VICTORIAN PLUMBING GROUP PLC

AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

Strong growth in profits and successful completion of the warehouse transformation. Well positioned for further growth.

Victorian Plumbing Group plc ("Victorian Plumbing", the "Group"), the UK's leading bathroom retailer[1], announces its audited results for the year ended 30 September 2024 ("2024"), highlighting the significant progress made against its strategic priorities.

	2024	2023	Change	LFL Change
Revenue	**£295.7m**	£285.1m	4%	(1%)
Gross profit[2]	**£147.8m**	£134.6m	10%	5%
Gross profit margin[3]	**50%**	47%	3ppt	3ppt
Adjusted EBITDA[4]	**£27.2m**	£23.8m	14%	24%
Adjusted EBITDA margin[5]	**9%**	8%	1ppt	2ppt
Operating profit	**£11.2m**	£15.3m	(27%)	(6%)
Adjusted PBT[6]	**£23.1m**	£20.3m	14%	25%
Operating cash conversion[7]	**68%**	68%	-	N/a
Free cash flow[8]	**£18.6m**	£16.1m	16%	N/a
Cash	**£11.2m**	£46.4m	(76%)	N/a
Adjusted diluted earnings per share[9]	**5.3p**	4.7p	13%	N/a
Ordinary full year dividend per share	**1.61p**	1.40p	15%	N/a

Financial highlights

- Revenue growth of 4% to £295.7m (2023: £285.1m); on a like-for-like ("LFL") basis, excluding the impact of the acquisition of AHK Designs Limited ("Victoria Plum") in May 2024, revenue decreased 1%, still outperforming the wider RMI market[10].
    - Order volume grew by 10% to over one million orders for the first time and average order value ("AOV")[11] decreased by 5% in the same period; LFL order volume growth of 3% was offset by an AOV decrease of 4%, as customers continue to buy an increasing proportion of our own brand products.

- Strong gross profit growth of 10% to £147.8m (2023: £134.6m); LFL gross profit up 5%.
    - Gross profit margin stable in H2 2024 at 50% (H1 2024: 50%), with an increase in 2024 full year gross profit margin to 50% (2023: 47%); LFL gross profit margin was also 50%, representing our highest gross margin since listing in 2021, underpinned by own brand sales.
    - Profitability has improved year-on-year, driven by product mix shifting towards Victorian Plumbing own brand ranges as well as by reduced shipping costs and favourable foreign exchange movements.

- Adjusted EBITDA of £27.2m up 14% versus the prior year (2023: £23.8m) with adjusted EBITDA margin progression to 9% in 2024 from 8% last year; on a LFL basis, adjusted EBITDA of £29.4m up on last year by 24%.

- Operating profit of £11.2m decreased by 27% (2023: £15.3m) after exceptional costs of £8.2m associated with the warehouse transformation and the acquisition and closure of Victoria Plum.

- Adjusted PBT of £23.1m grew by 14% versus the prior year (2023: £20.3m) with adjusted PBT margin[12] progression from 7% last year to 8% in 2024.

- PBT was £9.0m (2023: £15.6m), after £11.0m of exceptional costs associated with the warehouse transformation and Victoria Plum investment, and £3.1m of share-based payments.

- Free cash flow of £18.6m (2023: £16.1m) and operating cash conversion of 68% (2023: 68%).

- Robust, debt-free balance sheet with closing cash position of £11.2m (2023: £46.4m), following investment in acquiring Victoria Plum for consideration of £22.2m and warehouse transformation spend of £26.4m.

- Adjusted diluted EPS of 5.3p, reflecting a 13% increase.

- Proposed final ordinary dividend of 1.09p, giving a total ordinary dividend of 1.61p for the year (2023: 1.40p) while maintaining a robust balance sheet with a strong cash position.

Operational and strategic highlights

- Consolidated our position as the UK's number one bathroom retailer, testament to the strength of our brand, our extensive range and availability.

- Completed the acquisition of Victoria Plum for £22.2m on 17 May 2024. The acquisition contributed £14.7m of revenue and incurred an adjusted EBITDA loss of £2.2m during the four and a half month period to the end of the financial year.
    - As previously announced, we took the decision in August 2024 to close Victoria Plum and its operations in Doncaster. This resulted in the website traffic being redirected to Victorian Plumbing from November 2024, with all remaining inventory transferred from the exited Doncaster site by 31 January 2025.

- Successfully transitioned into the new 544,000 square feet distribution centre ("DC") in Leyland, Lancashire and, by the end of December 2024, were dispatching all orders from our new warehouse infrastructure.

- Customers continued to purchase proportionately more of our own brand products, reducing AOV by 4% (on a LFL basis); own brand products represented 79% of total revenue (2023: 78%), which had a beneficial impact on gross margin.

- Online marketing spend as a percentage of revenue (on a LFL basis) reduced from 26.3% to 26.2% which helped to fund, in part, a strategic increase in brand marketing from £4.2m in 2023 to £6.9m in 2024.
    - Our brand awareness score[13] improved to 66% (2023: 64%).

- Progress in our strategic growth areas of 'trade' and 'expansion categories'.
    - Trade revenue grew 13% to £67.3m (2023: £59.5m), representing 23% of total revenue (2023: 21%). Our Victorian Plumbing app, designed with both trade and consumer in mind, was enhanced in summer 2024 and is helping to drive further engagement, with c.2% of revenue now generated through the app.
    - Tiles and décor revenue grew by 23% to £12.4m (2023: £10.1m) and our new warehouse infrastructure will facilitate further growth.

- Investment in people and technology.
    - Bolstered our dedicated Trade team during H1 2024, helping us to attract new trade customers and drive further growth in trade revenue.
    - Introduced new front end website features such as an improved search tool that encompasses AI technology and enhanced product detail pages, along with advanced back end integration with our couriers and upgrades to our warehouse management system.

- Trustpilot rating of 'Excellent' - a sector-leading average score[14] improving in the year to 4.6 out of 5.0 (2023: 4.5).

Current trading and outlook

- Overall Q1 revenue was up 3% on 2024, against a tough comparator.
  - Trading in October and November was soft, impacted by:
    - A cautious approach to marketing as we sought to bed in our new warehouse infrastructure without disrupting the customer experience; and
    - Ongoing UK consumer uncertainty.
  - As the transition to our new warehouse infrastructure neared completion, we reverted to our usual marketing approach and, pleasingly, we recorded high single digit growth in December.

- Gross profit margin improvement continues as the benefits of the closure of Victoria Plum and our new warehouse infrastructure are starting to come through (albeit some of this benefit will be eroded by above inflationary increases in National Living Wage and employer national insurance costs).

- Through 2025 we will prioritise our expansion category growth plans and more confidently spend on efficient marketing to drive more volume.

- We remain confident in delivering profit in line with full year market expectations.

Mark Radcliffe, Founder and Chief Executive Officer of Victorian Plumbing, said:

"We have successfully delivered on two strategic priorities, firstly completing our warehouse transformation on time and in line with budget and, secondly, to accelerate growth through the acquisition of our namesake Victoria Plum, which reduces considerable brand marketing confusion for our customers.

"2024 has been a year of transformation against a subdued trading backdrop and continued uncertainty in UK consumer behaviour. Despite this, our clearly defined strategy and unique business model have resulted in increased order volumes and resilient average order values, with customers continuing to appreciate the choice of great value products that we offer across our ranges.

"As a highly cash generative business with a strong balance sheet, we continue to invest in the business; across people, technology and infrastructure. Our new purpose-built 544,000 square feet distribution centre, now fully operational, will enable further growth in the core bathroom category, as well as unlocking strategic category expansion. We are confident that Victorian Plumbing's profitable growth strategy will continue to deliver long-term value to all stakeholders."

Analyst presentation

A presentation for analysts will be held at 10:00am GMT, Wednesday 15 January 2025. If you wish to attend, please contact FTI Consulting via VictorianPlumbing@fticonsulting.com.

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About Victorian Plumbing

Victorian Plumbing is the UK's leading bathroom retailer, offering a wide range of over 36,000 products to B2C and trade customers. The Group provides a one-stop shop solution for the entire bathroom with more than 150 own and third party brands across a wide spectrum of price points.

Victorian Plumbing's product design and supply chain strengths are complemented by its creative and brand-focused marketing strategy to drive significant and growing traffic to its platforms.

Headquartered in Leyland, the Group employs over 600 staff across several locations in Lancashire, Manchester and Birmingham.

Cautionary statement

Summary of performance

	Units	**2024**	2023	Change	LFL Change
Income statement					
Revenue	£m	**295.7**	285.1	4%	(1%)
Gross profit	£m	**147.8**	134.6	10%	5%
Gross profit margin	%	**50%**	47%	3ppt	3ppt
Adjusted EBITDA	£m	**27.2**	23.8	14%	24%
Adjusted EBITDA margin	%	**9%**	8%	1ppt	2ppt
Profit before tax	£m	**9.0**	15.6	(42%)	(22%)
Adjusted PBT	£m	**23.1**	20.3	14%	25%
Adjusted PBT margin	**%**	**8%**	7%	1ppt	2ppt
Earnings per share					
Statutory diluted earnings per share	pence	**1.7**	3.7	(54%)	N/a
Adjusted diluted earnings per share	pence	**5.3**	4.7	13%	N/a
Ordinary full year dividend per share	pence	**1.61**	1.40	15%	N/a
Cash flow					
Free cash flow	£m	**18.6**	16.1	16%	N/a
Operating cash conversion	**%**	**68%**	68%	-	N/a
Cash and cash equivalents	£m	**11.2**	46.4	(76%)	N/a
Key performance indicators					
Total orders[15]	'000	**1,022**	932	10%	3%
Active customers[16]	'000	**699**	634	10%	1%
Average order value	£	**290**	306	(5%)	(4%)
Average Trustpilot score	Score / 5.0	**4.6**	4.5	2%	N/a
Marketing spend as a % of revenue	%	**28.9%**	27.8%	(1.1ppt)	(0.9ppt)
Online marketing spend as a % of revenue	%	**26.5%**	26.3%	(0.2ppt)	0.1ppt
Brand spend as a % of revenue	%	**2.4%**	1.5%	(0.9ppt)	(1.0ppt)
Trade revenue as a % of revenue	%	**23%**	21%	2ppt	2ppt
Own brand / third party revenue ratio	%	**79% / 21%**	78% / 22%	1% / (1%)	1% / (1%)

1. Bathrooms and Bathroom Accessories – UK – 2024, Mintel Group Ltd.
2. Gross profit is defined as revenue less cost of sales. Cost of sales includes all direct costs incurred in purchasing products for resale along with packaging, distribution and transaction costs (which include mark to market movements on forward currency contractual arrangements in line with the Group's treasury policy).
3. Gross profit margin is defined as gross profit as a percentage of revenue.
4. Adjusted EBITDA is defined as operating profit before depreciation, amortisation, exceptional items and IFRS 2 share-based payments.
5. Adjusted EBITDA margin is defined as adjusted EBITDA as a percentage of revenue.
6. Adjusted profit before tax ("PBT") is defined as adjusted EBITDA less finance costs/(income), depreciation and amortisation.
7. Operating cash conversion is free cash flow as a percentage of adjusted EBITDA.

8. Free cash flow is cash generated from operating activities before exceptional items and taxation less capital expenditure (excluding assets under construction) and cash flows relating to leases.
9. Adjusted diluted earnings per share ("EPS") is defined as total adjusted profit for the year divided by total issued share capital. Total adjusted profit for the year is defined as profit for the year before exceptional items and IFRS 2 share-based payments and after adjusting for the tax impact of those items.
10. Barclays UK Consumer Spend Report – during the year homeware spend was between 2ppt and 7ppt below the previous year.
11. Average order value ("AOV") is defined as revenue divided by total orders in the period.
12. Adjusted PBT margin is defined as adjusted PBT as a percentage of revenue.
13. Victorian Plumbing brand tracking – summer 2024 versus winter 2023.
14. The average Trustpilot score is defined as the monthly average of all Trustpilot scores during the year.
15. Total orders is defined as the total number of orders dispatched to customers in the year.
16. Active customers are the number of unique customers who placed an order in the year.
17. State of the Industry (2022), Euromonitor International.
18. ONS Retail Sales Index.
19. Google Analytics GA4 – H2 2024 vs H2 2023.

CEO statement

Overview

The business has continued to deliver on its strategy to grow profitably, with revenue growth of 4%. This has been driven by continued order growth (10%), alongside an AOV reduction (5%) that reflects the impact of the lower priced range at Victoria Plum in the four and a half months following its acquisition. On a LFL basis, revenue declined by 1%, with order growth of 3% offset by a 4% reduction in AOV, as the mix of sales continued to shift to our own brand range.

The consumer continues to choose Victorian Plumbing as the number one bathroom retailer because of our fair pricing, unrivalled high-quality product range and excellent stock availability. Order levels have surpassed previous records with over one million orders delivered in the year, and our Trustpilot scores have improved in the face of this continued growth.

The switch to higher margin product has continued to improve our profitability throughout the year. Our commitment to provide the most extensive choice of high quality bathroom products and the best customer experience, together with investment in our warehouse infrastructure, sets us up well for the next phase of profitable growth.

Summary of operating performance

Revenue grew by 4% compared to the prior year at £295.7m (2023: £285.1m) reflecting an increase in total orders of 10% and a reduction in AOV of 5%. Adjusted EBITDA increased by 14% to £27.2m (2023: £23.8m) and adjusted EBITDA margin increased to 9% (2023: 8%).

Victorian Plumbing (LFL)

Outperforming the wider RMI market, on a LFL basis we reported revenue decline of 1% at £281.0m (2023: £285.1m), reflecting an increase in total orders of 3% and a decline in AOV of 4%. The first half of the financial year saw an increase in order volume (2%) and reduction in AOV (4%), resulting in a 1% decline in revenue. The second half of the financial year saw the trends continue, with order volume growth of 3% versus the second half of 2023, and AOV reduction of 4%, resulting in revenue decline of 1%.

The reduced AOV represented a continued shift to own brand products which, together with continuing tailwinds from shipping and foreign exchange rate improvement, resulted in gross margin improvement of 3ppt to 50% (2023: 47%).

Online marketing spend as a % of revenue decreased from 26.3% in 2023 to 26.2% in 2024, with brand marketing spend increasing from 1.5% to 2.5% in the same period, resulting in overall marketing spend increasing from 27.8% in 2023 to 28.7% in 2024.

The investment in brand reflects the creation of new marketing content that will go live in 2025 to drive profitable growth following the removal of the Victoria Plum brand after its acquisition, and to capitalise on the increased capacity unlocked by the finalisation of our warehouse transformation programme.

This financial performance proves the resilience of our business model and our competitive advantage irrespective of consumer sentiment, underpinning our confidence in delivering short, medium and long-term profitable growth.

Our strategic focus

We continue to leverage our market and brand position, as well as our strong balance sheet, to deliver on our clear strategic objectives, which remain unchanged and focus on three growth horizons: core B2C, expansion categories and trade.

Our core market is retailing bathroom products and accessories to UK consumers through our market leading online platform. Consumers are continuing to shift online to purchase bathroom products and accessories and there is still a considerable way to go before this transition reaches maturity. We are particularly well placed to continue to gain further market share in the short-term through these structural tailwinds and by taking share from traditional physical retailers, omnichannel players and other online competitors.

We continue to improve the customer buying journey, with the launch of 'product detail pages' that better showcase the different options and specifications available to purchase within a selected range, and the search functionality has been developed to incorporate the latest advances in AI.

Our second horizon focuses on expansion categories. Given our solid position in the bathroom product and accessories market, we have an exciting opportunity to expand our reach into areas such as tiles and décor. We were very pleased to see our expansion category revenue increase by 23% to £12.4m (2023: £10.1m), despite the space constraints that we operated within prior to the new warehouse becoming operational.

Finally, our third growth horizon focuses on the B2B opportunity to retail bathroom products and accessories to trade customers. During 2024, our trade revenue grew by 13% to £67.3m (2023: £59.5m), representing 23% (2023: 21%) of our total revenue, compared with an estimated 50:50 split across the wider market[17]. Whilst we primarily target smaller independent traders, the Victorian Plumbing brand has historically been consumer focused and so we believe we can make meaningful market share gains in this area by broadening our marketing approach, including via targeted radio advertising, expanding the range of relevant products we offer to trade customers, and by continually improving the platforms so that they are more tailored to suit trade customers' needs. The technology enhancements made to the Victorian Plumbing app during the year further strengthens our proposition in this regard and, along with the investment in our dedicated Trade team during H1 2024, means we are well placed to attract trade customers and drive further growth in trade revenue.

Strengthening our competitive position

We are the UK's largest bathroom retailer and, during the period, we have continued to strengthen our competitive moat by improving the customer journey through innovative technology improvement and category expansion.

Our investment in marketing continues to enhance brand awareness and supports customer acquisition, as consumers continue to respond positively to the bold and distinctive Victorian Plumbing brand. We have entered our second year of a three-year partnership with Bolton Wanderers Football Club as their title and front of shirt sponsor. We also partnered with the World Snooker Tour as the headline sponsor of the Victorian Plumbing UK Championship 2024, part of snooker's Triple Crown Series, that aired live on the BBC in November 2024 and attracted over 14 million viewers.

Our creative offline content is complemented by our investment in increasingly targeted digital performance-based marketing. This dynamic marketing strategy, together with our bold marketing campaign, 'Boss Your Bathroom', has further improved our strong brand awareness score of 66% (2023: 64%).

As an online retailer, we continue to benefit from the ongoing structural shift in consumer buying behaviour from offline to online. Online sales represented c.27% of total retail sales in 2024[18], and we expect our addressable market to grow even further in the coming years.

A one-stop shop for bathroom products and accessories

Offering customers a wide selection of products across a variety of price points ensures that we are the true one-stop solution for any bathroom-related purchase. At 30 September 2024, we have increased the number of available products to more than 36,000 from over 150 brands, ensuring there is something available, affordable and suitable for everyone.

The relationships that we have developed over time with well-known third party brands enable us to complement our own brand offerings, which are exclusively available on the Victorian Plumbing platforms. We have developed over 25 own brands using our in-house product development team, and these are increasingly popular with customers. In the period, 79% of revenue generated (2023: 78%) came from own brand products, including Stonehouse Studio, our in-house tile range. This unique own brand proposition alongside established third party brands helps to ensure that profitability is maintained, irrespective of wider market conditions, and is testament to the resilience of the business model.

Agile supply chain

Geopolitical tensions resulted in shipping cost increases in the second half of the year. However, by leveraging the positive working relationships we have with our shipping partners, as well as those built with our global suppliers over 20 years of trading, we have avoided supply chain disruption – also evidencing the benefits of scale we have achieved in recent years.

We continue to work closely with specialist tile and décor manufacturers, many of whom are based in Southern Europe, to expand this category at margins that are closely aligned with the existing Group margin.

Seamless customer journey

We are extremely proud that we continue to be rated ‘Excellent’ by Trustpilot and have improved our average score in the period to 4.6 (2023: 4.5) out of 5.0.

We received a record number of reviews via Trustpilot during the period and as a Group have surpassed 370,000 reviews in total, the highest of any specialist bathroom retailer on the site. The ‘Excellent’ rating we have across this volume of reviews is testament to the dedicated work of our colleagues.

Development of our technology platforms

Our growing Technology Development and Infrastructure teams work hard to facilitate the continual development of our bespoke technology platforms to ensure we remain best in class across online retail.

There has been significant work undertaken over the last 24 months to completely re-platform the website to improve its functionality and scalability, introduce a newly designed structure to give prominence to our expansion categories, enhance our search functionality to include AI features, and introduce other developments, such as improved courier software to augment the customer experience. These strategic developments have supported an improvement in user conversion from 3.5ppt to 3.8ppt in 2024[19].

The Victorian Plumbing app was released in October 2023 and has enabled our customers to browse and purchase products more efficiently. A successful full launch completed in summer 2024 has developed functionality further and driven more customers to use the app, with c.2% of revenue currently generated through the app.

In addition, the Technology Development team successfully enhanced our existing warehouse management system alongside the larger project to transform warehouse operations, with the new DC becoming operational with minimal issues. By performing this work in-house, we can better control costs, improve quality, and provide more certainty over the benefits that the improved technology brings.

Acquisition and subsequent closure of Victoria Plum

Victoria Plum was acquired by Victorian Plumbing from existing cash reserves for £22.2m on 17 May 2024. The acquisition contributed £14.7m of revenue and incurred an adjusted EBITDA loss of £2.2m during the four and a half month period to the end of the financial year.

As previously announced, we took the decision in August 2024 to close Victoria Plum and its operations in Doncaster. This resulted in the website traffic being redirected to Victorian Plumbing from November 2024, with all remaining inventory transferred from the exited Doncaster site by 31 January 2025.

The acquisition and subsequent closure of Victoria Plum represents the removal of a confusing factor for our customers, owing to the business trading with a similar name, which was a drag on the Victorian Plumbing reputation. This provides an opportunity to invest in brand marketing with confidence for a greater return.

New distribution centre

We achieved legal completion on the 20-year lease of our new 544,000 square feet DC on 4 October 2023 and became fully operational in our new warehouse infrastructure, as planned and within budget, by the end of December 2024; a timeframe that is best in class when compared to other warehouse transformation programmes in the retail industry.

We now look forward to reaping the benefits of this landmark investment for the rest of the current year and beyond, as capacity constraints have been removed and efficiency gains can be extracted as we become a more scalable organisation.

Entrepreneurial approach

Our entrepreneurial approach and our desire to trial new concepts, such as expanding into tiles and décor, has played a key part in the success of the business to date. We continue to be entrepreneurial, knowing that this gives us a competitive edge, whilst maintaining robust and appropriate monitoring and reporting procedures.

ESG

Taking responsibility is one of our core values, and we are clear that every one of us has a role to play in making a positive difference to the environment and the communities in which we operate. Our ESG strategy is centred around three focus areas: environmental sustainability, diversity and inclusion, and governance and ethics.

We continue to support our chosen charity, Emmaus, who work to end homelessness, with employee volunteering days. In collaboration with Bolton Wanderers in the Community, the charity name is adorned on the back of the Bolton Wanderers third kit for the second year running.

Our electricity contracts remain 100% renewable, and we continue to work with suppliers to reduce the levels of plastic packaging on our products. We have installed photovoltaic panels on the new DC to ensure we are maximising the renewable energy source opportunities available to us.

Our people

As a Board, we continue to be impressed by the commitment and capability of our people; collectively, their innovation and hard work have been the driving force behind the growth and success experienced by the Group over recent years. We are proud of the values-led, principles-driven culture that is deep-rooted throughout Victorian Plumbing, and it is this culture that underpins our ability to adapt and respond positively to challenges.

Current trading and outlook

- Overall Q1 revenue was up 3% on 2024, against a tough comparator.
    - Trading in October and November was soft, impacted by:
        - A cautious approach to marketing as we sought to bed in our new warehouse infrastructure without disrupting the customer experience; and
        - Ongoing UK consumer uncertainty.
    - As the transition to our new warehouse infrastructure neared completion, we reverted to our usual marketing approach and, pleasingly, we recorded high single digit growth in December.

- Gross profit margin improvement continues and the benefits of the closure of Victoria Plum and our new warehouse infrastructure are starting to come through (albeit some of this benefit will be eroded by above inflationary increases in National Living Wage and employer national insurance costs).

- Through 2025 we will prioritise our expansion category growth plans and more confidently spend on efficient marketing to drive more volume.

- We remain confident in delivering profit in line with full year market expectations.

Financial review

Introduction

Whilst navigating continuing macroeconomic volatility in the year, we are pleased to report strong financial performance, good operating cash generation and further market share gains in the year to 30 September 2024.

	Victorian Plumbing	**Victoria Plum***	**2024 £m**	2023 £m	Reported Change	LFL Change
Revenue	**281.0**	**14.7**	**295.7**	285.1	4%	(1%)
Cost of sales	**(139.3)**	**(8.6)**	**(147.9)**	(150.5)	2%	8%
Gross profit	**141.7**	**6.1**	**147.8**	134.6	10%	5%
Gross profit margin %	***50%***	***41%***	***50%***	*47%*	*3ppt*	*3ppt*
Underlying costs	**(112.3)**	**(8.3)**	**(120.6)**	(110.8)	(8%)	(1%)
Adjusted EBITDA	**29.4**	**(2.2)**	**27.2**	23.8	14%	24%
Adjusted EBITDA margin %	***10%***	***(15%)***	***9%***	*8%*	*1ppt*	*2ppt*
Depreciation and amortisation			**(4.7)**	(3.8)		
Share-based payments			**(3.1)**	(3.9)		
Exceptional items			**(8.2)**	(0.8)		
Operating profit			**11.2**	15.3		
Finance income/(costs)			**0.6**	0.3		
Exceptional items			**(2.8)**	-		
Profit before tax			**9.0**	15.6		

*Acquired on 17 May 2024

Revenue

Reported revenue grew by 4% in 2024, from £285.1m in 2023 to £295.7m. On a LFL basis revenue decreased by 1% in 2024, from £285.1m in 2023 to £281.0m.

Order volume grew on a reported basis by 10% to a record level of 1,022,000, with AOV decreasing by 5% to £290. On a LFL basis, order volume grew 3% to 956,000 and AOV decreased by 4% to £295. On a reported basis, the average number of items per basket remained stable at 3.1 in both 2023 and 2024.

On a LFL basis, both order volume growth and AOV remained consistent throughout the year, with a continuation of the shift from third party brands to our own brand product range, the latter carrying a higher margin, as reported in previous announcements.

The acquisition of Victoria Plum increased revenue by £14.7m and added 66,000 orders in the four and a half month period to 30 September 2024, at an AOV of £220; reflective of lower basket sizes and the discounted pricing policy under previous ownership. The profile of consumer and trade revenue from Victoria Plum was similar to Victorian Plumbing. Victoria Plum did not sell any tiles and décor range during the period post-acquisition and its revenue in the period related to sales of own brand products, as third party brands had ceased trading with the business following its administration, under previous ownership, in September 2023.

Consumer revenue, on a LFL basis, reduced by 4% from £225.6m in 2023 to £217.0m and represents 77% of revenue in 2024 (2023: 79%). Trade revenue, driven by consistently higher order volumes offset by a 3% reduction in AOV, grew by 8% from £59.5m in 2023 to £64.0m on a LFL basis, and represents 23% of revenue (2023: 21%).

Revenue continued to grow at pace in our expansion categories, albeit from a small base given the space constraints we faced because, as planned, our new DC only become fully operational in December 2024. Despite the space constraints, tiles and décor revenue grew by 23%, from £10.1m in 2023 to £12.4m, and delivered a gross margin that was in line with the wider core bathroom range.

Product selection is largely driven by the consumer, irrespective of channel, and we saw a continued shift away from the more expensive third party branded product to our own brand range. The split between own and third party brands, on a LFL basis, was 79% vs. 21% (2023: 78% vs. 22%), which was a key contributing factor to AOV decline in the year.

Gross profit

We define gross profit as revenue less cost of sales. Cost of sales includes all direct costs incurred in purchasing products for resale along with packaging, distribution, and transaction costs (which include mark to market movements on forward currency contractual arrangements in line with our treasury policy).

Reported cost of sales reduced by 2% to £147.9m (2023: £150.5m). Reported gross profit margin increased to 50% (2023: 47%), with reported gross profit for the year increasing by 10% to £147.8m (2023: £134.6m). On a LFL basis cost of sales reduced by 8% to £139.3m (2023: £150.5m), gross profit margin increased to 50% (2023: 47%) and gross profit for the year increased by 5% to £141.7m.

In addition to reduced shipping costs, the improvement in gross profit, on a LFL basis, also reflects the product mix change throughout the year. Gross margin from own brand products, on a LFL basis, increased to 55% (2023: 53%), and gross margin from third party products increased to 35% (2023: 27%), driven by more favourable supplier arrangements.

Gross profit margin of 41% in Victoria Plum reflects the discounted pricing policy established by the previous owners and the less favourable arrangements compared to Victorian Plumbing within its supply chain.

We continue to partner with the bathroom industry's leading names which, alongside our own brand offering, allows us to provide consumers with a wide range of price points. This dynamic is a compelling component of our unique ungeared operating model, protecting shareholder return and building the foundation for future growth.

Underlying costs

Reported underlying costs, which we define as administrative expenses before depreciation and amortisation, exceptional items and share-based payments, increased by 8% to £120.6m (2023: £110.8m) and represented 41% of revenue. Underlying costs on a LFL basis increased by 1% and represented 40% of revenue.

The Victoria Plum underlying cost base was mainly fixed in nature and disproportionately large compared to its customer base, owing to its rapid decline following sustained competition from Victorian Plumbing prior to the acquisition. The Victoria Plum underlying cost base represents 56% of its revenue.

LFL basis:	**2024 £m**	2023 £m	Change
Marketing – online	**73.7**	75.0	2%
Marketing – brand	**6.9**	4.2	(64%)
Total marketing	**80.6**	79.2	(2%)
People costs (excluding share based payments)	**22.4**	19.6	(14%)
Property & other overheads	**9.3**	12.0	23%
Underlying costs	**112.3**	110.8	(1%)

Growing our brand awareness and increasing traffic to our site remains a focus for the Group and we have seen an improvement in our brand awareness score to 66% (2023: 64%). Total marketing costs increased by 2% to £80.6m (2023: £79.2m) and represent 28.7% (2023: 27.8%) of total revenue. Online marketing costs reduced by 2% to £73.7m (2023: £75.0m) representing 26.2% (2023: 26.3%) of total revenue, which is considered an excellent performance and reflects our brand strength improvement, which is well-timed against a backdrop of inflation in the pay-per-click environment in the UK. Investment in brand spend, including our three-year partnership with Bolton Wanderers Football Club and TV and outdoor advertising, increased to £6.9m (2023: £4.2m) representing 3% of total revenue (2023: 2%).

People costs, excluding share-based payments but including costs relating to agency staff, increased 14% to £22.4m (2023: £19.6m). This is in line with expectation given continued inflationary pressure from significant, above inflationary increases to the National Living Wage in a tight labour market, together with investments in certain other areas such as our dedicated Trade team. Overall full-time equivalents ("FTE") increased by 9% to 665 (2023: 612) as we transitioned away from expensive agency staff.

Property and other overhead costs reduced by 23% to £9.3m (2023: £12.0m) as the Group exited expensive third party short-term rental properties in the second half of the financial year.

Exceptional items

	2024	2023
	£m	£m
Warehouse transformation:		
– Double running and non-recurring administrative expenses	**5.7**	0.8
– Impairment of right-of-use assets	**0.8**	-
– Double running finance costs	**2.8**	-
	9.3	0.8
Acquisition and closure of Victoria Plum:		
– Closure costs: Victoria Plum	**1.1**	-
– Legal and professional fees associated with business combinations	**0.6**	-
	1.7	-
Total exceptional items	**11.0**	0.8

Warehouse transformation

On 4 October 2023, the Group entered into a 20-year lease agreement for a new DC in Leyland, Lancashire and commenced a period of fit-out ending in December 2024. Exceptional items in 2025 relating to the warehouse transformation are anticipated to be c.£2m.

Cash outflows in 2025 relating to the warehouse transformation are anticipated to be c.£8m.

Acquisition and closure of Victoria Plum

On 17 May 2024, Victorian Plumbing Ltd, a subsidiary, acquired 100% of the share capital of Victoria Plum and, in August 2024, the decision was taken by the Group to cease trading Victoria Plum. The Victoria Plum website was redirected to Victorian Plumbing from November 2024. The legal and professional fees associated with the acquisition, and certain costs associated with the subsequent closure of that business, have been recognised as exceptional costs as they are non-recurring. During 2024, associated exceptional cash outflows of £0.8m (2023: £nil) have been incurred and recognised in the consolidated statement of cash flows in respect of these items.

Following the closure of Victoria Plum, the Group anticipates a cash outflow in 2025 of c.£7m. Stock transferred from Victoria Plum to Victorian Plumbing in total will be c.£8.5m.

Exceptional cash flows	**2024 £m**	2023 £m
Cash flows from operating activities		
Cash outflow from exceptional items: double running	**(2.5)**	(0.6)
Cash outflow from exceptional items: business combinations	**(0.8)**	-
Cash flows from investing activities		
Purchase of intangible assets: warehouse transformation	**(0.3)**	(0.2)
Purchase of property, plant and equipment: warehouse transformation	**(20.8)**	(1.8)
Cash flows from financing activities		
Payment of interest portion of lease liabilities: double running	**(2.7)**	-
Payment of principal portion of lease liabilities: double running	**(0.1)**	-
Cash flows from exceptional items	**(27.2)**	(2.6)

Operating profit and adjusted EBITDA

Significant items of income and expense that do not relate to the trading of the Group are disclosed separately. Share-based payment charges are an example of such items. The table below provides a reconciliation from operating profit to adjusted EBITDA, which is a non-GAAP metric used by the Group to assess the operating performance.

	Victorian Plumbing £m	**Victoria Plum £m**	**2024 £m**	2023 £m
Operating profit	**14.3**	**(3.1)**	**11.2**	15.3
Amortisation of intangible assets	**3.1**	-	**3.1**	2.3
Depreciation of property, plant and equipment	**0.5**	-	**0.5**	0.6
Depreciation of right-of-use assets	**1.1**	-	**1.1**	0.9
Share-based payments (including associated NI)	**3.1**	-	**3.1**	3.9
	22.1	**(3.1)**	**19.0**	23.0
Double running and non-recurring administrative expenses	**5.7**	**-**	**5.7**	0.8
Impairment of right-of-use assets	**0.8**	**-**	**0.8**	-
Closure costs: Victoria Plum	**0.2**	**0.9**	**1.1**	-
Legal and professional fees associated with business combinations	**0.6**	**-**	**0.6**	-
	7.3	**0.9**	**8.2**	0.8
Adjusted EBITDA	**29.4**	**(2.2)**	**27.2**	23.8

Profit before tax and adjusted PBT

We also measure the overall performance by reference to adjusted PBT, a non-GAAP measure. This adjusted profit measure is an alternative profitability measure, which incorporates the capital investment and the financing structure of the Group.

	2024 £m	2023 £m
Profit before tax	**9.0**	15.6
Share-based payments (including associated NI)	**3.1**	3.9
Double running and non-recurring administrative expenses	**5.7**	0.8
Impairment of right-of-use assets	**0.8**	-
Double running finance costs	**2.8**	-
Closure costs: Victoria Plum	**1.1**	-
Legal and professional fees associated with business combinations	**0.6**	-
Adjusted PBT	**23.1**	20.3

	2024 **£m**	2023 £m
Adjusted EBITDA	**27.2**	23.8
Amortisation of intangibles	**(3.1)**	(2.3)
Depreciation of property, plant and equipment	**(0.5)**	(0.6)
Depreciation of right-of-use assets	**(1.1)**	(0.9)
Finance income	**1.0**	0.6
Finance costs (not included in exceptional items)	**(0.4)**	(0.3)
Adjusted PBT	**23.1**	20.3

Share-based payments

The Group incurred share-based payment charges (including associated national insurance (“NI”)) of £3.1m (2023: £3.9m). Share-based payment charges for the year include £1.7m (2023: £2.2m) for schemes relating to the Group's IPO in June 2021, along with £1.4m (2023: £1.7m) for ongoing schemes put in place post IPO.

Depreciation, amortisation and impairment

The Group continues to invest in its platform and bespoke operational software, with £3.8m intangible assets capitalised in 2024 (2023: £3.0m). Capitalised intangible assets of £1.1m have been categorised as assets under construction and relate to the Group’s bespoke operational software. Cash outflows of £1.0m have been incurred in relation to this asset under construction, £0.8m in the financial year ended 30 September 2024 (2023: £0.2m). These assets will be amortised over their useful economic life of 3 years once the software is ready for its intended use.

£23.4m property, plant and equipment was capitalised in 2024 (2023: £4.1m), the majority of which related to the fit-out of the new DC recognised as assets under construction. Once the assets under construction meet the criteria to be depreciated, they will be depreciated over a useful economic life of 5 to 20 years.

On 4 October 2023, the Group entered into a 20-year lease agreement for the DC. An addition of £44.8m has been recognised as a right-of-use asset. This asset is being amortised over its useful economic life of 20 years.

Finance income/(costs)

Finance income of £1.0m during the year compares to a finance income of £0.6m for 2023 due to, inter alia, cash being placed on deposit to take advantage of recent high interest rates. Finance costs of £2.8m have been included within exceptional items as ‘double running’ (2023: £nil).

Profit before taxation and adjusted profit before tax

Profit before taxation reduced by 42% to £9.0m (2023: £15.6m). Profit before tax margin reduced to 3% (2023: 5%) due to improved performance offset by warehouse transformation related costs and business combination costs. Adjusted profit before tax increased by 14% to £23.1m (2023: £20.3m). Adjusted profit before tax margin increased to 8% (2023: 7%) due to improved performance.

Taxation

The Group tax charge of £3.5m (2023: £3.8m) represents an effective tax rate of 39% (2023: 24%) which is higher than the standard rate of UK tax of 25% because of Victoria Plum losses that cannot be utilised for tax purposes. The adjusted effective tax rate is 25% (2023: 24%) after considering the tax effect of exceptional items and share-based payments.

Earnings per share

Diluted EPS decreased by 54% to 1.7 pence per share (2023: 3.7 pence per share).

Adjusted diluted EPS increased in line with adjusted profit before tax by 13% to 5.3 pence per share (2023: 4.7 pence per share).

Cash flow

The Group continues to achieve strong cash generation with an increase in free cash flow of 16% to £18.6m (2023: £16.1m), resulting in robust operating cash conversion of 68% (2023: 68%).

	2024 **£m**	2023 £m
Adjusted EBITDA	**27.2**	23.8
Movement in working capital	**(4.8)**	(4.0)
Repayment of lease liabilities	**(1.3)**	(1.1)
VAT not yet recovered on exceptional items	**1.2**	0.4
Capital expenditure (excluding assets under construction)	**(3.7)**	(3.0)
Free cash flow	**18.6**	16.1
Operating cash conversion	**68%**	68%

Changes in working capital resulted in a cash outflow of £4.8m in the year, largely because of timing differences with supplier payments. Stock value increased in the year due to the acquisition of Victoria Plum. Given the nature of our stock, we continue to incur low levels of obsolescence and our proprietary knowledge over two decades of trading benefits us in low levels of returns and damages.

Capital expenditure (excluding exceptional items) of £3.7m (2023: £3.0m) included £3.3m (2023: £2.6m) of capitalised salaries included in intangible assets relating to development of the Group's bespoke software solutions.

At the year end, the Group had cash of £11.2m (2023: £46.4m).

Events after the reporting period

In August 2024, the decision was taken by the Group for Victoria Plum to cease trading and from November 2024, the Victoria Plum website was redirected to Victorian Plumbing. Victoria Plum will be treated as a discontinued operation in accordance with IFRS 5 'Non-current assets held for sale and discontinued operations' in the financial year ending 30 September 2025.

On 18 December 2024, the Group entered into a new three-year revolving credit facility ("RCF") with HSBC, replacing the £10m RCF which was due to expire in December 2025. The new RCF has total commitments of £30m. The Group has provided a cross-guarantee by way of a debenture dated 7 June 2021 as security for the facility. The RCF remains undrawn at the date of this report.

Dividend

Victorian Plumbing generates significant operating cashflows and the underlying priority is to reinvest into the business and drive further profitable growth. The Board implemented a dividend policy in 2022 with an aim to maintain a dividend cover ratio of c. 3.0-3.5x. This recognises that most growth opportunities, excepting the one-off warehouse transformation and optimisation, do not require significant capital, and reflect confidence in the strength, future growth prospects and cash generation of the business. Additionally, the Board may from time to time conclude that it has surplus cash, at which point it will consider further returns to shareholders.

In order to distribute a total ordinary dividend for the year of 1.61 pence per share (2023: 1.40 pence per share), which would represent growth of 15%, the Board is recommending a full year final ordinary dividend of 1.09 pence per share (2023: 0.95 pence per share). This would represent dividend cover for 2024 of 3.3x (2023: 3.4x).

The Board is not recommending a special dividend (2023: £nil) as it preserves cash to finance the remainder of the fit-out of the warehouse transformation and the closure of Victoria Plum without the need for indebtedness, and to maintain the robustness of the balance sheet.

This results in a total cash distribution to shareholders of £5.2m (£1.5m interim paid and £3.5m final to be paid) (2023: total cash distribution to shareholders £4.6m), subject to shareholders' approval at the AGM on 25 February 2025. The dividends will be paid on 7 March 2025 to shareholders on the register of members at the close of business on 7 February 2025.

Mark Radcliffe
Chief Executive Officer
14 January 2025

Daniel Barton
Chief Financial Officer
14 January 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Note	Victorian Plumbing	Victoria Plum	2024 £m	2023 £m
Revenue	4	281.0	14.7	**295.7**	285.1
Cost of sales		(139.3)	(8.6)	**(147.9)**	(150.5)
Gross profit		141.7	6.1	**147.8**	134.6
Administrative expenses	5	(126.6)	(9.2)	**(135.8)**	(119.3)
Impairment of assets		(0.8)	-	**(0.8)**	-
Operating profit / (loss)	5	14.3	(3.1)	**11.2**	15.3
Finance income	7	1.0	-	**1.0**	0.6
Finance costs	7	(3.2)	-	**(3.2)**	(0.3)
Profit / (loss) before tax		12.1	(3.1)	**9.0**	15.6
Income tax expense	8	(3.5)	-	**(3.5)**	(3.8)
Profit / (loss) for the year		8.6	(3.1)	**5.5**	11.8

Basic earnings per share (pence)	10			**1.8**	4.1
Diluted earnings per share (pence)	10			**1.7**	3.7

There are no items to be recognised in the statement of comprehensive income in the current year or prior year, and hence the Group has not presented a separate statement of other comprehensive income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2024

	Note	2024 £m	2023 £m
Assets			
Non-current assets			
Goodwill		**18.8**	-
Intangible assets	13	**4.7**	4.0
Property, plant and equipment	14	**27.8**	4.9
Right-of-use assets	15	**45.4**	4.3
Derivative financial instruments		**-**	0.4
		96.7	13.6
Current assets			
Inventories		**43.7**	34.2
Trade and other receivables	16	**6.9**	4.8
Cash and cash equivalents		**11.2**	46.4
		61.8	85.4
Total assets		**158.5**	99.0
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	20	**0.3**	0.3
Share premium		**11.2**	11.2
Capital redemption reserve		**0.1**	0.1
Capital reorganisation reserve		**(320.6)**	(320.6)
Retained earnings		**361.3**	357.8
Total equity		**52.3**	48.8
Liabilities			
Non-current liabilities			
Lease liabilities	18	**43.0**	3.8
Derivative financial instruments		**0.5**	-
Provisions		**1.9**	-
Deferred tax liability		**2.8**	-
		48.2	3.8
Current liabilities			
Trade and other payables	17	**44.2**	38.0
Contract liabilities		**9.5**	5.4
Lease liabilities	18	**3.1**	1.0
Provisions		**1.0**	0.2
Corporation tax		**0.2**	1.8
		58.0	46.4
Total liabilities		**106.2**	50.2
Total equity and liabilities		**158.5**	99.0

The financial statements were approved by the Board of Directors on 14 January 2025 and authorised for issue.

Daniel Barton
Chief Financial Officer

Victorian Plumbing Group plc
Registered number: 13379554

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Share capital £m	Share premium £m	Capital redemption reserve £m	Capital reorganisation reserve £m	Retained earnings £m	Total equity £m
Balance at 1 October 2022	0.3	11.2	0.1	(320.6)	353.0	44.0
Comprehensive income						
Profit for the year	-	-	-	-	11.8	11.8
Transactions with owners						
Dividends paid	-	-	-	-	(10.6)	(10.6)
Employee share schemes – value of employee services	-	-	-	-	3.5	3.5
Tax impact of employee share schemes	-	-	-	-	0.1	0.1
Total transactions with owners recognised directly in equity	-	-	-	-	(7.0)	(7.0)
Balance at 30 September 2023	**0.3**	**11.2**	**0.1**	**(320.6)**	**357.8**	**48.8**
Comprehensive income						
Profit for the year	-	-	-	-	5.5	5.5
Transactions with owners						
Dividends paid	-	-	-	-	(4.8)	(4.8)
Employee share schemes – value of employee services	-	-	-	-	2.8	2.8
Total transactions with owners recognised directly in equity	-	-	-	-	(2.0)	(2.0)
Balance at 30 September 2024	**0.3**	**11.2**	**0.1**	**(320.6)**	**361.3**	**52.3**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Note	2024 £m	2023 £m
Cash flows from operating activities			
Cash generated from operating activities before exceptional items	23	**22.4**	19.8
Cash outflow from exceptional items		**(3.3)**	(0.6)
Cash outflow from share-based payments		**(0.2)**	-
Cash generated from operating activities		**18.9**	19.2
Income tax paid		**(2.5)**	(2.1)
Interest received on cash deposits		**1.0**	0.6
Net cash generated from operating activities		**17.4**	17.7
Cash flows from investing activities			
Purchase of intangible assets		**(3.8)**	(3.0)
Purchase of property, plant and equipment		**(21.0)**	(2.0)
Acquisition of subsidiary – net of cash acquired		**(19.1)**	-
Net cash used in investing activities		**(43.9)**	(5.0)
Cash flows from financing activities			
Dividends paid		**(4.8)**	(10.6)
Finance arrangement fees		**(0.1)**	(0.1)
Payment of interest portion of lease liabilities		**(3.0)**	(0.2)
Payment of principal portion of lease liabilities		**(0.8)**	(0.9)
Net cash used in financing activities		**(8.7)**	(11.8)
Net increase in cash and cash equivalents		**(35.2)**	0.9
Cash and cash equivalents at the beginning of the year		**46.4**	45.5
Cash and cash equivalents at the end of the year		**11.2**	46.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards. The consolidated financial statements have been prepared on the going concern basis and on the historical cost convention modified for the revaluation of certain financial instruments.

The financial information set out in this document does not constitute the statutory accounts of the Group for the financial years ended 30 September 2024 or 30 September 2023 but is derived from the 2024 Annual Report and Financial Statements. The Annual Report and Financial Statements for 2024 will be delivered to the Registrar of Companies in due course. The auditors have reported on those accounts and have given an unqualified report, which does not contain a statement under Section 498 of the Companies Act 2006.

Going concern

The Group's ability to continue as a going concern is dependent on maintaining adequate levels of resources to continue to operate for the foreseeable future. When assessing the going concern of the Group, the Directors have reviewed the year to date financial results, as well as detailed financial forecasts for the period up to 28 February 2026. The assumptions used in the base case financial forecast are based on the Group's historical performance and management's extensive experience of the industry. Taking into consideration the wider economic environment, the forecasts have been assessed and stress tested to ensure that a robust assessment of the Group's working capital and cash requirements has been performed.

At 30 September 2024, the Group held instantly accessible cash of £11.2m. The Group also had access to a revolving credit facility of £10.0m with HSBC which was undrawn at 30 September 2024. On 18 December 2024, the Group entered into a three year agreement with HSBC for a £30m revolving credit facility. The Group has sufficient liquidity headroom through the forecast period. The Directors therefore have reasonable expectation that the Group has the financial resources to enable it to continue in operational existence for the period to 28 February 2026. Accordingly, the Directors conclude it is appropriate that these consolidated financial statements be prepared on a going concern basis.

2. Accounting policies, estimates and judgements

The accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 September 2024 unless stated below.

Judgements in applying accounting policies and sources of estimation uncertainty

2.1 Accounting judgements

Business combinations
The acquisition method of accounting is applied in accounting for the acquisition of subsidiaries. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date. Goodwill arising on acquisition is recognised as an asset and measured at cost, representing the excess of the aggregate of the consideration, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the fair value of its identifiable assets and liabilities at the date of acquisition. The consideration is measured at fair value, which is the aggregate of the fair values of the assets transferred, liabilities incurred or assumed, and the equity instruments issued in exchange for control of the acquiree.

Impairment of goodwill and other intangibles
During the period the Group recognised goodwill upon the acquisition of AHK Designs Limited trading as Victoria Plum ("Victoria Plum"). The goodwill arising upon this acquisition has been allocated to the main Group's cash generating unit ("CGU"), Victorian Plumbing. The CGU of Victorian Plumbing has been assessed for impairment and at that level there is no indication of impairment.

An impairment review of other intangible assets, being 'computer software' and 'assets under construction' has been performed and due to the growth enabling features and efficiency gains it was concluded that the future value of the investments made is greater than the carrying value. Any assets held in the 'assets under construction' category will be brought into use during the year ended 30 September 2025.

Intangible assets
Intangible assets relate to the development of the Group's internal bespoke software solutions and comprise of both capitalised internal salaries and third party costs. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model.

2.2 Sources of estimation uncertainty

Revenue cut-off
The Group's management information systems are configured to recognise revenue upon dispatch of inventory from the Group's warehouses, which may not be aligned to when control has transferred to the customer. Management therefore performs an assessment to capture items that have been dispatched from the Group's warehouses but not yet delivered by the reporting date, subsequently deferring the recognition of revenue and associated cost of sales into the following period. This gives rise to deferred income, which is recognised as a contract liability and associated inventory in the consolidated statement of financial position.

Management uses a fixed number of distributor platforms to establish the value of revenue to defer. Where this is not possible in good time, an estimate is made based on the last quarter's data. The shipment delay identified in the distributors tested is extrapolated to the remaining couriers.

Refund liability and right of return asset
The refund liability that is recognised within the consolidated financial statements relates to the obligation to refund some or all of the consideration received from a customer. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The refund liability therefore requires management to estimate the amount expected to be returned to customers after the reporting date.

The refund liability and associated right of return asset are estimated using historical rates of the level of refunds relative to revenue.

	2024	2023
Revenue (£m)	**295.7**	285.1
Refund liability (£m)	**0.8**	0.9
Refund liability % average quarterly sales	**1.1%**	1.3%
Right of return asset (£m)	**0.3**	0.3
Right of return asset % average quarterly sales	**0.4%**	0.4%

The impact on profit before tax of increasing the refund rate by 100% would be a reduction of £0.8m (2023: £0.9m).

Warranty provision
The Group provides for the cost expected to be incurred in order to replace damaged or faulty items that existed at the time of sale. The provision related to these assurance-type warranties are recognised when the product is sold. Initial recognition is based on historical experience.

The warranty provision is estimated with reference to the historical level of credit notes raised relative to revenue.

	2024	2023
Revenue for the period (£m)	**295.7**	285.1
Warranty provision (£m)	**0.3**	0.2
Warranty provision % average quarterly sales	**0.4%**	0.3%

The impact on profit before tax of increasing the warranty provision by 100% would be a reduction of £0.3m (2023: £0.2m).

Capitalisation of salaries
The Group capitalises salary costs for product development projects where employees have been working to enhance an asset. In determining the amounts to be capitalised, management makes assumptions regarding the proportion of time spent by employees on each project.

Inventory provision
Management has evaluated the level of inventory held and the ageing of inventory in order to consider the need for a provision over stock to cover either slow-moving items, obsolete items or items which the Group may sell at lower than cost. Management do not believe it is necessary to hold an inventory provision based on this analysis, which is consistent with the estimate made in previous years.

3. Segmental information

IFRS 8 'Operating Segments' requires the Group to determine its operating segments based on information that is provided internally. Based on the internal reporting information and management structures within the Group, it has been determined that there are two operating segments, Victorian Plumbing and Victoria Plum, as the two entities are clearly and separately reported on internally. There is also considered to be two reporting segments, Victorian Plumbing and Victoria Plum. The results of each operating segment are shown in the consolidated statement of comprehensive income to provide a LFL comparison, given the decision in August 2024 to close Victoria Plum and redirect its website traffic from November 2024.

Management has determined that there are two operating and reporting segments based on the reports reviewed by the Executive Leadership Team ("ELT") which is the chief operating decision-maker ("CODM"). The ELT is made up of the Executive Directors and Key Management and is responsible for the strategic decision-making of the Group.

Adjusted EBITDA
Operating costs, comprising administrative expenses, are managed on a Group basis. The ELT measures the overall performance of the group by reference to Adjusted EBITDA, a non-GAAP measure. This adjusted profit measure is applied by the ELT to understand the earnings trends of the Group and is considered an additional, useful measure under which to assess the true operating performance of the Group.

The Directors believe that these items and adjusted measures of performance should be separately disclosed in order to assist in the understanding of financial performance achieved by the Group and for consistency with prior years.

	Victorian Plumbing £m	**Victoria Plum £m**	**2024 £m**	2023 £m
Operating profit	14.3	(3.1)	**11.2**	15.3
Amortisation of intangible assets	3.1	-	**3.1**	2.3
Depreciation of property, plant and equipment	0.5	-	**0.5**	0.6
Depreciation of right-of-use assets (not included in exceptional items)	3.3	-	**3.3**	0.9
Depreciation capitalised during the fit-out of the DC	(2.2)	-	**(2.2)**	-
Share-based payments (including associated NI)	3.1	-	**3.1**	3.9
	22.1	(3.1)	**19.0**	23.0
Double running and non-recurring administrative expenses	5.7	-	**5.7**	0.8
Impairment of right-of-use assets	0.8	-	**0.8**	-
Closure costs: Victoria Plum	0.2	0.9	**1.1**	-
Legal and professional fees associated with business combinations	0.6	-	**0.6**	-
	7.3	0.9	**8.2**	0.8
Adjusted EBITDA	29.4	(2.2)	**27.2**	23.8

Adjusted PBT
Operating costs, comprising administrative expenses, are managed on a Group basis. The ELT measures overall performance of the Group by reference to adjusted profit before tax ("PBT"), a non-GAAP measure. Adjusted PBT is defined as adjusted EBITDA less interest, depreciation and amortisation.

This adjusted profit measure is applied by the ELT as an alternative profitability measure, which incorporates the capital investment and the financing structure of the Group.

	2024 £m	2023 £m
Profit before tax	**9.0**	15.6
Share-based payments (including associated NI)	**3.1**	3.9
Double running and non-recurring administrative expenses	**5.7**	0.8
Impairment of right-of-use assets	**0.8**	-
Double running finance costs	**2.8**	-
Closure costs: Victoria Plum	**1.1**	-
Legal and professional fees associated to business combinations	**0.6**	-
Adjusted PBT	**23.1**	20.3

	2024 £m	2023 £m
Adjusted EBITDA	**27.2**	23.8
Amortisation of intangibles	**(3.1)**	(2.3)
Depreciation of property, plant and equipment	**(0.5)**	(0.6)
Depreciation of right-of-use assets	**(1.1)**	(0.9)
Finance income	**1.0**	0.6
Finance costs (not included in exceptional items)	**(0.4)**	(0.3)
Adjusted PBT	**23.1**	20.3

4. Revenue

An analysis of revenue by class of business is as follows:

	2024 £m	2023 £m
Online	**294.3**	283.6
Showroom	**1.4**	1.5
	295.7	285.1

All revenue arose within the United Kingdom.

5. Operating profit

Expenses by nature including exceptional items:

	2024 £m	2023 £m
Employee costs (excluding share-based payments)	**23.0**	18.4
Agency and contractor costs	**1.7**	1.3
Share-based payments (including associated NI)	**3.1**	3.9
Marketing costs	**85.4**	79.2
Property costs	**4.8**	6.3
Computer costs	**2.9**	2.5
Depreciation of property, plant and equipment	**0.5**	0.6
Depreciation of right-of-use assets	**3.3**	0.9
Depreciation capitalised during the fit-out of the DC	**(2.2)**	-
Amortisation of intangibles	**3.1**	2.3
Exceptional items	**8.2**	0.8
Other costs	**2.8**	3.1
Total administrative expenses	**136.6**	119.3
Share-based payments (including associated NI)	**(3.1)**	(3.9)
Exceptional items	**(8.2)**	(0.8)
Total administrative expenses before separately disclosed items	**125.3**	114.6

6. Exceptional items

a. By nature

	2024 £m	2023 £m
Warehouse transformation costs:		
- Double running and non-recurring costs	**5.7**	0.8
- Impairment of right-of-use assets	**0.8**	-
Closure costs: Victoria Plum	**1.1**	-
Professional fees associated with business combinations	**0.6**	-
Exceptional items recognised within administrative expenses	**8.2**	0.8
Warehouse transformation costs:		
- Double running finance costs	**2.8**	-
Exceptional items recognised within finance costs	**2.8**	-
Total exceptional items	**11.0**	0.8

b. By function

	2024 £m	2023 £m
Warehouse transformation costs:		
- Double running and non-recurring costs	**5.7**	0.8
- Impairment of right-of-use assets	**0.8**	-
- Double running finance costs	**2.8**	-
	9.3	0.8
Acquisition and closure of AHK Designs Ltd:		
- Closure costs: Victoria Plum	**1.1**	-
- Professional fees associated with business combinations	**0.6**	-
Exceptional items recognised within finance costs	**1.7**	-
Total exceptional items	**11.0**	0.8

Warehouse transformation

On 4 October 2023, the Group entered into a 20-year lease agreement for the DC and commenced a period of fit-out ending in December 2024. In accordance with IFRS 16, a lease liability of £41.7m has been recognised, with a corresponding right-of-use asset recognised in non-current assets.

For the duration of the fit-out, the new DC was not generating economic benefit for the Group. Therefore, operating expenditure incurred during the fit-out period, together with non-recurring transformation costs such as associated professional fees, totalling £5.7m (2023: £0.8m) have been recognised as exceptional costs. During 2024, associated exceptional cash outflows of £2.5m (2023: £0.6m) have been incurred and recognised in the consolidated statement of cash flows in respect of these items.

Certain right-of-use assets will not be in use following completion of the warehouse transformation and will, accordingly, not generate any economic benefit for the group. An impairment expense of £0.8m (2023: £nil) has been recognised during the year. No associated cash flows have been recorded.

The imputed interest recognised against IFRS 16 lease liabilities for property considered to be non-underlying during the fit-out period has been recognised as 'double running finance costs'. Associated cash outflows of £2.8m have been expended for double running finance costs during the period (2023: £nil).

These costs are being treated as exceptional to enable better LFL comparison.

Acquisition and closure of Victoria Plum

On 17 May 2024, Victorian Plumbing Ltd, a subsidiary, acquired 100% of the share capital of Victoria Plum and, in August 2024, the decision was taken by the Group to cease trading Victoria Plum. The Victoria Plum website was redirected to Victorian Plumbing from November 2024. The legal and professional fees associated with the acquisition, and certain costs associated with the subsequent closure of that business, have been recognised as exceptional costs as they are non-recurring. During 2024, associated exceptional cash outflows of £0.8m (2023: £nil) have been incurred and recognised in the consolidated statement of cash flows in respect of these items.

c. Exceptional cash flows

	2024 **£m**	2023 £m
Cash flows from operating activities		
Cash outflow from exceptional items: warehouse transformation costs	**(2.5)**	(0.6)
Cash outflow from exceptional items: business combinations	**(0.8)**	-
Cash flows from investing activities		
Purchase of intangible assets: assets under construction	**(0.3)**	(0.2)
Purchase of property, plant and equipment: assets under construction	**(20.8)**	(1.8)
Cash flows from financing activities		
Payment of interest portion of lease liabilities: double running – finance costs	**(2.7)**	-
Payment of principal portion of lease liabilities	**(0.1)**	-
Cash flows from exceptional items	**(27.2)**	(2.6)

7. Finance income/(costs)

	2024 **£m**	2023 £m
Interest received on cash deposits	**1.0**	0.6
Interest on undrawn revolving credit facility	**(0.1)**	(0.1)
Interest expense on lease liability	**(3.1)**	(0.2)
Total finance income/(costs)	**(2.2)**	0.3

8. Income tax expense

	2024 **£m**	2023 £m
Corporation tax		
Current tax on profits for the year	**0.4**	3.8
Adjustments in respect of previous periods	**0.2**	(0.2)
Total current tax	**0.6**	3.6
Deferred tax		
Origination of temporary timing differences	**2.9**	-
Adjustments in respect of previous periods	**-**	0.2
Total deferred tax	**2.9**	0.2
Taxation on profit	**3.5**	3.8

Factors affecting tax charge for the year

The tax assessed for the period is higher (2023: higher) than the standard rate of corporation tax in the UK of 25% (2023: 22%). The differences are explained below:

	2024 **£m**	2023 £m
Profit on ordinary activities before tax	**9.0**	15.6
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023: 22%)	**2.3**	3.4
Effects of:		
Expenses not deductible for tax purposes	**0.4**	0.1
Share options	**0.1**	0.3
Adjustments to tax charge in respect of prior periods	**0.2**	-
Losses not recognised in the year	**0.5**	-
Total tax charge for the year	**3.5**	3.8

Taxation on items taken directly to equity was £nil (2023: £0.1m credit) relating to tax on share-based payments.

9. Dividends paid and proposed

	2024 Pence per share	2023 Pence per share	**2024 £m**	2023 £m
Final ordinary dividend recognised as distributions in the year	**0.95**	1.10	**3.1**	3.6
Interim ordinary dividend recognised as distributions in the year	**0.52**	0.45	**1.7**	1.5
Total ordinary dividend paid in the year	**1.47**	1.55	**4.8**	5.1
Special dividend recognised as distributions in the year	**–**	1.70	–	5.5
Total dividend paid in the year	**1.47**	3.25	**4.8**	10.6
Interim ordinary dividend	**0.52**	0.45	**1.7**	1.5
Final ordinary dividend	**1.09**	0.95	**3.5**	3.1
Total ordinary dividend	**1.61**	1.40	**5.2**	4.6
Special dividend	**–**	–	**–**	–
Total dividend	**1.61**	1.40	**5.2**	4.6

In order to distribute a total ordinary dividend for the year of 1.61 pence per share (2023: 1.40 pence per share), which would represent growth of 15%, the Board is recommending a full year final ordinary dividend of 1.09 pence per share (2023: 0.95 pence per share). The Board is not recommending a special dividend (2023: nil pence per share) as it prioritises the preservation of cash to finance the fit-out of the warehouse transformation, without the need for indebtedness and to maintain the robustness of the balance sheet.

This results in a total cash distribution to shareholders of £5.2m (£1.7m interim paid and £3.5m final to be paid), subject to shareholders' approval at the AGM on 25 February 2025. The dividends will be paid on 7 March 2025 to shareholders on the register of members at the close of business on 7 February 2025.

10. Earnings per share

Basic and diluted earnings per share

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the number of incremental ordinary shares, calculated using the treasury stock method, that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the EPS calculations:

	Weighted average number of ordinary shares	**Total earnings £m**	**Pence per share**
Year ended 30 September 2024			
Basic EPS	**302,424,169**	**5.5**	**1.8**
Diluted EPS	**327,498,168**	**5.5**	**1.7**
Year ended 30 September 2023			
Basic EPS	284,604,317	11.8	4.1
Diluted EPS	317,483,119	11.8	3.7

The number of shares in issue at the start of the year is reconciled to the basic and diluted weighted average number of shares below:

	2024	2023
Weighted average number of shares for basic EPS	**302,424,169**	284,604,317
Dilutive impact of unvested shares in relation to share awards	**25,073,999**	32,878,802
Weighted average number of shares for diluted EPS	**327,498,168**	317,483,119

The average market value of the Group's shares for the purposes of calculating the dilutive effect of share-based incentives was based on quoted market prices for the period during which the share-based incentives were outstanding.

Adjusted diluted earnings per share

Adjusted diluted EPS is an Alternative Performance Measure ("APM") and has been calculated using profit for the purpose of basic EPS, adjusted for total adjusting items and the tax effect of those items.

	2024 £m	2023 £m
Profit for the year	**5.5**	11.8
Exceptional items	**11.0**	0.8
Share-based payments	**3.1**	3.9
Tax effect	**(2.3)**	(1.1)
Total adjusted profit for the year	**17.3**	15.4

	Number	Number
Total issued share capital for the purposes of adjusted diluted EPS	**326,334,279**	325,227,984
Adjusted diluted EPS (pence)	**5.3**	4.7

11. Business combinations

Acquisition of AHK Designs Ltd – May 2024

On 17 May 2024, Victorian Plumbing Ltd, a subsidiary, acquired the entire issued share capital of AHK Designs Ltd, trading as Victoria Plum ("Victoria Plum").

Victoria Plum was acquired for initial consideration of £22.5m, with £0.3m repaid by the seller through the completion accounts adjustment.

	£m
Purchase consideration:	
Initial consideration	**22.5**
Completion accounts adjustment	**(0.3)**
Total consideration	**22.2**

The provisional fair value of assets and liabilities recognised as a result of this acquisition are as follows:

	£m
Tangible fixed assets	**-**
Intangible fixed assets	-
Inventory	**8.9**
Cash	**3.1**
Trade and other receivables	**1.1**
Trade payables	**(3.2)**
Other taxation and NI	**(1.5)**
Corporation tax	**(0.3)**
Other payables	**(0.7)**
Accruals	**(2.3)**
Contract liabilities	**(1.7)**
Net identifiable assets acquired	**3.4**
Goodwill	**18.8**
Net assets acquired	**22.2**

The acquired business contributed revenues of £14.7m, an adjusted EBITDA loss of £2.2m and loss before tax of £3.1m to the Group for the period from the date of acquisition to 30 September 2024.

12. Goodwill

	£m
Cost	
At 30 September 2022	–
At 30 September 2023	–
Additions	**18.8**
At 30 September 2024	**18.8**
Net book value	
At 30 September 2023	–
At 30 September 2024	**18.8**

During the period the Group recognised goodwill upon the acquisition of Victoria Plum. The goodwill represents the removal of a nuisance factor, being the competing brand with a similar name, and is allocated to the Victorian Plumbing CGU.

This balance has been reviewed for impairment taking into account the forecasted benefits that the acquisition will bring to the Group. Sensitivity testing has been performed to assess the impact of changes in assumptions on the value of benefit. The sensitivity analysis performed assessed the impact of pessimistic but reasonably possible changes to future cash flows, long term growth rates and pre-tax discount rates. Significant headroom was retained over the carrying value of goodwill, leading to the conclusion that the carrying value of goodwill exceeds the recoverable value.

13. Intangible assets

	Computer software £m	Assets under construction £m	Total £m
Cost			
At 30 September 2022	10.1	–	10.1
Additions	2.8	0.2	3.0
At 30 September 2023	12.9	0.2	13.1
Additions	**2.9**	**0.9**	**3.8**
At 30 September 2024	**15.8**	**1.1**	**16.9**
Accumulated amortisation			
At 30 September 2022	6.8	–	6.8
Charge for the year	2.3	–	2.3
At 30 September 2023	9.1	–	9.1
Charge for the year	**3.1**	–	**3.1**
At 30 September 2024	**12.2**	–	**12.2**
Net book value			
At 30 September 2022	3.3	–	3.3
At 30 September 2023	3.8	0.2	4.0
At 30 September 2024	**3.6**	**1.1**	**4.7**

Assets under construction represent costs incurred in the development of internal management systems that are not yet available for use in the manner intended by management.

Computer software comprises both internal salaries and external development capitalised in relation to the Group's bespoke operational software. The Group capitalised internal salaries of £3.3m in the year ended 30 September 2024 (2023: £2.6m) for development of computer software.

For the year to 30 September 2024, the amortisation charge of £3.1m (2023: £2.3m) has been charged to administrative expenses in the income statement.

14. Property, plant and equipment

	Leasehold improvements £m	Plant and machinery £m	Fixtures and fittings £m	Office equipment £m	Assets under construction £m	Total £m
Cost						
At 30 September 2022	0.1	1.4	0.8	1.5	–	3.8
Additions	–	–	–	0.2	3.9	4.1
Disposals	–	(0.1)	(0.3)	(0.5)	–	(0.9)
At 30 September 2023	0.1	1.3	0.5	1.2	3.9	7.0
Additions	**–**	**–**	**–**	**–**	**23.4**	**23.4**
At 30 September 2024	**0.1**	**1.3**	**0.5**	**1.2**	**27.3**	**30.4**
Accumulated depreciation						
At 30 September 2022	–	0.8	0.7	0.9	–	2.4
Charge for the year	–	0.2	0.1	0.3	–	0.6
Disposals	–	(0.1)	(0.3)	(0.5)	–	(0.9)
At 30 September 2023	–	0.9	0.5	0.7	–	2.1
Charge for the year	**0.1**	**0.1**	**–**	**0.3**	**–**	**0.5**
At 30 September 2024	**0.1**	**1.0**	**0.5**	**1.0**	**–**	**2.6**
Net book value						
At 30 September 2022	0.1	0.6	0.1	0.6	–	1.4
At 30 September 2023	0.1	0.4	–	0.5	3.9	4.9
At 30 September 2024	**–**	**0.3**	**–**	**0.2**	**27.3**	**25.6**

Assets under construction wholly represent capital expenditure for the fit-out of the new DC. This project remained ongoing as at 30 September 2024 and was ready for use in the manner intended by management by the end of December 2024

15. Right-of-use assets

	Right-of-use assets £m
Cost	
At 30 September 2022	8.3
Modifications	0.7
At 30 September 2023	9.0
Additions	**44.8**
Modifications	**0.4**
Disposals	**(0.3)**
Impairment	**(0.8)**
At 30 September 2024	**53.1**
Accumulated depreciation	
At 30 September 2022	3.8
Charge for the year	0.9
At 30 September 2023	4.7
Charge for the year	**3.3**
Disposals	**(0.3)**
At 30 September 2024	**7.7**
Net book value	
At 30 September 2022	4.5
At 30 September 2023	4.3
At 30 September 2024	**45.4**

On 4 October 2023, the Group entered into a 20-year lease agreement for the DC. An addition of £44.8m has been recognised as a right-of-use asset, in accordance with IFRS 16 ‘Leases’, representing the discounted future cashflows under the contract including stamp duty paid and an asset retirement obligation.

During the period, the Group renewed the lease on three of its properties that had expired; this represents a modification under IFRS 16. The right-of-use asset was increased by £0.4m to reflect the value of the asset after the modification and the corresponding lease liability increased by £0.4m.

In accordance with IAS 16 ‘Property, Plant and Equipment’, £2.2m of right-of-use-asset depreciation was recognised as an addition to assets under construction within property, plant and equipment.

Certain right-of-use assets will not be in use following completion of the warehouse transformation and will, accordingly, not generate any economic benefit for the group. An impairment expense of £0.8m (2023: £nil) has been recognised during the year.

16. Trade and other receivables

	2024 £m	2023 £m
Trade receivables	**3.8**	2.2
Right-of-return asset	**0.3**	0.3
Accrued income	**1.2**	0.6
Prepayments	**1.6**	0.9
Amounts in escrow	**–**	0.8
	6.9	4.8

The Group provides against trade receivables using the forward-looking expected credit loss model under IFRS 9. An impairment analysis is performed at each reporting date. Trade receivables, accrued income, and other receivables expected credit losses have been reviewed by management and have been determined to have an immaterial impact on these balances. Accrued income relates to rebates earned but not yet received.

17. Trade and other payables

	2024 £m	2023 £m
Trade payables	**24.7**	23.9
Other taxation and NI	**8.8**	7.4
Refund liability	**0.8**	0.9
Other payables	**1.5**	1.3
Accruals	**8.4**	4.5
	44.2	38.0

18. Lease liabilities

	Lease liability £m
At 30 September 2022	5.0
Modifications	0.7
Finance costs	0.2
Lease payment	(1.1)
At 30 September 2023	4.8
Additions	41.7
Modifications	**0.4**
Finance costs (not included in exceptional items)	**0.2**
Finance costs (included in exceptional items)	**2.8**
Lease payment (not included in exceptional items)	**(1.0)**
Lease payment (included in exceptional items)	**(2.8)**
At 30 September 2024	**46.1**

On 4 October 2023, the Group entered into a 20-year lease agreement for the DC and commenced a period of fit-out. In accordance with IFRS 16, a lease liability of £41.7m has been recognised, with a corresponding right-of-use asset recognised in non-current assets.

During the period the Group renewed the lease on three of its properties that had expired; this represents a modification under IFRS 16. The right-of-use asset was increased by £0.4m to reflect the value of the asset after the modification and the corresponding lease liability increased by £0.4m. The Group had total cash outflows for leases of £3.8m (2023: £1.1m).

Lease liabilities as at 30 September were classified as follows:

	2024 £m	2023 £m
Non-current	**43.0**	3.8
Current	**3.1**	1.0
Total	**46.1**	4.8

19. Borrowings

	2024 £m	2023 £m
Amounts drawn under revolving credit facility	**–**	–
Unamortised debt issue costs	**(0.1)**	(0.1)
	(0.1)	(0.1)

At 30 September 2024, the £10m RCF remained undrawn. On 18 December 2024 a new RCF agreement was secured for £30m with a termination date of 17 December 2027. The facility is secured by a debenture dated 7 June 2021. Interest on the RCF is charged at SONIA plus a margin based on the consolidated leverage of the Group. A commitment fee of 35% of the margin applicable to the RCF is payable quarterly in arrears on unutilised amounts of the RCF. There is no requirement to settle all, or part, of the debt earlier than the termination date.

Unamortised debt issue costs of £0.1m (2023: £0.1m) are included in prepayments.

20. Share capital

	2024 £m	2023 £m
Allotted, called up and fully paid		
326,334,279 ordinary shares of 0.1p (2023: 325,227,984 ordinary shares of 0.1p)	**0.3**	0.3

21. Own shares held

The Employee Share Option Trust purchases shares to fund the Share Incentive Plan. On 27 July 2024, the third anniversary of the Share Incentive Plan share award, the shares vested. At 30 September 2024, the trust held 472,248 (2023: 635,504) ordinary shares with a book value of £432 (2023: £636). The market value of these shares as at 30 September 2024 was £0.5m (2023: £0.6m).

	Number of shares	£
ESOT shares reserve		
Own shares held at 30 September 2023	635,504	635
Dividend shares transferred in	3,725	4
Sale/transfers out	(166,981)	(167)
Own shares held at 30 September 2024	472,248	472

22. Share-based payments

The Group operates four share plans being the Share Incentive Plan ("SIP"), a Deferred Bonus Plan ("DBP"), a Long Term Incentive Plan ("LTIP") and a Sharesave scheme ("SAYE"). In addition, both prior to and following Admission to AIM in June 2021, the Group awarded shares to the Chair and certain members of Key Management which had restrictions placed against them that bring the awards into the scope of IFRS 2. These schemes are referred to as the Management Incentive Plan ("MIP"), A ordinary shares, and Restricted Share Awards ("RSAs").

All share-based incentives carry a service condition. Such conditions are not taken into account in the fair value of the service received. The fair value of services received in return for share-based incentives is measured by reference to the fair value of share-based incentives granted. Monte Carlo or Black-Scholes pricing models have been used where appropriate to calculate the fair value of share-based incentives with market conditions.

Sensitivity analysis has been performed in assessing the fair value of the share-based incentives. There are no changes to key assumptions that are considered by the Directors to be reasonably possible, which give rise to a material difference in the fair value of the share-based incentives.

The total charge in the year was £3.1m (2023: £3.9m) with a Company charge of £0.8m (2023: £1.3m). This included associated NI at 13.8% (2023: 13.8%), which management expects to be the prevailing rate when the awards are exercised, and apprenticeship levy at 0.5%, based on the share price at the reporting date.

	2024 £m	**2023 £m**
Share Incentive Plan	**0.2**	0.3
Restricted Share Awards	**1.3**	2.2
Deferred Bonus Plans	**0.8**	0.7
Long Term Incentive Plans	**0.3**	0.2
Sharesave schemes	**0.1**	0.1
Total IFRS 2 charge	**2.7**	**3.5**
NI and apprenticeship levy on applicable schemes	**0.4**	**0.4**
Total charge	**3.1**	**3.9**

Share Incentive Plan

The Group operates a SIP scheme that was made available to all eligible employees following Admission to AIM in June 2021. On 27 July 2021, all eligible employees were awarded free shares valued at £3,600 each based on the closing share price on 26 July 2021 of £2.67. A total of 635,504 shares were awarded under the scheme, subject to a three-year service period (the vesting period).

The SIP awards have been valued using the Black-Scholes model and the resulting share-based payments charge spread evenly over the vesting period. The SIP shareholders are entitled to dividends over the vesting period. No performance criteria are applied to the vesting of SIP shares. Fair value at the grant date was measured to be £2.67.

	2024 number	2023 number
Outstanding at 1 October	**347,037**	426,974
Sale/transfers out	**(178,504)**	-
Awarded (dividend shares)	**3,725**	15,084
Forfeited	**(44,484)**	(95,021)
Outstanding at 30 September	**127,774**	347,037

The total charge in the year, included in operating profit, in relation to these awards was £0.2m (2023: £0.3m). The Company charge for the year was £nil (2023: £nil).

A ordinary shares
On 15 April 2020 (the grant date), 845 A ordinary shares in VIPSO Ltd, the former ultimate parent company, were issued at a price of £0.10 per share which was the nominal value of the shares. Of the 845 shares issued, 800 of the A ordinary shares were issued to the existing shareholders by way of bonus issue so as not to dilute their existing holding. These 800 shares are considered outside the scope of IFRS 2, on the basis that these shareholders do not receive any additional value for their shares.

The remaining 45 A ordinary shares were awarded to certain members of Key Management (together the 'A ordinary shareholders'). In order to realise value from the shares awarded, a participant must remain employed until an 'Exit' event is achieved. The equity value on 'Exit' must also be in excess of the equity hurdle which has been set at £130 million. The 'Exit' requirement is a non-market performance vesting condition and the hurdle amount is considered to be a market-based performance condition.

On 27 May 2021, the Group undertook a reorganisation, through which the A ordinary shareholders exchanged their shares for an equivalent value in Victorian Plumbing Group plc. After all the steps relating to the reorganisation were executed, the A ordinary shareholders had exchanged their 45 A ordinary shares in VIPSO Ltd for 7,222,969 ordinary shares in Victorian Plumbing Group plc. The share-for-share exchange does not represent a modification of the award under IFRS 2 as the value of the award, and the related service and performance conditions, remained unchanged.

On 11 June 2021, the A ordinary shareholders entered into a deed, which would become effective on Victorian Plumbing Group plc's Admission to AIM, to modify the terms of the award. The performance condition would no longer be relevant since an 'Exit' event would have already occurred. The service condition for the A ordinary shareholders was modified so as to restrict the number of shares that vest on Admission.

On 22 June 2021, Victorian Plumbing Group plc was admitted to AIM, which was an 'Exit' event under the terms of the award. On Admission 1,059,369 shares vested. The deed agreed to by the A ordinary shareholders took effect.

	2024 Number	2023 Number
Outstanding at 1 October	**4,930,880**	5,547,240
Vested	**(924,540)**	(616,360)
Outstanding and unvested at 30 September	**4,006,340**	4,930,880

The total charge in the year, included in operating profit, in relation to these awards was £nil (2023: £nil). The Company charge for the year was £nil (2023: £nil). The share awards outstanding at 30 September 2024 have a weighted average remaining vesting period of 1.4 years (2023: 2.1 years).

Management Incentive Plan
An Executive Director was awarded share options under a MIP prior to Admission.

On 2 December 2020, VIPSO Ltd (the former ultimate parent company of the Group) awarded eight nil cost ordinary share options and nine nil cost A ordinary share options under the MIP. All of the options awarded were to vest on the earlier of an 'Exit' event or three years from the date of grant. Options would be forfeited if the employee leaves the Group before the options vest, unless under exceptional circumstances.

On 27 May 2021, the Group undertook a reorganisation, through which the options granted under the MIP were converted to be options over ordinary shares and ordinary deferred shares in Victorian Plumbing Group plc. After all of the steps relating to the reorganisation were executed, the participant of the MIP had exchanged its eight ordinary shares and zero A ordinary shares in VIPSO Ltd for 3,219,948 ordinary share options in Victorian Plumbing Group plc. The exchange does not represent a modification of the award under IFRS 2 as the value of the award, and the related service and performance conditions remained unchanged.

On 11 June 2021, the MIP participant entered into a deed, which would become effective on Victorian Plumbing Group plc's Admission to AIM, to modify the terms of the award. All the options would convert when the performance condition was satisfied (i.e., on Admission) resulting in the participant being awarded ordinary shares. However, 30% of the shares would remain restricted and subject to a service condition (the 'restricted shares'). The restricted shares are forfeited if the employee leaves the Group before the vesting date, unless under exceptional circumstances.

On 22 June 2021, Victorian Plumbing Group plc was admitted to AIM, which was an 'Exit' event under the terms of the award. The deed agreed to by the MIP participants took effect.

On Admission, the options converted to 3,219,948 ordinary shares and 2,253,964, or 70%, of those shares vested at an average price of £2.62.

	2024 Number	2023 Number
Outstanding at 1 October	**386,394**	676,189
Vested	**(386,394)**	(289,795)
Outstanding and unvested at 30 September	**-**	386,394

The market value per ordinary share for the restricted shares awarded under the MIP that vested in the year was £0.92.

The total charge in the year, included in operating profit, in relation to these awards was £nil (2023: £nil). The Company charge for the year was £nil (2023: £nil).

Restricted Share Awards
The Chair and certain members of Key Management have been granted RSAs. The RSAs do not have a performance condition attached to them but the extent to which they vest depends on a service condition being satisfied. The restricted shares are forfeited if the employee leaves the Group before the vesting date, unless under exceptional circumstances.

Grant date	**Share price at grant date £**	**Employee contribution per share**	**Vesting period (years)**	**Risk-free rate %**	**Dividend yield %**	**Non-vesting condition %**	**Fair value per restricted share**
22/06/2021	2.62	£0.001	5.0	-	-	-	2.62
22/06/2021	2.62	£0.001	4.0	-	-	-	2.62
05/09/2022	0.41	nil	2.0	-	-	-	0.48

The number of restricted shares outstanding at 30 September 2024 was as follows:

	2024 Number	2023 Number
Outstanding at 1 October	**2,276,004**	3,043,547
Vested	**(767,542)**	(767,543)
Outstanding and unvested at 30 September	**1,508,462**	2,276,004

The market values per ordinary share for restricted shares that vested in the year were £0.92 and £1.01. The RSAs outstanding at 30 September 2024 have a weighted average remaining vesting period of 1.2 years.

The total charge in the year, included in operating profit, in relation to these awards was £1.3m (2023: £2.2m). The Company charge for the year was £0.5m (2023: £0.9m).

Deferred Bonus Plan
The Group operates a DBP for the ELT and certain key employees. It is both a cash bonus plan and a discretionary employee share plan under which a proportion of a participant's annual bonus is deferred into an award over shares. Awards under the plan are contingent on the satisfaction of pre-set internal targets relating to financial and operational objectives. An option will be granted following determination of performance against targets, with 40% of the award vesting immediately, 30% after 1 year and 30% after 2 years. Awards are potentially forfeitable during that period should the employee leave employment.

During the year the Group made awards over 2,998,636 ordinary shares under the DBP scheme, subject to the satisfaction of certain performance criteria to be determined by the Remuneration Committee. The fair value of the award was determined to be £0.89, being the average Market Value of a Share on 30 September 2023 and 30 November 2023.

	2024 Number	2023 Number
Outstanding at 1 October	**4,660,836**	1,893,219
Options granted in the year	**2,998,636**	4,418,641
Forfeited	**(2,375,186)**	(1,486,025)
Vested	**(990,228)**	(164,999)
Outstanding at 30 September	**4,294,058**	4,660,836

The total charge in the period, included in operating profit, in relation to these awards was £0.8m (2023: £0.7m). The Company charge for the period was £nil (2023: £nil).

Long Term Incentive Plan

The Group operates a LTIP for the Executive Directors. The extent to which awards vest will depend upon the satisfaction of the Group's financial and operational performance in the financial year of the award date.

The 2022 LTIP awards are subject to performance conditions based on adjusted EPS (75% of award) and absolute Total Shareholder Return ("Absolute TSR") (25% of award). Awards vest three years after grant subject to EPS and Absolute TSR performance conditions, with a two-year post-vesting holding period applying. Performance conditions on this scheme have not been met and post year end the options lapsed.

The 2023 and 2024 LTIP awards are subject to performance conditions based on adjusted EPS (100% of award). Awards vest three years after grant subject to EPS performance conditions, with a two-year post-vesting holding period applying.

On 12 January 2024, the Group awarded 827,236 options under the LTIP scheme. The fair value for the EPS element of the award at £0.86 was based on the share price at the grant date.

	2024 Number	2023 Number
Outstanding at 1 October	**1,118,497**	323,472
Options granted in the year	**827,236**	870,168
Options lapsed in the year	**-**	(75,143)
Outstanding at 30 September	**1,945,733**	1,118,497

The total charge in the year, included in operating profit, in relation to these awards was £0.3m (2023: £0.2m). The Company charge for the period was £0.3m (2022: £0.2m).

Sharesave scheme

The Group operates a SAYE scheme for all employees under which employees are granted an option to purchase ordinary shares in the Company at up to 20% less than the market price at invitation, in three years' time, dependent on their entering into a contract to make monthly contributions into a savings account over the relevant period. Options are granted and are linked to a savings contract with a term of three years. These funds are used to fund the option exercise. No performance criteria are applied to the exercise of Sharesave options. The assumptions used in the measurement of the fair value at grant date of the Sharesave plan are as follows:

Grant date	**Share price at grant date £**	**Exercise price £**	**Expected volatility %**	**Option life years**	**Risk-free rate %**	**Dividend yield %**	**Non-vesting condition %**	**Fair value per option**
30/03/2022	0.51	0.57	67	3.17	1.42	0	0	0.22
30/03/2023	0.79	0.68	69	3.17	3.52	1.39	0	0.40
30/03/2024	0.79	0.67	59	3.17	3.92	1.77	0	0.36

Expected volatility is estimated by considering the historical 3.17 year volatility of the FTSE AIM retailers.

	2024 Number of share options	2023 Number of share options
Outstanding at 1 October	**533,973**	443,747
Options granted in the year	**194,042**	211,539
Options lapsed in the year	**(131,534)**	(121,313)
Outstanding at 30 September	**596,481**	533,973
Exercisable at 30 September	**–**	–

The total charge in the year, included in operating profit, in relation to these awards was £0.1m (2023: £0.1m). The Company charge for the period was £nil (2023: £nil).

23. Cash generated from operating activities

Cash flows from operating activities	**2024 £m**	**2023 £m**
Profit before taxation for the financial year	**9.0**	15.6
Adjustments for:		
Amortisation of intangible assets	**3.1**	2.3
Depreciation of property, plant and equipment	**0.5**	0.6
Depreciation of right-of-use assets	**3.3**	0.9
Depreciation capitalised during the fit-out of the DC	**(2.2)**	–
Share-based payments (including NI)	**3.1**	3.9
Finance income	**(1.0)**	(0.6)
Finance costs (excluding exceptional items)	**0.4**	0.3
Exceptional items recognised within finance costs	**2.8**	–
Exceptional items recognised within administrative expenses	**8.2**	0.8
Adjusted EBITDA	**27.2**	23.8
Fair value loss on financial derivatives	**0.9**	0.3
Increase in inventories	**(0.5)**	(0.3)
Increase in receivables	**(1.1)**	(0.3)
Decrease in payables	**(4.1)**	(3.7)
Cash generated from operating activities before exceptional items	**22.4**	19.8

Free cash flows	**2024 £m**	**2023 £m**
Cash generated from operating activities before exceptional items	**22.4**	19.8
Repayment of lease liabilities (excluding exceptional items)	**(1.3)**	(1.1)
Purchase of intangible assets (excluding exceptional items)	**(3.5)**	(2.8)
Purchase of property, plant and equipment (excluding exceptional items)	**(0.2)**	(0.2)
VAT not yet recovered on exceptional items	**1.2**	0.4
Free cash flows	**18.6**	16.1
Adjusted EBITDA	**27.2**	23.8
Operating cash conversion	**68%**	68%

VAT not yet recovered on exceptional items relates to timing differences on warehouse transformation expenditure.

24. Events after the reporting period

In August 2024, the decision was taken by the Group for Victoria Plum to cease trading and from November 2024 the Victoria Plum website was redirected to Victorian Plumbing. Victoria Plum will be treated as a discontinued operation in accordance with IFRS 5 ‘Non-current assets held for sale and discontinued operations’ in the financial year ending 30 September 2025.

On 18 December 2024, the Group entered into a new three-year RCF with HSBC, replacing the £10m RCF which was due to expire in December 2025. The new RCF has total commitments of £30m. The Group has provided a cross-guarantee by way of a debenture dated 7 June 2021 as security for the facility. The RCF remains undrawn at the date of this report.