from products third party certified to environmental and/or social sustainability standards	Quantitative	Reporting currency	CG-MR-410a.1	We use this internally, but we do not currently include this in our public reporting.
Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and analysis	n/a	CG-MR-410a.2	Refer to 'Product quality and safety' section on page 55.
Discussion of strategies to reduce the environmental impact of packaging	Discussion and analysis	n/a	CG-MR-410a.3	Refer to 'Packaging' section on page 55.
Activity metrics				
Number of: (1) retail locations; and (2) distribution centres	Quantitative	Number	CG-MR-000.A	(1) 229 stores; (2) 2 Distribution Centres
Total area of: (1) retail space; and (2) distribution centres	Quantitative	Square metres (sq m)	CG-MR-000.B	(1) 706,964sq m (7,635,067sq ft); (2) 86,759sq m (933,873sq ft)

Climate-related financial disclosures

Compliance Statement
We have set out below our climate-related financial disclosures as required by the Companies Act 2006. This also constitutes our response to the recommendations and recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD).

TCFD Consistency Index
This index table signposts to where disclosures are included in the 2023 Annual Report and Accounts. Our disclosures are consistent with the TCFD's 4 recommendations and 11 recommended disclosures.

TCFD recommended disclosures	Companies Act 2006	Pages
1. Governance		
(a) Describe the **Board's oversight** of climate-related risks and opportunities. (b) Describe **management's role** in assessing and managing climate-related risks and opportunities.	(a) A description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities.	58-59
2. Strategy		
(a) Describe the **climate-related risks and opportunities** the organisation has **identified** over the short, medium, and long term.	(d) a description of: (i) the principal climate-related risks and opportunities arising in connection with the company's operations; and (ii) the time periods by reference to which those risks and opportunities are assessed.	60-61
(b) Describe the impact of **climate-related risks and opportunities** on the organisation's business strategy, and financial planning.	(e) A description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy.	62
(c) Describe the **resilience of the organisation's strategy**, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	(f) An analysis of the resilience of the company's business model and strategy, taking into consideration different climate-related scenarios.	63
3. Risk management		
(a) Describe the organisation's **processes for identifying and assessing climate-related risks**. (b) Describe the organisation's **processes for managing climate-related risks**.	(b) A description of how the company identifies, assesses, and manages climate-related risks and opportunities.	63-64
(c) Describe how processes for identifying, assessing, and managing climate-related risks are **integrated into the organisation's overall risk management**.	(c) A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management process.	64
4. Metrics and targets		
(a) Disclose the **metrics** used by the organisation **to assess climate-related risks and opportunities** in line with its strategy and risk management process.	(h) A description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based.	64-65
(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 **GHG emissions**, and the **related risks**.	No additional requirements in the Companies Act. Covered by existing SECR disclosures.	66
(c) Describe the **targets used** by the organisation to manage climate-related risks and opportunities and **performance against targets**.	(g) A description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets.	66

Response to TCFD recommended disclosures continued

Summary overview of progress in FY2023
In our last Annual Report, we recognised that we needed to undertake further work to demonstrate how we are assessing and integrating climate risks into business strategy and financial planning. To strengthen our approach, we have done the following:

Governance:
– Provided more detailed updates to the Board via the relevant Board Committees and formalised the relative responsibilities of the Responsible Business Committee and the Audit and Risk Committee in relation to climate-related matters.

Strategy:
– Considered the risks and opportunities of energy efficient and low carbon products and services as part of the Board Strategy Meeting.
– Demonstrated how achieving the near-term science-based targets has been factored into the five year (2024-2028) business plan.

Risk management:
– Evolved our approach to assessing climate-related risks from an indicative assessment of risk to integrating climate-related risks into the Company's wider risk management process, including aligning the assessment of financial materiality with other, non-climate-related risks.
– Engaged with key stakeholders in the business to review existing and identify potential climate-related risks and opportunities prior to assessing materiality.

Metrics and targets:
– Included climate-related targets in the 2023-25 Long-Term Incentive Plan.
– Developed a wider range of metrics to monitor climate-related risks and opportunities.

Agreed areas of focus in FY2024
The Board has agreed with the Responsible Business Committee's recommendations that management focus on these areas in the next year:

Governance:
– Quarterly reporting to the Executive team and the Responsible Business Committee with progress delivering our near term science-based targets.

Strategy:
– Further modelling of significant climate-related risks and opportunities to further understand the existing and future materiality for the business.
– Develop a Climate Transition Plan, to provide more detail on how we intend to achieve the net zero targets, how we plan to respond to climate-related risks and opportunities, and how we expect to position ourselves to support the UK economy wide transition.

Risk management:
– Review our disclosures against the International Sustainability Standards Board's (ISSB) International Financial Reporting Standards (IFRS) S1 and S2 in anticipation of these standards forming the basis of the reporting framework for mandatory climate-related financial disclosures in the UK.

Metrics and targets:
– Expand our internal monitoring to include more climate-related metrics and integration of these metrics into relevant decision making.

1. Governance

1a) Board oversight
The Board has ultimate responsibility for setting the Group's strategy, including how the strategy addresses ESG matters, including climate-related issues.

The Board has delegated responsibility for ESG matters, including climate-related matters, to the Responsible Business Committee (RBC) and receives updates from the Committee on its work following each meeting. The Board considers climate-related issues when reviewing and guiding strategy, budgets and business plans – for example, at the Board Strategy Meeting held during the year, the Board considered climate-related risks and opportunities when reviewing and guiding the business strategy, in particular in the context of the Group's market driver to make UK homes more energy efficient.

The RBC is a formal committee of the Board chaired by a Non-executive Director. Its primary purpose is to oversee the development of Wickes' Responsible Business Strategy and monitor the Company's performance in relation to material ESG matters (including climate-related issues). The CFO, General Counsel and Company Secretary, and Head of Sustainability attend all RBC meetings to provide regular updates on climate-related issues and alignment with climate-related financial disclosure requirements. More information on the RBC can be found in the Responsible Business Committee Report on pages 107-110.

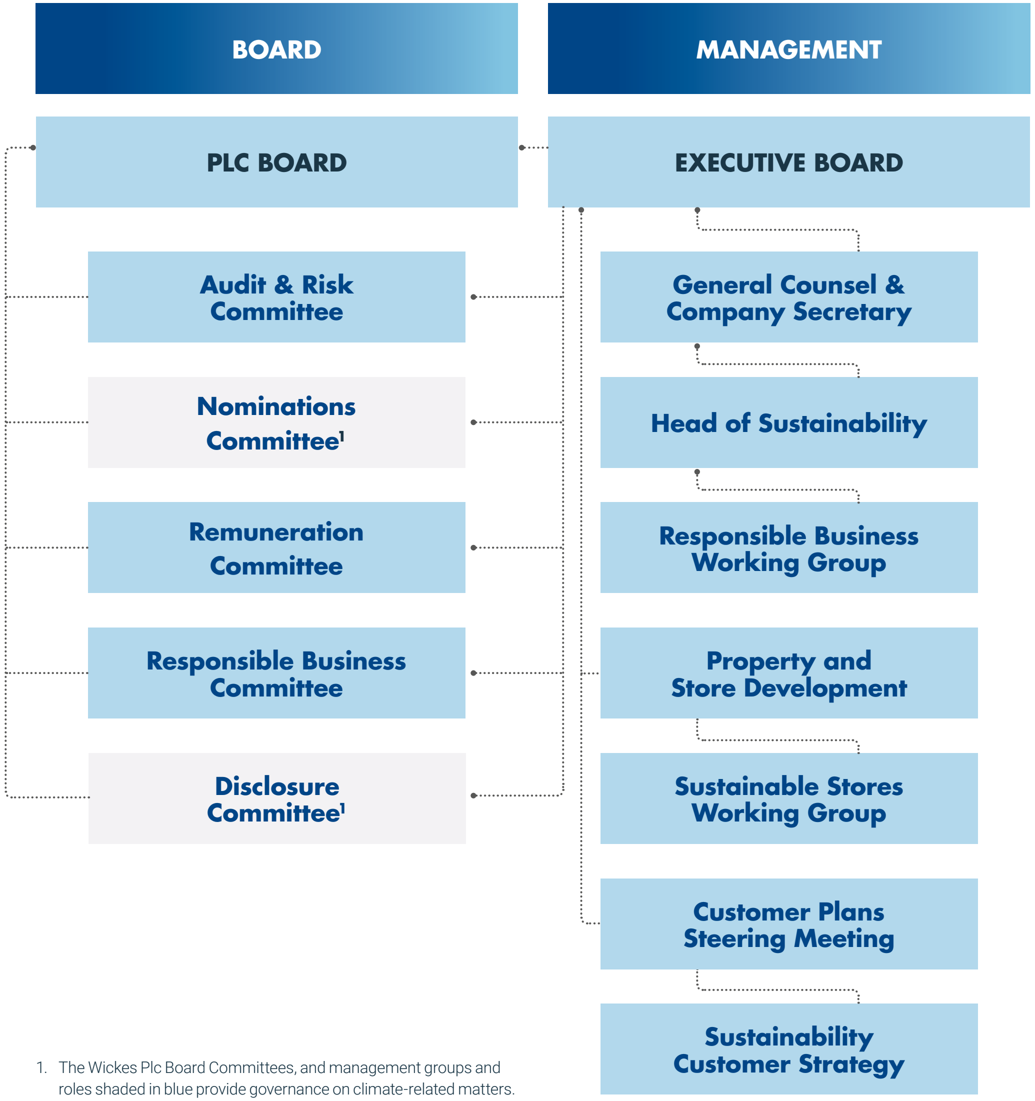
The RBC's duties include overseeing the Group's ESG conduct, and this includes climate-related issues, which are a regular agenda item for the Committee. The RBC monitors and oversees progress against the Group's carbon reduction goals and targets and for addressing climate-related risks and opportunities by reviewing and discussing the reports presented by roles in the business who are responsible for overseeing delivery of the science-based targets (e.g. Head of Sustainability), and for delivering specific carbon reductions (e.g. roles within property and distribution teams). The reports also cover progress against targets and plans, highlighting any operational or financial impacts.

In 2023, the RBC met four times. The agenda for the year is planned in advance to ensure that appropriate attention is paid to climate-related matters. One Committee meeting during the year was dedicated to understanding the evolving reporting landscape for climate-related financial disclosures, reviewing the Company's plans to meet the mandatory disclosures and reviewing significant climate-related risks and opportunities.

During the year, the RBC monitored progress against the near term science-based targets through detailed updates, and updated the Board on discussions after each Committee meeting via the meeting minutes. Going forward, the RBC will be updated each meeting on progress via a quarterly dashboard, and the RBC will feed back to the Board progress against targets on a regular basis by tabling the RBC minutes.

In 2023, we formalised the relationship between the RBC and the Audit and Risk Committee (ARC) in relation to their respective climate-related duties, and updated the respective Terms of Reference to reflect this. The RBC is responsible for reviewing the Company's climate-related risks and opportunities, and content included in the Annual Report that meets the TCFD recommendations and

Governance of climate-related issues



1. The Wickes Plc Board Committees, and management groups and roles shaded in blue provide governance on climate-related matters.

recommended disclosures. The RBC makes recommendations to the ARC in relation to the inclusion of climate-related risks in the Company's principal and emerging risk disclosures, including the assessment of financial materiality. The ARC is responsible for reviewing the recommended climate-related disclosures, as well as (at least annually) carrying out a robust assessment of the Company's emerging and principal climate-related risks, taking into account recommendations from the RBC.

The Remuneration Committee also approves and monitors performance against the near term science-based targets, including using key performance indicators relating to the targets, which form part of the Long Term Incentive Plan. More information on these targets is provided in the Metrics and Targets section on pages 64-66. No other climate-related targets have been set by the Board during the year.

The Board Committees that have formal responsibilities related to climate issues are highlighted in the diagram, along with the reporting relationship between the Committees and the Plc Board, as well as management.

1b) Management's role

The CEO reports directly to the Board and has overall responsibility for ESG and the Company's response to climate-related issues. The General Counsel and Company Secretary is the nominated Executive Board sponsor, reporting into the CEO and supporting him to oversee the Company's approach to ESG matters. The Head of Sustainability reports directly to the General Counsel and Company Secretary, and is responsible for coordinating the Company's approach to assessing, monitoring and managing climate-related matters. The Head of Sustainability also supports our Group Finance team to integrate climate-related financial information into financial and risk business processes where appropriate.

Responsibility for achieving the SBTi validated science-based targets sits with the appropriate Executive functional lead; the Chief Operating Officer is responsible for the delivery of the Scope 1 and 2 science-based target; and the Chief Commercial Officer is responsible for the delivery of the Scope 3-related science-based targets. In addition, the Executive Board monitors store electricity and gas performance, reported through the Company's balanced scorecard each month. Department specific initiatives are overseen by the Executive Board, ensuring climate-related decision making is integrated across the business.

The Executive Board is regularly updated by the Head of Sustainability and operational leads (who are members of the Responsible Business Working Group, RBWG) on progress towards achieving the near term science-based targets and progress of the workstreams to assess and manage climate-related risks and opportunities.

The refit and new store programme is an important part of delivering the Company's Scope 1 and 2 targets to decarbonise its estate. Improvements such as installing solar panels, as well as utility and energy costs and contracts are overseen by the Property & Store Development Board, which is chaired by the Chief Operating Officer.

The RBWG has members from key roles across the business who are responsible for delivering the Company's sustainability targets, and is chaired by the Head of Sustainability. The RBWG tracks the delivery of climate-related targets and initiatives, along with the other sustainability targets, across the business, through monthly meetings. The Head of Sustainability reports on progress of the overall Responsible Business strategy, and the delivery of the targets to the Executive Board and the RBC on a regular basis.

Response to TCFD recommended disclosures continued

2. Strategy

2a) Climate-related risks and opportunities identified

In 2023, we updated the time horizons we use to reflect rolling time periods.

– Short term: 1-5 years. This time horizon was selected because it aligns with the Company's five-year business planning cycle.

– Medium term: 5-15 years. This time horizon was selected because the typical length of lease for the Company's property estate falls within the time period of up to 15 years.

– Long term: 15-30 years. This time horizon was selected because it aligns with the UK Government's net-zero by 2050 target, and also includes the British Retail Consortium's net zero by 2040 goal which the Company has aligned with.

Following the identification and assessment process set out in the Risk management section on pages 63-64, we identified seven thematic categories of potentially significant climate-related risks and opportunities:

– Two physical risks that could significantly impact the business in a High Physical Impact Scenario (4°C) emissions scenario, where the business and its value chain is operating in chronic changes to local climates, and an increase in the frequency and severity of extreme weather events.
– Four transitional risks and one transitional opportunity that could significantly impact the business in a Rapid Transition Scenario (1.5°C), where the business is operating in a rapid transition to achieve net zero by 2050 resulting in progressive government policies, market pressures from competitors and landlords, reputational impacts from investors, and impacts where technology is not keeping pace with the decarbonisation changes required.

The scenarios we have used are discussed further in Section 2c Resilience of the business's strategy.

A description of how each thematic risk category could materialise is provided here. For consistency, risks and opportunities that were included in our FY2022 disclosures as potentially significant have been reviewed and incorporated into these high-level categories.

Potentially significant physical risks and opportunities

We have explored chronic risks to our business and supply chain operations, such as sea level rises, temperature changes, and water stress. We have also explored acute physical risks such as which of our properties are in long term flood risk areas, and how heatwaves impact our operations. Potential risks to the business from a High Physical Impact Scenario (4°C) can be split into risks to the operation of the business and risks to our supply chain.

PR1 – Acute physical risk: Operations

Our distribution network is reliant on: the operation of our two main Distribution Centres which are located in Northampton, and an outbase in Crawley; and our road-based logistics operation that delivers products to stores and customers' homes.

An increase in the severity and frequency of extreme weather events could disrupt the operation of our Distribution Centres and result in a negative impact on our ability to serve our customers and stores, potentially significantly impacting our business. The most likely weather event that increases with frequency and severity in a High Physical Impact Scenario (4°C) is localised surface water flooding as a result of a storm or heavy rainfall. Our Distribution Centres are not located in an area at risk of rising sea levels.

The risks to individual stores from a climate-related incident, such as a storm, or from rising sea levels are not deemed to have a significant business impact. This is because it is unlikely that a significant number of stores would be impacted at the same time to the extent of having to cease trading over a prolonged period. On the one occasion in 2023 where we had to close a store due to a severe weather-related event, we were able to reopen the store within a week. In addition, we are predominantly leaseholders, and so over the medium to long term time horizon we can assess how to reduce our risk further by store relocations at lease renewal time, if necessary.

PR2 – Chronic and acute physical risk: Supply chain

Chronic and acute climate changes could impact our supply chain, most notably the impact of water stress and climatic changes on our timber supply chain. We commissioned a scenario analysis in 2022 looking at the risks to our supply chain from water availability, which suggested that key parts of our supply chain are dependent on industries which are vulnerable to water availability (e.g. paper and forest, chemicals). The supply chain and strategic impacts to the business are uncertain over the long term, and require additional data to assess.

We have regular discussions with our strategic timber suppliers on how they are assessing and managing the risk of the changing climate in their locations. We understand that they are looking at adaptation measures to chronic risks, which might involve switching tree species, as well as acute risks by relocating plantations to areas with lower risk. As a retailer, we are agile in being able to switch to alternative suppliers and work with our suppliers to identify materials (including different timber species) which are more reliant.

Potentially significant transition risks and opportunities

We have explored potential transition risks for our business in a Rapid Transition Scenario (1.5°C), including policy and legal, technology, market, and reputational risks. The risks that we have identified are broadly applicable to the home improvement retail sector operating in the UK with a global supply chain, and not unique to Wickes.

TR1 – Policy and legal transition risk: Carbon pricing and broader policy requirements

In 2022, we commissioned a scenario analysis of the business's potential exposure to future carbon pricing mechanisms. This concluded that under a Rapid Transition Scenario our suppliers in carbon intensive industries could be subject to high carbon prices by 2030. Whilst we don't underestimate the potential impact of carbon pricing on the products we sell, we recognise the impact will be across our entire sector and, whilst we would look to mitigate the impact on our customers, where this is not possible sector pricing would adjust accordingly. We will continue to maintain a watching brief on future carbon pricing forecasts as well as the UK's forthcoming consultation on a Carbon Border Adjustment Mechanism, and update our modelling when these forecasts are more certain.

The risk of policy changes that could impact the products and services for the low-carbon transition is covered in TO1 – Market transition risk: Products and services for the low-carbon transition. Looking across all of the products we sell, there is a risk to our suppliers from other policies in a net zero scenario that aim to reduce emissions from carbon intensive sectors. Greenhouse gas emissions produced during the manufacture of the products that we sell currently represent around 65% of our footprint. Decarbonising our supply chain, and moving away from fossil fuels as an ingredient in carbon-based products, is a significant challenge to us meeting our long term net zero goal. We will continue to monitor policy developments which could impact the production or sale of these products, as well as changing market and consumer expectations for increased transparency on product specific carbon labelling.

TR2 – Technology transition risk: Decarbonising the fleet
The Wickes fleet is made up of mostly heavy goods vehicles. The direct replacement of diesel with hydrotreated vegetable oil (HVO) was discussed in the FY2022 Annual Report as a technologically feasible option to decarbonise our fleet. Throughout the year, we have maintained a watching brief on the cost and availability of the HVO in the UK, and we have seen that costs of HVO have on average been 20-30% higher than diesel costs, and availability of responsibly sourced HVO has not been consistent. In the roadmap to achieve net zero, we will continue to improve the efficiency of our fleet, and work with our logistics partners to identify technologies that result in lower emissions, but that also ensure reliability. The route to decarbonising our fleet remains high risk as the technology for HGVs remains uncertain and is currently cost prohibitive. As a retailer, we are transparent with our customers on the delivery costs, and switching to a significantly more costly alternative could negatively impact the business commercially.

Installing electric vehicle charging across the estate will be required to support the switch of the company car and grey fleets to low- and zero-carbon emissions vehicles. The same chargers could also provide destination electric vehicle charging for customers to encourage footfall at stores, as well as support the wider transition of the UK economy to electric vehicles. The associated increased electricity demand is a risk to the roadmap to decarbonise the estate and in some cases may require additional electricity generation to be installed.

TR3 – Market transition risk: Decarbonising the estate
The roadmap to decarbonise our property estate is centred around transitioning away from gas heating, improving energy efficiency and switching to the supply of renewable electricity (grid and on-site generation). In April 2023, the Company switched to a renewable electricity contract for all grid-sourced electricity used across the estate. To mitigate the risk of increasing costs from renewable sources, the business is also installing on-site solar power generation where this has been assessed as structurally feasible, and has a commercially favourable purchase power agreement with the respective landlord.

Installing new or replacement assets that are more energy efficient or enable the transition away from gas heating (such as air source heat pumps) is technically feasible and relatively low operational risk. The forecast capital expenditure to progressively deliver the asset replacements is afforded within the Company's strategic five-year plan. The risk to the business is increasing costs of new equipment due to inflation and increased demand.

TR4 – Reputational transition risk: Increased scrutiny from Shareholders on delivering net zero
We recognise that it is important to our current and future Shareholders that we contribute to meeting the global transition to net zero, and specifically that we play our part to achieve the UK Government's net zero goal. We are committed to continuing to improve our disclosures over time in line with reporting standards in order to build trust through increased transparency, and we recognise that failure to meet Shareholders' (and other stakeholders') expectations could impact our access to capital.

Feedback from our current investors through the year confirms that the home improvement retail sector is not considered to be a highly exposed sector to climate-related risks. Furthermore, our SBTi-validated near term science-based targets give assurance that we are aligned to a 1.5°C pathway. We will continue to review this potentially significant risk each year, to ensure that we are maximising our ability to access capital.

TO1 – Market transition opportunity: Products and services for the low-carbon transition
In our last Annual Report, we discussed the market opportunity to supply products and services that are required for the UK to meet its net zero target.

In 2022 and 2023, we commissioned indicative analyses to look at the potential market opportunity in a Rapid Transition Scenario (1.5°C), which concluded that there is a significant opportunity for our business to expand our product ranges to include heat pumps, electric vehicle chargers and solar panels. The UK Government policy that supports the transition of decarbonising the UK's homes was revised in autumn 2023. The change in timescales to phase out certain types of products (e.g. gas boilers) has created uncertainty with our customers, our suppliers and the business on the future policy direction of the Government.

Alongside expanding our product ranges, there is a transition risk from the potential phase-out of a small number of ranges that we currently sell. In a Rapid Transition Scenario, this assumes no new gas boilers sold after 2025. In the UK, the policy to phase out gas boilers entirely has been revised to reduce installations in domestic properties by 80% by 2035.

We do not stock significant numbers of product ranges that could be at risk of being phased out in the journey to decarbonise homes (for example gas boilers). Therefore, we consider overall that products and services for the low-carbon transition represents a net opportunity to the business.

Response to TCFD recommended disclosures continued

2b) Impact of climate-related risks and opportunities
Recognising the impact of climate change on our business, in the near, medium and long term, resulting in the potential of rising costs, the Group robustly considers the actual and potential financial impacts on our business, our strategy and our financial planning. Where possible, the Group looks to mitigate cost pressures through procurement efficiencies or, in the case of operational costs, to reduce consumption where possible.

Given our budgets and strategic financial plans are underpinned by two significant focus areas – namely (a) going concern/viability and (b) store and investment impairment – we have considered these factors carefully and set out in the table below our assessment of the potential business and financial impact of potentially material climate-related risks. We have not assessed the financial impact related to TR4 – increased scrutiny from Shareholders (current and future) on delivering net zero, as we consider it to be an unlikely event that the business does not meet its near term science-based targets. We will continue to keep this under review.

In addition to the short summary below of our strategic response, management controls and mitigation measures, further information on how these risks and opportunities have informed our financial planning process can be found in section 2a).

Potential impact of principal climate-related risks

Thematic climate-related risk categories	Risk or opportunity	Potential business impact	Potential financial impact	Scale of financial impact (high/medium/low/uncertain)[1] Short term 1-5 years 2024-2028	 Medium term 5-15 years 2029-2038	 Long term 15-30 years 2039-2053	Climate scenario	Strategic response	Management controls and mitigation measures
PR1 – Extreme weather-related events impacting operations	Acute physical risk	Operations	Expenditure Revenue	Low	Uncertain	Uncertain	High Physical Impact Scenario (4°C)	– Continue leasehold model for property estate with 10- to 15-year lease agreements. – Continue distribution strategic approach to work with expert logistics providers to prepare for and respond to any potential disruption in distribution network. – Commission long term flood risk assessment of Distribution Centres in High Physical Impact Scenario.	– Business continuity plans for distribution and stores – Leasehold model, and long-term flood risk assessed when reviewing new sites and regears. – Distribution strategy is developed, implemented and monitored by the Distribution team in Operations.
PR2 – Chronic climatic changes and acute weather events impacting supply chain	Acute and chronic physical risks	Products and services Value chain	Expenditure Revenue	Low	Low	Uncertain	High Physical Impact Scenario (4°C)	– Continue to partner with strategic suppliers to understand risks in operating regions and discuss mitigating actions.	– Impacts to higher risk and strategic suppliers are monitored by key teams within Commercial, including the Responsible Sourcing and Quality team, and Category teams.
TR1 – Carbon pricing and broader policy requirements	Policy and legal transition risk	Products and services Value chain	Expenditure Revenue	Uncertain	Uncertain	Uncertain	Rapid Transition Scenario (1.5°C)	– Monitoring relevant policy developments. – Focusing on delivering decarbonisation targets.	– Climate-related policy developments (including carbon pricing) monitored by the Head of Sustainability through the Environmental Management System legal horizon scanning process.
TR2 – Decarbonising the fleet	Technology transition risk	Operations	Expenditure	Low	Low	Low	Rapid Transition Scenario (1.5°C)	– Engaging on long term decarbonisation strategy of main transport providers. – Defining business case for potential low and zero-carbon emissions fleet options.	– Plan to decarbonise the fleet is developed, implemented and monitored by the Distribution team in Operations.
TR3 – Decarbonising the estate	Market transition risk	Operations	Expenditure	Low	Low	Low	Rapid Transition Scenario (1.5°C)	– Monitoring energy usage and GHG emissions of stores. – Exploring emission reduction opportunities in stores. – Monitoring relevant policy discussions on Minimum Energy Efficiency Standards and green leases.	– Plan to decarbonise the estate is developed, implemented and monitored by the Property team in Operations, governed by the Property and Store Development Board, and supported by the Sustainable Store Working Group.

1 Refer to section 3a) for definitions.

2c) Resilience of the business strategy

We have used two extreme scenarios to stress test our business model and strategy. These are set out below. By choosing these scenarios, we have sought to identify and understand the risks and opportunities that could arise for our business and strategy, supply chain and wider economy that we operate in, to ensure that we anticipate and prepare for these extremes. We believe that it is likely that the future will fall somewhere between these two scenarios. These are the same scenarios that we used to inform our 2022 disclosures and are commonly used by industry.

Rapid Transition Scenario (1.5°C)

The International Energy Agency's Net Zero Emissions by 2050 Scenario (NZE). This scenario is a normative (or prescriptive) demand-led transition scenario that shows a pathway for the global energy sector to achieve net zero CO_2 emissions by 2050. It is consistent with limiting the global temperature rise to 1.5°C and achieving the Paris Agreement. In this scenario, businesses will be impacted by significant policy changes and the scenario assumes stringent climate policies and carbon pricing, rapid technological innovation and changing consumer expectations.

High Physical Impact Scenario (4°C)

The Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 8.5 scenario projects the most likely climate outcomes associated with a trajectory where global emissions continue rising at current rates, leading to a potential temperature increase of 4°C by 2100. In this scenario, businesses will be impacted by extreme climate change, and the scenario assumes severe impacts of extreme weather events worldwide, and shifting weather and climate patterns.

In 2023, we explored how these potentially significant climate-related risks and opportunities might influence our business strategy and financial planning at a high level. (See 'Potential financial impact' column in the table on page 62). Based on our latest assessment of the potential financial impacts of the significant risks and opportunities following the process we set out in Section 3, Risk management, we consider our current business strategy to be resilient to these two extreme climate-related scenarios.

Our market-led strategy means that we identify what customers want and adapt quickly with short lead times and product holding times. We have established partnerships with strategic suppliers that allow us to understand their risks and mitigation plans, and we can also adapt where appropriate through a global agile and flexible supply chain model. Although a few of our key home improvement product ranges are currently emissions intensive during the manufacturing phase (e.g. cement, paint), we are not dependent on these and we are encouraged by the commitments from these sectors to meet net zero. Any inflationary effects of carbon pricing will impact all home improvement retailers, and therefore our business will remain competitive, whilst we continue to work with our suppliers to reduce carbon emissions across the life cycle of the products we sell.

We do not have a major reliance on products which are powered by fossil fuels (such as gas boilers) and therefore we are not significantly exposed to planned Government phase-outs. We sell a relatively small proportion of electric powered products. Using the most conservative updated pathway for UK grid decarbonisation from National Grid (FES – Falling short), we are on track to meet our near term targets to reduce these emissions.

Our property strategy is leasehold, with an average length of 11 years. This gives us flexibility with our property estate to locate in areas which are lower risk from extreme weather, for example surface water flooding. In a rapid transition scenario, as a DIY retailer we are not significantly energy intensive, and technology is readily available to support the decarbonisation of our estate. Our fleet strategy is also leasehold and we are working with our partners to understand the future of low-emissions road logistics, which is not a unique challenge to our business.

3. Risk management

3a) Processes for identifying and assessing climate-related risks

Identification

Risks and opportunities are identified at the Group level and apply to the activities of the main trading subsidiary of the Group; Wickes Building Supplies Ltd. There are no operational activities undertaken by any other subsidiary of the Group.

Each year, we undertake an exercise with key internal stakeholders to review the list of existing climate-related risks and opportunities as well as identifying any potentially new risks and opportunities arising due to changes in the business, or external changes. This creates a longlist of climate-related risks and opportunities. This identification exercise also considers existing and emerging regulatory requirements related to climate change in the UK, where the business operates.

Assessment

We then screen the longlist of climate-related risks and opportunities, across each time period as set out in section 2a), to assess the potential significance to the business. For each risk and opportunity, we looked through the lens of two extreme future climate scenarios: a High Physical Impact Scenario (4°C); and a Rapid Transition Scenario (1.5°C) (covered in more detail in section 2c).

Climate-related risks and opportunities have been prioritised on the basis of:

- indicative potential financial or strategic impact on the business, using the business impact framework in the Wickes Risk Management Policy;
- the strength of the climate change signal for a specific risk driver or physical risk hazard; and
- the magnitude of projected change from the baseline in a future climate scenario.

Those risks and opportunities that exceed an internally agreed threshold are identified as potentially significant, prioritised for further assessment, and logged on our Climate Risk Register. We have grouped these potentially significant risks and opportunities into seven thematic categories (as discussed in section 2a) for ease of assessment and discussion with the business and the Board.

Further scenario and sensitivity analysis is undertaken on these high-level categories on a two-to three-year frequency depending on updates and changes from external factors, such as policy and legislation changes, as well as business changes (such as new product category ranges).

To assess the impact to the business arising from climate-related risks, we align with the business's Risk Management Policy for all Group risks. For the purposes of this assessment, how we assess materiality in relation to climate-related matters is outlined in the table on page 64.

Response to TCFD recommended disclosures continued

Threshold of materiality in relation to climate-related matters – adjusted profit before tax (PBT) average of last 3 financial years

High level of materiality	>50% adjusted PBT
Medium level of materiality	10-50% adjusted PBT
Low level of materiality and not deemed material in this time horizon	<10% adjusted PBT
Uncertain	Insufficient data to assess at this time

In those cases where there is currently not adequate information to undertake an assessment of financial materiality and therefore financial impact, these have been identified as 'uncertain'. The business impact of such risks is discussed in the Strategy section on pages 60-63.

3b) Processes for managing climate-related risks

We manage our climate-related risks in the same way as other risks that the business faces (refer to the Risk Management section of this report for further explanation on our overall approach on pages 72-74). Following our risk management framework, we identify measures to mitigate the impact of significant climate-related risks in accordance with our risk appetite. We monitor the risks and integrate any key changes into the twice-yearly review of the climate change principal risks. This is undertaken by the Head of Sustainability, and the General Counsel and Company Secretary discusses and agrees changes with the Executive Risk Committee. Any changes are then included in the updates to the Executive Board, Audit and Risk Committee and the Plc Board.

We have summarised management controls and mitigation measures we have in place to manage the potentially significant climate-related risks in the table set out in section 2b).

To respond to the transition risk 'Increased scrutiny from Shareholders on delivering net zero' (TR4), our Investor Relations team will continue open dialogue with Shareholders and maintain a watching brief on the evolving responsible investment landscape. We also intend to continue active management of key ESG rating assessments and to participate annually in CDP.

3c) Integration into overall risk management

The Company's approach to risk management is set out in the Company's Risk Management Policy. This explains how the Company identifies, assesses and mitigates risks, as well as how the Company reports and monitors the Corporate Risk Register and principal risks to the Executive Board, Audit and Risk Committee and the Plc Board. A more detailed explanation of the Company's approach to risk management is provided in the Risk management overview section on pages 72-74.

Through the Company's risk management approach, climate change was identified and assessed as a principal risk for the business at its demerger in 2021. The topic has continued to be considered as a principal risk for the business throughout 2022 and 2023, with the relative exposure remaining stable over this time period. The mitigations put in place and progress of managing significant climate-related risks and opportunities are summarised in the Principal risks and uncertainties section on pages 75-81.

On the Company's Corporate Risk Register, there are 20 identified risk categories – climate change is considered within the 'ESG' risk category. During 2023, the Audit and Risk Committee reviewed the Company's risk appetite for all risk categories. The risk appetite for the ESG risk category remained stable, and the gross risk was increased to reflect the growing mandatory reporting landscape on ESG and climate-related financial disclosures.

The Climate Risk Register sits separately to the Corporate Risk Register, and the outputs of the Climate Risk Register feed into the Climate Change Principal Risk on the Corporate Risk Register.

We are monitoring developments with the ESG and climate-related reporting landscape and will review our approach to integrating climate-related risk into the corporate risk approach, as and when required.

4. Metrics and targets

4a) Metrics used to assess climate-related risks and opportunities

Management regularly reviews metrics associated with the Company's near term science-based targets to track progress on our goal to achieve net zero. Our key metrics for measuring and managing climate-related risks are therefore as follows:

- **Scope 1 and 2 emissions:** The Executive Board monitors store energy consumption on a monthly basis via the Company's balanced scorecard. Management reports to the Responsible Business Committee on high-level performance against the Scope 1 and 2 emissions targets at mid-year and end of the year.
- **Scope 3 emissions:** For our most material Scope 3 emissions categories, namely Category 1 (purchased goods and services) and Category 11 (use of sold products), we have been tracking the number of our Goods for Resale suppliers who have set a validated science-based target. Each year, we measure the Company's full carbon footprint, including all relevant Scope 3 categories, in accordance with the Greenhouse Gas Corporate Protocol – the full methodology is available on our website.
- We report against the SASB Multiline and Speciality Retailers and Distributors industry standard, which is the standard most appropriate to our business. We previously reported against the Building Products and Furnishings industry standard and continue to disclose some of the most relevant metrics, such as percentage of wood sourced from third party certified forests (see Responsible Business section, page 51).

For more information on how these metrics are incorporated into performance measures within remuneration policies, refer to the Directors' Remuneration Report on pages 111-127.

Within the reporting period, we have taken time to identify other additional appropriate metrics which relate to our material climate-related risks and opportunities. We will begin to monitor and, going forward, will report these to the Responsible Business Committee on a six-monthly basis in the Responsible Business dashboard.

TCFD recommended cross-industry metric	Metric used by Wickes and commentary	Link to thematic climate-related risk or opportunity category
GHG emissions Absolute Scope 1, 2, and 3 Emissions intensity	Within the reporting period, we have been tracking the following metrics: – Tonnes of CO_2e for Scope 1 and 2 (six monthly) – % of GFR suppliers that have set science-based targets (six monthly) – Tonnes of CO_2e for Scope 3 (annually) – Tonnes of Scope 1 and 2 CO_2e / sq ft (annually) – Tonnes of Scope 1 and 2 CO_2e / sq m (annually) – Store energy consumption (monthly)	– TR2 Decarbonising the fleet – TR3 Decarbonising the estate – TR4 Increased scrutiny from Shareholders on delivering net zero
Transition risks Amount and extent of assets or business activities vulnerable to transition risks	In 2023, we have developed our taxonomy and classification methodology of products that we sell to be able to monitor the following metric: – % revenue from products that UK Government has announced will be phased out as part of transition to net zero	– TO1 Products and services for the low-carbon transition
Physical risks Amount and extent of assets or business activities vulnerable to physical risks	In 2023, we have been reviewing our property estate and defined appropriate measures to monitor physical risks which we will begin to monitor: – % property portfolio located in an area subject to flooding, heat stress or water stress – Expenditure on property remediation required due to severe weather-related events	– PR1 Extreme weather-related events impacting operations
Climate-related opportunities Proportion of revenue, assets, or other business activities aligned with climate-related opportunities	In 2023, we have developed our taxonomy and classification methodology of products that we sell to be able to monitor the following metric. We will begin to monitor the following metrics to track these opportunities: – Revenue from products or services that support the transition to a low-carbon economy	– TO1 Products and services for the low-carbon transition
Capital deployment Amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities	We will begin to monitor the following metrics to track this expenditure: – Investment in physical climate adaptation measures (flood resilience installation and planned maintenance) – Investment in capital required to decarbonise the estate and fleet	– PR1 Extreme weather-related events impacting operations – TR2 Decarbonising the fleet – TR3 Decarbonising the estate
Internal carbon prices Price on each tonne of GHG emissions used internally by an organisation	We have not yet developed an internal carbon price, and we are considering using one in the future.	– TR2 Decarbonising the fleet – TR3 Decarbonising the estate – TR4 Increased scrutiny from Shareholders on delivering net zero
Remuneration Proportion of executive management remuneration linked to climate considerations	The 2023-2025 Long Term Incentive Plan (LTIP) incorporated an additional ESG measure based on our approved near term science-based targets, weighted at 10% (3.33% equally split per target). The 2024-2026 LTIP will continue to incorporate this measure, weighted at 10% of the LTIP. Refer to the Annual Report on Remuneration section, page 124 for further information.	– TR2 Decarbonising the fleet – TR3 Decarbonising the estate – TR4 Increased scrutiny from Shareholders on delivering net zero

Response to TCFD recommended disclosures continued

4b) GHG emissions and related risks
Our Scope 1, 2 and 3 GHG emissions are key metrics in monitoring our climate impact over time. We have calculated our full 2023 GHG footprint for our business, covering absolute Scope 1, 2 (market and location) and 3 emissions and carbon intensity. Our methodology for calculating our footprint is aligned to international best-practice guidance from the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI)'s Greenhouse Gas Protocol Corporate Standard.

The 2023 GHG footprint for the business is reported on pages 48-49 and includes historical periods since 2021 (when the Group was formed) to allow for trend analysis. The data has been independently verified to SAE3000. Our methodology, the external verification statement and full GHG footprint is available on our corporate website: www.wickesplc.co.uk. An emissions intensity ratio is also reported on comparing emissions against floor area of property estate.

Due to structural changes in our business resulting in outsourcing of some distribution activities, and improvements in the accuracy of activity data, we have triggered the SBTi's 5% threshold for recalculating our base year footprint. In 2024, we will recalculate our 2021 base year and use this to assess if target recalculation and/or target revalidation by SBTi is required.

In 2023, when calculating emissions from Goods for Resale, we have continued to use estimated emissions for key materials from global databases (e.g. Ecoinvent for Scope 3, Category 1, Purchased goods and services). In the near and medium term, we will be working with our strategic suppliers, as well as collaborating with the global home improvement retail sector, to move towards improved accuracy of emissions from suppliers, and ultimately emissions directly associated with the manufacture and transport of products. This process will result in a continuous improvement of our methodology and may require further rebaselining of our footprint in future years.

4c) Climate-related targets and performance
Wickes is a signatory to the British Retail Consortium's Climate Action Roadmap, which commits to collectively achieving net zero across the UK retail sector by 2040. We have reported our progress against the roadmap's 2020-2025 pathways for decarbonisation milestones on page 45.

In 2022, our three near term Science Based Targets received validation from the SBTi. This validation confirms that our targets have been set following the SBTi's Net Zero Standard and are aligned with the scale of reduction required to keep global temperature increase by the end of this century to 1.5°C compared to pre-industrial levels. We have set milestone targets as part of our LTIP (more detail on the LTIP is provided on page 113).

We remain on track to achieve our near term science-based targets:

- Operations: Achievement of our Scope 1 and 2 reduction target will be largely met by the switching of our electricity supply to a renewable electricity contract in April 2023.
- Suppliers: We are making good progress with our strategic suppliers committing to set science-based targets.
- Products: The reduction in emissions from the products that we sell whilst they are in use is largely dependent on the decarbonisation of the UK electricity grid. We periodically review Future Energy Scenarios from ESO to understand the latest timelines for decarbonising the grid, to be able to identify what direct actions may be required by the business to meet the near term target by 2030.

A detailed discussion of our performance with our near term targets is provided in the Responsible Business section on pages 44-45. Section 4b) explains that the 2021 base year will be recalculated during 2024 and therefore the baseline which we assess against may change in future years.

Progress with SBTi validated near term science-based carbon reduction targets

	Aligned LTIP milestone targets 2023-2025	FY2023 progress
Operations:		
Reduce absolute Scope 1 and 2 greenhouse gas emissions 42% by 2030 (from a 2021 base year)	25%	36.9%
Suppliers:		
45% of our suppliers by emissions covering purchased goods and services, will have science-based targets by 2027	30%	23.8%
Products:		
Reduce absolute Scope 3 greenhouse gas emissions from the use of sold products 42% by 2030 (from a 2021 base year)	16%	14%

We have reviewed our GHG emissions that relate to land use change and land management (also called FLAG emissions). We have concluded that, in 2023, 16.7% of emissions were FLAG-related emissions and therefore we have not exceeded the SBTi's threshold of 20% and are not required to set an additional FLAG reduction target.

Non-financial and sustainability 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 or on our website.

Non-financial matter	Disclosures of policies and standards	Page
Employees	Section 172 statement: colleagues	69
	Board leadership and company purpose	88-90
	Strategic report: People, Inclusion and diversity, Colleague voice	36-41
	Strategic report: Safety and wellbeing, Safety Policy	52-53
	Nominations Committee report: Inclusion and diversity	97-99
	Directors' Remuneration report	111-127
Human rights	Code of Business Ethics	54
	Human Rights Policy, Modern Slavery and Human Trafficking Policy	54
	Our Modern Slavery statement can be found on our website	
Social matters	Section 172 statement	68
	Strategic report: People, Environment, Homes	36-51
Anti-corruption and anti-bribery	Board leadership and company purpose	88
	Modern Slavery Statement	54
	Anti-bribery Policy	54
	Anti-Fraud Policy	54
	Whistleblowing Policy	89
Environmental matters	Response to Task Force on Climate-related Financial Disclosures (TCFD) recommended disclosures	56-66
	Principal risks and uncertainties: Climate change	79
	Strategic report: Environment	44-49
	Responsible Business Committee report	107-110
	Environment Policy	44
	Responsible Sourcing Policy	54
	Timber Sourcing Policy	47
Climate related financial disclosures	Response to TCFD recommended disclosures	56-66
Principal risks and impact of business activity	Principal risks and uncertainties, in particular People and Safety	79
	Audit and Risk Committee report	100-106
Business model	Business model	18-20
Non-financial key performance indicators	Key Performance Indicators: Carbon emissions; Store leadership diversity	29

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 continued to act in an agile way in responding to the uncertain economic environment, continued cost of living challenges and significant inflation, and considering the effects these have on our stakeholders.

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 which establish a robust system of control and oversight. The main activities of the Board during the year are set out on page 91.

Engaging with stakeholders

Engagement with stakeholders plays an important role in ensuring that the Board fully understands stakeholder views and makes well-informed decisions that consider different priorities and are fair and consistent. The Board recognises that not every decision will benefit all stakeholders, and inevitably tradeoffs may have to be made between stakeholder groups from time to time. Such considerations ensure the business is making decisions with a longer term view in mind and with the long term success of the business at its core.

Given the increasing importance of installers to the delivery of the Company's strategy, it was decided that they should now be considered separate from suppliers and reported as a key stakeholder group in their own right. In order to have a manageable number of key stakeholders to focus on, landlords have been consolidated into the supplier stakeholder group and Government and regulators have been removed as a key stakeholder in relation to engagement, reflecting that our relationship is one of compliance and reporting which doesn't require engagement.

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 and what they care about, and considering their perspectives, it enables more meaningful relationships to be built so the Company and the Board can ensure that all views are taken into account in reaching conclusions that will benefit the Company as a whole and create value for the long term.

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 strategy and how we engage with them is set out in the following pages.

COLLEAGUES

79%

colleague engagement

We provide a great place to work with a special culture where colleagues feel at home and can bring their true authentic self to work.

We value the different perspectives that our inclusive and diverse workforce brings.

We prioritise the health and wellbeing of our colleagues and provide development opportunities to enable colleagues to build their skills and careers.

We create an environment where colleagues feel recognised and rewarded for the work they do.

CUSTOMERS

>80%

customer satisfaction

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

We prioritise providing excellent customer service.

We are committed to sourcing good quality and competitively priced products in an ethical way.

We recognise that customers trust us with their personal data and we work hard to ensure we have safeguards in place.

INSTALLERS

>3,000

installer teams

We recognise the important role that our installers play as a key partner in differentiating our customer proposition and delivering for our customers.

We work closely with our installers and give them opportunities to grow their business.

We provide high quality kitchen and bathroom products and designs and the infrastructure to enable installers to focus on the installation.

We provide around 50 installation apprenticeship places to support development of key installation skills.

SUPPLIERS

80%

of top* suppliers with a relationship of 10+ years

We treat our suppliers fairly and with respect, and we pay them on time.

Our suppliers welcome our collaborative approach and together we develop long term partnerships based on trust to build capability together and create value that can be shared.

Our track record of market share gains gives our supply partners confidence to invest and we work together to grow our businesses responsibly.

We work with our supply partners to share learnings and accelerate our decarbonisation journeys.

* refers to our top 50 suppliers by spend

COMMUNITIES

1,468

community projects supported

We feel strongly about giving something back and supporting the causes that matter to our colleagues and customers.

We raised over £2million for YoungMinds over our two year partnership that ended in 2023. We are now supporting The Brain Tumour Charity and by the end of 2023, we had already raised £0.7m.

Our Community Programme encourages colleagues to support causes in their local communities and in 2023 we supported 1,468 projects.

We have approved near term science -based targets to reduce our absolute Scope 1 and 2 emissions by 42% and reduce the most impactful sources of our Scope 3 emissions.

SHAREHOLDERS

£37.2m

returned to Shareholders

We create long term and sustainable value by growing the business responsibly.

We focus on increasing our market share, driving profitable growth with strong cash generation enabling strong returns.

We build Shareholders' trust through proactive and relevant engagement to secure their ongoing investment and support.

Our capital allocation policy reflects our confidence in the Company's strategy and business model.

Stakeholder

Colleagues*

BUSINESS MODEL & STRATEGY LINK

Our passionate colleagues along with our winning culture are an enabler at the foundation of our strategy to deliver our purpose – to help the nation feel house proud. The business ensures that colleagues feel supported and valued, and have the tools to succeed.

HOW WE ENGAGE & OUTCOMES

DAY-TO-DAY ENGAGEMENT

- Annual colleague engagement survey
- Subject specific colleague surveys
- Inclusion & Diversity network surveys
- Support Centre monthly briefings
- Listening groups
- 'Ask the Exec' meetings
- Internal communities
- Newsletters
- Face-to-face briefings ('team 5')
- Networks
- Anonymous whistleblowing service

BOARD ENGAGEMENT

- Site visits
- Designated Non-executive Director champion for workforce engagement attends listening groups and reports to the Board
- People updates at each Board Meeting via the CEO report
- Reviewing outcomes and actions from engagement surveys
- Reviewing gender and ethnicity pay gap disclosures
- Reviewing talent plans
- Reviewing reward and benefit reports
- Reviewing monthly and deep dive safety reports

OUTCOMES

- 79% engagement score on our recent colleague feedback survey, which was completed by 84% of colleagues
- Flexible working in stores trialled and being rolled out
- Held cost of living webinars
- Introduction of Salary Advance in response to feedback from the cost of living working group
- Introduced salary exchange car scheme
- Introduced Digicare and digital GP services
- Invested in new learning and development programmes for colleagues
- Updated Early Years opportunities, including apprenticeships

* More information on colleague engagement can be found in the Strategic report on pages 27,36,39,53,68

Customers

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. Having a compelling customer proposition and delivering exceptional customer experience is key to achieving our growth levers.

HOW WE ENGAGE & OUTCOMES

DAY-TO-DAY ENGAGEMENT

- Customer satisfaction monitoring across all channels
- Customer focus groups
- Customer surveys
- Product reviews
- Mood of the Nation surveys
- Customer feedback and complaints

BOARD ENGAGEMENT

- Store visits
- Customer service centre visit
- Receiving customer insights reporting
- Monitoring customer satisfaction reports

OUTCOMES

- Investment in Customer Experience Centre
- New payments options introduced online, including Apple Pay, to provide further choice to customers
- Development of customer offer, including TradePro rewards and launching the B2B proposition

Suppliers

BUSINESS MODEL & STRATEGY LINK

Having strong relationships with our suppliers to ensure that we offer quality products and services at a competitive price with good availability underpins our three customer propositions.

HOW WE ENGAGE & OUTCOMES

DAY-TO-DAY ENGAGEMENT

- Twice-yearly supplier conference for goods supplies
- Regular supplier meetings
- Monitoring of ethical standards
- Supplier charity dinner
- Contracts negotiations and renewals

BOARD ENGAGEMENT

- Supplier visits
- Ethical trading updates
- Reviewing material supplier contracts

OUTCOMES

- Resumed physical audits after the pandemic
- Collaborated on opportunities to improve sustainability and 23 suppliers now have SBTi validated science-based targets.

Installers

BUSINESS MODEL & STRATEGY LINK

A specialist installation model differentiates our offer and is key to the success of our Design & Installation proposition.

HOW WE ENGAGE & OUTCOMES

DAY TO DAY ENGAGEMENT

- Regional and Divisional Wickes management team
- Customer Experience Centre liaising between customers and installers

BOARD ENGAGEMENT

- Reviewing updates on installations performance
- Reviewing feedback from Installer Apprentices

OUTCOMES

- Implementation of a new Field Services Management System

Communities

BUSINESS MODEL & STRATEGY LINK

Our Responsible Business Strategy is embedded into our strategy and supports our corporate purpose. We have three pillars to our Responsible Business Strategy which reflect our focus on People, the Environment and Homes.

HOW WE ENGAGE & OUTCOMES

DAY TO DAY ENGAGEMENT

- In-house community and Charity team interacting with our corporate charity and coordinating fundraising events
- Individual stores liaising with local community projects
- Colleague volunteering

BOARD ENGAGEMENT

- Reviewing updates on charity and community initiatives

OUTCOMES

- Raised over £2 million for YoungMinds
- Supported 1,468 community projects through product donations and colleague volunteering
- Trialled a colleague volunteering platform

Shareholders

BUSINESS MODEL & STRATEGY LINK

We aim to deliver long term sustainable growth and returns to Shareholders through the delivery of our strategy.

HOW WE ENGAGE & OUTCOMES

DAY-TO-DAY ENGAGEMENT

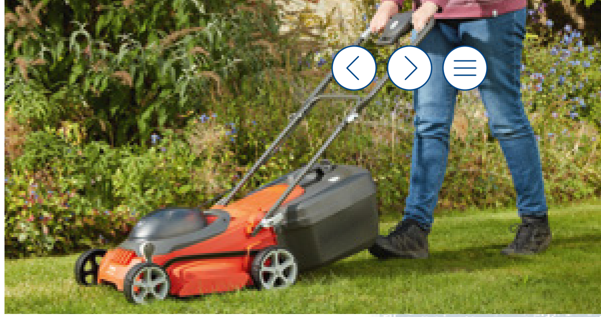
- CEO/CFO meetings with Shareholders during the year
- Guided store visits for Shareholders
- Corporate website
- Market announcements and presentations
- Annual General Meeting (AGM)
- Responding to Shareholder queries

BOARD ENGAGEMENT

- Board Chair engagement with major Shareholders on governance and strategy
- Remuneration Chair engagement with major Shareholders on Remuneration Policy
- Attending AGM
- Non-executive Directors available to discuss any matter requested by a Shareholder on request
- Reviewing Shareholder feedback
- Reviewing AGM voting and proxy reports

OUTCOMES

- Updated Capital Allocation Policy, leading to introduction of a share buyback programme
- Maintenance of dividend
- Held Shareholder meetings and roadshows
- Considered Shareholder feedback from Remuneration Policy consultation



Section 172 continued

Stakeholder case studies

KEY STAKEHOLDER GROUPS CONSIDERED

- COLLEAGUES
- CUSTOMERS
- SUPPLIERS
- INSTALLERS
- COMMUNITIES
- SHAREHOLDERS

Customer Experience Centre[1]

BACKGROUND

As part of a strategic review of customer experience, an opportunity was identified to reshape the way in which we serviced Design & Installation customers throughout their post-order journey to provide a better service.

STAKEHOLDER CONSIDERATIONS

Colleagues
The Board considered the positive impact for colleagues, particularly Design Consultants, who would be able to focus on the design and sale process, and other store colleagues, who would be freed up from dealing with customer queries arising post-order.

Customers
The Board recognised that this provided an opportunity to improve customer service and differentiate the Wickes offer. In particular, it was identified that having a single point of contact would be valued by customers during their Design & Installation project and would reduce the number of customer issues and complaints.

Suppliers
The Board considered the longstanding and collaborative relationship that had been established with the outsourced customer service supplier and recognised the opportunity to grow this, creating value for both parties. The growth in market share that could be achieved would also create more volume and scale for other key product suppliers.

Installers
The Board noted the potential benefit to installers in having a more proactive customer service model, which provides both installers and customers with a single point of contact for each individual project to resolve any issues during the installation process.

Communities
The Board recognised that the new Customer Experience Centre would create additional job opportunities in the communities in which the supplier operated.

Shareholders
The Board considered the importance of making investment decisions that support long term growth and provide new opportunities to increase market share and reduce remedial costs, therefore making it a more cost efficient proposition providing a good return on the investment.

OUTCOME

The Board concluded that the implementation of the Customer Experience Centre would benefit all key stakeholders and would elevate the post-order customer experience, which would support the growth and profitability of the Design & Installation proposition. Following implementation, the performance of the Customer Experience Centre is being closely monitored and stakeholder feedback has been positive.

Capital Allocation Policy[2]

BACKGROUND

Having completed two financial years since demerging from Travis Perkins Plc and, with the benefit of greater experience in the cash flows and requirements of the business, the Board considered that it was the right time to review the Company's Capital Allocation Policy and opportunities to return value to Shareholders.

STAKEHOLDER CONSIDERATIONS

Colleagues
The Board noted that all full-time and part-time colleagues in employment at demerger from its previous parent company were allocated free Wickes Shares and would therefore benefit from the opportunity for future dividends and any increase in share price.

Shareholders
The Board considered that the proposed Capital Allocation Policy would benefit Shareholders through the opportunity for increased future dividends per share and increased earnings per share. The Board also noted that it would be helpful to give Shareholders clarity over the Capital Allocation Policy, which would demonstrate management's confidence in the strength of the business strategy. The Board carefully considered the appropriate level of cash that the business would need to retain to operate effectively and deliver its strategy, and determined the level above which cash would be considered surplus. The Board sought and considered feedback from Shareholders and took this into account when reviewing the Capital Allocation Policy.

OUTCOME

The Board approved the new Capital Allocation Policy, which was announced to the market in July 2023. A £25m share buy-back programme to return excess cash to Shareholders commenced shortly thereafter.

Property strategy[3]

BACKGROUND

As a key strategic growth driver, the Board keeps the property strategy under review throughout the year and an opportunity was identified to both increase the number of store refits and implement measures to improve energy efficiency and decarbonise our estate.

STAKEHOLDER CONSIDERATIONS

Colleagues

The Board considered that refitting stores and reducing the energy usage of our estate would have a positive impact for colleagues by providing improved working environments (better heating, lighting and colleague areas) and also improving colleague engagement by including colleagues in the design process.

Customers

The Board recognised that refitting stores would provide a better customer proposition and an improved customer experience.

Suppliers

The Board considered that the property strategy would deepen relationships with landlords and also help landlords meet their decarbonisation targets through the use of heating controls, solar panels and the switch to LED lighting.

Communities

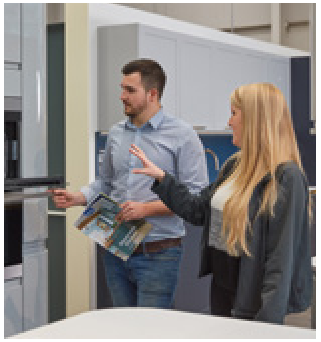
The Board noted that communities would expect us to provide good working environments for our colleagues and take steps to reduce our environmental impact.

Shareholders

The Board noted that growing the estate would increase sales and that both refitted and new stores would provide a strong return on investment, as would the improvement to heating and lighting controls.

OUTCOME

The Board considered that accelerating the refit programme and rolling out LED lighting and heating controls across the estate was beneficial for all affected stakeholders and represented a sound investment case.



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

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
a) The likely consequences of any decision in the long term	Strategy and business model	18-27
	Principal risks and uncertainties	75-81,106
	Performance review	8-11
	Stakeholder case studies	70-71
b) The interests of the company's employees	People strategy	36-43
	Responsible Business Strategy	34-43
	Principal risks and uncertainties	75-81
	Stakeholder case studies	70-71
	Directors' report	128-130
	Directors' Remuneration report	111-127
c) The need to foster the company's business relationships with suppliers, customers and others	Strategy	18-27
	Responsible Business Strategy	34-66
	Principal risks and uncertainties	75-81
	Stakeholder case studies	70-71
d) The impact of the company's operations on the community and the environment	Responsible Business Strategy	34-66
	TCFD disclosure	56-66
	Responsible Business Committee report	107-110
e) The desirability of the company maintaining a reputation for high standards of business conduct	Strategy and business model	18-27
	Responsible Business Strategy	34-66
	Responsible Business Committee report	107-110
	Board leadership and Company purpose	88-90
	Whistleblowing	89
f) The need to act fairly as between members of the company	Strategy and business model	18-27
	Board activities	91

Risk management overview

BACKGROUND

Our approach to risk management at Wickes remains focused and practical in the context of the business and its needs. We recognise that effective risk management is a key part in enabling us to meet and exceed the expectations of our stakeholders and, through this understanding, create the environment which will help us achieve our short, medium and long term goals.

During 2023, we continued to build on and strengthen our understanding of the context in which we operate and our internal operating environment. With these changing perspectives, we have reassessed our risk management processes to ensure that our view of risk remains appropriate. Understanding risk remains a cornerstone of our decision making, underpinning how we have operated our business throughout the year.

2023 remained a year of high inflationary pressures, with the cost of living crisis deepening as many of our customers experienced financial burden caused by high inflation coupled with higher interest rates. Although inflation rates eased in the latter part of the year, largely due to a reduction in fuel costs, the impact of a prolonged spell of high inflation has the potential to require a period of readjustment before consumer confidence and consumer spending regain some of the ground lost.

Conflict between nations remains a threat to global stability, with ongoing war in Ukraine together with instability in the Middle East having the potential to disrupt global supply chains. Fortunately, Wickes has minimal direct supply chain exposure from these conflicts and, through close relationships with our suppliers, we have maintained a clear view of upstream operations to ensure that, if required, effective mitigations can be quickly introduced.

EMERGING RISKS

The Board has continued to operate effective processes to help identify and assess potential risks that may impact the business in the medium and long term. New risks, as well as the evolution of existing risks, are reflected within Wickes' risk profile, and regularly evaluated by the Board and management teams. These processes support a detailed and up to date view of risk, ensuring that risk management continues to support effective decision making.

The impact of climate change on weather patterns, and the disruption caused by extreme weather events, both in the UK and globally, underlines the need for us all to make definitive changes to the way we operate. Wickes continues to focus on reducing its carbon emissions through, for example, working with our suppliers and landlords to ensure we meet our decarbonisation commitments. We remain committed to supporting customers to save energy and reduce the carbon footprint of their homes. Further details of our approach to managing the risks and opportunities from climate change are provided on page 79.

Following the buoyancy experienced in the home improvement market as a result of the pandemic and the resulting changes in working practices as people were encouraged to work from home, 2023 has seen a rebalancing in demand for home improvement which is being felt across the sector. We continue to adapt our service offering and evolve our strategy to meet the needs of our customers. 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.

Initially highlighted as a crystallising risk in 2022, high inflation has continued to be a key feature during 2023. The impacts of higher prices and increasing interest rates have been felt across the economy, impacting the consumer's ability to spend as people face the challenge of mitigating higher prices for energy, mortgages and day-to-day living expenses. Throughout the period, by working closely with our suppliers, we have sought to preserve the value we deliver to customers and, by doing so, have consolidated our position within the market.

RISK APPETITE

A clear and well-defined risk appetite supports management in making appropriate decisions in pursuit of the Company's strategy. The Board has established the Company's risk appetite level for each principal risk, regularly reviewing the suitability of appetite levels with reference to the strategy and the external operating environment. In parallel to the revision of the Company's principal risks, a revision of the Company's appetite for risk took place during 2023 to ensure that it remains at a level which safeguards value within the organisation, while providing sufficient scope to pursue opportunities where it is appropriate to do so.

As in prior years, greater focus is applied by the Board on those risks which currently fall outside of appetite. Assessments on these risks are provided to the Board regularly and are designed to provide assurance that mitigating activity is sufficiently focused to either reduce the level of risk exposure to an acceptable level in an appropriate timeframe or, where appetite has been purposefully set low, ensure ongoing mitigations are in place to manage the risk as far as practicable.

RISK MANAGEMENT FRAMEWORK

Our risk management framework is constructed around a five-point model integrated across the three lines of defence. It 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 make sure that a comprehensive 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 evaluates and prioritises the Company's principal risks (highlighted on page 75). 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, during Executive Board meetings and regular, bi-annual meetings of the Executive Risk Committee as well as meetings of 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 management overview continued

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 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 remains current and accurate.

RISK MITIGATION

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

As an independent and objective assurance provider, Internal Audit, by delivering 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 where the Corporate Risk Register and principal risk view is 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 evaluation of risks. 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.

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 worked to include a more operational view of risk management.

Principal risks and uncertainties

PRINCIPAL RISKS

Wickes' approach to risk management is built around a sound understanding of our principal risks. Detailed analysis of the individual causes and consequences of our principal risks has supported the development of our Corporate Risk Register and, as such, the Corporate Risk Register is the primary mechanism through which our principal risks and related themes are assessed. Regular review of the risks captured within the Corporate Risk Register ensures that an appropriate and up to date view of our principal risks is maintained.

Updates in-year
Prior to its demerger in April 2021, Wickes was reliant on back-office systems designed and managed by its then parent company. The Autonomy programme, to transition to standalone systems, was completed during 2023 and therefore the Board, through the Audit and Risk Committee, approved the removal of the Autonomy programme from the Group's principal risks.

During the year, the principal risks and risks themes were reviewed and updated to reflect the changes in operations and the external risk environment. The updated set of principal risks was approved by the Board following a recommendation from the Audit and Risk Committee.

RISK MAP

Principal risk themes
The risk map shows the relative exposure of each principal risk theme on a net basis rather than 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.

PRINCIPAL RISK THEMES

- A Cyber and Data Security
- B Business Change
- C Brand Integrity & Reputation
- D Legal and Regulatory Compliance
- E IT Operations
- F Growth Strategy
- G Climate Change
- H People and Safety
- I Commercial and Supply Chain
- J Financial Management
- K Customer Experience
- L Stores, Distribution and Installations

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.

The risk map above, 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.

Principal risks and uncertainties continued

Growth levers	Stakeholder groups	Risk trend
1 Winning for Trade; 2 Accelerating Design & Installation; 3 DIY category wins; 4 Store investment; 5 Digital capability; 6 Enhanced store model; 7 A winning culture	Colleagues; Customers; Suppliers; Installers; Communities; Shareholders	Decreasing; Increasing; Stable

RISK – CYBER AND DATA SECURITY

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

Description of risk

The availability and security of our IT systems and accurate data is critical for us to operate successfully whilst maintaining the security of colleague, customer and company confidential data.

A key system being unavailable or suffering a security breach could lead to operational difficulties, loss of sales, increased costs, legal and regulatory penalties, reputational damage and loss of stakeholder trust.

Stakeholder groups

Risk trend

Link to strategy 5

MITIGATIONS

- Continued investment in technology development and security including roadmap to decommission outdated systems.
- ‘Privacy by Design’ approach to new systems.
- Data protection and information security policies and procedures in place and regularly reviewed.
- Mandatory training and ongoing awareness programme, including phishing tests, to keep colleagues informed and aware of data protection and cyber security risks.
- Restricted access to sensitive data.
- Security controls to prevent, detect and mitigate unauthorised activity which are regularly tested.
- Vendor assurance process to assess the robustness of suppliers’ security and data protection controls as part of onboarding or contract renewal.
- Data and security provisions are included in third party contracts.
- Crisis management plans and business continuity plans in place.
- Investigation process including a feedback loop to ensure learning from mistakes
- Dedicated management data and information security committee
- Monitoring and reporting to the Executive Board quarterly and Plc Board twice a year.

PROGRESS

We continue to improve our security to minimise the likelihood of and increase the ability of the business to identify and respond to a cyber attack.

During the year, new cyber training was rolled out to all colleagues.

There were no material cyber incidents or data breaches during the year.

Going forwards, we expect to see cyber attacks continue to grow in frequency and complexity, and we will continue to develop our cyber and data security risk management.

RISK – BUSINESS CHANGE

Executive responsibility: Executive Board

Description of risk

The nature and pace of change can have a significant influence our business. Keeping pace with and, where possible, being ahead of change is a business imperative without which we will be unable to achieve our strategic goals and aspirations.

Stakeholder groups

Risk trend

Link to strategy 1 2 3 4 5 6 7

MITIGATIONS

Although the demerger presented one of the more significant episodes of change in Wickes’ recent history, business change has become an embedded factor across everything that we do as a business.

A key focus, however, is ensuring that we can manage the change which occurs, to maximise opportunities and minimise risk so that we are able to change and adapt to continue to work towards our strategic goals.

A key mitigation to business change is our forward-looking investment plans; defined change programmes have been identified, budgeted, and are being delivered to support our strategy. We have also worked to embed change within business-as-usual processes, recognising that change is not confined to projects, but forms the foundation of an adaptable and resilient business.

PROGRESS

A significant part of our ability to respond to change was built into the autonomy programme in 2022; a proportionate level of funding has been allocated to business change programmes in 2023 to ensure that our business continues to evolve and is best placed to meet the future demands of customers and the sector as it changes.

It is recognised that there is an imperative to adapt and evolve which means that business change is no longer a discrete activity but an ongoing process.

RISK – BRAND INTEGRITY AND REPUTATION

Executive responsibility: Executive Board

Description of risk

Maintaining and growing our brand integrity and brand reputation underpins our long term strategic aims, allowing us to maintain and grow our position in the home improvement market.

Failure to do so may prevent us from achieving our strategic objectives.

Stakeholder groups

Risk trend

Link to strategy 1 2 3 4 5 6 7

MITIGATIONS

Maintaining our brand integrity and brand reputation is woven into the fabric of everything that Wickes does.

Our approach in this area includes 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

The Company has continued to focus on its distinctive customer proposition, uniquely balanced business and curated product range delivered through a low-cost and efficient operating model which are key underpins for its brand integrity and reputation.

Our brand monitoring programme has provided assurance that we maintain a healthy brand and reputation, but we are aware that a level of focus is required to ensure that this trend continues. The highest levels of probity and integrity remain cornerstones of the way Wickes operates and a foundation of our culture.

RISK – LEGAL AND REGULATORY COMPLIANCE

Executive responsibility: General Counsel and Company Secretary, and the Executive Board

Description of risk

We operate in an increasingly regulated environment, and we must comply with a broad range of laws, regulations and standards.

Failure to comply with or to take appropriate steps to prevent a breach of these requirements could result in formal investigations, legal and financial penalties, reputational damage and other consequences for the business, its colleagues and Directors.

Stakeholder groups

Risk trend

Link to strategy 7

MITIGATIONS

- Code of Business Ethics in place, supported by legal and regulatory compliance policies which are regularly reviewed.
- Mandatory training based on risk for all key areas, including health and safety, data protection, consumer credit, competition law, pricing and promotions, modern slavery, anti-bribery, anti-money laundering, anti-tax evasion, market abuse and age restricted sales.
- In depth training for high-risk roles.
- Dedicated teams of subject matter experts across the business, including health and safety, responsible sourcing and quality and sustainability, supported by the in-house legal team.
- Supplier commitment to comply with all applicable laws and regulations is incorporated into contractual terms of business and monitored through the ethical audit programme.
- Anonymous whistleblowing service for colleagues, suppliers and other third parties to enable concerns to be reported in confidence.
- Investigation process including a feedback loop to ensure learning from mistakes or incidents.
- Monitoring of key risks through dedicated management committees (consumer credit and data and security governance).
- Monitoring and reporting to the Executive Board quarterly and Plc Board twice a year with higher-risk/low-risk appetite areas such as health and safety reporting to every meeting.
- Active monitoring of legal and regulatory developments by in-house legal team.

PROGRESS

We continue to monitor legal and regulatory developments relevant to the business and take appropriate action.

During the year, training was reviewed and updated to make it more tailored to the business, and new policies, processes and training were put in place to meet the requirements of the new Consumer Duty.

No material breaches of laws or regulations were identified during the year.

Going forwards, we expect to see significant strengthening of UK consumer laws and regulations and increasingly demanding environmental regulation, and will continue to monitor developments and respond appropriately to ensure continued compliance with applicable laws and regulations.

Principal risks and uncertainties continued

RISK – IT OPERATIONS

Executive responsibility: Chief Information Technology Officer

Description of risk

As a digitally enabled business, reliable, available and appropriate back-office and customer facing IT operations underpin the delivery of every aspect of our strategy.

Separate from cyber security, the maintenance of our IT estate is a critical success factor to our short, medium and long term success. Failure to manage our IT operations effectively may impact sales and our ability to operate as a business.

Stakeholder groups

Risk trend

Link to strategy 5

MITIGATIONS

Reflecting our business's need to be supported by information technology, the ongoing effective operation of information technology forms the basis for everything that we do and helps to mitigate associated risks.

The completion of the autonomy programme improved our ability to identify and respond to issues directly, and also enabled a full assessment of our IT system needs against our strategic plans and priorities. A significant investment programme to develop future fit IT solutions was initiated as part of the demerger, gathering pace through 2023. This programme, together with an effective approach to identifying and resolving day-to-day issues with minimal impact on systems availability, have been key components in managing this risk throughout the year.

PROGRESS

The completion of the autonomy programme has ensured our systems continue to be effectively managed and able to support the business. The strategic and operational approach taken by the business has ensured that system availability has been maintained, and work continues to identify and remedy known issues.

Further investment to support the development of back-office systems will continue through 2024 and beyond to strengthen our ability to manage our IT estate effectively and efficiently.

RISK – GROWTH STRATEGY

Executive responsibility: CEO and the Executive Board

Description of risk

Our aspiration to grow market share in the competitive home improvement sector is a fundamental driver for our investment in stores, technology, products and our people.

Sustainable growth enables us to make this investment. Failure to achieve our growth strategy may limit the level of investment we are able to make towards realising the future of Wickes.

Stakeholder groups

Risk trend

Link to strategy 1 2 3 4 5 6 7

MITIGATIONS

Progress towards the achievement of our strategic goals forms a key focus for all areas of the business, underpinning the creation and maintenance of Shareholder value. To support our focus, a five-year (rolling) plan details how our strategy will be operationalised in the short and medium term. The five-year plan is approved by the Board and forms the basis of departmental business plans which together drive the achievement of our strategy.

Regular, monthly reporting of target defined key performance metrics provides a clear view on progress and helps to ensure that the Executive Board maintains strong visibility over progress and can identify areas where additional focus or changes to approach may be required.

PROGRESS

Our results for 2023 provide confidence that we've adopted appropriate responses to manage the risks associated with our growth strategy.

Encouraging progress has been made throughout the year against our objectives where, despite the inherent challenges that our customers have faced during the ongoing cost of living crisis, our unique market proposition and value focus have seen a growth in Wickes' market share across the year.

RISK – CLIMATE CHANGE

Executive responsibility: Executive Board

Description of risk

Our stakeholders need to be assured that we are acting responsibly across our operations and supply chains.

Physical risks from extreme weather events and transition risks from potential stringent regulation, or failure to efficiently decarbonise our value chain, could increase costs and impact operational flexibility.

Failure to positively change our impact on the environment would fall short of stakeholder expectations, which could lead to reputational damage and impact our financial performance.

Stakeholder groups

Risk trend

Link to strategy 4 6 7

MITIGATIONS

- Assessment of physical and transitional climate change-related risks (see TCFD statement on page 57).
- Allocation of capital across the five-year business plan to enable the delivery of further operational carbon reductions.
- Approved near term science-based targets in place to reduce our Scope 1 and 2 and most material Scope 3 emissions.
- Carbon reduction targets built into the Executive Board's long term incentives.
- Active collaboration with strategic suppliers to decarbonise our supply chain.
- Dedicated sustainability team.
- Monitoring of policy and regulatory developments, future carbon pricing and stakeholder views.
- Assessment of the physical risk to property estate from long term climate change.
- Aligning climate change-related disclosures with developing standards (e.g. IFRS) and frameworks (e.g. CDP).

PROGRESS

We continue to make good progress on reducing our environmental impact in line with our Environment Policy.

During the year, we have reduced energy usage through the roll-out of LED lighting and improved heating controls, and we switched to a renewable electricity contract. We have also worked closely with key suppliers to set science-based targets to reduce the emissions of our supply chain.

New product ranges were launched during the year to support our customers with improving energy efficiency and decarbonising their homes, particularly considering the ongoing cost of living challenges.

We are on track to meet our near term science-based targets and support the British Retail Consortium's Climate Action Roadmap to achieve net zero by 2040.

Going forwards, we expect to see increasing disclosure requirements and a focus on greenwashing claims. We will continue to develop our Responsible Business Strategy and our climate transition plan to respond to the evolving situation and stakeholder needs.

RISK – PEOPLE AND SAFETY

Executive responsibility: Chief People Officer, Chief Operating Officer and Executive Board

Description of risk

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.

Stakeholder groups

Risk trend

Link to strategy 6 7

MITIGATIONS

At Wickes, we recognise that our people sit at the very core of everything that we do. We maintain a positive, supporting culture and our motto of 'let's do it right' runs throughout everything that we do, including how we engage with customers, suppliers and colleagues.

We have continued to liaise closely with colleagues to understand their views and challenges and have continued to provide support to promote good mental health and financial wellbeing where needed.

These approaches are embedded within our people strategy, which has been built around the four pillars of awareness, education, policy and practice.

Health and safety

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 and incident reviews, where required, are conducted and lessons applied to ensure that our operations remain as safe as possible, and wider monitoring of health and safety KPIs provide management with an accurate view of health and safety risk within the business.

PROGRESS

Our colleagues are vital to the current and ongoing success of the business. Throughout 2022 and 2023, the cost of living crisis has impacted our colleagues, and we have recognised that additional support has continued to be 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 2023, and maintaining our good record remains a key area of focus for the business in managing the health and safety risks that we are able to control. We remain aware and proactive in reducing risks posed by violence towards our colleagues including violence resulting from an increase in 'professional' shoplifting activity.

Principal risks and uncertainties continued

RISK – COMMERCIAL AND SUPPLY CHAIN

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

Description of risk

Effective management of our commercial relationships with suppliers and our wider supply chains helps provide a platform which enables the business to provide an excellent level of customer experience. Working in partnership with our suppliers, we are able to support sustainable, long term relationships based on fairness and trust. Failure to do so may impact our ability to manage our product costs and ensure the availability of products.

Stakeholder groups

Risk trend

Link to strategy 1 2 3

MITIGATIONS

The transition to a standalone business enabled Wickes to re-establish and reaffirm relationships with all suppliers, including the renegotiation of contracts.

Regular contract performance reviews are held with our key suppliers, which include assessments on both price and fulfilment performance against as set of established performance indicators.

We work closely with our suppliers to ensure that we are able to meet the needs of our customers, while supporting our suppliers to maintain viable businesses. Regular supplier conferences are held throughout the year to maintain positive relationships with our supplier base and help maintain a focus on the delivery of our commercial strategy.

PROGRESS

Throughout 2023, commercial teams have maintained regular interaction with our suppliers, working with our suppliers to promote sustainability within the supply chain. Our commercial approach has enabled margin retention while offering our customers the level of value expected of the Wickes' brand.

The proactive management of our supply chain has resulted in the maintenance of product quality and ensured excellent product availability throughout the year.

RISK – FINANCIAL MANAGEMENT

Executive responsibility: CFO

Description of risk

Managing finances, including understanding and managing the impact of external influences on our costs, revenue and cash flows 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

Stakeholder groups

Risk trend

Link to strategy 1 2 3 4 5 6 7

MITIGATIONS

The Company has well-established financial processes and controls which allow it to monitor trading and to actively manage its costs and cash flows, as well as to develop longer term financial plans.

Cash flow models are maintained which monitor short term cash movements, as well as medium term cash and working capital. These underpin our going concern and financial viability assessments (see page 82).

The Company's treasury activities are low risk; they are managed using clearly defined and documented policies, ensuring surplus cash is effectively deposited and short term cash needs are satisfied.

PROGRESS

During 2023, the Company has invested across finance, in both people and processes, to improve the quality of its internal financial reporting, as well as to continue its investment to document and streamline its financial controls.

These investments have helped to reduce the net risk score in this area. However, we recognise the need to continue to invest and adapt, mindful of the revisions to the UK Corporate Governance Code published by the FRC.

RISK – CUSTOMER EXPERIENCE

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

Description of risk

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 and brand reputation.

Stakeholder groups

Risk trend

Link to strategy 1 2 3 4 5 6 7

MITIGATIONS

2023 has seen the continuation of programmes to capture customer views on their experiences which includes initiatives such as the Customer Closeness programme, our customer satisfaction programme (run by 3rd party partner Maru) and our rich understanding of data which fuels our Mission Motivation Engine.

Regular and frequent customer surveys and feedback received through our digital platform, store channels and through our Click & Collect and Home Delivery services provide Wickes with a unique and rich view of how our customers feel about our services. 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 cause of issues rather than addressing symptoms.

The customer contact satisfaction process and root cause approach has helped us achieve high levels of Customer Satisfaction across all our channels and all channels have grown consistently since 2018. In the event of an escalated complaint, these are managed by our team of expert Customer Complaint handlers, based in Northampton. We run a quality programme so we can monitor customer satisfaction at the point of complaint resolution and have an 80% 'Good or Excellent' satisfaction rating. We also measure and report customer satisfaction at every stage of the Do-it-for-me customer journey, helping us to drive continuous improvement by targeting those parts of the process which receive lower satisfaction scores.

PROGRESS

Our continuing focus on our customers has, once again, resulted in excellent levels of customer satisfaction. Our ongoing programme of investment in technology and our continuing focus on measurement, root cause analysis and appropriate corrective action have contributed to these results. In addition, focusing on the 'inputs' as opposed to the 'outputs' has underpinned our consistent growth, and CSAT excellent results in 2023.

As our back-office systems improve through the business change programme, we envisage that further improvements to customer satisfaction will be realised through increased efficiency and data availability. In addition, in 2024 we launch our Customer Satisfaction programme with a new partner, InMoment, which will provide even richer feedback through rich data. We will then take this data to insight, then to action to ensure an improved outcome.

RISK – STORES, DISTRIBUTION AND INSTALLATIONS

Executive responsibility: CEO and Chief Operating Officer

Description of risk

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.

Stakeholder groups

Risk trend

Link to strategy 6

MITIGATIONS

The effective running of our stores distribution and installation process is a fundamental aspect of our day-to-day operations.

Training and support for these teams ensure that a good level of awareness of our standards and expectations is maintained.

Our store compliance programme, driven by our inspection regime, ensures that all our stores continue to maintain the standards that our customers expect.

Well-controlled Distribution Centres and associated logistics provide a means to ensure that we have the right product in the right places to fulfil customer needs.

The application of continuous improvement approaches helps to keep performance levels high and helps to identify where action may be required.

Customer feedback and satisfaction measures ensure that our installations meet and exceed the expectations of our customers.

PROGRESS

In recent years, responses applied to mitigate risks which impact stores, distribution and installations have helped to build a robust and effective environment to manage internal operations. Through maintaining a 'customer first' mindset, we have continued to build on these mitigations through 2023.

The further strengthening of internal processes and IT systems through the year, investment in which is set to be maintained in 2024, continues to contribute to improved performance in this area.

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 2028.

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 18-19 and 21-27, 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. The continuing macroeconomic uncertainty brought about by the recessionary environment in the UK, inflation risks, and global supply chain disruption; despite the impact of these uncertainties in 2023, 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 deliver the capital allocation policy announced during the year. 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.

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 75).

All twelve 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 a number of the individual scenarios to model a worst-case hypothetical situation (as these could theoretically 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 (see page 83 for more detail) is more extreme and whilst the scenario is plausible, it exceeds the impact of principal risks which the Company has encountered in its trading experience to date. Under this scenario, which assumes dividends continue to be paid in line with the capital allocation policy (2.5x cover), the Group would remain cash positive. If required, further mitigation would be possible to improve the cash position, for example reducing or delaying our investment plans or to target cost savings. 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.

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 2024 and return to growth in 2025. ASSUMPTIONS Sales decline by 6% in 2024, followed by growth percentages in line with the Five-Year Plan but from a lower starting point. No change to margin and administrative costs.	Customer Experience Growth Strategy Brand Integrity and Reputation
Scenario 2 SUPPLY CHAIN AND COST MANAGEMENT DIFFICULTY Costs to obtain and distribute goods are impacted by internal factors (operational efficiency, people factors, IT operations) or external factors (macroeconomic factors such as inflation, the cost implications of ESG, and 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%.	Commercial and supply chain IT Operations Stores, distribution and installations Climate change Legal and regulatory compliance
Scenario 3 FURTHER INCREASES IN ENERGY COSTS Energy cost increases 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.	Financial management Climate change
Scenario 4 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%.	People and safety Financial management
Scenario 5 INABILITY TO DELIVER BUSINESS CHANGE PROGRAMME TO BUDGET OR TO TIME The Company's change programme to be delivered over the coming years is expected to be a key underpin for future growth. It includes significant investment in the company's core operational IT platforms, which will need to be carefully delivered to maximise business value, and minimise disruption. IT change programmes are inherently risky and it is possible that it cannot be delivered to time or to budget. ASSUMPTIONS Anticipated annual spend on business change programme is over budget in later years of the plan by 20% due to unforeseen impacts of technology or scope. No changes to sales or margin.	Business Change
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.	Cyber and data security
Scenario 7 A COMBINATION OF SCENARIOS SET OUT ABOVE This is seen as a worst-case scenario and whilst the scenario is plausible, it exceeds the impact of principal risks which the Company has encountered in its trading experience to date. The combined scenario does not include Scenario 5, Business Change, on the basis that an operational shock would likely trigger a reconsideration of the timing and scope of the current change programme.	As above (Excluding Business Change)

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 75-81. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial review on pages 30-33. The Directors have considered the above and how they may impact going concern. They have also completed modelling for scenarios 1 to 4 opposite, as well as a severe but plausible scenario which assesses the impact on the Group's liquidity headroom when combining these risks together. When considering scenarios 1 and 6, the Directors do not consider risks 5 or 6, based on the mitigating controls in place, will impact in the next 12 months and are therefore not included in their going concern assessment.

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
18 March 2024

Mark George
Chief Financial Officer
18 March 2024

Introduction to governance

Christopher Rogers
Chair of the Board

Dear Shareholder,
On behalf of the Board, I am pleased to present our Governance report for the period ended 30 December 2023. This report details our approach to effective corporate governance, including the controls and oversight the Board has established to ensure we are effective in our decision making, and that we have an appropriate diversity of skills, knowledge and experience to manage risk and successfully deliver against our strategy.

This year, we have had one change to the Board with the appointment of Laura Harricks. Laura brings a fresh and different perspective to Board discussion and her appointment has increased the diversity of the Board. We recognise that there remains opportunity to further increase diversity in the broadest sense and this will continue to be an area of focus for the Board over coming years.

Monitoring the performance of the business during these challenging economic times, whilst considering the impact on our colleagues and other stakeholders of the continuing cost of living challenge, was a key focus for the Board during 2023. We have had open and honest discussions about the impact of cost inflation 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.

Wickes has an important role to play in society, from the products it sells to the stores it runs and the infrastructure it uses to service its customers and support its communities. In addition, Wickes has a unique and special culture, which the Board recognises the business needs to protect and utilise to attract and retain high-performing talent from all backgrounds. The Company's approach to inclusion and diversity leads to a culture where all colleagues feel at home at Wickes and this is an important foundation for the business.

My personal highlight has been the Board visits to stores and to our outsourced customer service supplier, which enabled us to get closer to Wickes customers and spend time with our colleagues and partners to better understand their perspectives.

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 the business.

The Board remains aware of the value of good governance and I am confident that our governance framework is effective. The commitment demonstrated by our colleagues to help the nation feel house proud has been admirable and I would like to take this opportunity to say thank you to our colleagues on behalf of the Board. Looking forward to 2024, the Board believes the business has a clear strategy and is confident that the business has the right team to deliver this.

Christopher Rogers
Chair of the Board
18 March 2024

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 30 December 2023. 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 88-90. (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 34-55 and 107-110 (Code Principle A)
- The Board has set a clear purpose, to 'Help the nation feel house proud' which is supported by our business model, culture and values. More information can be found in the Strategic report on pages 18-27 (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 pages 36 and 39. (Code Principle B)
- Our approach to risk management and internal controls is set out on pages 72-74. The Audit and Risk Committee supports the Board with oversight of risk and controls, further details of which can be found on page 106. (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 68-71. (Code Principle D)
- Information on our Whistleblowing policy is set out on page 89 and details on our employment policies and practices and their alignment with our values and strategy is set out on page 114. (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 92 and information on Directors' time commitments and independence are detailed on pages 89 and 95. (Code Principles F, G, H & I)
- The skills and capabilities and other significant commitments of the Board are detailed in the Board biographies on page 86-87. (Code Principles G & H)
- The work of the Nominations Committee is set out on pages 93-99. (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 page 96 and 97. (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 pages 86-87 and 94. (Code Principle K)
- The conclusions and recommendations from this year's internal board evaluation can be found on page 99. (Code Principle L)

4. Audit, risk and internal control

- The work of the Audit and Risk Committee is set out on pages 100-106. This includes a description of the oversight and effectiveness 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 75-81. (Code Principle O)

5. Remuneration

- Information on our remuneration policies and practices is set out in the Directors' Remuneration report on pages 111-127. Principles P, Q & R)

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

BOARD OF DIRECTORS

Christopher Rogers

Non-executive Chair of the Board

N R RB D

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, risk management, 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

D

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.

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. He has significant experience in change management, strong strategic and commercial acumen, and a proven record in brand building and marketing. David's strong leadership and passion for home improvement drive the effective delivery of the business strategy.

EXTERNAL APPOINTMENTS

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

Mark George

Chief Financial Officer

D

PRONOUN He/Him

APPOINTMENT DATE 29 July 2022

SKILLS AND EXPERIENCE

Mark has significant experience in finance and strategy. He has held senior roles in finance, strategy and general management in a number of public listed consumer businesses including 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 extensive 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 will ensure continued focus and development of the long term strategy for the business.

EXTERNAL APPOINTMENTS

– None

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

Mark Clare

Senior Independent Non-executive Director

N R A RB D

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. Mark was Senior Independent Director at United Utilities Group plc from 2013 to 2022, 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

N R A RB

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 enables her to effectively Chair the Responsible Business Committee. Sonita also fulfils the role of designated non-executive for colleague matters.

EXTERNAL APPOINTMENTS

- Master of Jesus College, Cambridge

Laura Harricks

Independent Non-executive Director

N R A RB

PRONOUN She/Her
APPOINTMENT DATE 1 June 2023

SKILLS AND EXPERIENCE

Laura brings a deep experience of developing omnichannel customer journeys that drive engagement and commercial return, with a background in e-commerce, marketing, and strategy consulting.

Laura is currently the Chief Customer Officer for Ocado Retail and previously held roles as Digital Director at Monsoon Accessorize and a number of roles at Dixons Carphone, most latterly Online Trading and Marketing Director for Carphone Warehouse.

She started her career at L.E.K. Consulting and holds a Bachelor of Engineering and Bachelor of Arts from the University of Sydney

CONTRIBUTION

Being recently appointed, Laura brings a fresh perspective. Her customer focus combined with strategic, ecommerce, commercial, and marketing acumen brings valuable insight to the board. Laura also fulfils the role of Consumer Duty Champion.

EXTERNAL APPOINTMENTS

- Chief Customer Officer, Ocado Retail Ltd

Mike Iddon

Independent Non-executive Director

N R A RB

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 significant experience as an executive of public listed companies, along with his strong strategic and commercial acumen, change management, and current retail experience are a valuable asset to the Board. 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.

EXTERNAL APPOINTMENTS

- Chief Financial Officer, Pets at Home Group plc

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 pages 86-87.

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 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 June 2023, the Executive Board and key members of the leadership team presented a range of opportunities to enhance our strategy. The Board challenged management on, amongst other things, the prioritisation of capital investment, what more could be done to improve and differentiate the customer offer, the opportunities and risks presented by developing and future trends, and whether technology could be further leveraged to drive growth and operational efficiency. The Board agreed that continued investment in technology would be key to remaining competitive and to grow the business. The Board commended the detailed and insightful presentation of the Five-Year Plan and the proposed Capital Allocation Policy and, following a robust discussion, approved the proposals. It was agreed that updates would be provided by way of further presentations and deep dives built into the Board agenda.

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 4-83 and principal risks and uncertainties can be found on pages 75-81. The Board requires management to operate a robust control framework, which enables risk to be assessed and managed and, with support from the Audit and Risk Committee, the Board reviews the effectiveness of this on an annual basis. You can find information about our internal controls framework and the assessment of its effectiveness on page 106.

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 page 91.

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 93-127.

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 scheduled meetings of the Board and its Committees 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 near full attendance by all members at all Board and relevant Committee meetings during the year that they were eligible to attend. One Director was absent from the Board meeting on 23 May 2023 due to being unwell.

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 page 91.

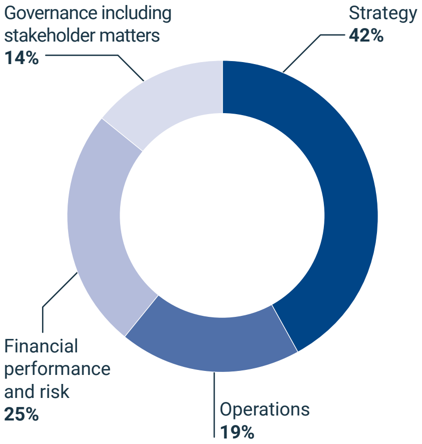
The Chair of the Board meets with the Non-executive Directors without the Executive Directors present after each Board meeting and at other times as required. The Chair of the Board and the Chairs of each Committee also meet regularly with the Executive Directors and members of senior management.

Board attendance at scheduled meetings[1]

		Plc Board[2]	Audit and Risk Committee	Nominations Committee	Remuneration Committee	Responsible Business Committee
Christopher Rogers	Chair of the Board	8/8	n/a	3/3	4/4	4/4
Sonita Alleyne[3]	Non-executive Director	7/8	5/5	3/3	4/4	4/4
Mark Clare	Non-executive Director	8/8	5/5	3/3	4/4	4/4
Laura Harricks[4]	Non-executive Director	4/4	3/3	2/2	2/2	3/3
Mike Iddon	Non-executive Director	8/8	5/5	3/3	4/4	4/4
Mark George	Chief Financial Officer	8/8	n/a	n/a	n/a	n/a
David Wood	Chief Executive Officer	8/8	n/a	n/a	n/a	n/a

1 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 Nomination and Remuneration Committee meetings as required. The Chief Financial Officer has a standing invitation to attend all Audit and Risk Committee meetings and Responsible Business Committee meetings and attends Remuneration Committee meetings as required.
2 Scheduled Board meetings not including the strategy day which had 100% attendance.
3 Sonita Alleyne was not able to attend the Board meeting on 23 May 2023 due to being unwell.
4 Laura Harricks was appointed to the Board on 1 June 2023.

Percentage of time spent by the Board



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 pages 86-87.

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.

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.

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 during 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's Whistleblowing Policy is reviewed and approved annually by the Board. 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, accessible on our supplier portal and included in our monthly colleague communications.

We had a small number of reports made through the whistleblowing service during the year, all of which were fully investigated to conclusion. Concerns raised relating to suspected theft, fraud, conflicts of interest, management issues and breaches of policy. Appropriate actions were taken following the relevant investigation.

The Board monitors the operation of the whistleblowing arrangements and receives reports twice a year on notable outcomes and learnings from reports.

Governance

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 during 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 Chelmsford and Bicester stores where they engaged with store colleagues and received presentations from management. The Board also regularly meets colleagues at the Store Support Centre where a number of 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. These relationships enable us to provide a great offer and service to our customers, and are 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 the Company's outsourced Customer Experience Centre where they met with the team and experienced customer conversations first hand.

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.

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.

As part of our annual Governance Review, the Chair of the Board wrote to major Shareholders in January 2023 to provide an update on governance matters and invite those Shareholders to meet and/or ask questions of himself or the Committee Chairs. The feedback from this letter was positive, with Shareholders confirming they were happy with the Company's open and constructive approach to communication and that there were no issues requiring further discussion.

During the year the Company held an investor roadshow following the publication of the 2022 results. Feedback was obtained regarding capital allocation and this was considered in the Board's decision making in revising the Capital Allocation Policy as detailed on page 70.

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 2024 AGM to be held as a physical meeting at the Company's Support Centre in Watford, Hertfordshire.

At the 2023 AGM held on 23 May 2023, all resolutions put to Shareholders were approved, with in excess of 87% 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 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. During the year, the Board reviewed and approved existing policies including Confidential Information, Inside Information, Share Dealing, Anti-bribery, Gifts & Hospitality, Whistleblowing and Safety, and approved new policies including Capital Allocation and Treasury.

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 30 December 2023

STAKEHOLDER KEY: COLLEAGUES, CUSTOMERS, SUPPLIERS, INSTALLERS, COMMUNITIES, SHAREHOLDERS

The Board held eight scheduled formal meetings and had a strategy day. During 2023, 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 2023 has been on monitoring the performance of the business against the backdrop of continuing economic uncertainty and cost inflation, developing strategy around our growth levers and discussing 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 30 December 2023 and the key stakeholders considered as part of the Board's decision making process.

Business performance and strategy

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 activity, commercial and supplier activity and feedback; supply chain and availability challenges; store refits; and community and charity projects.

OPERATIONAL UPDATES

During the year, the Board had a deep dive session on the customer proposition, including key insight data on performance statistics, customer experience and using data to improve customer outcomes. The Board also visited the Company's outsourced Customer Experience Centre where they met with the team and experienced customer conversations first hand.

COMMERCIAL AND SUPPLY CHAIN UPDATES

During the year, the Board had deep dive sessions covering commercial strategy and supply chain risk. They also visited Wickes virtual selling hub for Wickes Lifestyle Kitchen in the Bicester store.

TECHNOLOGY UPDATES

The Board had 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.

STRATEGY REVIEW

In addition to regular discussions at each meeting, the Board had a day dedicated to reviewing strategy. The Board discussed the economic backdrop, customer and competitor behaviour and opportunities to grow the business, including new propositions, sustainability and development of the physical estate.

STAKEHOLDERS

Financial performance

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 2022 and half year 2023 results announcement, and 2022 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 2023 budget and updated forecasts. The Board reviewed and approved the budget for 2024 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.

TREASURY AND TAX

The Board received regular updates on tax and treasury matters, and approved the Company's Tax Strategy, Treasury Policy and amendments to the Treasury Delegation of Authority Policy.

DIVIDEND AND CAPITAL ALLOCATION POLICIES

During the year, the Board reviewed and approved a new Capital Allocation Policy. The Board also recommended a final dividend of 7.3 pence per share for the 2022 financial year to Shareholders, which was approved at the 2023 AGM and paid on 7 June 2023, and approved the payment of an interim dividend of 3.6 pence per share on 3 November 2023.

STAKEHOLDERS

Risk

RISK REGISTER

The Board reviewed the Risk Register during the year and reviewed the reporting on the principal risks and uncertainties for the 2022 full year and 2023 half year results.

AUTONOMY COMPLETION

As a principal risk, the Board received regular updates on the separation programme to set up the Company's own systems to replace those previously provided by the Company's former parent company under a Transitional Services Agreement (TSA). The Board closely monitored the key milestones to completion of separation and this was successfully concluded in 2023.

CYBER RISKS AND MITIGATIONS

The Board received two deep dive reports on the cyber risks facing the business and the mitigations in place, which included an overview of the key controls and progress against the actions from a cyber security internal audit.

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 response to the 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.

STAKEHOLDERS

Governance, regulatory and compliance

POLICIES AND STATEMENTS

The Board approved updates to a number of Group policies, including Anti-Bribery and Corruption, Health and Safety and Whistleblowing.

TERMS OF REFERENCE

The Board reviewed and approved amendments to the Terms of Reference for each of its Committees.

BOARD EVALUATION

The Board reviewed and discussed the findings from its internal 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.

COLLEAGUE 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 legal and regulatory compliance including the operation of and reports via the Company's anonymous whistleblowing service.

CONSUMER DUTY

In compliance with the new FCA Consumer Duty regulations, which apply to the financial services offered by the Group, the Board received updates on the Consumer Duty implementation. The Board also approved the appointment of Laura Harricks as the Company's Consumer Duty Champion, replacing Sonita Alleyne.

STAKEHOLDERS

Material contracts and arrangements

CONTRACT APPROVALS

In line with the Delegation of Authority policy, the Board reviewed a proposal to appoint Novuna as the replacement consumer credit lender following the withdrawal of Barclays from the market.

The Board also approved a Goods for Resale contract which was material due to its 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.

STAKEHOLDERS

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 Non-executive 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

REPORTS, RECOMMENDS, INFORMS

REVIEWS, CHALLENGES, APPROVES

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. There is a formal schedule of matters that require Board approval before any action is taken by the executive management. The schedule of matters is reviewed annually and updated by the Board when necessary.

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 100-106

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 93-99

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 111-127

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 107-110

DISCLOSURE COMMITTEE*

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.

*There have been no meetings of the Disclosure Committee during 2023 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 NON-EXECUTIVE 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 SID 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 Non-executive Directors bring independent oversight and provide strategic advice and guidance, offer constructive challenge and hold the Executive Directors to account to support good decision making by the Board.

One of the INEDs is the Designated Non-executive Director for colleague matters, and another INED is the Designated Non-executive Consumer Duty Champion.

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 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.

Nominations Committee report

Christopher Rogers
Chair of the Nominations Committee

Committee members

Christopher Rogers, Chair of the Committee, Chair of the Board

Sonita Alleyne, Independent Non-executive Director

Mark Clare, Senior Independent Non-executive Director

Laura Harricks, 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 30 December 2023, which outlines our approach to the composition, succession and evaluation of the Board.

During the year, the Committee continued its focus on succession planning and driving improvements in diversity at all levels. The Board was pleased to announce the appointment of Laura Harricks as Non-executive Director, enhancing the skills and diversity of the Board. Laura joined on 1 June 2023 and is a member of all Board Committees as well as taking on the role of our Non-executive Consumer Duty Champion.

The Board strongly supports diversity in its broadest sense in the boardroom, although it recognises that being relatively small in size will make achieving diversity targets more challenging in the short term. Following Laura's appointment, our female representation on the Board has increased from 17% in 2022 to 29% in 2023. Although we are yet to meet the targets for female representation on the Board as set under the Listing Rules, the Board strongly supports the objective to promote greater diversity in the broadest sense on listed company boards and this remains a key focus of our succession plans. More information on the diversity of the Board is set out on pages 97-99.

The Committee carried out an assessment of the Board to confirm that it has the requisite blend of skills and other attributes to enable it to discharge its duties effectively and agree which skills and attributes should be prioritised when identifying future candidates for Board positions. We concluded that the Board collectively has an appropriate blend of skills and other attributes to meet the Company's requirements. The skills matrix for the Board, which can be found on page 95, demonstrates the breadth of experience that the Board has.

Although the Executive team has remained unchanged over the last year, the Committee carried out a full review of our talent pipeline and succession plans for the Executive leadership and wider workforce and was satisfied that there is a robust pipeline of talent and that the high-potential colleagues identified by the process are being developed and supported to prepare them for leadership roles.

Although we currently have no long serving Board members, we also started to consider our options for the orderly succession of the Non-executives, taking into account our aspirations to increase the diversity of the Board whilst retaining its size. We continue to believe that the optimal size for our Board is between six and seven Directors, reflecting the lean structure of our wider business and our operations being retailing only in the UK. More information on succession planning is set out on pages 96-97.

Having conducted a full external evaluation process last year, this year's Board and Committee evaluation was undertaken internally. I am pleased to confirm the view of the Directors that the Board and each Committee is operating effectively. More information on the Board evaluation is set out on page 99.

Looking ahead to 2024, succession planning and tracking progress on increasing diversity across the business will continue to be the key areas of focus for the Committee.

Christopher Rogers
Chair of the Nominations Committee
18 March 2024

Nominations Committee report continued

Committee composition

The Committee membership comprises the Non-executive Directors, all of whom are considered independent, and the Chair of the Board. Details of the experience and skills of Directors are set out in the biographies on pages 86-87. Overall attendance for Committee meetings was 100%. Further details about meetings and attendance can be found on page 88.

Role of the Committee

The role and responsibilities of the Committee are set out in the Committee Terms of Reference, which are reviewed annually and are available on the Company's website at www.wickesplc.co.uk.

The Committee's role primarily covers the following areas:

- To review Board and Committee composition and recommend improvements to the Board
- To oversee the development of a diverse talent pipeline and ensure succession plans are in place for the Board and senior management
- To lead the process for appointments to the Board

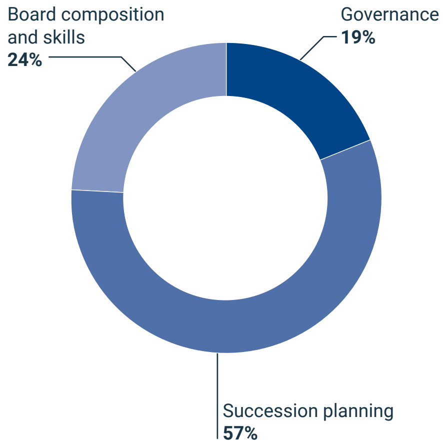
Board evaluation is not delegated to the Committee and this activity is carried out by the Board.

Activities of the Committee

During the year, the Committee held three scheduled meetings and one unscheduled meeting at which it decided to recommend to the Board the appointment of Laura Harricks as an independent Non-executive Director.

The Committee has a structured forward looking planner to ensure that the responsibilities of the Committee are discharged during the year. The planner is regularly reviewed and developed to meet the changing needs of the Group.

Percentage of time spent by the Committee in scheduled meetings



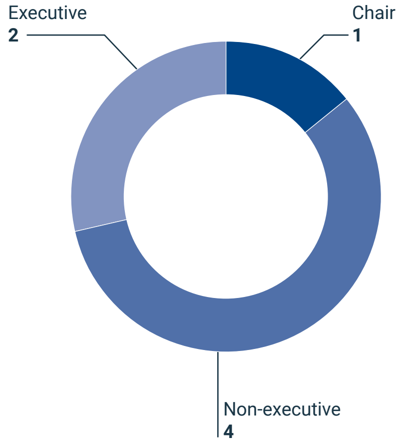
A summary of the key matters considered by the Committee at its scheduled meetings in 2023 is set out below.

	Succession planning	Composition and skills
March	Review of progress with NED recruitment	Review and approval of inclusion and diversity policy
June	Review of Executive Board succession plans	
	Review of talent pipeline throughout the business	
	CEO benchmarking and talent map	
November	Review of plans to talent map other executive roles	Review of skills matrix to ensure appropriate mix/identify gaps
		Review of NED time commitments
		Review of plan for NED refreshment

Board composition

The Board comprises seven Directors, two Executive Directors, four independent Non-executives and the Non-executive Chair of the Board. The 2018 UK Corporate Governance Code ('the Code') recommends that, on appointment, the chair of a company with a premium listing on the Official List should meet the independence criteria set out in the Code. The Board considers that Christopher Rogers met the independence criteria set out in the Code on his appointment as Chair.

Board composition



Board skills and experience

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. More information on the key strengths and experience of each Director can be found on pages 86-87.

The Committee noted that Board members did not have extensive artificial intelligence and cyber experience. The Board requested additional briefings on artificial intelligence and cyber security to increase their knowledge, and it was agreed that specialist external advice would be sought where appropriate.

Board skills and experience

	Chris Rogers	Sonita Alleyne	Mark Clare	Laura Harricks	Mike Iddon	Mark George	David Wood
Leadership	✓	✓	✓	✓	✓	✓	✓
Strategy	✓	✓	✓	✓	✓	✓	✓
Transformation/change management			✓	✓	✓		✓
Finance	✓		✓		✓	✓	
Risk management	✓		✓		✓		✓
Customer experience	✓	✓	✓	✓			✓
Brand, marketing & media		✓	✓	✓			✓
Supply chain & logistics					✓		
Data/digital				✓		✓	✓
Organisational design & culture		✓	✓	✓	✓		✓
Climate change		✓	✓				
Governance, compliance & regulatory	✓	✓	✓		✓		
Online retailing				✓	✓		✓
Retail/consumer industry	✓	✓		✓	✓	✓	✓
Home repair, maintenance & improvement market		✓	✓				✓
M&A & corporate transactions	✓	✓	✓		✓	✓	
Chair of Plc Board	✓		✓				
Chair of Plc Committee	✓	✓	✓		✓		

Significant external appointments

Director	Board of listed plc	Other significant appointments
Sonita Alleyne	–	Jesus College
Mark Clare	Chair Grainger plc Chair Ricardo plc	Premier Marinas Holdings Ltd
Laura Harricks	–	Ocado Retail
Mike Iddon	CFO Pets at Home plc	–
Christopher Rogers	NED Kerry Group plc NED Sanderson Design Group plc	–
Mark George	–	–
David Wood	–	Green Sheep Group

Board time commitments

The Code requires that non-executive directors have sufficient time to meet their board responsibilities. Attendance at scheduled Board and Committee meetings was 99%, with one Director giving apologies for one Board meeting in 2023. Further details of attendance can be found at page 88.

All Non-executive Directors have confirmed that they have sufficient time and capacity to carry out their duties and the 2023 Board evaluation found that the availability, contribution and engagement of the Non-executive Directors was high.

The Company has a policy for additional appointments under which Non-executive Directors may undertake additional external appointments to those disclosed on appointment with prior approval of the Board. Executive Directors may take on one non-executive directorship in a FTSE company or other significant appointment with prior approval of the Board. No new appointments were taken on by any member of the Board during the year.

After considering all relevant factors, the Committee concluded that all Non-executive Directors continue to have sufficient time to meet their Board responsibilities.

Nominations Committee report continued

Board appointment in 2023

Following the review of Board skills in 2022, which identified that additional customer and digital experience would be beneficial to support the Board, Laura Harricks was appointed as an independent Non-executive Director, effective from 1 June 2023. Laura has considerable experience in developing omnichannel customer journeys that drive engagement and commercial return, with a background in e-commerce, marketing and strategy consulting.

The process for Laura's appointment was led by Christopher Rogers, Chair of the Committee. An external search firm, Korn Ferry, which has no connection to Wickes or any of its Directors, was appointed to assist the Committee with the search. Open advertising was not used. The recruitment process involved setting rigorous selection criteria, in terms of both technical capabilities and cultural and style attributes which were used to prepare a role specification which was approved by the Committee.

A diverse longlist of candidates was presented to the Committee from which a shortlist of candidates was agreed. The shortlisted candidates were interviewed by the Chair and two preferred candidates also met the Chief Executive Officer. Laura Harricks was selected as the most suitable candidate and met with the other Non-executive Directors and the Chief Financial Officer, all of whom gave their support. The Committee considered that Laura had relevant and suitable experience and would make a valuable contribution to the Board, and therefore recommended her for appointment by the Board as a Non-executive Director.

Board appointment process

We follow a well-established process which is thorough and inclusive, and is adapted as needed to reflect the specific circumstances.

1. **SEARCH** – The Chair of the Board leads a process to develop a role specification setting out the skills, experience and background required. The role specification is placed with an executive search agency (the 'agency').
2. **LONGLIST** – The agency produces a diverse longlist of candidates from a wide range of backgrounds and industries.
3. **SHORTLIST** – The Committee considers a longlist and agrees a shortlist of candidates.
4. **ASSESSMENT** – The candidates are assessed against the specification including by interview with Board members.
5. **APPOINTMENT** – The Committee recommends the preferred candidate to the Board and the Remuneration Committee considers and approves a remuneration package.

Induction process

Each new Board Director receives a full and tailored induction, led by the Chair of the Board and General Counsel and Company Secretary.

Induction of new Non-executive Director

Laura Harricks joined the Board from 1 June 2023 and her induction included the following:

Meetings with all members of the Board

- Chair of the Board – the Board and its dynamics
- CEO – strategy, business performance and key challenges and opportunities
- Committee Chairs – work and significant matters relevant to their respective Committees
- CFO – financial performance, forecasts, risk management and financial control

Meetings with the Executive team and senior management

- Management structure, operations, performance, risks and key areas of focus relevant to each function
- Governance framework and programme of meetings
- Consumer Duty and the role of the Consumer Duty Champion

Meetings with colleagues and site visits

- Visits to stores (and competitor stores)
- Visit to our main Distribution Centre

Meetings with key advisors

- Detailed briefing covering Directors' duties and all key listing and regulatory compliance areas

Laura was also provided with key materials including strategy, Board and Committee papers, investor information and Company policies.

"My induction gave me a thorough understanding of the business. As a new Board member, I have really appreciated the time that the Board Chair, the other members of the Board and colleagues across the business have given me."

Laura Harricks
Independent Non-executive Director

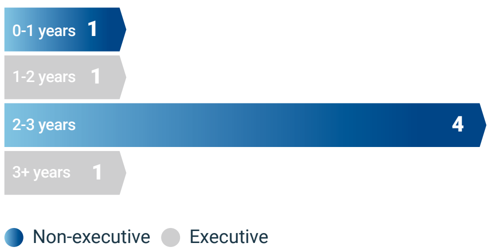
Training and development

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 programme of scheduled visits and activities to enhance the Directors' knowledge of the business. This year, the Board visited our customer services outsource partner, our Wickes Lifestyle Kitchens virtual showroom in the Bicester Store and a new store in Chelmsford. Future visits are planned to a strategic supplier of goods, a strategic logistics partner and both new and refitted stores. Briefings are provided to the Board and Committees on relevant legal, regulatory and governance developments, emerging risks and specific areas of interest.

Non-executive Director succession

The majority of the Non-executive Directors have the same tenure as the business was listed on the London Stock Exchange in 2021 and the Committee is mindful of the need to plan an orderly succession in order to avoid a significant change to the Board membership in a short timeframe. During the year, the Committee started to consider options for Non-executive Director succession and intends to explore this further and develop its plans during 2024.

Board tenure



Executive Director and senior leadership succession

The Board is committed to recognising and developing talent within senior management across the business, creating opportunities to develop current and future leaders.

Following the work undertaken in 2022 by the Committee and the CEO, the Committee has a clear understanding of the market and potential successors for the CEO role. 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 the succession plans in place 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 policy and targets

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.

We have a Board Inclusion and Diversity Policy which complements our wider colleague inclusion and diversity policy. 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 are at the heart of our thinking.

The Board Inclusion and Diversity Policy states that the Board is committed to promoting inclusion and diversity in the boardroom and on its Committees, and aims to meet regulatory targets and industry recommendations while recognising that there may be periods when this balance is not achieved. We define diversity in its broadest sense, encompassing differences in age, gender, ethnicity, sexual orientation, disability or educational, professional and socio-economic backgrounds. The Policy reflects the targets set out in Listing Rule 9.8.6.R (9) as follows:

(i) female representation on the Board of at least 40%;

(ii) at least one of the roles of Chair, Senior Independent Director, Chief Executive Officer or Chief Financial Officer filled by a woman; and

(iii) at least one Director from a minority ethnic background on the Board.

Board diversity

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 30 December 2023[1] the Board comprises three male Non-executive Directors (including the Chair of the Board), two female Non-executive Directors and two male Executive Directors. Although female representation on the Board has increased with the appointment of Laura Harricks, the Board has not yet met the Listing Rules gender diversity targets. In addition, none of the four leadership roles specified in the Listing Rules are currently held by a woman.

The Committee has been, and will continue to be, mindful of the targets when reviewing succession plans but notes that with a relatively small Board and the Board's belief that its optimal size is between six and seven members given the size and shape of the business, the fact that many of the Directors have a similar tenure linked to the Company's demerger, and the need to ensure orderly succession, these targets will likely be met over the longer term. The Board has one Director from a minority ethnic background and therefore meets this Listing Rules diversity target.

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 98.

Nominations Committee report continued

Business diversity

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 35% female and 65% male. The gender split for all colleagues is 40% female and 60% male.

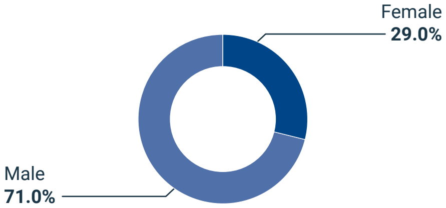
The business is committed to building skills in our local communities to create a diverse and inclusive talent pipeline and to benefit wider society. A key part of the People pillar of our Responsible Business Strategy is the Early Careers proposition, which includes apprenticeships, traineeships and graduate placements. Through our Early Careers programmes, we have created opportunities to attract a significantly more diverse workforce. In 2023, the business supported 280 individuals on Early Career placements and was ranked as one of the top 100 Best Apprenticeship employers.

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. During the year management continued to work to improve the quality of the Group's ethnicity data and the latest census data was used to identify sites which were not representative of their local area, enabling more targeted analysis and improvement plans to be developed. Further details of the Company's approach to diversity and inclusion can be found on pages 97-99.

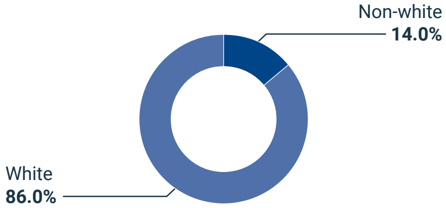
Diversity data

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 below. 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.

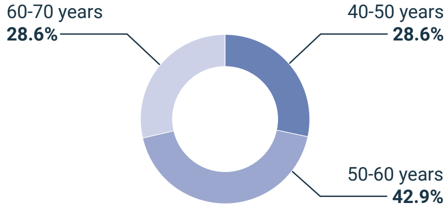
Board – gender identity



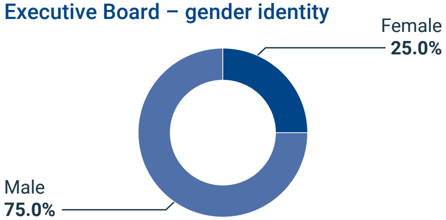
Board – ethnic diversity



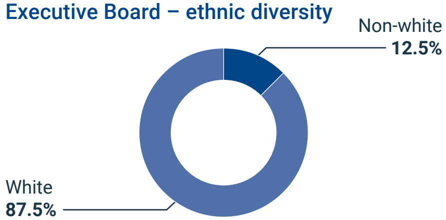
Board – age diversity



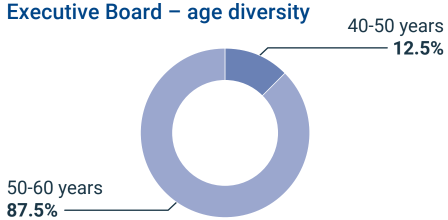
Executive Board – gender identity



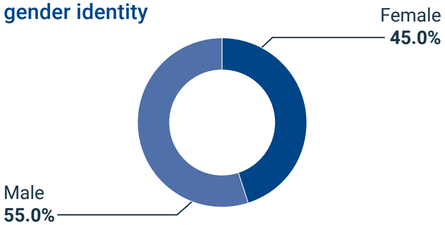
Executive Board – ethnic diversity



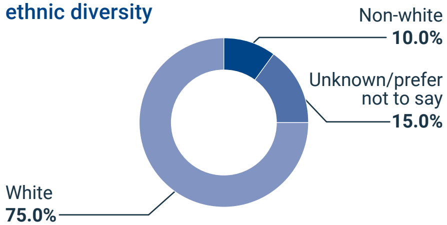
Executive Board – age diversity



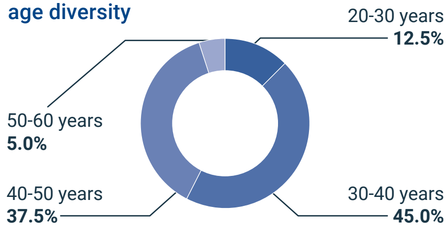
Direct reports to Executive Board – gender identity



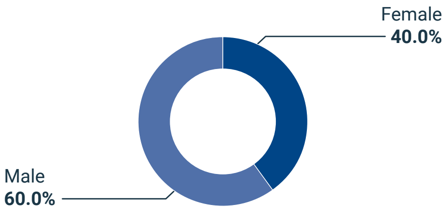
Direct reports to Executive Board – ethnic diversity



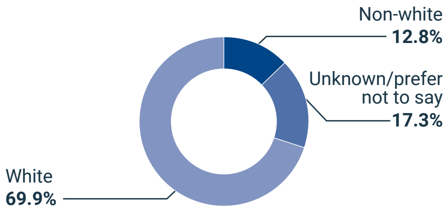
Direct reports to the Executive Board – age diversity



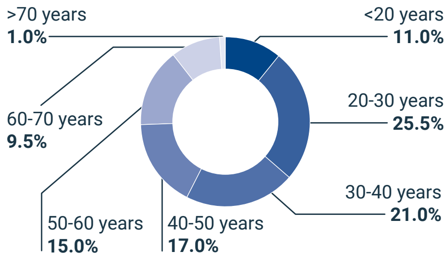
All colleagues – gender identity



All colleagues – ethnic diversity



Colleagues – age diversity



31 December 2023 is the Company's chosen reference date for the purposes of reporting against Listing Rule 9.8.6R(9).
'Executive Board' means 'senior management' for the purposes of the Code and the requirements of Provision 26 and includes the Company Secretary.

Reporting table on ethnicity representation as at 31 December 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	6	85.7	4	7	87.5
Mixed/Multiple Ethnic Groups	–	–	–		
Asian/Asian British	–	–	–		
Black/African/Caribbean/Black British	1	14.3	–	–	–
Other ethnic group, including Arab	–	–	–	1	12.5
Not specified/prefer not to say	–	–	–	–	–

Reporting table on gender representation as at 31 December 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	71.4	4	6	75.0
Women	2	28.6	0	2	25.0
Not specified/prefer not to say	–	–	–	–	–

Board evaluation

Each year, the Board undertakes a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors. The evaluation is externally facilitated at least once every three years.

Progress made against last year's action plan

Action	Progress
Develop a plan for the orderly succession of the Board and to increase the diversity of the Board	– An additional Non-executive Director with extensive customer, marketing and digital experience was appointed to the Board in June 2023. Planning for the orderly succession has started and will continue over the coming years.
Continue to develop relationships between Non-executive Directors, Executives and colleagues	– Management development programmes have been extended to include what it means to be a listed business and the role of the Board and Non-executive Directors to increase business leaders' understanding. – More colleagues and leaders have been invited to present at Board meetings to develop relationships.
Keep the Board forward schedule under review to ensure strategic matters are appropriately scheduled	– The Board's annual plan was updated to reflect the development of strategy and is reviewed monthly by the CEO and Company Secretary, and included as a standing item for discussion at every Board meeting.
Propose a plan for the future provision of internal audit services	– The decision on internal audit services was deferred to enable full focus by the Finance team on the financial control improvement plan.
Map out key risks to Board agendas and ensure key risk owners present to the Board at least once each year	– The risk mapping was reviewed by the Board in March 2023 and it was agreed that the principal risk coverage was appropriate. – An annual review of risk mapping is scheduled to ensure risk coverage remains appropriate.

2023 Board evaluation

Following last year's external evaluation, carried out by Board Alchemy, the Board decided to carry out an internal evaluation this year. Each Director completed a questionnaire in respect of the Board and its Committees. The General Counsel and Company Secretary collated the responses and reported a summary of the key findings to the Board for discussion.

Overall, there was a high level of satisfaction with the effectiveness of the Board and its Committees, with no high priority or urgent matters needing to be addressed. The high scores reflected a healthy Board dynamic and a well-managed Board.

2024 action plan

The Board considered the findings and agreed an action plan which will be reviewed by the Board during 2024 to ensure progress is being made.

The key actions agreed by the Board arising from the review were as follows:

- Review the resourcing model for internal audit (carried over from the 2022 evaluation).
- Keep diversity in the broadest sense under review alongside planning the orderly succession of the Board over the next few years.
- Continue to evolve management reporting on performance against the implementation of strategy.
- Arrange briefings on developments, risks and opportunities in artificial intelligence and cyber security to increase the knowledge of the Board.

Committee effectiveness

The effectiveness of the Committee was considered as part of this year's Board evaluation process. The review concluded that the Committee continues to operate effectively.

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 opportunities with each Director. It was confirmed that each Director continues to make an effective contribution to the Board and demonstrates commitment to their role.

The performance review of the Chair of the Board was conducted by the Senior Independent Director and included feedback from Board members gathered from a questionnaire. The Senior Independent Director discussed the output of the review with the Chair of the Board.

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

Mike Iddon
Chair of the Audit and Risk Committee

Committee members

Mike Iddon, Independent Non-executive Director and Committee Chair

Sonita Alleyne, Independent Non-executive Director

Mark Clare, Senior Independent Non-executive Director

Laura Harricks, Independent Non-executive Director

Dear Shareholder,
I am pleased to present the Company's Audit and Risk Committee report for the year ended 30 December 2023.

I continue to be pleased with the constructive environment that the Committee has created, providing supportive challenge, 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 outside of the Committee meetings.

Building on the work undertaken in 2022 on implementing the new Finance System and improving internal financial controls, the Committee continued to prioritise the development of internal financial processes and controls. During the year it monitored progress against management's improvement plans, with updates presented to the Committee at every meeting. These improvement plans reflect the need for a continued high level of focus to ensure that the key financial controls are documented and assessed for effectiveness, and where necessary enhanced and improved upon. In the near term the improvement plans will also consider the opportunity to increase the robustness and resilience of the manual detective controls in operation. In the longer term they reflect that the delivery of the business transformation plan, which includes upgrades to the Company's commercial and operating systems, will give the Company the opportunity to implement optimised system based preventative controls, which will reduce the reliance on the manual detective controls currently operated.

The Committee spent considerable time during the year reviewing financial results and 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 focused on reviewing the recognition of revenue in Design & Installation.

The Committee received updates on the Company's risk management approach and reviewed the principal and emerging risks and uncertainties with a focus on cyber security, the IT control framework, the implementation of the Finance System, Design & Installation, payroll, data privacy and the regulatory compliance framework.

During the year, the Committee was briefed on preparations for the anticipated changes in audit and corporate governance requirements and the developing climate change reporting requirements and discussed how these will impact the Company's reporting, particularly in relation to climate-related financial disclosures.

As the Company is not a constituent of the FTSE350 index, the Competition and Markets Authority's Statutory Audit Service for Large Companies Market Investigation (Mandatory Use of Competitor Tender Processes and Audit Committee Responsibilities) Order 2014 (the 'CMA Order') does not apply. In the 2022 Annual Report, the Company disclosed its intention to undertake a competitive tender in 2025, reflecting the requirements of the CMA Order. However, after careful consideration and in accordance with applicable legal and regulatory requirements, the Committee decided that on balance it would be best for the business to focus its resources on addressing the requirements of the updated UK Corporate Governance Code (the "Code"), published in January 2024, compliance against which is required for the December 2026 year end.

Looking ahead to 2024, the Committee's key focus will continue to be on overseeing the development of the internal control framework and also the Company's approach to climate-related disclosures.

Mike Iddon
Chair of the Audit and Risk Committee
18 March 2024

Committee composition
The Committee is composed solely of independent Non-executive Directors who collectively have considerable financial experience and provide a wide range of insight and expertise necessary to fulfil the duties and responsibilities of the Committee. The Chair of the Committee has recent and relevant financial experience being a current CFO of another listed business, and the Committee as a whole has competence relevant to the sector in which the Group operates. Further details of the Committee members and their experience can be found on pages 86-87. Overall attendance for Committee meetings was 100%. Further details about meetings and attendance can be found on page 88.

The Chair of the Board is not a member of the Committee, but was invited to and attended all meetings in 2023. Members of the Executive Board and senior managers within the business are invited to attend meetings as appropriate to ensure that the Committee maintains a current and well-informed view of events within the business, and to reinforce a strong risk management culture.

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.

The Committee's role primarily covers the following areas:

- Monitoring the integrity of financial reporting and narrative reporting
- Reviewing the Company's internal financial control and risk management systems
- Monitoring and reviewing the effectiveness of internal audit
- Monitoring and reviewing the effectiveness of external audit

During 2023, the Committee undertook a review of the Committee's Terms of Reference and updated them to clarify:

- the Committee's role in reviewing and challenging the assumptions used to determine the going concern and viability statements to be made by the Board.
- the respective responsibilities of the Committee and the Responsible Business Committee in respect of climate-related risks and opportunities.

Activities of the Committee
During the year, the Committee held five scheduled meetings.

The Committee has a structured forward looking meeting planner to ensure that the responsibilities of the Committee are discharged during the year and reflects the reporting cycle of the Group. The planner is considered at each meeting and developed where appropriate to meet the changing needs of the Group.

Prior to the start of each Committee meeting, the Committee meets without the Executive Directors present to discuss any relevant matters with the internal and external auditors. Where appropriate, these matters are then raised during the course of the meeting. The Committee Chair also meets the internal auditor and external auditor prior to all meetings to provide additional opportunity for open dialogue and feedback without management present.

Percentage of time spent by the Committee in scheduled meetings

Climate reporting
The Committee's role is to gain assurance that the effects and consequences of climate change are being adequately reflected in our financial statements and valuations.

Last year we reported on all areas of the TCFD framework other than under the 'Strategy' b) and c) recommendations. This year, with the support of a third-party specialist partner, management has made further progress and this year we are in full compliance with the TCFD recommendations. For more information see pages 56-66.

During the year, the Committee received updates on progress against forthcoming sustainability related reporting requirements. The Committee will continue to monitor developing best practice, and seek training/professional guidance when required, to ensure that it continues to effectively oversee the reporting in this area.

Audit and Risk Committee Report continued

The Committee receives reports and updates from management, along with internal and external audit. A summary of the key matters considered by the Committee in 2023 is set out below.

	Financial reporting	Risk management/internal control	Internal audit	External audit
January	Review of store related assets and Plc investment carrying value for potential impairment	Review of implementation of new Finance System	Review of Internal Audit Plan for 2023	Review of progress on year end audit
	Review of revenue recognition	Review of processes and controls of goods received not invoiced	Review of reports on the implementation of internal audit actions	Approval to recommend the reappointment of external auditor to the Board
	Review of goods received not invoiced	Review of principal risks and mitigations		Approval of external audit fees
		Annual review of findings by the Operations Audit team from key control audits on stores and Distribution Centres		
		Annual review of findings of work completed by Security and Investigations Department		
March	Review of store related asset and Plc investment carrying value for potential impairment	Review of progress on internal controls improvement plan	Review of reports on progress against the Internal Audit Plan for 2023	Review of reports on annual financial statements
	Review of revenue recognition	Review of the effectiveness of internal controls		
	Review of goods received not invoiced	Review of Corporate Risk Register		
	Review of FRC letter in relation to the 2021 Annual Report and proposed disclosure improvements			
	Review of management's response to the FRC letter on the 2021 Annual Report & Accounts			
	Review of considerations of the Group's viability and going concern	Review of principal risks for disclosure in the Annual Report		
	Review of final dividend recommendation and distributable reserves	Review of emerging risks		
	Review of Annual Report and Accounts, including the 2022 financial statements			
June	Review of the Company's accounting policy in relation to Software as a Service (SaaS)	Review of progress on internal controls improvement plan	Review of reports on progress against the Internal Audit Plan for 2023	Approval of the interim review strategy and plan
		Review of Treasury Policy		
		Review of contractor and consultancy spend		
		Review of principal risks and mitigations		
September	Review of store related assets and Plc investment carrying value for potential impairment	Review of progress on internal controls improvement plan	Review of reports on progress against the Internal Audit Plan for 2023	Review of reports on the interim financial statements
	Review of revenue recognition	Review of ESG reporting landscape		Review of non-audit fees
	Review of goods received not invoiced	Review of Corporate Risk Register		Briefing on ESG reporting and corporate governance developments
	Review of considerations of the Group's going concern			
	Review of interim dividend recommendation and distributable reserves			
	Review of interim financial results and statements			
November		Review of progress on internal controls improvement plan	Review of reports on progress against the Internal Audit Plan for 2023	Approval of the external audit strategy and plan
		Review of accounting policies	Assessment of the effectiveness of internal audit	Assessment of the effectiveness of external audit
		Review of risk management approach	Approval of Internal Audit Plan for 2024	Review of non-audit policy and fees

Key judgements and financial reporting matters
A key aspect of the Committee's work is monitoring the integrity of the annual and interim reports, including a review of the significant financial reporting matters and judgements contained in them. Key accounting judgements considered, conclusions reached and their financial impacts for the year ended 30 December 2023 are set out below.

In reaching its conclusions, 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 reports from the external auditor on the work undertaken to arrive at the conclusions set out in its audit report on pages 132-139 and had the opportunity to discuss it with the external auditor in depth.

The carrying value of right-of-use assets
The Group balance sheet contains £537.1m (2022: £542.4m) of right-of-use assets. The Directors are required to determine whether those assets have suffered any impairment or whether there has been any reversal of an impairment previously recorded, taking into account appropriate indicators, for example store profitability, stores with recent losses or those with high value assets. Where there are indicators of impairment or reversal calculations are performed which compare 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 and IT investment costs (such as SaaS). 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 cash flows over the remaining term of the lease, 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.

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 (including IT investment) and discount rate calculations were prepared, how individual stores were determined to be potentially impaired or which indicated reversals of prior impairments, 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 charges and reversals of prior charges recognised and included acceptable judgements.

Revenue recognition
The Group recognised £364.7m (2022: £371.1m) of revenue in the financial year in respect of Design & Installation revenue and carried forward Design & Installation revenue of £28.5m (2022: £43.6m) as a liability on its balance sheet where orders had been paid in advance but either fully or partially undelivered at the period end. Design & Installation 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.

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 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.

The carrying value of investment in subsidiaries (Company only)
The Company balance sheet contains £603.4m (2022: £598.9m) 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.

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 and included acceptable judgements.

Audit and Risk Committee Report continued

External auditor

The Committee is responsible for overseeing the relationship with the external auditor, including recommending to the Board its reappointment or removal, assessing external audit independence and approving the statutory audit fees.

KPMG LLP ('KPMG') continued as the Company's external auditor for the financial period ended 30 December 2023, having been reappointed as auditor of the Company on 23 May 2023 by Shareholders at the AGM.

KPMG was appointed under a competitive audit tender in 2015. Wickes became a public interest entity (PIE) in April 2021 when its shares were admitted to trading on the London Stock Exchange and therefore, under the Companies Act 2006, the next tender will be required no later than in respect of the 2031 financial year (ten years from the date of the Company becoming a PIE). Auditor rotation is required 20 years from the date of the Company becoming a PIE and therefore this will be due no later than 2041.

When the Company's shares were admitted to trading on the London Stock Exchange, the Company was in the FTSE 350 and subject to the CMA Order which would require the next tender for an external auditor for the 2025 year end (ten years from the last tender). As the Company is not now in the FTSE 350, the CMA Order does not apply and, after careful consideration and in accordance with applicable legal and regulatory requirements, the Committee determined that it would be in the best interests of the Company and its Shareholders to delay tendering the auditor until after completion of the Internal Control Improvement Programme to allow management to fully focus on the improvement of controls to meet the new Code requirements without having to manage the considerable additional work that an audit tender would entail at the same time.

The Committee agreed that KPMG has a detailed knowledge of the business and an understanding of the sector, and continues to demonstrate that it has the necessary expertise and capability to undertake the audit. It was further noted that the audit partner will rotate after the 2024 year end, which will bring a fresh approach to the audit. The audit will be tendered ahead of the audit of the 2031 financial year.

KPMG's role is to express an opinion on the financial statements of the Group. It discusses its findings with management and it reported to the Committee during the year on its audit work and audit opinion. The Committee reviews any recommendations made by KPMG and agrees what actions should be taken with management.

External audit effectiveness

During the year, the Committee considered the quality, effectiveness, independence and objectivity of KPMG through the review of all reports provided and the regular contact with the auditor both during Committee meetings and through other interactions. In addition, an annual assessment was conducted in accordance with a process agreed with the Committee which involved seeking the views of the Committee, as well as those of colleagues who have regular interactions with the external auditor, 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.

A summary of the responses was presented to the Committee at its meeting in November 2023. The Committee used the feedback to assist its assessment of whether the external auditor met the required standards of qualification, independence, expertise, effectiveness and communication, and discussed its conclusions and opportunities for improvement with the external auditor. The overall feedback was positive and no significant issues were identified as part of this process. It was agreed that the audit was robust and professionally performed, the audit team had a good understanding of the business and there was a high degree of constructive challenge from the external audit team. It was recognised that there continued to be opportunities for both management and the auditor for making the audit process more efficient.

The Committee concluded that KPMG had applied appropriately robust challenge and professional scepticism throughout the year which demonstrated KPMG's independence and that it possessed the skills and experience required to perform its duties and, in particular, the audit effectively.

External audit independence

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 2023 audit.

Non-audit services

Additional non-audit services provided by the auditor may impair its independence or give rise to a perception that its independence may be impaired. The Non-audit Fees Policy was originally approved by the Committee in 2021 and reviewed in November 2023. The policy is 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 not be engaged, and includes approval limits and a cap on allowable non-audit fees. Key provisions of the policy:

- Fees for non-audit services provided by the statutory auditor in any year may not exceed 70% of the average fees for the Group statutory audit in the three previous years.
- The auditor is prohibited from providing certain non-audit services, including almost all tax work, internal audit, corporate finance, and involvement in management activities.
- The external auditor may not be engaged to provide any non-audit services without the approval of the Committee.

During the year, the Committee reviewed the non-audit fees at each of its meetings. For the year ended 30 December 2023, 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 150 of the notes to the financial statements.

The Committee is satisfied that the Non-audit Fees Policy was complied with throughout the year and, in its opinion, the external auditor remains independent.

* Fees paid in previous periods to the auditor in relation to Reporting Accountant services in respect of the Wickes demerger, which were agreed by its former parent company 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. No such fees were paid in the current period.

Internal audit

The internal audit function provides the Committee and management with independent and objective assurance on the adequacy and effectiveness of the Group's internal controls.

The Group's internal audit function is outsourced to BDO LLP ('BDO'). The Committee decided to outsource internal audit when the Company listed on the London Stock Exchange, primarily to enable the business to focus on its core business and bedding in other new requirements of being a listed company. It was determined that outsourcing the internal audit function would also give the business access to a wide range of expertise in a cost effective way.

The work of internal audit is set out in an Internal Audit Charter, which is agreed annually with the Committee. Internal audit has an independent reporting line to the Chair of the Committee and a dotted reporting line to the Chief Financial Officer. The Committee meets with internal audit without executive management present before each Committee meeting and meets with the Chair of the Committee on a quarterly basis or more frequently if required.

At every Committee 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.

Internal audit also provided the Committee with thought leadership on sector specific insights, as well as more general updates on areas such as 'Audit Reform' and corporate governance changes.

Internal Audit Plan

Each year an audit needs assessment (ANA) is carried out. This considers the Group's principal risks, the Group's appetite for risk, any changes to the business and findings from prior audits, along with priorities and specific areas of focus highlighted by the Executive Board, senior management and the Committee. The output from the ANA is used to establish the Internal Audit Plan for the year.

The Internal Audit Plan for 2023 was approved by the Committee and included a combination of risk-based assurance audits and advisory projects. The following reviews were commenced in 2023:

Internal audit review	Overview of scope
HR, Resourcing & Retention	Recruitment, induction processes, succession planning, performance development and promotional opportunities.
Estates Management	Estates Management, including property management strategy, rent reviews, property costs, maintenance and repairs, compliance with lease conditions and complaints management processes.
Finance System Implementation	Assessment of the achievement of the original business specification and any subsequent necessary workarounds put in place.
Senior Accounting Officer	VAT, corporation tax, employment taxes, customs and excise and stamp duty land tax.
Customer Experience	Strategy, policies and procedures, monitoring of the quality of customers' experience, feedback and lessons learned, responding to customers' needs, management information and reporting, refund management and product recalls.
Fraud Management	Fraud Management framework used to manage and mitigate organisational fraud related risks.
Design & Installation	The end-to-end Design & Installation operational process from a customer raising an enquiry through to the order being fulfilled, including quotes, order management, third party installer management, Order Fulfilment, data quality and reporting.
Regulatory Compliance	The Group's overarching regulatory compliance framework, governance and accountability, policies and procedures, training, compliance requirements, risk assessments, monitoring compliance, reporting mechanisms and management information and escalation of compliance issues and instances of non-compliance.
Payroll	Processing of data, amendments to standing data, approvals, oversight and monitoring, bonuses, pensions, loans, and salary advances and third party management.
Data Privacy	Review of data privacy programme including awareness, joint controllers, processors, data transfers, lawful basis for processing, transparency, individual rights, breaches, Data Protection Impact Assessments, governance and accountability.
IT General Controls	IT governance and strategy, physical security, user access, change management, asset management, incident management, patch management, back-up and recovery and third party management.
National Minimum Wage	The control framework in place to ensure the Group is compliant with National Minimum Wage requirements. This review was requested by the Committee as an addition to the FY2023 Internal Audit Plan.

Any proposed changes to the Internal Audit Plan are presented to the Committee for approval as necessary during the year, to take account of any new internal or external developments. During the year, a number of minor changes were made to the Internal Audit Plan to ensure planned assurance activity focused on the key needs of the business. Timings of some audits were also adjusted to ensure that management resources were available to fully support and engage with the internal audit team.

The high-level scope of each internal audit review is agreed with the Committee when the Internal Audit Plan is set, as well as confirming the Executive sponsor. The sponsor is involved in the planning stages of each audit, overseeing completion of the work and supporting BDO to agree conclusions and agreeing recommendations.

Ongoing visibility of the internal control environment is provided via internal audit reports to the Executive Board and the 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 Committee regularly reviewed actions arising from internal audits. Reports on the progress of the audit actions are presented to the Executive Board every month and to the Committee at every meeting, with a focus on the status of any deferred and overdue actions.

Audit and Risk Committee Report continued

Internal audit effectiveness

During the year, the Committee assessed the effectiveness of internal audit to satisfy itself that the quality, expertise and experience of the function is appropriate for the Group. The assessment was conducted in accordance with a process agreed with the Committee and involved seeking the views of the Committee, as well as the Executive Board and those of colleagues who have regular interactions with the internal audit team on the following areas:

- The internal audit team's resources and knowledge and its understanding of the business
- Quality of internal audit planning and delivery
- Degree of independence applied by the internal audit team
- Quality of internal audit findings and reporting

A summary of the responses was presented to the Committee at its meeting in November 2023. The Committee used the feedback to assist its assessment of the effectiveness of the internal audit function and discussed its conclusions and opportunities for improvement with the internal audit team. The overall feedback was positive and no significant issues were identified as part of this process. It was agreed that the internal audit function was effective, although there continued to be opportunities for further improvement to reporting. It was also concluded that further consideration should be given to whether a co-resourced rather than a fully outsourced model would be more appropriate for the business now the Finance team had been strengthened and work on other priorities, including the control improvement programme, was progressing well.

Risk management and internal controls

In addition to internal audit services, BDO provides the 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.

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 principal risks and uncertainties are developed from this Group view of risk management, and are set out on pages 75-81, together with information on how those risks are mitigated and how emerging risks are assessed.

The Committee receives regular reports to provide assurance over the extent and performance of the control environment and to assist in its oversight of the principal risks. These reports include:

- reports from management on progress with the control improvement plan;
- reports from internal audit providing a status update on the delivery of control improvement recommendations;
- reports from internal audit on its audit reviews and recommendations as part of the Internal Audit Plan; and
- KPMG's external audit findings and insight from the external audit process.

Building on the foundations of the new accounting system delivered at the end of 2022, and in anticipation of the changes to the Code published in January 2024, management initiated a programme to capture and formally document its key financial controls. With full support from the Committee, these activities commenced in the second half of the year and focused on the core transactional processes and, in particular, an assessment of the robustness and resilience of the related key financial controls. These activities will continue during 2024, forming the foundation of the Company's response to the Code changes and ultimately supporting the Directors' statement on the December 2026 financial statements.

During the year, the Committee received updates on the programme and its key findings from management, as well as discussing the effectiveness of the control environment in relation to the 2023 financial year. The Committee noted that there had been improvements made to controls during the year and concluded that, with the support from the manual detective controls and reviews in place, the internal control environment was effective.

The Committee recognises the importance of continuous improvement in the effectiveness of the Company's systems and processes, and that the improvement of internal financial controls remains a key priority. In the near term this will be focused on opportunities to increase the robustness and resilience of the manual detective controls in operation. In the longer term, the delivery of the business transformation plan, which includes upgrades to the Company's commercial and operating systems, will allow the Company the opportunity to implement optimised system based preventative controls, which will reduce the reliance on the manual detective controls currently operated.

Committee effectiveness

The effectiveness of the Committee was considered as part of this year's Board evaluation process, more details of which can be found on page 99. The review concluded that the Committee continues to operate effectively.

Responsible Business Committee report

Sonita Alleyne
Chair of the Responsible Business Committee

Committee members

Sonita Alleyne, independent Non-executive Director, Committee Chair

Mark Clare, Senior Independent Non-executive Director

Laura Harricks, independent Non-executive Director

Mike Iddon, independent Non-executive Director

Christopher Rogers, Chair of the Board

Dear Shareholder,
It gives me great pleasure to present the Responsible Business Committee report, covering the year ended 30 December 2023. Following the launch of our Responsible Business Strategy, 'Built to Last', in 2022, we have continued to move at pace this year to implement our sustainability plans. I have set out some highlights below. More details can be found on the following pages and in the Responsible Business section on pages 34-66.

The business created the new role of Head of Inclusion and Diversity to further develop our inclusion and diversity strategy. In the year, the business continued to receive external recognition for the great initiatives and work done in this area, including being placed 11th in the top 100 of the Stonewall Workplace Equality Index 2023. The list recognises exceptional employers who are committed to supporting their LGBTQ+ colleagues and customers. Further details on this can be found on page 40.

The Committee received updates on the further steps being taken to improve the ethnic diversity within Wickes and, in September 2023, we were the first retailer to partner with Flair Impact (a racial equity technology company), to undertake a colleague anti-racism survey. Further detail on the results of this survey can be found on page 37.

The business completed its partnership with YoungMinds and I was delighted with its success, raising £2.3 million and exceeding its target. A new corporate partner, The Brain Tumour Charity, was selected by colleagues from a shortlist. The business also celebrated the first full year of its Community Programme which has helped 1,468 local good causes, just slightly shy of our ambitious target of 1,500. Further details can be found on pages 42-43.

I very much enjoyed the colleague listening session that I hosted during 2023 on behalf of the Board, which formed part of a programme of listening initiatives that supports the Company's 'always on' listening approach. Key themes from the insights gathered across the year have been grouped into areas of strength and areas that require further attention. Colleagues are confident in the direction of the business strategy and are incredibly proud of the culture of inclusion and diversity. Areas that require attention are: ensuring that colleagues in store and distribution feel their work is meaningful; improving dialogue and engagement in day-to-day communications; and ensuring that we continue to monitor pay and reward in the face of external market changes. The business's overall level of engagement is stable and continues to perform positively against the external retail benchmark. The June 2023 colleague engagement survey measured engagement at 79%, with over 84% of colleagues participating.

I am encouraged by the Company's evolving plans with meeting its near term science-based targets for Scopes 1, 2 and 3, and I was pleased to see the business submitting its first Forests submission to the Carbon Disclosure Project (CDP). The Committee reviewed the business's ongoing progress with developing its climate-related disclosures in line with external regulations. With the development of the disclosure landscape, this will be a key area of focus for the Committee going forwards.

The Committee was briefed on how the business is performing against its plans to deliver against its strategic objectives for Homes, and is excited about the new product ranges that were launched during the year to support our customers with improving the energy efficiency of their homes, particularly in light of the ongoing cost of living challenges.

Looking forward to 2024, the Committee will continue to closely monitor the implementation and development of our Responsible Business Strategy, along with monitoring the Company's performance on ESG matters.

Further information on the Responsible Business Strategy can be found on pages 34-66 or on our website at www.wickesplc.co.uk.

Sonita Alleyne
Chair of the Responsible Business Committee
18 March 2024

Responsible Business Committee report continued

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 pages 86-87. Overall attendance for Responsible Business Committee meetings was 100%. Further details about meetings and attendance can be found on page 88.

The CEO and CFO are not members of the Committee but, along with other key members of management, are invited to and attend all meetings to provide valuable operational and financial insight and feedback on performance against the Responsible Business Strategy.

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 corporate website at www.wickesplc.co.uk.

The Committee's role primarily covers the following areas:

- Review, approve and monitor the strategy and targets for managing the Group's ESG responsibilities in such a way as to build trust and confidence
- Review and monitor the Group's Responsible Business disclosures, including climate-related financial disclosures
- Monitor the Group's Responsible Business engagement and communications with its stakeholders

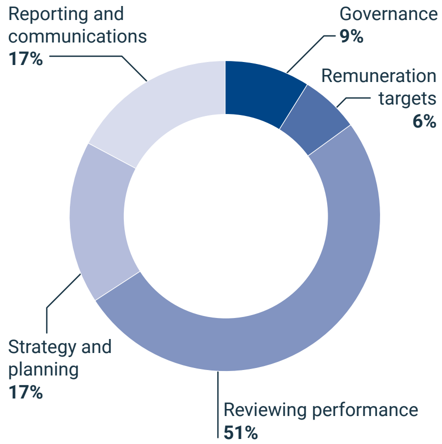
The Committee reviewed and updated the Terms of Reference during the year, the main change being to clarify the respective responsibilities of the Committee and the Audit and Risk Committee in respect of climate risks.

	Strategy	Performance	Reporting and communications
January		Review of Early Careers progress	
		Review of products and services progress	
		Review and approval of ESG remuneration targets	
June	Review of timber policy	Review of colleague representation against the census	Review of creative designs
		Review of the Community Programme	
	Review of impact of Green Claims	Review of waste and packaging progress	
		Review of environmental management system	
September	Review of approach to climate related risks and opportunities	Review of progress with decarbonisation plans	Review of climate reporting landscape, gap analysis and action plan
November	Review of strategy and 2024 programme Review of environment and packaging policies	Review of gender and ethnicity performance	Review of stakeholder feedback and communications plan
		Review of Early Careers progress	
		Review of charity partnership and Community Programme progress	
	Review of climate related risks and opportunities	Review of environmental progress	
		Review of products progress	
		Review of packaging progress	

Activities of the Committee

The Committee held four scheduled meetings during the year and 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.

Percentage of time spent by the Committee



People

Inclusion and diversity

The Committee oversaw the introduction of the Feel at Home vision, based on three drivers, the Feel at Home Plan, the inclusion and diversity strategy and the Colleague Experience Programme. The Feel at Home vision aims to achieve gender balance and ethnic diversity representative of the communities we serve across all levels of the Company, and provide a colleague experience underpinned by equity and equality. The business continued to engage with colleagues to improve the quality of its gender and ethnicity data. The Committee received updates on the Company's gender diversity performance and the progress against meeting its targets, including bonus targets. Further details on the gender bonus targets can be found in the Annual Report on Remuneration on pages 120-121.

The Committee received updates on the Company's ethnicity diversity performance compared with national census data to understand where its composition doesn't reflect the local community and identify opportunities for improvement.

The Committee commended the external recognition received by the business. More details on this and our inclusion and diversity strategy can be found in the People section on pages 36-43.

Early Careers

During the year, the Committee received updates on the evolution of the Early Careers offering. Although apprenticeships remain the key focus, the business also offers work experience placements, and graduate, intern and business placements. The business has continued to broaden its apprenticeship offering with a clear focus on programmes that support the development of specialist skills (e.g. installations), key pipelines for growth (e.g. design consultants), and building new capabilities for the future (e.g. data). There has been positive feedback from colleagues who have successfully completed an apprenticeship and the business was pleased to have made the RateMyApprenticeship's Best 100 Apprenticeship employers for 2023. Further details about Early Careers can be found on page 38.

Community

An overview of the work undertaken throughout the year on the Company's Community Programme was provided to the Committee. In 2023, the business supported 1,468 community projects, which are estimated to have benefited over 500,000 people. Every Wickes store is allocated an annual budget to support local community projects through the supply of products. In 2023, there was a significant increase in the number of charities and community organisations seeking support under the Company's Community Programme. The Committee is pleased that the business is able to provide support to these good causes, particularly during the cost of living crisis.

2023 also saw a trial of a more formal volunteering programme through the use of the Neighbourly platform. This platform connects charities and community organisations with companies offering volunteering time. Colleagues were encouraged to take part in this programme and, over the course of 2023, the business supported ten community projects with gardening and painting.

Charitable donations

The business completed its partnership with YoungMinds in March 2023, raising £2.3 million in total through fundraising, exceeding its target of £2 million. Following this, the business started a new two year partnership with The Brain Tumour Charity. Between April to December 2023, the business donated £10,000 directly and £718,060 was generated from fundraising activities and customer donations. Throughout the two year partnership, colleagues at Wickes will complete a series of fundraising activities to raise funds to enable The Brain Tumour Charity to further its work in research and increase the number of people it can support.

Environment

Science-based targets

The Committee reviewed progress against delivering the three science-based carbon reduction targets, which received validation by the Science Based Targets initiative (SBTi) in 2022. The business made good headway in 2023 on its net zero trajectory. In particular, the business made significant progress with delivering the 42% Scope 1 and 2 reduction target by 2030 (against a 2021 baseline). By the end of 2023, the Group had reduced Scope 1 and 2 emissions by 36.9% compared to our baseline, primarily as a result of the switch to a 100% renewable electricity contract for the entire Group from April 2023 onwards.

The Committee also received updates from the business on plans and progress with engaging the supply chain to galvanise support with delivering the Scope 3 targets. The Committee was pleased that, by the end of 2023, 23 suppliers had set a science-based target. This equates to 23.8% of Scope 3 emissions compared with the target of 45% by 2027.

Climate-related financial disclosures

The Committee reviewed and discussed the evolving reporting landscape on climate-related disclosures, including the Task Force on Climate-related Disclosures and the new climate-related financial disclosure requirements under the Companies Act 2006. A gap analysis was carried out to evaluate the performance of the Company's 2022 disclosures against the mandatory requirements the Company must meet with its 2023 disclosures. The Committee reviewed an action plan put in place to drive further improvement and meet compliance. Further details of our climate-related financial disclosures can be found on pages 57-66.

The Committee conducted a review of the climate-related risks and opportunities register to determine that risks are correctly allocated and categorised in line with the Company's risk appetite. The Committee reviewed the high-level risks and opportunities proposed by the business as financially material, and made a recommendation to the Audit and Risk Committee that these be disclosed in the Annual Report. Further information on climate-related risks can be found on pages 60-62.

Waste and packaging

The Committee was updated on the Company's progress on reducing consumer plastic packaging waste through range reviews and targeted supplier activity, with all unnecessary packaging being removed from Wickes own brand products. The Company is continuing to work with its suppliers on increasing the amount of recycled materials used in packaging.

Responsible Business Committee report continued

Environmental management system and environmental obligations
During the year, the Committee was updated on work the business was doing to develop the Environmental Management System to meet the requirements of the International standard ISO 14001. Opportunities for improvement were identified and are being implemented by the business with the aim of achieving certification during the next two years.

The Committee reviewed the progress of the business in applying the principles of the Green Claims Code. Work during the year to improve the business knowledge of this subject included cross-departmental training sessions and a roundtable with external advisors. The Committee was also informed about the business's plans to meet the four-year compliance cycle of the Energy Savings Opportunities Scheme (ESOS).

Policies
The Committee reviewed the Company's updated Environmental Policy, which is in line with the Responsible Business Strategy and meets the policy requirements of the ISO14001 international standard. The Committee also approved the Company's new Packaging Policy.

The Committee was briefed on the Company's updated Timber Sourcing Policy, which was published in 2023. The policy outlines the steps the business is taking to source timber and timber products from legal and sustainable sources, and to ensure compliance with the UK Timber Regulation (UKTR, which replaced EUTR in the UK from 1 January 2021). The policy details the Company's commitment to comply with all relevant timber regulations for the countries in which we operate.

These policies can be found on the Company's corporate website www.wickesplc.co.uk.

Homes
The Committee was updated on the progress that the Company is making with delivering its aim to provide products and services that help our customers save energy and reduce the carbon footprint of their homes. This covered an update on how the business is building customers' awareness of energy efficiency in store and on the website. This included the 'Wickes Energy Efficient Home', an online hub that provides an easy-to-follow guide on how to increase energy efficiency and reduce energy bills. An overview was also provided of the new solar and heat pump range launched in the year. More information can be found on pages 50-51.

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 111-113.

Committee effectiveness
The effectiveness of the Committee was considered as part of this year's Board evaluation process, more details of which can be found on page 99. The review concluded that the Committee continues to operate effectively.

Remuneration Committee report

Mark Clare

Chair of the Remuneration Committee

Committee members

Mark Clare, Senior Independent Non-executive Director and Committee Chair
Sonita Alleyne, Independent Non-executive Director
Laura Harricks, Independent Non-executive Director
Mike Iddon, Independent Non-executive Director
Christopher Rogers, Chair of the Board

Dear Shareholder,
On behalf of the Remuneration Committee, I am pleased to present the 2023 Directors' Remuneration report for Wickes. The report covers three key areas:

- This letter, which provides a summary of the key remuneration decisions made in respect of 2023 and our proposed approach for 2024.
- Our new Directors' Remuneration Policy, which will be subject to a binding Shareholder vote at the 2024 AGM.
- The Annual Report on Remuneration, which describes how the existing Policy has been applied for 2023 and how we intend to implement the new Policy for 2024.

Wickes delivered a solid performance for 2023, despite a challenging market. Pressure on consumer spending dampened the demand for home improvements, a trend we observed across the retail sector. Despite these challenges, management and colleagues have worked hard to execute the strategy and deliver value to Shareholders and other stakeholders, as demonstrated by growth in our market share and financial performance ahead of consensus.

The existing Directors' Remuneration Policy is now three years old, having been agreed at the time of the demerger in 2021 (though formally approved by our Shareholders in 2022). As such, the Committee agreed that 2023 was the right time to review the Policy to make sure that it continues to reflect Wickes' business strategy and culture, and is aligned to UK governance standards.

A summary of the new Directors' Remuneration Policy is provided later in this letter, with the detailed Policy beginning on page 115.

The Committee carefully considered the experience of key stakeholders during the year, including colleagues and Shareholders, when making remuneration decisions.

Reward and benefits across the Group in 2023
We continue to support our colleagues with the cost of living crisis, and offer market leading benefits that cover direct financial support combined with comprehensive financial education and wellbeing resources. Further details of our approach to colleague reward and wellbeing can be found on page 125.

>7%
average salary increase awarded to the wider workforce for 2024

1,090
colleagues utilised our direct financial support in 2023, in the form of salary advance or loans

£422k*
invested in our Company wide recognition plans during 2023

0.1%
our median gender pay gap in 2023 (down from 2.6% in 2022)

* Comprised of loyal service awards, manager 'instant awards', and recognition events held during the year.

Responsible Business
Building skills in our local communities through our Early Careers offering is essential to ensure we continue to attract and develop the skills required for future growth at Wickes. In 2023, we supported 280 individuals into Early Careers placements (248 individuals enrolled on an apprenticeship programme, 27 work experience placements, and five graduate, intern and business placements). People in these placements are more diverse in terms of gender and ethnicity when compared with our colleague population overall.

In 2023, we had our first full year of delivering Built to Last, our Responsible Business Strategy, which we have focused on integrating into the business. Our inclusion and diversity targets were linked to the Executive Annual Bonus Scheme, and our near term Science Based Targets were linked to the Long Term Incentive Plan for 2023-2025.

Group performance highlights for 2023
In 2023, despite very challenging operating conditions, we delivered sales of £1,553.8m. Our adjusted profit for the year was £52.0m*.

£1,553.8m
adjusted revenue (2022: £1,559.0m)

£52.0m*
profit before tax (adjusted) (2022: £75.4m)

£46.1m
free cash flow (2022: £29.0m)

15.1p
adjusted basic earnings per share (2022: 23.8p)

* The 2023 PBT (adjusted) outcome for bonus calculation purposes was £59.5m. This is an adjusted figure before the incremental impact of SaaS accounting (see note 32 of the financial statements).

Shareholder experience in 2023

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 2022.

In July, we announced a £25m share buyback programme as a way of further increasing returns to our Shareholders. The first £12.5m tranche of the programme commenced in July and an aggregate market value equivalent to £10m was bought back during 2023. This first tranche was subsequently completed in early 2024.

EXECUTIVE REMUNERATION IN 2023

Basic salary

From 1 April 2023, the annual salary for David Wood was increased by 4% to £527,670, and the salary for Mark George was also increased by 4% to £390,000. Both increases were below the average increase awarded to the wider workforce in 2023 of more than c.8%.

Annual bonus outturn

The 2023 annual bonus paid out at 86.9% of maximum. 63.6% of this related to PBT, 20% related to free cash flow, and 3.3% related to ESG.

Measure	Weighting	Threshold	Target	Max	Actual	% maximum achieved	% bonus achieved
Profit before tax (adjusted)*	70%	£52.3m		£60.5m	£59.5m	90.9%	63.6%
Free cash flow	20%	£30.2m		£40.2m	£46.1m	100%	20.0%
% female representation in store leadership	5%	33%		34.5%	33.9%	65.3%	3.3%
% female representation in Support Centre management	5%	44%		46%	43.5%	0%	0%
Total	**100%**	**0%**	**50%**	**100%**	**86.9%**		**86.9%**

* PBT outcome shown is an adjusted figure before the incremental impact of SaaS accounting, which was the basis for setting the targets at the beginning of the year (see note 32 of the financial statements).

The Committee considered the formulaic bonus outcome against the targets which were set at the beginning of the year. At the time that the targets, were set, the Committee was comfortable that they were appropriately stretching in the context of the Group's ambitions and taking into account the anticipated headwinds highlighted above in this letter. The Committee considers the bonus outcome to be fair and appropriate, therefore no discretion has been exercised in relation to the bonus payout. Further details can be found on page 120.

Colleagues below the Executive Directors eligible for annual bonus received a payment of 91.6% of maximum for 2023, in recognition of their contribution to Group performance.

Transitional Award

As referenced in last year's Annual Report and Accounts, the second tranche of the Transitional Award for David Wood vested in April 2023 following achievement of the performance hurdles. These awards are subject to a two year holding period for executives. Further details can be found on page 121.

2023 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. More details on the performance measures and targets are set out on page 122.

There were no LTIP awards due to vest during 2023.

Changes to the Remuneration Committee

We were pleased to welcome Laura Harricks to the Remuneration Committee in 2023. Her experience and knowledge will prove valuable to the Committee.

Our approach to remuneration in 2024

Remuneration policy review

As noted above, the Committee took the opportunity to review the Remuneration Policy during 2023.

As part of the review, the Committee undertook an extensive Shareholder consultation exercise, with 20 major Shareholders representing c.54% of our issued share capital. In addition, the Committee consulted with the proxy voting agencies that our Shareholders subscribe to. The review considered the Policy in the context of UK governance standards, UK general market practice and that of our retail peers, the views of our Board and management, and the business strategy and culture.

The Committee concluded that the overall structure of the Policy remains appropriate for Wickes and continues to support the delivery of our strategy and the generation of Shareholder value.

However, after careful consideration, the Committee is proposing some changes to the CEO's remuneration package. The changes to the CEO's package and rationale for these changes, are set out below.

Other minor changes to the policy are also detailed below.

Rationale for the proposed changes to the CEO's remuneration

Performance in role

The Board and Committee have been impressed with the performance of the CEO since his appointment. Key strategic achievements include:

- The seamless delivery of the demerger from Travis Perkins despite difficult market conditions.
- Introducing a clear strategy for the business including growth of trade customers, updating stores and range reviews, all of which are being successfully executed.

- Delivering consistently high and improving levels of customer and employee satisfaction across the three year period since the demerger.
- Setting a clear environmental strategy with Science Based Targets, and delivering on a number of decarbonisation objectives ahead of plan.
- Delivering strong levels of profit despite the difficult backdrop (including energy price increases and material price inflation) whilst achieving record levels of revenue and market share growth.
- Making a compelling investment case for Wickes, to maximise engagement and build strong relationships with our Shareholder base.
- Setting a clear Capital Allocation Policy to deliver an efficient balance sheet and under which Wickes has been able to commence a share buyback programme.

Proven in role

On the demerger in 2021, David was a first time CEO of a listed entity. His remuneration at the time was set to reflect that this was a first time appointment with a clear understanding that he needed to prove himself in role. After three years, given his performance as outlined above, the Committee believes that it is now appropriate to regard him as a proven CEO and pay him the appropriate market rate for a valued and experienced CEO in a similar sized retail organisation.

Lack of market competitiveness of package

To establish the appropriate market rate for a high performing proven CEO, the Committee undertook a market benchmarking exercise during 2023 to test the competitiveness of the current package against a custom peer group of retailers selected based on market capitalisation, revenue, and colleague headcount. The exercise showed that the CEO's current compensation opportunity was not sufficiently competitive compared to our peers. The proposed incentive increase (when taken together with the salary increase for 2024, as detailed below) will move the total remuneration for the CEO towards the median of the peer group. Given Wickes' relative size compared to the benchmarking peers, the Committee were comfortable that the proposed market positioning of the total package is appropriate. When reviewing the market data, the Committee were also mindful of the Group's growth in market capitalisation over the last 12 months, which at the time of writing positioned Wickes just outside of the FTSE 350.

Change to the CEO's remuneration

The Committee is proposing a moderate increase to the incentive opportunity for the CEO:

- Increase in the annual bonus maximum opportunity to 160% of base salary from 140%.
- Increase in the normal LTIP opportunity to 185% from 175% of salary (within the current defined Policy limit of 200%).

Base salary increase

In addition to the Policy changes outlined above, the Committee intends to increase the CEO's base salary over the next two years to reflect his performance in the role, and to bring it up to a level commensurate with an established CEO.

In 2024 it is proposed that the CEO base salary is increased to £580k, an increase of 9.9%. This is only slightly higher than the average increase awarded to the wider workforce of more than 7% but the Committee believes this is appropriate given the level of performance and the relative position of the CEO's package against the comprehensive benchmarking carried out.

The Committee intends to increase the CEO's salary further in 2025, dependent on the CEO's continued strong performance in the role.

By introducing the base salary increase in a phased manner over two years, this enables the Company to spread the absolute increase for the CEO over a more appropriate multi-year period. The level of increase in 2025 is yet to be determined.

Other remuneration policy changes

Minor amendments to bring the Remuneration Policy in line with market practice / UK governance standards.

- Strengthened the Committee's power, in exceptional circumstances, to exercise discretion upwards as well as downwards when determining incentive outcomes.
- Clearer wording around leaver provisions, specifically around 'bad leaver' circumstances and treatment of incentives.
- Strengthened malus and clawback provisions, in line with the new UK Corporate Governance Code.

The Committee agreed that the remuneration package for the CFO was set at a broadly appropriate level, having been recently appointed to the Group.

Details of the revised Remuneration Policy can be found on page 115.

ESG targets for the 2023 and 2024 LTIPs

As disclosed on page 48 we will rebaseline our near term Science Based Targets (SBTs) in 2024. As a result, we will restate the ESG targets for the 2023 LTIP and set the 2024 LTIP targets in accordance with the revised baseline. The Committee will ensure the revised 2023 targets are no less challenging than the original targets set. We expect this process will be completed within 6 months of the date of this report, and we will communicate the updated targets under both plans at the same time.

Implementation of remuneration policy in 2024

Mark George will receive a 4% salary increase in April 2024, which is below the average increase of more than 7% awarded to the wider workforce as part of the annual review.

2024 annual bonus measures

The annual bonus for 2024 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 124.

The Committee will continue to set challenging but motivating targets which reflect our internal projections, the external market which is expected to remain challenging, and analyst consensus estimates. Our approach to target setting has been consistent over the last three years where the average payout against bonus was 57%.

2024 LTIP measures

There are no changes proposed to the LTIP measures and weightings.

While there continues to be real uncertainty about the speed of recovery of consumer markets, the Committee will continue to set targets that it believes are stretching but achievable assuming some recovery in the retail market over the period of the award. Further details on the 2024 LTIP measures and targets can be found on page 124.

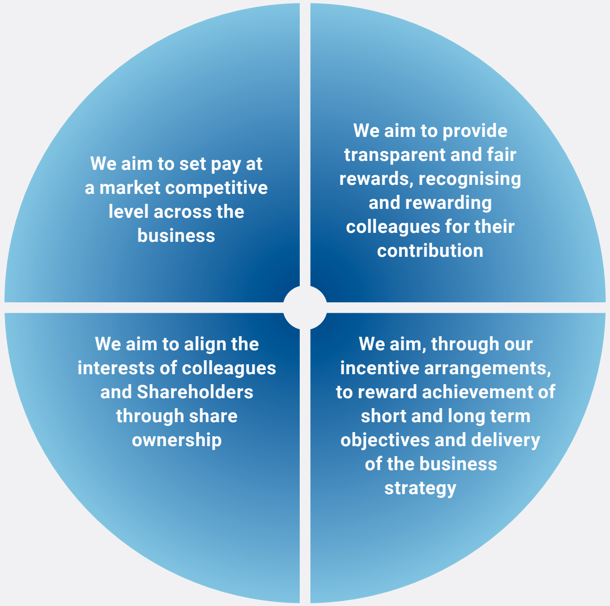
We continue to consider colleague pay structures when implementing our reward strategy for executives, and further details on colleague pay can be found on page 125.

The Committee remains focused on maintaining an open dialogue with Shareholders and welcomes any comments you may have on this report or our remuneration arrangements in general.

Mark Clare
Chair of the Remuneration Committee
18 March 2024

Our remuneration philosophy

Our remuneration philosophy is aligned to Wickes' business strategy and informs pay decisions at and below Board:



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.

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[1]	●	
	Environment[2]		●

1 Based on our inclusion and diversity targets in relation to our gender mix in management roles, and in 2024 will also cover ethnicity
2 Based on our approved Science Based Targets for carbon reduction

The table below sets out how our Remuneration Policy cascades throughout the organisation:

Pay element	Approach for Executive Directors	Approach for wider workforce
Base salary	Base salary is typically set with reference to the market, performance and wider workforce considerations. Annual increases are typically in line with or less than those for the wider colleague population.	Base salary is typically set with reference to the market, individual performance and our internal pay structures. Annual cost of living salary increases typically take place in April each year
Benefits	A wide range of market competitive benefits plus contractual car and private medical benefits.	A wide range of market competitive benefits are available to all colleagues, including a cycle to work scheme, health benefits, and enhanced maternity, paternity and adoption leave.
Pension	Pension comprises a contribution into the Wickes Retirement Savings Plan or a cash allowance in lieu of pension contributions (or a mix of both).	All colleagues are members of the Wickes Retirement Savings Plan unless they have opted out.
Short term incentives	Annual bonus scheme rewarding achievement of stretching annual performance targets linked to delivery of the business strategy. Deferral of one third of the bonus into Wickes Group shares.	All colleagues have the opportunity to participate in a variable pay plan normally linked to either Company or team performance.
Long term incentives	Long term incentive plan with performance measures over three years incentivising and rewarding long-term Shareholder value creation.	All colleagues may participate in the annual Sharesave (SAYE) plan over three years.

Directors' Remuneration Policy

The existing Directors' Remuneration Policy is now three years old, having been agreed at the time of the demerger in 2021 (though formally approved by our shareholders in 2022). As such, during 2023 the Committee carried out a review of the Policy to make sure that it continues to reflect Wickes' business strategy and culture, and is aligned to UK governance standards. The review included conversations with key management and Board members, remuneration benchmarking, and a review of remuneration market practices and governance developments. The Chair of the Committee also wrote to the Company's largest Shareholders in respect of proposed changes and took Shareholders' feedback into account when finalising the new Policy (more details of which are set out in the Chair's Letter on page 112).

Further to the review, the Committee concluded that whilst the overall structure of the Policy remained fit for purpose, some changes were desirable, and a summary of the key changes is set out on pages 112-113. Shareholders are being asked to approve the new Policy, which is intended to apply for three years from the date of approval, at our 2024 AGM due to take place on 24 May 2024.

BASE SALARY

Purpose and alignment to business strategy:	Opportunity:	Operation:	Performance measurement:
– To provide fixed remuneration that will attract and retain the executive talent required to develop and execute our strategy. Base salary levels will reflect the responsibilities of the role, the business and the individual incumbent's performance and expertise.	– There is no maximum salary, or maximum salary increase level. – Salary increases will generally be in line with or lower than the average increase awarded to the wider workforce. However, as with all employees, the Committee may make increases above this level in specific circumstances such as (but not limited to): where a larger increase is considered necessary to reflect changes in market practice; where the incumbent's salary has fallen significantly behind market levels; stepped or one-off increases to bring a recently appointed executive up to the desired level; an increase in the scope or responsibilities of the role; an increase to the size/complexity of the business. – Base salary levels are reviewed in the context of the potential value of the total remuneration package.	– Salary levels are generally reviewed annually with any increases typically taking effect from 1 April. Base salary levels are reviewed with reference to the skills, performance, and experience of the executive, pay data for other management and employee populations, and periodic review of the external market rate for similar roles in companies of a similar size and complexity (including sector peers and FTSE listed general industry peers).	– Recent business and individual performance will be taken into consideration when reviewing base salary levels.

PENSION

Purpose and alignment to business strategy:	Opportunity:	Operation:	Performance measurement:
– 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.	– Pension comprises a contribution into the Wickes Retirement Savings Plan or a cash allowance in lieu of pension contributions (or a mix of both).	– n/a

BENEFITS

Purpose and alignment to business strategy:	Opportunity:	Operation:	Performance measurement:
– 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.	– Benefits include family private medical, life assurance, income protection, and company car or allowance. Other benefits, including but not limited to relocation allowances may be provided as appropriate.	– There is no performance assessment when determining benefit values.

Directors' Remuneration Policy continued

ANNUAL BONUS

Purpose and alignment to business strategy:	Opportunity:	Operation:	Performance measurement:
– 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 shares aligns Executive Directors with Shareholder interests over the long term.	– The maximum opportunity for the Chief Executive Officer is 160% 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.	– A minimum of one third of the bonus earned is deferred into Wickes Group shares for a period of three years. The remainder of the bonus is delivered in cash. – The Committee may use its discretion to amend the bonus payout level upwards or downwards to override the formulaic outcomes in exceptional circumstances (see page 117). – Malus and clawback terms apply (see page 117)	– Performance measures, weightings and targets are set each year with reference to the business strategy. Measures may include financial and non financial goals, including personal objectives. The overall bonus will be weighted with at least 70% set on financial performance. – Details of measures and weightings will typically be disclosed in advance. Target ranges will be disclosed on a retrospective basis alongside actual performance.

LONG-TERM INCENTIVES

Purpose and alignment to business strategy:	Opportunity:	Operation:	Performance measurement:
– To incentivise and reward long term stakeholder value creation. – Enables Executive Directors to build meaningful long term Wickes Group shareholdings, and further align the interests of the Executive Directors with Shareholders and other key stakeholders.	– The maximum annual LTIP opportunity is 200% of base salary. – The normal LTIP opportunity for the Chief Executive Officer is 185% 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.	– Performance is assessed over a minimum of three years. The vested shares (net of tax and National Insurance) will be held for a further two years, during which time they may not ordinarily be sold. – The Committee may use its discretion to amend the LTIP vesting level upwards or downwards to override the formulaic outcomes in exceptional circumstances (see page 117) – Malus and clawback terms apply (see page 117).	– Performance measures, weightings and targets are set each year with reference to the business strategy. – Details of measures, weightings and targets will typically be disclosed in advance.

EMPLOYMENT SHAREHOLDING GUIDELINES AND POST-CESSATION SHAREHOLDING GUIDELINES

Purpose and alignment to business strategy:	Opportunity:	Operation:	Performance measurement:
– 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. – 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.	– Shares directly owned by the Executive Directors and their spouses or partners and shares that have vested and are not subject to further conditions count towards the guideline. – Shares held under the Deferred Annual Bonus Plan (DABP) and shares that have vested under the LTIP but are held within the two year holding period count towards the guideline on a net of tax basis. – We expect Executive Directors, upon the exercise of options, to retain net of tax shares that are subject to further holding requirements within the Company's nominee account.	– n/a

Notes to the Executive Directors' Remuneration Policy table

Pre-existing remuneration arrangements

Remuneration entitlements that were in place prior to this Policy being adopted, or prior to an Executive Director joining the Board and being unrelated to Board duties, will be allowed to continue in line with the terms originally agreed, notwithstanding that they may not be in line with the terms of this Remuneration Policy.

Incentive awards granted prior to the introduction of this Policy will continue to operate in line with the terms agreed at grant, including the Transitional Awards granted in relation to the demerger.

Minor changes

The Committee reserves the right to make minor changes to remuneration policy to reflect changes to statutory or accounting requirements, or minor changes to regulation, without obtaining prior Shareholder approval.

Performance measurement

Performance measures are selected based on their importance and alignment to the business strategy.

The Committee is also mindful of selecting straightforward metrics that provide ongoing line of sight to participants.

Careful thought is given to selecting an appropriate balance of measures that motivate the right behaviours and encourage sustainable growth.

We seek to set realistic yet stretching performance targets and take into account a range of factors when setting targets, including our strategic goals, past performance, analyst forecasts, governance guidelines and market practice.

Malus and clawback (applies to all awards made under the (DABP and LTIP)

The Committee may decide, at any time prior to the third anniversary of share awards vesting, that all or part of an award may be subject to malus and clawback if the Committee forms the view that any of the following occurred, leading to awards vesting to a greater extent than would otherwise have been the case:

- A material misstatement of financial results.
- A calculation in the assessment of any performance condition was based on inaccurate or misleading information.
- Serious misconduct by the award holder prior to awards vesting that could have warranted dismissal from employment.
- Corporate failure resulting in the appointment of a liquidator or administrator.
- Serious reputational damage to Wickes Group or a division of Wickes Group which as determined by the Committee is at least partly due to the actions of management.

To satisfy application of malus and clawback, the Committee may reduce (including to nil), any future bonus payments, existing and future share award grants. The Committee may require the relevant individual to pay to the Group such an amount as required for malus and clawback to be satisfied.

Any application of malus and clawback during the financial year will be disclosed in the Directors' Remuneration report for that year.

Differences between the policy for Directors and colleagues

The remuneration provided to Group colleagues is guided by the same overall philosophy. Details are set out on page 114.

All employee share plans

The Executive Directors are also eligible to participate in any all employee share plans operated by the Company on the same terms as other eligible employees.

Share award terms (applies to all awards made under the DABP and LTIP)

Share awards vesting under any of Wickes Group's share incentive plans may include the right to receive dividends accrued between the grant date and the date of vesting, and this may assume dividends are reinvested.

Share awards may be granted in the form of nil cost options or conditional shares.

Performance conditions may be adjusted by the Committee if an event occurs which causes the Committee reasonably to consider that it would be appropriate to amend the performance condition and the amended conditions will not be materially less challenging to satisfy.

In the event of a variation of the share capital, demerger, special dividend or similar event which affects the market price of shares to a material extent, the Committee may adjust the number of shares comprised in an award.

The Committee may reduce award grant levels in the event of a material reduction in the share price in the period prior to the date of grant.

Remuneration Committee discretion

Bonus

The Committee in its absolute discretion will determine the bonus award outcomes, taking into account the achievement of performance conditions and the performance of the incumbent and Group. In exceptional circumstances, the Remuneration Committee may reduce or increase the level of bonus payout, up to the individual maximum level, to the extent that the overall performance of the Group over the relevant performance period is not considered to be reflective of incentive outcomes. Any use of discretion will be explained in the relevant Directors' Remuneration report.

LTIP

The Committee shall determine the extent to which the performance conditions have been met. LTIP awards shall only vest to the extent that the Committee is satisfied with the overall performance of the Group over the performance period. Any use of discretion will be explained in the relevant Directors' Remuneration report.

Directors' Remuneration Policy continued

Remuneration on recruitment

The Committee will provide any new Executive Director with a total remuneration package that is market competitive. Remuneration elements and their operation will be aligned to the ongoing Remuneration Policy. The overall incentive plan maximum for new executives is 360% of salary for the CEO and 320% of base salary for other Directors (however, award levels may be set lower than this). This total comprises of the ongoing annual bonus maximum for each executive role, and awards of up to 200% of salary under the LTIP rules (currently 185% for the CEO and 150% for the CFO). The Committee is entitled to compensate new executives for forfeited incentive awards. The treatment of such awards will be determined on a case-by-case basis, however, the Committee will seek to make compensatory awards on a similar basis to those forfeited, taking into consideration; the form of award (e.g. cash or shares); the performance conditions; the timeframes; and the approximate value based on a best estimate of likely performance outcome. Where the existing LTIP plan cannot be used to satisfy such awards, the Committee may utilise Listing Rule 9.4.2 to make share awards.

Director service contracts/ letters of appointment

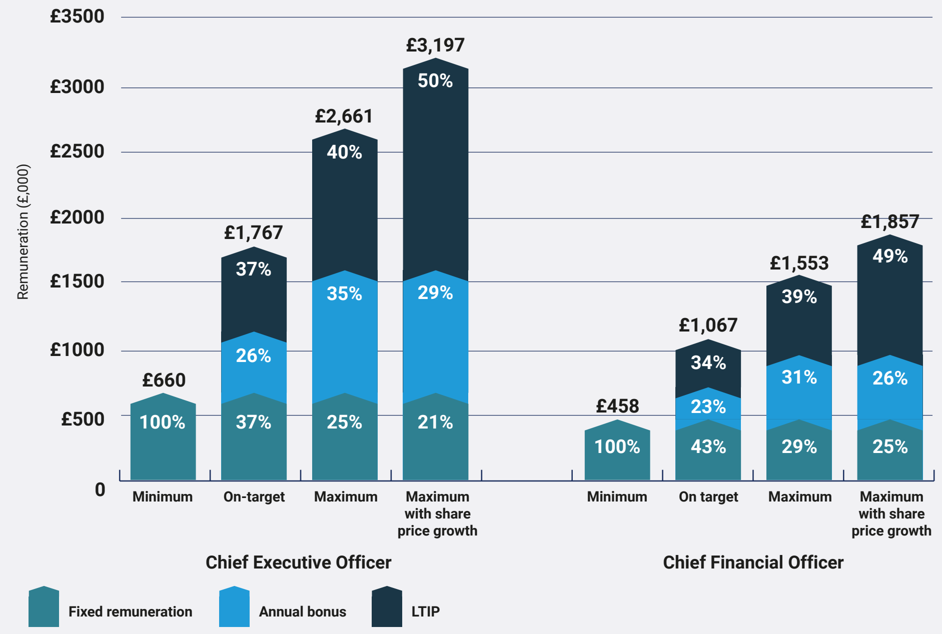
The service contracts for Executive Directors includes 12 months notice of cessation from the Company and 6 months from the Executive Director.

The policy for remuneration on cessation is set out elsewhere in this report. The Non-executive Directors have letters of appointment that include a three month notice period, from either Company or Director. Non-executive Directors are not eligible for any loss of office payments.

All Directors are subject to annual re-election by Shareholders. Service contracts and Letters of Appointment are available for inspection at the Companies' registered office.

Illustration of application of remuneration policy

The following chart illustrates how much the Executive Directors could receive in 2024 under a range of different scenarios:



Element	Description
Fixed	Base salary: – CEO: £580,000 (salary from 1 April 2024) – CFO: £405,600 (salary from 1 April 2024) Benefits: Car allowance or provision of company car, private medical insurance and fuel allowance* Pension: 10% of salary * CEO only
Target	50% of maximum bonus (including deferral) 60% of maximum LTIP
Maximum	Maximum bonus: CEO: 160%, CFO: 120% Maximum LTIP: CEO: 185%, CFO: 150%
Maximum + 50% share price growth	As for maximum with 50% increase in share value assumed for LTIP

Alignment of the Wickes Remuneration Policy to the UK Corporate Governance Code

Wickes remuneration philosophy and principles are set out on page 114. We will continue to review and evolve these principles with the growth of the business and advancement of our business strategy and culture.

The table below summarises how we have considered the UK Code provisions when developing and implementing our remuneration strategy:

Clarity	Simplicity	Risk
By creating simple incentives with relevant performance measures and clear communication our aim is to make our variable pay plans clear to participants and Shareholders.	Our incentive plans and performance measures are market typical and easy to understand. Financial performance measures are used on a day-to-day basis to monitor performance and so provide clear line of sight to participants.	Our incentives are based on realistic but stretching performance targets – colleagues are encouraged to act within the business' risk appetite.

Predictability	Proportionality	Alignment to culture
Our approach to target setting each year considers the same internal and external factors to avoid inconsistency. Fixed pay elements provide a predictable level of reward each year.	Pay is set at an appropriate level relative to the market and this positioning is consistent throughout the organisation. Pay is weighted towards variable remuneration which is then aligned to performance.	We have sought to design an incentive plan that aligns to our culture of simplicity, fairness and rewarding high performance.

Policy on payment for loss of office

Contractual salary and benefits

- The Company is required to give executives 12 months' notice of employment termination, 6 months for termination by the executive.
- Payments include base salary, benefits and pension.

Good Leaver definition

- Good Leaver circumstances include death, ill-health, injury or disability, redundancy, retirement, the employing entity no longer being part of the Group and any other circumstances where the Committee determines 'Good Leaver' treatment should apply.

Bad Leaver definition

- Any leaver scenario other than the 'Good Leaver' circumstances, including if an individual has been dismissed for cause or potentially following a malus and/or clawback trigger.

Annual bonus

- Annual bonus is not a contractual entitlement.
- For 'Good Leavers', an annual bonus may be paid for the period served to cessation, the value is dependent on an assessment of performance and generally pro-rated for time. Bonus is generally paid at the normal time.
- For 'Good Leavers', any unvested deferred bonus shares would generally continue and vest at the normal time.
- For 'Bad Leavers', ordinarily awards will be forfeited unless the Committee exercises discretion.

Long term incentives

- Treatment of long term incentive awards is subject to the rules of the plan as approved by Shareholders.
- For 'Good Leavers', unvested awards would generally be permitted to continue. Awards would vest subject to an assessment of performance and generally be pro-rated for time.
- For 'Good Leavers', unvested awards would generally vest at the normal time.
- For 'Bad Leavers', ordinarily awards will lapse unless the Committee exercises discretion.

Post-cessation shareholding

Post-cessation shareholding requirements will continue to apply, as set out in the remuneration policy table. In exceptional circumstances, the Committee may waive or partially waive this requirement.

Statement of consideration of Shareholder views

During 2023 we consulted with Shareholders (through face-to-face meetings and phone calls) in relation to the new Policy. We were pleased with the level of engagement from Shareholders and for the support shown for our proposed changes, which following consideration of Shareholder feedback, the Committee agreed remained appropriate.

Statement of consideration of employee views

The Committee does not formally consult with employees specifically about Director remuneration. However, during the year, the Committee reviewed in-depth information concerning the broader colleague reward structure and pay levels/outturns, including relative market positioning and pay ratios. We also held a listening group where colleagues were given the opportunity to share their views on executive pay.

Further details in relation to colleague pay and reward can be found on page 125.

Non-executive Director Remuneration Policy table

Chair of the Board and Non-executive Director fees and benefits
Purpose and alignment to business strategy
To pay market competitive fees to attract and retain non-executive talent.
Operation
Non-executive Directors are paid a basic fee for their Board membership. The Chairman of the Board is paid a separate fee. Additional fees are paid to the Chair of each Board Committee and the Senior Independent Director. The Directors may also be paid expenses incurred in connection with the discharge of their responsibilities as Directors of the Company for example, travel, hotel, and subsistence costs in relation to attendance of Board meetings. Directors do not participate in any incentive or pension arrangements.
Opportunity
Fees are reviewed periodically. Any increases will be determined in the context of salary increases awarded to the wider workforce. Fees are set within the maximum level approved by Shareholders in the Articles of Association.

Non-executive Director letters of appointment

Non-executive Director letters of appointment contain a 3 month notice period, from either Company or Director. Non-executives are subject to annual re-election by Shareholders.

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 30 December 2023.

Director	Salary/fees £'000		Benefits[1] £'000		Pension[2] £'000		Bonus[3] £'000		Long term incentives[4] £'000		Other (restated)[5] £'000		Total fixed remuneration £'000		Total variable remuneration (restated) £'000		Total remuneration (restated) £'000	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Executive Directors																		
David Wood	**523**	504	**21**	13	**52**	50	**642**	33	**0**	257	**0**	0	**596**	567	**642**	290	**1,238**	857
Mark George[6]	**386**	183	**12**	6	**35**	16	**407**	10	**0**	0	**0**	367	**433**	205	**407**	377	**840**	582
Non-executive Directors																		
Christopher Rogers	**195**	188	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**195**	188	**0**	0	**195**	188
Mark Clare	**77**	74	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**77**	74	**0**	0	**77**	74
Sonita Alleyne	**69**	66	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**69**	66	**0**	0	**69**	66
Mike Iddon	**69**	66	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**69**	66	**0**	0	**69**	66
Laura Harricks[7]	**34**	–	**0**	–	**0**	–	**0**	–	**0**	–	**0**	–	**34**	–	**0**	–	**34**	–
Total	**1,353**	1,081	**33**	19	**87**	66	**1,049**	43	**0**	257	**0**	367	**1,473**	1,166	**1,049**	667	**2,522**	1,833

1 Includes the cost to the Company of private medical insurance and company car benefit. David Wood also receives a fuel allowance.
2 Pension contributions equal to 10% of base salary were paid as a combination of pension payments and cash in respect of 2023, in line with the maximum rate available to the wider workforce.
3 One third of bonus earned will be deferred into shares, in line with Policy.
4 Please note that the estimated figures disclosed in the previous Annual Report for David Wood's 2023 Transitional Award vesting have been restated to reflect the share price on the date of vesting. The estimated share price used was £1.354 and the actual share price on vesting was £1.314. The difference in value was £7,049.05.
5 For Mark George the amounts included in 2022 have been restated from £183,973 (including a one-off cash buy out award upon joining of £183,973) to £367,337 to now also include the award of 148,114 shares measured at the share price at the date of award which was omitted from the table in 2022. This award was made to replace shares forgone when leaving his previous employer. Of the shares granted in 2022 101,216 shares vested in September 2023 when the share price was £1.375 and 46,898 shares will vest in March 2024.
6 For Mark George, base salary, benefit and pension figures for 2022 relate to the date he became a Director of Wickes Group Plc (6 July 2022).
7 Laura Harricks was appointed to the Board on 1 June 2023.

Base salary

	Salary effective from 1 April 2023
David Wood	£527,670
Mark George	£390,000

Benefits

For 2023, 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 as a combination of pension payments and cash, 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 2023:

Measure	Weighting % of bonus	Threshold	On-target	Maximum	Actual	% achievement of bonus	Discretion or adjustment to targets?
Profit before tax (adjusted)[1]	70%	£52.3m	£55.0m	£60.5m	£59.5m	63.6%	N
Free cash flow[2]	20%	£30.2m	£33.5m	£40.2m	£46.1m	20%	N
ESG							
% female representation in store leadership	5%	33.0%	33.8%	34.5%	33.9%	3.3%	N
% female representation in Support Centre management	5%	44.0%	45.0%	46.0%	43.5%	0%	N
Total outturn	100%					86.9%	

1 Excludes adjusting costs such as demerger and IT separation costs. Represents an adjusted figure before the impact of SaaS accounting (see note 32 of the financial statements).
2 Cash generated from operations, before the impact of adjusting items, after capex, interest and tax.

Further details on performance against the ESG targets is below:

- % female representation in store leadership: We saw a positive increase of 21 females over 2023 from 471 (32.6%) to 492 (33.9%).
- % female representation in Support Centre management: We saw a positive increase of 11 females over 2023 from 154 (44.1%) to 165 (43.5%), however, the % increase in the number of males was higher.

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 second tranche vested in full for David Wood on 28 April 2023 following achievement of the performance conditions outlined in last year's Annual Report and Accounts.

Payments to past Directors and payments for loss of office (audited)
No payments were made during 2023 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.

	Shares owned		Awards over nil cost options – 2023						
Director	30 Dec 2023	31 Dec 2022	Exercised	Vested but not exercised	Unvested and subject to continued employment	Unvested and subject to performance	Shareholding requirement	DABP	Shareholding as % of salary
Executive Directors									
David Wood	**484,814**	367,436	222,085	0	0	1,556,973	200%	107,327	146%
Mark George	**58,130**	0	110,025	0	46,898	886,926	200%	2,534	22%
Non-executive Directors									
Christopher Rogers	**140,000**	71,272	0	0	0	0	–	–	–
Mark Clare	**42,797**	42,797	0	0	0	0	–	–	–
Sonita Alleyne	**0**	0	0	0	0	0	–	–	–
Mike Iddon	**0**	0	0	0	0	0	–	–	–
Laura Harricks	**0**	–	0	0	0	0	–	–	–

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 £1.421. There have been no changes in the shareholding of Directors between 30 December 2023 and the date this report is signed.

The Executive Directors have five years to meet their shareholding guidelines, in line with Policy.

Annual Report on Remuneration continued

Share awards made during the financial year (audited)

The below table summarises the terms for the long term incentives and DABP awarded to Directors during 2023.

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	31/03/23	682,802	175%	£923,421	1/1/23–31/12/25	31/03/26	2 years
David Wood	Nil cost option	DABP	31/03/23	8,158	2.09%	£11,032	n/a	31/03/26	n/a
Mark George	Nil cost option	LTIP	31/03/23	432,564	150%	£584,999	1/1/23–31/12/25	31/03/26	2 years
Mark George	Nil cost option	DABP	31/03/23	2,534	0.88%	£3,426	n/a	31/03/26	n/a

The number of shares under award for David Wood and Mark George's awards was calculated using a share price of £1.352, being the average of the closing market prices of the Company's shares on the five dealing days immediately preceding the grant date. The Company's share plan rules are available from the Company Secretary on request.

2023 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.

Performance conditions attached to long term incentive awards granted during 2023

Measure	Weighting	Threshold	Maximum	Vesting at threshold	Vesting at maximum
Adjusted basic EPS in FY2025	60%	16.3p	22.1p	20%	100%
Relative TSR vs constituents of the FTSE 250 (excluding investment trusts)	30%	Median	Upper quartile	20%	100%
ESG (Science Based Targets)	10%		See below		

Note – Vesting is on a straight- line basis between threshold and maximum.

The ESG target was based on Wickes' approved near term Science Based Targets covering Operations, Suppliers and Products, as detailed in last year's Annual Report and Accounts.

- 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.

Measure	Weighting	Threshold	Maximum	Vesting at threshold	Vesting at maximum
Operations	3.33%	22.5%	27.5%	20%	100%
Suppliers	3.33%	27.0%	33.0%	20%	100%
Products	3.33%	14.4%	17.6%	20%	100%

Please note that we will rebaseline our near term Science Based Targets (SBTs) in 2024 (see page 48) and will restate the ESG targets for the 2023 LTIP to align with the rebaselined SBTs. We expect this process will be completed within 6 months of the date of this report and we will announce our restated SBTs and publish these on our website. We will communicate the restated ESG targets for the 2023 LTIP at the same time.

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 Total Shareholder Return (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.

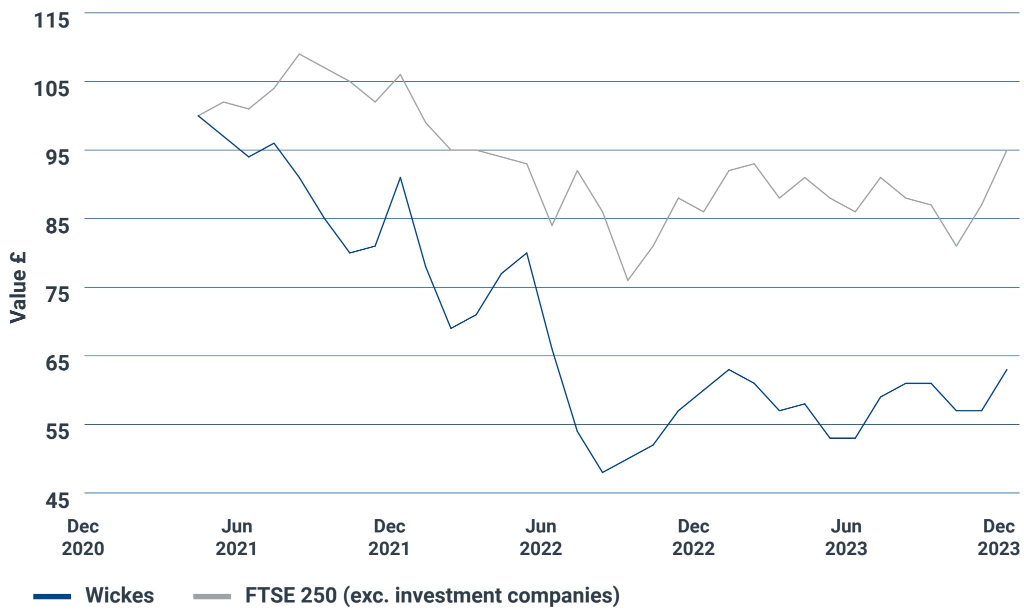
CFO remuneration arrangements

As detailed in last year's Annual Report and Accounts, upon joining Wickes the Remuneration Committee agreed to buy out some of the Gym Group incentive awards forfeited by Mark George. In September 2022, Mark George was awarded a total of 148,114 Wickes shares to replace his foregone 2020 and 2021 Gym Group LTIPs. A total of 110,025 shares (including dividend equivalents) vested on 9 September 2023.

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 2023 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	2023	1,238	86.9%	n/a
David Wood	2022	857	4.66%	100%
David Wood	2021	1,357	79.0%	100%

* There was no LTIP award due for performance testing in 2023.

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'[1] and Director, 'Dremt Consulting Ltd'. David Wood was paid a fee of £60,307 by 'Green Sheep Group Ltd'. Mark George served as Director, 'HMNG Ltd', Director, 'The Prentice and Seabright Cups Ltd' 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.

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 ten-year period, with a further limitation of 5% in any ten-year period for executive plans.

Annual Report on Remuneration continued

Summary of remuneration implementation for 2024

The table below summarises the implementation of the Remuneration Policy for 2024. The rationale for the changes to the Policy and CEO's remuneration package are set out in the letter on pages 112-113.

Element	Implementation details
Base salary	– Base salary for the CEO will be increased by 9.9% to £580,000 from 1 April 2024 (subject to approval). – Base salary for the CFO will be increased by 4% to £405,600 from 1 April 2024.
Annual bonus	– The annual bonus will operate in line with the framework set out in the Policy table. The maximum opportunity will be 160% of salary for the CEO (subject to approval of, and in line with, our new Policy) and 120% of salary for the CFO. – The performance focus areas and weightings will remain broadly the same as for 2023: – 70% will be based on profit before tax (adjusted). – 20% will be based on free cash flow. – 10% will be based on ESG people targets focused on the gender and ethnicity representation of our management population. – Due to commercial sensitivity, the performance targets will be disclosed retrospectively.
LTIP	– The LTIP will continue to operate in line with the framework set out in the policy table. The maximum opportunity will be 185% of salary for the CEO (subject to approval of, and in line with, our new Policy) and 150% of salary for the CFO. – The performance metrics and weightings will remain the same as for 2023: 60% earnings per share (adjusted), 30% relative TSR, 10% ESG. – We will rebaseline our near term Science Based Targets (SBTs) in 2024 (see page 48). The Remuneration Committee will delay setting the ESG targets for the 2024 LTIP in order reflect the rebaselined SBTs. We expect this process will be completed within 6 months of the date of this report and we will announce our restated SBTs and publish these on our website. We will communicate the ESG targets for the 2024 LTIP at the same time. – The performance targets for the 2024 LTIP awards are as follows:
Pension and benefits	– There are no changes to the benefits provision for Executive Directors and pension will continue to be 10% of base salary in line with the maximum rate available to the wider workforce.

Measure and weighting	Threshold (20% vesting)	Maximum (100% vesting)
EPS growth (60%)	21.0p	28.4p
Relative TSR (30%)	Median ranking	Upper quartile ranking
ESG targets (10%)	To be confirmed	To be confirmed

Implementation of Non-executive Director Policy in 2024

Non-executive Director fees will be increased by 4% from 1 April 2024, which is below the average increase for the wider workforce. Fees as at 1 April 2024 are set out below:

Role	Fee level per annum
Basic Non-executive Director	£60,976
Board Chair	£205,099
Senior Independent Director	£8,315
Chair of a Committee	£11,087

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 2023 we recognised the ongoing impact of the higher cost of living on our lower paid colleagues. Basic pay was increased by more than c.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. In 2024, we have increased average wider workforce pay by more than 7%. With fairness in mind, we awarded a lower increase of 4% to our management and head office populations.

All colleagues are eligible for a performance bonus, to support our strategy and to encourage and reward collaboration. Within our stores in 2023 we paid £2.7m to colleagues under our monthly gainshare plan, which allows colleagues to earn a share of store profit achieved above target.

The central annual bonus plan for Support Centre and management colleagues is based on achievement against Company profit and sales targets. The plan paid out at 91.6% of maximum bonus to colleagues for 2023, rewarding their contribution to business performance.

During the year we further enhanced our comprehensive wider wellbeing support. In May we introduced 'Digicare', a market leading suite of wellbeing services for all colleagues which includes digital GP, home health test kits, and mental health support all free of charge.

AVIVA Workplace

We continue to work closely with our colleague led cost of living working group to develop meaningful support for colleagues. In 2023 we introduced 'Advance', to give colleagues more flexibility as to when they can access their pay, and over 660 of our colleagues used this service since introduction in August 2023 to year end. Having listened to colleague feedback, we extended and improved the store food provision 'Brunch Box', with over 78k food items ordered during 2023.

Reward and ESG

We continuously review our wider reward offering to ensure it supports our wider ESG priorities as a business. We recently introduced a 'Green Car' scheme, which gives colleagues access to electric or hybrid vehicles with significant savings via salary exchange. For company car drivers, we have introduced a new policy; from 2025, all new corporate cars ordered will be electric.

Our Winning Behaviours

Personal responsibility lies at the centre of our culture and our business is powered by highly engaged individuals and teams who embody our winning behaviours.

See more on our Winning Behaviours on page 89.

Gender and ethnicity pay gap

We continue to focus on gender equality at all levels of the business, and in 2023 the ESG element of the executive bonus plan included specific targets relating to female representation across our management population.

In February 2024, we published our third gender pay gap report as an independent business. We reported that our median gender pay gap has improved from 2.6% to below 0.1%, and our mean gender pay gap has also reduced to 6.5%.

We also reported our ethnicity pay gap for the first time. We are pleased with our negligible median and mean ethnicity pay gaps of -0.7% and 0.04% respectively, which we believe reflects our focus to date on equal treatment in this area.

0.1%

Our gender pay gap (median)

-0.7%

Our ethnicity pay gap (median)

Engagement with Shareholders

In our engagements with Shareholders since listing, we have had a number of discussions on key topics relating to the wider workforce, including the link between ESG and remuneration, fair pay and colleague wellbeing. We will continue to take Shareholder feedback on board when developing our approach to these important topics.

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 continues to place 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 colleague views, takes the lead on ensuring these are heard by the Board (see page 129 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 September 2023, 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.

Annual Report on Remuneration continued

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 2023, 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
2023	Approach B	53:1	52:1	44:1
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 2023 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 an increase in the CEO pay ratio in 2023 compared with 2022, which is mainly reflective of the lower executive annual bonus outcome in 2022 compared with 2023.

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 2023 is consistent with the pay and progression policies for the Company.

	P25	P50	P75
Base salary	£22,161	£22,254	£24,871
Total remuneration	£23,377	£23,964	£28,217

Relative importance of spend on pay

The table below illustrates the total spend on colleague remuneration in 2023 compared with other financial dispersals.

	2023 £m	2022 £m	%
Total colleague cost[1]	234.3	220.5	6.3%
Total distributions to Shareholders[2]	37.2	31.2	20.2%
Total income taxes paid[3]	0.3	4.3	(93.0)%
Total capital expenditure[4]	38.2	40.4	(5.4%)

1 Includes social security, pensions and share-based payments (see note 8 of the financial statements)
2 (See page 12 of the Annual Report)
3 (See the cash flow statement on page 143)
4 (See the cash flow statement on page 143)

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 2023 compared with the prior year.

	% change in remuneration between 2022 and 2023			% change in remuneration between 2021 and 2022		
Director	Salary/fee	Taxable benefits	Bonus[2]	Salary/fee	Taxable benefits	Bonus
Executive Directors						
David Wood[1]	**3.63%**	**61.52%**	**1839.35%**	3.80%	(2.02%)	(93.95%)
Mark George[3]	**111.02%**	**105.15%**	**3854.61%**	n/a	n/a	n/a
Non-executive Directors						
Christopher Rogers	**3.63%**	**n/a**	**n/a**	2.03%	n/a	n/a
Mark Clare	**3.63%**	**n/a**	**n/a**	1.70%	n/a	n/a
Sonita Alleyne	**3.63%**	**n/a**	**n/a**	2.49%	n/a	n/a
Mike Iddon	**3.63%**	**n/a**	**n/a**	2.49%	n/a	n/a
Laura Harricks[4]	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a
All employees[5]	**17.33%**	**n/a**	**91.18%**	3.52%	n/a	(12.09%)

1 The large percentage change in benefits provision relates to the valuation of David Wood's company car, having previously been in receipt of cash allowance.
2 The large percentage change in bonus provision for the Executive Directors is due to the 2022 bonus paying out at c. 5% of maximum vs c.87% of maximum for 2023. Actual value increases on an absolute basis are more moderate and within the scope of our remuneration policy.
3 For Mark George, base salary, benefit and pension figures for 2022 relate to the date he became a Director of Wickes Group Plc (6 July 2022).
4 Laura Harricks was appointed to the Board on 1 June 2023.
5 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.8% for colleagues and 4% for Executive Directors as part of the 2023 annual pay review, however due to the timing of the increases in 2023 the % change figures are different in this table.

Remuneration Committee

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 colleagues.

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 87.

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:

	Feb 23	March 23	Sept 23	Nov 23
Approved Remuneration Committee Terms of Reference	●			
Discussed 2023 bonus and LTIP targets	●			
Approved 2023 annual salary review	●			
Reviewed progress against shareholding requirements		●		
Approved 2022 annual bonus outcome		●		
Approved 2023 bonus and LTIP targets		●		
Approved Chair of Board fee review		●		
Approved Directors' Remuneration report		●		
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 30 December 2023			●	
Discussed Remuneration Policy Review			●	●
Discussed approach for 2023 annual salary review				
Reviewed CEO and Chair of the Board expense claims				●
Discussed the gender and ethnicity pay gap reporting outcome for 2023				●
Noted the colleague SAYE plan outcome for 2023				●
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 2023 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 £101,365.

Shareholder voting

The voting outcome from the 2023 AGM showed strong support for our 2022 Directors' Remuneration report. The following table sets out the votes cast at the 2023 AGM in respect of the 2022 Directors' Remuneration report.

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 (2023 AGM)	167,952,389	957,863	65.06%	17,416
	99.43%	0.57%		
Directors' Remuneration Policy (2022 AGM)	161,449,811	3,683,296	63.60%	14,929
	97.77%	2.23%		

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
18 March 2024

Directors' report

The Directors present their report, together with the audited financial accounts for the 52 weeks ended 30 December 2023. 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 Code.

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 pages 86-87, together with their biographical information including all significant appointments. Laura Harricks was appointed as a Non-executive Director of the Company with effect from 1 June 2023. 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.

Powers of Directors

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.

Information relating to the Directors' interests in, and options over, ordinary shares in the capital of the Company are shown in the Directors' Remuneration report on pages 121.

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 and voting rights

The Articles contain provisions governing the ownership and transfer of shares and voting rights. As at 30 December 2023, the Company had an allotted and fully paid issued share capital of 252,125,375 ordinary shares of 10 pence each, with an aggregate nominal value of £25,212,537.

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 160.

Employee Benefit Trust

As at 30 December 2023, The Wickes Employee Benefit Trust held 5,045,663 ordinary shares (2% of the issued share capital) and the Wickes Share Incentive Plan (SIP) Trust held 872,435 ordinary shares (0.35% 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

Allotment of shares: At the AGM on 23 May 2023, 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.

Purchase of shares: 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.

The Company commenced a share buy programme on 31 July 2023 under the authority granted at the 2023 AGM, allowing it to purchase its own shares in the market up to a maximum of approximately 10% of the Company's issued share capital. During the 2023 financial year, 7,512,623 shares with a nominal value of 10 pence per share representing 2.9% of the issued share capital were purchased and immediately cancelled. The aggregate amount paid for the shares was £10.1m. The reason for the purchase of shares was to reduce the Company's share capital.

The Company is seeking to renew these authorities at the forthcoming AGM, within the limits set out in the notice of that meeting and within the limits specified by the Pre-Emption Group.

Political Donations Policy

The Group's policy is not to make donations to political parties and no such payments have been made 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.

Significant agreements

The Company's revolving credit facilities require the Company, in the event of a change of control, to notify the Facility Agent of such occurrence. Following a change of control, a lender will not be obliged to fund a utilisation request and may notify the Facility Agent that they wish to cancel their commitment, resulting in their share in all outstanding loans, together with accrued interest, becoming due and payable.

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 30 December 2023 after taxation amounts to £29.8 from continuing operations. The Directors have paid or declared dividends as follows:

Ordinary shares	£m
Paid interim dividend of 3.6 pence per share[1]	9.1
Proposed final dividend of 7.3 pence per share[2]	18.0
Total dividend of 10.9 pence per share in respect of financial year ended 30 December 2023[2]	27.1

1 Excludes £0.3m dividends waived.
2 Subject to Shareholder approval at the 2024 AGM, the final ordinary dividend in respect of the 2023 financial year will be paid on Wednesday 6 June 2024 to all Shareholders on the Register of Members at the close of business on Friday 26 April 2024.

Further information on dividends can be found in note 26 to the accounts on page 162.

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.

Substantial Shareholders

Information provided to the Company pursuant to the Disclosure Guidance and Transparency Rules (DTR) is published via a Regulatory Information Service and on the Company's website. As at 30 December 2023, the following substantial interests (3% or more) in the Company's issued share capital had been notified in accordance with DTR 5. These figures represent the number of shares and percentages held as at the date of notification to the Company. No further such notifications have been received since year end to the date of this report.

Ordinary shares	Number of shares	% of voting rights	Date of notification
Jupiter Fund Management Plc	12,801,742	4.93	17 September 2021
Pzena Investment Management , Inc	12,885,980	4.96	22 June 2021

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 regular Company wide updates via email, video and monthly business briefings. We also host an annual managers' meeting which brings together store managers and leadership teams to communicate strategy and priorities for the coming year and to equip them to brief their own teams on the same messaging.

We use varied communication channels to engage colleagues in the Company's share schemes, giving them the opportunity to share in the future success of the business and a personal connection to Company performance. More information on colleague reward and engagement can be found in the Directors' Remuneration report on page 125 and the Responsible Business section on pages 36-41.

Colleagues have an opportunity to give regular feedback through our colleague engagement surveys, topical mini surveys, listening roadshows with our Executive team and quarterly Colleague Voice sessions. In September, we held a virtual Colleague Voice session which was represented by colleagues from across the business, and the Plc Board was represented by our designated Non-executive Director for employee voice, Sonita Alleyne. The matters raised were fed back and discussed by the Board in December 2023.

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.

Directors' report continued

Employment of disabled persons
All employment policies and processes are designed to ensure that anyone with a disability is treated equitably. We regularly review our facilities and working practices to ensure we cater for people with special requirements or disabilities. Applications for employment by disabled persons are given full and fair consideration having regard to their particular aptitudes and abilities. 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 able to flourish. The Wickes Ability network is made up of colleagues across the business who are committed to making a difference and help the business create an environment where everyone can be themselves. The Ability network champions each colleague's own ability to ensure they reach their full potential, promotes education about disabilities and highlights opportunities where the business can continue to improve accessibility to colleagues and customers.

Events occurring after the reporting period
Corporate transaction
On 18 March 2024, the Group agreed to acquire 51% of the issued share capital of Gas Fast Limited, operator of leading solar installations company Solar Fast. The business comprises a core solar panels installation business, in addition to a smaller business installing gas boilers. The acquisition will enable Wickes to expand its offering into the fast growing market for home energy solutions, initially with solar and gas boilers and, in time, air source heat pumps and other services. The acquisition is subject to FCA approval.

The initial 51% controlling interest will be for initial consideration of £5.1m (net of cash acquired), with a further contingent payment, based on an earnings based valuation multiple, delivered in calendar year 2024. The contingent payment is capped at £13.2m.

The Group has an option to buy the remaining 49% issued share capital for a period of 5 years following completion. The purchase price is based on a pre-agreed earnings based valuation multiple at that time.

Revolving credit facility
After the year end the Group completed an 'Amend and Extend' of its Rolling Credit Facility, lengthening the term by a further two years to March 2028, with an option for an additional one year extension. Total commitments on the facility remain £80m, as well as retaining the £20m accordion.

Further details can be found in note 31 to the financial statements on page 167.

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 can be located as follows:

Applicable disclosures required pursuant to Listing Rule 9.8.4R	Page
Long term incentive schemes LR9.8.4(4)	122
Dividend waivers LR9.8.4(12)(13)	129
Sections (1)(2)(5)(6)(7)(8)(9)(10)(11)(14) are not applicable.	

Disclosures incorporated by reference into this Directors' report	Page
Business review	8-11
Future likely developments	4-83
Financial review and KPIs	28-33
Directors' interests in shares	121
Corporate Governance statement	84-127
Going concern and viability statements	82-83
Principal risks and uncertainties	75-81
Financial instruments and financial risk management	166-167
Colleague engagement	27,36-39
Stakeholder engagement including customer and suppliers	68-71,90
Streamlined Energy and Carbon Reporting (SECR) disclosures	48

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 75-81.

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.

Disclosures in the Strategic Report
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 4-83 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 84-110 and pages 128-130, has been approved by a duly authorised Committee of the Board of Directors on 18 March 2024 and is signed on their behalf by:

Helen O'Keefe
General Counsel and Company Secretary
18 March 2024

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

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
18 March 2024

Mark George
Chief Financial Officer
18 March 2024

Independent Auditor's report

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 30 December 2023 ("2023") 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 30 December 2023 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 the three financial years ended 30 December 2023 as a Public Interest Entity, and five 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		£2.4m (2022: £3.5m) 4.6% (2022: 4.6%) of adjusted profit before tax
Coverage		100% (2022: 100%) of adjusted profit before tax
Key audit matters		**vs 2022**
Recurring risk	Recoverability of store assets	◀▶
	Design & Installation (previously "DIFM") revenue recognition	◀▶
Parent Company	Recoverability of parent Company's investment in subsidiary	◀▶

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 52 week period ended 31 December 2022, 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 (£666.4 million; 2022 £678.1 million) and net impairment reversals (£1.0 million; 2022: charge of £15.8 million) *Refer to page 103 (Audit Committee Report), page 149 (accounting policy) and page 157 (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. Further, change in forecast store performance for stores that have previously been impaired may result in a trigger to reverse previous impairments. 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. We performed an assessment of whether an understatement of the store impairment charge, and overstatement of store impairment reversals, identified through these procedures was material. 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. Our procedures included: – **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 independently recalculated the impairment outcomes, validated key inputs and assessed whether the allocation of central costs to individual CGUs is complete and is 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, gross margin, 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 and reversals to be acceptable (2022: acceptable).

Independent Auditor's report continued

2.Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response

Design & Installation (previously "DIFM" revenue recognition)
Design & Installation (previously "DIFM") revenue (£366.9 million;
2022: £379.7 million)
 	
Refer to page 103 (Audit Committee Report), page 145 (accounting policy) and page 150 (financial disclosures).
	Existence of Design & Installation revenue:
	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 Design & Installation revenue, and judgement exists as to whether performance obligations (delivery and/or installation) have been satisfied.
	
	We consider the risk to relate to the existence of Design & Installation revenue recognised in respect of orders received in the final 16 weeks of the period, based on our risk assessment of the average time taken for the performance obligations on orders to be satisfied.
	
	The risk is specifically relating to the incentive for management to manipulate the results in order to achieve performance expectations, and the fraud risk factors specific to Wickes indicate there may be an incentive to accelerate income recognition in the current period.
	
	We continue to perform procedures over completeness of Design & Installation revenues. However, following the current macroeconomic conditions and related pressures on performance, we have assessed existence, rather than completeness, of Design & Installation revenues recognised, to be one of the most significant risks in our current year audit and, therefore, have not identified completeness of Design & Installation revenues separately in our report this 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:
		
		– **Accounting analysis:** We performed an analysis of the order data and compared this to our expectation (including corroborating any outliers), including:
		  – the monthly order profile;
		  – the revenue and deferral profile of orders; and
		  – the revenue profile by order date;
		– **Tests of details:** We carried out sample testing of revenue recognised on Design & Installation orders received in the period we determined to relate to our significant risk, to assess whether they satisfied the criteria for recognising revenue in the financial period, including agreeing to delivery and/or installation documentation, where applicable.
		
		Our results
		– We considered the amount of Design & Installation revenue recognised in the financial year, to be acceptable (2022: acceptable).

2.Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Recoverability of parent Company's investment in subsidiary Investment in subsidiary carrying value (£603.4 million; 2022: £598.9 million) and impairment charge (Nil; 2022: £175.6) *Refer to page 103 (accounting policy) and page 173 (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 budgets. In addition to this, the market capitalisation of the group is significantly below the carrying value of the investment. 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, including forecast revenue growth rate and gross margin 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 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 revenue growth, gross margin, 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 Group and the market, and external expectations of future financial performance; – **Comparing valuations:** We obtained and corroborated explanations regarding significant differences between market capitalisation and the carrying value of the investment; 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 investment in subsidiaries. **Our results** – We found the balance of the Company's investments in its subsidiary to be acceptable (2022: the Company's investment in its subsidiary and the related impairment charge to both be acceptable).

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 £2.4m (2022: £3.5m), determined with reference to a benchmark of group profit before tax, normalised to exclude adjusting items of £10.9m (2022: £35.1m) as disclosed in note 9, of which it represents 4.6% (2022: 4.6%). 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 £2.3m (2022: £3.4m), determined with reference to a benchmark of parent Company total assets, of which it represents 0.4% (2022: 0.6%).

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% (2022: 65%) of materiality for the financial statements as a whole, which equates to £1.6m (2022: £2.3m) for the Group and £1.5m (2022: £2.2m) for the parent Company.

We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies during the prior period.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.12m (2022: £0.17m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

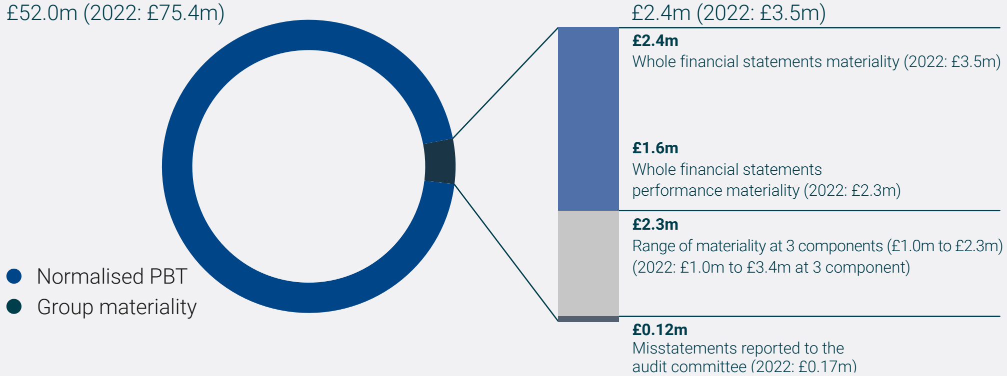
Of the Group's 5 (2022: 5) reporting components, we subjected 2 (2022: 2) to full scope audits for group purposes and 1 (2022: 1) to specified risk-focused audit procedures over treasury related balances. The latter was not financially significant enough to require a full scope audit for group purposes, 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.

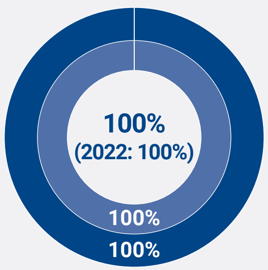
Independent Auditor's report continued

Adjusted profit before tax
£52.0m (2022: £75.4m)

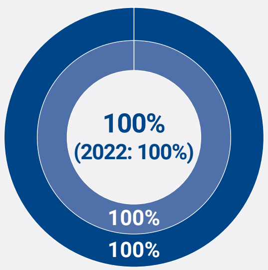
Group materiality
£2.4m (2022: £3.5m)



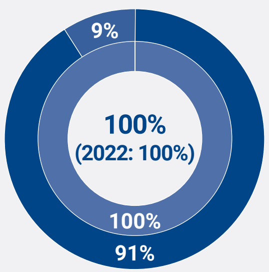
Group revenue



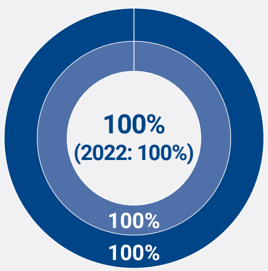
Group profit before tax



Group total assets



Adjusted profit before tax



- Full scope for group audit purposes 2023
- Specified risk-focused audit procedures 2023
- Full scope for group audit purposes 2022
- Specified risk-focused audit procedures 2022

3. Our application of materiality and an overview of the scope of our audit continued

The Group team set the component materiality's, which ranged from £1.0m to £2.3m (2022: £1.0m to £3.4m), 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.

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 the Directors 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, 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.

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 impact on the demand for the Group's products which may impact Group performance for the 2024 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.

5. Going concern continued

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 83 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 Design & Installation revenue is overstated through recording revenues in the wrong period in order to increase the likelihood of management meeting profit targets for the period.

We did not identify any additional fraud risks.

Further detail in respect of the Design & Installation 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 license 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.

Independent Auditor's report continued

6. Fraud and breaches of laws and regulations – ability to detect continued

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 within the viability statement 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 82 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.

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 131, 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.

9. Respective responsibilities continued

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 under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. 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
18 March 2024

Consolidated income statement and other comprehensive income

(£m)	Notes	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022 (Re-presented*)
Revenue	5	**1,553.8**	1,562.4
Cost of sales		**(988.8)**	(990.2)
Gross profit		**565.0**	572.2
Selling costs		**(341.6)**	(347.9)
Administrative expenses		**(160.5)**	(155.5)
Operating profit	6	**62.9**	68.8
Net finance costs	7	**(21.8)**	(28.5)
Profit before tax		**41.1**	40.3
Tax	10	**(11.3)**	(8.4)
Profit for the period and total comprehensive income		**29.8**	31.9
Profit for the period attributable to owners of the parent company		**29.8**	31.9
Earnings per share			
Basic	11	**11.8p**	12.6p
Diluted	11	**11.7p**	12.5p
Adjusted results[1]			
Adjusted revenue	5	**1,553.8**	1,559.0
Adjusted gross profit	9	**568.1**	567.1
Adjusted operating profit	9	**73.8**	103.9
Adjusted profit before tax	9	**52.0**	75.4
Adjusted profit after tax	9	**38.1**	60.2
Adjusted basic earnings per share	11	**15.1p**	23.8p
Adjusted diluted earnings per share	11	**14.9p**	23.7p

1 Defined in the summary of accounting policies (note 2)

* For details of re-presentation please see note 6.

Consolidated balance sheet

(£m)	Notes	As at 30 December 2023	As at 31 December 2022
Assets			
Non-current assets			
Goodwill	12	**8.4**	8.4
Other intangible assets	12	**14.3**	16.6
Property, plant and equipment	13	**123.2**	114.9
Right-of-use assets	14	**537.1**	542.4
Deferred tax asset	16	**23.0**	22.7
Total non-current assets		**706.0**	705.0
Current assets			
Inventories	18	**195.5**	201.6
Trade and other receivables	19	**74.1**	87.4
Corporation tax		**–**	8.4
Derivative financial instruments	29	**–**	2.6
Cash and cash equivalents	20	**97.5**	99.5
Total current assets		**367.1**	399.5
Total assets		**1,073.1**	1,104.5

(£m)	Notes	As at 30 December 2023	As at 31 December 2022
Equity and Liabilities			
Capital and reserves			
Issued share capital	21	**25.2**	26.0
Capital redemption reserve	21	**0.8**	–
EBT share reserve	21	**(0.7)**	(0.7)
Other reserves	21	**(785.7)**	(785.7)
Retained earnings		**923.7**	924.8
Total equity		**163.3**	164.4
Non-current liabilities			
Lease liabilities	14, 23	**596.0**	610.4
Long-term provisions	24	**2.3**	1.8
Total non-current liabilities		**598.3**	612.2
Current liabilities			
Lease liabilities	14, 23	**79.8**	80.9
Trade and other payables	25	**219.1**	237.7
Corporation tax		**1.6**	–
Derivative financial instruments	29	**0.7**	0.2
Short-term provisions	24	**10.3**	9.1
Total current liabilities		**311.5**	327.9
Total liabilities		**909.8**	940.1
Total equity and liabilities		**1,073.1**	1,104.5

The consolidated financial statements of Wickes Group Plc, registered number 12189061, were approved by the Board of Directors on 18 March 2024 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	Capital redemption reserve	EBT Share reserve	Other reserves	Retained earnings	Total equity
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
Profit for the period and other comprehensive income		**–**	**–**	**–**	**–**	**29.8**	**29.8**
Dividends paid	26	**–**	**–**	**–**	**–**	**(27.4)**	**(27.4)**
Share buyback and cancellation	21	**(0.8)**	**0.8**	**–**	**–**	**(10.1)**	**(10.1)**
Purchase of own shares	21	**–**	**–**	**(0.2)**	**–**	**–**	**(0.2)**
Equity-settled share-based payments	27	**–**	**–**	**0.2**	**–**	**5.4**	**5.6**
Tax on equity-settled share-based payments		**–**	**–**	**–**	**–**	**1.2**	**1.2**
At 30 December 2023		**25.2**	**0.8**	**(0.7)**	**(785.7)**	**923.7**	**163.3**

Consolidated cash flow statement

(£m)	Notes	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022 (Re-presented*)
Cash flows from operating activities			
Operating profit		**62.9**	68.8
Adjustments for:			
Amortisation of other intangible assets	12	**6.6**	5.2
Depreciation of property, plant and equipment	13	**21.1**	20.1
Depreciation of right-of-use assets	14	**74.2**	77.7
Impairment of property, plant and equipment	15	**–**	0.4
Impairment of right-of-use assets	15	**2.7**	15.4
Reversal of impairment of right-of-use assets	15	**(3.7)**	–
Losses/(gains) on terminations of leases	6	**0.1**	(1.8)
Write-off of intangible assets	6	**1.5**	–
Losses on disposal of other intangible assets	6	**0.3**	–
Losses on disposal of property, plant and equipment	6	**2.6**	0.6
Derivative fair value losses/(gains)	9	**3.1**	(1.7)
Share-based payments	27	**5.6**	4.4
Operating cash flows		**177.0**	189.1
Movements in working capital:			
Decrease/(increase) in inventories		**6.1**	(13.4)
Decrease/(increase) in trade and other receivables		**13.4**	(9.9)
Decrease in trade and other payables		**(18.6)**	(4.1)
Increase/(decrease) in provisions		**1.7**	(1.3)
Cash generated from operations		**179.6**	160.4
Income taxes paid		**(0.3)**	(4.3)
Net cash inflow from operating activities		**179.3**	156.1

(£m)	Notes	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022 (Re-presented*)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(32.1)**	(31.1)
Development costs of computer software		**(6.1)**	(9.3)
Proceeds on disposal of property, plant and equipment		**0.1**	0.4
Interest received		**7.2**	1.9
Net cash outflow from investing activities		**(30.9)**	(38.1)
Cash flows from financing activities			
Interest paid		**(1.0)**	(1.0)
Interest on lease liabilities		**(28.2)**	(29.4)
Payment of principal of lease liabilities		**(84.3)**	(82.4)
Lease incentives received		**0.8**	2.1
Own shares purchased for share schemes		**(0.2)**	–
Share buyback		**(10.1)**	–
Dividends paid to equity holders of the Parent	26	**(27.4)**	(31.2)
Net cash outflow from financing activities		**(150.4)**	(141.9)
Net decrease in cash and cash equivalents		**(2.0)**	(23.9)
Cash and cash equivalents at the beginning of the period		**99.5**	123.4
Cash and cash equivalents at the end of the period	20	**97.5**	99.5
Adjusting items	9		
Adjusting items paid included in the cash flow		**10.4**	21.7
Total pre-tax Adjusting items		**10.9**	35.1

* For details of re-presentation please see note 6. Additionally, the comparative cash flows have been re-presented to include interest paid and interest on lease liabilities as a financing rather than an operating cash flow. The change in presentation represents a voluntary change in accounting policy in line with IAS 8 and represents a more relevant grouping of cash flows in line with the nature of the business. This re-presentation increases the net cash inflow from operating activities and increases the net cash outflow from financing activities for the 52 weeks ended 31 December 2022 by £30.4m. No change has been made to the total cash flow for the comparative period.

Notes to the consolidated financial statements

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, incorporated 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 30 December 2023 have been prepared in accordance with UK-adopted international accounting standards. The comparative financial period was 52 weeks to 31 December 2022.

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 170-174.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except that certain financial instruments including derivative instruments, and certain share-based payments are stated at their fair value.

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 30 December 2023.

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 30-33. The principal risks and viability statement of the Group are set out on pages 75-83. 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 cash flow in 2023, despite the impacts of the economic environment in the UK. 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 2023 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 in 2024.

At 30 December 2023, cash and cash equivalents stood at £97.5m. In addition the Group had available an undrawn committed Revolving Credit Facility (RCF) of £80m which was extended after the year end, now expiring in March 2028 with an additional one year extension, and which is not forecast to be utilised for a period of at least 12 months.

Net debt stood at £578.3m relating to lease liabilities of £675.8m included on the balance sheet under IFRS 16, with £79.8m 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.

The Directors' review also included a severe but plausible scenario to assess the impact of a sales reduction of 6% from 2023, a margin reduction of 1%, together with increases to energy costs and staff costs, 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 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 Accounting policies continued

Alternative performance measures

The Group presents Alternative Performance Measures ("APMs") in addition to the statutory results of the Group. These are presented in accordance with the Guidelines on APMs issued by the European Securities and Markets Authority ("ESMA").

APMs used by the Group are set out in note 32 and the reconciling items between statutory and adjusted results are described in more detail in note 9.

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, incremental costs relating to corporate transactions, significant write downs or impairments (or impairment reversals) of current and non-current assets, the associated costs of separating the business from the former parent company Travis Perkins Plc's IT systems, net unrealised gains and losses on remeasurement of foreign exchange derivatives held at fair value, the effect of changes in corporation tax rates on deferred tax balances, and in the comparative period a reclaim of overpaid VAT relating to prior years.

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 21 – Lack of exchangeability

The following standards have been adopted by the UK Endorsement Board but are not yet effective for the Group

– Amendments to IAS 1 – Presentation of Financial Statements
– Amendments to IFRS 16 – Leases
– Amendments to IAS 7 – Statement of Cash Flows
– Amendments to IFRS 7 – Financial Instruments: Disclosures
– Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates

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.

Notes to the consolidated financial statements continued

2 Accounting policies continued

2.4. 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 with in 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 a deferred tax liability in respect of the corresponding right-of-use asset. No initial recognition exception was utilised in respect of these. They are presented as the net deferred tax asset/liability in the balance sheet and in the Lease section of the deferred tax note.

2.5. 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 Group are capitalised and written off as an expense over their estimated useful lives, which range from 3 years to 10 years. Software operated under a 'Software as a Service' model is not considered to be controlled by the Group and is expensed directly to the Income Statement. 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 which is not controlled by the Group are expensed over the period the software is in use.

2.6. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value, adjusted for impairment reversals. 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
- Freehold buildings – over remaining useful life

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.

2.7. 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 settle net, otherwise amounts are included in other receivables in the balance sheet.

2.8. 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.

2 Accounting policies continued

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.

2.9. Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation because of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be measured reliably. 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 if the effect of the time value of money is material.

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, other payments and expected dilapidations charges 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.

The Group provides a guarantee on showroom kitchen cabinets, doors, drawer fronts and showroom bathroom products. The Group provides for future estimated costs of providing this guarantee on kitchens and bathrooms that have previously been sold. The provision includes future costs for installation workmanship as well as product cost.

2.10. 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.

2.11. 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.

2.12. 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 EBT share reserve represents shares held by the Group in connection with the operations of the Group's share plans.
- 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.
- The capital redemption reserve represents the amounts transferred from share capital on the repurchase of issued shares.
- Retained earnings represents cumulative results for the Group.

2.13. Share repurchases

Shares purchased for cancellation are deducted from retained earnings. Share capital is reduced and credited to the capital redemption reserve once shares are cancelled.

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 standalone 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.

2 Accounting policies continued

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.

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 the income statement 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. Any impairment reversal reduces accumulated impairment previously recognised to the extent that the revised net book value does not exceed that which would have been recognised had no impairment occurred previously and it continued to be depreciated. An impairment reversal excludes any impact resulting from the passage of time.

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. Additionally, direct costs incurred as part of obtaining an additional lease term are added 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 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. An impairment reversal excludes any impact from the passage of time.

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 amount 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.

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 or impairment reversal 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, or indicate an impairment reversal, 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.

Notes to the consolidated financial statements continued

4 Auditor's remuneration

During the period the Group incurred the following costs for services provided by the Company's auditor:

(£'000)	52 weeks ended 30 December 2023	52 weeks ended 31 December 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	**710**	665
Fees paid to the Company's auditor for other services:		
Review of the interim statement	**80**	80
	890	845

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 104.

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 30 December 2023	52 weeks ended 31 December 2022
Retail (product revenue)	**1,189.1**	1,187.9
Design & Installation (project revenue)	**364.7**	371.1
	1,553.8	1,559.0

Revenue reconciliation and like-for-like adjusted revenue (£m)	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Adjusted revenue	**1,553.8**	1,559.0
Network change	**(7.8)**	(1.0)
Adjusted revenue (like-for-like basis)	**1,546.0**	1,558.0
Prior period adjusted revenue	**1,559.0**	1,534.9
Prior period network change	**(8.0)**	(5.1)
Prior period other movements	**–**	(24.5)
Prior period adjusted revenue (like-for-like basis)	**1,551.0**	1,505.3
(Decrease)/increase arising on a like-for-like basis	**(5.0)**	52.7
Like-for-like adjusted revenue (%)	**(0.3)%**	3.5%

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.

The comparative period other movements reflects the impact of the period ended 1 January 2022 being a 53 week period, in comparison to the period ended 31 December 2022, being a 52 week period. The extra week is presented separately to enable direct comparison.

6 Operating profit

Operating profit has been arrived at after charging/(crediting):

(£m)	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Realised net foreign exchange gains recognised in cost of sales	(1.6)	(4.9)
Derivative fair value losses/(gains)	3.1	(1.7)
Depreciation of property, plant and equipment (note 13)	21.1	20.1
Depreciation of right-of-use assets (note 14)	74.2	77.7
Amortisation of internally-generated intangible assets (note 12)	6.6	5.2
Impairment of right-of-use assets (note 14 and 15)	2.7	15.4
Reversal of impairment of right-of-use assets (note 14 and 15)	(3.7)	–
Impairment of property, plant and equipment (note 13 and 15)	–	0.4
Loss/(gain) on termination of leases	0.1	(1.8)
Write-off of intangible assets	1.5	–
Loss on disposal of other intangible assets	0.3	–
Loss on disposal of property, plant and equipment	2.6	0.6
Income from subleasing right-of-use assets (note 14)	(3.2)	(2.6)
Staff costs (note 8)	234.3	220.5

Income statement presentation

In the period ending 31 December 2022, to separately disclose measures of financial performance that, in the opinion of the Directors, provided the reader of the financial statements with an understanding of the Group's underlying trading performance and the separate impact of one off or unusual events in the financial year, the Group's Income Statement included a separate column to present adjusting items.

To simplify the presentation of the Income Statement, provide prominence to the IFRS results and to adopt the principles of ESMA guidelines on presenting alternative measures of financial performance, the Group now presents a single column Income Statement that reports performance measured under IFRS. The Directors continue to consider that the presentation of Alternative Performance Measures provides additional and useful information to readers of the financial statements and accordingly continues to present Alternative Performance Measures of performance, as set out in Note 9. This voluntary change in presentation has been applied consistently in both periods ending 31 December 2022 and 30 December 2023.

Prior period re-presentation

In the year ended 30 December 2023 the Directors have reconsidered the presentation of net unrealised gains and losses on remeasurement of foreign exchange derivatives held at fair value relating to economic hedges.

Previously, in the Income Statement for the period ended 31 December 2022, the net unrealised gains and losses on remeasurement of foreign exchange derivatives held at fair value were presented in net finance costs. In the current period, these amounts have been presented in cost of sales to reflect that these foreign currency derivatives are entered into to mitigate the foreign exchange volatility arising from the Group's purchase of inventory. As a result, the prior period income statement has been re-presented to report the net unrealised gains and losses on remeasurement of foreign currency derivatives within cost of sales.

The effect of these adjustments is that the reported cost of sales for the period ending 31 December 2022 has decreased by £1.7 million and the reported net finance costs have increased by £1.7 million. The revised presentation has no effect on reported profit before tax, cash flows, net assets, or adjusted measures of performance for any period presented (see note 9 for a reconciliation of adjusted measures).

7 Net finance costs

	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022 (Re-presentation*)
Finance income		
Interest receivable	7.5	1.9
	7.5	1.9
Finance costs		
Interest on lease liabilities (note 14)	(28.2)	(29.4)
Amortisation of loan arrangement fees	(0.3)	(0.3)
Commitment fee on revolving credit facilities	(0.7)	(0.7)
Other interest	(0.1)	–
	(29.3)	(30.4)
Net finance costs	(21.8)	(28.5)

* For details of re-presentation please see note 6.

Notes to the consolidated financial statements continued

8 Staff costs

Average number of persons employed by the Group (including directors) during the period:

(No.)	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Administration	555	513
Stores and distribution	7,364	7,827
	7,919	8,340

Average number of full-time equivalent persons employed by the Group during the period:

(No.)	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Administration	547	505
Stores and distribution	5,659	6,068
	6,206	6,573

Aggregate payroll costs of these persons were as follows:

(£m)	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Wages and salaries	204.9	194.3
Social security costs	18.3	16.6
Other pension costs (defined contribution plans)	5.2	4.6
Share-based payments (equity-settled)	5.9	5.0
	234.3	220.5

There are wages and salaries and social security costs for the 52 weeks ended 30 December 2023 of £0.5m in Adjusting items (52 weeks ended 31 December 2022: £0.2m).

The average number of stores and distribution persons employed by the Group during the period was impacted by a new supply chain logistics contract that went live in 2023, whereby 339 colleagues were transferred to the supplier, pursuant to TUPE regulations.

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 Reconciliation of alternative profit measures

As described in note 2, adjusted profit measures are an alternative performance measure used by the Board to monitor the operating performance of the Group. 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, incremental costs relating to corporate transactions, significant write downs or impairments (and reversals) of current and non-current assets, the costs of separating the business from the former parent company Travis Perkins Plc's IT systems, the effect of changes in corporation tax rates on deferred tax balances, net unrealised gains and losses on remeasurement of foreign exchange derivatives at fair value, and in the previous period a VAT reclaim relating to overpaid output VAT in prior periods.

	52 weeks ended 30 December 2023				
(£m)	Revenue	Gross profit	Operating profit	Profit before tax	Profit after tax
Statutory performance measures	1,553.8	565.0	62.9	41.1	29.8
Derivative fair value losses	–	3.1	3.1	3.1	3.1
Right-of-use asset impairment charge	–	–	2.7	2.7	2.7
Reversal of impairment of right-of-use asset recognised in prior periods	–	–	(3.7)	(3.7)	(3.7)
IT separation project costs	–	–	8.8	8.8	8.8
Tax on adjusting items	–	–	–	–	(2.6)
Total adjustments to statutory performance measures	–	3.1	10.9	10.9	8.3
Adjusted performance measures	**1,553.8**	**568.1**	**73.8**	**52.0**	**38.1**

9 Reconciliation of alternative profit measures continued

(£m)	52 weeks ended 31 December 2022 (Re-presented*) Revenue	Gross profit	Operating profit	Profit before tax	Profit after tax
Statutory performance measures	1,562.4	572.2	68.8	40.3	31.9
Output VAT reclaim	(3.4)	(3.4)	(3.4)	(3.4)	(3.4)
Derivative fair value gains	–	(1.7)	(1.7)	(1.7)	(1.7)
Property, plant and equipment impairment charge	–	–	0.4	0.4	0.4
Right-of-use asset impairment charge	–	–	15.4	15.4	15.4
IT separation project costs	–	–	24.4	24.4	24.4
Tax on adjusting items	–	–	–	–	(6.8)
Total adjustments to statutory performance measures	(3.4)	(5.1)	35.1	35.1	28.3
Adjusted performance measures	**1,559.0**	**567.1**	**103.9**	**75.4**	**60.2**

* For details of re-presentation please see note 6

Right-of-use asset and property, plant and equipment impairment charges and reversals

In the period ended 30 December 2023, 5 stores were identified as impaired with a resulting impairment charge of £2.7m, and 5 were identified as having an impairment reversal of £3.7m, both to right-of-use assets. Given the size of gross store impairment charge and reversal, this impairment charge and reversal are included within adjusting items. Future revisions to these impairments will also be recognised within adjusting items.

In the period ended 31 December 2022, 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.

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 licensing 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.

Derivative fair value movements

The Group recognises the potential for high levels of foreign exchange rate volatility and looks to mitigate its economic impact on financial performance by hedging planned future foreign currency purchases using foreign currency derivatives. The Group does not take advantage of the hedge accounting rules provided for in IFRS 9 since that standard requires certain stringent criteria to be met to hedge account, which, in the circumstances of the Group, are considered by the Board to not bring any significant economic benefit. As a result, IFRS requires that fair value gains or losses on these derivatives be recognised in the Income Statement.

In order to reflect the economic outcome of the forward contracts (derivatives), the impact of fair value movement on the derivatives has been removed in the underlying results. During the 52 weeks ended 30 December 2023 this adjustment was a net loss of £3.1m (52 weeks ended 31 December 2022: gain of £1.7m).

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 comparative period, the £3.4m credit was reflected in adjusting items. There was no such claim in the 52 weeks ended 30 December 2023.

10 Taxation

(£m)	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Current tax		
UK corporation tax expense	**10.4**	6.2
UK corporation tax adjustment in respect of prior periods	**0.1**	(3.7)
Total current tax charge	**10.5**	2.5
Deferred tax		
Deferred tax movement in period	**(0.4)**	0.6
Effect of change in tax rate	**–**	0.2
Adjustments in respect of prior periods	**1.2**	5.1
Total deferred tax charge	**0.8**	5.9
Total tax charge	**11.3**	8.4

The differences between the total tax charge and the amount calculated by applying the standard rate of UK corporation tax of 23.5% (52 weeks ended 31 December 2022: 19.0%) to the profit before tax for the Group are as follows:

Notes to the consolidated financial statements continued

10 Taxation continued

(£m)	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Profit before taxation	**41.1**	40.3
Tax at the standard corporation tax rate	**9.7**	7.7
Effects of:		
Depreciation of non-qualifying property	**0.9**	1.0
Tax effect of non-taxable income and non-deductible expenses	**(1.2)**	(0.3)
Adjustment to prior period	**1.3**	1.4
Effect of share based payments	**1.1**	(0.2)
Other	**(0.4)**	0.2
Impact of super-deduction	**(0.1)**	(1.4)
Total tax charge	**11.3**	8.4

The effective tax rate for the period is 27.5% (52 weeks ended 31 December 2022: 20.8%). The effective tax rate for the period was higher than the standard rate primarily due to an adjustment in respect of prior periods relating to leases, and is expected to reverse in future periods. This adjustment and its 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 30 December 2023 is 26.7% (52 weeks ended 31 December 2022: 20.2%). 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 30 December 2023.

(£m)	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Profit attributable to the owners of the Parent	**29.8**	31.9
(No.)		
Weighted average number of ordinary shares	**258,667,102**	259,637,998
Adjustment for weighted average number of ordinary shares held in EBT	**(6,163,934)**	(6,941,807)
Weighted average number of ordinary shares in issue	**252,503,168**	252,696,191
Basic earnings per share (in pence per share)	**11.8p**	12.6p

For diluted 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 30 December 2023	52 weeks ended 31 December 2022
Profit attributable to the owners of the Parent	**29.8**	31.9
(No.)		
Weighted average number of ordinary shares in issue	**252,503,168**	252,696,191
Diluted effect of share options on potential ordinary shares	**2,804,387**	1,698,226
Diluted weighted average number of ordinary shares in issue	**255,307,555**	254,394,417
Diluted earnings per share (in pence per share)	**11.7p**	12.5p

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.

Reconciliation of profit after taxation to profit after taxation excluding Adjusting items ('Adjusted profit'):

(£m)	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Profit attributable to the owners of the parent from continuing operations	**29.8**	31.9
Adjusting items before tax	**10.9**	35.1
Tax on adjusting items	**(2.6)**	(6.8)
Adjusting items after tax (note 9)	**8.3**	28.3
Adjusted profit	**38.1**	60.2
Weighted average number of ordinary shares in issue	**252,503,168**	252,696,191
Weighted average number of dilutive ordinary shares in issue	**255,307,555**	254,394,417
Adjusted basic earnings per share (in pence per share)	**15.1**	23.8p
Adjusted diluted earnings per share (in pence per share)	**14.9**	23.7p

12 Goodwill and other intangible assets

(£m)	Goodwill	Software	Total
Cost or valuation			
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
Additions	**–**	**6.1**	**6.1**
Write-offs	**–**	**(1.5)**	**(1.5)**
Disposals	**–**	**(0.6)**	**(0.6)**
At 30 December 2023	**8.4**	**41.3**	**49.7**
Amortisation			
At 1 January 2022	–	15.9	15.9
Charged in the period	–	5.2	5.2
Disposals	–	(0.4)	(0.4)
31 December 2022	–	20.7	20.7
Charged in the period	**–**	**6.6**	**6.6**
Disposals	**–**	**(0.3)**	**(0.3)**
At 30 December 2023	**–**	**27.0**	**27.0**
Net book value			
At 30 December 2023	**8.4**	**14.3**	**22.7**
At 31 December 2022	**8.4**	**16.6**	**25.0**

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 CGUs to which the goodwill, with indefinite useful life, is allocated was in excess of its 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 CGU 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 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
Additions	**–**	**17.2**	**14.9**	**32.1**
Disposals	**–**	**(3.0)**	**(6.2)**	**(9.2)**
Impairments	**–**	**–**	**–**	**–**
At 30 December 2023	**6.1**	**147.6**	**195.6**	**349.3**
Accumulated depreciation				
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
Charged in the period	**0.1**	**8.0**	**13.0**	**21.1**
Disposals	**–**	**(1.4)**	**(5.1)**	**(6.5)**
At 30 December 2023	**0.2**	**69.2**	**156.7**	**226.1**
Net book value				
At 30 December 2023	**5.9**	**78.4**	**38.9**	**123.2**
At 31 December 2022	6.0	70.8	38.1	114.9

No impairment was recognised in the period on stores (52 weeks ended 31 December 2022: £0.4m) where the remaining cash flows from the store are not expected to support the carrying value of the asset.

Notes to the consolidated financial statements continued

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 nine years (31 December 2022: ten years). Information about leases for which the Group is a lessee is presented below.

At 30 December 2023, the Group had no material leases committed to but not yet commenced (31 December 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 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
Additions	**11.6**	**10.6**	**22.2**
Modifications	**45.9**	**0.1**	**46.0**
Terminations	**(0.2)**	**(0.1)**	**(0.3)**
Depreciation	**(67.8)**	**(6.4)**	**(74.2)**
Impairments	**(2.7)**	**–**	**(2.7)**
Reversal of previous impairments	**3.7**	**–**	**3.7**
At 30 December 2023	**520.7**	**16.4**	**537.1**

Lease liabilities (£m)	As at 30 December 2023	As at 31 December 2022
Maturity analysis – contractual undiscounted cash flow		
Less than one year	**109.7**	107.3
One to two years	**107.4**	102.9
Two to five years	**406.1**	275.7
Five to ten years	**155.3**	260.4
More than ten years	**49.0**	89.7
Total undiscounted lease liabilities	**827.5**	836.0
Lease liabilities included in the balance sheet		
Current	**79.8**	80.9
Non-current	**596.0**	610.4
	675.8	691.3

Amounts recognised in the income statement (£m)	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Interest expense on lease liabilities	**28.2**	29.4
Expenses related to short-term leases	**0.1**	0.5
Depreciation	**74.2**	77.7
(Net reversal of previous impairments)/impairments	**(1.0)**	15.4

The weighted average incremental borrowing rate applied to property leases is 4.3% (31 December 2022: 4.1%), and for fleet leases is 4.9% (31 December 2022: 3.0%). 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.

14 Right-of-use assets continued

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 30 December 2023	As at 31 December 2022
Within one year	**2.3**	2.0
One to five years	**5.9**	6.1
After five years	**2.4**	3.2
Total	**10.6**	11.3

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. The total value of these assets attributable to stores is £666.4m (31 December 2022: £678.1m).

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 and gross margin in the Board approved 5 Year Plan, and an allocation of a percentage of central costs.

	2023	2022
Pre-tax discount rate	**13.7%**	11.2%
Revenue growth rate	**2% – 7%**	1% – 6%
Gross margin	**36% – 48%**	39% – 47%
Central cost allocation	**61.1%**	60.5%

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").
- 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 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 (2029 and beyond) have been determined using a long-term nominal growth rate.

Whilst the Directors consider their impairment assumptions to be realistic, including those for market changes, the estimated future cash flows derived from the Board approved 5 Year Plan require the achievement of company specific growth initiatives. Should actual results 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.

Notes to the consolidated financial statements continued

15 Impairment testing continued

Impairment of goodwill
At 30 December 2023 the recoverable amount of CGUs to which the goodwill is allocated was in excess of its book value and therefore no impairment has been recognised. Of the impairments noted on right-of-use assets below, £nil relates to right-of-use assets for stores associated with some goodwill.

The impairment review was not sensitive to changes in the assumptions used in the value-in-use model.

Impairment of store related right-of-use assets and fixed assets
The impairment trigger review noted above identified 26 stores for which an impairment review was required. The number of stores with an indicator of impairment in the period is comparable to the prior period (31 December 2022: 31 stores) reflecting the continued softer UK macro-economic environment and economic outlook in 2023.

The impairment reviews were carried out using the assumptions and methodology disclosed in this note. Any impairments have been recognised 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 5 stores that should be impaired resulting in £2.7m (31 December 2022: £15.8m) of impairment charge, split as £2.7m (31 December 2022: £15.4m) relating to right-of-use assets and £nil (31 December 2022: £0.4m) relating to property, plant and equipment. A £3.7m reversal of previous impairments relating to 5 stores has been recognised (31 December 2022: £nil) as an impairment reversal. The impairment charge and reversal are both 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 impaired, after this impairment, is £13.7m (31 December 2022: £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 net impairment recognised from reasonably possible changes in assumptions, all other assumptions remaining the same, are shown in the table below.

Assumption

(£m)	Change in net impairment
Store revenue increases/(decreases) by 2%	£1.4m – £(1.0)m
Gross margin increases/(decreases) by 1%	£4.6m – £(5.0)m
Percentage of central costs allocated (increases)/decreases by 10%	£2.6m – £(2.6)m
Discount rate (increases)/decreases by 100 basis points	£2.4m – £(2.5)m

Reasonably possible changes of the other assumptions, including halving the growth rate 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.

	Tax losses	Provisions	Capital allowance	Share-based payments	Leases	Total
At 1 January 2022	–	–	(0.7)	1.1	29.7	30.1
(Charge)/credit to the income statement	–	(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
(Charge)/credit to the income statement	**(0.4)**	**–**	**(1.4)**	**1.1**	**1.0**	**0.3**
Credit to equity	**–**	**–**	**–**	**1.2**	**–**	**1.2**
Prior period adjustment	**0.4**	**1.5**	**(0.2)**	**–**	**(2.9)**	**(1.2)**
Change in tax rates	**–**	**–**	**(0.1)**	**–**	**0.1**	**–**
At 30 December 2023	**–**	**1.5**	**(10.2)**	**2.5**	**29.2**	**23.0**
Disclosed within non-current assets	**–**	**1.5**	**(10.2)**	**2.5**	**29.2**	**23.0**

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.

16 Deferred tax continued

At 30 December 2023 the Group had unused capital losses of £37.6m (31 December 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 30 December 2023, 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 30 December 2023	As at 31 December 2022
Inventories	**195.5**	201.6

Inventories consist of goods for resale. Inventories are stated after provisions for impairment of £3.7m (2022: £5.0m) and includes a deduction to account for rebates earned on purchases and held in inventory at year end of £7.3m (31 December 2022: £8.1m).

Cost of sales for the 52 weeks ended 30 December 2023 includes inventory recognised as an expense amounting to £857.8m (31 December 2022: £856.2m).

	Period ended 30 December 2023	Period ended 31 December 2022
Movement in stock provisions		
Opening provision	**5.0**	4.4
Provision utilised	**(14.1)**	(13.2)
Provision increased	**12.8**	13.8
Closing provision	**3.7**	5.0

19 Trade and other receivables

(£m)	As at 30 December 2023	As at 31 December 2022
Trade receivables	**33.4**	38.7
Allowance for expected credit losses	**(1.0)**	(1.3)
	32.4	37.4
Other receivables	**26.4**	32.8
Prepayments and accrued income	**15.3**	17.2
Total current trade and other receivables	**74.1**	87.4

Trade receivables primarily represent amounts receivable following the delivery of goods purchased through finance agreements or the completion of a Design & Installation 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.

The loss allowance for trade receivables was determined as follows:

30 December 2023	Current	1-30 days	31-60 days	61-120 days	More than 120 days	Total
Expected loss rate	**1.5%**	**–**	**–**	**100%**	**80%**	**3.0%**
Carrying amount of trade receivables (£m)	**32.5**	**0.1**	**0.2**	**0.1**	**0.5**	**33.4**
Loss allowance (£m)	**(0.5)**	**–**	**–**	**(0.1)**	**(0.4)**	**(1.0)**

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)

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.

Notes to the consolidated financial statements continued

19 Trade and other receivables continued

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

(£m)	As at 30 December 2023	As at 31 December 2022
At the beginning of the period	**1.3**	1.6
Provided in the period	**0.2**	0.2
Released during the period	**(0.5)**	(0.5)
At the end of the period	**1.0**	1.3

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 settlors of trade receivables are consumer credit providers 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 £24.1m (31 December 2022: £23.4m).

20 Cash and cash equivalents

(£m)	As at 30 December 2023	As at 31 December 2022
Cash at bank	**6.0**	29.5
Short-term deposits	**91.5**	70.0
	97.5	99.5

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

The Group and Company	10 pence ordinary shares Shares	£m
Authorised, issued and fully paid		
At 1 January 2022 and 31 December 2022	**259,637,998**	**26.0**
Shares cancelled	**(7,512,623)**	**(0.8)**
At 30 December 2023	**252,125,375**	**25.2**

At the end of the period, the Group and Company had 252,125,375 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. No shares were issued during the current financial year in relation to share options.

During the 52 weeks ended 30 December 2023, 7.5 million shares were purchased and then cancelled by the Group as part of a share buyback programme. The total consideration of £10.1m was recognised as a charge to retained earnings. The aggregate nominal value of shares cancelled and transferred to the capital redemption reserve was £0.8m. There was no share buyback programme in the comparative period.

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.

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 30 December 2023, 5,918,098 shares (31 December 2022: 6,818,863 shares) were held by the Trusts in relation to the Company's employee share plans. The EBT share reserves balance as at 30 December 2023 was £0.7m (31 December 2022: £0.7m).

(number of shares)	As at 30 December 2023	As at 31 December 2022
At the beginning of the period	**6,818,863**	7,489,514
Own shares purchased for share schemes	**170,000**	–
Shares released to participants	**(1,070,765)**	(670,651)
At the end of the period	**5,918,098**	6,818,863

Other reserves

The 'Other reserves' balance as at 30 December 2023 of £785.7m (31 December 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 30 December 2023 (31 December 2022: undrawn). In March 2022, a one year extension was obtained, extending the expiry date to March 2025, and in March 2023, a one year extension was obtained, extending the expiry date to March 2026. After the year end, the Group completed an Amend and Extend of its Rolling Credit Facility, extending the maturity to March 2028 with an option for a one year extension. Further details are provided in note 31.

The Group does not have an overdraft facility as at 30 December 2023 (31 December 2022: no facility).

At the period end, the Group had the following borrowing facility available:

(£m)	As at 30 December 2023	As at 31 December 2022
Undrawn facilities:		
3-year committed revolving credit facility (expires March 2026)	**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 £675.8m (31 December 2022: £691.3m), expire in various years to 2043 and carry a weighted average incremental borrowing rate of 4.3% (31 December 2022: 4.1%). 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 £0.1m (31 December 2022: £0.5m) 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 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 1 January 2022	123.4	(742.1)	(618.7)
Decrease in cash and cash equivalents	(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)
Decrease in cash and cash equivalents	**(2.0)**	**–**	**(2.0)**
Repayment of lease liabilities	**–**	**112.5**	**112.5**
Discount unwind on lease liability	**–**	**(28.2)**	**(28.2)**
Lease additions	**–**	**(22.2)**	**(22.2)**
Lease modifications	**–**	**(46.0)**	**(46.0)**
Lease incentives received	**–**	**(0.8)**	**(0.8)**
Lease terminations	**–**	**0.2**	**0.2**
At 30 December 2023	**97.5**	**(675.8)**	**(578.3)**

Balances (£m)	As at 30 December 2023	As at 31 December 2022
Cash and cash equivalents	**97.5**	99.5
Current lease liabilities	**(79.8)**	(80.9)
Non-current lease liabilities	**(596.0)**	(610.4)
Net debt	**(578.3)**	(591.8)

Notes to the consolidated financial statements continued

24 Provisions

(£m)	Property	Warranty	Insurance	Total
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
Charge to income statement	**1.7**	**2.8**	**1.0**	**5.5**
Utilisation	**–**	**(2.4)**	**(1.4)**	**(3.8)**
At 30 December 2023	**3.8**	**3.3**	**5.5**	**12.6**

(£m)	As at 30 December 2023	As at 31 December 2022
Current	**10.3**	9.1
Non-current	**2.3**	1.8
	12.6	10.9

Property provisions primarily arise where there is an expectation that a store will close and where there is 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.

The insurance claims provision represents management's best estimate of the value of outstanding claims against the Group, 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 30 December 2023 other than £2.3m of property provisions (31 December 2022: £1.8m 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 30 December 2023	As at 31 December 2022
Trade payables	**119.4**	119.9
Social security and other taxes	**11.6**	15.9
Other payables	**17.0**	12.4
Deferred income	**33.2**	48.1
Accrued expenses	**37.9**	41.4
Trade and other payables	**219.1**	237.7

The trade payables balance includes a deduction to account for amounts due from suppliers to the Group for associated rebates of £8.9m (31 December 2022: £8.6m).

The deferred income balance represents amounts received directly from customers for goods and services where the Group has not fulfilled its performance obligations, including upfront deposits received. Under the terms of the relevant contracts, sales made where third parties have provided finance to the customer (not including the upfront deposit) do not give rise to deferred income. Of the total deferred income balance, £28.5m (31 December 2022: £43.6m) related to Design & Installation deferred income.

Revenue of £44.4m was recognised in the 52 weeks ended 30 December 2023 which had been included in the deferred income balance at the beginning of the period (52 weeks ended 31 December 2022: £56.8m).

26 Dividends

(£m)	As at 30 December 2023	As at 31 December 2022
Amounts recognised in the financial statements as distributions to equity shareholders are shown below:		
– final dividend for the 52 weeks ended 31 December 2022 of 7.3 pence (53 weeks ended 1 January 2022: 8.8 pence)	**18.3**	22.1
– interim dividend for the 52 weeks ended 30 December 2023 of 3.6 pence (52 weeks ended 31 December 2022: 3.6 pence)	**9.1**	9.1
Total dividend	**27.4**	31.2

A final dividend of 7.3p is proposed in respect of the 52 weeks ending 30 December 2023. It will be paid on 6 June 2024 to shareholders on the register at the close of business on 26 April 2024 (the Record Date). The shares will be quoted ex-dividend on 25 April 2024.

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 15 May 2024.

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, Transition Awards, SAYE and Free Shares recognised in the income statement was £5.9m in the period ended 30 December 2023 (period ended 31 December 2022: £5.0m). Of this charge, £5.6m (period ended 30 December 2022: £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 £0.3m (period ended 31 December 2022: £0.6m).

The total cost between each of the relevant schemes, together with the number of options outstanding are shown below:

Charge (£m)	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Long Term Incentive Plan	**3.8**	0.4
Transition Awards	**0.3**	2.1
Save As You Earn (SAYE)	**1.2**	2.2
Free Shares	**0.6**	0.3
	5.9	5.0

Number of options (thousands)	As at 30 December 2023	As at 31 December 2022
Long Term Incentive Plan	**6,359**	4,371
Transition Awards	**100**	862
Save As You Earn (SAYE)	**10,768**	10,727
Free Shares	**488**	612
	17,715	16,572

A summary of the main features of the schemes are shown below:

Scheme	Scheme name	Grant date	Vesting date	Number of options granted	Vesting criteria	Eligibility	Scheme type
Long Term Incentive Plan (LTIP)	RSP	31/03/2023	31/03/2025	827,045	A performance underpin	Executive Directors, designated senior managers	Nil-cost options
		31/03/2023	31/03/2024	711,237			
	LTIP 23	25/09/2023	25/09/2026	29,735	EPS (60%), TSR (30%) & ESG (10%) targets		
		31/03/2023	31/03/2026	3,448,605			
	LTIP 22	28/09/2022	28/09/2025	666,396	EPS (70%) & TSR (30%) targets		
		31/03/2022	31/03/2025	1,998,542			
	LTIP 21	28/09/2021	28/09/2024	1,795,194			
	Buyout Award	28/09/2022	09/09/2023 & 25/03/2024	148,114	n/a	Mark George, CFO	
Transition Awards		28/09/2021	28/04/2022 & 28/04/2023	1,616,863	A performance underpin for Executive Directors	Executive Directors, designated senior managers	Nil-cost options
Save As You Earn (SAYE)	SAYE 23	17/10/2023	17/10/2026	2,543,884	Continued saving for 3 years	All Employees	SAYE options
	SAYE 22	18/10/2022	18/10/2025	9,475,353			
	SAYE 21	19/10/2021	19/10/2024	5,433,646			
Free Shares		28/06/2021	28/06/2024	881,940	n/a	All Employees	Nil-cost options

In addition to the scheme specific vesting criteria detailed above, for each scheme vesting is ordinarily dependent on the continued employment of recipients. Further features of the individual schemes are detailed below:

Long Term Incentive Plan

The Long Term Incentive Plan ('LTIP') 21, LTIP 22 and LTIP 23 awards are made at the discretion of the Remuneration Committee, with vesting subject to market and non-market performance criteria measured over a period of three years. The criteria are set by the Remuneration Committee, and are aligned with the long-term strategic objectives of the Group and shareholder value creation.

Notes to the consolidated financial statements continued

27 Share-based payments continued

The Buy-out award is in respect of an 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 Group granted RSP options with the intention of replacing the majority of the existing LTIP 21 and LTIP 22 awards.

In accordance with IFRS 2, if an award is granted as a replacement for a pre-existing award then modification accounting is applied, whereby the incremental fair value of the RSP over the LTIP, determined at the date of RSP grant, is spread over the vesting period of the RSP.

The charge in the period for LTIP includes an accrual of £0.8m (period ended 31 December 2022: £nil) for the Group's Deferred Share Bonus plan in respect of the bonus payable in shares for the period ended 30 December 2023.

Save As You Earn

The Save As You Earn ("SAYE") scheme is open to all Wickes Group employees. A maximum monthly contribution of £500 is permitted under the option scheme. 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 30 December 2023 and the 52 weeks ended 31 December 2022 The information is expressed as weighted averages where relevant:

	52 weeks ended 30 December 2023	
The Group and Company:	**LTIP (nil cost options)**	**SAYE**
Share price at grant date (pence)	**135.3**	**133.6**
Option exercise price (pence)	**–**	**116.0**
Option life (years)	**2.6**	**3.0**
Expected dividends as a dividend yield (%)	**n/a**	**8.0%**
Risk free interest rate (%)	**n/a**	**4.6%**
Volatility (%)	**n/a**	**33.3%**

	52 weeks ended 31 December 2022	
	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%

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 the LTIP options remain unexercised after a period of 10 years from the date of grant, these options expire. SAYE options vest after 3 and expire 3½ years after the date of grant.

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 the option vesting period.

27 Share-based payments continued

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 111-127. 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 2023 and 2022 are shown below:

Grant date – scheme	Expiry date	Exercise price (pence)	Share options (thousands)	Fair value for the Group (£m)
31/03/2023 – Long Term Incentive Plan	31/03/2033	–	3,449	2.4
25/09/2023 – Long Term Incentive Plan	25/09/2033	–	30	–
31/03/2023 – Restricted Stock Plan	31/03/2033	–	1,538	2.1
17/10/2023 – Save As You Earn Plan	17/04/2027	116.0	2,544	0.5
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

The aggregate number of share awards outstanding for the Group and their weighted average exercise price is shown below:

	52 weeks ended 30 December 2023			52 weeks ended 31 December 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	75	10,727	5,845	110	5,182	4,294
Granted during the period	39	2,544	5,017	80	9,475	2,813
Exercised during the period	8	(67)	(855)	–	–	(636)
Forfeited during the period	111	(2,435)	(246)	192	(3,930)	(626)
Cancelled during the period	–	–	(2,813)	–	–	–
Outstanding at the end of the period	70	10,769	6,948	75	10,727	5,845
Exercisable at the end of the period	–	–	100	–	–	126

Details of the share options outstanding at 30 December 2023 are shown below:

	52 weeks ended 30 December 2023			52 weeks ended 31 December 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	–	–	110
Number of shares (thousands)	6,359	100	11,256	4,371	862	11,339
Weighted average expected remaining life (years)	1.7	–	1.9	2.1	0.3	2.6
Weighted average contractual remaining life (years)	9.0	7.8	2.4	9.2	8.8	3.1

28 Commitments

Consignment stock

At 30 December 2023, the Group held consignment stock on sale or return of £6.6m (31 December 2022: £8.0m). 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 30 December 2023	As at 31 December 2022
Contracted but not provided for in the accounts	12.6	11.2

Notes to the consolidated financial statements continued

29 Financial instruments

The carrying value of categories of financial instruments (£m)	Note	As at 30 December 2023	As at 31 December 2022
Financial assets:			
Cash and cash equivalents	20	**97.5**	99.5
Trade and other receivables at amortised cost	19	**58.8**	70.2
		156.3	169.7
Financial liabilities:			
Trade and other payables at amortised cost	25	**136.4**	132.3
Lease liabilities	23	**675.8**	691.3
		812.2	823.6

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. 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.

Amounts due are mainly financed by large reputable financing institutions, which have high credit worthiness.

Where the Group is exposed to potential credit loss, an impairment allowance is made for individual exposures as well as for an Expected Credit Loss (ECL) component established using rates reflecting historic information for payor groups, and forward looking information. The total provision as at 30 December 2023 is £1.0m (31 December 2022: £1.3m).

Trade and other receivables exclude prepayments of £15.3m (31 December 2022: £17.2m).

Trade and other payables
Trade and other payables excludes taxation, social security, accruals and deferred income amounts totalling £82.7m (31 December 2022: £105.4m).

Fair value of financial instruments
Financial assets/liabilities 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 30 December 2023	As at 31 December 2022
Included in assets		
Level 2		
Foreign currency forward contracts at fair value through profit and loss	**–**	2.6
Included in liabilities		
Level 2		
Foreign currency forward contracts at fair value through profit and loss	**(0.7)**	(0.2)
	(0.7)	2.4

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.

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 30 December 2023 (52 weeks ended 31 December 2022: none).

29 Financial instruments continued

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$47.6m (31 December 2022: US$58.8m). The fair value of these derivatives was a £nil asset and a £0.7m liability (31 December 2022: £2.6m asset and £0.2m liability). These contracts are not designated as cash flow hedges, however given fair value accounting for these forward contracts does not reflect the intended economic outcome (i.e. to provide a level of certainty over future foreign currency purchases), the net unrealised gains and losses on remeasurement of the contracts are treated as adjusting items in the Group's adjusted profit measures (see notes 2 and 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 30 December 2023						
Trade and other payables at amortised cost	25	**136.4**	**136.4**	**136.4**	**–**	**–**
Lease liabilities	14	**675.8**	**827.5**	**109.7**	**513.5**	**204.3**
		812.2	**963.9**	**246.1**	**513.5**	**204.3**
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

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 pages 86-87.

Key management compensation

(£m)	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Salaries and other short-term employee benefits	**2.2**	1.5
Post-employment benefits	**0.1**	0.1
Share based payments	**1.1**	0.8
	3.4	2.4

Further information about the remuneration of individual Directors is provided in the audited section of the Directors' Remuneration Report on page 120.

The Group has a related party relationship with its subsidiaries and with its Directors. There have been no related party transactions with Directors other than in respect of remuneration.

31 Events after the reporting period

Corporate transaction

On 18 March 2024, the Group agreed to acquire 51% of the issued share capital of Gas Fast Limited, operator of leading solar installations company Solar Fast. The business comprises a core solar panels installation business, in addition to a smaller business installing gas boilers. The acquisition will enable the Group to expand its offering into the fast-growing market for home energy solutions, initially with solar and gas boilers and, in time, air source heat pumps and other services. The acquisition is subject to FCA approval. The revenue will be reported within Design & Installation revenue.

The initial 51% controlling interest will be for initial consideration of £5.1m (net of cash acquired), with a further contingent payment, based on an earnings based valuation multiple, delivered in calendar year 2024. The contingent payment is capped at £13.2m.

The Group has an option to buy the remaining 49% issued share capital for a period of 5 years following completion. The purchase price is based on a pre-agreed earnings based valuation multiple at that time.

Revolving credit facility

After the year end the Group completed an "Amend and Extend" of its Rolling Credit Facility, lengthening the term by a further two years to March 2028, with an option for an additional one year extension. Total commitments on the facility remain at £80m, as well as retaining the £20m accordion.

Notes to the consolidated financial statements continued

32 Alternative performance measures

Adjusted profit before tax and before incremental impact of SAAS accounting

(£m)	52 weeks ended 30 December 2023
Adjusted profit before tax	52.0
SAAS IT investment costs charged to the income statement that were previously expected to be capitalised	7.8
Amortisation that would have been charged to the income statement if such costs had been capitalised	(0.3)
Adjusted profit before tax and before incremental impact of SAAS accounting	**59.5**

Software as a service ('SAAS') IT costs are amounts invested to improve the Group's IT systems and which are delivered using SAAS solutions. These costs are expensed immediately under IAS38 on the premise that the Company does not 'control' the asset and therefore does not qualify for capitalisation as an intangible asset. From a strategic perspective investment in technology, and specifically SAAS expenditure, is one of the Company's core growth levers and represents a long term investment in the business, with an expectation of generating future returns.

In the current period, in order to present a performance measure that aligns with original market expectations of performance, the directors have presented an adjusted profit before tax and before incremental impact of SAAS accounting as an alternative performance measure. This alternative performance measure reinstates the expenditure as an intangible asset, and then amortises it over its expected economic useful life.

The amounts reflected in the APM, which cannot be derived directly from the disclosures in the Financial Statements, represent the SAAS IT investment costs charged to the Income Statement during the period, against which a notional amortisation charge has been calculated. The notional amortisation charge has been calculated by applying the Company's amortisation policy for intangible fixed assets (see note 2.5).

The APM set out above is therefore intended to enable users to understand the impact of our latest expectation of the nature of IT costs, and how these will be accounted for, on guidance previously issued. Future forecasts will be prepared based on our latest expectation of the nature of IT costs, meaning that this APM will not be provided after this year.

The comparative adjusted profit before tax and before incremental impact of SAAS accounting figure for the prior period would equal adjusted profit before tax as the incremental impact of SAAS accounting was nil in the prior period.

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)	30 December 2023	31 December 2022
Cost of goods sold	857.8	856.2
Opening stock	201.6	188.2
Closing stock	195.5	201.6
Average stock	198.6	194.9
Cost of goods sold divided by average stock	**4.3**	4.4

Like-for-like sales

The use of like-for-like (LFL) 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 – Retail and Design & Installation

Like-for-like sales are further broken down into Retail and Design & Installation related sales to enable further visibility of the relative performance of the two areas.

Like-for-like sales – Retail (£m)	52 weeks ended 30 December 2023
Revenue	1,189.1
Network change	(4.5)
Revenue (like-for-like basis)	1,184.6
Prior period adjusted revenue	1,187.9
Prior period network change	(4.7)
Prior period adjusted revenue (like-for-like basis)	1,183.2
Increase arising on a like-for-like basis	1.4
Like-for-like revenue (%)	0.1%

32 Alternative performance measures continued

Like-for-like sales – Design & Installation (£m)	52 weeks ended 30 December 2023
Revenue	364.7
Network change	(3.3)
Revenue (like-for-like basis)	361.4
Prior period adjusted revenue	371.1
Prior period network change	(3.3)
Prior period adjusted revenue (like-for-like basis)	367.8
Decrease arising on a like-for-like basis	(6.4)
Like-for-like adjusted revenue (%)	(1.7)%

Free cash flow

The use of free cash flow and why it is useful is discussed on page 28. It is calculated as follows:

(£m)	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Cash generated from operations	179.6	160.4
Add back cash impact of adjusting items	10.4	21.7
Adjusted cash inflow from operating activities	190.0	182.1
Less: payment of principal of lease liabilities, net of lease incentives received	(83.5)	(80.3)
Less: interest on lease liabilities	(28.2)	(29.4)
Less: purchases of property, plant and equipment, and development costs of computer software	(38.2)	(40.4)
Less: income taxes paid	(0.3)	(4.3)
Add: proceeds on disposal of property, plant and equipment	0.1	0.4
Add: interest received	7.2	1.9
Less: interest paid	(1.0)	(1.0)
Free cash flow	46.1	29.0

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)	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Adjusted selling costs	342.6	332.1
Adjusted administrative expenses	151.7	131.1
Total adjusted costs	494.3	463.2
Total adjusted sales	1,553.8	1,559.0
Ratio	31.8%	29.7%

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 30 December 2023	52 weeks ended 31 December 2022
Adjusted operating profit	73.8	103.9
Add back depreciation of property, plant and equipment	21.1	20.1
Add back depreciation of right-of-use assets	74.2	77.7
Add back amortisation	6.6	5.2
Adjusted EBITDA	175.7	206.9

(£m)	30 December 2023	31 December 2022
Net debt	578.3	591.8
Adjusted EBITDA	175.7	206.9
Leverage ratio	3.3	2.9

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

	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Adjusted sales (£m)	1,553.8	1,559.0
Average square footage (million)	6.3	6.3
Sales density	246	247

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.

Company balance sheet

(£m)	Notes	As at 30 December 2023	As at 31 December 2022
Assets			
Non-current assets			
Investment	C6	**603.4**	598.9
Total non-current assets		**603.4**	598.9
Current assets			
Other receivables	C8	**15.1**	–
Total current assets		**15.1**	–
Total assets		**618.5**	598.9
Equity and Liabilities			
Capital and reserves			
Issued share capital	21	**25.2**	26.0
Capital redemption reserve		**0.8**	–
EBT share reserve	21	**(0.7)**	(0.7)
Retained earnings		**593.2**	571.8
Total equity		**618.5**	597.1
Current liabilities			
Other payables	C8	**–**	1.8
Total current liabilities		**–**	1.8
Total liabilities		**–**	1.8
Total equity and liabilities		**618.5**	598.9

The profit attributable to the owners of the Company for the period ended 30 December 2023 was £53.5m (31 December 2022: loss of £139.8m).

The company's financial statements of Wickes Group Plc, registered number 12189061, were approved by the Board of Directors on 18 March 2024 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	Capital redemption reserve	EBT share reserve	Retained earnings	Total equity
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
Profit for the period and other comprehensive income	**–**	**–**	**–**	**53.5**	**53.5**
Dividends paid	**–**	**–**	**–**	**(27.4)**	**(27.4)**
Share buyback and cancellation	**(0.8)**	**0.8**	**–**	**(10.1)**	**(10.1)**
Purchase of own shares	**–**	**–**	**(0.2)**	**–**	**(0.2)**
Equity-settled share-based payments	**–**	**–**	**0.2**	**5.4**	**5.6**
At 30 December 2023	**25.2**	**0.8**	**(0.7)**	**593.2**	**618.5**

Notes to the Company financial statements

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 £0.1m, 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 income statement 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 1 January 2022	889.3
Additions – share based payments	3.7
At 31 December 2022	893.0
Additions – share based payments	**4.5**
At 30 December 2023	**897.5**
Impairment	
At 1 January 2022	(118.5)
Impairment	(175.6)
At 31 December 2022	(294.1)
Impairment	**–**
At 30 December 2023	**(294.1)**
Net book value	
At 30 December 2023	**603.4**
At 31 December 2022	598.9

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.

	2023	2022
Pre-tax discount rate	**15.8%**	17.0%
Revenue growth rate	**2% – 7%**	0% – 7.7%
Gross margin	**42.2% – 42.3%**	44.7% – 45.0%
Long term growth rate	**3.5%**	3.5%

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 both the FY22 and FY23 impairment reviews were 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).

Impairment

An impairment review was therefore performed, with no impairment indicated in the period ended 30 December 2023 (31 December 2022: impairment charge of £175.6m). The prior period impairment reflected the deterioration in the UK macro-economic environment and economic outlook in 2022.

Impairment sensitivities

A sensitivity analysis was performed using changes in assumptions applied to the Value in Use calculation that management consider to be reasonably possible. It is possible that a material movement in headroom would have been identified in the impairment review if the key assumptions were changed in the Value in Use calculations. The impact on headroom from these reasonably possible changes in assumptions, with all other assumptions remaining the same, are shown below. An impairment charge of £15.7m arises in the scenario where gross margin decreases by 1%. The amount by which the Gross Margin assumption can decrease before an impairment charge arises is 0.9%.

Assumption	Change in headroom
Pre-tax discount rate increases or decreases by 0.5%	£(33.0)m – £36.7m
Revenue increases or decreases by 2%	£41.4m – £(38.9)m
Gross margin increases or decreases by 1%	£147.5m – £(147.5)m
Long term growth rate increases or decreases by 0.5%	£26.3m – £(23.7)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 £618.5m as at 30 December 2023 (31 December 2022: £597.1m).

Credit risk

As at 30 December 2023, the Company had short-term receivables of £15.1m (31 December 2022: £nil) owed by subsidiary undertakings which are repayable on demand and bear no interest. The Directors do not perceive that the recovery of this debt poses any significant risk to the Company given its size in relation to the Company's net assets.

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.

Notes to the Company financial statements continued

C7 Capital management and financial instruments continued

Market risk

As at 30 December 2023, the Company had short-term payables of £nil (31 December 2022: £1.7m) owed to subsidiary undertakings, which are repayable on demand and bear no interest.

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 £582.5m (31 December 2022: £565.6m). When required the Company can receive dividends from its subsidiaries to further increase the distributable reserves.

In the 52 weeks ended 30 December 2023, the Company received £57.0m of dividends from its subsidiaries (52 weeks ended 31 December 2022: £38.3m) to pay to its equity shareholders of the Parent.

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 30 December 2023	As at 31 December 2022
Amounts owed from/(to) subsidiary undertakings – Wickes Building Supplies Limited	15.1	(1.8)
	15.1	(1.8)

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 30 December 2023	52 weeks ended 31 December 2022
Amounts invoiced by subsidiaries	(2.4)	(1.7)
Dividend received from subsidiaries	57.0	38.3
	54.6	36.6

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 120.

(£m)	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Salaries and other short-term benefits*	2.2	1.5
Post-employment benefits*	0.1	0.1
Share-based payments*	1.1	0.8
	3.4	2.4

* 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

After the year end the Company completed an "Amend and Extend" of its Rolling Credit Facility, lengthening the term by a further two years to March 2028, with an option for an additional one year extension. Total commitments on the facility remain at £80m, as well as retaining the £20m accordion.

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. You will need your investor code to register – this can be found on your share certificate or dividend confirmation.

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
The AGM is an important event that gives us an opportunity to engage with our Shareholders. Our 2024 AGM is scheduled to be held on 24 May 2024 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 3 November 2023. Shareholders will be asked to approve a final dividend for the financial year ended 30 December 2023 at the AGM. If approved, a dividend of 7.3 pence per ordinary share will be paid on 6 June 2024 to Shareholders on the register on the record date of 26 April 2024.

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 dividend confirmation for each dividend will be available electronically at www.wickes-shares.com.

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.

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 2023 will be available to view and download on the Company's website at www.wickesplc.co.uk. We 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

Registered office address:
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Tel: +44 (0)371 664 0300*
Email: enquiries@linkgroup.co.uk

Investor Relations
investorrelations@wickes.co.uk

Corporate brokers
Investec
Peel Hunt

Independent auditor
KPMG LLP

* 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.

Glossary

Adjusted EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation and before adjusting items.
AGM	Annual General Meeting
BNPL	Buy Now Pay Later
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
CSAT	Customer Satisfaction
D&I	Design & Installation
Dividend Cover	The ratio of dividends paid and proposed in relation to the financial period against adjusted earnings per share
DIY	Do-it-yourself
DRR	Directors' Remuneration report
DTR	Disclosure Guidance and Transparency Rules
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation
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
MME	Missions Motivation Engine
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
ppts	percentage points
RCF	Revolving Credit Facility
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
Returns to shareholders	Sum of dividends paid and proposed in relation to the financial period, plus the consideration paid for shares as part of the share buyback programme
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
ROCE	Return on Capital Employed: a measure of the profit generated by capital expenditure
RPI	Retail Prices Index
SaaS	Software as a Service
Sales density	Sales per square foot
SASB	Sustainability Accounting Standards Board
SAYE	Save As You Earn
SBT	Science-based targets
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 on Climate-related Financial Disclosures
TSR	Total Shareholder Return
VOC	Volatile organic compound

THANK YOU

We'd like to thank everyone who has helped to produce this report

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luminous

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