

12 June 2025

Norcros plc

Results for the year ended 31 March 2025

Strategic execution delivering share gains and margin growth

Norcros, the number one bathroom products business in the UK and Ireland, today announces its results for the year ended 31 March 2025.

Financial summary

	2025	2024	% change 2025 v 2024
Revenue	£368.1m	£392.1m	(6.1%)
<i>Revenue constant currency LFL¹</i>			0.9%
Underlying operating profit ²	£43.2m	£43.2m	–
Underlying operating profit margin (%)	11.7%	11.0%	0.7pp
Underlying profit before taxation ²	£36.5m	£36.4m	0.3%
Underlying operating cash flow ²	£38.9m	£56.4m	(31.0%)
Operating profit ³	£8.3m	£39.9m	(79.2%)
Underlying net debt ²	(£36.8m)	(£37.3m)	1.3%
Diluted underlying EPS ²	32.4p	32.1p	0.9%
Dividend per share	10.4p	10.2p	0.2p

1 LFL – Like for like after adjusting for the sale of Johnson Tiles UK in May 2024 and the closure of Norcros Adhesives in June 2023

2 Definitions and reconciliations of alternative performance measures are provided in note 5

3 Operating profit is stated after acquisition and disposal related costs (c.£25.4m largely relating to the sale of Johnson Tiles UK), exceptional operating items and IAS 19R administrative expenses. Details are contained later in this statement

Highlights

- Strong progress in a challenging environment:
 - UK and Ireland – record underlying profit of £39.8m (2024: £38.4m) and underlying operating profit margin of 15.5% (2024: 13.6%)
 - South Africa – resilient performance with underlying profit of £3.4m (2024: £4.8m); well placed to gain market share as conditions gradually improve
- Disciplined strategic execution driving market share gains and margin improvement:
 - Portfolio development – sale of Johnson Tiles UK in May 2024 strengthens portfolio; strategic review of Johnson Tiles SA nearing completion
 - Organic growth – launch of first complete bathroom range, increased cross-selling and market-leading customer service
 - Operational excellence – benefits of scale and collaboration; Group freight strategy and distribution efficiencies
 - ESG – Sustainable Products framework developed; good progress against 2028 SBTi targets and implementation of people and culture strategy
- Underlying operating profit² of £43.2m, in line with the prior year (2024: £43.2m)

- Underlying ROCE² of 17.3% (2024: 16.4%)
- Underlying cash conversion of 84% (2024: 123%), underlying net debt² of £36.8m (2024: net debt of £37.3m) representing 0.8x leverage²
- 1 April 2024 pension valuation agreed at an actuarial deficit of £11.7m (1 April 2021: £35.8m) with deficit repair contributions of c.£4.5m p.a. to end after June 2027
- Strong balance sheet and capital availability – active M&A pipeline and confident of future strategic progress

Medium term strategic targets

The Group remains committed to, and confident of, delivering our previously stated medium term strategic targets:

- Organic growth at 2% - 3% above the market
- Group underlying operating profit margin to reach 15%
- Cash conversion greater than 90%
- Return on capital employed greater than 20%
- Delivery of SBTi-validated science-based emissions targets by 2028

Current trading

Group revenue in the two months to the end of May 2025 was 1.8% below the prior year on a constant currency like for like basis, adjusting for Johnson Tiles UK and the number of trading days in the period (UK and Ireland -1.1%, SA -3.2%). Market conditions are likely to remain uncertain, with the pace of recovery in the new build sector still unclear, however, the RMI sector remains resilient and the Board's expectations for FY26 remain unchanged.

Thomas Willcocks, CEO, commented:

"In the context of current market challenges, I am pleased with the performance over this period and excited by the significant opportunities that remain in the more resilient mid-premium market segments where we hold leading positions.

Our strategy is working and has momentum, building from a position of strength and scale as we actively leverage the customer and operational synergies within the Group. Our continued progress across our four key strategic pillars is delivering as demonstrated by our operating margins in our core UK & Ireland markets moving above 15% for the first time.

Whilst we are beginning to see some early evidence of a level of confidence starting to return to the sector, especially in new build, we are not reliant on any major recovery to deliver further progress against our medium term targets and as a result, the Board's expectations for FY26 remain unchanged".

There will be a presentation today at 9.30am for analysts at the offices of Hudson Sandler, 25 Charterhouse Square, London, EC1M 6AE. There will also be a live audio webcast of the event (without Q&A) available at https://brrmedia.news/NXR_FY25. The supporting slides will be available in the investor section of the Norcros website at www.norcros.com later in the day.

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Notes to Editors

Norcros is a market-leading group of brands specialising in design-led, sustainable bathroom and kitchen products across the UK, Ireland, South Africa, and select export markets. Each of our brands offers mid-premium product ranges distinguished by their innovation, design, and commitment to sustainability, all backed by industry-leading service to our trade and retail customers.

Through a strategic blend of acquisitions and organic growth, Norcros has become the UK and Ireland's number one bathroom products group. We see significant potential for further expansion within this large and fragmented market, accelerating growth and capturing market share through continued acquisitions, organic development, operational excellence, and meaningful ESG capabilities.

Norcros encompasses the renowned brands, Triton, MERLYN, Grant Westfield, VADO, Croydex, and Abode in the UK, and Tile Africa, TAL, Johnson Tiles South Africa, and House of Plumbing in South Africa.

Norcros is headquartered in Wilmslow, Cheshire and employs around 2,000 people. The Company is listed on the London Stock Exchange. For further information please visit the Company website: www.norcros.com

Chair's Statement

Resilient performance, with clear platform for growth

Introduction

I am pleased to present my second annual statement as Chair of Norcros. Looking back at the robust performance delivered over the last year, I continue to be impressed by the strength of our differentiated businesses, the energy and professionalism of our teams, and the strategic progress the Group is making as it builds on its position as the number one bathroom products business in our core UK and Ireland regions.

Progress in a challenging environment

The Group has delivered results in line with expectations and continued progress on our pathway to delivering the medium-term targets published at the start of the year. I am particularly pleased that we have continued to strengthen the business and take market share despite the ongoing macroeconomic challenges in our operating markets.

Norcros has an impressive record of consistently delivering through-cycle market share growth, leveraging both our organic growth and M&A expertise to good effect, with a focus on building a stable of strong, attractive brands aimed at the more resilient mid-premium market segments. As a consequence, we are less cyclical than most other businesses listed in the building product category.

Delivering against our strategic objectives

At our Capital Markets Event in 2024, we set out clear medium-term ambitions for the Group, and we are pleased with the progress delivered against those targets. We have acted to strengthen the capital-light composition of our portfolio, driving meaningful progress in operating margins and return on capital employed in our core UK and Ireland markets. This included the sale of Johnson Tiles UK, which was completed in May 2024. In addition, our strategic review of Johnson Tiles South Africa is nearing completion.

We continue to invest in organic growth driven by new product development, cross-selling, and exceptional service levels. This has been supported by operational improvements across the Group, including the consolidation and modernisation of key warehousing and distribution facilities in the UK and Ireland.

The UK, Ireland and European bathrooms market remains fragmented, presenting attractive opportunities to augment our organic growth through further consolidation of our core and adjacent market segments. This remains an important element of our strategic plans with a number of opportunities at various stages of development in our pipeline.

The Board remains confident in the growth opportunities available to the Group.

ESG: integral to how we grow

Sustainability continues to play a central role in our business strategy and long-term success. I am pleased to report that the Group has continued to make progress on its ESG agenda this year, and this is making an increasing contribution to our profitable and responsible market share growth.

We have published our first standalone Norcros Sustainability Report, an important milestone in our transparency and accountability journey. This includes details on our Norcros Sustainable Products Framework that was launched in the second half of the year. We are confident that we will comfortably deliver our SBTi-validated science-based carbon emission targets in the medium-term, as well as meeting our net zero ambitions by 2040.

As consumer expectations continue to evolve and regulation tightens, we believe our focus on sustainability is not only the right thing to do, but a source of long-term value and differentiation.

Acting responsibly

The Board ensures the highest standards of corporate governance and integrity across the Group and keeps up to date on the latest governance standards. The Board's regular interaction and communication with Executive Management means that the Board is well-placed to challenge, guide and support the Executive team in the continued delivery of our growth strategy.

The provision of a safe working environment for all our people and their empowerment is of paramount importance. The Board also continues to set an appropriate tone from the top in all diversity and inclusion matters.

Talent, culture and leadership

One of Norcros' greatest strengths is the quality and depth of its talent. The leadership teams within each business continue to demonstrate agility, commitment and ambition. At a Group level, our senior leadership team brings together homegrown talent and exceptional external experience in a way that reflects the best of both continuity and fresh perspective. I am particularly pleased with the excellent work completed in the year on our updated Purpose and Keys (values) culminating in the launch of our #BeSomeone campaign. This is covered in more detail in the Chief Executive Officer's Review. The Board would like to thank the entire Norcros team for their continued energy and efforts this year.

Board changes

As previously communicated, in July 2024 we welcomed Rebecca DeNiro to the Board as an additional Non-executive Director. Rebecca brings extensive experience in consumer brands and is adding a valuable perspective as we further develop and refine our operations and go to market strategy, and the development of the wider business as a whole.

Dividend

The Board is recommending a final dividend of 6.9p per share (2024: 6.8p). When combined with the interim dividend of 3.5p per share, this brings the total dividend for the year to 10.4p per share, up 2.0% compared to the prior year and maintaining an appropriate level of dividend cover.

Outlook

The Group has made important progress this year, strengthening the business and delivering against its strategic objectives despite a challenging market backdrop. Whilst macroeconomic conditions remain uncertain, Norcros is well-placed to demonstrate its resilience and continue to grow share in the bathroom products markets.

The Board remains confident in the Group's prospects and looks forward to continuing to support and challenge management in the successful execution of our strategy.

Chief Executive Officer's Review

Disciplined strategic execution and market share gains

Norcros has delivered another strong set of results with disciplined strategic execution, driving profitable market share gains and improved operating margins. Over recent years, we have continued to see a business environment in which market challenges and uncertainty have become part of our everyday lives. From a Norcros standpoint, we see further opportunities in this environment for financially sound and trusted brands to grow share, as demonstrated in our results.

Our position as the number one bathroom products business in our core UK and Ireland markets has been built through a combination of design and service-led organic growth, while implementing a market consolidation strategy through acquisitions in a fragmented market.

We remain a group defined by our entrepreneurial spirit, decentralised model, and collaborative approach, which allows us to leverage the sum of our parts. This continues to drive ahead-of-market growth in both the RMI and new build sectors, and together with our scale and mid-premium positioning, gives us the through-the-cycle resilience that we are recognised for.

Strategic delivery across all pillars

Our growth strategy, presented at our Capital Markets Event in May 2024, is built on four pillars: portfolio development, organic growth, operational excellence and ESG. Over the past 12 months, we have reshaped our portfolio, delivered ahead-of-market organic growth, executed impactful operational improvements and made further progress across our ESG initiatives.

I am pleased with the progress that we have made against our published targets, especially in our core UK and Ireland markets. Highlights across the four pillars include:

Portfolio development

The sale of Johnson Tiles UK to its management team in May 2024, following the closure of our UK Adhesives business in the prior year, has demonstrated our focus on building a capital-light and cash-generative portfolio focused on higher-margin, design-led, mid-premium market segments. This portfolio development work continues with the current strategic review of our Johnson Tiles South Africa business. The consultation process is well advanced and is expected to conclude shortly.

Acquisitions remain a key component of our strategic growth plan, and we have a well-developed pipeline of attractive prospects that are being evaluated. Our focus remains on complementary opportunities, in our core UK and Ireland markets in addition to carefully selected geographies in Europe and the Gulf. We have a strong track record of acquiring, integrating and growing businesses faster under our ownership, which will remain a key focus for the Group in the year ahead.

Organic growth

Organic share growth is a real measure of the health and performance of our businesses. Our published targets commit to growing our existing businesses 2%–3% ahead of the market, and we have delivered on this again this year. Our organic growth is driven by in-house design (technical and fashion) that delivers strong product range vitality, leverages our scale through targeted cross-selling and exceptional customer service levels.

A key strength of our business model is our ability to enter new bathroom categories organically or through acquisitions. This year, we entered the bathroom furniture and sanitaryware categories organically and we launched Cameo, our first complete and matched bathroom range, through our VADO business. We were able to successfully leverage our South African supply chain to deliver this project on time, with performance over the year being ahead of plan. Given the success of this launch, we are now accelerating the development of further ranges of matched and coordinated bathrooms over the next 18 months.

Operational excellence

We have two main focus areas in operations, and in both, we are looking to leverage our scale. The first is to ensure we continue improving stock predictability and service. The second focuses on driving warehousing and distribution efficiencies as we build on our strong service model.

Over the last year, we delivered strong operational progress, continuing to unlock efficiencies, reduce complexity and build our service capabilities across the Group. Our Group freight strategy, where we partnered with Maersk, has delivered increased predictability and a programme of incremental efficiencies. Working with Maersk, we also plan to ship 20% of all freight from the Far East in the year ahead using eco-fuel vessels that will reduce GHG emissions by 85%.

As reported at the half year, we also consolidated our warehouse footprint in the UK from 26 to 15 sites, with the project delivering service improvements, increasing operational savings and further reducing our carbon footprint.

Our ability to make doing business easier for our partners, teams and customers underpins a targeted investment programme that is, over time, improving our accuracy and efficiency and, more importantly, delivering a multi-channel service offer that is becoming increasingly difficult to replicate.

ESG

The Norcros ESG agenda is an important driver of performance and differentiation, with meaningful progress made against our Net Zero Transition Plan with a 22% reduction in carbon emissions delivered over the past two years. Our well-progressed new product development pipeline continues to deliver great products and a higher proportion of relevant ranges with real sustainability benefits, which has become an increasingly important driver of competitive advantage. We recently launched the Norcros Sustainable Products Framework to measure our performance in a simple and understandable way for both our B2B customers and end consumers, enabling us to accurately evaluate and benchmark product sustainability across circa 70% of our portfolio for the first time. This ability to measure where we are, good and bad, will ensure we provide our customers with the authentic and powerful choices they increasingly expect. Recognising our progress, Triton was awarded the prestigious King's Award for Enterprise in Sustainable Development in the period.

As we have worked to leverage our scale, we have distilled the common behaviours that underpin what differentiates the Norcros collaborative way of doing business. In the second half of the year, we launched our Norcros Purpose – to create products and connections that offer sustainable choices for better living – and our Keys (values). The Keys – Care, Courage, Connection, and Common Sense – help guide our low ego but focused culture. A highlight has been the launch of our #BeSomeone campaign, communicating and reinforcing our belief that everyone, at every level, has the opportunity to be someone, be heard, contribute and play a role in shaping our future. Our ability to attract, develop and retain great people is one of the most important enablers of long-term value creation across the Group.

We always start from the position of doing what is right, and we are motivated by the fact that we are part of the communities in which we live, work and interact and should always be putting in more than we take out. Recognising the importance of ESG, we have published our first standalone Sustainability Report, increasing transparency and accountability across all three ESG pillars. This will be available on our website alongside our Annual Report and Accounts.

What sets us apart

Norcros operates a decentralised but collaborative business model that ensures that we are specialists where it counts, but can also leverage the significant benefits of our collective scale. This model has allowed us to consolidate our position as the number one bathroom products business in our core UK and Ireland markets whilst maintaining the exceptional customer service that underpins our brands.

Our capital-light portfolio of design-led, market-leading specialist brands targets the more resilient mid-premium market segments, where consumers and trade partners value our innovation, quality and service. We pursue capital-light, margin-accretive growth and remain focused on strengthening our market positions by offering customers and consumers powerful choices for better living. The strength that comes from our teams, the positioning of our brands and our collective scale continues to underpin our resilience and long-term through-the-cycle growth prospects.

Looking forward to the year ahead

As a business, we have entered the new financial year with confidence and momentum and remain focused on further executing the projects derived from our four strategic pillars, delivering organic market share growth whilst carefully advancing our M&A pipeline. As we do this, we will increasingly see the benefits of scale derived from our ongoing investment in our warehousing and distribution capabilities and related service levels. Our well-developed new product pipeline will drive further competitive advantage, supported by targeted capital expenditure to further increase the efficiency of our operations.

ESG progress will continue to build through the deeper integration of sustainability into product development, our culture and people strategy, and reporting ensuring that Norcros remains well-positioned not just to respond to market shifts but to help shape the future of our sector.

Current trading

Group revenue in the two months to the end of May 2025 was 1.8% below the prior year on a constant currency like for like basis, adjusting for Johnson Tiles UK and the number of trading days in the period (UK and Ireland -1.1%, SA -3.2%). Market conditions are likely to remain uncertain, with the pace of recovery in the new build sector still unclear, however, the RMI sector remains resilient and the Board's expectations for FY26 remain unchanged.

Summing it all up

Our strategy is clear, our culture is aligned and our team is delivering — with care, courage, connection and common sense. We will continue to do what we said we would: improve our portfolio whilst re-energising and efficiently growing our core business, responsibly and transparently. This focus means that we are not reliant on the market as we continue to grow, with good opportunities to take market share in our large and fragmented end markets, both organically and through targeted acquisitions.

Business performance

	2025 £m	2024 £m
Revenue	368.1	392.1
Operating profit	8.3	39.9
IAS 19R administrative expenses	1.8	1.3
Acquisition and disposal related costs	25.4	4.3
Exceptional operating items	7.7	(2.3)
Underlying operating profit	43.2	43.2

	2025 £m	2024 £m
Revenue – UK and Ireland	256.4	281.9
Revenue – South Africa	111.7	110.2
Revenue – Group	368.1	392.1
Underlying operating profit – UK and Ireland	39.8	38.4
Underlying operating profit – South Africa	3.4	4.8
Underlying operating profit – Group	43.2	43.2
Underlying operating profit margin – UK and Ireland	15.5%	13.6%
Underlying operating profit margin – South Africa	3.0%	4.4%
Underlying operating profit margin – Group	11.7%	11.0%

	2025 £m	2024 £m
Underlying operating profit	43.2	43.2
Depreciation of right-of-use assets	5.2	4.7
Lease costs	(6.8)	(6.5)
Depreciation and underlying amortisation (owned assets)	4.8	4.3
Underlying EBITDA (pre-IFRS 16)	46.4	45.7
Net working capital movement	(14.1)	3.3
IFRS 2 charge	0.3	0.9
Settlement of share options	(0.5)	–
Lease costs	6.8	6.5
Underlying operating cash flow	38.9	56.4

	2025	2024
Basic underlying earnings per share	32.6p	32.4p
Diluted underlying earnings per share	32.4p	32.1p

Business review – UK and Ireland

Our core UK and Ireland business achieved revenue of £256.4m (2024: £281.9m), up 1.1% on a like for like basis delivering ahead of the market organic growth. Reported revenue was 9.0% lower than the prior year largely due to the sale of Johnson Tiles UK, which completed in the first quarter of the year. Our continued focus on the quality of our portfolio and market share gains delivered a record level of underlying operating profit in the year with underlying operating margins exceeding 15% for the first time.

The previously announced sale of Johnson Tiles UK to its management team was completed in May 2024. Revenue of £4.3m (2024: £31.1m) and underlying operating profit of £nil (2024: £0.7m) have been included in the underlying results for the current and prior year.

RMI remains the largest component in the UK and Ireland bathroom market (circa 80%). Our market-leading brands are positioned in the mid-premium segment, which was again more resilient than the rest of the sector this year. Although housebuilding activity remained subdued, there are early indications of recovery driven by the significant shortage of homes in the UK and Ireland, and the clear focus coming from the UK government. We have long-standing relationships with the leading national and regional housebuilders and continue to grow share in this channel. Our alignment with new building regulations (particularly regarding energy and water), outstanding customer service, and strong balance sheet means that we are a trusted partner that will benefit through this recovery cycle. Representing a relatively small part of the UK and Ireland business, export sales were slightly ahead of the prior year and remain largely unaffected by tariff uncertainty.

All of our brands performed strongly, growing their market-leading positions through new product launches and excellent service levels. New products included Cameo (VADO's first complete and matched bathroom offer), Naturepanel (Grant Westfield's FSC-certified wall panel that can also be used outside of the bathroom), and our first fully recyclable toilet seat (Croydex) with all performing ahead of expectation. Our in-house design capabilities allow us to cover all aspects of bathroom product design including fashion, technical and sustainability aspects, and then get these safely to market in quick order. Triton has also recently launched UniQ™, a technically innovative patented corner riser rail and overhead shower solution, which is particularly beneficial in new build homes where showering space can be at a premium. They have also taken the next important step in terms of our already strong sustainability credentials, launching a patented heat recovery system (HeatRepeat) that will significantly reduce the amount of energy required in electric showers. Our product vitality rate remains high and our pipeline of new exciting products remains well developed.

Our market-leading product vitality, at 23%, and focus on a great customer experience again saw the business not only deliver a strong financial performance, but also earn industry recognition, winning a number of prestigious awards during the year. In May 2024, Triton was honoured with the King's Award for Enterprise for its outstanding commitment to sustainable development. Triton also won a PlanetMark award for employee engagement with its sustainability initiatives and "Genius Bathroom Product" award from Ideal Home for ENVi®. Grant Westfield's Naturepanel won KBB's Surface of the Year Award and the Tile Collection won Ideal Home's Surface of the Year Award. Abode's eco-conscious CAVA basins have already won Showhome's Bathroom Product of the Year. MERLYN won a number of awards in recognition of the brand's outstanding customer experience and was once again recognised as Shower Brand Supplier of the Year from the Fortis Buying Group.

In line with our strategy, we continue to invest in driving efficiencies from a service and cost perspective, helping to develop an already strong service proposition. This includes investment in both systems and our infrastructure. Two major structural projects were completed in the year. The first saw Grant Westfield exit a regional depot distribution model in favour of central distribution, where the warehouse and distribution function has been consolidated with MERLYN. The second project at VADO resulted in four separate warehouses being consolidated into a new fit-for-purpose warehouse in Bridgwater. The result was a reduction in our UK warehouse footprint from 26 to 15 sites and, more importantly, enables a more efficient service to our customers.

Our commitment to our ESG programmes and initiatives has been strengthened over the last year with strong progress being made on our environment (planet) and social (people) initiatives. Our businesses are well on track to delivering on our 2028 SBTi commitments ahead of schedule with more detail included in our standalone Sustainability Report.

The UK and Ireland business delivered a record underlying operating profit for the year. Underlying operating profit was 3.6% higher than the prior year, increasing to £39.8m, with the operating margin increasing by 1.9 percentage points to 15.5% (2024: 13.6%). Operating cash conversion was slightly below historical levels, due to the investment in working capital in the year as we carefully navigate what remain challenging supply chain conditions.

Our core UK and Ireland business now accounts for 70% of Group revenue and 92% of Group underlying operating profit. We are well-placed to continue growing market share and winning new customers in our target market segments by leveraging our strong new product development pipeline, scale-based collaboration and superior customer service.

Business review – South Africa

Our South African business delivered revenue of £111.7m (2024: £110.2m), 0.5% higher than the prior year on a constant currency basis. This was a resilient performance in a challenging macroeconomic environment characterised by low consumer confidence, high interest rates, increased competition and subdued new build activity.

The marginal increase in revenue is testament to the strength and experience of the local management team, delivering resilient results despite market conditions and significant additional competition from a large new regional tile manufacturer. The significant additional tile capacity that has come to market has added considerable pressure to an already over-supplied market, impacting demand and pricing at Johnson Tiles. This has materially impacted both the performance of Johnson Tiles and our Norcros SA

business as a whole. In addition, whilst energy interruptions have now subsided, the impact that they had on consumers at the start of the year and the consequential impact on the new build cycle will take more time to unwind.

Despite these challenges, the business remained profitable and has been actively managed through this period with a specific eye on positioning the Group for the gradual market recovery. This includes the previously announced strategic review of the Johnson Tiles manufacturing business. The review, including a formal consultation process is well advanced and is expected to conclude by the end of Q1 of the current financial year. We do not expect the market to materially improve in the year ahead and as a result will continue to leverage our leading brands and strong financial position to grow market share.

A key highlight in the year was the performance of TAL, our market-leading adhesive business in South Africa. TAL grew market share and revenue as a result of excellent execution of their new product development programme and best-in-market service levels. Tile Africa and House of Plumbing both strengthened their management teams in the period, and we expect to see gradual progress coming from these changes in the year ahead. In both businesses, the focus will be on driving improved like for like performance from our existing store bases.

In the current market conditions, the teams in South Africa maintained their focus on growing market share profitably by delivering exceptional service levels and meaningful new product development rollouts. Highlights here included the launch of the Abode inspired store-within-a-store kitchen concepts in eight Tile Africa stores, the acceleration of our directly sourced private label range at House of Plumbing, and the addition of a new cleaning products range at TAL.

As with the UK and Ireland business, there has been investment focused on driving operational efficiencies and improved service levels through targeted investments in our infrastructure and systems. Tile Africa successfully implemented a new ERP system in the first half of the year. The project was completed with minimum disruption to our operations or customers.

South Africa is an energy and water scarce country. As with our UK and Ireland business, sustainability is an increasingly core strategic driver both through necessity and opportunity. Key progress has been made investing in solar energy provision across our store estate. The introduction of water efficient and storage products has also been progressed in the year ahead. Further detail is included in our standalone Sustainability Report.

Underlying operating profit decreased to £3.4m (2024: £4.8m), with the underlying operating margin at 3.0% (2024: 4.4%). Operating cash conversion was behind the prior year largely due to our inability to place our tile manufacturing capacity.

Whilst performance over the last two years has not been in line with historical levels given the challenging macro and market conditions, we have a solid, well-invested and well run business that remains in a strong competitive position and is well-placed to gain market share in its respective markets as conditions gradually improve.

Chief Financial Officer's Review

	2025 £m	2024 £m
Revenue	368.1	392.1
Underlying operating profit	43.2	43.2
IAS 19R administrative expenses	(1.8)	(1.3)
Acquisition and disposal-related costs	(25.4)	(4.3)
Exceptional operating items	(7.7)	2.3
Operating profit	8.3	39.9
Net finance costs	(6.3)	(7.3)
Profit before taxation	2.0	32.6
Taxation	1.5	(5.8)
Profit for the year	3.5	26.8

Revenue

Group revenue at £368.1m (2024: £392.1m) increased by 0.9% on a constant currency like for like basis after adjusting for Johnson Tiles UK, disposal in May 2024, and Norcros Adhesives, closed in June 2023. Reported revenue decreased by 6.1%.

Underlying operating profit

Underlying operating profit was in line with the prior year at £43.2m (2024: £43.2m). Our UK and Ireland businesses delivered a record performance with an underlying operating profit of £39.8m (2024: £38.4m) and underlying operating profit margin of 15.5% (2024: 13.6%). Our South African businesses recorded an underlying operating profit of £3.4m (2024: £4.8m) and underlying operating profit margin of 3.0% (2024: 4.4%). Group underlying operating profit margin was 11.7% (2024: 11.0%).

Acquisition and disposal related costs

Acquisition and disposal related costs of £25.4m (2024: £4.3m) have been recognised in the year, of which £22.2m relates to the non-cash loss on disposal of Johnson Tiles UK. In line with previous years, we also recognised £6.5m of acquired intangible asset amortisation. A credit of £4.4m, representing a release of deferred contingent consideration resulting from the acquisition of Grant Westfield, has also been reflected.

Exceptional operating items

An exceptional cost of £7.7m (2024: credit of £2.3m) has been recognised in the year.

	2025 £m	2024 £m
Restructuring costs	4.6	1.7
Costs in relation to new Enterprise Resource Planning Systems	2.0	—
Legal case	1.1	—
Reversal of impairment	—	(4.0)
	7.7	(2.3)

The £4.6m (2024: £1.7m) exceptional restructuring costs predominantly relate to the consolidation of warehousing and distribution costs at Grant Westfield and the move to a single site in VADO. A total of £2.0m of costs were incurred in relation to the implementation of new SaaS Enterprise Resource Planning systems at MERLYN and Tile Africa. Exceptional legal case costs include actual costs incurred in the year and the estimated future economic outlay of finalising the case.

Finance costs

	2025 £m	2024 £m
Interest payable on bank borrowings	5.0	5.2
Interest on lease liabilities	1.7	1.6
Discounting of deferred contingent consideration	—	0.9
Amortisation of costs of raising debt finance	0.4	0.4
Finance costs	7.1	8.1
IAS 19R finance credit	(0.8)	(0.8)
Net finance costs	6.3	7.3

Net finance costs for the year of £6.3m largely relates to interest payable on bank borrowing and leases. The movement compared to £7.3m in 2024 is mainly due to the discounting of deferred contingent consideration costs in the prior year.

The Group has recognised a £0.8m IAS 19R interest credit in respect of the UK defined benefit pension scheme surplus (2024: credit of £0.8m) due to the accounting surplus throughout the year.

Underlying profit before tax

Underlying profit before tax was broadly in line with the prior year at £36.5m (2024: £36.4m).

Taxation

The tax credit for the year of £1.5m (2024: charge of £5.8m) was particularly impacted by the non-cash exceptional loss from the disposal of Johnson Tiles UK in the period.

The weighted average applicable tax rate for the year decreased to (45.0%) (2024: 21.5%) due to the weighting of corporation tax losses in relation to the UK result relative to the profits made in Ireland and South Africa. The underlying effective tax rate in the year was 20.0% (2024: 20.9%). The standard rate of corporation tax in the UK is 25% (2024: 25%), in South Africa 27% (2024: 27%) and in Ireland 12.5% (2024: 12.5%).

Dividends

Diluted underlying EPS has increased in the year to 32.4p (2024: 32.1p) and the Board recommends a final dividend of 6.9p per share (2024: 6.8p). This, combined with the interim dividend of 3.5p per share (2024: 3.4p), results in a total dividend of 10.4p per share (2024: 10.2p). The total dividend is equivalent to a dividend cover of 3.1 times, in line with the prior year. The cash cost of the total dividend is £9.3m.

This final dividend, if approved at the Annual General Meeting, will be payable on 1 August 2025 to shareholders on the register on 27 June 2025. The shares will be quoted ex-dividend on 26 June 2025. Norcros plc operates a Dividend Reinvestment Plan (DRIP). If a shareholder wishes to use the DRIP, the latest date to elect for this in respect of this final dividend is 11 July 2025.

Cash flow and net debt

Underlying operating cash flow was £17.5m lower than in the prior year at £38.9m (2024: £56.4m).

	2025 £m	2024 £m
Underlying operating profit	43.2	43.2
Depreciation and underlying amortisation (owned assets)	4.8	4.3
Depreciation of right-of-use assets	5.2	4.7
Lease costs	(6.8)	(6.5)
Underlying EBITDA (pre-IFRS 16)	46.4	45.7
Net working capital movement	(14.1)	3.3
IFRS 2 charge add-back	0.3	0.9
Settlement of share options	(0.5)	—
Lease costs	6.8	6.5
Underlying operating cash flow	38.9	56.4
Underlying operating cash conversion¹	84%	123%

¹ Represents underlying operating cash flow as a percentage of underlying EBITDA (pre-IFRS 16).

The main driver of the reduction in underlying operating cash flow was largely due to the increase of inventories in the period, helping to maintain our excellent customer service levels across the Group. The increase in inventories in Johnson Tiles SA, as noted earlier in the report, also impacted operating cash flow. Underlying operating cash conversion in the year was 84% of underlying EBITDA (2024: 123%).

The Group ended the year with net debt of £36.8m (2024: net debt of £37.3m) on a pre-IFRS 16 basis. This represents a leverage of 0.8 times underlying EBITDA (2024: 0.8 times). Net debt inclusive of IFRS 16 lease liabilities was £57.4m (2024: £59.5m).

Balance sheet

The Group's balance sheet is summarised below.

	2025 £m	2024 £m
Property, plant and equipment	21.8	28.1
Asset held for sale	3.7	—
Right-of-use assets	16.7	18.0
Goodwill and intangible assets	153.5	161.2
Deferred tax	(8.6)	(13.4)
Net current assets excluding cash and borrowings	72.7	77.1
Pension scheme surplus	6.8	16.5
Lease liabilities	(20.6)	(22.2)
Other non-current assets and liabilities	(1.3)	(5.6)
Net debt	(36.8)	(37.3)
Net assets	207.9	222.4

Total net assets decreased by £14.5m to £207.9m (2024: £222.4m). Net current assets (excluding cash and borrowings) decreased by £4.4m largely reflecting the sale of Johnson Tiles UK.

Property, plant and equipment decreased by £6.3m to £21.8m as a result of the sale of Johnson Tiles UK, the subsequent sale of an element of the former Johnson Tiles UK site and a £3.7m reclassification to asset held for sale for the remainder of the site. The depreciation charge was £4.4m (2024: £4.0m) and no foreign exchange gains/losses relating to assets held in South Africa were recognised (2024: loss of £1.1m). Disposals of £2.8m of assets were reflected in the year mainly due to the sale of Johnson Tiles UK and the consolidation of warehousing and distribution at Grant Westfield. Fixed asset additions for the year were £6.2m (2024: £6.2m).

Right-of-use assets decreased by £1.3m to £16.7m (2024: £18.0m), primarily reflecting net additions of £4.0m, offset by right-of-use depreciation of £5.2m (2024: £4.7m). No exchange gains or losses were recognised in relation to right-of-use assets (2024: loss of £0.8m).

The net deferred tax liability decreased by £4.8m to a liability of £8.6m (2024: liability of £13.4m). The decrease is primarily the result of the amortisation of acquired intangible assets, actuarial losses on the pension scheme and the recognition of UK tax losses in the period.

Pension schemes

On an IAS 19R accounting basis, the gross defined benefit pension scheme valuation of the UK scheme showed a surplus of £6.8m compared to a surplus of £16.5m last year. The present value of scheme liabilities decreased by £17.8m as benefit payments made in the year and an increase in the discount rate to 5.60% (2024: 4.85%) were partially offset by a loss in relation to updated mortality assumptions. The value of scheme assets decreased by £27.5m largely due to benefit payments made in the year.

In the current year, the Group reached agreement with the Trustee on the 31 March 2024 triennial actuarial valuation for the UK defined benefit scheme. The actuarial deficit at 31 March 2024 was £11.7m (2021: £35.8m). The current deficit repair contributions were reconfirmed at £3.8m per annum from 1 April 2022 to June 2027 (increasing with CPI, capped at 5%, each year). It was agreed that there would be no further deficit repair contributions after June 2027.

The agreement also included a mechanism where deficit repair contributions would be diverted into an escrow account when the scheme is deemed to be in surplus on a technical provisions basis. In addition, the Group will contribute up to a maximum of £1.0m per annum to cover pension administrative expenses should asset investment performance not be sufficient to cover the ongoing management fees. The 2027 triennial actuarial valuation is expected to take place during the year ending 31 March 2028.

The Group's cash contributions to its defined contribution pension schemes were £3.8m (2024: £3.9m).

Funding, liquidity and capital allocation framework

The Group has committed banking facilities of £130m (plus a £70m uncommitted accordion) with a maturity date of the facility of October 2027. The Group has also now confirmed a capital allocation framework of 1) Organic investment; 2) Ordinary dividends; 3) Complementary acquisitions; and 4) Supplementary distributions. Alongside this framework are investment guardrails of maintaining leverage below 2.0x underlying EBITDA and dividend cover of c.3.0x in addition to the strategic objectives of cash conversion above 90% and a ROCE target of 20% in the medium term.

Johnson Tiles SA

As previously announced, as a result of challenging demand conditions in the tile manufacturing segment and a material increase in tile manufacturing capacity in the area, we have commenced a strategic review of Johnson Tiles SA which we expect to conclude

shortly. Johnson Tiles SA delivered external revenue in the year of £12.3m, a small operating loss pre-South African central costs and an operating cash outflow of £4.4m. The Johnson Tiles SA performance has been included in the underlying results for the period.

Principal risks and uncertainties

Risk management remains a priority for the Group to help sustain the success of the business in the future. There is a range of potential risks and uncertainties which could have a material impact on the Group's performance. The objective of our risk management framework is to support the business in meeting its strategic and operational objectives through the identification, monitoring and mitigation of risks within clearly defined risk appetite levels for each risk category.

The Board has carried out a robust assessment of the principal risks and taken them into consideration when assessing the long-term viability of the Company. The principal risks are listed below and they do not comprise all the risks that the Group may face, and are not listed in any order of priority. Strategic risks include the risks associated with future acquisitions.

- Environmental, Social and Governance (ESG) risks include the risks associated with stakeholder requirements and reporting requirements.
- People risks include the risks associated with staff retention and recruitment. The Board's paramount concern as regards our people is to keep them safe.
- Commercial risks include risks associated with market conditions, the loss of key customers and competition.
- Operational risks include the risks associated with the reliance on production facilities and the loss of a key supplier.
- Financial risks include the risks associated with exchange rates, maintaining a suitable level of funding and liquidity and those associated with managing the defined benefit pension scheme.
- Information technology and cyber security risks include the risk of reliance on automated processes and systems and the increasing sophistication of cyber-crime.

Further details on the principal risks including detailed descriptions and mitigating actions are presented in the Annual Report and Accounts.

Responsibility statement

Each of the Directors, whose names and functions are listed below, confirms that, to the best of their knowledge:

- The consolidated financial statements, prepared in accordance with the applicable United Kingdom law and in conformity with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole;
- The business review includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole; and
- There have been no significant individual related party transactions during the year.

Directors: Steve Good (Board Chair and Non-Executive Director), Thomas Willcocks (Chief Executive Officer), James Eyre (Chief Financial Officer), Alison Littley (Non-Executive Director), Stefan Allanson (Non-Executive Director) and Rebecca DeNiro (Non-Executive Director).

Thomas Willcocks

Chief Executive Officer

James Eyre

Chief Financial Officer

Consolidated income statement

Year ended 31 March 2025

	Notes	2025 £m	2024 £m
Continuing operations			
Revenue	2	368.1	392.1
Underlying operating profit		43.2	43.2
IAS 19R administrative expenses		(1.8)	(1.3)
Acquisition and disposal related costs	3	(25.4)	(4.3)
Exceptional operating items	3	(7.7)	2.3
Operating profit		8.3	39.9
Finance costs	4	(7.1)	(8.1)
IAS 19R finance credit		0.8	0.8
Profit before taxation		2.0	32.6
Taxation		1.5	(5.8)
Profit for the year attributable to equity holders of the Company		3.5	26.8
Earnings per share attributable to equity holders of the Company			
Basic earnings per share:			
From profit for the year	6	3.9p	30.1p
Diluted earnings per share:			
From profit for the year	6	3.9p	29.8p
Weighted average number of shares for basic earnings per share (m)		89.5	89.0
Alternative performance measures			
Underlying profit before taxation (£m)	5	36.5	36.4
Underlying earnings (£m)	5	29.2	28.8
Basic underlying earnings per share	6	32.6p	32.4p
Diluted underlying earnings per share	6	32.4p	32.1p

Consolidated statement of comprehensive income

Year ended 31 March 2025

	2025 £m	2024 £m
Profit for the year	3.5	26.8
Other comprehensive income and expense:		
Items that will not subsequently be reclassified to the Income Statement		
Actuarial losses on retirement benefit obligations	(8.9)	(1.4)
Items that may be subsequently reclassified to the Income Statement		
Cash flow hedges – fair value gain in year	0.1	1.0
Foreign currency translation of foreign operations	0.3	(5.3)
Other comprehensive expense for the year	(8.5)	(5.7)
Total comprehensive result for the year attributable to equity holders of the Company	(5.0)	21.1

Items in the statement are disclosed net of tax.

Consolidated balance sheet

At 31 March 2025

	2025 £m	2024 £m
Non-current assets		
Goodwill	107.4	107.3
Intangible assets	46.1	53.9
Property, plant and equipment	21.8	28.1
Deferred tax asset	1.4	0.7
Pension scheme asset	6.8	16.5
Right-of-use assets	16.7	18.0
	200.2	224.5
Current assets		
Inventories	88.2	97.4
Trade and other receivables	71.7	72.6
Current tax assets	1.5	–
Cash and cash equivalents	22.7	30.8
Asset held for sale	3.7	–
	187.8	200.8
Current liabilities		
Trade and other payables	(86.7)	(89.1)
Lease liabilities	(6.5)	(6.3)
Current tax liabilities	(1.0)	(2.5)
Derivative financial instruments	(0.5)	(0.6)
Provisions	(0.5)	(0.7)
	(95.2)	(99.2)
Net current assets	92.6	101.6
Total assets less current liabilities	292.8	326.1
Non-current liabilities		
Financial liabilities – borrowings	(59.5)	(68.1)
Lease liabilities	(14.1)	(15.9)
Deferred tax liabilities	(10.0)	(14.1)
Other non-current liabilities	(0.2)	(4.6)
Provisions	(1.1)	(1.0)
	(84.9)	(103.7)
Net assets	207.9	222.4
Financed by:		
Share capital	8.9	8.9
Share premium	47.6	47.6
Retained earnings and other reserves	151.4	165.9
Total equity	207.9	222.4

Consolidated cash flow statement

Year ended 31 March 2025

	Note	2025 £m	2024 £m
Cash generated from operations	7	28.3	49.0
Income taxes paid		(3.4)	(5.6)
Interest paid		(6.4)	(6.8)
Net cash generated from operating activities		18.5	36.6
Cash flows from investing activities			
Proceeds from sale of property		3.5	–
Purchase of property, plant and equipment and intangible assets		(6.9)	(7.3)
Net cash used in investing activities		(3.4)	(7.3)
Cash flows from financing activities			
Purchase of treasury shares		(0.1)	(0.8)
Costs of raising debt finance		–	(0.2)
Principal element of lease payments		(5.1)	(4.9)
Drawdown of borrowings		21.0	18.0
Repayment of borrowings		(30.0)	(29.0)
Dividends paid to the Company's shareholders		(9.2)	(9.1)
Net cash used in financing activities		(23.4)	(26.0)
Net (decrease)/increase in cash and cash equivalents		(8.3)	3.3
Cash and cash equivalents at the beginning of the year		30.8	29.0
Exchange movements on cash and cash equivalents		0.2	(1.5)
Cash and cash equivalents at the end of the year		22.7	30.8

Consolidated statement of changes in equity

Year ended 31 March 2025

	Ordinary share capital £m	Share premium £m	Treasury reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 April 2023	8.9	47.6	(0.1)	(1.4)	(21.1)	176.5	210.4
Comprehensive income:							
Profit for the year	–	–	–	–	–	26.8	26.8
Other comprehensive expense:							
Actuarial loss on retirement benefit obligations	–	–	–	–	–	(1.4)	(1.4)
Fair value gain on cash flow hedges	–	–	–	1.0	–	–	1.0
Foreign currency translation adjustments	–	–	–	–	(5.3)	–	(5.3)
Total other comprehensive expense for the year	–	–	–	1.0	(5.3)	(1.4)	(5.7)
Transactions with owners:							
Purchase of treasury shares	–	–	(0.8)	–	–	–	(0.8)
Dividends paid	–	–	–	–	–	(9.1)	(9.1)
Settlement of share option schemes	–	–	1.1	–	–	(1.2)	(0.1)
Value of employee services	–	–	–	–	–	0.9	0.9
At 31 March 2024	8.9	47.6	0.2	(0.4)	(26.4)	192.5	222.4
Comprehensive income:							
Profit for the year	–	–	–	–	–	3.5	3.5
Other comprehensive expense:							
Actuarial loss on retirement benefit obligations	–	–	–	–	–	(8.9)	(8.9)
Fair value gain on cash flow hedges	–	–	–	0.1	–	–	0.1
Foreign currency translation adjustments	–	–	–	–	0.3	–	0.3
Total other comprehensive expense for the year	–	–	–	0.1	0.3	(8.9)	(8.5)
Transactions with owners:							
Purchase of treasury shares	–	–	(0.1)	–	–	–	(0.1)
Dividends paid	–	–	–	–	–	(9.2)	(9.2)
Settlement of share option schemes	–	–	0.6	–	–	(1.1)	(0.5)
Value of employee services	–	–	–	–	–	0.3	0.3
At 31 March 2025	8.9	47.6	0.7	(0.3)	(26.1)	177.1	207.9

Notes to the preliminary statement

Year ended 31 March 2025

1. Basis of preparation

Norcros plc (the Company), and its subsidiaries (together the Group), is a market-leading designer and supplier of high-quality bathroom and kitchen products in the UK, Europe and South African markets.

The Company is a public limited company which is listed on the London Stock Exchange market of listed securities and is incorporated and domiciled in the UK. The address of its registered office is Ladyfield House, Station Road, Wilmslow, SK9 1BU.

The financial information presented in this preliminary statement is extracted from, and is consistent with, the Group's audited financial statements for the year ended 31 March 2025. The financial information set out above does not constitute the Company's statutory financial statements for the periods ended 31 March 2025 or 31 March 2024 but is derived from those financial statements. Statutory financial statements for 2025 will be delivered following the Company's annual general meeting. The auditors have reported on those financial statements; their report was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Group's results have been prepared in accordance with UK-adopted International Accounting Standards and with the accounting policies set out in the Annual Report and Accounts consistently applied to all periods.

Going concern

In adopting the going concern basis for preparing the financial statements, the Directors have considered the Group's business activities and the principal risks and uncertainties including current macroeconomic factors in the context of the current operating environment.

The Group, in acknowledging its TCFD requirements, has also considered climate risks in the financial statements. A going concern financial assessment was developed on a bottom-up basis by taking the output of the annual budgeting process built up by individual businesses and then subjected to review and challenge by the Board. The financial model was then stress tested by modelling the most extreme but plausible scenario, that being a global pandemic similar in nature to COVID-19. This has been based on the actual impact of the COVID-19 pandemic on the Group, which, at its peak, saw a revenue reduction of 25% on the prior year over a six-month period. The scenario also incorporates management actions the Group has at its disposal, including a number of cash conservation and cost reduction measures including capital expenditure reductions, dividend decreases and restructuring activities.

The Group continues to exhibit sufficient and prudent levels of liquidity headroom against our key banking financial covenants during the 12-month period under assessment. Reverse stress testing has also been applied to the financial model, which represents a further decline in sales compared with the reasonable worst case. Such a scenario, and the sequence of events which could lead to it, is considered to be implausible and remote.

As a result of this detailed assessment, the Board has concluded that the Company is able to meet its obligations when they fall due for a period of at least 12 months from the date of this report. For this reason, the Company continues to adopt the going concern basis for preparing the Group financial statements. In forming this view, the Board has also concluded that no material uncertainty exists in its use of the going concern basis of preparation.

2. Segmental reporting

Year ended 31 March 2025

	UK and Ireland £m	South Africa £m	Group £m
Revenue	256.4	111.7	368.1
Underlying operating profit	39.8	3.4	43.2
IAS 19R administrative expenses	(1.8)	–	(1.8)
Acquisition and disposal related costs	(25.2)	(0.2)	(25.4)
Exceptional operating items	(6.2)	(1.5)	(7.7)
Operating profit	6.6	1.7	8.3
Finance costs			(6.3)
Profit before taxation			2.0
Taxation			1.5
Profit for the year			3.5
Net debt excluding lease liabilities			(36.8)
Segmental assets	302.8	85.2	388.0
Segmental liabilities	(153.9)	(26.2)	(180.1)
Additions to tangible, intangibles and right-of-use assets	6.2	4.5	10.7
Depreciation and amortisation	11.5	5.0	16.5

Year ended 31 March 2024

	UK and Ireland £m	South Africa £m	Group £m
Revenue	281.9	110.2	392.1
Underlying operating profit	38.4	4.8	43.2
IAS 19R administrative expenses	(1.3)	—	(1.3)
Acquisition and disposal related costs	(4.1)	(0.2)	(4.3)
Exceptional operating items	2.3	—	2.3
Operating profit	35.3	4.6	39.9
Finance costs			(7.3)
Profit before taxation			32.6
Taxation			(5.8)
Profit for the year			26.8
Net debt excluding lease liabilities			(37.3)
Segmental assets	334.6	90.7	425.3
Segmental liabilities	(171.8)	(31.1)	(202.9)
Additions to tangible, intangibles and right-of-use assets	7.2	4.1	11.3
Depreciation and amortisation	10.9	4.6	15.5

The split of revenue by geographical destination of the customer is below:

	2025 £m	2024 £m
UK and Ireland	224.1	251.0
Africa	112.8	111.4
Rest of World	31.2	29.7
	368.1	392.1

No one customer had revenue over 10% of total Group revenue (2024: none).

3. Acquisition and disposal related costs and exceptional operating items

An analysis of acquisition and disposal related costs and exceptional operating items is shown below:

	2025 £m	2024 £m
Acquisition and disposal related costs		
Intangible asset amortisation ¹	6.5	6.5
Advisory fees ²	1.1	0.2
Johnson Tiles UK loss on disposal and associated property costs ³	22.2	—
Deferred contingent consideration ⁴	(3.0)	(3.0)
Deferred remuneration ⁵	(1.4)	0.6
	25.4	4.3

¹ Non-cash amortisation charges in respect of acquired intangible assets.

² Professional advisory fees incurred in connection with the Group's business combination activities.

³ On 19 May 2024, the trade and assets of the Johnson Tiles UK division were sold to Johnson Tiles Limited, a new company incorporated and run by the former divisional management team. The sale completed at a consideration lower than the carrying value of the assets of the business and as a result the Group incurred a non-cash loss on disposal of £22.2m. Revenue in the period of £4.3m (2024: £31.1m) and the underlying operating profit in the period of £nil (2024: £0.7m) have been included in the underlying results for the current and prior year. In addition, the Group incurred £1.6m of remediation costs in relation to the site retained following the sale of the trade and assets. These costs are partially offset by a £1.6m profit on the subsequent sale of part of the site to Johnson Tiles Limited.

⁴ Relates to the release of the deferred contingent consideration arising on the acquisition of Grant Westfield.

⁵ In accordance with IFRS 3, a proportion of the deferred contingent consideration had been treated as remuneration and, accordingly, expensed to the Income Statement as incurred. In the current year the accrued deferred remuneration was released. In the prior year a cost of £0.6m in relation to the Grant Westfield acquisition was recognised.

	2025 £m	2024 £m
Exceptional operating items		
Restructuring costs ¹	4.6	1.7
Costs in relation to new Enterprise Resource Planning systems ²	2.0	—
Legal case ³	1.1	—
Reversal of impairment ⁴	—	(4.0)
	7.7	(2.3)

¹ In the current year, restructuring costs of £4.6m have been incurred, predominantly in relation to the consolidation of warehousing and distribution costs at Grant Westfield. In the prior year, exceptional restructuring costs of £1.7m were incurred in relation to the restructuring programme implemented at Johnson Tiles UK and the warehouse consolidation at VADO.

² Costs incurred in relation to the implementation of new Enterprise Resource Planning systems.

³ Costs incurred in the year and the estimated future economic outlay in relation to an ongoing legal case.

⁴ The reversal of previous land and buildings impairments of the Johnson Tiles UK site, following an independent valuation in the prior year.

4. Finance costs

	2025 £m	2024 £m
Interest payable on bank borrowings	5.0	5.2
Interest on lease liabilities	1.7	1.6
Discounting of deferred contingent consideration	–	0.9
Amortisation of costs of raising debt finance	0.4	0.4
Finance costs	7.1	8.1

5. Alternative performance measures

The Group makes use of a number of alternative performance measures to assess business performance and provide additional useful information to shareholders. Such alternative performance measures should not be viewed as a replacement of, or superior to, those defined by Generally Accepted Accounting Principles (GAAP). Definitions of alternative performance measures used by the Group and, where relevant, reconciliations from GAAP-defined reporting measures to the Group's alternative performance measures are provided below.

The alternative performance measures used by the Group are:

Measure	Definition
Underlying operating profit	Operating profit before IAS 19R administrative expenses, acquisition and disposal related costs and exceptional operating items.
Underlying profit before taxation	Profit before taxation before IAS 19R administrative expenses, acquisition and disposal related costs, exceptional operating items, amortisation of costs of raising finance, discounting of deferred contingent consideration, discounting of property lease provisions and finance costs relating to pension schemes.
Underlying taxation	Taxation on underlying profit before tax.
Underlying earnings	Underlying profit before tax less underlying taxation.
Underlying capital employed	Capital employed on a pre-IFRS 16 basis adjusted for business combinations where relevant to reflect the assets in both the opening and closing capital employed balances, and the average impact of exchange rate movements.
Underlying operating margin	Underlying operating profit expressed as a percentage of revenue.
Underlying return on capital employed (ROCE)	Underlying operating profit on a pre-IFRS 16 basis expressed as a percentage of the average of opening and closing underlying capital employed.
Basic underlying earnings per share	Underlying earnings divided by the weighted average number of shares for basic earnings per share.
Diluted underlying earnings per share	Underlying earnings divided by the weighted average number of shares for diluted earnings per share.
Underlying EBITDA	Underlying EBITDA is derived from underlying operating profit before depreciation and amortisation excluding the impact of IFRS 16 in line with our banking covenants.
Underlying operating cash flow	Cash generated from continuing operations before cash outflows from exceptional items and acquisition and disposal related costs and pension fund deficit recovery contributions.
Underlying net debt/cash	Underlying net debt/cash is the net of cash, capitalised costs of raising finance and total borrowings. IFRS 16 lease commitments are not included in line with our banking covenants.
Pro-forma underlying EBITDA	An annualised underlying EBITDA figure used for the purpose of calculating banking covenant ratios.
Pro-forma leverage	Net debt expressed as a ratio of pro-forma underlying EBITDA.

Underlying profit and underlying earnings per share measures provide shareholders with additional useful information on the underlying performance of the Group. This is because these measures are those principally used by the Directors to assess the performance of the Group and are used as the basis for calculating the level of the annual bonus and long-term incentives earned by the Directors. Underlying ROCE is one of the Group's strategic key performance indicators and is therefore provided so that shareholders can assess the Group's performance in relation to its strategic targets. Underlying EBITDA and underlying operating cash flow are also used internally by the Directors in order to assess the Group's cash generation. The term 'underlying' is not recognised under IFRS and consequently the Group's definition of underlying may differ from that used by other companies.

Reconciliations from GAAP-defined reporting measures to the Group's alternative performance measures

Consolidated Income Statement

(a) Underlying profit before taxation and underlying earnings

	2025 £m	2024 £m
Profit before taxation	2.0	32.6
Adjusted for:		
– IAS 19R administrative expenses	1.8	1.3
– IAS 19R finance income	(0.8)	(0.8)
– acquisition and disposal related costs (see note 3)	25.4	4.3
– exceptional operating items (see note 3)	7.7	(2.3)
– amortisation of costs of raising finance	0.4	0.4
– discounting of deferred contingent consideration	–	0.9

Underlying profit before taxation	36.5	36.4
Taxation attributable to underlying profit before taxation	(7.3)	(7.6)
Underlying earnings	29.2	28.8

(b) Underlying operating profit and EBITDA (pre-IFRS 16)

	2025	2024
	£m	£m
Operating profit	8.3	39.9
Adjusted for:		
– IAS 19R administrative expenses	1.8	1.3
– acquisition and disposal related costs (see note 3)	25.4	4.3
– exceptional operating items (see note 3)	7.7	(2.3)
Underlying operating profit	43.2	43.2
Adjusted for:		
– depreciation and amortisation (owned assets)	4.8	4.3
– depreciation of leased assets	5.2	4.7
– lease costs	(6.8)	(6.5)
Underlying EBITDA (pre-IFRS 16)	46.4	45.7

Consolidated Cash Flow Statement

(a) Underlying operating cash flow

	2025	2024
	£m	£m
Cash generated from operations (see note 7)	28.3	49.0
Adjusted for:		
– cash flows from exceptional items and acquisition and disposal related costs (see note 7)	7.5	3.4
– pension fund deficit recovery contributions	3.1	4.0
Underlying operating cash flow	38.9	56.4

Consolidated Balance Sheet

(a) Underlying capital employed and underlying return on capital employed

	2025	2024
	£m	£m
Net assets	207.9	222.4
Adjusted for:		
– pension scheme asset (net of associated tax)	(5.1)	(12.4)
– right-of-use assets (IFRS 16)	(16.7)	(18.0)
– lease liabilities (IFRS 16)	20.6	22.2
– cash and cash equivalents	(22.7)	(30.8)
– financial liabilities – borrowings	59.5	68.1
	243.5	251.5
Foreign exchange adjustment	1.5	(1.9)
Adjustment for acquisitions	(15.3)	–
Underlying capital employed	229.7	249.6
Average underlying capital employed	240.6	251.7
Underlying operating profit (pre-IFRS 16)	41.6	41.4
Underlying return on capital employed	17.3%	16.4%

6. Earnings per share

Basic EPS is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding those held in the Norcros Employee Benefit Trust.

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares. At 31 March 2025, the potential dilutive ordinary shares amounted to 513,488 (2024: 811,567) as calculated in accordance with IAS 33.

The calculation of EPS is based on the following profits and numbers of shares:

	2025	2024
	£m	£m
Profit for the year	3.5	26.8

	2025	2024
	Number	Number
Weighted average number of shares for basic earnings per share	89,497,030	89,003,947
Share options	513,488	811,567
Weighted average number of shares for diluted earnings per share	90,010,518	89,815,514

	2025	2024
Basic earnings per share:		
From profit for the year	3.9p	30.1p
Diluted earnings per share:		
From profit for the year	3.9p	29.8p

Basic and diluted underlying earnings per share

Basic and diluted underlying earnings per share have also been provided which reflects underlying earnings from continuing operations divided by the weighted average number of shares set out above.

	2025 £m	2024 £m
Underlying earnings (see note 5)	29.2	28.8

	2025	2024
Basic underlying earnings per share	32.6p	32.4p
Diluted underlying earnings per share	32.4p	32.1p

7. Consolidated cash flow statement

(a) Cash generated from operations

The analysis of cash generated from operations is given below:

Continuing operations

	2025 £m	2024 £m
Profit before taxation	2.0	32.6
Adjustments for:		
– IAS 19R administrative expenses included in the Income Statement	1.8	1.3
– acquisition and disposal related costs included in the Income Statement	25.4	4.3
– exceptional items included in the Income Statement	7.7	(2.3)
– finance costs included in the Income Statement	7.1	8.1
– IAS 19R finance credit included in the Income Statement	(0.8)	(0.8)
– cash flows from exceptional items and acquisition and disposal related costs	(7.5)	(3.4)
– settlement of share options	(0.5)	–
– depreciation of property, plant and equipment	4.4	4.0
– underlying amortisation	0.4	0.3
– depreciation of right-of-use assets	5.2	4.7
– pension fund deficit recovery contributions	(3.1)	(4.0)
– IFRS 2 charges	0.3	0.9
Operating cash flows before movement in working capital	42.4	45.7
Changes in working capital:		
– (increase)/decrease in inventories	(10.3)	2.9
– (increase)/decrease in trade and other receivables	(4.4)	9.3
– increase/(decrease) in trade and other payables	0.6	(8.9)
Cash generated from operations	28.3	49.0

(b) Analysis of underlying net cash/(debt)

	Cash £m	Current borrowings £m	Non-current borrowings £m	Underlying net debt £m
At 1 April 2023	29.0	–	(78.9)	(49.9)
Cash flow	3.3	–	11.0	14.3
Non-cash finance costs	–	–	(0.2)	(0.2)
Exchange movement	(1.5)	–	–	(1.5)
At 31 March 2024	30.8	–	(68.1)	(37.3)
Cash flow	(8.3)	–	9.0	0.7
Non-cash finance costs	–	–	(0.4)	(0.4)
Exchange movement	0.2	–	–	0.2
At 31 March 2025	22.7	–	(59.5)	(36.8)

Non-cash finance costs relate to the movement in the costs of raising debt finance in the year.