VICTORIA PLC

Annual Report and Accounts for the 52 weeks ended 30 March 2024

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VICTORIA PLC

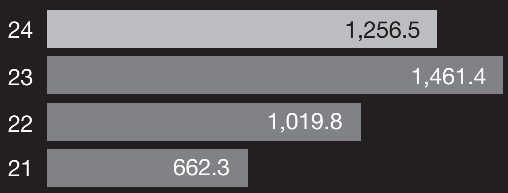
WELCOME TO VICTORIA PLC

Victoria is a designer, manufacturer and distributor of innovative flooring products.

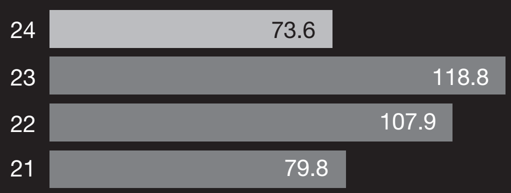
BY APPOINTMENT TO
HER MAJESTY THE QUEEN
CARPET MANUFACTURERS
VICTORIA CARPETS LTD
KIDDERMINSTER

GROUP FINANCIAL AND OPERATIONAL HIGHLIGHTS

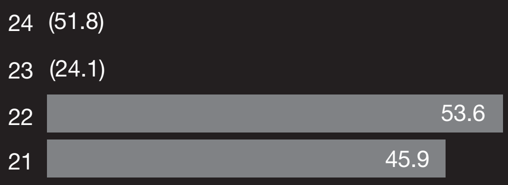
UNDERLYING REVENUE (£m)



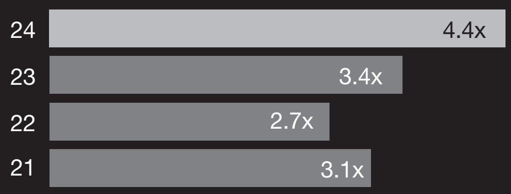
UNDERLYING OPERATING PROFIT (£m)[1]



IFRS REPORTED OPERATING PROFIT / (LOSS) £m



ADJUSTED NET DEBT / EBITDA[2]



- Execution of the integration projects has continued at pace with the resulting productivity gains and cost savings protecting the Group's underlying EBITDA margin, which fell by less than 100bps despite revenue falling by nearly 14%.
- Completion of the UK & Europe broadloom carpet integration resulted in a margin improvement of 370bps leading to underlying EBITDA for the division to increase by 23.8% to £82.8 million despite lower volumes – underlining the success of Victoria's Balta integration project.
- Management remains focussed on completing the integration projects which are expected to deliver a structural improvement in the Company's operating margins of 250-350 bps.
- Production capacity has been maintained alongside the 16% (1,170 person) reduction in employees enabled by the integration and reorganisation of the Group's business units, ensuring normalised demand can be met when it returns.
- The Group boasts a strong liquidity position with cash and undrawn credit lines in excess of £250 million.
- Almost all debt financing takes the form of Senior Notes, which have no financial maintenance covenants. Although the earliest tranche is not due for repayment until August 2026, the Board has started working on refinancing options to allow adequate time to optimise the terms of the replacement funding and management remain focussed on reducing Group leverage ratio ahead of the refinancing.
- Through the course of FY2024 Grant Thornton continued their work on addressing the concerns expressed in their FY2023 report in relation to Hanover Flooring Limited, a small subsidiary contributing 1.25% of Group revenue. These extensive additional procedures evidenced that there was no financial misconduct and all payments due to Victoria have been received, no money is unaccounted for, and Victoria has suffered no loss. Consequently, the auditors have confirmed in the FY2024 Audit Report that their concerns have been appropriately satisfied.
- The Board are confident that, notwithstanding near-term challenging macro-economic conditions, all businesses benefit from strong economic fundamentals, and skilled and dedicated management are well placed as demand normalises.

1. *underlying and before exceptional and non-underlying items*
2. *applying our lending banks' measure of financial leverage*

Read the **Victoria snapshot** on pages 02 and 03

OUR MISSION STATEMENT

TO CREATE WEALTH FOR OUR SHAREHOLDERS

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Read the **Financial review** on pages 16 to 26

Visit our corporate website www.victoriaplc.com

A Snapshot of Victoria PLC

OVERVIEW

The Group designs, manufactures and distributes a wide range of carpets, ceramic tiles, underlay, LVT (luxury vinyl tile), artificial grass and flooring accessories.

UNDERLYING REVENUE

UK & Europe Soft Flooring	50.6%
UK & Europe Ceramic Tiles	27.9%
Australia	8.5%
North America	13.0%

OPERATING PROFIT

UK & Europe Soft Flooring	42.3%
UK & Europe Ceramic Tiles	38.8%
Australia	10.6%
North America	8.3%

EMPLOYEES

UK & Europe Soft Flooring	57.0%
UK & Europe Ceramic Tiles	32.4%
Australia	5.9%
North America	4.7%

UK & EUROPE SOFT FLOORING

Underlying Revenue	Employees	m^2 flooring sold	m^2 underlay sold
£636.2m	3,592	90.4m	42.0m

UK & EUROPE CERAMIC TILES

Underlying Revenue	Employees	m^2 flooring sold
£350.9m	2,046	43.6m

AUSTRALIA

Underlying Revenue	Employees	m^2 flooring sold	m^2 underlay sold
£106.1m	370	8.0m	14.3m

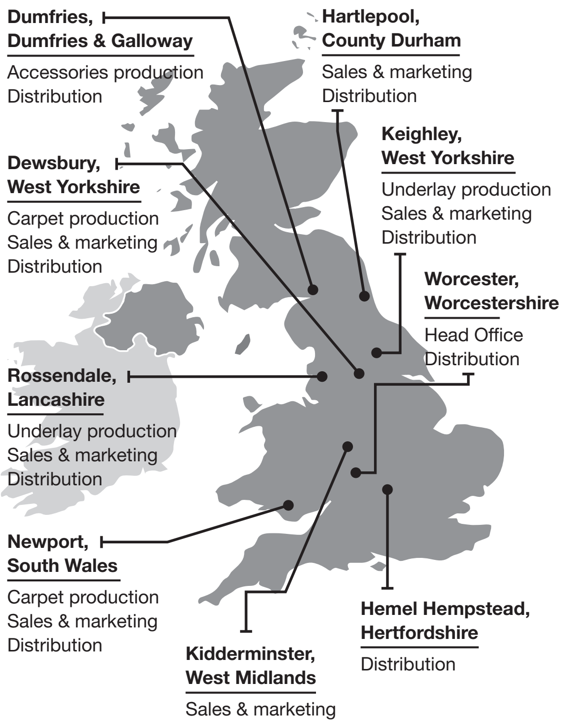
NORTH AMERICA

Underlying Revenue	Employees	m^2 flooring sold
£163.3m	299	7.1m

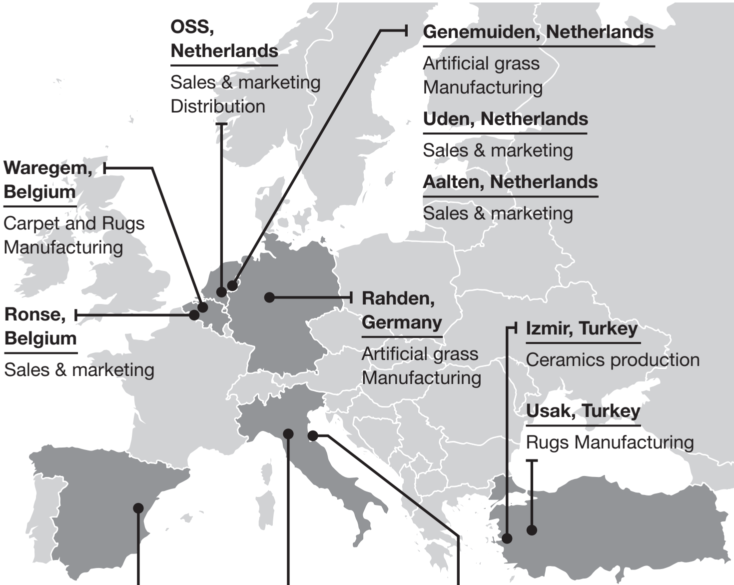
LOCATION OF OPERATIONS

The Group has operations in the UK, Europe, Turkey, the USA and Australia, employing approximately 6,300 people at more than 30 sites.

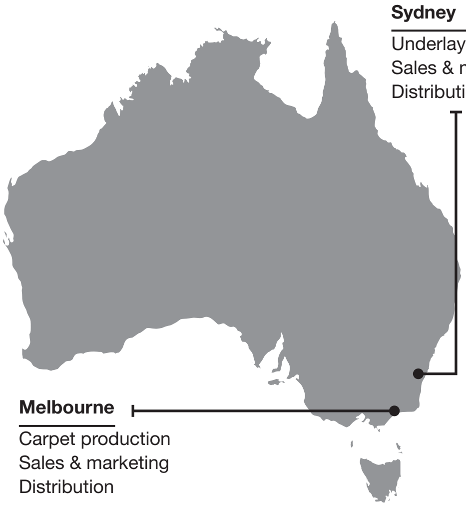
UNITED KINGDOM



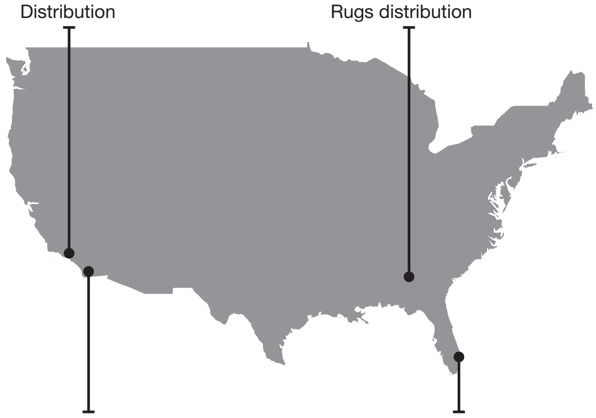
EUROPE



AUSTRALIA



NORTH AMERICA



Chairman and CEO's Review

INTRODUCTION

Last year, flooring demand fell more than we expected, impacting revenue and margins.

Why did this happen? Firstly, let us assure shareholders it is not because, after 129 years, Victoria has suddenly forgotten how to competitively manufacture and sell flooring. In fact, the contrary is true and we are pleased to confirm that the Group outperformed the wider market in several of its key geographies. (More on this later in the report). Nevertheless, two macro-factors combined to create a perfect storm in terms of consumer demand for flooring:

1. Pull-forward of demand in FY2021 and FY2022. Consumers understandably invested heavily in their homes during Covid-19 lockdowns and the normal repair/replacement/improvement ("RMI") cycle was accelerated. The magnitude of this effect varied across geographies, but long-term industry data suggests the 'excess consumption' in 2021/22 has now been largely offset by the abnormally low consumption of the last two years.
2. Macro-economic environment depressing consumer discretionary spending. Central banks increasing interest rates to levels not seen in a generation, inflation driving higher prices for essentials, and less perceived job security led to lower consumer confidence over the last 24 months and therefore less spending on discretionary items such as flooring.

Consequently, FY2024 was the first year of negative revenue and earnings growth for more than 10 years.

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Revenue (£ million)	71.4	127.0	255.2	330.4	417.5	566.8	621.5	662.3	1,019.8	1,461.4	1,256.5
Underlying EBITDA[1,2] (£ million)	5.1	15.8	32.3	45.7	64.7	96.3	107.2	112.0	143.5	171.3	129.6
EBITDA margin %	7.2	12.4	12.7	13.8	15.5	17.0	17.2	16.9	14.1	11.7	10.3

1. *The KPIs in the table above are alternative performance measures used by management along with other figures to measure performance. Full financial commentary is provided in the Financial Review below and the 'alternative performance measures' are reconciled to IFRS-compliant measures in the appendix to this Annual Report.*

2. *Underlying EBITDA in FY20 through FY24 is stated before the impact of IFRS 16 for consistency of comparison with earlier years. IFRS-reported EBITDA for these years are £118m, £127m, £163m, £196m, and £161m respectively.*

The objectives of this report are to help our shareholders better understand the business and be able to reach an informed view of the value of the Company, its future prospects, and its financial resilience.

In order to communicate this information, we include both IFRS and non-IFRS performance measures. The review focuses on the underlying operating results of the business, which delivered underlying EBITDA of £160.7 million (FY2023: £196.0m) and underlying EBIT of £73.6 million (FY2023: £118.8m). The Financial Review covers non-underlying items in detail, following which the IFRS reported operating loss was £51.8 million (FY2023: loss £24.1m), and additionally covers financial items and tax.

Shareholders are of course free to accept or disregard any of this data but we want to ensure that you have access to similar information Victoria's Board and management use in making decisions.

FY2024 OPERATIONAL REVIEW

Overview

The global flooring market is c. USD 242 billion[1] (GBP 186 billion[2]), and c. USD 60 billion[1] (GBP 51 billion[2]) in Victoria's key markets of Europe and the US, with volume growth over the last 25 years of c. 2.6%[1] per annum. There are fundamental drivers that sustain this long-term growth and, whilst demand was somewhat subdued in FY2023, with a further and sharper reduction experienced across the flooring industry in FY2024, this was due to near-term macroeconomic conditions and the natural state of the sector is continued expansion in the regions where Victoria trades.

These long-term fundamental industry drivers include continually ageing housing stock with interiors requiring repair and renovation, higher household formation, broad housing shortages, and increasingly style-conscious consumers. All these factors have continued to apply throughout the extended period of high inflation and high interest rates and, as has happened in previous cycles, we therefore believe demand will rebound as our markets experience a more favourable interest rate environment.

Given this backdrop, management's focus throughout FY2024 was on completing the integration/reorganisation projects described in previous reports to shareholders to ensure the Group is well-positioned to benefit from the inevitable demand recovery. We expect these actions, which have maintained production capacity despite a 16% (1,170 person) reduction in employees, to deliver a structural improvement in the Company's operating margins of 250-350 bps alongside lower capex and a more competitive market position due to better customer service levels, lower cost manufacturing, and wider distribution. We recognise that it isn't the product per se that leads to success, it's the ability to make and distribute that product efficiently.

1. *Freedonia Global Flooring Report 2023*
2. *GBP/USD 1.29*

DIVISIONAL REVIEW

This section focuses on the underlying operating performance of each individual division, excluding exceptional and non-underlying items, which are discussed in detail in the Financial Review and Note 2 to the accounts.

UK & Europe Soft Flooring – Margin expansion and strong out-performance of the wider market

	FY2024	FY2023	Growth
Volumes (sqm)	**132.4 million**	149.9 million	-11.7%
Revenue	**£636.2 million**	£718.8 million	-11.5%
Underlying EBITDA	**£82.8 million**	£66.9 million	+23.8%
Underlying EBITDA margin	**13.0%**	9.3%	+370bps
Underlying EBIT	**£34.6 million**	£27.2 million	+27.3%
Underlying EBIT margin	**5.4%**	3.8%	+170bps

Victoria is Europe's largest soft flooring manufacturer and distributor. Following 31% like-for-like ("LFL")[3] organic revenue growth in FY2022 and 4.7% LFL growth in FY2023, LFL revenue declined 10.5% in FY2024. However, independent market research suggests UK volumes were down circa 20%, which makes up the largest portion of the division, indicating that VIctoria has continued to outperform the market – a factor the Board believes augurs well for earnings as demand recovers.

3. *Like-for-like revenue growth is growth at constant currency, adjusting for the pro-forma impact of acquisitions where relevant*

Chairman and CEO's Review

It is also important to note that some of the lower volume was due to 'bottom slicing' – the decision by our operational management to remove low margin SKU's from the product range and eliminate non-profitable customers. As part of the reorganisation projects the Group has had underway over the last 18 months, management have been rigorously reviewing each SKU and customer to ensure an adequate margin is made on each one. In cases where the margin is insufficient and a price increase is unsustainable, the product has been discontinued and/or the customer no longer supplied. Although this impacts headline revenue, it leads to higher margins, improved cash flow, and a higher return on working capital.

Significantly, despite the inevitable negative impact of operational gearing from the lower volumes of soft flooring being produced and higher cost inputs (raw materials, labour, and energy), operating margins improved by 370bps to 13.0%. Consequently, despite the 11.5% fall in revenue, underlying EBITDA increased by more than 23% to £82.8 million and EBIT by more than 27% to £34.6 million.

This pleasing performance is primarily down to the following three factors:

1. Successful completion of the integration of Balta's broadloom carpet business (acquired in April 2022) into the Group's UK operation. This has been a major project costing circa £19 million and involving the complete closure of a factory in Belgium, with extensive redundancies, and re-siting of machinery to the UK but has led to significant productivity gains and, consequently, margin improvements.
2. The ongoing reorganisation of the Balta rug business, consisting of the consolidation of production facilities in Belgium alongside transferring significant production capacity to Turkey, where the Company has two modern, certified and low-cost factories. The circa £31 million cost of this project predominantly entailed construction of an additional building in Turkey, extensive relocation of plant and machinery, and redundancies in Belgium. A lot of upside opportunity remains and as this project moves to completion, we expect a further reduction in production costs and improved margins, which will increase the international competitiveness of Balta's rugs and should lead to top line growth as a result.
3. Our logistics capability continues to provide Victoria with what we believe to be a robust and sustainable competitive advantage that is responsible for driving market share gains. Retailers value service and product availability over the last few pennies in price (no margin at all is made by a retailer on unavailable product!). Apart from further enhancing Victoria service proposition, our logistics operation, Alliance Flooring Distribution, is also now generating third-party logistics income.

UK & Europe Ceramic Tiles – challenging macro-economic conditions

	FY2024	FY2023	Growth
Volumes (sqm)	**43.6 million**	53.9 million	-19.0%
Revenue	**£350.9 million**	£453.3 million	-22.6%
Underlying EBITDA	**£60.3 million**	£105.8 million	-43.0%
Underlying EBITDA margin	**17.2%**	23.3%	-620bps
Underlying EBIT	**£31.8 million**	£77.5 million	-58.9%
Underlying EBIT margin	**9.1%**	17.1%	-800bps

Following double-digit LFL revenue and EBITDA growth in FY2023 as the Group benefitted from competitors struggling in what were exceptionally challenging trading conditions, these key metrics returned to FY2022 levels in FY2024.

Three factors contributed to lower revenue:

- Firstly, volumes across Victoria's key markets declined by as much as 25% as consumers deferred investing in their homes in the face of significant cost of living pressures.
- Secondly, Management's decision to hold prices in the face of very weak demand to protect our premium brand position. Although this created additional near-term challenges for our sales people, safeguarding brand equity was judged to be important for the medium-long term. Price, once discounted by a premium brand, is extremely difficult to recover as customers understandably resist subsequent increases and can lead to a permanent loss of margin.
- Finally, alongside all the other European ceramics businesses, Victoria has been facing sudden and very aggressive pricing competition from ceramics manufacturers based in India. However, in April 2024 anti-dumping and countervailing duty (or anti-subsidy) petitions were filed by the industry with the US government seeking the imposition of substantial tariffs (estimated between 408% to 828%) on imports of ceramic tile from India. (A similar application is expected to the European Commission). The industry expects the US government to launch an investigation and anticipates a favourable outcome this year.

This revenue decline directly led to materially lower margins due to negative production variances arising from the lower volumes. Additionally, volatility in the Turkish Lira and government-mandated wage increases ahead of an election also contributed circa 1.2% of margin compression.

Clearly, the Board is not satisfied with the ceramics division's trading results and a number of initiatives have been initiated to mitigate this impact without losing capacity for the anticipated recovery:

(i) A project is underway to fully integrate production across our three ceramics businesses to optimise efficiency. The factories have different equipment and different cost structures that makes one factory more efficient than another to produce a particular type of tile. The project is to ensure production takes place at the optimal facility and will include increased manufacturing in Turkey, which has many of the cost advantages of the Indian manufacturers and yet, being much closer to Europe, has much lower transportation costs.

(ii) Working with our key customers we reformulated the clay composition so that thinner tiles could be manufactured with no increase in breakages. This action lowers energy consumption and speeds up production.

(iii) The Saloni brand now focusses exclusively on high-end commercial applications, with stylish new showrooms for the Architecture & Design community opened in key locations in Spain. This change in approach to the market has been well received and we are now seeing double-digit LFL revenue growth this year – albeit off a relatively low base of €75 million.

Australia – Stable margins in a softer market

	FY2024	FY2023	Growth
Volumes (sqm)	**22.3 million**	23.3 million	-3.9%
Revenue	**£106.1 million**	£120.9 million	-12.2%
Underlying EBITDA	**£13.4 million**	£15.3 million	-12.3%
Underlying EBITDA margin	**12.7%**	12.7%	-bps
Underlying EBIT	**£8.7 million**	£10.0million	-12.9%
Underlying EBIT margin	**8.2%**	8.3%	-10bps

Following double-digit organic growth in FY2023, demand was softer in Australia across all flooring categories in FY2024 due to broadly the same macro-economic factors seen in Victoria's other markets. Selling prices were adjusted as inflationary inputs moderated, but margins were maintained despite the lower volumes.

However, there has been no structural change in the Australian market and with ongoing inwards migration and household formation, we expect demand in Australia to recover as high inflation and interest rates moderate.

Chairman and CEO's Review

North America – Operational excellence programmes deliver ongoing margin expansion

	FY2024	FY2023	Growth
Volumes (sqm)	**7.1 million**	6.1 million	+15.7%
Revenue	**£163.3 million**	£168.4 million	-3.1%
Underlying EBITDA	**£11.8 million**	£9.3 million	+27.4%
Underlying EBITDA margin	**7.3%**	5.5%	+170bps
Underlying EBIT	**£6.8 million**	£6.0 million	+12.3%
Underlying EBIT margin	**4.1%**	3.6%	+60bps

Our North American business consists entirely of distribution businesses – selling products (rugs, artificial turf, and ceramic tiles) manufactured in Victoria's European factories alongside outsourced products.

Market conditions were challenging throughout the year, with demand down 7-9% for the industry as a whole. North America continues to be a key market for Victoria. Despite this backdrop, we were able to increase operating margins through commercial excellence programmes, and opportunity exists for further improvement. North America continues to be a key market for Victoria and the Group's North American-sourced revenues (including exports to the US by our European factories) exceeds USD 350 million.

CASHFLOW & LIQUIDITY

Net operating cash flow was in line with management expectations with Free Cash Flow of £23.2 million after movements in working capital, tax, interest payments, capex, and all exceptional costs.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
IFRS Reported EBITDA	5.3	8.7	30.4	43.1	53.5	72.5	60.3	120.3	140.9	94.6	**92.6**
Adj EBITDA	5.1	15.8	32.3	45.7	64.7	96.3	118.1	127.4	162.8	196.0	**160.7**
Adj EBITDA (pre IFRS-16)	5.1	15.8	32.3	45.7	64.7	96.3	107.2	112.0	143.5	171.3	**129.6**
FCF[1]	18.3	8.4	15.3	22.5	12.5	8.9	32.2	30.2	20.1	5.9	**23.2**
FCF post pref[2]	18.3	8.4	15.3	22.5	12.5	8.9	32.2	27.6	10.6	(12.9)	**0.8**

1. *FCF: Net cash flow from operating activities after movements in working capital, tax, interest payments, all capex, and all exceptional costs.*
2. *FCF post-pref: Net free cash flow defined as above but assuming 100% of the preferred share dividend was paid in cash instead of PIK.*

As predicted, capex costs reverted to normal levels of £62.5 million for the period and are expected to broadly remain at this level for the foreseeable future. This compares with £99.6 million for the full year FY2023 and reflects the completion of the major reorganisation projects.

Although progress has been slower than we had anticipated, the Group is improving its working capital management, primarily through better control of inventory. Nevertheless, this source of cash remains a key area of focus with management incentives in place for delivery of defined targets.

Victoria continues to maintain a strong liquidity position and the Group finished the period with cash and undrawn credit lines in excess of £250 million. Furthermore, almost all Victoria's debt financing takes the form of long-dated Senior Notes ("bonds") which, in themselves, have no financial maintenance covenants, with the earliest tranche not due for repayment until August 2026. Nevertheless, the Board has started working on a range of refinancing options to allow adequate time to optimise the terms of the replacement funding. Further commentary on refinancing considerations is provided within the Financial Review.

CAPITAL ALLOCATION

The Board views every investment decision through the prism of maximising the medium-term free cash flow per share. This policy does not preclude us from investing in order to optimise the future cash generating power of the business, and the Board has done so twice in the last 10 years – in FY2019 to integrate the UK manufacturing operation and build its logistics platform, and over the last 24 months to optimise the future performance of Balta, which was acquired in April 2022.

As foreshadowed in last year's report, during FY2024 growth/restructuring capex and exceptional costs fell significantly as the integration and reorganisation projects arrived at their conclusion.

Table A sets out the breakdown of capex spending for the last six years to help shareholders better understand normal maintenance capex levels, with the last major reorganisation project being in FY2019:

Table A

Capex	FY19 £m	FY20 £m	FY21 £m	FY22 £m	FY23 £m**	**FY24 £m**
Maintenance	23.5	25.4	20.9	40.9	45.5	**43.0**
Growth & Restructuring*	20.9	8.4	7.6	12.4	54.1	**19.2**
Total	44.4	33.8	28.5	53.3	99.6	**62.2**
Maintenance Capex as a percentage of revenue	4.1%	4.1%	3.2%	4.0%	3.1%	**3.4%**

* *Includes capital expenditure incurred as part of reorganisational and synergy projects to drive higher productivity and lower operating costs.*

** *The step-up in FY23 is due to the Balta acquisition, which has both a short-term impact from integration, plus an ongoing increase in quantum (albeit not percentage) due to the increased size of the Group.*

Table B summarises the exceptional expenditure items in FY2024, which are much reduced from FY2023 as expected as the re-organisation/integration projects move towards completion.

Table B

Exceptional reorg costs	Redundancy cash costs £m	Legal & Professional cash costs £m	Asset removal/ relocation cash costs £m	Provisions movement /other non-cash £m	**FY2024 Total £m**	FY2023 Total £m
Balta re-organisation	17.4	0.1	10.3	(12.9)	**14.9**	31.5
Saloni re-organisation	0.1	–	–	–	**0.1**	7.6
Graniser integration	1.8	0.1	–	(1.1)	**0.8**	0.3
Cali integration	–	–	–	0.8	**0.8**	1.4
Total	19.3	0.2	10.3	(13.2)	**16.6**	40.8

The Board will prioritise allocation of the Group's free cash flow to prudently optimise the Group's balance sheet together with maximising the medium-term free cash flow per share.

LEVERAGE

Leverage spiked during FY2024 primarily due to the decline in operating earnings. Whilst the Group continues to enjoy a more-than-adequate £250 million of available liquidity, the Board and management are very focussed on reducing the Group's net debt/EBITDA ratio ahead of refinancing the existing bond issuances.

This will be achieved by both reducing the numerator – the absolute quantum of debt – from operating cash flow and the sale of surplus/non-core assets, and by increasing the denominator – the Group's earnings – as completion of the various integration projects and other actions discussed elsewhere in this Report remove very significant costs from the business.

DIVIDENDS

For the reasons detailed in previous years' Annual Reports, it remains the Board's view (as it has been for the last ten years) that it can continue to successfully deploy capital to optimise the creation of wealth for shareholders and therefore it has again resolved not to pay a final dividend for FY2024.

Chairman and CEO's Review

GOVERNANCE

The Board took seriously the issues raised last year from the audit of Hanover Flooring Limited, a small subsidiary contributing 1.25% of Group revenue.

Firstly, once the FY2023 results were announced the Board removed the management restriction that had been previously imposed by the Board on the auditors solely in relation to this subsidiary. This allowed the auditors to perform additional work on the subsidiary's accounting records. These extensive additional procedures (detailed further in the Financial Review) supported the Board's conclusion reached last year that there was no financial misconduct and all payments due to Victoria have been received, no money is unaccounted for, and Victoria has suffered no loss. Consequently, the auditors have confirmed (see the Audit Report) that all their concerns have been appropriately satisfied.

Secondly, the finance function of this subsidiary was enhanced with a number of experienced professionals who strengthened the operational integrity of the control environment, bringing it up to the standard of the rest of the Group. The enlarged team was managed by the Group Head of Risk and Compliance with oversight from the Group CFO. We continued to use a Big Four accounting firm to help us reconcile historic accounting records in relation to the early years after this business was acquired and this allowed us to reduce unreconciled amounts to less than £0.6m as well as ensure that cash which should have been remitted to Victoria has been to our satisfaction. We have used this experience to enhance our template for future acquisitions to ensure that this issue does not arise again and also to further strengthen the Group Risk and Compliance team. Further commentary on matters relating to last year's audit has been provided within the Financial Review.

OUTLOOK

We are confident that, notwithstanding near-term challenging macro-economic conditions, all our businesses benefit from strong economic fundamentals, and skilled and dedicated management.

Acquisitions:

Acquisitions remain a core part of Victoria's long-term growth strategy. However, whilst the cost of capital is so high, the Board has prioritised the meaningful opportunity to optimise earnings within our existing business and, importantly, reducing leverage.

Nevertheless, we actively continue to maintain relationships with potential acquisitions, and therefore, at the right time and within our leverage policy, we will continue to deploy capital to build scale, expand distribution, broaden our product range, and widen the economic moat around our business as we have successfully done over the previous 10 years.

Operations:

It is noteworthy that despite revenue falling by nearly 14% in FY2024, the Group's underlying EBITDA margin fell by less than 100bps, despite the inevitable operational leverage impact of lower volumes. A key contributing factor to this broadly consistent operating margin was the productivity gains realised throughout the year as the various integration and reorganisation projects moved towards completion. Encouragingly, additional margin improvement is expected in FY2025 – even in a flat market – due to the full year effect of the lower cost base impacting earnings.

However, opportunities still exist to further enhance productivity across the Group. Everything we do operationally is about increasing productivity – lowering the cost to manufacture and distribute each square metre of flooring – and improving the customer (retailers and distributors) experience, seeking to become an increasingly valuable part of their business.

Therefore, whilst management will continue to fine-tune the gains secured from the current operational projects, FY2025 will see further integration of our ceramics division to drive higher productivity, leveraging of our distribution channels to grow revenue, and the scaling up of commercial excellence programmes to expand margins.

CONCLUSION

Alongside all other global flooring companies, Victoria has suffered from the large drop in flooring demand over the last 24 months. However, critically, the fall is not structural and, as the macro-economic factors that have contributed to the low demand abate, the fundamental need for flooring will result in volumes rebounding to the long-term mean – that is the very essence of cyclical industries.

In calendar 2023, flooring volume across Victoria's key markets was estimated to be some 20% below the levels of 2019 (which were broadly in line with the 25-year average growth rate). Simple reversion to the mean therefore suggests demand normalisation should deliver a volume uplift from 2023 levels of more than 25%. Whilst the Group's FY2025 financial outlook is largely based on current demand, it is interesting to note the potential impact normalising demand could have on the business as each 5% increase in volume is expected to drive a £25 million increase in Victoria's earnings.

In conclusion, whilst we remain cautious about near-term trading conditions and cannot predict precisely when the anticipated rebound will occur, we are (logically) continually moving closer to that point. As interest rates fall, housing transactions and deferred residential renovation and repair purchases will rebound, driving flooring demand. The market share gains and productivity improvements secured over the last 24 months we expect to be rapidly reflected in Victoria's earnings and cash flow. Until this occurs, we remain focussed on optimising controllable costs and driving market share gains.

Geoffrey Wilding
Executive Chairman

Philippe Hamers
Chief Executive Officer

18 June 2024

Strategic Report

BUSINESS OVERVIEW

Victoria PLC is a designer, manufacturer and distributor of innovative flooring products. The Group is headquartered in the UK, with operations across the UK, Spain, Italy, Belgium, the Netherlands, Germany, Turkey, the USA, and Australia, employing approximately 6,300 people at more than 30 sites.

The Group designs and manufactures a wide range of wool and synthetic broadloom carpets, flooring underlay, ceramic tiles, LVT (luxury vinyl tile) and hardwood flooring products, artificial grass, carpet tiles and flooring accessories.

A review of the performance of the business is provided within the Financial Review.

BUSINESS MODEL

VICTORIA'S BUSINESS MODEL IS UNDERPINNED BY FIVE INTEGRATED PILLARS:

1. **Superior customer offering**
Offering a range of leading quality and complementary flooring products across a number of different brands, styles and price points, focused on the mid-to-upper end of the market or specialist products, as well as providing market-leading customer service.

2. **Sales driven**
Highly motivated, independent and appropriately incentivised sales teams across each brand and product range, ensuring delivery of a premium service and driving profitable growth.

3. **Flexible cost base**
Multiple production sites with the flexibility, capacity and cost structure to vary production levels as appropriate, in order to maintain a low level of operational gearing and maximise overall efficiency.

4. **Focused investment**
Appropriate investment to ensure long-term quality and sustainability, whilst maintaining a focus on cost of capital and return on investment.

5. **Entrepreneurial leadership**
A flat and transparent management structure, with income statement 'ownership' and linked incentivisation, operating within a framework that promotes close links with each other and with the PLC Board to plan and implement the short and medium-term strategy.

STRATEGY

The Group's successful strategy in creating wealth for its shareholders has not changed and continues to deliver profitable and sustainable growth, both from acquisitions and organic drivers.

In terms of acquisitions, the Group continues to seek and monitor good opportunities in key target markets that will complement the overall commercial offering and help to drive further improvement in our KPIs. Funding of acquisitions is primarily sought from debt finance to maintain an efficient capital structure, insofar as a comfortable level of facility and covenant headroom is maintained.

Although acquisitions remain a core part of Victoria's growth strategy, current focus involves completing integration projects to strengthen cost management and improve productivity to support the Group's overall strategy.

KEY PERFORMANCE INDICATORS

The KPIs monitored by the Board and the Group's performance against these are set out in the table below and further commented upon in the Financial Review.

	2024 £'m	2023 £'m
Underlying revenue	1,256.5	1,461.4
% change at constant currency	(11.2)%	42.9%
Underlying EBITDA	160.7	196.0
% margin	12.8%	13.4%
Underlying operating profit	73.6	118.8
% margin	5.9%	8.1%
Operating cash flow[1]	106.4	157.8
% conversion against underlying EBITDA (pre-IFRS 16)	82%	92%
Free cash flow[2]	28.2	71.3
% conversion against underlying operating profit	38%	60%
Underlying pre-IFRS 16 EBITDA per share (diluted)	77.86p	112.29p
Earnings per share (diluted, adjusted)	19.12p	39.06p
Operating cash flow per share[3]	92.49p	136.38p
Adjusted net debt / EBITDA[4]	4.44x	3.44x

* *Alternative performance measures are reconciled to IFRS measures in the appendix to this report.*

1. *Operating cash flow shown before interest, tax and exceptional items.*
2. *Before investment in growth capex, acquisitions and exceptional items.*
3. *Operating cash flow per share based on weighted average number of ordinary shares (non-diluted).*
4. *Applying our banks' adjusted measure of financial leverage. The calculation is set out in the Appendix to this report.*

SECTION 172(1) STATEMENT

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way they consider, in good faith would be most likely to promote the success of the Company for the benefit of the members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to:

- The likely consequences of any decisions in the long-term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business and conduct; and
- The need to act fairly between shareholders of the Company.

Strategic Report

During the year ended 30 March 2024 the Directors consider they have, individually and collectively, acted in a way that is most likely to promote the success of the Company for the benefit of its shareholders as a whole and have given due consideration to each of the above matters in discharging their duties under section 172. The stakeholders we consider in this regard are our employees, our shareholders, bondholders and other investors, and our customers and suppliers. The Board recognises the importance of the relationships with our stakeholders in supporting the delivery of our strategy and operating the business in a sustainable manner.

When considering key corporate decisions, such as material acquisitions or financing arrangements the Board considers the interests and objectives of the Company's stakeholders, in particular its shareholders. In doing so, the potential risk and rewards of these transactions are carefully balanced. A careful and consistent financial policy is employed, in particular focusing on maintaining a level of financial leverage that the Board consider to be sustainable through economic cycles, and long-dated and flexible financing terms in relation to covenants and restrictions. Where there are potential material financial costs or redemption requirements within financing arrangements, for example the make-whole provisions in the Company's senior notes and preferred equity, or the change in control provisions in the preferred equity, the Board considers the likelihood of these scenarios and any potential mitigating actions.

Directors are briefed on their duties as part of their induction and they can access professional advice on these from an independent advisor throughout the period a director holds office. The directors fulfil their duties partly through a governance framework; the Board has adopted the Quoted Companies Alliance ("QCA") Code and the Group's application of this code is detailed on the Group's website.

The Board recognises the importance of building and maintaining relationships with all of its key stakeholders in order to achieve long-term success.

Further details on the Company's strategy and long-term decisions are set out in the Outlook and Conclusion sections of Chairman and CEO's Review.

Further details of our stakeholder engagement are set out in the Directors Report on pages 52-53.

Further details of the impact of the Company's operations on the community and the environment are set out in the Environmental, Social and Governance Report on pages 27 to 49.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board and senior management team of Victoria identifies and monitors principal risks and uncertainties on an ongoing basis. These include:

Inflation – The issues surrounding inflation have the capacity to impact companies' earnings by interrupting supply chains, workforce sustainability, demand and rising interest costs.

The Group is well positioned to manage this risk and uncertainty; the key reasons being:

1. Victoria has the ability to increase prices and implemented price increases during the year ended 30 March 2024 to protect our cash margin, whilst maintaining a strong competitive position during a period some market participants found the operating environment very challenging;
2. Management is focussed on completing a number of integration projects (set out in the Chairman and CEO's Review on page 6), that will increase operating margins, mitigating some inflationary pressures.
3. We actively hedge or otherwise manage key input costs to provide management with time to adapt our business and prices to higher input costs so that margins are protected;
4. The main component of the Group's debt (€739m) is Senior Secured Notes ("bonds") and carry a fixed coupon, of which €489m falls due in August 2026 and €250m falls due in March 2028. Therefore, the key finance cost base of the Group is protected from any short-term increases in interest rates.

On the demand side specifically, Victoria operates in the mid to high-end of the flooring market, where customers are less sensitive to economic uncertainty and inflation. Nonetheless, in the event of lower demand for a period, Victoria is well placed to manage this for the following reasons:

1. Victoria enjoys low operational gearing across its businesses;
2. Victoria has averaged 85% pre-tax operating cash conversion in the last five years, and this high cash conversion ensure the Group continues to generate cash, even during periods of lower demand;
3. Much of our production output is supplied to order, not supplied for inventory. This reduces exposure to de-stocking risks.
4. A resilient balance sheet with cash and undrawn credit lines in excess of £250 million. Furthermore, the Group's senior debt consists entirely of long-duration, fixed interest rate, covenant-lite bonds.

[1] *Cash flow before financing and investing items (including capex), exceptional items and tax; Conversion from pre-IFRS 16 EBITDA.*

Competition – the Group operates in mature and highly competitive markets, resulting in pressure on pricing and margins. Management regularly review competitor activity to devise strategies to protect the Group's position as far as possible.

Economic conditions – the operating and financial performance of the Group is influenced by specific economic conditions within the geographic areas within which it operates, in particular the Eurozone, the UK, North America and Australia. Economic risks in any one region are mitigated by the independence of the Group's four divisions. The Group remains focused on driving efficiency improvements, cost reductions and ongoing product development to adapt to the current market conditions.

Key input prices – material adverse changes in energy prices and certain raw material prices – in particular wool and synthetic yarn, polyurethane foam, and clay – could affect the Group's profitability. Key input prices are closely monitored and the Group has a sufficiently broad base of suppliers to remove arbitrage risk, as well as being of such a scale that it is able to benefit from certain economies arising from this. Whilst there is some foreign exchange risk beyond the short-term hedging arrangements that are put in place, the Group experiences a natural hedge from multi-currency income as the vast majority of the Group's cost base remains in domestic currency (Euros, Sterling, US Dollars and Australian Dollars).

Acquisitions – acquisition-led growth is a key part of the Group's ongoing strategy, and risks exist around the future performance of any potential acquisitions, unforeseen liabilities, or difficulty in integrating into the wider Group. The Board carefully reviews all potential acquisitions and, before completing, carries out appropriate due diligence to mitigate the financial, tax, operational, legal and regulatory risks. Risks are further mitigated through the retention and appropriate incentivisation of acquisition targets' senior management. Where appropriate the consideration is structured to include deferred and contingent elements which are dependent on financial performance for a number of years following completion of the acquisition.

Other operational risks – in common with many businesses, sustainability of the Group's performance is subject to a number of operational risks, including Health & Safety, major incidents that may interrupt planned production, cyber security breaches and the recruitment and retention of key employees. These risks are monitored by the Board and senior management team and appropriate mitigating actions taken.

On behalf of the Board

Geoffrey Wilding
Executive Chairman

18 June 2024

Financial Review

HIGHLIGHTS

In what has been a challenging environment for our industry Victoria benefited from reorganisational work undertaken in prior years whilst not being immune to poor demand in the market.

The business has been focused on reducing lower margin products and customers, lowering the cost base and structurally reducing working capital.

Volumes declined during FY2024 with UK & Europe Ceramics being the most impacted. This led to a decline in underlying revenue of £204.9 million (14.0%). Underlying EBITDA declined from £196.0 million to £160.7 million as lower volumes impacted operational leverage despite significant cost reductions in UK & Europe Soft Flooring from the reorganisation projects undertaken as part of the Balta Rugs integration.

Inflation has had an impact year on year, albeit less than in prior years and raw materials and energy costs have returned to more normal levels.

This Financial Review is structured into several sections, focused on the detail within the financial statements which warrants further explanation or granular analysis. Commentary on the underlying performance of the Group, analysing the trends in underlying revenue and operating margins, and other commercial activities in the year is provided in the Divisional Review section of the Chairman & CEO Report. The Exceptional & Non-Underlying Items section below provides an important, detailed report on all of the items that bridge from the underlying results (for example, underlying operating profit of £73.6 million) to the IFRS statutory performance of £51.8 million operating loss and, ultimately, £108.0 million loss after tax. The final parts set out the cash flows of the Group on a basis consistent with past years, and the year-end net debt position.

Underlying measures of performance are classified as 'Alternative Performance Measures' and should be reviewed in conjunction with comparable IFRS figures. It is important to note that these APMs may not be comparable to those reported by other companies. Underlying results exclude significant costs (such as significant legal, major restructuring and transaction items), they should not be regarded as a complete picture of the Group's financial performance, which is presented in its Total results. The exclusion of other Adjusting items may result in Adjusting earnings being materially higher or lower than Total earnings. In particular, when significant impairments, restructuring changes and legal costs are excluded, Adjusted earnings will be higher than Total earnings.

A summary of the underlying and reported performance of the Group is set out below.

	2024			2023		
	Underlying performance £m	**Non-underlying items £m**	**Reported numbers £m**	Underlying performance £m	Non-underlying items £m	Reported numbers £m
Revenue	1,256.5	16.5	1,273.0	1,461.4	18.8	1,480.2
Gross Profit	417.4	(26.6)	390.8	474.9	(40.1)	434.7
Margin %	33.2%			32.5%		
Amortisation of acquired intangibles	–	(40.9)	(40.9)	–	(41.5)	(41.5)
Other operating expenses	(343.7)	(58.0)	(401.7)	(356.0)	(61.3)	(417.3)
Operating Profit	73.6	(125.4)	(51.8)	118.8	(142.9)	(24.1)
Margin %	*5.9%*			*8.1%*		
Add back depreciation & amortisation	87.0			77.2		
Underlying EBITDA	160.7			196.0		
Margin %	*12.8%*			*13.4%*		
Preferred equity items	–	(5.4)	(5.4)	–	(26.9)	(26.9)
Other finance costs	(46.5)	(27.2)	(73.7)	(41.9)	(17.7)	(59.6)
Profit before tax	27.1	(158.0)	(130.9)	76.9	(187.5)	(110.6)
Profit after tax	31.8	(139.8)	(108.0)	59.6	(151.4)	(91.8)
EPS basic	27.66p		(93.85p)	51.47p		(79.35p)
EPS diluted	19.12p		(93.85p)	39.06p		(79.35p)

* *Alternative performance measures are reconciled to IFRS measures in the appendix to this report.*

The Group incurred £93.6 million of exceptional operating costs during the year, primarily a non-cash cost resulting from the impairment of goodwill, with the remainder mostly relating to the reorganisation of Balta. In addition, the Group incurred £39.5 million of amortisation of acquired intangibles (primarily customer relationships and brand names) and other non-underlying items (net credit of £7.6 million (primarily the accounting impact of acquisition earn-outs and hyperinflation accounting). Further details are provided later in this Financial Review.

ACQUISITIONS AND INTEGRATION

There were no acquisitions despite this remaining part of our overall strategy. We continued to integrate our recent acquisitions, Balta, Cali and IWT.

Financial Review

FINANCING

Debt financing and facilities

Victoria has attractively priced, long-dated facilities and liquidity headroom in excess of £250 million.

The Group's senior debt comprises €489 million (c. £430m) of notes with a fixed coupon of 3.625% and maturity of August 2026, and €250 million (c. £220m) of notes with a fixed coupon of 3.75% and maturity of March 2028 along with a £150m Revolving Credit Facility which matures in February 2026.

Other debt facilities in the Group represent small, local working capital facilities at the subsidiary level, which are renewed or amended as appropriate from time to time. The total outstanding amount drawn from these facilities at the year-end was £62.5 million, as shown below in the Net Debt section of this Financial Review.

Whilst the Group has no immediate need to refinance its facilities, as there are more than two years until the first tranche of our senior debt matures, we have taken a number of actions to ensure that we are ready to avail ourselves of favourable market conditions and secure the most attractive refinancing options as and when they arise.

To reduce leverage:

- Management have initiated the disposal of surplus real estate with the sale of property in Belgium giving net proceeds of £27.9 million received in October 2023 and are planning to raise a further circa. £50m from other real estate assets in our portfolio and expect this to complete in FY2025.
- the Group is also structurally reducing its working capital balances which we expect to contribute circa. £30m of cash in FY2025.
- Victoria continues to review all aspects of our operational model to ensure that we are selling products and procuring raw materials at the best prices and there are active programmes in place to improve profitability.

The reduction in leverage will allow us to benefit from higher credit ratings and from the best available coupon on any future facilities.

We are engaging with independent professional advisors, adding to our own in-house knowledge and experience, to work alongside us with our core banking group to evaluate all of the financing options available to us as performance and the markets improve. We are considering a range of options which could include a combination of equity, bank, public and private financing arrangements all of which are available to us.

We will be ready to take refinancing actions when we have evaluated the options and when the financial markets are conducive to give us the best prices but given the tenor and attractive pricing of our current arrangements we believe we have no immediate need to do so.

Preferred equity

There have been no changes to the preferred equity arrangements in the year, with a total in issue of £225 million (plus those issued for the 'Payment In Kind' of the fixed coupon, whereby new preferred shares are issued as opposed to cash payment, at the Group's option).

Further details of the preferred equity and their accounting treatment are provided in Note 17 to the Accounts.

EXCEPTIONAL AND NON-UNDERLYING ITEMS

This section of the Financial Review runs through all of items classified as exceptional or non-underlying in the financial statements. The nature of these items is, in many cases, the same as the prior year as the financial policy around these items has remain unchanged, for consistency.

The Group incurred £93.6 million of exceptional costs during the year (FY2023: £85.4m). Exceptional items are one-offs that will not continue or repeat in the future, for example the legal and due diligence costs for a business acquisition, as whilst further such costs might arise if new acquisitions are undertaken, they will not arise again on the same business and would disappear if the Group adopted a purely organic strategy.

Exceptional items	2024 £'m	2023 £'m
Acquisition related costs	(1.0)	(4.0)
Reorganisation costs	(20.1)	(44.4)
Fixed asset impairment	–	(47.5)
Negative goodwill arising on acquisition	–	90.5
Exceptional goodwill impairment	(67.2)	(80.0)
Intangible asset impairment	(5.4)	–
Total exceptional items	**(93.6)**	(85.4)

This total exceptional cost figure is made up of numerous components, both income and costs. Description of the specific items is provided below:

- ***Acquisition related costs*** – these costs relate primarily to advisory fees and legal services in relation to previous acquisitions, with the figure much reduced versus previous years due to the pause of M&A activity.
- ***Reorganisation costs*** – in the prior year, the Group made a significant investment decision in restructuring the Rugs and UK broadloom businesses of Balta which represents the majority of the £20.1 million in FY2024 (Balta-related reorganisation costs in FY2023 were £31.5m), with small reorganisation and integration projects around the Group contributing in smaller amounts.
- ***Exceptional goodwill and intangible asset impairment*** – in FY2023 goodwill in the UK & Europe – Ceramics (Spain & Turkey) CGU was impaired and reduced production in Spain, as a result of the integration programme within the ceramics division has resulted in a further impairment of £24.7 million being taken in the CGU, along with a £5.4m impairment being taken to customer-related intangible assets. Separately, weaker demand in the US impacting Cali Bamboo resulting in an impairment of £42.5 million.
- The other prior year items are described in more detail in Note 2 to the Accounts.

Financial Review

Non-underlying items are ones that do continue or repeat, but which are deemed not to fairly represent the underlying business. Typically, they are non-cash in nature and / or will only continue for a finite period of time.

Non-underlying operating items	2024 £'m	2023 £'m
Acquisition-related performance plan charge	(6.7)	(10.3)
Non-cash share incentive plan charge	(2.7)	(3.6)
Amortisation of acquired intangibles (excluding hyperinflation)	(39.5)	(40.3)
Unwind of fair value uplift to acquisition opening inventory	(0.6)	(10.9)
Depreciation of fair value uplift to acquisition building valuation	(5.1)	(9.1)
Hyperinflation monetary gain/(loss)	45.9	38.9
Hyperinflation depreciation adjustment	(6.0)	(4.2)
Hyperinflation amortisation adjustment	(1.4)	(1.1)
Net hyperinflation adjustment (excluding depreciation)	(15.6)	(16.9)
	(31.6)	(57.6)

Non-underlying items in the year:

- ***Acquisition-related performance plan charge*** – this represents the accrual of contingent earn-out liabilities on historical acquisitions where those earn-outs are linked to the ongoing employment of the seller(s). This amount decreased versus the prior year as earn-outs on historical acquisitions have expired.
- ***Non-cash share incentive plan charge*** – the charge under IFRS 2 relating to the pre-determined fair value of existing senior management share incentive schemes. This charge is non-cash as these schemes cannot be settled in cash.
- ***Amortisation of acquired intangibles*** – the amortisation over a finite period of time of the fair value attributed to, primarily, brands and customer relationships on all historical acquisitions under IFRS. It is important to note that these charges are non-cash items and that the associated intangible assets do not need to be replaced on the balance sheet once fully written-down. Therefore, this cost will ultimately disappear from the Group income statement.
- ***Unwind of fair value uplift to acquisition opening inventory*** – under IFRS the opening balance sheet of each acquisition is fair valued, and this includes inventory. As such, this opening inventory is no longer held at cost, rather at net realisable value, which means that for the period of time over which it is sold no profit will be recorded in the Group consolidated accounts despite the fact that the target business itself generated a profit. Any newly purchased inventory post-acquisition is held at cost in the ordinary course. Given this is not representative of the underlying performance of the acquired business, this one-off uplift in cost of sales is classed as exceptional.
- ***Depreciation of fair value uplift to acquisition property*** – this is the same effect as described above, except relating to property within fixed assets as opposed to inventory.

As described below there were a number of adjustments made to the income statement in relation to Hyperinflation.
The hyperinflation adjustments represents the impact of restating the non-monetary items on the Turkish entities balance sheet based on the change in the general price index between the acquisition date and the reporting date, as well as the indexation of the income statement, with the gain/loss on the monetary position being included within the income statement.

ADJUSTMENT IN RESPECT OF HYPERINFLATION

During FY2023 inflation in Turkey, where Victoria has two businesses, Graniser (UK & Europe - Ceramic Tiles) and Balta Rugs (UK & Europe - Soft Flooring), passed the threshold of inflation exceeding 100% over a three-year cumulative period in March 2022. Under IAS29 this is one of the key indicators for hyperinflation needing to be adopted. This resulted in the revaluation of the 2 April 2022 opening balance sheet for these businesses as well as indexing the FY2023 and FY2024 numbers. We have treated these adjustments as non-underlying to ensure comparability of results year on year.

The impact of hyperinflation on the income statement is as follows:

Hyperinflation adjustment summary	2024 £'m	2023 £'m
Revenue	16.5	18.9
Cost of sales	(37.5)	(38.1)
Operating costs	43.9	35.8
EBIT	22.9	16.6
EBITDA	30.4	22.0
Finance costs	(6.7)	(1.8)
Profit before tax	16.2	14.8
Deferred tax	(5.2)	0.2
Profit for the period	11.0	15.0
Other comprehensive income - CTA	7.4	16.5

Further details of exceptional and non-underlying operating items are provided in the Accounting Policies and in Note 2 to the accounts.

In addition to the above operating items, there were a number of non-underlying financial items in the year.

Non-underlying financial costs	2024 £'m	2023 £'m
Finance items related to preferred equity	(5.4)	(26.9)
Acquisition related items	1.5	–
Gain on bond repurchase	2.0	–
Fair value adjustment to notes redemption option / amortisation inception derivative	1.2	(2.0)
Mark to market adjustments and gains on foreign exchange forward contracts	(0.2)	(0.4)
Translation difference on foreign currency loans	(24.6)	(13.3)
Other financial expenses (hyperinflation)	(6.7)	(1.8)
Defined benefit pension	(0.4)	(0.2)
Other non-underlying	(28.6)	(17.8)
	(32.5)	(44.6)

The significant items are described below:

- ***Finance items related to preferred equity*** – the preferred equity issued in November 2020 and further in January 2022 is treated under IFRS 9 as a financial liability with a number of associated embedded derivatives. There are a number of resulting financial items taken to the income statement in each period, including the cost of the underlying host contract and the income or expense related to the fair-valuation of the warrants and embedded derivatives. However, the preferred equity is legally structured as equity and is also equity-like in nature – it is contractually subordinated, never has to be serviced in cash, and contains no default or acceleration rights – hence the resultant finance costs or income are treated as non-underlying.

Financial Review

Finance items related to preferred equity	2024 £'m	2023 £'m
Amortised cost of host instrument	(19.0)	(26.8)
Fair value movement on associated equity warrants	13.6	20.3
Fair value movement on embedded redemption option	–	(20.5)
Total	(5.4)	(26.9)

- ***Fair value adjustment to notes redemption option*** – Attached to the senior notes is an early repayment option which, on inception, was recognised as an embedded derivative asset at a fair value of £4.3m. This asset is revalued at each reporting date, with the movement taken through the P&L. The value of the senior debt liabilities recognised were increased by a corresponding amount at initial recognition, which then reduces to par at maturity using an effective interest rate method. A credit of £1.2m was recognised in the period (2023: £2.7m charge), with a £nil fair value of the derivative asset at both period ends.
- ***Mark to market adjustments on foreign exchange forward contracts*** – across the group we analyse our upcoming currency requirements (for raw material purchases) and offset the exchange rate risk via a fixed, diminishing profile of forward contracts out to 12 months. This non-cash cost represents the mark-to-market movement in the value of these contracts as exchange rates fluctuate.
- ***Translation difference on foreign currency loans*** – this represents the impact of exchange rate movements in the translation of non-Sterling denominated debt into the Group accounts. The key items in this regard are the Euro-denominated €489 million 2026 corporate bonds, and €250 million 2028 corporate bonds.
- ***Other financial expense (hyperinflation)*** – restated finance costs within Turkish entities based on the change in the general price index between the date when the finance costs were initially recorded and the reporting date.
- ***Defined benefit pension (law change)*** – Turkish government announced an early retirement law change in the prior year based on being in employment back in 1999.

Further details of non-underlying finance items are provided in the Accounting Policies and in Note 3 to the accounts.

OPERATING PROFIT AND PBT

The table below summarises the underlying and reported profit of the Group, further to the commentary above on underlying performance and non-underlying items.

Operating profit and PBT	2024 £'m	2023 £'m
Underlying operating profit	73.6	118.8
Reported operating loss (after exceptional items)	(51.8)	(24.1)
Underlying profit before tax	27.1	76.9
Reported loss before tax (after exceptional items)	(130.9)	(110.6)

Reported operating loss (earnings before interest and taxation) of £51.8 million (FY2023: £24.1 million). After removing the exceptional and non-underlying items described above, underlying operating profit was £73.6 million (FY2023: £118.8m).

Reported loss before tax increased to £130.9 million (FY2023: £110.6m). After removing the exceptional and non-underlying items described above, underlying profit before tax was £27.1million (FY2023: £76.9m).

TAXATION

The reported tax credit in the year of £22.9 million (FY2023: £18.8m) was distorted by the impact of the exceptional and non-underlying costs, which contributed to a tax credit of £18.2 million. On an underlying basis, the tax credit for the year was £4.7 million (FY2023 charge: £17.3m) against adjusted profit before tax of £27.1 million (FY2023: £76.9m). Removing the effect of prior year items results in an underlying effective current year tax rate of 19.2% (FY2023: 19.6%).

EARNINGS PER SHARE

The Group delivered a basic loss per share of 93.85p (FY2023: 79.35p) due to exceptional costs in relation to restructuring, amortisation of acquired intangibles, and impairment recognised on goodwill. Adjusted earnings per share (before non-underlying and exceptional items) on a fully-diluted basis was 19.12p (FY2023: 39.06p). The decrease in EPS is driven by the greater dilutive impact of the preference shares and reduced earnings.

Basic and diluted earnings / (loss) per share	**2024**	2023
Basic earnings/ (loss) per share	**(93.85p)**	(79.35p)
Diluted adjusted earnings per share	**19.12p**	39.06p

OPERATING CASH FLOW

Cash flow from operating activities before interest, tax and exceptional items was £106.4 million which represents a conversion of 82% of underlying EBITDA (pre-IFRS 16).

Operating and free cash flow	**2024 £'m**	2023 £'m
Underlying operating profit	**73.6**	118.8
Add back: underlying depreciation & amortisation	**87.0**	77.2
Underlying EBITDA	**160.7**	196.0
Payments under right-of-use lease obligations	**(35.6)**	(29.3)
Non-cash items	**(3.5)**	(15.1)
Underlying movement in working capital	**(15.2)**	6.3
Operating cash flow before interest, tax and exceptional items	**106.4**	157.8
% conversion against underlying operating profit	**145%**	133%
% conversion against underlying EBITDA (pre-IFRS 16)	**82%**	92%
Interest paid	**(32.6)**	(34.8)
Corporation tax paid	**(2.5)**	(11.4)
Capital expenditure - replacement / maintenance net of disposals	**(43.0)**	(40.3)
Free cash flow before exceptional items	**28.2**	71.3
% conversion against underlying operating profit	**38%**	60%
% conversion against underlying EBITDA (pre-IFRS 16)	**22%**	42%

Pre-exceptional free cash flow of the Group – after interest, tax and net replacement capex – was £28.2 million. Compared with underlying operating profit (i.e. post-depreciation), this represents a conversion ratio of 38%. Cash conversion was positively impacted in the year by lower interest and tax paid amounts.

The underlying movement in working capital was an outflow of £15.2 million. This was driven by inventories being above the levels required for the current market environment and we took action during the year to reduce the inventory levels. This resulted in an inflow in the second half of the year of £12.4 million. We expect further improvements in FY25 as we make structural changes to our inventory levels and we should see a further reduction in working capital as the cash from the sale of inventories completes its way through the receivables cycle.

A full reported statement of cash flows, including exceptional and non-underlying items, is provided in the Consolidated Statement of Cash Flows.

Financial Review

NET DEBT

As at 30 March 2024, the Group's net debt position (excluding IFRS 16 right-of-use leases and preferred equity) was £632.9 million (1 April 2023: £658.3m). Free cash flow of £28.2 million was generated in the year, while £51.1 million was invested in organic growth / synergy initiatives. Acquisition-related expenditure (primarily representing payment of deferred and contingent consideration) was £15.8 million.

Applying our banks' adjusted measure of financial leverage, the Group's year end net debt to EBITDA ratio was 4.4x (FY2023: 3.4x).

The leverage increase is primarily driven by the reduced earnings in the year. As a result of changing conditions and with the higher interest rates that are likely to be experienced for the foreseeable future, it is the Board's objective to reduce the Group's net debt/EBITDA ratio ahead of refinancing the senior secured notes.

Free cash flow to movement in net debt	2024 £'m	2023 £'m
Free cash flow before exceptional items (see above)	**28.2**	71.3
Capital expenditure - growth / synergy	**(19.2)**	(54.1)
Proceeds on disposal of surplus real estate assets	**27.9**	–
Exceptional reorganisation cash cost	**(32.0)**	(25.3)
Investment in organic growth / synergy projects	**(23.2)**	(79.4)
Acquisition of subsidiaries	**–**	(119.7)
Total debt acquired or refinanced	**–**	(87.4)
Deferred and contingent consideration payments	**(14.9)**	(4.6)
Exceptional M&A costs	**(1.0)**	(4.0)
Acquisition-related working capital absorption	**–**	(17.3)
Acquisitions - related	**(15.8)**	(233.1)
Buy back of ordinary shares	**(3.2)**	(7.8)
Net refinancing cash flow	**(3.2)**	(7.8)
Movement in net cash and borrowings	**17.4**	24.4
Translation differences on foreign currency cash and loans	**22.0**	(27.0)
Other exceptional items	**39.4**	(2.6)
Total movement in net debt	**25.4**	(251.6)
Opening net debt	**(658.3)**	(406.6)
Net debt before obligations under right-of-use leases	**(632.9)**	(658.3)

Net debt	2024 £'m	2023 £'m
Net cash and cash equivalents	**72.8**	90.4
Senior secured notes (at par)	**(632.0)**	(660.2)
Super senior RCF	**(10.3)**	(12.5)
Unsecured loans	**(62.5)**	(75.0)
Finance leases and hire purchase arrangements (pre IFRS 16)	**(1.0)**	(1.0)
Net debt before obligations under right-of-use leases	**(632.9)**	(658.3)
Adjusted net debt / EBITDA	**4.4x**	3.4x
Senior secured notes (interest)	**(5.2)**	–
Bond issue premium – non-cash (related to initial value of redemption option)	**(2.4)**	(3.6)
Pre-paid finance costs on senior debt	**5.7**	7.9
Preferred equity, associated warrants and embedded derivatives	**(286.6)**	(281.2)
Factoring and receivables financing facilities	**(38.4)**	(25.1)
Obligations under right-of-use leases (incremental to above finance leases)	**(166.8)**	(171.3)
Statutory net debt (net of prepaid finance costs)	**(1,126.6)**	(1,131.5)

HANOVER FLOORING LIMITED

Last year as part of their work in auditing the Annual Report and Accounts for the 52 weeks ended 1 April 2023 our auditor, Grant Thornton, raised concerns around the control environment, completeness of accounting records and instances of non-compliance with High Value Dealer regulations at Hanover Flooring Limited, a small subsidiary, which in 2023 had revenue of £18.7m, a statutory loss of £1.2m and net liabilities of £0.4m. Grant Thornton issued a qualified opinion, solely in respect of this small subsidiary, following our decision to impose a limitation of scope on their work as they had not completed all the work they wanted to do on the subsidiary. This limitation was placed on Grant Thornton due to the Board's belief that, notwithstanding the extensive work carried out with the support of accounting and legal professional advisors, further audit procedures by Grant Thornton would not provide them with sufficient and appropriate evidence in a timescale that would have allowed for the timely delivery of our FY2023 financial statements.

Once the accounts had been delivered, the Board lifted the limitation on Grant Thornton to permit them to continue their work on addressing the concerns and this continued through the course of this year. We note that Grant Thornton have not qualified their audit report on either opening or current year balances in relation to Hanover as their concerns have been appropriately satisfied. Further detail is set out in Grant Thornton's audit report with the section Key Audit Matter "Risk factors in respect of revenue, cash and payroll cycles and actual and potential irregularities in respect of Hanover Flooring Limited".

The board took an active role in challenging management to ensure that the appropriate control environment was put in place and every effort was made to close gaps in accounting records:

- In August last year we began strengthening the Hanover finance function and recruiting a project team to complete detailed balance sheet account reconciliations for prior years. This team was led by the Group Head of Risk and Compliance under the direct supervision of the Group CFO. This team was bolstered by the continued input of a big four accounting firm to provide additional bandwidth.
- The team implemented appropriate controls in the business including in the areas of cash management, where an embargo was put in place, and credit management. This embargo meant that there could be no further instances of non-compliance with High Value Dealer regulations. As disclosed in last year's annual report management appropriately have advised the relevant regulatory authorities and, with the benefit of appropriate legal advice, have made a provision for the expected fine which is expected to be immaterial.
- The team performed a further detailed review of all receipts into the business from whatever source, including the monies held in trust in the seller's bank account using their further understanding of the cash allocation process and were able to confirm within a low tolerance that all monies that should have been received by Victoria have been or will be as part of the final earnout payment for the business.

Management performed a lessons-learned exercise as part of the process and a number of actions have been taken as a result which include:

- Updating our post-merger integration process to include more detailed oversight of the use of sellers' bank accounts for any period of time;
- Providing additional training on cash handing and related laws and regulations to all relevant teams in Victoria; and
- Increasing the number of internal audit resources to allow for more timely reviews of the control environments of each subsidiary.

Hanover Flooring now has a more robust control environment and appropriate work has been undertaken to ensure that Victoria has not suffered any financial loss. We have also reviewed all of the recent acquisitions in the Group to confirm that the issues raised in relation to the control deficiencies at Hanover were not found elsewhere and found that to be the case.

Financial Review

ACCOUNTING STANDARDS

The financial statements have been prepared in accordance with UK-adopted international accounting standards. There have been no changes to international accounting standards this year that have a material impact on the Group's results. No forthcoming new international accounting standards are expected to have a material impact on the financial statements of the Group.

GOING CONCERN

The consolidated financial statements for the Group have been prepared on a going concern basis.

The Director's report on pages 53 to 55 sets out the justification for this basis of preparation.

Brian Morgan
Chief Financial Officer

18 June 2024

Environmental, Social and Governance Report

OVERVIEW INCLUDING OUR APPROACH TO ESG

Victoria champions sustainable practices, prioritising waste reduction, operational efficiency, and the well-being of our workforce as fundamental pillars of our success as a Group.

Our commitment to sustainable operational improvements has been instrumental in driving the growth and advancement of our business.

During FY2024, we have continued to refine our approach to Environmental, Social, and Governance (ESG) matters, and this period marks the first of our Task Force on Climate-Related Financial Disclosures. Our key ESG topics remain consistent with those of the previous period and within this report we detail our ongoing efforts and progress in these areas.

We are continuously developing our ESG strategy to ensure sustainability issues are effectively managed, data collection is streamlined, and progress reporting is cohesive throughout the entire Group.

Victoria remains focused on effectively mitigating the ESG risks we face while remaining aligned with the Group's broader business strategy. This alignment is crucial for achieving the success necessary for our continued prosperity.

LEADING THE WAY WITH ELECTRIC TRUCKS

A significant step for our Alliance subsidiary saw us take delivery of our first fully electric trucks in January 2024. With these vehicles in the fleet, we are now collecting over 1200 rolls of carpet per week produced at our manufacturing facility in Wales and delivering them to our Distribution Centre in Worcester carbon free.

The potential to introduce electric trucks into our fleet is something we have been monitoring for several years and we settled on a model we considered the right fit for us, a highly flexible truck for local and regional transportation, with a low level of noise and one that can be used in zero emission zones and areas where diesel trucks are not permitted.

This development enables us to study the suitability of electric trucks for deployment across the rest of our network. Additional fully electric trucks have already been ordered and we will continue to review the opportunity for wider deployment as cell technology and the national charging infrastructure develops further.

Environmental, Social and Governance Report

OUR SIGNIFICANT ESG TOPICS

Below is a table that outlines what we consider to be the key ESG topics relevant to each aspect of our operations, along with their respective priorities.

These topics were first disclosed in 2022 and are the result of collaborative efforts with a leading ESG consultancy to identify our ESG risks, mitigation activities, and opportunities. This comprehensive review involved extensive stakeholder interviews and thorough research into our sector and the regions in which we operate. The findings, which highlight factors impacting Victoria specifically and the flooring industry more broadly, were integral to a management assessment that determined these topics and their associated priorities.

These ESG topics and their priorities are re-evaluated periodically, with no change noted in the current period.

The prioritisation of specific topics across the Group depends on the nature of their operations (for example, the priorities related to soft flooring manufacturing may differ significantly from those related to ceramic tile manufacturing). Therefore, certain topics may hold a higher or lower priority for different parts of the Group.

	Operational Area		
ESG Topic	Soft Flooring Manufacturing	Ceramic Tile Manufacturing	Distribution / Logistics
Environmental			
Energy management	Low	High	Low
Carbon Emissions	Low	High	Low
Waste and Water management	High	Low	–
Product lifecycle	High	Low	–
Chemicals Management	Medium	Low	–
Social			
Attracting, Developing and Retaining Talent	Medium	Medium	Medium
Diversity & Inclusion	Medium	Medium	Medium
Health Safety and Wellbeing	Medium	High	Medium
Responsible Sourcing	Medium	Medium	Low
Human Rights and Modern Slavery	Medium	Medium	Medium
Governance			
Reporting, Disclosure and Transparency	Medium	Medium	Medium

Victoria ESG Topic Priority

Low Priority Medium Priority High Priority

ENVIRONMENT

Managing our energy usage & our carbon emissions

We review our Greenhouse Gas (GHG) footprint through the Streamlined Energy and Carbon Reporting (SECR) process. This data enables us to identify the areas of our business which produce the most emissions and to take significant, direct action to reduce our energy usage and carbon emissions.

Streamlined Energy and Carbon Reporting

The section below presents the energy usage and associated carbon dioxide emissions for Victoria's global operations. This section has been prepared in compliance to the SECR Framework as implemented in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

GHG Emission (1st April 2023 to 31st March 2024)	**Units**	**UK & Europe soft flooring**	**UK & Europe Ceramics Tiles**	**Australia**	**North America**	**Total**
Emissions from combustion of gas (Scope 1)	tCO_2e	19,473	170,885	2,627	185	193,171
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO_2e	11,745	2,695	356	3,027	17,823
Emissions from purchased electricity (Scope 2)	tCO_2e	32,563	30,941	5,101	189	68,794
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	tCO_2e	36	11	–	181	228
Total Gross emissions	tCO_2e	63,817	204,532	8,084	3,583	280,016
Energy consumption used to calculate above emissions	kWh	273,436,694	1,033,559,721	22,645,836	15,643,133	1,345,285,384
Total Gas Usage	kWh	106,453,065	934,160,536	14,265,909	866,122	1,055,745,633
Total Electricity Usage	kWh	117,256,016	88,516,751	6,821,424	596,207	213,190,399
Total Transport Usage	kWh	49,727,613	10,882,433	1,558,503	14,180,804	76,349,353

Within the UK, the total Gross emissions for the year were 23,411 tCO2e (previous year 24,292 tCO2e) and total associated energy consumption was 111,717,254 kWh (previous year 116,649,642 kWh).

The total Global Gross emissions for the year were 280,016 tCO2e (previous year 314,521 tCO2e) and total associated energy consumption was 1,345,285,384 kWh (previous year 1,557,324,718 kWh), representing a decrease in the current period.

The intensity ratios have been calculated for the four reporting divisions. These have been calculated from sales volumes for each division and include all energy usage and emissions stated within the above emissions figures and the methodology.

Emissions (1st April 2023 to 31st March 2024)	**Units**	**UK & Europe soft flooring**	**UK & Europe Ceramics Tiles**	**Australia**	**North America**	**Total**
Intensity Ratios	$tCO_2e/\ 1000m^2$	0.461	4.352	0.364	0.505	1.304
Previous year intensity ratio*	$tCO_2e/\ 1000m^2$	0.433	4.472	0.405	0.196	1.367

* Previous year intensity ratio restated to be comparable with current year.

Environmental, Social and Governance Report

Methodology

Victoria have followed the 2019 HM Government Environmental Reporting Guidelines and report in alignment with relevant aspects of the GHG Protocol. Emissions factors used are tonnes of CO2 equivalent and data has been calculated using the 2023 UK Government's Conversion Factors for Company Reporting, for all UK electricity and global fuels data. The Australian Government National Greenhouse Accounts Factors, International Energy Agency, Association of Issuing Bodies and the Environmental Protection Agency have been used for all remaining geographical electricity conversion factors for location-based reporting.

Scope 1 emissions relate to on-site gas usage and emissions from Company owned and long-term lease vehicles.

Scope 2 emissions relate to on-site imported electricity usage and CO2e emissions calculated are associated to generation only and do not include Scope 3 Transmission and Distribution losses.

The Scope 3 emissions relate to grey fleet. A grey fleet vehicle is one owned and driven by an employee for business purposes. This also includes fuel use for any vehicles which have been rented short term, for an employee to travel for business purposes. We do not currently include other Scope 3 emissions including, but not limited to, those associated with purchased goods and services, the upstream emissions of the fuel and electricity we consume or employee commuting.

Where there is a Combined Heat and Power (Cogeneration) plant operated on site, the emissions reported have been incorporated and calculated from the natural gas input.

The primary source for energy consumption data is supplier consumption data, metering data with some limited estimated data. Most of the transport usage has been calculated from records of litres used. The remainder of the transport data has been taken from mileage records, some of which have been estimated where records did not exist. Estimated data makes up less than 5% of reported emissions.

The usage and emissions presented align with monthly supplier invoices and are calculated and presented for 1st April 2023 to 31st March 2024.

The emissions reporting includes all of Victoria's sites globally, this reflects the activities and financial information presented within the financial reporting. There has been no de-minimis applied and all Victoria companies with a physical presence have been included.

Energy management and carbon emissions

Continuing volatility in global energy prices has underscored the importance of our ongoing strategy to invest in sustainable, eco-friendly, and reliable energy solutions. The diverse nature of the Group allows us to achieve this in various ways, with the most common being the installation of solar photovoltaic (PV) panels at several locations. Historically, several Group entities have benefited from this technology, and at certain sites, we sell the surplus renewable energy we produce back to the national grid during periods of low energy demand.

We recognise that, while ensuring the energy we consume is renewable wherever possible is important, it is equally vital to reduce our overall consumption. Several of our subsidiaries procure additional energy from renewable providers, and we seek opportunities to reduce energy usage across the Group through various projects, often initiated by closely monitoring our gas and electricity usage via sub-metering.

At our ceramic tile facilities across Europe, we continue to harness the heat generated from our spray dryers, using co-generation plants to convert this heat into electricity. This approach reduces our environmental impact and contributes to a more sustainable energy consumption model.

The ongoing transformation of our Balta acquisition has also reduced our environmental footprint. The closure of the Avelgem facility and the consolidation of our logistical activities for Rugs into a single facility in Sint-Baafs-Vijve have eliminated intercompany transportation between two sites. Further efficiency gains include replacing the turbo compressors in Sint-Baafs-Vijve with variable speed compressors from the closed Avelgem site, significantly reducing energy usage. The turbo compressors removed have been installed in the yarn extrusion plant of our Turkish facility, where their specifications better match the requirements, further reducing the electricity consumption at our Usak site. Additionally, an exercise to determine the optimum pressure in that facility's weaving and finishing departments led to the installation of separate compressors, further reducing emissions. This subsidiary has also continued to reduce emissions through targeted investments, for example an ongoing LED lighting replacement programme.

Our carpet manufacturing operation in Newport, Wales, has benefited for several years from a nearby wind turbine providing up to 40% of our electricity needs. While this continues, we are exploring how we can go further. Feasibility studies into installing solar panels on the roof are underway, with early feedback suggesting this could provide an additional 15% of our electricity needs at this site. A new electricity supply agreement also ensures that 100% of the electricity is sourced from renewables.

Our other carpet manufacturing site in Dewsbury, West Yorkshire, has also made several improvements to enhance efficiency and reduce energy consumption and carbon emissions compared to a no-action scenario. These include upgrading the heat effectiveness of the panels used on the backing line, allowing us to lower the temperature. The factory lighting is now motion-sensitive, further reducing energy demands. Finally, a shift change has reduced the number of start/stop occurrences on the backing line, significantly improving efficiency.

In the UK, Interfloor, one of our underlay manufacturing businesses, continues to reap the benefits of its solar panel installation, generating over 400 megawatt-hours (MWh) in this period. We have also achieved efficiencies in our waste gas treatment, resulting in an estimated saving equivalent to over 100MW of gas. These efficiencies have contributed to a reduction in energy inputs both overall and per roll produced.

This year, the Victoria Grass Group has taken steps to reduce the carbon emissions arising from the manufacturing process through the development of an innovative new polyurethane coating for its products. This method not only eliminates water usage but also requires approximately 70% less gas to produce.

In Australia, solar panel installations continue to partially power our subsidiary Dunlop Flooring. This subsidiary also optimises its supply chain by using more efficient sea routes rather than road and rail, where lead times permit. We also continue to use our delivery trucks to pick up recyclable materials from our customers on return journeys to our facilities. This optimisation of our logistics chain reduces the total number of journeys required, thereby further reducing emissions.

Further reductions in carbon emissions are being achieved through the Group's use of electric vehicles. At Balta, we encourage employees to choose either fully electric or hybrid options for new or replacement company cars. This is complemented by the installation of 30 charging stations at this subsidiary's Belgian locations. At the Usak site in Turkey, we have replaced five LPG forklifts with electric models and shifted our logistics model to intermodal transport, i.e. the use of multiple modes of transportation and reduced the reliance on direct road, significantly reducing the number of truck shipments.

A similar strategy at our carpet manufacturing plant in Wales has resulted in over 50% of our forklift truck fleet now being electric. Elsewhere in the UK, Interfloor has also achieved CO2 emission savings with a modernised vehicle fleet.

Logistics

The transportation of our products contributes to our environmental impact. The fuel consumption of our truck fleet, essential for logistics, poses a substantial cost and generates a significant portion of the greenhouse gas emissions produced by our Group. Addressing this aspect is crucial in our efforts to reduce our environmental footprint.

For our UK carpet operations, the distribution vehicles were already compliant with the latest Euro 6 standard, and we previously outlined that we continue to monitor available technology solutions, such as the potential use of electric trucks. Our new distribution centre was built to accommodate this need, featuring 125kW of electric vehicle charging infrastructure and 32 charge points. Additionally, all forklift trucks within the warehouse are already exclusively battery-powered.

We've already detailed that our UK subsidiary responsible for the logistical movements of our carpets, Alliance, has now followed through on this commitment and is an early adopter of fully electric Heavy Goods Vehicles (HGVs) with additional models awaiting delivery. This change means approximately a quarter of the deliveries between our carpet manufacturing plant in Wales and our distribution centre in Worcester are zero emissions at the tailpipe. To achieve further energy savings, both with these vehicles and the rest of the fleet, we are also conducting fuel management and driver style training. We expect this training to contribute to at least a 5% efficiency gain.

In North America, our Cali subsidiary has focused on logistical improvements to enhance efficiency and reduce carbon emissions. By carefully tracking less-than-truckload (LTL) versus full truckload (FTL) freight and increasing the proportion of FTL shipments this subsidiary has seen improvements in the calendar year 2024 compared to 2023.

Environmental, Social and Governance Report

Waste and Water Management

We have consistently maintained a conscientious approach to utilising raw materials, striving to minimise waste in our manufacturing operations and optimise resource utilisation. All businesses have a responsibility to carefully manage resources to mitigate their impact on the environment. Embracing the principle of "doing more with less" not only enables us to achieve improved financial performance and deliver value to our customers but also generates increasing returns for our shareholders. By aligning our sustainability efforts with sound business practices, we can create a positive impact on both the environment and our stakeholders.

At our carpet manufacturing plant in Wales, we estimate that 95% of our site waste (including cardboard, paper, yarn, and other raw materials) is being managed, segregated, and recycled. Our other UK carpet manufacturer, in West Yorkshire has focused on expanding the range of waste products that get recycled and reduced the waste created as a result of providing customers samples of our products by producing these as part of a production run rather than against a specific roll, achieving significant savings.

Processes at our newest UK distribution centre that significantly reduce our use of water, with harvested rainwater used in the toilets and for washing our trucks, continue.

One of our UK underlay manufacturers, Interfloor, recycles 100% of process water, with 90% of waste being either recycled or used as Refuse Derived Fuel (RDF).

The Victoria Grass Group has continued to make progress and has achieved ISCC PLUS certification for our use of recycled content in Schramm yarn and backing powder.

Our ceramics operation prioritises waste and water management. As an example, at our Turkish subsidiary Graniser wastewater is treated through two processes, with the internal treatment feeding the polishing section, i.e. the part of the production process where the surface of the tiles is polished to achieve a desired finish, operating on a zero-discharge principle. Treated water is used throughout the factory, with any excess shared with the local Organised Industrial Zone.

Efforts at Victoria Carpets Australia to improve waste management have continued this year. Waste yarn that might otherwise be lost is being recovered, separated, and prepared for recycling networks. This initiative significantly reduces waste, as does another project using soft wool waste in packaging and acoustic materials. The team also significantly reduced water usage through a new boiler system and process changes in the dyehouse, reducing the amount of water needed for each kilogram of yarn produced and we developed a process with a local company to recycle our waste polypropylene into products for the agricultural and landscaping industries.

Product lifecycle

To address the challenges in this area we are committed to continually evaluating our range to explore opportunities for developing products with greater circularity, i.e.—those that minimise reliance on virgin resources and are designed with end-of-life considerations in mind. This can be achieved by producing items with a diverse material composition that are easier to separate during recycling or by creating products made from a single material.

Our Balta subsidiary benefits from a 'Pureloop' installation for recycling polypropylene waste and intermediate products. All mono polypropylene material (from weaving, tufting, tape extrusion, etc.) is recycled in-house and used in our staple fibre and tape extrusion processes. Additionally, we have started recycling all waste from our Turkish extrusion plant using our Pureloop installation in Belgium and have made investments to enable the extrusion of recycled polyester yarn.

Within the UK carpet industry, there are limited options for consumers to recycle synthetic carpets. While we produce durable, high-quality products intended for long-term use, our synthetic carpets and artificial grass products consist of complex material mixes, posing recycling challenges. Although we also offer carpets made from natural fibres, consumer demand for synthetic carpets remains strong, making them the predominant choice in our production.

To combat the lack of accessibility in carpet recycling in the UK, we are committed to driving progress in this area and continue to maintain our membership of Carpet Recycling UK. This association collaborates with manufacturers, distributors, contractors, retailers, fitters and the waste sector to divert carpet waste from landfills. Through this we are working to recycle carpet into fibre-reinforced concrete and we are also exploring other opportunities to divert waste from landfill, such as converting the latex used in our carpet bonding process into fertiliser.

At the core of our underlay production is a recycling operation. Our manufacturing sites repurpose polyurethane foam waste from various industries, such as vehicle seats, soft furnishings, and mattresses, into long-lasting products for our customers. In addition to foam waste, we are exploring opportunities to incorporate other recycled components, such as carpet waste.

In the current year Interfloor has continued to expand their Renu range (98% recycled and 100% recyclable) with two additional products. This range, and all others that Interfloor offers, are covered by Environmental Product Declarations (EPDs).

At Victoria Carpets Australia, we have a range of Solution Dyed Nylon (SDN) products that utilise recycled waste. Our Australian subsidiaries also have initiatives supporting the lifecycle of our products, including a take-back scheme to recover used underlay and recycle it into new products.

Another of our Australian subsidiaries, Dunlop, recycles approximately 100 tonnes of used underlay per year, and 100% of our product can be recycled. Additionally, their underlays are made up of 90% recycled materials, and we continue to offer a sustainable bio-based underlay using renewable source sugar cane, with a commitment to plant one tree for every ten rolls of underlay sold. This range is complemented with biodegradable bags, and the point of sale displays for this product are entirely recyclable and contain no plastic.

Our artificial grass business, the Victoria Grass Group, focuses on developing products with longer lifespans and participates in take-back schemes in Belgium and the Netherlands, aiming to collect all the cutting waste during installation and the end-of-life product. This year through a partnership with another entity focused on recycling end-of-life artificial turf they have developed a yarn and secondary backing containing end-of-life materials, with the end product being made up of more than 40% end-of-life polymer. Further product development is underway to allow the use of these fibres in our sports and landscape products, with the intention to launch more products during 2024.

The ceramic tile business within our company manufactures a product that is easily recyclable and can be repurposed to create new ceramic and aggregate products. Through collaborations with local suppliers and recyclers, our ceramic tile manufacturing businesses harness the potential of recycled bricks, tiles, and glass to create specific ceramic tile products. Moreover, owing to the inherent reusability of our ceramics, once they reach the end of their life cycle, they can be transformed into new tiles through re-grinding. This process eliminates the need to dispose of waste in landfills and supports our sustainability efforts.

Our ceramic tile manufacturing business in Italy continues to use a technique it developed to produce the glaze for certain tile products using the fine glass from waste TV screens. The process cleans the TV screens and recycles the glass, transforming it into a glass powder that can be mixed with other components to make the substratum and glaze for certain tiles.

We continue to push further. Our Turkish ceramics entity, Graniser, aims to adopt the cradle-to-grave method for the raw material extraction process and having established the criteria for the entire process, including up to the packaging of the final product, they will shortly be applying for formal accreditation of this process.

Chemicals management

We recognise the importance of responsible chemical management and strive to protect the natural environment while ensuring the health and safety of our colleagues. We use a range of chemicals tailored to meet the unique needs of our products and businesses and over the years we have made significant efforts to eliminate the use of harmful chemicals from our manufacturing processes.

Our manufacturing businesses prioritise the safe and responsible handling of chemicals through Control of Substances Hazardous to Health (COSHH) Task Risk Assessments conducted for relevant production processes. These assessments provide detailed information on the chemicals used, potential hazards, and the measures implemented to mitigate any associated risks. Each chemical is assigned a risk score ranging from 'Very Low' to 'Extreme' based on its specific application. Many of our assessments indicate a 'Low' or 'Very Low' risk level, with only a limited number categorised as 'Medium' risk.

Our businesses adhere to robust Health, Safety, and Environmental protection policies and guidelines that cover the handling of chemicals on our sites. These outline packaging, labelling, storage, and disposal requirements for the chemicals we use, as well as the necessary Personal Protective Equipment (PPE) for our colleagues. Regular training on chemical handling and usage is provided to all relevant employees as a mandatory requirement for their roles and procedures are in place to promptly address any spills or contact incidents involving chemicals. Our sites are equipped with hand and eye wash stations, as well as specialised clean-up equipment to effectively contain and manage any spills. Additionally, designated emergency response officers are present at our sites to handle any incidents that may occur. Furthermore, our manufacturing businesses engage third-party specialists to conduct annual discharge surveys, ensuring that there are no unintentional discharges into local

Environmental, Social and Governance Report

COLLABORATING CROSS GROUP TO ACHIEVE PRODUCT CIRCULARITY

In a great example of group synergies, two of our subsidiaries, Balta and the Victoria Grass Group, have collaborated to enhance the circularity of our products.

Our Balta subsidiary is now producing masterbatch, the mixture used to colour and modify the properties of the polymer fibres used in our carpets, at our Sint-Baafs-Vijve facility for the Victoria Grass Group, who are in turn using it in the extrusion process of our artificial grass.

Surplus from the Grass Group's tufting production is then returned to Balta, who are then recycling it in their Pureloop system, creating PP and PE granulates. These granulates are then returned and used in the production of new artificial grass by the Victoria Grass Group.

Embracing product circularity in this way reduces waste and lowers the demand for virgin materials helping to minimise the carbon footprint associated with our manufacturing. This sustainable approach helps to create a closed-loop system where products and materials are repurposed and helps us to mitigate our environmental impact.

watercourses.

Where applicable, our subsidiaries also check the EU's REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) statements of our supplier base to ensure product compliance.

Examples of how we appropriately manage chemicals are found throughout the group. At Victoria Carpets Australia we had already ceased the application of chemical-based topical treatments on our Solution Dyed Nylon (SDN) carpets. We are now going further and are working with the relevant industry body to achieve a higher rating within the Environmental Classification Scheme (ECS).

SOCIAL

Victoria aims to create an excellent workplace environment that positively impacts local communities.

Attracting, Developing, and Retaining Talent

Our continued success hinges on our capacity to attract, retain, and nurture top talent throughout our organisation, providing them with the necessary resources to advance their careers within Victoria. We prioritise fostering a diverse and inclusive workforce, ensuring a multitude of career pathways are available. Our commitment to employee development can be seen across the group and is illustrated through structured training programmes offered internally, complemented by the recruitment of exceptional individuals from outside our organisation.

To cultivate fresh perspectives and drive innovative product development, it is imperative that we invest in emerging talent and explore novel approaches to work.

Throughout the year, we have made several improvements to enhance employee well-being. At Balta, the modernisation programme detailed in the last report has continued with the renovation of our Sint-Baafs-Vijve head offices.

Our ongoing commitment to developing talent at our manufacturing plant in Wales will see the development of robust succession plans during 2024 and at our plant in West Yorkshire we have been running specific training courses for our supervisors and managers, with further training available to the wider workforce where there is a desire from the employee.

Our Australian subsidiary Dunlop is proud to partner with a non-profit organisation, The Sacred Heart Mission, providing opportunities for staff to volunteer in support of their mission to feed the homeless and disadvantaged.

Our UK carpet logistics subsidiary, Alliance, has run a pilot programme for apprenticeships and has supported school students looking to gain work experience.

Employee diversity and inclusion

Victoria is dedicated to upholding the principles of equality and fairness in employment opportunities. We strive to cultivate a diverse workforce and foster an inclusive environment across our entire organisation. Our goal is to create an atmosphere where every individual can thrive, realise their potential, and actively contribute to our business objectives, irrespective of their age, gender, ethnicity, or background.

To support our commitment to diversity and inclusion, we have established policies that outline our approach and provide guidelines for promoting equality. Additionally, wherever possible, we offer family-friendly working practices that accommodate the needs of our employees and periodically review gender pay gaps within our various businesses before developing strategies and initiatives to address those gaps.

Ultimately, our aim is to foster a culture where our employees feel empowered to bring their unique perspectives, experiences, and backgrounds to their workplace. By embracing diversity, we can collectively achieve exceptional performance and drive our growth as an organisation.

Health, safety, and well-being

The well-being and safety of our workforce lies at the core of our Group's culture. We are committed not only to preventing injuries and accidents among our employees but also to providing them with the necessary support to maintain their physical and mental well-being, while promoting a healthy work-life balance.

We operate with a "Safety First" mindset, which aims to significantly improve our performance in Lost Time Incidents (LTI) and Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations (RIDDOR). We actively encourage all colleagues to report any incidents or near misses, as this enables us to drive further enhancements in workplace safety.

Across our Group, major manufacturing sites adhere to ISO accreditation and uphold the highest standards of health and safety. Each major site is supported by a dedicated Safety Manager who oversees the implementation of safety protocols. We actively involve our employees in the development of risk assessments for our operations, and through process improvements, increased training and development initiatives, and strong management focus, we seek to consistently achieve advancements in colleague safety within the workplace.

While a limited number of hazardous substances are utilised in our manufacturing processes, we have stringent procedures in place to govern their transportation, storage, and careful usage. The Group continues to work on reducing the consumption of these substances and exploring safer alternatives, as mentioned in the Chemicals Management section of this report.

Our employees are the invaluable foundation of our organisation, and we continuously seek ways to support them in their work at Victoria. We recognise and appreciate their contributions not only through fair compensation but also by prioritising their health and well-being. Examples of this commitment can be found throughout the business, such as walk-around audits and planned task observations, as well as regular local briefings to ensure our commitment to health and safety is paramount.

Specific examples include the continued safety campaign at Balta where we have again seen a reduction in the accident frequency. Safety training is delivered through a variety of methods, including practical training, external service providers, and innovative safety awareness training for shift leaders using virtual reality technology. Initiatives such as these contributed to 335 days without an accident at our Usak facility, setting a new record for the team there.

At our carpet manufacturing plant in Wales, the Health & Safety team have reviewed and ensured that Standard Operating Procedures (SOPs) are implemented in all areas. This subsidiary has complemented this with an external occupational health company carrying out health surveillance throughout the business to assess employee needs and requirements and made healthcare plans available for the employees.

At our manufacturing facility in West Yorkshire, monthly Health & Safety meetings take place with a committee of representatives. Additionally, 'themes of the month' are used to focus employee attention on different safety aspects throughout the year. This location also partnered with another of our subsidiaries, Westex, to put on a free pantomime for the local community, open to all employees and their families. Like other sites, it has refurbished and upgraded some of the common areas used by employees, such as the canteen.

At Interfloor, toolbox talks have been rolled out covering 28 topics, manual handling training has been conducted with over 200 employees, and specialist chemical safety training has been provided to over 130 employees.

Our Australian entities employ similar practices, such as safety committees and 'toolbox talks'. Victoria Carpets Australia continues to partner with the Black Dog Institute, a foundation dedicated to developing strategies and programmes for people and their families dealing with mental health issues, raising funds with the help of our employees. Additionally, the Employee Assistance Programme, which provides confidential assistance to employees and their families across a range of personal and domestic

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situations, continues to operate.

At Alliance, we ensure our workforce has 24/7 access to qualified professionals and partner with the Occupational Health services entity, Recovery For Life.

At the Victoria Grass Group, we offer a variety of training courses, including first aid and forklift truck operation. To ensure that all employees experience a safe and trusted environment, we have appointed an external confidential advisor in conjunction with our whistleblowing policy to further support transparency and accountability within the organisation. Physical inspections in our production environment regarding safety, health, and environmental aspects are conducted regularly to ensure expected standards are maintained.

Our Ceramics operation in Italy had already restructured its work shift to a 3+2 pattern instead of the previous 4+2. This year, we introduced flexible working hours, and increased flexibility and support for working remotely where appropriate is in the process of being implemented.

Responsible Sourcing

The raw materials we procure from numerous suppliers worldwide significantly impact our products. We therefore support and encourage our suppliers and partners to address their own environmental, social, and governance performance to ensure we procure the best materials at the best prices for the long term. For example, whenever possible, our wood materials are sourced from sustainable origins, including suppliers certified by the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC).

Across our Group, we conduct due diligence assessments of many of our suppliers to maintain low exposure to ESG risks. We regularly screen and visit key commercial partners, establishing supplier codes of conduct outlining the standards and practices we expect.

At Balta, we have Global Recycled Standard (GRS) certification for the traceability of our recycled products, and we are currently running trials to explore the potential to increase the percentage of recycled materials in our plastic packaging from 30% to various levels up to 100%.

Various subsidiaries within our organisation are actively engaged in ensuring supplier compliance and sustainability. Examples in the current year include Interfloor revising its supplier charter and requiring that their suppliers adhere to the new standards. Victoria Carpets Australia continues to conducts regular supplier factory visits, providing feedback on quality and performance, and employs a rigorous assessment process for key suppliers based on multiple criteria, including energy efficiency and human rights whilst another of our Australian subsidiaries, Dunlop, ensure technical department audits of suppliers deliver compliance against good manufacturing practices. Our North American subsidiary, Cali, has continued its focus on legal and sustainable sourcing of plant-based flooring products through supplier education, certifications, and internal accountability measures.

Modern Slavery

At Victoria, we prioritise the fair and respectful treatment of our employees throughout the entire Group. We are committed to providing equitable compensation and ensuring suitable working conditions. Discrimination, bullying, harassment, and victimisation are strictly prohibited, and we actively promote an environment of open communication supported where necessary with whistleblowing tools, that encourages employees to voice any concerns directly to senior management.

We have developed a Modern Slavery Statement highlighting how we address the issue of modern slavery and human trafficking. This statement outlines the measures we have implemented to ensure that such exploitative practices do not occur within our organisation or our supply chains. Within our supply chains, we maintain a low risk of human rights violations, largely due to the longstanding and trusted relationships we have established with many of our suppliers. We regularly conduct thorough factory visits with key suppliers, fostering transparency and trust in our partnerships. Furthermore, our supplier base primarily consists of well-established and professionally managed businesses operating in jurisdictions with robust regulatory frameworks concerning modern slavery. We undertake several actions both internally and within our supply chain to protect against these risks.

GOVERNANCE

Reporting and Disclosure

We consider good governance essential to all our work at Victoria. We ensure we have the appropriate controls across our businesses to always support and display strong business ethics. We support anyone who, in good faith, discloses a failure to meet our high standards of business ethics. We have several whistleblowing procedures in place across the organisation and have continued to integrate these solutions over the last year to provide an even more robust framework for the Group. We promote a culture enabled through our whistleblowing policies and procedures, where employees should feel able to raise concerns without fear of retaliation and in the knowledge that the matters they report will be taken seriously and in confidence.

The Group also has in place a framework of internal policies and procedures to address anti-corruption, bribery, conflict of interest, whistleblowing, gifts and hospitality, tax evasion, and share dealing issues. One of the areas undergoing the most regulatory change is sustainability. We are committed to improving how we capture data and disclose our performance against action plans that mitigate our ESG risks.

Currently, at a Group level, we collate our carbon impact data and report it in accordance with the requirements of the Streamlined Energy and Carbon Reporting (SECR) regulations. This year, in line with our reporting requirements, we have aligned our disclosure of climate-related risks and opportunities with the guidelines provided by the Task Force on Climate-related Financial Disclosures (TCFD), detailing key governance, strategy, risk management, and metrics and targets relating to our climate-related risks and opportunities. We also continue to monitor the regulatory environment in which we operate and will respond as necessary to other developments, such as the UK Sustainability Disclosure Requirements, Climate Change Transition Plan, Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy, and the International Sustainability Standards Board (ISSB) disclosure requirements.

Outlook

Victoria is committed to ESG matters and is actively continuing to implement its strategy. This is an evolving initiative with many subsidiary-level actions being taken across the Group under a Board-reviewed framework. Further information will be published as the Group’s ESG strategy continues to develop.

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Task Force on Climate-Related Financial Disclosures (‘TCFD’)

Victoria plc recognises climate change poses a significant financial risk to the broader economy and may in turn result in both direct and indirect financial impacts across our businesses. We understand the importance of providing accurate and timely disclosures to support informed and efficient capital-allocation decisions across financial markets.

In response, we are proud to disclose our first report in line with the Department for Business, Energy & Industrial Strategy (BEIS) Climate-related Financial Disclosures (“CFD”) requirements. We understand effective management and adaptation to climate-related issues will be an iterative process, that will require continuous improvement. We are committed to building on our current understanding, management, and resilience to climate risk and will look to continuously advance our strategic and financial planning to ensure effective climate change adaptation. We will be transparent and communicate our progress in this space via annual CFD-aligned reporting.

Section	Requirement	Disclosure
Governance	(a) Describe the board’s oversight of climate-related risks and opportunities	Consistent with the other risks and opportunities of the business the responsibility for overseeing the Group’s climate-related risks and opportunities ultimately sits with the Board and is part of the wider Environment, Social and Governance (ESG) activity. The Company’s ESG strategy is focused on ensuring the long-term sustainability and success of the Company for the benefit of all our stakeholders. In the current year the company established an ESG Committee consisting of the Chief Executive Officer (Committee Chair), Chief Financial Officer, Group Finance Director, Chief Strategy Officer and the Head of Risk and Compliance to assist the Board in the fulfilment of its oversight responsibilities with respect to the ongoing development and progression of the Company’s ESG strategy. The Committee Chair reports to the Board on the committee’s proceedings, identifying any matters arising in the meeting or within the remit of the Committee which it considers needs noting or a decision by the Board. ESG is formally discussed at Board meetings twice annually. At these meetings the Committee Chair will report on the work of the Committee, including making any relevant recommendations on all matters relating to ESG and climate change, including changes to the strategy, key aims and priorities. The Group maintains a regular dialogue with both existing and potential new capital providers to communicate the Group’s strategy and progress and to understand capital providers needs and expectations, including with regards to ESG and specific climate-related activities and issues. In addition to this climate-related risks and opportunities, e.g. compliance risks, are monitored by the Company’s Risk function who input to Board meetings with any resulting action cascaded as appropriate. Major plans of action and their accompanying expenditures, including those in response to climate-related issues, are considered as part of the annual budget setting process which is reviewed and approved by the Board, with subsequent progress against budgets also subject to regular review at board level. ESG considerations are included for all major capital expenditure projects and acquisitions. The monitoring of the organisation’s performance with regards ESG matters, including those specific to climate-related risks and opportunities, is performed by the ESG Committee. Victoria is in the process of evaluating climate-related targets across our business which we expect to disclose progress on in next year’s TCFD statement. The Board are involved in the target setting process and will review and sign-off on any climate targets the Group adopts. Further, we will establish a formal process to ensure regular Board oversight of progress against any targets (i.e., providing regular updates to the Board on our performance against targets as part of the ESG Committee updates to the Board), along with specific roles and responsibilities to maintain strong governance over these.

1. *Department for Business, Energy & Industrial Strategy, Mandatory climate related financial disclosures by publicly quoted companies, large private companies and LLPs, 2022 < Mandatory climate-related financial disclosures by publicly quoted companies, large private companies and LLPs (publishing.service.gov.uk)*

Section	Requirement	Disclosure
Governance	(b) Describe the management's role in assessing and managing climate-related risks and opportunities	The Risk function is responsible for identifying, assessing and managing risks and opportunities across the Group, of which climate-related risks and opportunities form part. Oversight in this specific domain is provided by the ESG Committee which in turn reports to the Board as required. Climate-related issues are documented in the Group Risk Register and are reviewed on a regular basis with the subsidiaries and divisional heads as appropriate. Further, climate risks are detailed separately in a Climate Risk Register, at a divisional level, which are latterly transferred into the Group Risk Register. Significant climate risks are escalated to the ESG Committee as necessary and then escalated to the Board as appropriate. Our ESG topic areas, and their priority, are re-assessed annually. Climate-related risks are considered as part of this and form part of the Group's overall risk management process. The preparation of the Group's annual ESG Report and TCFD disclosure enables the Group an opportunity to provide stakeholders with commentary on climate-related factors.
Strategy	(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Victoria assesses climate-related risks and opportunities against three distinct time-horizons. These time horizons have been developed reflecting our finance and strategic planning cycles, as well as the useful life of our assets and operations, allowing for longer time frames over which material physical climate risks may potentially manifest. Table 1. Victoria's climate time horizons

Time Horizon	Description	Potential climate risks relevant to time horizon
Short-term	0-3 years (2024-2027)	Short-term climate-related risks that could have a potential immediate financial impact on the business. This considers predominantly transition risks from changing market, technology, policy and reputational demands. This time horizons extends to 2027 in line with Victoria's shorter-term term business and financial planning.
Medium-term	3-6 years (2027 – 2030)	Medium-term climate related risks consider both transition and physical risks across our global operations and supply chain. During this time horizon, transition risks such as carbon pricing may become increasingly demanding to support the transition to a low-carbon economy, placing increased strain across several or potentially all our regions of operations. This time horizon extends to 2030 as an increasing number of governments and companies are looking to meet interim targets set for the end of the decade.
Long-term	6+ years (2030-2040)	Long-term impacts are predominantly those relating to increased frequency and severity of extreme acute and chronic climate change events. Victoria has a global supply chain that may be susceptible to a range of acute and/or chronic physical hazards such as storms and flooding, extreme heat, sea level rise and drought. This timeline extends to 2040 to appropriately assess the resilience of Victoria to potentially increased frequency and severity of longer-term physical impacts of climate change.

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TCFD Continued

Section	Requirement	Disclosure
Strategy continued		During FY2023/24, Victoria conducted a detailed qualitative assessment of climate-related risks and opportunities across the business, to support our first-year reporting on climate-related matters in line with the (Climate-related Financial Disclosure) Regulations 2022. As part of this process, we identified a short-list of climate-related risks and opportunities that could potentially have a material impact on the business over various time horizons via desktop research, peer analysis and internal workshops with selected stakeholders from across the various divisions and regions of our business. In total, 3 transition risks, 1 physical risk and 1 opportunity were identified to have a potentially material financial impact on our business. The identified climate risks and opportunities reflect the nature of the business as a large-scale manufacturer and distributor of flooring products. Our operations require considerable energy consumption to procure materials, manufacture and distribute products across our global network, and as a result we are mostly exposed to macroeconomic changes as the global economy decarbonises. Key climate-related risks that manifest because of these changes include potential price increases for traditional fuel sources (see R.02 on page 43) and the potential inclusion of carbon taxes within jurisdictions relevant to our business's activities, which could increase our costs and affect our revenues (see R.03 on page 44). Reputational risks associated with failing to meet stakeholder expectations and/or disclosure requirements for climate-related reporting is another transition risk we have identified (see R.04 on page 45), particularly as we operate across a multitude of jurisdictions that may be subject to varying disclosure obligations. We are also exposed to acute and chronic physical risks that may impact our global supply chain (see R.01 on page 42), should increases in the frequency and severity of physical climatic events lead to difficulties in sourcing raw materials, as well as delays to our manufacturing processes and distribution activities, thereby impacting our operational costs and revenues. A key climate-related opportunity for Victoria is to capture market share by responding to the shift in consumer preferences for more sustainable and/or resilient products (see O.01 on page 46). Victoria has already started investing in sustainable materials and/or recycle materials for our products, and we are continuing this development and responding to our customer's demand. Further details on the potential impacts of these issues on the business, as well as the climate scenarios used to assess our resilience against these were detailed on pages 41 to 46 of the Strategy sections.

Section	Requirement	Disclosure
Strategy continued	(b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	As detailed in Strategy above, Victoria, with the support of a third-party, undertook a qualitative assessment of the financial impacts of five potentially material risks and opportunities to the business. Table 2, below, summarises how each risk and opportunity may affect our business, strategy and financial planning across two climate scenarios. From the outcomes of this analysis, we have determined the relative financial impact of these risks and opportunities, Victoria has qualitatively assessed potentially material climate risks and opportunities, identified at a group level across our business, against two defined climate scenarios over the short-, medium- and long-term time frames as defined within Strategy (see page 39). **'Net Zero' scenario:** The Net Zero scenario is the most ambitious scenario that assumes global warming can be limited to 1.5°C by 2100, enabled via stringent climate policies that are introduced across the global economy with immediate effect. Key assumptions that underpin this scenario include policy measures that drive technology and market changes to support efforts to decarbonise the power sector. This in turn drives up the cost of traditional fossil-fuel energy sources, as they struggle to compete with renewable, low-carbon alternatives that become increasingly cost-effective. **'Current Policies' scenario:** The Current Policies Scenario projects the future of energy and climate based on the assumption that existing laws and policies remain in effect without any additional changes or new policies being implemented. In such a scenario, it's presumed that there is no further action taken to specifically address climate change, improve energy efficiency, or transition to cleaner energy sources beyond what has already been established. This temperature scenario assumes >4°C of warming by 2100. To form these scenarios, macro-economic inputs and assumptions to assess transition risks and opportunities were drawn primarily from the Network for Greening the Financial System (NGFS) and the International Energy Agency (IEA). Where appropriate, Victoria leveraged additional secondary data sources such as literature reviews, institutional research or Government publications. For the assessment of physical risks, the Intergovernmental Panel on Climate Change (IPCC)'s Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) were the primary sources used by Victoria.

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TCFD Continued

Disclosure

			Relative financial impact						
			Net Zero 2050			Current Policies			
Climate-related risk / opportunity	**Risk description and assessment**	**Potential financial impact**	**2027**	**2030**	**2040**	**2027**	**2030**	**2040**	**Mitigation measures / Risk treatment plans**
R.01: Acute/Chronic physical risks impacting upstream and downstream supply chain activities. **TCFD Taxonomy:** Physical risk – Acute/Chronic.	Victoria's extensive global supply chain is exposed to a range of acute and/or chronic physical risks that may negatively impact the Company's business activities via disruptions to the sourcing and transport of raw materials or onwards distribution of products. Analysis of our key materials and regions of procurement identified several physical hazards such as flooding, extreme heat, drought, and sea level rise to be of particular risk across our supply chain. Their impacts are projected to increase in frequency and severity over the long-term, particularly under the Current Polices scenario where warming levels are anticipated to rise considerably.	• Increased operational costs resulting from costs associated with delays and/or damages passed through from suppliers. • Decreased revenue resulting from delays to upstream and/ or downstream supply chain activities.	Low	Low	Medium	Low	Medium	High	• Further diversification of the group geographically and in the product range offered such as that seen in recent periods and detailed within the ESG Report; • Changes to the supply chain, e.g. some raw materials are already sourced locally and this could be extended (for example at our Spanish Ceramics operation); • Short term impact on supply chain could be mitigated through inventory management; • Ability to pass through costs.

Relative financial impact

○ Low ◍ Medium ● High

Disclosure

Climate-related risk / opportunity	Risk description and assessment	Potential financial impact	Relative financial impact: Net Zero 2050 – 2027	Net Zero 2050 – 2030	Net Zero 2050 – 2040	Current Policies – 2027	Current Policies – 2030	Current Policies – 2040	Mitigation measures / Risk treatment plans
R.02: Energy price volatility. **TCFD Taxonomy:** Transition risk - Market.	Fossil fuel prices may increase over time, particularly under more ambitious climate scenarios where emission-intensive fuel sources are gradually phased out in favour of renewable, lower-carbon alternatives. This risk is likely to have a larger impact on Victoria under the Net Zero 2050 scenario, due to the emissions-intensive nature of our manufacturing processes required for our ceramics division. However, recent instances of energy price volatility have been mainly driven by short-term geopolitical events rather than climate-related factors. As such, substantial changes to energy prices in the short to medium-term is considered highly unlikely. However, as policy and industry drive the energy transition, and net zero by 2050 ambitions materialise, this is likely to have a high impact and likelihood in the long-term under a Net Zero 2050 scenario.	• Increased operational costs resulting from higher cost of energy, required for Victoria's manufacturing processes. • Decreased revenue in response to reduced production to manage the increased operational costs.	○	◍	●	○	○	○	• Similar to the examples detailed in this year's ESG Report we expect further investments/ R&D into more sustainable methods of manufacturing/ logistics resulting in decreased costs; • Investment/ Power Purchase Agreements (PPAs) with renewable energy sources; • Ability to pass through costs (assuming it to be a sector wide issue).

Disclosure

			Relative financial impact						
			Net Zero 2050			Current Policies			
Climate-related risk / opportunity	**Risk description and assessment**	**Potential financial impact**	**2027**	**2030**	**2040**	**2027**	**2030**	**2040**	**Mitigation measures / Risk treatment plans**
R.03: Increased direct costs on operations resulting from carbon taxes. **TCFD Taxonomy:** Transition risk – Policy and Legal.	Carbon taxation is anticipated to be a key instrument in driving reductions in global GHG emissions, and we may be exposed to carbon taxes being applied to our business activities, to varying degrees across the jurisdictions in which we operate. This would be particularly impactful for Victoria's ceramics business, which currently has emissions-intensive manufacturing processes. This risk is expected to be more likely and impactful under the Net Zero 2050 scenario, where carbon prices are anticipated to rise considerably over the medium to long-term to meet global net zero commitments.	• Increased operational costs as carbon taxes are applied to direct activities (i.e., scope 1 and 2 emissions). • Increased operational costs as carbon taxes are indirectly passed through from suppliers (i.e., scope 3 emissions).	○	●	●	○	○	○	• Investment/R&D into alternative methods of manufacturing to reduce the carbon intensity – see ESG Report for examples to date; • Ability to pass through costs (assuming it would be a sector wide issue).

Relative financial impact

○ Low ◐ Medium ● High

Disclosure

			Relative financial impact						
			Net Zero 2050			Current Policies			
Climate-related risk / opportunity	Risk description and assessment	Potential financial impact	2027	2030	2040	2027	2030	2040	Mitigation measures / Risk treatment plans
R.04: Reputational damage that may result from not meeting climate performance and disclosure regulations and requirements. **TCFD Taxonomy:** Transition risk – Reputation.	Victoria operates across many regions and jurisdictions and may be captured under a multitude of climate-related disclosure mandates in the coming years. It is likely reporting requirements will become more widespread and onerous under both climate scenarios, given there are numerous existing climate-related frameworks and new ones may be introduced across key regions of our operations including Europe, UK, US and Australia. Stakeholder expectations for adequate communication of climate-related performance and management is possible across all time horizons and scenarios, as indicated by recent trends in the market which demonstrates climate conscious spending increasing over recent years. The overall risk is anticipated to be greater however under the Net Zero 2050 scenario, where greater importance is placed on climate-related mitigation and adaptation. However, we do not consider Victoria to operate in a high-risk sector that may be more susceptible to regulatory liability and public scrutiny, due to our diversified portfolio of products and companies.	• Decreased revenue resulting from damaged brand reputation. • Increased operational costs associated with litigation fees and/or financial penalties.	○	○	●	○	○	○	• Regulatory scanning to ensure we adhere to mandatory reporting; • Engagement with appropriately qualified external advisors; • Consideration of non-mandatory reporting, e.g. meeting CSRD in advance of the Group reporting deadline.

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TCFD Continued

Disclosure

			Relative financial impact						
			Net Zero 2050			Current Policies			
Climate-related risk / opportunity	**Risk description and assessment**	**Potential financial impact**	**2027**	**2030**	**2040**	**2027**	**2030**	**2040**	**Mitigation measures / Risk treatment plans**
O.01: Capture market share by responding to the shift in consumer preferences for more sustainable / resilient products. **TCFD Taxonomy:** Opportunity – Reputation.	Victoria has an opportunity to respond to shifting market trends signalling increased consumer demand for more sustainable products. Several of Victoria's businesses are well positioned to respond to this market trend, with already established product offerings and market presence. However, we have a considerable opportunity to further drive innovation and tap into new, emerging markets across the flooring industry. This opportunity is particularly viable over the medium to long-term and under the Net Zero 2050 scenario, as policy and macroeconomic changes shift consumer attention in support of a transition to a net-zero economy by 2050.	• Increased revenue resulting from diversified portfolio and product offerings. • Increased access to capital and/or revenue resulting from enhanced brand reputation.	○	○	●	○	○	○	• Sustainable product offerings from across Victoria's businesses, such as the Renu product currently offered by our UK Underlay operations; • Investments/ R&D into more sustainable methods of manufacturing and products.

Section	Requirement	Disclosure
Strategy	(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Our current business strategy is considered resilient to climate-related risks and opportunities in the near-term. Victoria's key markets of Europe and the US have experienced volume growth over the last 25 years of c. 2.6% per annum. There are fundamental drivers that sustain this long-term growth. These long-term fundamental industry drivers include continually aging housing stock with their interiors requiring repair and renovation, higher household formation, broad housing shortages, and increasingly style-conscious consumers. We believe these drivers will remain into the future and that the climate-related risks and opportunities that Victoria is exposed to will be the same for others in the sector. Our continuous efforts to outperform the wider market should therefore mean we remain resilient in the face of these risks. The outcomes of the scenario analysis indicate we are most susceptible to climate-related risks over the medium to long-term, particularly under the Net Zero scenario where we may be exposed to higher operating costs impacted by carbon pricing and energy price volatility. Under the Current Policies scenario, the Group may be more exposed to physical risks over the long-term. We will however continue to reevaluate our business strategies exposure to and resilience against climate-related risks, considering plausible future climate scenarios. We will continuously look to identify additional mitigation measures that can be incorporated into our financial and strategic planning, to improve climate adaptation and resilience. Given this is the first year Victoria is disclosing against the Climate-related Financial Disclosure Regulations 2022, we focussed on conducting a qualitative assessment of climate risks and opportunities to enable more time and resources to support an extensive risk identification process, ensuring risks were considered across our entire Group and its many businesses and regions of operations. We will build on this assessment by performing more detailed quantitative financial analysis in future years. Table 2 details the outcomes of the qualitative scenario analysis performed (see Strategy). Our business strategy provides us a strong platform from which we can in future respond to climate-related risks and opportunities. Our demonstrable track record of integrating acquired businesses, history of focused investment to ensure long-term quality and sustainability and superior customer offering are all compatible with the need to respond to climate-related matters as they arise. This strategy is regularly reviewed and adjusted as necessary to address climate-related risks and opportunities and ensure we remain competitive and responsible in a changing climate landscape. Doing this should position our business to not only manage climate-related risks but also to capitalise on any opportunities that arise from the transition to a low-carbon economy and ensure we remain resilient, competitive, and sustainable in the face of climate change.

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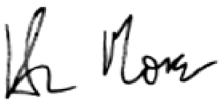
Section	Requirement	Disclosure
Risk Management	(a) Describe the organisation's processes for identifying and assessing climate related risks	As detailed in Strategy, we conducted thorough desktop research and peer analysis with third-party support to identify a comprehensive long-list of climate-related risks and opportunities relevant to Victoria's industry and regions of operations. Workshops were held with key stakeholders representing both the corporate level and each of our divisions, including representatives from Risk and Finance to evaluate which risks and opportunities identified from the preliminary assessment should be prioritised. Five climate risks and opportunities were identified as potentially financially material to the Group as an outcome of these workshops, which included 3 transition risks, 1 physical risk and 1 opportunity. With the support of a third-party, we conducted a qualitative climate scenario analysis to assess the materiality of each of the identified climate risks and opportunities over the short-, medium- and long-term time horizons and two temperature scenarios. We will re-assess our climate-related risks and opportunities on an annual basis to ensure that all material climate impacts to the business are considered. Further details of the scenario analysis performed is provided in Strategy. This determination is based on an understanding of the impact (primarily financial) and likelihood of the identified risk and then scoring the risk appropriately. The Group's risk governance and management processes include a qualitative assessment of ESG risks, including climate-related risks, based on the criteria of likelihood and potential impact of inherent risk, see table 2. This process has enabled the Group to identify climate-related risks and opportunities and determine their relative significance to the business. The business considers existing and emerging regulatory requirements related to climate change and other relevant factors when conducting its risk management process.
	(b) Describe the organisation's processes for managing climate related risks.	Our processes for managing climate-related risks are consistent with our process for managing other risks in the business and follow standard risk management processes, i.e. a risk identification exercise is performed. This is then followed by an assessment of the identified risks and a mitigation plan is prepared accordingly. The response is implemented, and the risk is monitored and reported on an ongoing basis. The process for prioritising climate-related risks is similar to other risks, i.e. these are prioritised based on the assessment of their likelihood and potential impact on our operations, e.g. our financial performance.
	(c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organisation's overall risk management	Climate-related risks and opportunities have been identified taking into consideration the potential impact on the Group as a whole, while also affecting Victoria's four divisions: UK & Europe Soft Flooring, UK & Europe Ceramic Tiles, Australia and North America. As detailed in Risk Management, we engage with representatives from across a range of functions and divisions to ensure the climate-risk management process is integrated across our entire Group. This is the first year of disclosure and we are currently using a qualitative method of identifying material climate risks and opportunities. Going forward, as our work in this area matures, the organisation will look to conduct quantitative methodologies and financial modelling to calculate the impact of any additional material risks identified through our regular reviews. We will also review our ESG/Climate Risk Register/Risk Register on an annual basis to ensure our assessment of climate risk is up to date and reflects the current risk landscape, while also identifying new or emerging climate risks that may have a material financial impact on the business.

Section	Requirement	Disclosure
Targets	(a) Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process	Victoria reports Scope 1 and Scope 2 greenhouse gas emissions annually which helps us to monitor our carbon footprint and reduce emissions. We report GHG emissions and energy use under the Streamlined Energy and Carbon Reporting (SECR) under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The intensity ratios were calculated for each of the four reporting divisions and have been calculated using sales volumes, energy usage and greenhouse gas emissions figures. For further information, see page 29 for our SECR reporting. Moving forwards, we will consider developing and implementing further metrics that may be used to effectively monitor identified priority climate-related risks and opportunities (identified in Strategy) and measure performance of mitigation actions.
	(b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	For details of Victoria's GHG emissions reporting, please see page 29 for details of our SECR reporting.
	(c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets	As this is the first year of TCFD reporting, we have focused our efforts on the climate risk identification and assessment process to better understand our risk profile across various time horizons and climate scenarios, and where best to prioritise our efforts. We have continued to concentrate on our GHG emissions measurement and reporting process in line with SECR Regulations 2018, and will consider the use of both current year and historic emissions data to identify a baseline to set GHG emission reduction targets. In FY25, we will evaluate the opportunity to establish GHG emissions reduction targets for our Group, the outcome of which we expect to be reported in next year's Annual Report. Going forward, we will also consider developing and implementing metrics and associated targets relating to our priority climate-related risks and opportunities identified from this year's climate risk assessment and scenario analysis work. As our analysis matures, we may revise the appropriateness of any metrics and targets, as well as look to identify new metrics and targets to effectively monitor and measure our climate-related performance over time.



Brian Morgan
Chief Financial Officer

18 June 2024

Board of Directors

GEOFFREY WILDING

Executive Chairman

Geoffrey Wilding is a former investment banker. He set up his own investment company in New Zealand in 1989. Geoff was appointed Executive Chairman at the General Meeting on 3 October 2012 and is a member of the Nominations Committee.

PHILIPPE HAMERS

Chief Executive Officer

Philippe Hamers was appointed to the Board on 20 March 2017. Philippe has over 30 years' experience in the flooring industry and headed Europe's largest carpet manufacturing operation at Balta Group, for the previous six and a half years. Prior to joining the Balta Group he was General Manager of the Tufted and Woven Division of Beaulieu International Group.

BRIAN MORGAN

Chief Financial Officer

Brian Morgan was appointed to the Board of Victoria PLC on 22 August 2022. Prior to joining Victoria, Brian was Director of Group Finance at Synthomer plc. He has worked in several other FTSE 250 multi-national companies in senior commercial finance and head office roles. Brian is a chartered accountant and has worked for Arthur Andersen and Deloitte in Corporate Finance and Audit.

ANDREW HARRISON

Non-executive Director

Andrew Harrison has more than 30 years of experience as a solicitor in private practice, specialising in company law. He has advised on a wide variety of corporate transactions, including management buy-outs and buy-ins, corporate acquisitions and disposals and listed company take-overs.

Andrew was appointed to the Board at the General Meeting held on 3 October 2012. He is the Senior Independent Non-executive Director, Chair of the Audit and Nominations Committees and a member of the Remuneration Committee.

GAVIN PETKEN

Non-executive Director

Gavin Petken is a private equity investor with over twenty years' experience across multiple asset classes and sectors. He was previously Head of Investment South and Quoted at BGF, responsible for leading investment and portfolio teams across a number of offices. He was also a member of BGF's national executive leadership team, national investment committee, and responsible for managing BGF's UK wide investment activity into public companies, BGF Quoted. Before BGF, Gavin was a Managing Director in Private Equity with RBS plc for 13 years.

Gavin was appointed to the Board in September 2014 and is Chair of the Remuneration Committee and a member of the Audit and Nominations Committees.

BLAKE RESSEL

Non-executive Director

Blake Ressel is a Managing Director of Koch Equity Development LLC, where he leads and manages their European team and activities with an investment mandate centred on partnered acquisitions and principal investments. He holds an MBA from Northwestern University Kellogg School of Management.

Blake was appointed to the Board in December 2020 and is a member of the Remuneration Committee.

Directors' Report

The Directors present their Annual Report and the audited financial statements for the Group for the 52 weeks ended 30 March 2024.

PRINCIPAL ACTIVITIES AND STRATEGIC REPORT

The Group's principal activities are the manufacture, distribution and sale of floorcoverings. A review of the group's activities and an indication of likely future developments are set out in the Chairman and CEO's review on pages 04 to 11.

The Company is required by the Companies Act 2006 to prepare a Strategic Report that includes a fair review of the Group's business, the development and the performance of the Group's business during the year and its future development, of the position of the Group at the end of the financial year to 30 March 2024 and a description of the principal risks and uncertainties faced by the Group. The Strategic Report can be found on pages 12 to 15.

RESULTS AND DIVIDENDS

The results include those of Victoria PLC and its subsidiaries for the full year and are set out in the financial statements on pages 72 to 148.

	£m
Loss attributable to shareholders	108.0
Total dividend paid in the financial year	–
Retained loss	108.0

The Directors do not recommend the payment of a final dividend for the 52 weeks ended 30 March 2024.

DIRECTORS' INSURANCE AND INDEMNITIES

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. In accordance with section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. Both the insurance and indemnities applied throughout the 52 weeks ended 30 March 2024 and through to the date of this report.

DIRECTORS' REMUNERATION

The remuneration of all Directors for the 52 weeks ended 30 March 2024 were as follows:

	Salary/Fees £000	Benefits in kind £000	Bonus £000	**Total 2024 £000**	Total 2023 £000
Executive					
Geoffrey Wilding	65	4	–	**69**	65
Philippe Hamers	710	39	2,114	**2,863**	857
Brian Morgan (from appointment on 22 August 2022)	327	31	61	**419**	259
Michael Scott (until resignation on 9 September 2022)	–	–	–	**–**	175
	1,102	74	2,175	**3,351**	1,356
Non-executive					
Andrew Harrison	35	–	–	**35**	35
Gavin Petken	35	–	–	**35**	35
Zachary Sternberg (until resignation on 21 November 2023)	23	–	–	**23**	35
	93	–	–	**93**	105
	1,195	74	2,175	**3,444**	1,461

Directors' Report

LONG TERM INCENTIVE PLAN CASH AWARDS

On 10 August 2022, a long-term incentive plan cash award was established for Philippe Hamers (Chief Executive Officer). This comprised:

(i) A cash award linked to organic EBITDA less capex growth per share performance of the Group over a four-year period to FY25. Value starts to accrue under the scheme at 5% CAGR and the cash award value is capped at £4m for 15% CAGR and above.

(ii) A fixed cash award of £2.625m payable at maturity on 4 April 2025 subject to remaining in employment with the Group.

This incentive plan was amended during the year, resulting in the cessation of the cash award under (i) above, and the fixed cash award under (ii) above was reduced to £1.97m and payable at a revised maturity date of 4 April 2024. The value of this fixed cash award has been included in the Directors' remuneration table above as part of 2024 remuneration.

On 22 August 2022, a long-term incentive plan cash award was established for Brian Morgan (Chief Financial Officer), comprising a cash award linked to organic EBITDA less capex growth per share performance of the Group over a four-year period to FY26. Value starts to accrue under the scheme at 5% CAGR and the cash award value is capped at £3m for 15% CAGR and above.

Director's interests in share schemes are detailed in note 5 to the Financial Statements.

DIRECTORS' PENSION ENTITLEMENTS

Philippe Hamers who held office during the 52 weeks ended 30 March 2024 was the only Director who was part of the money purchase scheme. The contributions paid by the Group in respect of this was £19,991 (2023: £24,008).

SHARES HELD IN TREASURY

During the year the Company has purchased 1,381,000 of the ordinary 5p shares in issue for a total consideration of £3,278,645. All of the shares purchased were transferred into treasury. There has also been a transfer out of treasury of 371,516 shares used for settlement of certain employee share options that vested and were exercised in the period. The number of shares held in treasury at 30 March 2024 was 11,466,794 and represents 9.1% of the called-up share capital (2023: 10,457,310).

The total number of ordinary shares in issue in the Company at 30 March 2024 was 113,997,873 (excluding the shares held in treasury).

EMPLOYEES AND OTHER STAKEHOLDER MANAGEMENT

Employees

Our employees are integral to the successful delivery of the Group's strategy. Employees' knowledge, skills and experience are key to maintaining our strong customer and supplier relationships. As such, the Group is focused on the recruitment, development, retention, and reward of its employees.

Employees are encouraged to attend training courses and there is regular consultation with employee representatives to ensure that employees are informed of all matters affecting them. Applications for employment by disabled persons are given full and fair consideration having regard to their aptitudes and abilities. Appropriate training within their capabilities is provided for disabled employees seeking career development. Employees who become disabled during their employment have continued in employment wherever possible.

Within the bounds of law, regulation and commercial confidentiality, information is shared to all levels of staff about matters that affect the progress of the Group and are of interest and concern to them as employees.

Further details on the Group's engagement with employees is set out in the Environmental, Social and Governance Report on pages 34 to 36.

Shareholders and bondholders

The Company engages with its shareholders and bondholders principally via a Regulatory Information Service, its investor website, formal Company meetings and investor roadshows. The Company's contact details, telephone, email and correspondence address, are listed on its website for investors' use. The Company also provides an email alert service on its website to which investors and other interested parties can subscribe, to receive Company announcements when they are released.

The Directors actively seek to build a relationship with institutional shareholders and bondholders. The Chairman, Chief Executive Officer and Chief Financial Officer make presentations to institutional investors and analysts each year immediately following the release of the full-year and half-year results.

The AGM is the main forum for dialogue between retail shareholders and the Board. The Board are available to answer questions raised by shareholders.

The Board as a whole is kept informed of the views and concerns of major shareholders by briefings from the Chairman. Any significant investment reports from analysts are also circulated to the Board. The Chairman and Chief Financial Officer are available to meet with major shareholders and bondholders if required to discuss issues of importance to them.

Customers

Our customers are of paramount importance and the Group seeks to retain customers and establish long and lasting relationships with them, built on mutual respect and trust. The Group is focused on producing quality flooring products at competitive prices for our customers.

We meet with our customers regularly to ensure we are offering the right products and level of service and responding to customer feedback to ensure we meet their expectations. Our customer relationships and manufacturing flexibility also aid diversification of our product portfolio. Our close relationships with our customers provide us with valuable feedback, enabling us to adapt quickly to changes in end-consumer preferences.

Suppliers

Victoria endeavours to forge strong relationships with suppliers built on honesty, fairness, and mutual respect. We meet with key suppliers on a regular basis and take reasonable steps to ensure our suppliers comply with our standards, such as those relating to environmental responsibility, modern slavery, data protection, human rights, and ethics.

Community and the environment

As a manufacturing and distribution business, there is a risk that some of the Group's activities could have an adverse impact on the local environment. Policies are in place to mitigate these risks, and all of the Group businesses are committed to full compliance with all relevant health and safety and environmental regulations. Further details on the Group's approach to environmental matters is included in the Environmental, Social and Governance Report on pages 29 to 34.

STREAMLINED ENERGY AND CARBON REPORTING

Under the Companies (Directors' Report) and Limited Liabilities Partnerships (Energy & Carbon Report) Regulations 2019, we are mandated to disclose our UK energy use and associated greenhouse gas emissions. These disclosures are set out separately in the Streamlined Energy and Carbon Report on page 29.

FINANCIAL INSTRUMENTS

The Group's financial risk management objectives and policies are set out within Note 24 of the financial statements. Note 24 also details the Group's exposure to foreign exchange, share price, interest, credit, capital and liquidity risks. This note is incorporated by reference and deemed to form part of this report.

TAXATION STATUS

The Directors are advised that the Company is not a 'close company' within the provisions of the Income and Corporation Taxes Act 1988.

CORPORATE GOVERNANCE STATEMENT

From September 2018 all AIM companies are required to set out details of a recognised corporate governance code that the Board of directors has chosen to apply, how they comply with that code, and where it departs from its chosen corporate governance code an explanation for doing so.

The Board decided to adopt the Quoted Companies Alliance ("QCA") Code as our guide. The Group's application of this code is detailed in the Corporate Governance Statement on the Group's website at www.victoriaplc.com/corporate_governance_statement/. As required under AIM Rule 26, the information in this statement is reviewed annually.

GOING CONCERN

The consolidated financial statements for the Group have been prepared on a going concern basis.

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman and CEO Statement on pages 10 to 11. In addition, Note 24 to the Accounts includes details of the Group's financial instruments and its exposure to and management of credit risk, liquidity risk, currency risk and interest rate risk.

The Board remains satisfied with the Group's funding and liquidity position. During the year ended 30 March 2024 there was no period where financial covenant tests applied.

The Group's net cash position as at 30 March 2024 was £72.8m (2023: £93.3m). The Group expects to continue to generate positive operating cash flows in the forecast period to June 2025.

Directors' Report

The Group has significant liquidity as a result of its capital structure which consists of:

- €489m of bonds maturing in August 2026 and €250m of bonds with a maturity in March 2028. The bonds, in themselves, carry no maintenance financial covenants;
- £150m multi-currency revolving credit facility ('RCF') maturing in January 2026; of which £10m was drawn at 30 March 2024. A single leverage financial covenant applies to the RCF facility if it is drawn in excess of 40% at our September and March test dates;
- Circa £160m of other committed local facilities of which circa £100m was drawn at 30 March 2024; and
- Cash of circa £73m.

Considering the above, the Group expects to maintain a significant level of liquidity headroom throughout the forecast period such that there is no relevant period where the covenant test is expected to apply.

In assessing the Group as a going concern, a cashflow forecast through June 2025 was modelled, with the base case aligned with our budget and medium-term strategic plan, consistent with the model used in the testing of goodwill impairment. In all scenarios modelled, no future hypothetical, acquisitions were included in the assumed cashflows, due to there being no certainty over any acquisitions outside of those already completed to date and the RCF is only presumed to be utilised up to the springing covenant level of £60m.

This is a change in the assessment period for the purpose of going concern from the prior year, which previously covered a period of 18-months, representing management's decision to align to market practice and reflect market uncertainty in recent periods.

To take into account the current uncertainty in consumer demand, we also modelled a downside scenario, assuming a significant drop in EBITDA as a result of lower volumes versus the base forecast to ensure that even in a downside scenario, sufficient liquidity was maintained through the forecast period. This downside scenario did not result in a change in our view that the business remains a going concern.

A reverse stress-test scenario was modelled, purely for the purposes of sensitising earnings such that liquidity is absorbed requiring SSRCF utilisation beyond the 40% springing covenant level. The required adjustment to EBITDA is a circa 70% reduction to the projected FY25 EBITDA (62% reduction versus FY24 EBITDA), followed by negative EBITDA in Q1 FY26. This scenario assumes that alll facilities which mature during the period are repaid in full and not replaced, while certain facilities which have no fixed maturity are assumed not to be revoked. Substantial mitigating actions, which would be taken in such a scenario, have not been modelled in this extreme scenario. The Group does not consider the reverse stress-test a plausible scenario.

Having considered the work undertaken as described above, the Directors are of the view that the Group is well placed to manage its business risks. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Debt financing and facilities

Victoria has attractively priced, long-dated facilities and liquidity headroom in excess of £250 million.

The Group's senior debt comprises €489 million (c. £430m) of notes with a fixed coupon of 3.625% and maturity of August 2026, and €250 million (c. £220m) of notes with a fixed coupon of 3.75% and maturity of March 2028 along with a £150m Revolving Credit Facility which matures in February 2026.

Other debt facilities in the Group represent small, local working capital facilities at the subsidiary level, which are renewed or amended as appropriate from time to time. The total outstanding amount drawn from these facilities at the year-end was £62.5 million, as shown below in the Net Debt section of the Financial Review.

Whilst the Group has no immediate need to refinance its facilities, as there are more than two years until the first tranche of our senior notes matures, we have taken a number of actions to ensure that we are ready to avail ourselves of favourable market conditions and secure the most attractive financing options as and when they arise.

To reduce leverage:

- Management have initiated the disposal of surplus real estate with the sale of property in Belgium giving net proceeds of £27.9 million received in October 2023 and are planning to raise a further circa. £50m from other real estate assets in our portfolio and expect this to complete in FY2025.
- the Group is also structurally reducing its working capital balances, which we expect to contribute circa. £30m of cash in FY2025.
- Victoria continues to review all aspects of our operational model to ensure that we are selling products and procuring raw materials at the best prices and there are active programmes in place to improve profitability.

The reduction in leverage will allow us to benefit from higher credit ratings and from the best available coupon on any future facilities.

We are engaging with independent professional advisors, adding to our own in-house knowledge and experience, to work alongside us with our core banking group to evaluate all of the financing options available to us as performance and the markets improve. We are considering a range of options which could include a combination of equity, bank, public and private financing arrangements all of which are available to us.

We will be ready to take refinancing actions when we have evaluated the options and when the financial markets are conducive to give us the best prices but given the tenor and attractive pricing of our current arrangements we believe we have no immediate need to do so.

ANNUAL GENERAL MEETING

Notice of the 2024 Annual General Meeting, together with a description of the business to be discussed at the AGM, is set out in the accompanying Notice. The Notice of this year's Annual General Meeting will be available to review on the Company's website at www.victoriaplc.com.

The Directors consider that each of the proposed resolutions to be considered at the Annual General Meeting are in the best interests of the Company and its shareholders and are most likely to promote the success of the Company for the benefit of its shareholders as a whole. The Directors unanimously recommend that shareholders vote in favour of each of the proposed resolutions, as the directors intend to do in respect of their own shareholdings.

POST BALANCE SHEET EVENTS

The directors are not aware of any material post balance sheet events.

By Order of the Board

David Cressman
Company Secretary

18 June 2024

Directors' Responsibilities Statement

The directors are responsible for preparing Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the financial statements in accordance with UK-adopted international accounting standards. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board

Brian Morgan
Chief Financial Officer

18 June 2024

Independent Auditor's Report

to the members of Victoria PLC

OPINION

OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements of Victoria PLC (the 'parent company') and its subsidiaries (the 'group') for the 52 week period ended 30 March 2024, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company balance sheets, the Consolidated and Company statements of changes in equity, the Consolidated and Company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 March 2024 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and our results from that evaluation, are included in the Key Audit Matters section of our report.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor’s Report

to the members of Victoria PLC

OUR APPROACH TO THE AUDIT

OVERVIEW OF OUR AUDIT APPROACH

Overall materiality:

Group: £6,000,000, which represents approximately 0.5% of the group’s total revenue.

Parent company: £11,000,000, which represents approximately 1% of the parent company’s total assets.

The parent company materiality is for the purposes of the parent company only financial statement audit. A lower component materiality has been used in respect of the parent company for the Group financial statements audit.

Key audit matters were identified as:

- Valuation (impairment) of non-current assets – UK & Europe – Ceramic Tiles (Spain/Turkey) cash-generating unit (“CGU”), North America CGU (same as previous period) and UK & Europe - Ceramic Tiles (Italy) CGU (new in current period);
- Going concern (same as previous period); and
- Risk factors in respect of revenue, cash and payroll cycles and actual and potential irregularities in respect of Hanover Flooring Limited (same as previous period).

Our auditor’s report for the period ended 1 April 2023 included one key audit matter that has not been reported as a key audit matter in our current period’s report. This relates to Accounting for significant business combinations (Balta), including the accuracy of fair value adjustments, and has not been included due to there being no acquisitions in the current period.

The Group engagement team and component auditor teams performed an audit of the financial information of 12 components using component materiality (full-scope audit procedures) and specific-scope audit procedures on the financial information of a further 13 components.

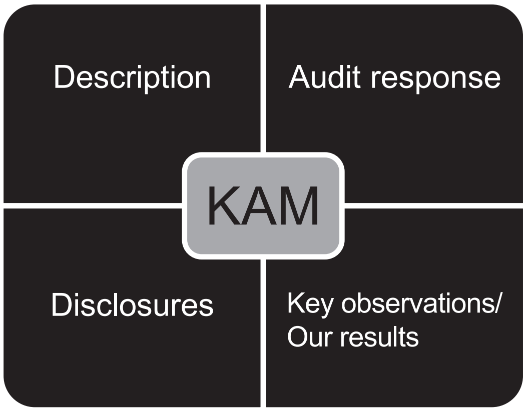
The components which were subject to either a full scope audit or specific-audit scope procedures contributed 75% of the Group’s revenue and 81% of the Group’s absolute underlying profit before taxation.

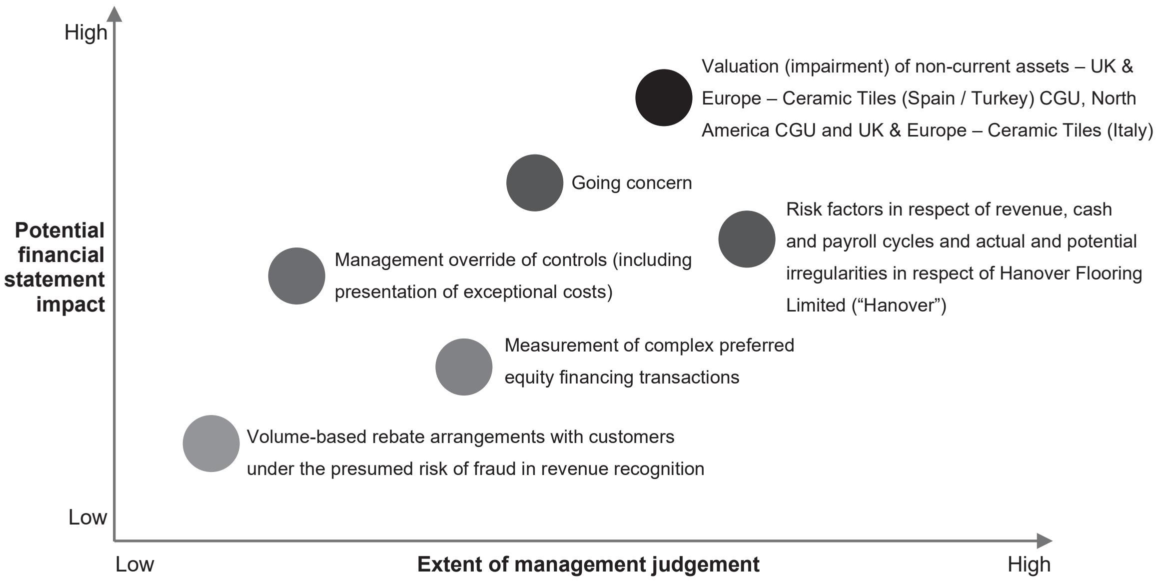
The Group engagement team performed analytical procedures on the financial information of all the remaining Group components. This is consistent with the scope of the audit in the prior period.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph below, we have presented the key audit matters and significant risks relevant to the audit. This is not a complete list of all risks identified by our audit.





Independent Auditor's Report

to the members of Victoria PLC

Key Audit Matter – Group	How our scope addressed the matter – Group
VALUATION (IMPAIRMENT) OF NON-CURRENT ASSETS – UK & EUROPE - CERAMIC TILES (SPAIN/TURKEY) CGU, NORTH AMERICA CGU AND UK & EUROPE – CERAMIC TILES (ITALY) We identified valuation (impairment) of non-current assets - UK & Europe – Ceramic Tiles (Spain/Turkey) CGU, North America CGU and UK & Europe – Ceramics Tiles (Italy) CGU as one of the most significant assessed risks of material misstatement due to error. The process for assessing whether an impairment exists under International Accounting Standard ('IAS') 36 'Impairment of Assets' is complex and judgemental. When carrying out the goodwill impairment review, determining the recoverable amount for each CGU requires management to make judgements over several key inputs in the value-in-use discounted cash flow models. These include revenue growth, discount rates, long-term growth rates and the key assumption of margin growth. Due to the high level of estimation uncertainty present in the impairment test, underperformance of actual results to forecasts in the period, the challenging economic environment the group is operating in and the sensitivity of the related assumptions in management's model, we identified the valuation of non-current assets in relation to the UK & Europe – Ceramic Tiles (Spain/Turkey) CGU, the North America CGU and UK & Europe – Ceramics Tiles (Italy) CGU as a significant risk.	In responding to the key audit matter, we performed the following audit procedures: • obtained management's impairment paper and impairment workings, and critically assessed management's identification of groups of CGUs used for the impairment review; • evaluated whether the methodology applied in the value-in-use calculation is in accordance with the requirements of IAS 36; • evaluated the mathematical accuracy of management's model, including the calculation of the discount rate and the calculations of key underlying assumptions such as revenue, margin, revenue growth, margin trends, capital expenditure and working capital requirements for the period over which management has projected cash flows, based on financial judgements / forecasts approved by management; • challenged management on its FY25 to FY29 cash flow forecast, particularly around whether it appropriately factored in the impact of the wider macroeconomic environment, and accuracy of recent forecasting. We corroborated management's responses to relevant evidence such as new customers won, or external market data to support key assumptions; • performed an overall assessment of management's assumptions to identify which were highly sensitive or contradictory, thus requiring further challenge of management; • used our independent internal valuation specialist as an auditor's expert to assess the reasonableness of management's assumptions used in calculating the discount rates within the value-in-use calculation; • assessed the competency, objectivity and independence of management's experts who assisted with preparing the discount rates used in the value-in-use calculation; • assessed management's medium and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate; • performed a sensitivity analysis in respect of the key assumptions identified, such as margin growth assumptions, discount and revenue growth rates, to consider the level of headroom in management's calculation; • developed an auditor's range with which to evaluate the impairment losses recognised by management; and • evaluated the accuracy and sufficiency of management's accounts disclosures in respect of goodwill and impairment.

Key Audit Matter – Group	How our scope addressed the matter – Group
RELEVANT DISCLOSURES IN THE ANNUAL REPORT AND ACCOUNTS 2024 • Financial statements: Note 9, Goodwill and Note 10, Intangible Assets	**KEY OBSERVATIONS** Our audit testing and challenge of management resulted in an additional impairment charge of £12.7m being recorded against goodwill within the North America CGU. No further material errors over the valuation (impairment) of non-current assets of UK & Europe – Ceramic Tiles (Spain/Turkey) CGU, North America CGU and UK & Europe – Ceramics Tiles (Italy) CGU were identified as a result of our audit procedures.
GOING CONCERN We identified the appropriateness of the use of the going concern assumption as one of the most significant assessed risks of material misstatement due to error. Due to recent macro-economic factors such as high inflation, deflated growth expectations and reduced customer confidence, we have determined that there is a significant risk to the Group that the going concern assumption adopted in the preparation of the financial statements may be impacted. The Group has €489m of bonds maturing in August 2026 and €250m of bonds with a maturity in March 2028. The bonds, in themselves, carry no maintenance financial covenants. The Group also has access to a £150m multi-currency revolving credit facility (‘RCF’) maturing in February 2026. Management makes significant judgements in respect of assessing the going concern assumption, including forecasting future cash flows amidst wider estimation uncertainty. This includes a base case assessment, reasonably possible downside scenario and a reverse stress test. Under the base case assessment and reasonably possible downside scenario, the Group remains liquid and is able to meet all liabilities as they fall due in the period to June 2025. The directors have concluded, based on the finance facilities available and various scenarios developed, that the Group has sufficient resources available to meet its liabilities as they fall due and have concluded that there exist no material uncertainties relating to the going concern assumptions employed. Due to the high level of estimation uncertainty, the wider macroeconomic environment and underperformance of actual results to forecasts in the period, we identified the going concern assumption as a significant risk.	In responding to the key audit matter, we performed the following audit procedures: • obtained management’s forecasts covering the period to 30 June 2025, which included a base case assessment, reasonably possible downside scenario and a reverse stress test. These forecasts were evaluated to confirm the mathematical accuracy of the model; • obtained and considered the appropriateness of management’s assessment in support of the going concern assumption including the following: – the rationale for the selection of an appropriate going concern period; – consideration of the economic conditions relevant to the industry in which the group operates; and – consideration of events outside of the going concern period including, but not limited to, the expiry of some of the group’s current financing arrangements in 2026. • tested the underlying data used to prepare the forecast scenarios and applied professional judgement to determine whether there was adequate support for the assumptions underlying the forecast; • obtained and compared analyst reports and industry data with management’s estimates. This included considering whether the data provided corroborative or contradictory evidence in relation to management’s assumptions; • considered the inherent risks associated with the Group’s business model including effects arising from macro-uncertainties (such as interest and inflationary pressures) on the forecasting period; • assessed and challenged the reasonableness of estimates made and the related disclosures and analysed how those risks might affect the Group in the going concern period; • compared management’s forecasting to historical financial information for the past four financial periods and to post period end results for April 2024 and the liquidity position for May 2024 to assess the accuracy of that forecasting; and • evaluated the Group’s disclosures on going concern for compliance with the requirements of IAS 1 ‘Presentation of Financial Statements’.

Independent Auditor's Report

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Key Audit Matter – Group	How our scope addressed the matter – Group
RELEVANT DISCLOSURES IN THE ANNUAL REPORT AND ACCOUNTS 2024 • Directors' report: pages 53 to 55 • Significant accounting policies: Basis of Preparation	**OUR RESULTS** We have nothing to report in addition to that stated in the "Conclusions relating to going concern" section of our report.
RISK FACTORS IN RESPECT OF REVENUE, CASH AND PAYROLL CYCLES AND ACTUAL AND POTENTIAL IRREGULARITIES IN RESPECT OF HANOVER FLOORING LIMITED ("HANOVER" / "COMPONENT") We identified risk factors in respect of revenue, cash and payroll cycles and actual and potential irregularities in respect of Hanover as one of the most significant assessed risks of material misstatement due to the risk of fraud. During the prior period audit, our audit work in respect of Hanover (a non-significant component which was selected to incorporate unpredictability into our audit approach) identified risk factors in respect of the revenue, cash and payroll cycles and actual and potential irregularities in respect of certain transactions with Hanover, including: • after the acquisition of trade and assets which formed Hanover in January 2021, customers continued to pay into the seller's (pre-acquisition) bank account ("seller's bank account") and the seller made a number of payments on behalf of Hanover. Management identified £5.2m of receipts (2023: £0.3m, 2022: £2.8m, 2021: £2.1m) and £0.4m of payments (2023: £0.0m, 2022: £0.0m, 2021: £0.4m) relating to Hanover since January 2021. One of the sellers of the trade and assets acquired by Hanover is the managing director of Hanover. Management explained to us that this account was used for various activities and includes a significant number of transactions not relating to Hanover; • significant volumes of cash sales and an ageing accounts receivable profile were identified, which is not consistent with the rest of the Group; • inadequate accounting records were retained; and • instances of non-compliance with High Value Dealer regulations were noted. .	In responding to the key audit matter, we performed the following audit procedures: **Opening balances - Completion of audit procedures for the 52 weeks ended 1 April 2023 in relation to Hanover** • through on-site inquires with both component and group management, including involvement of our forensic expert, we updated our understanding of the key financial processes within the component; • finalised our testing of the occurrence of revenue for a sample of Hanover revenue transactions by agreeing to sales invoice, signed proof of delivery, cash receipt, corresponding inventory outflow and inventory purchase transaction data; • finalised our testing of the existence of end customers with reference to external sources of data and / or direct enquiry with the customer, where applicable; • finalised our testing of the existence and valuation of trade receivables at 1 April 2023 by agreeing to sales invoice, signed proof of delivery, cash receipt, corresponding inventory outflow and inventory purchase transaction data and obtained an updated supporting reconciliation and performed audit procedures on this updated reconciliation; • finalised our testing of the accuracy and valuation of inventory; • finalised our testing of the accuracy and completeness of payroll; • obtained and considered the findings in a report from management's expert which considered Hanover's underlying tax control framework in our evaluation of risk factors; • engaged our own internal forensic expert to assess the reasonableness and completeness of our procedures; and • considered whether any audit findings from our FY24 audit procedures and / or any other post balance sheet information which had arisen since the completion of the FY23 audit, would have any implication for our audit procedures on opening balances.

Key Audit Matter – Group	How our scope addressed the matter – Group
We raised our concerns with management who, together with external advisors, performed further work to understand the nature of these transactions and, where relevant, to attempt to reconcile them to Hanover's records. Our audit procedures performed in response to the identified issues did not adequately address our concerns. Therefore, we sought to obtain further evidence but were unable to do so because management imposed a limitation of our scope due to their view that our proposed procedures were unlikely to generate additional or better-quality evidence to address our concerns within a reasonable time frame. As such, our prior year audit opinion was qualified in relation to this component only. Due to the unresolved and potentially on-going issues from the prior period audit, we identified risk factors in respect of the revenue, cash and payroll cycles and actual and potential irregularities in respect of Hanover, as a significant risk. MANAGEMENT RESPONSE As set out in the "Hanover Flooring Limited" section of the "Finance Review", following the release of the annual report and accounts for the 52 weeks ended 1 April 2023 ("FY23") the Board took an active role in challenging management to ensure that an appropriate control environment was put in place and significant effort was made to close gaps in the accounting records of Hanover. This included installing a team of finance professionals onsite to remedy the deficiencies at this component. This process continued throughout the financial year. Management also lifted the limitation of scope and allowed us to continue our work on addressing the above concerns. FURTHER CONSIDERATION OF RISK **In respect of the opening balances for the period ended 30 March 2024 ("FY24") annual report and accounts (and the FY23 comparative information) ('opening balances')** • Completion of audit procedures for the 52 weeks ended 1 April 2023 in relation to Hanover **In respect of the FY24 financial statement balances and transactions ('current year')** • Completion of audit procedures for the 52 weeks ended 30 March 2024 in relation to Hanover **In respect of the seller's bank account from acquisition in January 2021 to the closure of the account in October 2023** • Completion of audit procedures on the seller's bank account for the period from acquisition in January 2021 to the closure of the account in October 2023	**Current year - Completion of audit procedures for the 52 weeks ended 30 March 2024 in relation to Hanover** • evaluated the design and implementation effectiveness of the relevant controls that management have implemented over ensuring the completeness and accuracy of accounting records within Hanover; • tested the occurrence of revenue for a sample of Hanover revenue transactions by agreeing to sales invoice, signed proof of delivery, cash receipt, corresponding inventory outflow and inventory purchase transaction data; • tested the existence and valuation of trade debtors by obtaining direct customer confirmation of the balances owed and agreeing balances to post-date cash receipts with appropriate supporting documentation; • obtained, read and evaluated legal letters from the Group's legal representatives in relation to compliance with high value dealer regulations and the legal position of the monies held in trust in the seller's bank account, against our knowledge and understanding obtained during the course of our audits; • obtained and tested the final "true up" calculation which reconciled the amount owed by the seller to Hanover in relation to any monies which had not been historically remitted. We also considered the implications for the earn out calculation; • performed additional procedures over the remainder of the group, including determining whether any non-Victoria controlled bank accounts were utilised or if a high volume of cash transactions were present, to address the risk of similar actual and potential irregularities taking place; • obtained and tested related party transaction listings for completeness and accuracy; and • evaluated the accuracy and sufficiency of management's accounts disclosures. **Opening balances and current year - Completion of audit procedures on the seller's bank account from acquisition in January 2021 to the closure of the account in October 2023** • obtained an updated report from management's external advisor, which included details on further receipts which could now be reconciled between the seller's bank account and the component's books and records. We substantively tested these receipts to sales invoice, signed proof of delivery, cash receipt, corresponding inventory outflow and inventory purchase transaction data; • obtained and tested management's new analysis on receipts which previously had not been available; • obtained all supporting bank statements directly from the bank for the seller's bank account or sighted original bank statements; • inspected the reports prepared by management to understand and reconcile the activity in the seller's bank account; and • engaged our own internal forensic expert to assess the reasonableness and completeness of our audit procedures on the seller's bank account.

Key Audit Matter – Group	How our scope addressed the matter – Group
RELEVANT DISCLOSURES IN THE ANNUAL REPORT AND ACCOUNTS 2024 • Chairman and CEO's Review – Governance section • Financial Review – Hanover Flooring Limited section	**KEY OBSERVATIONS** As set out in their "Financial Review" management lifted the limitation of scope in relation to Hanover and performed further work to address both their own and our concerns. There remain instances of historical inadequate accounting records in Hanover for the period from acquisition in January 2021 to 1 April 2023, certain transactions (payments of £1.3m and receipts of £2.1m) in the seller's bank account which, due to their nature, have limited supporting evidence, as well as instances of non-compliance with High Value Dealer regulations during the year as reported in our FY23 audit report. However, following management's additional work, with the support of external advisors, and our procedures thereon, we have not identified material misstatements and / or material irregularities in respect of the opening balances and / or current year balances in respect of Hanover. As such, our concerns linked to fraud risk factors in respect of the revenue, cash and payroll cycles and actual and potential irregularities in respect of Hanover have been appropriately satisfied.

We did not identify any key audit matters relating to the audit of the financial statements of the parent company only.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£6,000,000 (2023: £6,000,000), which represents approximately 0.5% of the group's total revenue.	£11,000,000 (2023: £10,600,000), which represents approximately 1% of the parent company's assets.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: • revenue is a key performance indicator for the Group, is a key area of focus for stakeholders and was identified as the primary benchmark and key performance indicator highlighted in our analysis of comparator businesses in the wider flooring sector; • the measurement percentage we have applied to the revenue benchmark is broadly consistent with that used when considering prior period materiality as a percentage of prior period revenue (2023: 0.4%; 2022: 0.4%; 2021: 0.3%); and • for FY23, we had restricted our materiality benchmark from 0.5% to 0.4% to reflect the volatility in the Group's share price in the period. In the current period we note that the share price, whilst suppressed, has not experienced the same level of volatility and that short-selling positions have reduced during the period. Our materiality is the same as FY23 (£6.0m) despite the increase in the measurement percentage due to the Group recording lower FY24 revenues as a result of challenging trading conditions affecting the Group's key markets.	In determining materiality, we made the following significant judgements: • total assets is considered to be the most appropriate benchmark as it reflects the parent company's status as a non-trading holding company; and • we have restricted our materiality benchmark to 1% to reflect the increased risk stemming from the company's listing, given the company is an OEPI with market capitalisation being more than €200m over the preceding three financial periods, and the related diversity of ownership percentages. Materiality for the current period is higher than the level that we determined for the period ended 1 April 2023 to reflect the increase in parent company assets. The parent company materiality is for the purposes of the parent company only financial statement audit. A lower component materiality has been used in respect of the parent company for the Group financial statements audit.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£4,200,000 (2023: £3,900,00), which is 70% (2023: 65%) of financial statement materiality.	£7,700,000 (2023: £7,950,000), which is 70% (2023: 75%) of financial statement materiality
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements: • having considered the level of misstatements identified in the prior period and the changes implemented to the control environment, we determined that it was appropriate to increase the performance materiality threshold to 70% from the 65% threshold used in the prior period.	In determining performance materiality, we made the following significant judgements: • having considered the level of misstatements identified in the prior period and the consistency of the control environment with that of the group, we determined that it was appropriate to decrease our performance materiality threshold to 70% from the 75% threshold used in the prior period.

Independent Auditor’s Report

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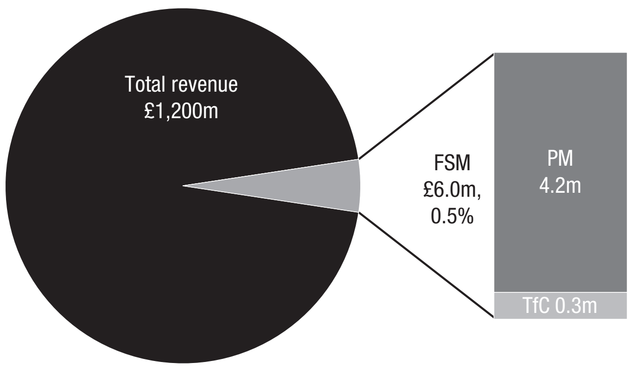
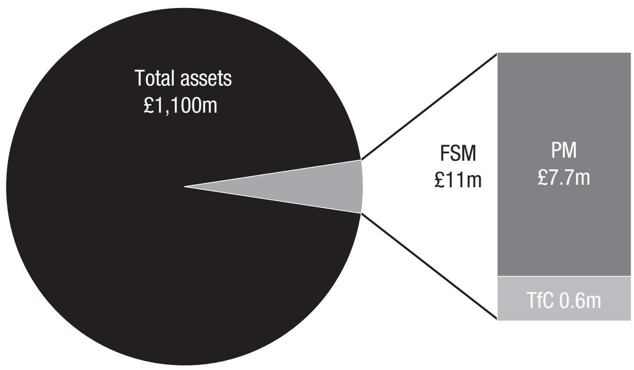
Materiality measure	Group	Parent company
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for: • directors’ remuneration disclosure; and • identified related party transactions outside of the normal course of business.	We determined a lower level of specific materiality for: • directors’ remuneration disclosure; and • identified related party transactions outside of the normal course of business.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£300,000 (2023: £300,000), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£550,000 (2023: £530,000), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds. The parent company threshold for communication is for the purposes of the parent company only financial statement audit. A lower component threshold has been used in respect of the parent company for the Group financial statements audit.

The graph below illustrates how performance materiality interacts with our overall materiality and the threshold for communication to the audit committee.

Overall materiality – Group



Overall materiality – Parent company



FSM: Financial statement materiality, PM: Performance materiality.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We performed a risk-based audit that requires an understanding of the group's and the parent company's business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

Our audit approach was a risk-based approach founded on a thorough understanding of the Group's and parent company's business, its environment and risk profile. The Group's accounting process is primarily resourced through a central function within the UK, with local finance functions in Australia, Belgium, France, Italy, the Netherlands, Portugal, the United States of America, Turkey, Germany and Spain. Each local finance function reports into the central Group finance function based at the Group's head office. The Group engagement team obtained an understanding of the Group and its environment, including Group-wide controls, and assessed the risks of material misstatement at the Group level.

We obtained and documented an understanding of the design of relevant controls that management have implemented over the process for evaluating the following significant audit risks and performed walkthrough testing of these controls to confirm that understanding:

- Presumed significant risk of management override of controls;
- Presumed significant risk of fraud in revenue recognition. Specifically, we have identified the risk to be in respect of the completeness and accuracy of volume-based rebate arrangements with customers;
- Valuation (impairment) of goodwill – UK & Europe – Ceramic Tiles (Spain / Turkey) CGU, North America CGU and UK & Europe - Ceramic Tiles (Italy) CGU;
- The appropriateness of the use of the going concern assumption; and
- Measurement of complex preferred equity financing transactions.

Identifying significant components

Component significance was determined based on their relative share of key Group financial metrics including revenue and absolute underlying profit before tax. For significant components requiring a full-scope audit approach, we or the component auditors obtained an understanding of the relevant controls over the entity-specific financial reporting systems identified as well as the centralised financial reporting system as part of our risk assessment.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

A full-scope audit approach was determined for all components evaluated as significant based on their relative share of key Group financial metrics including revenue and absolute underlying profit before tax. For components classified as "individually financially significant to the Group" an audit of the financial information of the component using component materiality (full-scope audit procedures) was performed.

We also considered whether any components were likely to include significant risks of material misstatement to the Group financial statements due to their specific nature or circumstances. One such component in the UK was identified in the current period, due to actual and potential irregularities identified in respect of Hanover.

In order to address the audit risks identified during our planning procedures, the Group engagement team performed the following audit procedures:

- Full-scope audit procedures on the financial information of one significant component and one other component in the United States of America;
- Full-scope audit procedures on the financial information of two significant components in the United Kingdom;
- Full-scope audit procedures on two other non-significant component in the United Kingdom; and
- Specific-scope audit procedures relating to the risks of material misstatement of the Group financial statements of five components, located in the United Kingdom and in the Netherlands.

Component auditors performed the following audit procedures:

- Full-scope audit procedures on the financial information of two significant components, located in Belgium and Spain;
- Full-scope audit procedures on the financial information of four other non-significant components, located in Italy, Spain, and the United Kingdom; and
- Specific-scope audit procedures relating to the risks of material misstatement of the Group financial statements on eight components, with three located in Australia, one in Belgium, one in Italy and three in Turkey.

The financial information of the remaining operations of the Group were subject to analytical procedures with a focus on the significance to the Group's balances and the areas of estimation and judgemental areas.

Performance of our audit

	No. of components		% coverage Revenue		% coverage Absolute underlying PBT	
Audit approach	FY24	FY23	FY24	FY23	FY24	FY23
Full-scope audit	12	8	58%	54%	55%	33%
Specific-scope audit	13	17	17%	24%	26%	43%
Sub-total	**25**	**25**	**75%**	**78%**	**81%**	**76%**
Analytical procedures	56	57	25%	22%	19%	24%
Total	**81**	**82**	**100%**	**100%**	**100%**	**100%**

Communications with component auditors

Detailed audit instructions were issued to the component auditors of the reporting components where a full scope approach was required, except for those significant components where the component audit engagement leader was also part of the Group engagement team. The instructions highlighted the significant risks to be addressed through the audit procedures and detailed the information that we required to be reported to the Group engagement team. The Group engagement team conducted a review of the work performed by the component auditors, and communicated with all component auditors throughout the planning, fieldwork and concluding stages of the Group audit. Key working papers were prepared by the Group engagement team summarising the Group engagement team's review of component auditor files, except for those components where the component audit engagement leader was also part of the Group engagement team, in which situation, the Group audit engagement leader reviewed key component audit working papers directly.

Across the Group audit, the Group engagement team and all component auditors carried out the majority of work performed in person with the respective finance teams. This included detailed discussions with the component audit teams, including remote reviews of the work performed, update calls on the progress of their fieldwork and attending the component audit clearance meetings with component management via video call. Members of the Group engagement team visited the locations of all individually financially significant components.

Changes in approach from previous period

- To add additional unpredictability to our Group scoping and risk assessment, the Group engagement team carried out specific scope procedures in respect of one component in the Netherlands and instructed our component auditor to perform specific scope procedures in respect of one component in Italy.
- A full scope audit was also carried out by the Group engagement team in respect of an entity in the United Kingdom which has previously not been scoped in for the group audit and had experienced significant growth in the period.

OTHER INFORMATION

The other information comprises the information included in the annual report and accounts 2024, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report and accounts 2024. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OUR OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 IS UNMODIFIED

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 56, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Independent Auditor's Report

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Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the parent company and the Group and sector in which they operate and how the parent company and the Group are complying with those legal and regulatory frameworks, through our commercial and sector experience, making enquiries of management and those charged with governance, and inspection of the parent company's and the Group's key external correspondence. We corroborated our enquiries through our inspection of board minutes and other information obtained during the course of the audit.
- Through the understanding that we obtained, we determined the most significant legal and regulatory frameworks which are directly relevant to specific assertions in the financial statements to be those related to the financial reporting framework, being UK-adopted international accounting standards and the Companies Act 2006, together with the AIM Rules for Companies, High Value Dealer regulations Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017) and the relevant taxation regulations in the jurisdictions in which the parent company and Group operate.
- We enquired of management and the Board of Directors whether they were aware of any non-compliance with laws and regulations.
- We enquired of management, the finance team, the head of risk and compliance and the Audit Committee about the Group and parent company's policies and procedures relating to the identification, evaluation and compliance with laws and regulations, and the detection and response to the risk of fraud and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We obtained an understanding of how the Group and parent company is complying with those legal and regulatory frameworks, through making enquiries of management, those responsible for legal and compliance procedures, and the company secretary. Our findings were corroborated by our reading of the board minutes.
- We assessed the susceptibility of the parent company's and the Group's financial statements to material misstatement, including how fraud might occur, by considering management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to the estimation and judgemental areas with a risk of fraud, including potential management bias, of volume-based rebate arrangements with customers and through management override of controls.
- Our audit procedures included:
  - Evaluation of design and implementation effectiveness of the controls that management has in place to prevent and detect fraud;
  - Journal entry testing, with a focus on journals indicating large or unusual transactions or account combinations based on our understanding of the business;
  - Gaining an understanding of and testing significant identified related party transactions; and
  - Performing audit procedures to consider the compliance of disclosures in the financial statements with the applicable financial reporting requirements.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery, or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation.
  - Knowledge of the industry in which the parent company and the Group operate; and
  - Understanding of the legal and regulatory requirements specific to the parent company and the Group.
- Communications within the engagement team in respect of potential non-compliance with laws and regulations and fraud included the areas of estimation and judgemental areas with a risk of fraud, including potential management bias, of volume-based rebate arrangements with customers, and through management override of controls in the preparation of the financial statements.
- For components at which audit procedures were performed, we requested component auditors to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the Group financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities.** This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Marc Summers BSc (Hons) FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

18 June 2024

Consolidated Income Statement

For the 52 weeks ended 30 March 2024

		52 weeks ended 30 March 2024			52 weeks ended 1 April 2023		
	Notes	Underlying performance £m	Non-underlying items £m	Reported numbers £m	Underlying performance £m	Non-underlying items £m	Reported numbers £m
Revenue	1	1,256.5	16.5	1,273.0	1,461.4	18.8	1,480.2
Cost of sales		(839.1)	(43.1)	(882.2)	(986.6)	(58.9)	(1,045.5)
Gross profit		417.4	(26.6)	390.8	474.8	(40.1)	434.7
Distribution and administrative expenses		(348.6)	(98.9)	(447.5)	(360.4)	(193.4)	(553.8)
Negative goodwill arising on acquisition		–	–	–	–	90.5	90.5
Other operating income		4.8	0.1	4.9	4.4	0.1	4.5
Operating profit / (loss)		73.6	(125.4)	(51.8)	118.8	(142.9)	(24.1)
Comprising:							
Operating profit before non-underlying and exceptional items		73.6	–	73.6	118.8	–	118.8
Amortisation of acquired intangibles	2	–	(40.9)	(40.9)	–	(41.5)	(41.5)
Other non-underlying items	2	–	9.2	9.2	–	(16.0)	(16.0)
Exceptional goodwill and intangible impairment	2	–	(72.6)	(72.6)	–	(80.0)	(80.0)
Other exceptional items	2	–	(21.1)	(21.1)	–	(5.4)	(5.4)
Finance costs	3	(46.5)	(32.6)	(79.1)	(41.9)	(44.6)	(86.5)
Comprising:							
Interest on loans and notes	3	(36.8)	–	(36.8)	(33.6)	–	(33.6)
Amortisation of prepaid finance costs for bank loans	3	(2.7)	–	(2.7)	(2.8)	–	(2.8)
Unwinding of discount on right-of-use lease liabilities	3	(7.0)	–	(7.0)	(5.4)	–	(5.4)
Preferred equity items	3	–	(5.4)	(5.4)	–	(26.9)	(26.9)
Other finance items	3	–	(27.2)	(27.2)	(0.1)	(17.7)	(17.8)
Profit / (loss) before tax	4	27.1	(158.0)	(130.9)	76.9	(187.5)	(110.6)
Taxation (charge) / credit	6	4.7	18.2	22.9	(17.3)	36.1	18.8
Profit / (loss) for the period		31.8	(139.8)	(108.0)	59.6	(151.4)	(91.8)
(Loss) / earnings per share – pence basic	7			(93.85)			(79.35)
diluted	7			(93.85)			(79.35)

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 30 March 2024

	Note	52 weeks ended 30 March 2024 £m	52 weeks ended 1 April 2023 £m
Loss for the period		**(108.0)**	(91.8)
Other comprehensive expense			
Items that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit pension scheme	21	**(1.9)**	(2.0)
Items that will not be reclassified to profit or loss		**(1.9)**	(2.0)
Items that may be reclassified subsequently to profit or loss:			
Hyperinflation foreign exchange adjustments		**(9.0)**	16.5
Retranslation of overseas subsidiaries		**(21.8)**	(2.1)
Items that may be reclassified subsequently to profit or loss		**(30.8)**	14.4
Other comprehensive (expense) / income		**(32.7)**	12.4
Total comprehensive expense for the period attributable to the owners of the parent		**(140.7)**	(79.4)

Consolidated and Company Balance Sheets

As at 30 March 2024

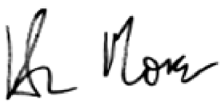
		Group		Company	
		30 March 2024	1 April 2023 (Restated)	30 March 2024	1 April 2023 (Restated)
	Notes	£m	£m	£m	£m
Non-current assets					
Goodwill	9	102.6	173.6	–	–
Intangible assets other than goodwill	10	250.7	305.5	0.4	0.2
Property, plant and equipment	11	447.8	462.6	–	–
Right-of-use lease assets	11	157.2	162.0	4.4	4.9
Investment property	12	0.2	0.2	0.1	0.1
Investments in subsidiaries	12	–	–	265.6	255.4
Trade and other non-current receivables	14	–	–	785.3	799.6
Deferred tax assets	20	7.9	1.7	8.2	–
Total non-current assets		966.4	1,105.6	1,064.0	1,060.2
Current assets					
Inventories	13	326.1	355.4	–	–
Trade and other receivables	14	238.1	268.6	1.9	26.6
Current tax assets		4.1	14.7	1.4	–
Cash and cash equivalents	18	94.8	93.3	8.9	13.8
Assets classified as held for sale	11	–	25.8	–	–
Total current assets		663.1	757.8	12.2	40.4
Total assets		1,629.5	1,863.4	1,076.2	1,100.6
Current liabilities					
Trade and other current payables	15	(320.3)	(363.8)	(7.0)	(4.3)
Current tax liabilities		(4.7)	(6.9)	–	–
Obligations under right-of-use leases - current	17	(31.2)	(27.6)	(0.5)	(0.4)
Other financial liabilities	17	(94.3)	(65.2)	(0.9)	–
Provisions	16	(12.1)	(21.5)	–	–
Total current liabilities		(462.6)	(485.0)	(8.4)	(4.7)
Non-current liabilities					
Trade and other non-current payables	15	(7.2)	(7.3)	–	–
Obligations under right-of-use leases - non-current	17	(136.5)	(144.6)	(4.4)	(4.8)
Other non-current financial liabilities	17	(672.7)	(706.2)	(644.2)	(668.4)
Preferred equity	17	(274.2)	(255.2)	(274.2)	(255.2)
Preferred equity – contractually-linked warrants	17	(12.4)	(26.0)	(12.4)	(26.0)
Deferred tax liabilities	20	(56.7)	(89.3)	–	–
Retirement benefit obligations	21	(8.4)	(8.0)	–	–
Provisions	16	(21.0)	(22.8)	–	–
Total non-current liabilities		(1,189.1)	(1,259.4)	(935.2)	(954.4)
Total liabilities		(1,651.7)	(1,744.4)	(943.6)	(959.1)
Net (liabilities) /assets		(22.2)	119.0	132.6	141.5
Equity					
Share capital	22	6.3	6.3	6.3	6.3
Retained earnings	23	(27.4)	85.7	114.1	125.7
Foreign exchange reserve	23	(20.8)	1.0	–	–
Hyperinflation foreign exchange reserve	23	7.5	16.5	–	–
Other reserves	23	12.2	9.5	12.2	9.5
Total equity		(22.2)	119.0	132.6	141.5

The loss of the Company for the year was £8.4m (2023: loss of £28.6m).

Company Registered Number (England & Wales) 282204.

The financial statements on pages 72 to 148 were approved by the Board of Directors and authorised for issue on 18 June 2024.

They were signed on its behalf by:



Brian Morgan
Chief Financial Officer

Consolidated Statement of Changes In Equity

For the 52 weeks ended 30 March 2024

	Share capital £m	Retained earnings £m	Foreign exchange reserve £m	Hyperinflation foreign exchange reserve £m	Other reserves £m	Total equity £m
At 2 Apr 2022	6.3	187.3	3.1	–	5.9	202.6
Loss for the period to 1 Apr 2023	–	(91.8)	–	–	–	(91.8)
Other comprehensive expense for the period	–	(2.0)	–	–	–	(2.0)
Retranslation of overseas subsidiaries	–	–	(2.1)	16.5	–	14.4
Total comprehensive loss	–	(93.8)	(2.1)	16.5	–	(79.4)
Buy back of ordinary shares (note 22)	–	(7.8)	–	–	–	(7.8)
Share-based payment charge	–	–	–	–	3.6	3.6
Transactions with owners	–	(7.8)	–	–	3.6	(4.2)
At 1 Apr 2023	6.3	85.7	1.0	16.5	9.5	119.0
Loss for the period to 30 Mar 2024	–	(108.0)	–	–	–	(108.0)
Other comprehensive expense for the period	–	(1.9)	–	–	–	(1.9)
Retranslation of overseas subsidiaries	–	–	(21.8)	(9.0)	–	(30.8)
Total comprehensive loss	–	(109.9)	(21.8)	(9.0)	–	(140.7)
Buy back of ordinary shares (note 22)	–	(3.2)	–	–	–	(3.2)
Share-based payment charge	–	–	–	–	2.7	2.7
Transactions with owners	–	(3.2)	–	–	2.7	(0.5)
At 30 Mar 2024	**6.3**	**(27.4)**	**(20.8)**	**7.5**	**12.2**	**(22.2)**

Company Statement of Changes In Equity

For the 52 weeks ended 30 March 2024

	Share capital £m	Retained earnings £m	Other reserves £m	Total equity £m
At 2 Apr 2022	6.3	162.1	5.9	174.3
Loss for the period to 1 Apr 2023	–	(28.6)	–	(28.6)
Total comprehensive loss	–	(28.6)	–	(28.6)
Buy back of ordinary shares	–	(7.8)	–	(7.8)
Share-based payment charge	–	–	3.6	3.6
Transactions with owners	–	(7.8)	3.6	(4.2)
At 1 Apr 2023	6.3	125.7	9.5	141.5
Loss for the period to 30 Mar 2024	–	(8.4)	–	(8.4)
Total comprehensive loss	–	(8.4)	–	(8.4)
Buy back of ordinary shares	–	(3.2)	–	(3.2)
Share-based payment charge	–	–	2.7	2.7
Transactions with owners	–	(3.2)	2.7	(0.5)
At 30 Mar 2024	**6.3**	**114.1**	**12.2**	**132.6**

Consolidated and Company Statements Of Cash Flows

For the 52 weeks ended 30 March 2024

	Note	Group 52 weeks ended 30 March 2024 £m	Group 52 weeks ended 1 April 2023 £m	Company 52 weeks ended 30 March 2024 £m	Company 52 weeks ended 1 April 2023 £m
Cash flows from operating activities					
Operating loss	1	**(51.8)**	(24.1)	**(12.2)**	(7.7)
Adjustments for:					
Depreciation and amortisation of IT software	1	**98.2**	90.5	**0.5**	0.6
Amortisation of acquired intangibles	1	**40.9**	41.5	**–**	–
Hyperinflation impact	2	**(30.4)**	(22.0)	**–**	–
Negative goodwill arising on acquisition	2	**–**	(90.5)	**–**	–
Goodwill impairment	9	**67.1**	80.0	**–**	–
Acquisition-related performance plan charge	2	**6.7**	10.3	**–**	–
Acquisition-related performance plan payment		**(10.8)**	–	**–**	–
Amortisation of government grants		**(0.9)**	(1.3)	**–**	–
Profit on disposal of property, plant and equipment	11	**(2.1)**	(1.8)	**–**	–
Intangible asset impairment	10	**5.4**	–	**–**	–
Fixed asset impairment	2	**–**	47.5	**–**	–
Loss on disposal of leased assets		**–**	1.5		
Share incentive plan charge	2	**2.7**	3.6	**1.3**	2.4
Defined benefit pension	21	**(0.6)**	(2.5)	**–**	–
Net cash flow from operating activities before movements in working capital, tax and interest payments		**124.4**	132.7	**(10.4)**	(4.7)
Change in inventories		**12.0**	62.8	**–**	–
Change in trade and other receivables		**20.2**	40.6	**(0.8)**	–
Change in trade and other payables		**(47.7)**	(114.5)	**3.4**	(1.3)
Change in provisions	16	**(11.8)**	19.1	**–**	–
Cash generated by continuing operations before tax and interest payments		**97.1**	140.7	**(7.8)**	(6.0)
Interest paid on loans and notes		**(32.6)**	(34.8)	**(22.3)**	(25.9)
Interest relating to right-of-use lease assets		**(6.8)**	(5.4)	**(0.2)**	–
Income taxes paid		**(2.5)**	(11.4)	**–**	–
Net cash inflow / (outflow) from operating activities		**55.2**	89.1	**(30.3)**	(31.9)
Investing activities					
Purchases of property, plant and equipment		**(58.5)**	(96.4)	**–**	–
Purchases of intangible assets		**(4.0)**	(3.2)	**(0.3)**	–
Loan to subsidiary companies		**–**	–	**37.6**	(137.1)
Proceeds on disposal of property, plant and equipment		**28.2**	5.3	**–**	–
Proceeds on disposal of intangible assets		**0.3**	–	**–**	–
Deferred consideration and earn-out payments		**(4.1)**	(4.6)	**–**	–
Acquisition of subsidiaries net of cash acquired		**–**	(119.7)	**–**	–
Net cash (used) / generated in investing activities		**(38.1)**	(218.6)	**37.3**	(137.1)
Financing activities					
Proceeds from debt		**48.4**	66.0	**–**	11.6
Repayment of debt		**(34.4)**	(75.4)	**(9.6)**	–
Buy back of ordinary shares	22	**(3.2)**	(7.8)	**(3.2)**	(7.8)
Payments under right-of-use lease obligations	18	**(28.7)**	(23.9)	**(0.4)**	(0.4)
Net cash (used) / generated in financing activities		**(17.9)**	(41.1)	**(13.2)**	3.4
Net decrease in cash and cash equivalents		**(0.8)**	(170.6)	**(6.2)**	(165.6)
Cash and cash equivalents at beginning of period	18	**90.4**	258.0	**13.8**	177.9
Effect of foreign exchange rate changes	18	**(2.4)**	3.0	**0.4**	1.5
Cash and cash equivalents at end of period		**87.2**	90.4	**8.0**	13.8
Comprising:					
Cash and cash equivalents	18	**94.8**	93.3	**8.9**	13.8
Bank overdrafts	18	**(7.6)**	(2.9)	**(0.9)**	–
		87.2	90.4	**8.0**	13.8

Significant Accounting Policies

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with UK-adopted international Financial Reporting standards.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are recorded at fair value through the Income Statement in accordance with IFRS9, certain classes of property, plant and equipment, and investment property measured at fair value or revaluated amount at acquisition, (where applicable) assets held for sale which are measured at the lower of carrying amount and fair value less costs to sell, and defined benefit pension plans measured at fair value. Certain Land and buildings were professionally valued at 4 April 2004 and this valuation was adopted as deemed cost on adoption of IFRS. The accounting policies have been applied consistently in the current and prior year.

The principal accounting policies adopted are set out below.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on a going concern-basis. The Director's Report on pages 53 to 54 sets out the justification for this basis of preparation.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

The acquisition method of accounting is used to account for business combinations by the group.

All intra-group transactions, balances, income and expenses and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and statement of comprehensive income and related notes.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred for the acquisition of a subsidiary is the fair value (at the date of exchange) of the assets transferred, the liabilities incurred or assumed, and the equity interests issued by the Group in exchange for control of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets held for sale and discontinued operations are measured in accordance with that standard.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

Costs related to acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed in the income statement as incurred.

If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Significant Accounting Policies

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held investment is re-measured to fair value at the acquisition date; any gains or losses from such re-measurement are recognised in the income statement.

INVESTMENTS IN SUBSIDIARIES HELD BY THE COMPANY

Investments in subsidiaries held by the Company are included at cost less accumulated impairment.

GOODWILL

Goodwill represents the excess of the fair value of the cost of a business acquisition over the Group's interest in the fair value the identifiable assets and liabilities acquired of a subsidiary, associate or joint venture at the date of acquisition.

Should the fair value of the identifiable assets exceed the cost of acquisition, a "bargain purchase", the excess is credited to the income statement immediately on acquisition.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there are events or changes in circumstances indicated that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is then charged against other assets attributed to the relevant cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

If the impairment is subsequently reversed, the carrying amount, except in the case of goodwill, is increased to the revised estimate of its recoverable amount, limited to the carrying value that would have been determined had no impairment been recognised previously. Impairment losses in respect of goodwill are not subsequently reversed.

On disposal of a subsidiary, associate or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

At each balance sheet date, the Group review the carrying amounts of its non-current assets held for sale to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

PROPERTY, PLANT AND EQUIPMENT

A. property, plant and equipment acquired as part of the business combination

Tangible assets acquired through acquisition are initially measured at fair value at the date of exchange corrected for any impairment in case the recoverable amount of the cash generating unit is less than the carrying amount of the assets from the acquired business. The remaining net book value is amortised on a straight-line basis over their remaining estimated useful lives.

Tangible assets which cannot be separately identified as part of the acquisition are fully impaired at acquisition.

Where necessary, the fair value at acquisition and estimated useful lives for these tangible assets are based on independent valuation reports.

B. property, plant and equipment subsequently acquired

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation on buildings is charged to the income statement.

Other fixed assets are stated at cost (original purchase price and the costs attributable to bringing the asset to its working condition for its intended use), net of accumulated depreciation and any accumulated provision for impairment.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Except for freehold land, which is not depreciated, the cost of property plant and equipment, less any anticipated residual value, is depreciated on a straight-line basis over its expected useful lives for which the depreciation is charged to profit or loss. The expected useful lives of assets are applied on a straight-line basis:

Buildings: between 30 and 50 years

Roofs of buildings: 10 years

Plant and equipment: between 3 and 20 years

Fixtures and equipment: between 3 and 20 years

Motor vehicles: 4 to 5 years

Spare parts: 4 years

Sampling assets: between 2 and 5 years

Annual reviews are made of estimated useful lives and material residual values. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets in the course of construction are not depreciated until the assets are ready for their intended use.

Important upgrades or renewals on existing machines are depreciated over the remaining depreciation period of the original property, plant and equipment, or in case the underlying asset is fully depreciated, depreciated over the remaining expected useful life of the tangible asset.

Sampling assets consist of a variety of product samples and sample books, as well as point of sale stands. The group places these assets with retail customers for the purpose of helping to generate future consumer sales, and therefore sales for the Group. Sampling assets are included within the category 'Fixtures, vehicles and equipment' as shown in note 11.

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

INTANGIBLE ASSETS

(i) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date, which is regarded as their cost.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(ii) Amortisation of intangible assets

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. The expected useful lives of intangible assets are:

Customer relationships: between 6 and 20 years

Brand names: between 20 and 35 years

Developed technology: 4 years

Significant Accounting Policies

Customer relationships relate to existing relationships with customers based on a number of factors including trading history, contractual and non-contractual relationships and customer specific product formulations.

Where necessary, the fair value at acquisition and estimated useful lives for these intangible assets are based on independent valuation reports.

Amortisation commences from the date the intangible asset becomes available for use.

All software components and licences acquired through business combinations and which cannot be separately sold are immediately amortised via acquisition accounting.

(iii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(iv) Impairment of property, plant and equipment and intangible assets (other than goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

LEASING

The Group recognises right-of-use assets at cost and lease liabilities at the lease commencement date based on the present value of future lease payments. The right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis in line with the Group's accounting policy for property, plant and equipment. The lease liabilities are recognised at amortised cost using the effective interest rate method. The discount rates used reflect the incremental borrowing rate specific to the lease.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. The cost of inventories also includes purchased emission rights recorded at cost and free of charge emission rights where the group have elected to record the rights at nil cost. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provisions are made for obsolete, slow-moving, defective items and out of collections where appropriate.

FACTORING

The group has entered into receivables factoring agreements, whereby it may sell trade receivables arising from its normal course of business at face value less reserves and fees. While certain recourse conditions exist, the credit risk related to certain factored receivables has been mitigated by using a third-party credit insurance company which is transferred to the factor.
In respect of factored receivables covered by the credit insurance, for the purpose of derecognition criteria, management deem the original asset to be a combination of the receivables themselves along with the attached credit insurance. The credit insured receivables are therefore not derecognised hence the debtor balances and corresponding factoring liabilities are recognised gross on the balance sheet for all factored receivables.

CASH AND CASH EQUIVALENTS

Cash comprises amounts held short-term on deposit with financial institutions.

Cash equivalents comprises short-term highly liquid corporate bonds with maturities of three months or less from inception that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts that are repayable on demand and not deemed as a financing facility are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

PREFERRED EQUITY, ASSOCIATED WARRANTS AND OTHER ITEMS

Whilst the preferred equity is legally structured as an equity instrument through the Company's articles of association and have many equity-like features, they must be accounted for as a financial liability under IFRS. This primarily relates to the fact that the conversion option is based on the prevailing share price, and therefore it fails the 'fixed-for-fixed' criteria as prescribed in the standard.

Based on the terms of the preferred equity, the underlying host instrument was identified alongside a number of other related items, including non-closely related embedded derivatives.

The underlying host instrument is held at amortised cost. This is amortised using the effective interest rate method. This liability is held on the balance sheet net of prepaid financing costs, which are amortised at the same rate.

Two non closely-related embedded derivatives were identified:

(i) the Victoria option to cash redeem (rather than the instrument running into perpetuity or conversion) which is held at fair value through profit and loss; and

(ii) the KED option to convert into ordinary shares - this was valued at £nil at inception and therefore is not recognised.

The attached warrants have been identified as a separate liability on the balance sheet, which is held at fair value through profit and loss.

Further details on the preferred equity instrument are included in Note 17 to the Accounts.

SHARE-BASED PAYMENTS

The equity settled share-based incentive programme allows certain Group employees to exchange growth shares issued in the intermediate holding company Victoria Midco Holdings Limited into Ordinary Shares in Victoria PLC of equivalent value. The fair value of the growth shares is based on growth in the share price of Victoria PLC above a hurdle and is measured using an appropriate valuation model (Black-Scholes or Monte Carlo) at grant date. The fair value is spread over the vesting period, representing the Company's best estimate of the time in which the participant will exchange growth shares for Ordinary Shares in the Company, with the charge to the income statement recognised as an employee expense, and a corresponding increase in equity.

The share options issued under the LTIP 2020 scheme and warrants issued in 2021 to certain Group employees have no performance conditions and only subject to remaining in employment by the Group at the time the options or warrants are exercisable. The fair value of these share options and warrants has been based off the share price of Victoria PLC at the date of issue. The fair value is spread over the vesting period with the charge to the income statement recognised as an employee expense, and a corresponding increase in equity.

The share options issued under the LTIP 2022 scheme and warrants issued in 2022 to certain Group employees have no performance conditions and only subject to remaining in employment by the Group at the time the options or warrants are exercisable. The fair value of these share options and warrants has been determined using a Black-Scholes valuation model at grant date. The fair value is spread over the vesting period with the charge to the income statement recognised as an employee expense, and a corresponding increase in equity.

The share options issued under a 2024 LTIP plan have no performance conditions and only subject to remaining in employment by the Group at the time the options are exercisable. The incentive plan comprised of: (i) a fair market value option with an exercise price at market value at the date of issue; and (ii) a par value option with an exercise price of 5p per Ordinary Share. The fair value of the fair market value options has been determined using a Black-Scholes valuation model at grant date. The fair value of the par value option has been based off the share price of Victoria PLC at the date of issue. For both the fair market value and par value options, the fair value is spread over the vesting period with the charge to the income statement recognised as an employee expense, and a corresponding increase in equity.

Significant Accounting Policies

ACQUISITION-RELATED PERFORMANCE PLANS

Certain acquisitions made by the Group include an element of consideration, known as an earn-out, that is contingent on the financial performance of the target business meeting pre-determined targets over a specified period. Where the earn-out is also contingent on the continued employment of the seller(s) following the acquisition, this is then treated as a non-underlying remuneration cost (see below), accrued over the earn-out period (i.e. the period over which the effective employment condition is applicable) into an acquisition-related performance plan liability.

Two of the historical acquisitions were made by the Company directly (as opposed to via a subsidiary). In these cases the non-underlying remuneration cost is treated as an increase in the quantum of the relevant investment in subsidiary, with no income statement impact in the Company itself as the amounts reflect services to the subsidiary and were paid on the subsidiary's behalf.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. Where the timing of settlement is uncertain, amounts are classified as non-current where settlement is expected more than 12 months from the reporting date.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties.

FINANCIAL INSTRUMENTS

The use of financial derivatives is governed by the group's policies

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and commodity risk, including foreign exchange forward contracts and foreign currency options.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in the income statement immediately. Hedge accounting is not applied.

(a) Financial assets

The Group's financial assets fall into the categories discussed below, with the allocation depending on the purpose for which the asset was acquired. Although the Group occasionally uses derivative financial instruments in economic hedges of currency rate risk, it does not hedge account for these transactions.

Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

(i) Assets held at amortised cost

They arise principally through the provision of goods and services to customers (e.g. trade receivables) and deposits held at banks but may also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost as reduced by appropriate allowances for estimated unrecoverable amounts.

The effect of discounting on these financial instruments is not considered to be material.

The group makes use of a simplified approach to accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are expected shortfalls in contractual cash flows, considering the potential for default at any point during the lifetime of the financial instrument. The group uses its historical experience, external indicators and forward-looking information to calculate expected credit losses.

The group oversees impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped on the number of days overdue. We refer to Note 14 for an analysis of how the impairment requirements of IFRS9 have been applied.

Assets held at amortised cost in the Company includes loans issued to other group companies. They are initially recognised at fair value less transaction costs that are directly attributable and subsequently at amortised cost reduced by appropriate allowances for credit losses.

For loans with other group companies that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date in accordance with IFRS 9.

For other loans with group companies where the credit risk is deemed to be low a 12-month expected credit loss is recognised in accordance with IFRS 9.

(ii) Fair value through profit or loss
This category comprises "in the money" foreign exchange derivatives to the extent that they exist (see (b)(ii) for "out of the money" derivatives). They are carried in the balance sheet at fair value with changes in fair value recognised in the income statement.

The fair value of the Group's foreign exchange derivatives is measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturity of the contracts.

(b) Financial liabilities

The Group classifies its financial liabilities into one of two categories depending on the purpose for which the liability was incurred. Although the Group uses derivative financial instruments in economic hedges of currency risk, it does not hedge account for these transactions.

Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(i) Financial liabilities measured at amortised cost
These liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.
- Bank borrowings and loan notes are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost. Interest is recognised as a finance expense in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.
- Deferred, non-contingent consideration payable in relation to acquisitions, which is initially recognised at fair value and subsequently carried at amortised cost.

(ii) Fair value through profit or loss
These liabilities include the following items:

- "Out of the money" foreign exchange derivatives and interest rate swaps to the extent that they exist (see (a)(ii) for "in the money" derivatives). They are carried in the balance sheet at fair value with changes in fair value recognised in finance income or expense. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

  The methods used for calculating the fair value of the Group's interest rate and foreign exchange derivatives have been described in (a)(ii) above.
- Contingent consideration payable in relation to acquisitions, which are carried in the balance sheet at fair value with changes in fair value recognised in finance income or expense.

(c) Share capital

The Group's Ordinary shares are classified as equity instruments. Share capital includes the nominal value of the shares. Any share premium attaching to the shares are shown as share premium.

(d) Embedded derivatives

The Group recognises an embedded derivate separate from the host contract where the economic characteristics and risks of the embedded derivative are not closely related to those of the host liability contract and the host financial liability contract itself is not measured at fair value through profit or loss. The embedded derivative is bifurcated and reported at fair value at inception, with gains and losses recognised on financial assets/ liabilities at fair value through profit or loss. The host financial lability contract will continue to be accounted for in accordance with the appropriate accounting standard. The carrying amount of an embedded derivative is reported in the same balance sheet line items as the host financial liability contract.

Significant Accounting Policies

REVENUE RECOGNITION

The group enters into contracts with customers involving one performance obligation being the sale of flooring products. Revenue is recorded at transaction price being the amount of consideration to which the group equates to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties, for example some sales or value added taxes in accordance with IFRS 15.

Revenue from the sale of goods is recognised at a point in time when the promised goods have been transferred to a customer at which point the performance obligation is considered to have been satisfied. The customer is considered to obtain control of the promised goods when the control over the goods has transferred, that is when the products are delivered at the destination which has been agreed to and at the point the customer has full discretion over the channel and price to sell the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped or have been made available to/at a specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied. The moment of transfer of risk and control can be affected by the incoterm that has been agreed with the customer.

The standalone selling price of the product sold to a customer is clearly determined from the contract entered into. The total transaction price is estimated as the amount of consideration to which the group expects to be entitled in exchange for transferring the promised goods after deducting trade discounts and volume rebates which create variability in the transaction price. In determining the variable consideration to be recognised, trade discounts and volume rebates are estimated based on the terms of the contractually agreed arrangements and the amount of consideration to which the group will be entitled in exchange for transferring the promised goods to the customer. Variable consideration is estimated using the 'most likely amount' method.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for any negotiated rebates which are estimated based on historical data. Rebates are generally recognised as a deduction from the corresponding trade receivable due from the related customer, except where the rebate is to be paid in cash where a liability is recognised within 'other creditors and accruals'. The Group reviews its estimate at each reporting date and updates the amounts of the deduction from the trade receivable accordingly.

Payment terms are generally determined between 30 and 60 days, therefore the impact of the time value of money is minimal.

INTEREST INCOME

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

DIVIDEND INCOME

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

FOREIGN CURRENCIES

The individual financial statements of each Group entity, including those subsidiaries operating in a hyperinflationary economy, are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Pound Sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised in equity. In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts (see also for details of the Group's accounting policies in respect of such derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Pound Sterling using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Translation differences arising, if any, are recognised in other comprehensive income and accumulated in equity. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

GOVERNMENT GRANTS

Government grants relating to property, plant and equipment are treated as deferred income, and released to profit or loss over the expected useful lives of the assets concerned. Other government grants, are recognised in profit or loss over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

RETIREMENT BENEFIT COSTS

(a) Defined contribution schemes

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

(b) Defined benefit schemes

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise, net of the related deferred tax.

Administrative expenses incurred by the Trustees in connection with managing the Group's pension schemes are recognised in the Consolidated Income Statement.

TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are

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recognised for temporary differences arising from lease liabilities and right-of-use assets under IFRS 16. Deferred tax is calculated based on the difference between the carrying amounts of these lease-related items in the financial statements and their respective tax bases, applying the tax rates expected to apply when the temporary differences reverse.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to the OECD Inclusive Framework agreement for a global minimum corporate income tax rate.

HYPERINFLATION

The group applied hyperinflationary accounting for its operations in Turkey. In March 2022, the three-year cumulative inflation in Turkey exceeded 100% and as a result, hyperinflationary accounting was applied as from the year ended 1 April 2023 in respect of the group's operations in Turkey. The Group's consolidated financial statements include the results and financial position of its Turkish operations restated to the measuring unit current at the end of the period, with hyperinflationary monetary gains and losses being reported in operating costs. Hyperinflationary accounting needs to be applied as if Turkey has always been a hyperinflationary economy since acquisition date, hence, the differences between equity at 2 April 2022 as reported and the equity after the restatement of the non-monetary items to the measuring unit current at 2 April 2022 were recognised in retained earnings. Graniser and Balta (Turkish operations) were acquired in February 2022 and April 2022 respectively.

When applying IAS 29 on an ongoing basis, comparatives in stable currency are not restated and the effect of inflating opening balances (from acquisition date) to the measuring unit current at the end of the reporting period is presented in other comprehensive income. The inflation rate used by the group is the official rate published by the Turkish Statistical Institute, TurkStat. The movement in the publicly available official price index for the year ended 30 March 2024 was 68% (year ended 1 April 2023: 51%). The index rate at the 30 March 2024 was 2,139.5.

SEGMENTAL REPORTING

The Group's internal organisation and management structure and its system of internal financial reporting to the Board of Directors are based on the geographical locations and operational characteristics of its businesses. The chief operating decision-maker has been identified as the Executive Directors.

NON-UNDERLYING ITEMS

EXCEPTIONAL ITEMS

Operating costs which are material by virtue of their size or incidence and are not expected to be recurring are disclosed as exceptional items.

The Victoria Group does not treat any recurring internal costs (such as employee time spent on restructuring or acquisition projects) as exceptional unless these costs can be fully assigned to the projects and can be removed after the project is finalised. All other costs of resources are treated as recurring.

Exceptional items are presented as non-underlying as resulting from there nature are not expected to re-occur as part of the underlying business.

(a) Acquisition related costs:

Acquisition costs, being third-party professional fees in connection with prospecting and completing acquisitions, are expensed in accordance with IFRS 3 and in each case relate to specific transactions that are considered one-off events. As such, these costs do not recur in future periods on the same business.

(b) Integration and reorganisation costs:

Significant investments to restructure the business are classified under integration and reorganisation costs. It mainly includes the costs of reducing the footprint of the business and the relocation of production related capacity and business to another locations. It also includes post-acquisition integration costs and restructuring costs relating to the restructuring of the activities within a business unit. The majority of these costs are either redundancy costs, fees from external service providers or costs that are made to relocate operations from one location to another. Which can also include the costs to vacate a location or to reinstate it to its original condition (if required by the rental agreement).

(c) impairment of tangible assets

The impairment of tangible assets which are valued in accordance with highest and best use at the point of acquisition, which are subsequently impaired to reflect the market value or value in use to the Company.

This cost is non-cash in nature and, unlike the depreciation or amortisation of other assets, is not expected to result in a future capital cost to the business in relation to replacement or renewal.

(d) Negative goodwill arising on acquisition

When an acquisition is completed, under IFRS the opening balance sheet of the target must be consolidated reflecting the fair value (as opposed to book value) of all assets and liabilities, including any intangible assets such as brands or customer relationships. The fair value is effectively the net realisable value if those assets or liabilities were to be sold or transferred on the open market at the time. Any excess of purchase price over the fair value of the balance sheet is then shown in the consolidated accounts as goodwill.

If the assessed fair value exceeds the purchase price paid, then the resulting 'negative goodwill' is treated as exceptional income.

(e) Exceptional impairment of goodwill

The Group treats goodwill impairment as non-recurring as the goodwill impairment testing takes into accounts future expected performance of the business and only substantial changes in the expected profitability of the business might lead to an impairment. These downward changes in expectations are not expected to reoccur every year for the same business units for the same magnitude.

(f) Gain/loss realised on sales of major land and buildings or business units

Income/charge relating to sales of major land and buildings or a business unit is presented as non-underlying as the nature of the transaction discontinues the future involvement of the asset and the related cost will not recur.

g) Major environmental provisions or remediation works

The charge in relation to environment remediation works or relating to the recognition of a provision for expected environmental remediation is recognised as non-underlying as it is expected that these environmental charges do not re-occur every year and/or are the result in changes in legislation leading to additional compliance requirements.

NON-UNDERLYING ITEMS

Non-underlying items are material non-trading income and costs and non-underlying finance costs as defined by the Directors. In line with IAS 1 para 85, the non-underlying items are disclosed separately in the Consolidated Income Statement given, in the opinion of the Directors, such presentation is relevant to an understanding of the Group's financial performance. Determining the presentation of an item as non-underlying is considered to be a significant judgement in the preparation of the annual report.

Non-underlying items comprise:

Operating income and costs

(a) Exceptional items

Exceptional items, as described above, are not considered to form part of the underlying result and are therefore treated as non-underlying.

(b) Acquisition-related performance plan charge

Charge relating to the accrual of expected liability under acquisition-related performance plans. The related liabilities can go up or down based on the actual and expected financial performance of the relevant acquired businesses over the earn-out period. Given these plans are linked directly to specific historical acquisitions, the related charges are treated as non-underlying.

(c) Non-cash share incentive plan charge

Share incentive plan costs are non-cash in nature and the fact that any expected share issue is accounted for in the assessment of fully diluted earnings per share, except in the circumstance where there is a loss per share. The corresponding IFRS2 charge is treated as a non-underlying cost. See note 5 for further details of the schemes.

(d) Amortisation of acquired intangibles

The amortisation of intangible assets arising from business combinations (primarily customer relationships and brand names) arises only for a finite period of time as a result of accounting for business combinations. This cost is non-cash in nature and, unlike the depreciation or amortisation of other assets, is not expected to result in a future capital cost to the business in relation to replacement or renewal.

(e) Unwind of fair value uplift to acquisition opening inventory

Charge relating to the IFRS 3 fair value adjustment on inventory acquired on

Significant Accounting Policies

new business acquisitions. This is a one-off cost arising on acquisition which will unwind over the period that the acquired inventory is sold. The nature of these costs are non-recurring and not considered to form part of the underlying performance of the business.

(f) Depreciation of fair value uplift to acquisition property

Charge relating to the IFRS 3 fair value adjustment on property, plant and equipment acquired on new business acquisitions. This is a one-off cost arising on acquisition which will unwind over the period that the asset is being used. The nature of these costs are non-recurring and not considered to form part of the underlying performance of the business as mainly arising from acquisition accounting.

(g) Hyperinflation

Some business might operate in jurisdictions where the threshold for implementing inflation accounting is exceeded as being described under IAS29. The implementation of hyperinflation accounting on these business results in the revaluation of the opening balance sheet and the indexing of the financial numbers. Adjustment to previous years' figures or restatements are not required in that case. To ensure comparability of historical figures, the hyperinflation accounting impact is treated as non-underlying.

Income/charge relating to hyperinflation under IAS 29 are not considered to part of the operating performance of the business and the income/charge are non-cash in nature.

Finance costs

(a) Unwinding of present value of deferred and contingent earn-out liabilities

Contingent consideration in respect of acquisitions is measured under IFRS 3, initially at fair value discounted for the time value of money. Subsequently, the present value is reassessed to unwind the time value of money. Such adjustments are non-cash in nature and are not considered to form part of the underlying performance of the business.

Deferred consideration in respect of acquisitions is measured under IFRS 3 at amortised cost. Such adjustments are non-cash in nature and are not considered to form part of the underlying performance of the business.

(b) Other adjustments to present value of contingent earn-out liabilities

Any changes to contingent earn-outs arising from actual and forecast business performance are reflected as other adjustments to present value of contingent earn-out liabilities. Such adjustments are non-cash in nature and are not considered to form part of the underlying performance of the business.

(c) Mark-to market adjustments on foreign exchange contracts

The mark to market valuation of forward foreign exchange contracts is entirely dependent on the closing exchange and interest rates at the balance sheet date, and therefore not considered to form part of the underlying performance of the business.

(d) Translation differences on foreign currency loans

The impact of exchange rate movements on foreign currency loans presented in translation of non-Pound-Sterling denominated debt into the group accounts which are presented in Pound Sterling within the balance sheet of the Company or of its consolidated UK subsidiaries is treated as a non-underlying finance cost.

(e) Financial costs relating to preferred equity, associated warrants and other items

The preferred equity issued is treated under IFRS 9 as a financial instrument with a number of associated embedded derivatives. There are a number of resulting financial items taken to the income statement in each period, including the cost of the underlying host contracts and the income or expense related to the fair value movement of the warrants and embedded derivatives. The preferred equity is legally structured as equity and is also equity-like in nature as it is contractually subordinated, and never has to be serviced in cash, and contains no default or acceleration rights, hence the resultant finance costs or income are treated as non-underlying.

There are a number of financial items in the income statement that relate to the preferred equity, associated warrants and other items (see below), as follows:

- A financial cost relating to the effective interest rate on the amortisation of the underlying host instrument;
- A financial cost / credit relating to the movement in fair value of the redemption option asset;
- A financial cost / credit relating to the movement in fair value of the warrants liability; and

Given the instrument is legally equity capital and equity-like in nature as the preferred shares are perpetual, and there is no obligation to ever cash settle any of the preferred dividends, any ongoing financial costs in respect of this facility are not considered to form part of the underlying performance of the business.

(f) Fair value adjustment to notes redemption option

The corporate bonds issued in March 2021 comprise two tranches maturing in August 2026 and March 2028. However, the company can choose to repay early if it pays a redemption premium, the level of which varies over time. Under IFRS 9, this 'embedded call option' must be separately disclosed as a financial asset on the balance sheet and fair-valued at each reporting date. The income or charge resulting from this revaluation exercise at each reporting date is a non-cash item presented as non-underlying financial costs/income.

(g) Unsecured loan redemption premium charge

When exceptional redemptions are performed on unsecured loans, the premium charge is presented as non-underlying. The Group consider this cost to be non-underlying as it is according to the general principles of the contract not expected that an early redemption would take place before the contract loan period ends and does not expect this to recur every year.

(h) Other financial expenses (hyperinflation)

Restated finance costs within entities which fall under the hyperinflation requirements based on the change in the general price index between the date when the finance costs were initially recorded and the reporting date.

(i) Implications of important changes in regulations (laws) on Defined benefit pension liabilities

The impact of law and regulations changes on the valuation and measurement of defined benefit and certain defined contribution plans reclassified as defined benefit plans is treated as a non-underlying finance cost.

Deferred and current income tax cost/ income

The deferred and current income tax impact from above mentioned non-underlying and/or exceptional items is also presented as a non-underlying and or exceptional tax cost.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) ADOPTED FOR THE FIRST TIME IN THE YEAR

There were no new standards or amendments to standards adopted for the first time this year that had a material impact on the results for the group.

FUTURE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the Group's financial results or position other than change discussed below.

IAS 12 does not specifically address the tax effects of right of use assets and lease liabilities. However, in May 2021 the IASB made amendments to IAS 12 which narrow the scope of the initial recognition in paragraphs 15 and 24 of IAS 12 and the require entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. As a consequence, entities are now required to recognise a deferred tax asset and liability on the initial recognition of a lease.

The Group was previously recording deferred tax on right of use assets and lease liabilities on a net basis.

Deferred tax assets and liabilities in 2023 and 2022 have been restated in line with the amendment to IAS12 introducing Para 22A for periods commencing after 1 January 2023. For the restated Consolidated Balance Sheet presented at 1 April 2023, the deferred tax asset has increased by £44.2, from £1.7m to £45.9m; the deferred tax liability has also increased by £44.2m, from £89.3m to £133.5m. For the restated Deferred tax note (Note 20) at 2 April, the deferred tax asset has increased by £26.7, from £1.0m to £27.7m; the deferred tax liability has also increased by £26.7m, from £55.2m to £81.9m. This prior period adjustment changes the balance sheet presentation of deferred tax only, with the net deferred tax position remaining a liability of £54.2m. The above adjustments have no impact on any other balances within the Consolidated Balance Sheets at 1 April 2023 or 2 April 2022 nor the reported Consolidated Income Statements for the 52 weeks ended 1 April 2023 or the 52 weeks ended 2 April 2022, nor any impact on basic or diluted earnings per share measures in the prior year periods.

Notes to the Accounts

1. SEGMENTAL INFORMATION

The Group is organised into four operating segments: soft flooring products in UK & Europe; ceramic tiles in UK & Europe; flooring products in Australia; and flooring products in North America. The Executive Board (which is collectively the Chief Operating Decision Maker) regularly reviews financial information for each of these operating segments in order to assess their performance and make decisions around strategy and resource allocation at this level.

The UK & Europe Soft Flooring segment comprises legal entities primarily in the UK, Republic of Ireland, the Netherlands and Belgium (including manufacturing entities in Turkey and a distribution entity in North America), whose operations involve the manufacture and distribution of carpets, rugs, flooring underlay, artificial grass, LVT, and associated accessories. The UK & Europe Ceramic Tiles segment comprises legal entities primarily in Spain, Turkey, Italy, UK and France, whose operations involve the manufacture and distribution of wall and floor ceramic tiles. The Australia segment comprises legal entities in Australia, whose operations involve the manufacture and distribution of carpets, flooring underlay and LVT. The North America segment comprises legal entities in the USA, whose operations involve the distribution of hard flooring, LVT and tiles.

Whilst additional information has been provided in the operational review on sub-segment activities, discrete financial information on these activities is not regularly reported to the CODM for assessing performance or allocating resources.

No operating segments have been aggregated into reportable segments.

Both underlying operating profit and reported operating profit are reported to the Executive Board on a segmental basis.

Transactions between the reportable segments are made on an arm length's basis. The reportable segments exclude the results of non revenue generating holding companies, including Victoria PLC. These entities' results have been included as unallocated central expenses in the tables below.

Income statement

	52 weeks ended 30 Mar 2024						52 weeks ended 1 Apr 2023					
	UK & Europe Soft Flooring £m	**UK & Europe Ceramic Tiles £m**	**Australia £m**	**North America £m**	**Unallocated central expenses £m**	**Total £m**	UK & Europe Soft Flooring £m	UK & Europe Ceramic Tiles £m	Australia £m	North America £m	Unallocated central expenses £m	Total £m
Income statement												
Revenue	**643.8**	**359.7**	**106.1**	**163.3**	**–**	**1,273.0**	722.9	468.0	120.9	168.4	–	1,480.2
Underlying operating profit / (loss)	**34.6**	**31.8**	**8.7**	**6.8**	**(8.3)**	**73.6**	27.2	77.5	10.0	6.0	(1.9)	118.8
Non-underlying operating items	**(11.9)**	**(9.1)**	**(1.6)**	**(5.6)**	**(3.6)**	**(31.8)**	(30.0)	(12.0)	(1.7)	(9.2)	(4.6)	(57.5)
Exceptional operating items	**(16.5)**	**(31.0)**	**–**	**(43.3)**	**(2.8)**	**(93.6)**	5.8	(90.1)	(0.1)	2.8	(3.8)	(85.4)
Operating profit / (loss)	**6.3**	**(8.3)**	**7.1**	**(42.1)**	**(14.8)**	**(51.8)**	3.0	(24.6)	8.1	(0.4)	(10.3)	(24.1)
Underlying net finance costs						**(46.5)**						(41.9)
Non-underlying net finance costs						**(32.6)**						(44.6)
Loss before tax						**(130.9)**						(110.6)
Tax credit						**22.9**						18.8
Loss for the period						**(108.0)**						(91.8)

Management information is reviewed on a segmental basis to operating profit.

During the year, no single customer accounted for 10% or more of the Group's revenue. Inter-segment sales in the year and in the prior year were immaterial.

All revenue generated across each operating segment was from the sale of flooring products recognised at a point in time in accordance with IFRS 15. The flooring products sold across each operating segment have similar production processes, classes of customers and economic characteristics such as similar rates of profitability, similar degrees of risk, and similar opportunities for growth.

1. SEGMENTAL INFORMATION (CONTINUED)

The Group's revenue for the period was split geographically (by origin) as follows:

	2024 £m	2023 £m
Revenue		
United Kingdom	**331.1**	311.9
United States	**199.1**	202.7
Italy	**163.0**	184.8
Belgium	**159.4**	251.5
Spain	**140.2**	178.3
Australia	**106.1**	120.9
Netherlands	**84.8**	94.1
Turkey	**65.3**	105.6
France	**14.6**	21.8
Ireland	**7.9**	6.5
Portugal	**1.4**	2.3
	1,273.0	1,480.2

Balance sheet

	52 weeks ended 30 Mar 2024						52 weeks ended 1 Apr 2023 (restated)					
	UK & Europe Soft Flooring £m	**UK & Europe Ceramic Tiles £m**	**Australia £m**	**North America £m**	**Central £m**	**Total £m**	UK & Europe Soft Flooring £m	UK & Europe Ceramic Tiles £m	Australia £m	North America £m	Unallocated central expenses £m	Total £m
Total Assets	**742.9**	**658.8**	**76.6**	**117.7**	**33.5**	**1,629.4**	796.9	745.8	83.6	167.9	69.2	1,863.4
Total Liabilities	**(378.3)**	**(281.9)**	**(23.6)**	**(58.0)**	**(909.8)**	**(1,651.6)**	(397.5)	(295.6)	(26.6)	(64.0)	(960.7)	(1,744.4)
Net Assets / (liabilities)	**364.6**	**376.9**	**52.9**	**59.7**	**(876.3)**	**(22.2)**	399.4	450.2	57.0	103.9	(891.5)	119.0

The Group's non-current assets (net of deferred tax) as at 30 March 2024 were split geographically as follows:

	2024 £m	2023 £m
Non-current assets (net of deferred tax)		
Spain	**245.6**	301.0
Belgium	**173.8**	179.6
United Kingdom	**143.6**	169.7
Netherlands	**110.1**	101.9
Italy	**114.1**	102.5
Turkey	**82.5**	108.7
United States	**57.1**	105.7
Australia	**31.4**	34.8
	958.2	1,103.9

Notes to the Accounts

1. SEGMENTAL INFORMATION (CONTINUED)

Other segmental information

	52 weeks ended 30 Mar 2024						52 weeks ended 1 Apr 2023					
	UK & Europe Soft Flooring £m	UK & Europe Ceramic Tiles £m	Australia £m	North America £m	Unallocated central expenses £m	Total £m	UK & Europe Soft Flooring £m	UK & Europe Ceramic Tiles £m	Australia £m	North America £m	Unallocated central expenses £m	Total £m
Depreciation of tangible fixed assets and IT software amortisation	(37.4)	(29.5)	(2.9)	(2.9)	(0.1)	(72.8)	(35.4)	(23.8)	(3.0)	(1.8)	–	(64.0)
Depreciation of right-of-use lease assets	(20.0)	(6.4)	(1.9)	(2.2)	(0.5)	(30.9)	(16.7)	(5.6)	(2.3)	(1.4)	(0.5)	(26.5)
Amortisation of acquired intangibles	(11.0)	(22.7)	(1.6)	(4.6)	(0.9)	(40.9)	(11.9)	(23.4)	(1.8)	(4.4)	–	(41.5)
	(68.4)	(58.5)	(6.4)	(9.7)	(1.5)	(144.5)	(64.0)	(52.8)	(7.1)	(7.7)	(0.5)	(132.0)

	52 weeks ended 30 Mar 2024						52 weeks ended 1 Apr 2023					
	UK & Europe Soft Flooring £m	UK & Europe Ceramic Tiles £m	Australia £m	North America £m	Central £m	Total £m	UK & Europe Soft Flooring £m	UK & Europe Ceramic Tiles £m	Australia £m	North America £m	Central £m	Total £m
Intangible additions	2.7	1.6	–	–	0.3	4.6	2.4	0.8	–	–	0.1	3.2
Property, plant and equipment additions	37.9	30.0	2.6	5.5	–	75.9	46.4	44.4	3.3	5.2	–	99.3
Right of use additions	12.9	8.8	2.9	0.7	–	25.4	26.6	3.7	0.4	10.1	–	40.8
Total capital additions	53.5	40.4	5.5	6.1	0.3	105.8	75.5	48.8	3.7	15.3	0.1	143.4

2. EXCEPTIONAL AND NON-UNDERLYING ITEMS

	52 weeks ended 30 March 2024 £m	52 weeks ended 1 April 2023 £m
Exceptional items		
(a) Acquisition related costs	(1.0)	(4.0)
(b) Reorganisation and other costs	(20.1)	(44.4)
(c) Fixed asset impairment	–	(47.5)
(d) Negative goodwill arising on acquisition	–	90.5
(e) Exceptional goodwill impairment	(67.2)	(80.0)
(f) Intangible asset impairment	(5.4)	–
	(93.6)	(85.4)

2. EXCEPTIONAL AND NON-UNDERLYING ITEMS (CONTINUED)

	52 weeks ended 30 March 2024 £m	52 weeks ended 1 April 2023 £m
Non-underlying operating items		
(g) Acquisition-related performance plans	(6.7)	(10.3)
(h) Non-cash share incentive plan charge	(2.7)	(3.6)
(i) Amortisation of acquired intangibles (excluding hyperinflation)	(39.5)	(40.3)
(j) Unwind of fair value uplift to acquisition opening inventory	(0.6)	(10.9)
(k) Depreciation of fair value uplift to acquisition property, plant and machinery	(5.1)	(9.1)
(l) Hyperinflation depreciation adjustment	(6.0)	(4.2)
(m) Hyperinflation amortisation adjustment	(1.4)	(1.1)
(n) Hyperinflation monetary gain/(loss)	45.9	38.9
(o) Other hyperinflation adjustments (excluding depreciation and monetary gain)	(15.6)	(16.9)
	(31.8)	(57.5)
Total	(125.4)	(142.9)
Representing functional categorisation of:		
Revenue (see notes l,m,n,o)	16.5	18.8
Cost of sales (see notes j,k,l,m,n,o)	(43.0)	(58.9)
Distribution and administrative expenses	(99.0)	(193.4)
Negative goodwill arising on acquistion	–	90.5
Other operating income (see notes l,m,n,o)	0.1	0.1
	(125.4)	(142.9)

(a) One-off third-party professional fees in connection with prospecting and completing specific acquisitions during the period.

(b) In the prior year, the Group made a significant investment decision in restructuring the Rugs and UK broadloom businesses of Balta which represents the majority of the £20.1 million, with small reorganisation and integration projects around the Group contributing in smaller amounts.

(c) Prior year included an asset impairment cost of £47.5m relating to acquired Balta property, plant & machinery. One property was revalued on acquisition using a depreciated replacement cost valuation approach however due to subsequent restructuring decisions the property was transferred to assets held for sale and sold post year end.

(d) Prior period negative goodwill of £90.5m arose on the acquisition of Balta, Ragolle and IWT. Ragolle achieved this through favourable bilateral negotiations. IWT's negative goodwill was due to the accounting treatment of the accrued employment costs. Balta's negative goodwill was linked to the fact further spend was required to restructure the business and due to fair value uplift of property. See point b.

(e) Exceptional goodwill impairment charge, reduced production in Spain, as a result of the integration programme within the ceramics division has resulted in a further impairment of £24.7 million being taken in the UK & Europe – Ceramics (Spain & Turkey) CGU, along with weaker demand in the US impacting Cali Bamboo resulting in an impairment of £42.5 million. See note 9 for further details.

(f) Further to the exceptional goodwill impairment noted above, as a result of this testing, a charge was taken against the customer related intangible assets within Saloni. See Note 10 for further details.

(g) Charge relating to the accrual of expected liability under acquisition-related performance plans.

(h) Non-cash, IFRS2 share-based payment charge in relation to the long-term management incentive plans.

(i) Amortisation of intangible assets, primarily brands and customer relationships, recognised on consolidation as a result of business combinations.

(j) One-off cost of sales charge reflecting the IFRS 3 fair value adjustment on inventory acquired on new business acquisitions, given this is not representative of the underlying performance of those businesses.

(k) Cost of sales depreciation charge reflecting the IFRS 3 fair value adjustment on buildings and plant and machinery acquired on new business acquisitions, given this is not representative of the underlying performance of those businesses.

Notes to the Accounts

2. EXCEPTIONAL AND NON-UNDERLYING ITEMS (CONTINUED)

(l,m,n,o) Impact of hyperinflation indexation in the period, see accounting policies. The hyperinflation impact in the period on revenue was £16.5m (2023: £18.9m income), cost of sales was £37.5m charge (2023: £38.1m charge), admin expenses was £43.9m income (FY23: £35.8m income) and other operating income was £nil (2023: £0.1m).

3. FINANCE COSTS

	52 weeks ended 30 March 2024 £m	52 weeks ended 1 April 2023 £m
Underlying finance items		
Interest on bank facilities and notes	(36.8)	(33.6)
Amortisation of prepaid finance costs on loans and notes	(2.7)	(2.8)
Unwinding of discount on right-of-use lease liabilities	(7.0)	(5.4)
Net interest expense on defined benefit pensions	–	(0.3)
Retranslation on foreign cash balances	0.1	0.2
	(46.5)	(41.9)
Non-underlying finance items		
(a) Finance items related to preferred equity	(5.4)	(26.9)
(b) Unwinding of present value of deferred and contingent earn-out liabilities	(0.5)	(0.3)
(c) Fair value adjustment to deferred consideration and contingent earnout	2.0	0.3
Acquisitions related	1.5	–
(d) Gain on bond repurchase	2.0	–
(e) Fair value adjustment to notes redemption option / amortisation inception derivative	1.2	(2.0)
(f) Mark to market adjustments and gains on foreign exchange forward contracts	(0.2)	(0.4)
(g) Translation difference on foreign currency loans and cash	(24.6)	(13.3)
(h) Hyperinflation - finance portion	(6.7)	(1.8)
(i) Defined benefit pension	(0.4)	(0.2)
Other non-underlying	(28.6)	(17.7)
	(32.6)	(44.6)

(a) The net impact of items relating to preferred equity issued to Koch Equity Development during the current and prior periods (see Note 17).

(b) Current period non-cash costs relating to the unwind of present value discounts applied to deferred consideration and contingent earn-outs on historical business acquisitions. Deferred consideration is measured at amortised cost, while contingent consideration is measured under IFRS 9 / 13 at fair value. Both are discounted for the time value of money.

(c) Fair value reduction to contingent liability resulting in a credit. Prior year credit arose due to partial waiver of deferred consideration payable due to formally agreeing a reduction in the overall liability.

(d) The Company has generated a gain on bonds repurchased as the purchase price was lower than the carrying amount. This has happened as market interest rates have risen since the bonds were issued, reducing their market value.

(e) Attached to the senior notes is an early repayment option which, on inception, was recognised as an embedded derivative asset at a fair value of £4.3m. This asset is revalued at each reporting date, with the movement taken through the P&L. The value of the senior debt liabilities recognised were increased by a corresponding amount at initial recognition, which then reduces to par at maturity using an effective interest rate method. A credit of £1.2m was recognised in the period (2023: £2.7m charge), with a £nil fair value of the derivative asset at both period ends.

(f) Non-cash fair value adjustments on foreign exchange forward contracts.

(g) Net impact of exchange rate movements on third party and intercompany loans.

(h) Other finance cost / income impact of hyperinflation.

(i) Defined benefit pension change due to restructuring in current period and prior period related to a change in Turkish law.

See Financial Review for further details of these items.

4. PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2024 £m	2023 £m
After (charging) / crediting:		
Net foreign exchange losses	**(0.4)**	3.4
Depreciation of property, plant and equipment (see Note 11)	**(66.1)**	(63.1)
Depreciation of right-of-use lease assets (see Note 11)	**(30.9)**	(26.2)
Amortisation of intangible assets (see Note 10)	**(42.2)**	(42.7)
Staff costs (see Note 5)	**(258.3)**	(272.0)
Cost of inventories recognised as an expense	**(665.2)**	(864.7)
Profit on sale of fixed assets	**2.1**	0.4
Government grants	**0.9**	1.1
Rentals charged under short term and low value leases	**(0.5)**	(1.4)
Warehousing and transport costs	**(80.8)**	(93.1)
Exceptional acquisition, reorganisation and other costs (see Note 2)	**(21.1)**	(48.4)
Negative goodwill arising on acquisition (see Note 2)	**–**	90.5
Exceptional goodwill impairment (see Note 9)	**(67.2)**	(80.0)
Other SG&A costs	**(99.8)**	(112.6)
Other income	**4.9**	4.5
	(1,324.8)	(1,504.3)
Representing functional costs of:		
Cost of sales	**(882.2)**	(1,045.5)
Distribution and administrative expenses	**(447.5)**	(463.3)
Other operating income	**4.9**	4.5
	(1,324.8)	(1,504.3)

Auditor's remuneration	2024 £m	2023 £m
Fees payable to the Company's Auditor in respect of audit services:		
The audit of the Group consolidated accounts	**(0.86)**	(1.06)
The audit of the Company's subsidiaries pursuant to legislation	**(1.24)**	(1.13)
Total audit fees	**(2.11)**	(2.19)
Audit-related assurance services*	**(0.12)**	(0.02)
Tax compliance services	**–**	–
Taxation advisory services	**–**	–
Services relating to corporate finance transactions (either proposed or entered into) by or on behalf of the Company or any of its associates	**–**	–
Pension scheme advisory services		
Other services pursuant to legislation		
Total non-audit fees	**(0.12)**	(0.02)

* *Audit-related assurances services in 2024 include £126,100 of fees related to grant assurance (carried out by the auditor by statute) reporting services (2023: £15,000).*

5. STAFF COSTS

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Wages and salaries	**(199.9)**	(208.6)	**(2.7)**	(1.6)
Social security costs	**(40.8)**	(42.1)	**(0.2)**	(0.2)
Share-based employee remuneration	**(2.7)**	(3.6)	**(1.3)**	(2.5)
Other pension costs	**(8.3)**	(7.4)	**(0.2)**	(0.1)
Acquisition-related performance plans	**(6.7)**	(10.3)	**–**	–
Gross employment costs	**(258.3)**	(272.2)	**(4.4)**	(4.5)

Notes to the Accounts

5. STAFF COSTS (CONTINUED)

Directors' remuneration is included as part of the staff costs above. Directors' remuneration is disclosed separately on page 51 of the Directors' Report and forms part of these financial statements.

Average number employed (including executive directors of subsidiaries):

	Group		Company	
	2024	2023	**2024**	2023
Directors	**83**	93	**7**	7
Sales and marketing	**806**	829	**–**	–
Production, logistics and maintenance	**4,931**	5,871	**–**	–
Finance, IT and administration	**488**	495	**10**	6
	6,307	7,288	**17**	13

Share-based payment schemes

I Shares scheme

On 10 April 2018, a long-term incentive plan was introduced to incentivise senior employees. The plan involves the issue of up to 100,000 ordinary shares in Victoria Midco Holdings Limited.

On 10 April 2018, the Group issued 73,855 I shares ('I1 Shares'). On 1 April 2019, a further 4,350 I shares were issued ('I2 Shares').

To fair value the share awards, a Monte Carlo model has been applied as this is considered the most appropriate model when TSR performance conditions exist in a share scheme. The key inputs and assumptions applied in this model for the I1 and I2 Shares respectively are set out in the table below:

Inputs and Assumptions	I1 Shares	I2 Shares
Grant date	10 April 2018	1 April 2019
Victoria Plc share price at grant	£7.31	£4.52
Expected term	5.4 years	4.4 years
Risk free rate (continuously compounded)	1.10%	0.80%
Expected dividend yield	0.0%	0.0%
Expected volatility	26.00%	30.00%

Based on this model, the aggregate fair value of the I1 and I2 Shares was assessed to be £9.8m and £0.4m respectively. The fair value of the I shares are charged to the income statement over the vesting period of the scheme, which is expected to be 5.4 years for the I1 shares and 4.4 years for the I2 shares, with a corresponding credit to equity as the charge is non-cash. The charge to the income statement for the I1 and I2 shares was £0.16m and £0.04m respectively (2023: £0.38m and £0.10m respectively).

The expected volatility assumption has been determined with consideration to the historical share price volatility over a period commensurate with the expected maximum term of the I shares and the historical volatility of industry comparator companies.

During the year ended 28 March 2020, a number of the participants exited the scheme including certain of the Company's directors. 50,775 I1 shares were cancelled and a further 7,690 were forfeited, leaving 15,390 still in issue.

The I1 share scheme concluded in the year ended 30 March 2024 and did not result in the issuance of any Victoria Plc shares.

The I2 share scheme concluded in the year ended 30 March 2024 and resulted in the issuance of 368,454 ordinary shares in Victoria Plc to employees (none of whom were executive Directors).

5. STAFF COSTS (CONTINUED)

2020 LTIP Plan

Share options issued under the 2020 LTIP Plan in the year ended 3 April 2021

On 26 June 2020, a long-term incentive plan ('2020 LTIP Plan') was introduced to incentivise senior employees. 5p cost options were granted to 17 scheme participants in varying proportions, which, when exercised, will convert into 1,250,000 ordinary shares. The participants will be able to exercise these options in June 2024 provided they are still employed by the Group at that time.

To fair value the options, the share price at the date of issue of was applied to the number of options awarded. The fair value was determined as £2.93m and this charge was spread over the four year vesting period to June 2024. The charge to the income statement for the 2020 LTIP shares was £0.5m (2023: £0.7m).

One of the Company's directors is participating in the 2020 LTIP Plan, as detailed below.

Name	Number of Incentive Shares
Philippe Hamers	200,000

Follow-on share option issues under 2020 LTIP Plan

(a) Share options issued in the year ended 2 April 2022

In the year ended 2 April 2022, 37,750 share options were issued to certain senior employees under the 2020 LTIP Plan. To fair value these options, the share price at the date of issue was applied to the number of options awarded, less the exercise price borne by the participant. The fair value was determined as £0.38m. The options will vest and become exercisable as to 25% on each vesting date of 1 January 2023 and each anniversary thereafter up until 1 January 2026 provided the participants remain in employment with the Group. The charge will be spread over the period to 1 January 2026 in accordance with this vesting profile. The charge to the income statement for these options was £0.0m (2023: £0.1m). In the year ended 30 March 2024, 6,375 shares were exercised on 3 January 2024.

(b) Share options issued in the year ended 1 April 2023

In the year ended 1 April 2023, 380,000 share options were issued to certain senior employees under the 2020 LTIP Plan. To fair value these options, the share price at the date of issue was applied to the number of options awarded, less the exercise price borne by the partipant. The fair value was determined as £1.69m. The options will vest and become exercisable at various future dates between June 2024 and August 2026 provided the participants remain in employment with the Group at each relevant vesting date. The charge will be spread in accordance with the vesting profile for each individual. The charge to the income statement for these options was £0.8m (2023: £0.1m).

(c) Share options issued in the year ended 30 March 2024

In the year ended 30 March 2024, 250,000 share options were issued to certain senior employees under the 2020 LTIP Plan. To fair value these options, the share price at the date of issue was applied to the number of options awarded, less the exercise price borne by the partipant. The fair value was determined as £0.83m. The options will vest and become exercisable at various future dates between June 2024 and October 2027 provided the participants remain in employment with the Group at each relevant vesting date. The charge will be spread in accordance with the vesting profile for each individual. The charge to the income statement for these options was £0.2m (2023: £nil).

Notes to the Accounts

5. STAFF COSTS (CONTINUED)

2022 LTIP Plan

On 31 May 2022, a long-term incentive plan ('2022 LTIP Plan') was introduced to incentivise senior employees. Participants will be able to exercise any options issued provided they are still employed by the Group at the relevant vesting date.

To fair value these options, the share price at the date of issue was applied to the number of options awarded, less the exercise price borne by the participant. For any options where the share price at date of issue is below the exercise price, a Black-Scholes model has been used to fair value the options.

The key Black-Scholes inputs and assumptions applied in this model for the relevant 2022 LTIP plan shares are set out in the table below:

Inputs and Assumptions

Grant date	10 August 2022	22 August 2022
Victoria Plc share price at grant	£3.80	£3.64
Expected term	5.6 years	6.4 years
Risk free rate (continuously compounded)	1.80%	2.38%
Expected dividend yield	0.0%	0.0%
Expected volatility	48.61%	48.81%

The fair value of the 2022 LTIP share options issued in the year was determined as £1.0m. The options will vest and become exercisable at various dates between April 2022 and November 2026 provided the participants remain in employment with the Group at each relevant vesting date. The charge will be spread in accordance with the vesting profile for each individual. The charge to the income statement for these options was £0.3m (2023: £0.4m).

In the year ended 1 April 2023, 669,500 shares were issued to certain senior employees under the 2022 LTIP Plan. As at 30 March 2024, 212,500 of the 2022 LTIP shares are exercisable. All of the LTIP 2022 shares issued remained in place as at 30 March 2024 and none were exercised.

Certain Company Directors are participating in the 2022 LTIP Plan, as detailed below.

	Philippe Hamers	Brian Morgan
Number of incentive shares	375,000	250,000
Exercise price (£)	7.00	7.00
Vesting profile:		
Apr-22	93,750	–
Apr-23	93,750	25,000
Apr-24	93,750	37,500
Apr-25	93,750	62,500
Apr-26	–	125,000

2022 Warrants

On 7 September 2022, a new share-based long-term incentive plan was issued to one senior employee. This comprises the issue of warrants to subscribe for a total of 495,000 ordinary shares of 5 pence each. The Warrants are exercisable at the exercise price of 401 pence, with 87,348 warrants vesting on 7 September 2022, and thereafter 29,118 per calendar quarter, starting on 1 December 2022 and ending 1 March 2026, subject to the employee's continued employment with the Company.

To fair value these warrants, a Black-Scholes valuation model has been used.

5. STAFF COSTS (CONTINUED)

The key Black-Scholes inputs and assumptions applied in this model are set out in the table below:

Inputs and Assumptions

Grant date	07 September 2022
Victoria Plc share price at grant	£4.01
Expected term	5.8 years
Risk free rate (continuously compounded)	2.91%
Expected dividend yield	0.0%
Expected volatility	49.24%

The fair value of the warrants issued was determined as £1.0m. The charge to the income statement for the year ended 30 March 2024 was £0.3m (2023: £0.5m).

As at 1 April 2023, 262,056 of the 2022 warrants are exercisable. All of the warrants issued remained in place as at 30 March 2024 and none were exercised.

2024 Incentive Plan

On 15 March 2024, a new share-based long-term incentive plan was issued to one senior employee, comprising:

(i) a fair market value option for 1,067,481 Ordinary shares of 5p each in the capital of the Company with an exercise price of 233.5p per Ordinary Share; and

(ii) a par value option for 720,000 Ordinary Shares, with an exercise price of 5p per Ordinary Share.

The options will vest equally on a quarterly basis over a period from March 2024 to September 2026 as long as the employee remains employed by the Group. The fair market value option may be exercised up until the tenth anniversary of the date that the options were granted and the par value option may be exercised up until 31 December 2027.

To fair value the fair market value options, a Black-Scholes valuation model has been used.

The key Black-Scholes inputs and assumptions applied in this model are set out in the table below:

Inputs and Assumptions

Grant date	15 March 2024
Victoria Plc share price at grant	£2.34
Expected term	1.7 – 2.5 years
Risk free rate (continuously compounded)	4.02%
Expected dividend yield	0.0%
Expected volatility	61.24%

The fair value of the fair market value option issued was determined as £0.9m. The charge to the income statement for the year ended 30 March 2024 was £0.2m (2023: £Nil).

As at 30 March 2024, none of the fair market value options were exercisable. All of the fair market value options issued remained in place as at 30 March 2024 and none were exercised.

To fair value the par value options, the share price at the date of issue was applied to the number of options awarded,less the exercise price of 5p borne by the participant. The fair value of the par value options was determined as £1.6m. The charge to the income statement for the year ended 30 March 2024 was £0.3m (2023: £Nil).

As at 30 March 2024, none of the par value options were exercisable. All of the fair market value options issued remained in place as at 30 March 2024 and none were exercised.

Notes to the Accounts

6. TAXATION

	52 weeks ended 30 March 2024 £m	52 weeks ended 1 April 2023 £m
Current tax		
– Current year UK	(0.7)	(0.6)
– Current year non–UK	(10.8)	(13.0)
– Adjustments in respect of prior years	(0.3)	8.3
	(11.8)	(5.3)
Deferred tax		
– Credit recognised in the current year	26.5	34.7
– Adjustments in respect of prior years	10.1	(10.5)
– Effect of rate change	(1.9)	(0.1)
	34.7	24.1
Total tax credit	22.9	18.8

Corporation tax is calculated at the applicable percentage of the estimated assessable profit for the year in each respective geography. This is 25% in the UK, Spain and Belgium; 25.8% in the Netherlands; 27.9% in Italy; 30% in Australia; 12.5% in Ireland; a 25.1% combined rate (Federal and State) in North America; and applicable rates ranging between 20% and 25% in Turkey.

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2024 £m	%	2023 £m	%
Loss before tax from continuing operations	(130.9)		(110.6)	
Tax credit at the UK corporation tax rate of 25% (2023: 19%)	32.7	25.0	21.0	19.0
Tax effect of items that are not deductible / non-taxable in determining taxable profit	(24.8)	(19.0)	(6.7)	(6.1)
Differences between UK and non-UK statutory tax rates	(1.5)	(1.1)	0.2	0.2
Effect of changes in future tax rates on deferred tax amounts	(1.9)	(1.5)	4.4	4.0
Deferred tax amounts not recognised	1.9	1.5	2.1	1.9
Hyperinflation	6.6	5.0	–	–
Adjustments to prior periods	9.9	7.6	(2.2)	(2.0)
Tax credit and effective tax rate	22.9	17.5	18.8	17.0
Reconciliation to underlying effective tax rate				
Deduct tax credit on non-underlying items	(18.2)		(36.1)	
Deduct prior year items	(9.9)		2.2	
Tax charge on underlying items	(5.2)		(15.1)	
Underlying Profit Before Tax	27.1		76.9	
Adjusted effective tax rate excluding prior year and non-underlying items		19.2		19.6

6. TAXATION (CONTINUED)

The tax effect of non-underlying items is as follows:

	2024 Profit/ (loss) before tax £m	2024 Tax credit/ (charge) £m	2023 Profit/ (loss) before tax £m	2023 Tax credit/ (charge) £m
Income statement impact of preferred equity excluding warrants	**(19.0)**	**–**	(47.3)	–
Fair value of warrants in relation to the preferred equity	**13.6**	**(3.4)**	20.3	(2.6)
Amortisation of acquired intangibles	**(39.5)**	**8.8**	(40.3)	10.0
Fixed asset impairment	**(5.4)**	**1.4**	(47.5)	11.9
Exceptional goodwill impairment	**(67.2)**	**–**	(80.0)	–
Acquistion-related performance plans	**(6.7)**	**0.1**	(10.3)	–
Non-cash share incentive plan charge	**(2.7)**	**–**	(3.6)	0.7
Unwind of fair value uplift to acquisition opening inventory	**(0.6)**	**0.1**	(10.7)	2.7
Acquisition related costs	**(1.0)**	**–**	(4.0)	–
Reorganisation costs	**(20.1)**	**2.3**	(44.4)	11.9
Gain on bond repurchase	**2.0**	**(0.5)**	–	–
Fair value adjustment to notes redemption option / amortisation inception derivative	**1.2**	**(0.3)**	(2.0)	0.5
Negative goodwill arising on acquisition	**–**	**–**	90.5	–
Contingent consideration linked to positive tax ruling	**–**	**–**	–	(4.1)
Depreciation of fair value uplift to acquisition property, plant and machinery	**(5.1)**	**1.3**	(9.1)	2.2
Mark to market adjustments and gains on foreign exchange forward contracts	**(0.2)**	**0.1**	(0.4)	0.1
Translation difference on foreign currency loans and cash	**(24.6)**	**6.1**	(13.3)	3.1
Unwinding of present value of deferred and contingent earn-out liabilities	**(0.5)**	**0.1**	–	–
Fair value adjustment to deferred consideration and contingent earnout	**2.0**	**(0.5)**	–	–
Hyperinflation adjustments	**16.0**	**2.6**	14.7	(0.2)
Defined benefit pension	**(0.4)**	**–**	(0.1)	–
Loss before tax from non-underlying items	**(158.0)**	**18.2**	(187.5)	36.1

During 2023, the UK government substantively enacted the OECD Inclusive Framework agreement for a global minimum corporate income tax rate of 15%. For Victoria, this takes effect for FY25 and does not therefore affect Victoria's results in FY24. Victoria is evaluating the impact that the new minimum corporate rate will have on future accounting periods, but expects that its entities in most territories will not be impacted by this minimum tax requirement. To the extent that top-up taxes are required, the impact on Victoria's results is expected to be minimal but further evaluation will be undertaken as additional guidance becomes available.

Notes to the Accounts

7. EARNINGS PER SHARE

The calculation of the basic, adjusted and diluted earnings / (loss) per share is based on the following data:

	52 weeks ended 30 March 2024 Basic £m	52 weeks ended 30 March 2024 Adjusted £m	52 weeks ended 1 April 2023 Basic £m	52 weeks ended 1 April 2023 Adjusted £m
Loss attributable to ordinary equity holders of the parent entity	(108.0)	(108.0)	(91.8)	(91.8)
Exceptional and non-underlying items:				
Exceptional items	–	93.6	–	85.4
Non-underlying items	–	64.4	–	102.1
Tax effect on adjusted items where applicable	–	(18.2)	–	(36.1)
(Loss) / earnings for the purpose of basic and adjusted earnings per share	(108.0)	31.8	(91.8)	59.6

Weighted average number of shares

	52 weeks ended 30 March 2024 Number of shares (000's)	52 weeks ended 1 April 2023 Number of shares (000's)
Weighted average number of shares for the purpose of basic and adjusted earnings per share	115,046	115,746
Effect of dilutive potential ordinary shares:		
Share options and warrants	1,621	1,569
Weighted average number of ordinary shares for the purposes of diluted earnings per share	116,667	117,315
Preferred equity and contractually-linked warrants	49,771	35,213
Weighted average number of ordinary shares for the purposes of diluted adjusted earnings per share	166,438	152,528

The potential dilutive effect of the share options has been calculated in accordance with IAS 33 using the average share price in the period.

The Group's earnings / (loss) per share are as follows:

	52 weeks ended 30 March 2024 Pence	52 weeks ended 1 April 2023 Pence
Earnings / loss per share		
Basic earnings / (loss) per share	(93.85)	(79.35)
Diluted earnings / (loss) per share	(93.85)	(79.35)
Basic adjusted earnings per share	27.66	51.47
Diluted adjusted earnings per share	19.12	39.06

Diluted earnings per share for the period is not adjusted for the impact of the potential future conversion of preferred equity due to this instrument having an anti-dilutive effect, whereby the positive impact of adding back the associated financial costs to earnings outweighs the dilutive impact of conversion/exercise. Diluted adjusted earnings per share does take into account the impact of this instrument as shown in the table above setting out the weighted average number of shares. Due to the loss incurred in the year, in calculating the diluted loss per share, the share options, warrants and preferred equity are considered to be non-dilutive.

8. RATES OF EXCHANGE

	2024 Average	2024 Year end	2023 Average	2023 Year end
Australia – AUD	1.9134	1.9369	1.7679	1.8458
Europe – EUR	1.1594	1.1690	1.1557	1.1360
United States – USD	1.2577	1.2626	1.2065	1.2345
Turkey – TRY	34.4101	40.8163	21.6304	23.6755

9. GOODWILL

	£m
Cost	
At 3 April 2022	291.4
Exchange movements	11.2
At 1 April 2023	302.6
At 2 April 2023	302.6
Exchange movements	(7.6)
At 30 March 2024	**295.0**
Accumulated impairment	
At 1 April 2023	(129.1)
Exceptional impairment in the year	(67.1)
Exchange movements	3.8
At 30 March 2024	**(192.4)**
Net Book Value	
At 30 March 2024	**102.6**
At 1 April 2023	173.6

Goodwill is attributed to the business units identified below for the purpose of testing impairment. These businesses are the lowest level at which goodwill is monitored and represent cash generating units or cash generating unit groups (hereby referred to as "CGUs"). The CGUs within a reported segment share similar characteristics to each other and to the other businesses within that segment. There have been no changes in the identification of CGUs in the period.

The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

Operating and reported segments	Cash Generating Units	**2024 £m**	2023 £m
UK & Europe - Soft Flooring	UK & Europe - Soft Flooring (carpet and underlay)	**32.7**	32.9
	UK & Europe - Artificial Grass	**41.3**	42.5
UK & Europe - Ceramic Tiles	UK & Europe - Ceramic Tiles (Spain/Turkey)	**–**	25.3
	UK & Europe - Ceramic Tiles (Italy)	**14.9**	15.2
Australia	Australia	**13.6**	14.2
North America	North America - Cali Bamboo	**–**	43.5
		102.6	173.6

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the goodwill have been determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding revenue growth, margin trends and discount rates.

The discount rates and growth rates used in these calculations have been sensitised as part of current year testing procedures. The discount rates are estimated using post-tax weighted-average costs of capital (WACC) that reflect current market assessments of the time value of money, based on risks specific to the markets in which the businesses operate. The primary reasons for the difference in rates between the divisions are the differences in underlying risk-free rates and cost of debt across the different geographies. The calculation uses post-tax cash flow projections based on the latest management approved budgets and forecasts covering a period of five years, which yields the same results as if calculated on a pre-tax basis. Revenue and margin growth have been derived based on past experience and knowledge of management. At the end of the five-year forecast period, a terminal value was calculated based on the terminal growth rate assumptions for each CGU.

Notes to the Accounts

9. GOODWILL (CONTINUED)

The WACC and terminal growth rates assessed for each CGU are set out below:

	2024			2023		
Cash Generating Units	Post-tax WACC %	Pre-tax WACC %	Terminal growth rate %	Post-tax WACC %	Pre-tax WACC %	Terminal growth rate %
UK & Europe – Soft Flooring (carpet and underlay)	**10.75%**	**14.33%**	**2.00%**	10.00%	13.33%	1.90%
UK & Europe – Artificial Grass	**9.75%**	**13.14%**	**2.00%**	9.63%	12.84%	1.90%
UK & Europe – Ceramic Tiles (Spain/Turkey)	**11.15%**	**15.20%**	**1.80%**	10.13%	13.51%	1.90%
UK & Europe – Ceramic Tiles (Italy)	**10.75%**	**14.91%**	**1.90%**	10.58%	14.67%	1.90%
Australia	**10.50%**	**15.00%**	**2.40%**	9.25%	13.21%	2.40%
North America – Cali Bamboo	**10.50%**	**14.00%**	**2.30%**	9.75%	13.18%	2.10%

For the UK & Europe - Ceramic Tiles (Spain/Turkey) CGU, the estimated recoverable amount of the CGU (£285.4m) was below the carrying value of assets by £30.0m and goodwill has been impaired in its entirety, recognised through exceptional goodwill impairment charges included as part of distribution and administrative expenses in the income statement. It was concluded that the long-term prospects of the business are sufficient such that no further impairment is due. Productivity investments at Keraben, subdued demand, and a refocussing of the Saloni brand towards the high-end architect and design market to drive margin rather than volume contributed to the decision of the Spanish business to temporarily shut-off the use of its production facilities at Saloni in Castellon, to avoid production inefficiencies.

Additional sensitivity analysis has been undertaken on key assumptions to the model as follows:

Medium-term (FY25-29) annual revenue growth (assumed 5.3%), with a flow-through effect on margin, based on operational leverage

- A 1% higher (6.3%) growth rate would result in a c. £17m reduction of the impairment loss
- A 1% lower (4.3%) growth rate would result in a c. £16m increase of the impairment loss

Discount rate (assumed 11.15%)

- 50bps higher (11.65%) discount rate would result a c. £14m increase of the impairment loss
- 50bps lower (10.65%) discount rate would result in a c. £16m reduction of the impairment loss

Long-term growth rate, the perpetuity assumption (assumed 1.80%)

- 50bps higher (2.30%) growth rate would result in a c. £11m reduction of the impairment loss
- 50bps lower (1.30%) growth rate would result in a c. £10m increase of the impairment loss

The Group is not aware of any other reasonably possible changes to key assumptions that would cause the carrying amount of this CGU to exceed it recoverable amount.

For the North America - Cali Bamboo CGU, the estimated recoverable amount of the CGU (£31.1m) was below the carrying value of assets by £42.5m and goodwill has been impaired by this value, recognised through exceptional goodwill impairment charges included as part of distribution and administrative expenses in the income statement. It was concluded that the long-term prospects of the business are sufficient such that no further impairment is due. Weakened consumer demand over the past twelve months and uncertainty over the forthcoming year are the primary drivers to the reduced forecast cashflows.

Additional sensitivity analysis has been undertaken on key assumptions to the model as follows:

Medium-term (FY25-29) annual revenue growth (assumed 4.1%), with a flow-through effect on margin, based on operational leverage

- A 1% higher (5.1%) growth rate would result in a c. £9m reduction of the impairment loss
- A 1% lower (3.1%) growth rate would result in a c. £10m increase of the impairment loss

9. GOODWILL (CONTINUED)

Discount rate (assumed 10.50%)

- 50bps higher (11.00%) discount rate would result a c. £2m increase of the impairment loss
- 50bps lower (10.00%) discount rate would result in a c. £2m reduction of the impairment loss

Long-term growth rate, the perpetuity assumption (assumed 2.30%)

- 100bps higher (3.30%) growth rate would result in a c. £3m reduction of the impairment loss
- 100bps lower (1.30%) growth rate would result in a c. £3m increase of the impairment loss

The Group is not aware of any other reasonably possible changes to key assumptions that would cause the carrying amount of this CGU to exceed it recoverable amount.

For the UK & Europe - Ceramic Tiles (Italy) CGU, the estimated recoverable amount of the cash-generating unit exceeds its carrying value by circa £6m and therefore no impairment charge has been recognised. However the recoverable amount calculations are sensitive to reasonably possible changes in the following key assumptions:

(i) If the medium-term (FY25-29) annual revenue growth rate assumption was decreased from 4.6% growth to 3.9% (with a flow-through effect on margin, based on operational leverage), the recoverable amount for the cash-generating unit would be reduced to a level equal to its carrying value.

(ii) If the post-tax WACC applied as a discount rate to cashflows (10.75%) was increased by 50bps (to 11.25%), the recoverable amount for the cash-generating unit would be reduced to a level equal to its carrying value.

(iii) If the long-term growth rate applied (1.90%) was decreased by 60bps (to 1.30%), the recoverable amount for the cash-generating unit would be reduced to a level equal to its carrying value.

For the UK & Europe - Soft Flooring (carpet and underlay) CGU, the estimated recoverable amount of the cash-generating unit exceeds its carrying value by circa £122m and therefore no impairment charge has been recognised. However the recoverable amount calculations are sensitive to reasonably possible changes in the following key assumptions:

(i) If the medium-term (FY25-29) annual revenue growth rate assumption was decreased from 4.9% growth to (0.4)% (with a flow-through effect on margin, based on operational leverage), the recoverable amount for the cash-generating unit would be reduced to a level equal to its carrying value.

(ii) If the post-tax WACC applied as a discount rate to cashflows (10.75%) was increased by 725bps (to 18.00%), the recoverable amount for the cash-generating unit would be reduced to a level equal to its carrying value.

No reasonably possible changes in assumptions in the value in use calculations for any other CGUs would give rise to an implied impairment.

Goodwill comprises intangible assets that do not qualify for separate recognition, in particular the existing workforce. None of the goodwill is expected to be tax deductible.

Notes to the Accounts

10. INTANGIBLE ASSETS

Group		Customer relationships £m	Brand names £m	Other Acquired Intangibles £m	IT Software £m	Group Total £m
Cost	At 3 Apr 2022	305.1	68.8	4.5	5.0	383.4
	Additions	–	–	–	3.2	3.2
	Disposals	–	–	0.2	(1.7)	(1.5)
	Business combinations	53.2	17.5	0.2	–	70.8
	Hyperinflation	5.1	1.6	–	–	6.7
	Exchange difference	9.0	2.3	0.2	0.4	12.0
	At 1 Apr 2023	372.3	90.2	5.1	6.9	474.6
	At 2 Apr 2023	**372.3**	**90.2**	**5.1**	**6.9**	**474.6**
	Additions	**–**	**–**	**–**	**4.6**	**4.6**
	Disposals	**–**	**–**	**–**	**(0.7)**	**(0.7)**
	Hyperinflation	**2.5**	**0.8**	**–**	**–**	**3.3**
	Exchange difference	**(14.8)**	**(4.0)**	**(0.1)**	**(0.2)**	**(19.1)**
	At 30 Mar 2024	**360.1**	**87.0**	**5.1**	**10.5**	**462.6**
Amortisation	At 3 Apr 2022	(99.9)	(18.0)	(4.5)	(1.4)	(123.9)
	Charge for the period	(35.2)	(6.1)	(0.1)	(1.2)	(42.7)
	Disposals	–	0.1	(0.1)	0.5	0.5
	Hyperinflation	0.2	–	–	–	0.3
	Exchange difference	(2.4)	(0.6)	(0.3)	(0.1)	(3.3)
	At 1 Apr 2023	(137.3)	(24.4)	(5.1)	(2.3)	(169.1)
	At 2 Apr 2023	**(137.3)**	**(24.4)**	**(5.1)**	**(2.3)**	**(169.1)**
	Charge for the period	**(34.8)**	**(6.0)**	**(0.1)**	**(1.3)**	**(42.2)**
	Impairment	**(5.4)**	**–**	**–**	**–**	**(5.4)**
	Disposals	**–**	**–**	**–**	**(0.4)**	**(0.4)**
	Hyperinflation	**(0.4)**	**(0.1)**	**–**	**–**	**(0.4)**
	Exchange difference	**4.5**	**0.7**	**0.1**	**0.1**	**5.3**
	At 30 Mar 2024	**(173.4)**	**(29.7)**	**(5.0)**	**(3.9)**	**(212.0)**
Net book value	At 30 Mar 2024	**186.7**	**57.3**	**0.1**	**6.7**	**250.7**
	At 1 Apr 2023	235.0	65.7	–	4.7	305.5
	At 2 Apr 2022	205.2	50.9	–	3.5	259.5

Within intangible assets, there is a Keraben customer relationship asset of £51.2m (2023: £59.6m) which has a remaining life of 6 years and 8 months, a Saloni customer relationship asset of £18.5m (2023: £28.5m), which was impaired in the year by an amount of £5.4m and has a remaining life of 5 years and 4 months, and a Balta customer relationship asset of £30.9m (2023: £34.8m) which has a remaining life of 11 years.

Company		Customer relationships £m	Brand names £m	Other Acquired Intangibles £m	IT Software £m	Group Total £m
Cost	At 2 Apr 2023	**–**	**–**	**–**	**0.7**	**0.7**
	Additions	**–**	**–**	**–**	**0.3**	**0.3**
	At 30 Mar 2024	**–**	**–**	**–**	**1.0**	**1.0**
Amortisation	At 2 Apr 2023	**–**	**–**	**–**	**(0.5)**	**(0.5)**
	Charge for the period	**–**	**–**	**–**	**(0.1)**	**(0.1)**
	At 30 Mar 2024	**–**	**–**	**–**	**(0.6)**	**(0.6)**
Net book value	At 30 Mar 2024	**–**	**–**	**–**	**0.4**	**0.4**
	At 1 Apr 2023	–	–	–	0.2	0.2
	At 2 Apr 2022	–	–	–	0.2	0.2

11. PROPERTY, PLANT AND EQUIPMENT

Group		Freehold land and buildings £m	Plant and machinery £m	Fixtures, vehicles and equipment £m	Assets under construction £m	Group Total £m
Cost	At 3 Apr 2022	128.4	187.6	36.0	–	351.8
	Additions	6.9	40.7	23.7	28.0	99.3
	Impairment	(15.2)	(32.3)	–	–	(47.5)
	Reclassification to held for sale	(25.8)	–	–	–	(25.8)
	Transfers / reclassifications	0.7	(2.0)	(1.5)	0.7	(2.1)
	Disposals	(1.5)	(13.8)	(16.0)	–	(31.3)
	Business combinations	105.5	106.2	4.0	0.1	215.8
	Exchange differences	2.2	1.2	0.4	–	3.8
	Hyperinflation	15.7	15.7	0.4	–	31.8
	At 1 Apr 2023	216.9	303.3	47.0	28.8	595.8
	At 2 Apr 2023	**216.9**	**303.3**	**47.0**	**28.8**	**595.8**
	Additions	**5.8**	**23.2**	**23.1**	**23.7**	**75.9**
	Transfers	**0.5**	**11.2**	**1.1**	**(14.2)**	**(1.4)**
	Disposals	**(12.8)**	**(80.5)**	**(22.6)**	**–**	**(115.9)**
	Exchange difference	**(24.5)**	**(32.1)**	**(1.4)**	**(1.6)**	**(59.6)**
	Hyperinflation	**12.1**	**18.2**	**0.7**	**–**	**31.0**
	At 30 Mar 2024	**198.1**	**243.3**	**47.8**	**36.7**	**525.8**
Accumulated Depreciation	At 3 Apr 2022	(7.1)	(76.7)	(12.1)	–	(95.8)
	Charge for the period	(5.1)	(39.7)	(18.3)	–	(63.1)
	Reclassifications	(0.7)	1.0	1.2	–	1.5
	Disposals	1.1	12.5	13.9	–	27.5
	Exchange differences	(0.7)	(2.4)	(0.1)	–	(3.2)
	At 1 Apr 2023	(12.5)	(105.3)	(15.4)	–	(133.2)
	At 2 Apr 2023	**(12.5)**	**(105.3)**	**(15.4)**	**–**	**(133.2)**
	Charge for the period	**(5.3)**	**(41.5)**	**(19.4)**	**–**	**(66.1)**
	Transfers	**–**	**(0.8)**	**0.8**	**–**	**–**
	Disposals	**12.8**	**80.4**	**22.4**	**–**	**115.6**
	Exchange differences	**0.6**	**9.3**	**0.3**	**–**	**10.3**
	Hyperinflation	**(0.4)**	**(4.0)**	**(0.1)**	**–**	**(4.5)**
	At 30 Mar 2024	**(4.8)**	**(61.9)**	**(11.2)**	**–**	**(77.9)**
Net book value	At 30 Mar 2024	**193.2**	**181.4**	**36.6**	**36.7**	**447.8**
	At 1 Apr 2023	204.4	198.0	31.6	28.8	462.6
	At 2 Apr 2022	121.2	111.0	23.9	–	256.0

The Company holds no property, plant and equipment.

The real estate asset held for sale in the prior period was subsequently sold in the current year and resulted in a £1.0m loss on disposal.

Notes to the Accounts

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right of Use Assets

Group		Freehold land and buildings £m	Plant and machinery £m	Fixtures, vehicles and equipment £m	IT Software £m	Group Total £m
Cost	At 3 Apr 2022	99.8	11.4	23.2	–	134.3
	Business combinations	37.4	0.2	2.0	–	39.6
	Additions	22.8	7.3	10.6	–	40.8
	Transfers / modifications	6.1	–	1.1	–	7.2
	Terminations	(2.4)	(0.2)	(5.1)	–	(7.7)
	Hyperinflation	0.1	–	0.6	–	0.7
	Exchange differences	1.6	0.6	–	–	2.1
	At 1 Apr 2023	165.4	19.3	32.4	–	217.1
	At 2 Apr 2023	**165.4**	**19.3**	**32.4**	**–**	**217.1**
	Additions	**10.6**	**2.7**	**12.1**	**–**	**25.4**
	Transfers / modifications	**5.3**	**1.5**	**0.6**	**0.3**	**7.6**
	Terminations	**(1.5)**	**(1.4)**	**(2.7)**	**–**	**(5.6)**
	Hyperinflation	**0.2**	**–**	**0.6**	**–**	**0.8**
	Exchange difference	**(3.3)**	**(0.5)**	**(1.0)**	**–**	**(4.9)**
	At 30 Mar 2024	**176.7**	**21.6**	**41.9**	**0.3**	**240.4**
Accumulated Depreciation	At 3 Apr 2022	(22.3)	(2.3)	(10.2)	–	(34.8)
	Charge for the period	(16.9)	(2.6)	(6.6)	–	(26.2)
	Modifications	0.7	–	(0.2)	–	0.5
	Terminations	1.9	–	3.6	–	5.5
	Hyperinflation	–	–	–	–	–
	Exchange differences	0.1	(0.1)	–	–	–
	At 1 Apr 2023	(36.5)	(5.0)	(13.5)	–	(55.0)
	At 2 Apr 2023	**(36.5)**	**(5.0)**	**(13.5)**	**–**	**(55.0)**
	Charge for the period	**(18.9)**	**(2.8)**	**(9.2)**	**(0.1)**	**(30.9)**
	Transfers / modifications	**(2.6)**	**–**	**–**	**–**	**(2.6)**
	Terminations	**1.5**	**0.2**	**2.3**	**–**	**4.1**
	Exchange differences	**0.8**	**0.1**	**0.4**	**–**	**1.4**
	Hyperinflation	**–**	**–**	**(0.1)**	**–**	**(0.2)**
	At 30 Mar 2024	**(55.7)**	**(7.4)**	**(20.0)**	**(0.1)**	**(83.3)**
Net book value	At 30 Mar 2024	**121.0**	**14.1**	**21.9**	**0.2**	**157.2**
	At 1 Apr 2023	128.9	14.3	18.9	–	162.0
	At 2 Apr 2022	77.5	9.1	13.0	–	99.6

The Group has taken advantage of the exemptions available not to capitalise short-term leases with a duration of less than 12 months or low value leases with a total cash outflow of less than £5,000. These leases have therefore been treated as off-balance-sheet leases. The expense in the year relating to leases has been disclosed in note 4.

The related right-of-use lease liabilities and maturity analysis are presented in note 17.

Interest expense on right-of-use lease liabilities is disclosed in note 3.

The total cash outflow for right-of-use leases is disclosed in the consolidated cash flow statement.

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company		Land and buildings £m	Plant and machinery £m	Fixtures, vehicles and equipment £m	IT Software £m	Total £m
Cost						
	At 3 Apr 2022	6.6	–	0.1	–	6.7
	Additions	–	–	–	–	–
	At 1 Apr 2023	6.6	–	0.1	–	6.7
	At 2 Apr 2023	**6.6**	**–**	**0.1**	**–**	**6.7**
	Additions	**–**	**–**	**–**	**–**	**–**
	At 30 Mar 2024	**6.6**	**–**	**0.1**	**–**	**6.7**
Amortisation						
	At 3 Apr 2022	(1.3)	–	(0.1)	–	(1.4)
	Charge for the period	(0.5)	–	–	–	(0.5)
	At 1 Apr 2023	(1.8)	–	(0.1)	–	(1.8)
	At 2 Apr 2023	**(1.8)**	**–**	**(0.1)**	**–**	**(1.8)**
	Charge for the period	**(0.4)**	**–**	**–**	**–**	**(0.5)**
	At 30 Mar 2024	**(2.2)**	**–**	**(0.1)**	**–**	**(2.3)**
Net Book Value						
	At 30 Mar 2024	**4.4**	**–**	**–**	**–**	**4.4**
	At 1 Apr 2023	4.9	–	–	–	4.9
	At 2 Apr 2022	5.3	–	–	–	5.3

Group capital expenditure authorised and committed at the period end:

	2024 £m	2023 £m
Contracts placed	**(5.7)**	(6.3)

12. FIXED ASSET INVESTMENTS

		Group		Company	
	Note	**2024 £m**	2023 £m	**2024 £m**	2023 £m
Investment property	(a)	**0.2**	0.2	**0.1**	0.1
Investment in subsidiaries	(b)	**–**	–	**265.6**	255.4
Investment in associates	(c)	**–**	–	**–**	–

(a) Investment property held in the Company's opening balance sheet relates to the legacy ownership of one small area of land in Kidderminster and the surrounding area, held at cost.

The remainder of investment property in the Group's opening balance sheet relates to properties obtained as part of the acquisition of Keraben, held at their total fair value at the date of acquisition, and the fair value at 30 Mar 2024 of the remaining properties is deemed to be materially unchanged from prior year.

(b) Victoria PLC owns directly or indirectly the whole of the allotted ordinary share capital of the following subsidiary companies. The increase in the year represents: a capital contribution of an intercompany loan in Victoria Midco Holdings Limited (£8.8m); and the allocation of share-based payment charges to the relevant subsidiaries (£1.4m).

Notes to the Accounts

12. FIXED ASSET INVESTMENTS (CONTINUED)

As at 30 March 2024	Registered number	Country of incorporation and operation	Nature of business	Ownership
Primary Flooring Pty Limited		Australia	Underlay manufacturer	Indirect
Quest Flooring Pty Ltd		Australia	Carpet manufacturer	Indirect
The Victoria Carpet Company Pty Limited		Australia	Carpet manufacturer	Indirect
Balta Belgium N.V		Belgium	Carpet distributor	Indirect
Balta Industries NV		Belgium	Carpet and rugs manufacturer	Indirect
Balta Services NV		Belgium	Shared services	Indirect
Balta Oudenaarde NV		Belgium	Carpet manufacturer	Indirect
Ragolle Rugs NV		Belgium	Rugs manfacturer	Indirect
Abingdon Flooring Limited*	04923718	England	Carpet manufacturer	Indirect
Alliance Flooring Distribution Limited*	05410587	England	Logistic Services	Indirect
Balta Floorcovering UK Ltd*	11978782	England	Carpet manufacturer	Indirect
Carpet Line Direct Limited*	13057623	England	Non–trading	Indirect
Distinctive Flooring Limited*	05368429	England	Flooring distributor	Indirect
Ezi Floor Limited*	10373607	England	Underlay manufacturer	Indirect
Flooring at Home Limited*	07309359	England	Non–trading	Direct
Gaskell Mackay Carpets Limited*	05781556	England	Non–trading	Indirect
Globesign Limited*	05305174	England	Holding Company	Indirect
G-Tuft (2015) Limited*	09497255	England	Non–trading	Indirect
G-Tuft (Holdings) Limited*	07917736	England	Holding Company	Indirect
G-Tuft Limited*	07917706	England	Carpet manufacturer	Indirect
Hanover Carpets Ltd*	07986722	England	Non–trading	Indirect
Hanover Flooring Ltd*	03120403	England	Carpet distributor	Indirect
Interfloor Group Limited*	05516829	England	Non–trading	Indirect
Interfloor Limited*	00162988	England	Underlay manufacturer	Indirect
Interfloor Operations Limited*	05518878	England	Non–trading	Indirect
Millennium Weavers Limited*	13111714	England	Carpet distributor	Indirect
Saloni UK Limited*	04479546	England	Ceramic tile distributor	Indirect
Stikatak Limited*	01763122	England	Non–trading	Indirect
Tacktrim Limited*	SC089578	England	Non–trading	Indirect
The Victoria Carpet Company Limited*	03195825	England	Non–trading	Indirect
Thomas Witter Carpets Limited*	08421990	England	Non–trading	Indirect
Venture Floorcoverings Limited*	11242455	England	Carpet distributor	Indirect
Victoria Carpets Limited*	01178145	England	Carpet distributor	Indirect
Victoria Midco Holdings Limited*	09966342	England	Holding Company	Direct
View Logistics Limited*	06387995	England	Carpet distributor	Indirect
V-Line Carpets Limited*	01022904	England	Non–trading	Indirect
Westex (Carpets) Limited*	01480813	England	Carpet manufacturer	Indirect
Whitestone Carpets Holdings Limited*	09352848	England	Holding Company	Indirect
Whitestone Weavers Limited*	02616354	England	Non–trading	Indirect
Estillon SARL		France	Underlay distributor	Indirect
Saloni France S.A.S.		France	Ceramic tile distributor	Indirect
Estillon GMBH		Germany	Underlay distributor	Indirect
Schramm GMBH		Germany	Synthetic yarn manufacturer	Indirect
Schramm GMBH CO. KG		Germany	Synthetic yarn manufacturer	Indirect
Keraben Guatemala		Guatemala	Ceramic tile manufacturing services	Indirect
Munster Carpets Limited		Ireland	Carpet distributor	Indirect
Hugh Mackay Carpets		Ireland	Carpet distributor	Indirect
Abingdon Flooring (Ireland) Ltd		Ireland	Carpet distributor	Indirect
Ascot Gruppo Ceramiche SRL		Italy	Ceramic tile manufacturer	Indirect
Ceramiche Serra S.p.A		Italy	Ceramic tile manufacturer	Indirect
Colli di Sassuolo S.r.l.		Italy	Ceramic tile manufacturer	Indirect
Keradom S.r.l		Italy	Ceramic tile manufacturer	Indirect

12. FIXED ASSET INVESTMENTS (CONTINUED)

As at 30 March 2024	Registered number	Country of incorporation and operation	Nature of business	Ownership
Santa Maria S.r.l		Italy	Ceramic tile manufacturer	Indirect
Self Style S.R.L		Italy	Ceramic tile distributor	Indirect
Victoria Ceramiche Holdco S.r.l		Italy	Holding Company	Indirect
Victoria Ceramiche Holdco 2 S.r.l		Italy	Holding Company	Indirect
Dinca S.r.l		Italy	Ceramic tile manufacturer	Indirect
Saloni Portugal Materiais De Construcao LTDA		Portugal	Ceramic tile distributor	Indirect
Ceramica Saloni, S.A.		Spain	Ceramic tile manufacturer	Indirect
Keraben Grupo S.A.U		Spain	Ceramic tile manufacturer	Indirect
AIU Poligono Ceramicas y Fritas de Nules		Spain	Ceramic tile manufacturer	Indirect
Victoria Ceramics Spain, SL		Spain	Non–trading	Indirect
Kinsan Trade, S.L.		Spain	Holding Company	Indirect
Avalon BV		The Netherlands	Artificial grass distributor	Indirect
Edel Grass BV		The Netherlands	Artificial grass distributor	Indirect
Edel Group B.V		The Netherlands	Holding Company	Indirect
Edel Life BV		The Netherlands	Non–trading	Indirect
Estillon B.V		The Netherlands	Underlay manufacturer	Indirect
GrassInc BV		The Netherlands	Artificial grass distributor	Indirect
Rex Invest BV		The Netherlands	Holding Company	Indirect
Landscape Solutions BV		The Netherlands	Artificial grass distributor	Indirect
United Works Grass BV		The Netherlands	Artificial grass manufacturer	Indirect
United Works Holding Backing BV		The Netherlands	Carpet and artificial grass manufacturer	Indirect
United Works Holding BV		The Netherlands	Holding Company	Indirect
United Works International BV		The Netherlands	Holding Company	Indirect
Victoria Bidco BV		The Netherlands	Holding Company	Indirect
Victoria Holdco B.V		The Netherlands	Holding Company	Indirect
B3 Ceramics Danişmanlik Ve Yönetim Hizmetleri Ticaret A.Ş.		Turkey	Holding Company	Indirect
Graniser Granit Seramik Sanayi ve Ticaret A.Ş.		Turkey	Ceramic tile manufacturer	Indirect
Graniser İç ve Dış Ticaret A.Ş.		Turkey	Ceramic tile distributor	Indirect
Sahika Madencilik Nakliyat Makine Insaat Ambalaj Turizm Sanayi Ticaret. A.S.		Turkey	Mining	Indirect
Balta Orient Tekstil Sanayi Ve Ticaret A.S.		Turkey	Carpet and rugs manufacturer	Indirect
Balta Floorcovering Yer Dösemeleri Sanayi Ve Dis Ticaret A.S.		Turkey	Carpet and rugs manufacturer	Indirect
Cali Bamboo Holdings Inc.		USA	Holding Company	Indirect
Cali Bamboo Intermediate Holdings, Inc.		USA	Holding Company	Indirect
Cali Bamboo LLC		USA	Flooring distributor	Indirect
Balta US, Inc		USA	Carpet manufacturer	Indirect
Victoria IWT Holdings Inc		USA	Holding Company	Indirect
IWT Holdings, LLC		USA	Holding Company	Indirect
International Wholesale Tile, LLC		USA	Flooring distributor	Indirect
Victoria US Holdings Inc.		USA	Holding Company	Indirect

Addresses of registered offices are shown on pages 150 to 151.

* *The Directors have taken advantage of the exemption available under Section 479A of the Companies Act 2006 relating to the requirement for the audit of the individual accounts for the companies annotated as Victoria PLC has provided these companies with a parental guarantee. The registered numbers of these Companies have been provided above.*

Notes to the Accounts

12. FIXED ASSET INVESTMENTS (CONTINUED)

(c) Victoria PLC indirectly holds investments in the following associate companies.

As at 30 March 2024	Percentage ownership
Keraben Bolivia, S.R.L.	50%
Easylay Systems Limited	20%

The aggregate result for the associated undertakings during the period was immaterial.

Due to the immaterial nature of these investments, further detailed disclosures have been omitted.

13. INVENTORIES

Inventories held at year-end	2024 £m	2023 £m
Raw materials	84.3	100.1
Work–in–progress	5.4	12.4
Finished goods	236.3	242.9
	326.1	355.4

During the year to 30 March 2024, the total movement in stock provisions resulted in a credit to the income statement of £1.5m (2023 credit: £3.3m). The group reversed £1.9m of previous write-down because the group had sold the relevant goods that had been written down at original cost. The amount reversed has been included within cost of sales in the income statement. We have newly created provisions of £0.4m within the year.

Acquired emission rights included within finished goods at 30 March 2024 amounted to £Nil (2023: £0.5m).

A prior period restatement has been made to recognise inventory in transit not previously recognised. This restatement, amounting to £4.2 million, ensures more accurate representation of the company's financial position given the risk and rewards had been transferred to the Group. As a result of this adjustment, inventories have been restated from £351.2m to £355.4m and trade creditors (GRNI included within) from £210.3m to £214.5m. The group have assessed the restatement as at 2 April 2022 to be immaterial. The adjustment aligns with the policy's requirements and provides clearer insight into the inventory and payables position. This prior period adjustment has no impact on retained earnings.

There is no material difference between the balance sheet value of inventories and their replacement cost. The Company held no inventories at either year-end.

14. TRADE AND OTHER RECEIVABLES

Amounts falling due within one year:

	Group		Company	
	2024 £m	2023 £m (restated)	2024 £m	2023 £m
Trade debtors	192.2	224.9	–	–
Amounts owed by subsidiaries	–	–	1.3	24.3
Other debtors	33.8	30.1	0.1	1.9
Prepayments and accrued income	12.0	13.6	0.5	0.3
	238.1	268.6	1.9	26.6

Amounts falling due after one year:

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Other long term assets	–	–	–	–
Amounts owed by subsidiaries	–	–	785.3	799.6
	–	–	785.3	799.6

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Other debtors include sales tax receivable of £12.4m.

A prior period restatement has been made to reclassify rebate accruals, previously included within accruals, to be offset against trade receivables and similarly rebate accruals that where previously netted offset against trade receivables have been included within accruals, in accordance with the group accounting policy. This reclassification, amounting to £7.7 million, ensures more accurate representation of the company's financial position. As a result of this adjustment, the trade receivables have been restated from £232.6m to £224.9m and accruals from £58.5m to £50.8m. The group have assessed the restatement as at 2 April 2022 to be immaterial. The adjustment aligns with the policy's requirements and provides clearer insight into the net trade receivables figure. This prior period adjustment has no impact on retained earnings.

Where intercompany loans have been formally documented, interest is charged on amounts owed by subsidiaries to the Company at a rate between 4.0% - 8.0%.

The Company does not expect credit losses arising from amounts owed by subsidiaries to be a material amount.

Current trade debtors not considered to be overdue represent amounts due from customers that are not overdue in accordance with the specific credit terms agreed with those customers. The expected credit loss arising on current debtors not overdue is considered to be immaterial.

The above amounts are stated net of a provision (net of VAT) of £8.4m (2023: £12.9m) made for doubtful debts and expected credit losses. The movement of the provision during the year is summarised below:

	2024 £m	2023 £m
Opening balance at 2 April 2023	(12.9)	(8.7)
Increase in provisions	(0.5)	(5.6)
Utilisation of provisions	4.2	1.5
Exchange differences	0.8	(0.1)
Closing balance at 30 March 2024	(8.4)	(12.9)

An analysis of the gross age of trade receivables can be seen in the table below:

	2024 £m	2023 (restated) £m
Current	168.0	194.6
1-30 days overdue	19.0	20.5
31-60 days overdue	3.6	6.5
> 60 days overdue	10.0	16.2
Total	200.6	237.8

The group makes use of a simplified approach to accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are expected shortfalls in contractual cash flows, considering the potential for default at any point during the lifetime of the financial instrument. The group uses its historical experience, external indicators and forward-looking information to calculate expected credit loss. The Directors consider that the carrying amount of all receivables, including those impaired, approximates to their fair value.

Further information concerning credit risk, along with an analysis of liquidity and market risks is provided in Note 24.

Notes to the Accounts

15. TRADE AND OTHER PAYABLES

Amounts falling due within one year:

	Group		Company	
	2024 **£m**	2023 (restated) £m	**2024** **£m**	2023 £m
Trade creditors	**(177.4)**	(214.5)	**(2.7)**	–
Amounts due to subsidiaries	**–**	–	**(1.8)**	–
Deferred consideration (non contingent)	**(3.8)**	(2.8)	**–**	–
Contingent earn-out liabilities - current	**(1.0)**	(2.7)	**–**	–
Acquisition-related performance plan liabilities	**(23.6)**	(28.2)	**–**	–
Other creditors	**(67.2)**	(64.3)	**(1.2)**	(2.1)
Accruals	**(46.9)**	(50.8)	**(1.4)**	(2.2)
Deferred income	**(0.4)**	(0.4)	**–**	–
	(320.3)	(363.8)	**(7.0)**	(4.3)

The majority of current trade creditors are due within 120 days.

Other creditors include other taxes and social security payable of £7.5m (2023: £30.9m) and a fixed asset creditor of £19m (2023: £2.6m).

Amounts falling due after one year:

	Group		Company	
	2024 **£m**	2023 (restated) £m	**2024** **£m**	2023 £m
Deferred consideration (non contingent)	**–**	(3.7)	**–**	–
Contingent earn-out liabilities – long-term	**(1.2)**	(2.5)	**–**	–
Deferred income	**(0.9)**	(0.7)	**–**	–
Other creditors	**(5.2)**	(0.4)	**–**	–
	(7.2)	(7.3)	**–**	–

Deferred earn-out liabilities are in connection with the acquisitions of Estillon and Hanover Flooring Limited. Earn out arrangements in respect of the acquisitions of Estillon, Hanover Flooring Limited, Keradom, Ceramiche Serra and IWT are accounted for as acquisition related performance plan liabilities when the arrangement includes service conditions and as contingent consideration under IFRS 13 fair value measurement when no service conditions are present.

Deferred income relates to government grants.

16. PROVISIONS

	Group					
	2024			2023 (restated)		
	Current **£m**	**Non-current** **£m**	**Total** **£m**	Current £m	Non-current £m	Total £m
Environmental (a)	**–**	**(10.8)**	**(10.8)**	–	(11.2)	(11.2)
Restructuring (b)	**(8.5)**	**(2.5)**	**(11.0)**	(18.6)	(5.4)	(24.0)
Onerous contracts (c)	**–**	**–**	**–**	(1.0)	–	(1.0)
Long-service award provision (d)	**(1.2)**	**(0.2)**	**(1.3)**	(1.0)	–	(1.0)
Dilapidation and restoration provisions (e)	**(1.1)**	**(7.5)**	**(8.6)**	–	(6.2)	(6.2)
Other provisions	**(1.4)**	**–**	**(1.4)**	(1.0)	–	(1.0)
	(12.1)	**(21.0)**	**(33.1)**	(21.5)	(22.8)	(44.4)

There are no provisions relating to the Company.

16. PROVISIONS (CONTINUED)

Information about individual provisions and significant estimates

a) Environmental
An environmental provision was recognised within the Balta group companies at the point of acquisition, in relation to environmental remediation work. This risk was estimated based on historical experience and from peer groups.

b) Restructuring
As part of the acquisition, significant restructuring work was undertaken in the Balta group, which involved relocating a portion of activities to other entities within the group. As part of these decisions a restructuring provision was created. The liability includes the expected remaining redundancy costs to be paid to the personnel members affected and fees paid to external parties to transition the people into new employment.

c) Onerous contracts
As part of the acquisition of the Balta group there was a transitional services arrangement to provide IT services to the former owners. The estimated costs relating to this onerous contract were calculated based on historical usage and expected future costs up until the contract expires.

d) Long-service award
Australian long service provision typically refers to the legislative framework that grants employees entitlements such as extended leave or financial rewards after completing a specified period of service with an employer, usually ranging from seven to ten years depending on the jurisdiction.

Provisions for the costs related to employees entitlements are calculated as required by the terms and conditions of the employees' contract and associated legislative framework, which is predominately when the employees pass the long service threshold. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

The provisions are typically current in nature as the employee is entitled to take the extended leave as soon as conditions have been met and the associated provision recognised.

e) Dilapidation and restoration provisions
A dilapidation provision is a contractual clause that outlines the responsibilities and liabilities of parties regarding the maintenance, repair, or restoration of a property. It typically specifies the condition in which the property should be returned at the end of a lease or construction project and outlines the procedures for addressing any damages or deterioration incurred during the term of the agreement.

Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

The provisions are typically non-current in nature and are released when the obligations cease to exist which is typically at the end of the lease contract and/or when restoration works have been completed.

Notes to the Accounts

16. PROVISIONS CONTINUED

Movement in provisions	Environmental £m	Restructuring £m	Onerous contracts £m	Long-service award £m	Dilapidation and restoration provisions £m	Other provisions £m	Total £m
At 01 Apr 2023 (as reported)	(10.6)	(23.7)	(0.8)	–	–	–	(35.0)
Prior year modification	(0.6)	(0.4)	(0.2)	(1.0)	(6.2)	(1.0)	(9.4)
At 01 Apr 2023 (Restated)	(11.2)	(24.0)	(1.0)	(1.0)	(6.2)	(1.0)	(44.4)
At 02 Apr 2023 (Restated)	(11.2)	(24.0)	(1.0)	(1.0)	(6.2)	(1.0)	(44.4)
(Charged) / credited to profit or loss	–	(4.5)	–	(0.3)	(2.3)	–	(7.1)
Amounts utilised during the year	0.1	16.8	1.0	–		(0.4)	17.4
Increase from acquisition of ROU assets	–	–	–	–	(0.2)	–	(0.2)
Exchange differences	0.3	0.7	–	–	0.1	–	1.1
At 30 Mar 2024	(10.8)	(11.0)	–	(1.3)	(8.6)	(1.4)	(33.1)

A prior period restatement has been made to reclassify provisions, which were previously included within other liabilities, to the appropriate provisions category. This adjustment, totalling £9.4 million, aligns the financial statements with the relevant accounting standards and enhances the accuracy of the reported liabilities. As a result of this adjustment, provisions have been restated from £35.0m to £44.4m, other creditors due within one year from £66.9m to £64.3m and other creditors due after one year from £7.2m to £0.4m. The Group have assessed the restatement as at 2 April 2022 to be immaterial. This prior period adjustment has no impact on retained earnings.

17. OTHER FINANCIAL LIABILITIES

Amounts falling due within one year:

	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Bank overdrafts	(21.9)	(2.9)	(0.9)	–
Bank loans and other facilities	(72.4)	(62.3)	–	–
Obligations under right-of-use leases	(31.2)	(27.6)	(0.5)	(0.4)
	(125.5)	(92.8)	(1.3)	(0.4)

Amounts falling due after one year:

	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Senior secured notes (net of prepaid finance costs):				
– due between one and two years	–	–	–	–
– due between two and five years	(633.9)	(655.9)	(633.9)	(655.9)
– due over five years	–	–	–	–
Bank loans and other facilities:				
– due between one and two years	(17.6)	(22.3)	(10.3)	(12.5)
– due between two and five years	(5.9)	(13.9)	–	–
– due over five years	(15.4)	(14.1)	–	–
Preferred equity	(274.2)	(255.2)	(274.2)	(255.2)
Preferred equity – contractually-linked warrants	(12.4)	(26.0)	(12.4)	(26.0)
Obligations under right–of–use leases:				
– due between one and two years	(26.0)	(25.9)	(0.4)	(0.4)
– due between two and five years	(55.2)	(55.1)	(1.4)	(1.3)
– due over five years	(55.4)	(63.6)	(2.6)	(3.1)
	(1,095.8)	(1,132.0)	(935.2)	(954.4)

17. OTHER FINANCIAL LIABILITIES (CONTINUED)

Other debt instruments, bank loans and other facilities:

	2024 £m	2023 £m	Maturities £m	Applicable interest rate £m
Term loans	(40.8)	(53.1)	2024 to 2030	5.5% to 6.0%
Revolving credit facilities	(32.0)	(34.4)	2024 to 2028	8.0% to 8.5%
Factoring and receivables financing facilities	(38.4)	(25.1)	2024 to 2027	8.0% to 8.5%
	(111.2)	(112.6)		

There are no individually material term loans and therefore the disclosure takes the position as an average. Certain loans are secured against fixed assets and receivables (accounts receivable factoring) and the others are all unsecured. The RCF balance includes £10.3m drawn down by the Company (2023: £12.5m).

Senior debt

Senior debt as at 30 March 2024 relates to €739m of senior secured notes, split between two tranches: €489m 3.625% notes maturing in 2026; and €250m 3.75% notes maturing in 2028. The coupon on the notes is paid bi-annually. These notes were issued in March 2021, at which time the previous €489m 5.25% notes were refinanced. The fair value of the liability as at 30 March 2024 was €569.6m (2023: €603.3m), which has been determined based on a quoted price in an active market.

Attached to both sets of notes are early repayment options, which have been identified as embedded derivative assets, separately valued from the host contracts. Changes in the Group's credit rating and market pricing of the notes would have an impact on the value of the options. The redemption price of the repayment option on the €489m 2026 notes is the par value of the notes plus any accrued interest, plus the following premia: within the first two years 1.813% plus a make-whole of the present value of interest that would otherwise have been payable in that period; in the third year 1.813%; in the fourth year 0.906%; in the fifth year 0%. The redemption price of the repayment option on the €250m 2028 notes is the par value of the notes plus any accrued interest, plus the following premia: within the first three years 1.875% plus a make-whole of the present value of interest that would otherwise have been payable in that period; in the fourth year 1.875%; in the fifth year 0.938%; in the final two years 0%.

These options have been valued based on the contractual redemption terms and measuring the Group's forward assessment of the notes' market value based on an option pricing model. The fair value of the derivative assets at inception of the first and second tranches of the notes was £4.3m in aggregate. Of which £1.2m has been amortised in the period (2023: £0.7m) resulting in a carrying value of £2.4m. The value of the senior debt liabilities recognised were increased by a corresponding amount at initial recognition, which then reduces to par at maturity using an effective interest rate method. The fair value of the derivative asset at the year end was £Nil (2023: £Nil).

Prepaid legal and professional fees associated with the issue of the new notes totalling £12.9m (2.0% of gross debt raised) is offset against the senior debt liability and is amortised over its life (£2.7m in the year (2023: £2.7m). The net prepaid value as at 30 March 2024 is £5.7m.

Due to timings of the year end interest accrued totalled £5.2m at the period end.

Within the year the Group repaid €11.1m of the original €500m notes below nominal value, resulting in a gain of £2.0m within the period.

Certain assets, including certain PPE assets in Note 11 are included within the security package which is granted to the lenders of the super senior RCF and the lenders of the super senior secured notes.

Additionally, the Group has a variable rate £150m multi-currency revolving credit facility maturing in Feb 2026, which at the year end was drawn by £10.3m (2023: £12.5m).

17. OTHER FINANCIAL LIABILITIES (CONTINUED)

Preferred equity

Background and key terms

On 16 November 2020 the Company issued £75m of preferred equity to Koch Equity Development, LLC. (via its affiliate KED Victoria Investments, LLC). The agreement was subsequently amended on 23 December 2021 and the Company issued additional preferred shares for a total subscription price of £150m. The additional preferred shares issued consist of "A" preferred shares for a subscription price of £50 million and "B" preferred shares for a subscription price of £100 million. The "A" shares mirror the existing preferred shares (resulting in a total of £125m "A" shares made up of the £50m new and the existing £75m were redesignated as ""A"" shares and the terms amended). The "B" shares represent a separate tranche with all the same characteristics except for: i) the process for early redemption (described below); and ii) that the "B" shares do not contribute to the overall return cap pertaining to the warrants. No further warrants were issued as part of this amendment and, at the point of completion, fees in relation to the follow-on commitment ceased to apply. Additionally, a reduction of 100bp to the dividend rates (both cash and PIK) was agreed.

The preferred equity attracts a dividend of 8.35% if cash settled, or 8.85% if Paid In Kind by way of issue of additional preferred shares (such PIK occurring quarterly). Starting in year five, the dividend moves from a fixed rate to a spread over three-month LIBOR (or SONIA, if it is not possible to ascertain LIBOR). The spread starts at 8.35% and 8.85% (for cash and PIK settlement respectively) and increases by 1% in each subsequent year up to year nine, after which it remains flat.

There have been no changes to the preferred equity arrangements in the year, with a total in issue of £225 million (plus those issued for the 'Payment In Kind' of the fixed coupon, whereby new preferred shares are issued as opposed to cash payment, at the Group's option).

The preferred equity is a perpetual instrument, albeit the Company can choose to redeem it in cash at any time, subject to a redemption premium. The redemption price of this repayment option is the face value of the preferred shares plus any accrued dividends, plus the following premia:

For the "A" shares, within the first three years 6.0% plus a make-whole of the present value of dividends that would otherwise have accrued in that period; in the fourth year 6.0%; in the fifth year 3.0%; and after the fifth anniversary 0%. There are two scenarios in which mandatory cash redemption of the preferred equity can occur outside of the Company's control, both of which are highly unlikely in management's view: (i) if the Group becomes insolvent (being bankruptcy, placing into receivership or similar events), or (ii) a change in control of the Company where the offer for the ordinary shares is not all-cash and, at the same time, the offeror (on an enlarged pro-forma basis) is deemed to be sub-investment grade. For the "B" shares, the premia are applied in the same way except that if redeemed after the 3rd anniversary no redemption premium is payable. Any redemption for some, but not all, of the preferred shares must comprise a redemption of the "A" shares and the "B" shares pro rata to the number of "A" shares and "B" shares in issue at the applicable time.

After the sixth anniversary, KED can elect to convert the outstanding preferred equity and PIK'd dividends into ordinary shares, with the conversion price being the prevailing 30 business day VWAP of the Company's ordinary shares.

In the event of a change of control of the Company (for example a tender offer, merger or scheme of arrangement in relation to the ordinary shares of the Company), the terms of the preferred equity envisage three scenarios: (i) where an all-cash offer is made and accepted, the preferred equity and any PIK'd dividends will convert into ordinary shares which are then subject to the same offer price per share made to other shareholders and acquired by the offeror; (ii) where an offer is made and accepted that is not all-cash and the offeror (on an enlarged pro-forma basis) is deemed to be investment grade, the preferred equity and any PIK'd dividends plus a material penalty fee will convert into ordinary shares which are then subject to the same offer price per share made to other shareholders and acquired by the offeror (such penalty fee having the effect of doubling the number of ordinary shares that KED would otherwise receive on conversion that would then be subject to the offer price per share; this being designed to incentivise the offeror to consider agreeing to fund redemption of the preferred equity rather than conversion); and (iii) where an offer is made and accepted that is not all-cash and the offeror (on an enlarged pro-forma basis) is deemed to be sub-investment grade, the preferred equity will be subject to mandatory redemption as described above.

17. OTHER FINANCIAL LIABILITIES (CONTINUED)

Attached to the preferred equity are warrants issued to KED over a maximum of 12.402m ordinary shares. These warrants are only exercisable following the third anniversary (unless the preferred shares have been cash redeemed or there has been a change in control of the Company) at an exercise price of £3.50. The terms include a total maximum return for KED, across both across the “”A”” preferred equity and the warrants (the “”B”” shares do not contribute to this), of the greater of 1.73x money multiple or 20% IRR. If this limit is exceeded at the point of exercising the warrants (calculated as if the preferred equity was being redeemed at the same time), then the number of shares receivable on exercise is reduced until the returns equal the limit. Additionally, if the IRR achieved by KED on the aggregate subscription price paid for all of the “A” shares and “B” shares and the warrants is less than 12.0%, the exercise price is reduced from £3.50/share by such minimum amount as necessary to ensure that the IRR achieved by KED on such aggregate subscription price would be equal to 12% (but the exercise price cannot be less than £0.05/share).

Accounting recognition

Whilst the preferred equity is legally structured as an equity instrument through the Company’s articles of association and have many equity-like features, they must be accounted for as a financial liability under IFRS. This primarily relates to the fact that the conversion option is based on the prevailing share price, and therefore it fails the ‘fixed-for-fixed’ criteria as prescribed in the standard.

Based on the terms of the preferred equity, the underlying host instrument was identified alongside a number of embedded derivatives and other associated instruments. Furthermore, the embedded derivatives were assessed to identify those that are deemed to be closely-related to the host instrument and those that are not, the latter of which are required to be separately valued in the balance sheet. The underlying host instrument is held at amortised cost and valued into perpetuity on the assumption of PIK’d dividends for the first ten years and then a terminal value assuming cash dividends thereafter. This has been valued using a binomial option pricing model, which uses standard option pricing techniques to calculate the optimal time to exercise the respective options, taking into account the specific contractual details of the instruments and their interconnectedness.

At each reporting date the terminal value is re-assessed based on long-term LIBOR (or SONIA) curves and a revised accrued value of the instrument is calculated at that date using an effective interest rate method, with the increase in value taken to the income statement as a financial charge. The value of the “A” and “B “shares as at 30 March 2024 totalled £274.2m (2023: £255.2m), with the fair value at 30 March 2024 was £115.1m (2023: £160.7m).

Two non closely-related embedded derivatives have been identified:

(i) the Victoria option to cash redeem (rather than the instrument running into perpetuity or conversion, see below). The fair value of the asset as at 30 March 2024 was £Nil (2023: £Nil). This option has been valued based on the contractual redemption terms and the Group’s forward assessment of the preferred equity value based on an option pricing model.

(ii) the KED option to convert into ordinary shares. The model uses standard option pricing techniques to calculate the optimal time to exercise the respective options. As such, the valuation technique assumes that all interest will be accrued and rolled into the preference share balance and that there will be no conversion of the preference shares into ordinary shares due to their coupon and enhanced liquidity preference. As a result, nil value has been attributed to this feature.

The host debt liability and redemption option asset have been presented as a single instrument under the heading ‘Preferred equity’ in the summary of Other Financial Liabilities presented above and further detailed in Note 18.

Finally, the KED ordinary equity warrants have been separately identified. The warrants are fair valued at each reporting date through the income statement, with a fair value of £12.4m as at 30 Mar 2024 (2023: £26.0m). These warrants have been valued using a binomial option pricing model. The model uses standard option pricing techniques to calculate the optimal time to exercise the respective options, taking into account the specific contractual details of the instruments and their interconnectedness. Details of the significant judgements and estimates in relation to the valuation of these items are provided in Note 25, and the associated income statement impact in Note 3. Below is a summary of the Preferred Equity P&L charge.

17. OTHER FINANCIAL LIABILITIES (CONTINUED)

Preferred Equity P&L (charge)/income

	2024 £m	2023 £m
Host contract	**(19.0)**	(26.8)
Fair value warrants	**13.6**	20.3
Fair value redemption asset	**–**	(20.5)
Preferred equity	**(5.4)**	(26.9)
Preferred equity prepaid finance costs	**–**	–
Preferred equity including prepaid finance costs	**(5.4)**	(26.9)

Of the £5.4m (2023: £26.9m) preferred equity charge, all elements are non-cash in nature.

Recourse factoring

Within factoring and receivables financing facilities there are liabilities relating to a recourse factoring facility which is secured against trade receivables.

Associated with the receivable is an attached credit insurance which protects against default risk on balances.

Following the point of transfer to the factor the entity no longer has use of the receivable balance and cannot transfer or use as collateral. Although the rights to the transferred asset are no longer with the entity at this point, the entity does retain some risks.

The entity retains slow payment risk in terms of cost of finance, due to the finance charge relating to the duration that the balance is outstanding, additionally the entity can be required to buy back any invoice that remains unpaid for more than 180 days and they have been unable to claim under the insurance. In addition, the entity retains risk of dispute and can be required to rectify this with a customer.

At year end the value of the debtors totalled £33.3m and corresponding liabilities totalled £18.3m.

18. FINANCIAL ASSETS AND LIABILITIES

The financial assets of the Group comprised:

	At 30 March 2024				At 1 April 2023			
Group	**Amortised cost £m**	**Financial assets held at fair value through profit and loss £m**	**Assets not within the scope of IFRS 9 £m**	**Total £m**	Amortised cost £m	Financial assets held at fair value through profit and loss £m	Assets not within the scope of IFRS 9 £m	Total £m
Cash								
Sterling	**27.2**	**–**	**–**	**27.2**	20.9	–	–	20.9
US Dollars	**8.8**	**–**	**–**	**8.8**	12.6	–	–	12.6
Euros	**46.4**	**–**	**–**	**46.4**	47.5	–	–	47.5
Australian Dollars	**10.4**	**–**	**–**	**10.4**	11.2	–	–	11.2
New Zealand Dollars	**0.6**	**–**	**–**	**0.6**	0.4	–	–	0.4
Turkish Lira	**1.5**	**–**	**–**	**1.5**	0.7	–	–	0.7
Other	**–**	**–**	**–**	**–**	–	–	–	–
	94.8	**–**	**–**	**94.8**	93.3	–	–	93.3
Current assets								
Assets held for sale	**–**	**–**	**–**	**–**	–	25.8	–	25.8
Trade and other receivables	**213.6**	**–**	**28.6**	**242.2**	255.0	–	28.3	283.3
Current Inventories	**–**	**–**	**326.1**	**326.1**	–	–	355.4	355.4
Current assets	**308.4**	**–**	**354.7**	**663.1**	348.3	25.8	383.7	757.8

18. FINANCIAL ASSETS AND LIABILITIES CONTINUED

The financial liabilities of the Group comprised:

Group	At 30 March 2024 Other financial liabilities at amortised cost £m	Financial liabilities held at fair value through profit and loss £m	Liabilities not within the scope of IFRS 9 £m	Total £m	At 1 April 2023 Other financial liabilities at amortised cost £m	Financial liabilities held at fair value through profit and loss £m	Liabilities not within the scope of IFRS 9 £m	Total £m
Overdraft								
Sterling	(16.4)	–	–	(16.4)	–	–	–	–
US Dollars	–	–	–	–	(1.3)	–	–	(1.3)
Euro	(5.5)	–	–	(5.5)	(1.7)	–	–	(1.7)
	(21.9)	–	–	(21.9)	(2.9)	–	–	(2.9)
Current liabilities								
Contingent earn-out liabilities - current	–	(1.2)	–	(1.2)	–	(2.7)	–	(2.7)
Trade and other payables	(276.1)	–	(18.6)	(294.7)	(300.8)	–	(31.3)	(332.1)
Provisions	–	–	(12.3)	(12.3)	–	–	(21.5)	(21.5)
Acquisition-related performance plan liability	(22.6)	–	(1.0)	(23.6)	(24.7)	–	(3.5)	(28.2)
Current tax liabilities	–	–	(4.7)	(4.7)	–	–	(6.9)	(6.9)
Forward foreign exchange contracts	–	(0.9)	–	(0.9)	–	(0.7)	–	(0.7)
Obligations under right-of-use leases	–	–	(31.2)	(31.2)	–	–	(27.6)	(27.6)
Bank loans and other facilities	(72.4)	–	–	(72.4)	(62.3)	–	–	(62.3)
Current liabilities	(393.0)	(1.9)	(67.9)	(462.6)	(390.7)	(3.4)	(90.8)	(485.0)
Non-current liabilities								
Contingent earn-out liabilities - long-term	–	(1.2)	–	(1.2)	–	(2.5)	–	(2.5)
Trade and other payables	(5.1)	–	(0.9)	(6.0)	(4.1)	–	(0.8)	(4.9)
Provisions	–	–	(20.8)	(20.8)	–	–	(22.8)	(22.8)
Deferred tax liabilities	–	–	(56.7)	(56.7)	–	–	(89.3)	(89.3)
Retirement benefit obligations	–	–	(8.4)	(8.4)	–	–	(8.0)	(8.0)
Obligations under right-of-use leases	–	–	(136.5)	(136.5)	–	–	(144.6)	(144.6)
Senior secured debt	(633.9)	–	–	(633.9)	(655.9)	–	–	(655.9)
Preferred Equity	(274.2)	–	–	(274.2)	(255.2)	–	–	(255.2)
Preferred equity – contractually-linked warrants	–	(12.4)	–	(12.4)	–	(26.0)	–	(26.0)
Bank loans and other facilities	(38.8)	–	–	(38.8)	(50.3)	–	–	(50.3)
Non-current liabilities	(952.0)	(13.6)	(223.2)	(1,189.1)	(965.4)	(28.5)	(265.5)	(1,259.4)
Total liabilities	(1,345.1)	(15.5)	(291.1)	(1,651.7)	(1,356.2)	(31.9)	(356.3)	(1,744.4)

Notes to the Accounts

18. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The financial assets of the Company comprised:

Company	At 30 March 2024 Amortised cost £m	At 30 March 2024 Financial assets held at fair value through profit and loss £m	At 30 March 2024 Assets not within the scope of IFRS 9 £m	At 30 March 2024 Total £m	At 1 April 2023 Amortised cost £m	At 1 April 2023 Financial assets held at fair value through profit and loss £m	At 1 April 2023 Assets not within the scope of IFRS 9 £m	At 1 April 2023 Total £m
Cash								
Sterling	0.5	–	–	0.5	9.1	–	–	9.1
US Dollars	0.4	–	–	0.4	1.2	–	–	1.2
Euros	7.8	–	–	7.8	3.5	–	–	3.5
Australian Dollars	0.1	–	–	0.1	–	–	–	–
	8.9	–	–	8.9	13.8	–	–	13.8
Current assets								
Trade and other receivables	1.4	–	2.0	3.4	26.2	–	0.3	26.6
Forward foreign exchange contracts	–	–	–	–	–	–	–	–
Current assets	10.3	–	2.0	12.3	40.0	–	0.3	40.4
Non-current assets								
Investments in subsidiaries	265.6	–	–	265.6	255.4	–	–	255.4
Amounts owed by subsidiaries	785.3	–	–	785.3	799.6	–	–	799.6
Deferred tax assets	–	–	8.2	8.2	–	–	–	1.3
Non-current assets	1,050.9	–	8.2	1,059.1	1,055.0	–	–	1,055.0
Total financial assets	1,061.2	–	10.2	1,071.4	1,095.1	–	0.3	1,095.4

18. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The financial liabilities of the Company comprised:

Company	At 30 March 2024 Other financial liabilities at amortised cost £m	Financial liabilities held at fair value through profit and loss £m	Liabilities not within the scope of IFRS 9 £m	Total £m	At 1 April 2023 Other financial liabilities at amortised cost £m	Financial liabilities held at fair value through profit and loss £m	Liabilities not within the scope of IFRS 9 £m	Total £m
Overdraft								
Sterling	(0.9)	–	–	(0.9)	–	–	–	–
	(0.9)	–	–	(0.9)	–	–	–	–
Current liabilities					–	–	–	–
Trade and other payables	(6.2)	–	–	(6.2)	(3.6)	–	–	(3.6)
Current tax liabilities	–	–	–	–	–	–	–	–
Forward foreign exchange contracts	–	(0.9)	–	(0.9)	–	(0.7)	–	(0.7)
Obligations under right-of-use leases	(0.5)	–	–	(0.5)	(0.4)	–	–	(0.4)
Bank loans and other facilities	–	–	–	–	–	–	–	–
Current liabilities	(7.6)	(0.9)	–	(8.4)	(4.0)	(0.7)	–	(4.7)
Non-current liabilities					–	–	–	–
Deferred tax liabilities	–	–	–	–	–	–	–	–
Obligations under right-of-use leases	–	–	(4.4)	(4.4)	–	–	(4.8)	(4.8)
Senior secured debt	(633.9)	–	–	(633.9)	(655.9)	–	–	(655.9)
Preferred Equity	(274.2)	–	–	(274.2)	(255.2)	–	–	(255.2)
Preferred equity – contractually-linked warrants	–	(12.4)	–	(12.4)	–	(26.0)	–	(26.0)
Bank loans and other facilities	(10.3)	–	–	(10.3)	(12.5)	–	–	(12.5)
Non-current liabilities	(918.3)	(12.4)	(4.4)	(935.2)	(923.6)	(26.0)	(4.8)	(954.4)
Total liabilities	(926.0)	(13.3)	(4.4)	(943.6)	(927.5)	(26.7)	(4.8)	(959.1)

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level one: quoted prices in active markets for identical assets or liabilities
- Level two: inputs other than quoted prices included within Level one that are observable for the asset or liability, either directly or indirectly
- Level three: unobservable inputs for the assets or liabilities

All financial assets and liabilities held at fair value have been grouped into the fair value hierarchy as shown below.

Forward foreign exchange contracts

These are Level two financial assets / liabilities and all expire within 12 months from 30 March 2024.

The Group has relied upon analysis performed by third party specialists for complex valuations of forward exchange contracts. Valuation techniques have utilised observable forward exchange rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for forward exchange contracts.

Notes to the Accounts

18. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Contingent earn-out liabilities

These are Level three liabilities. The fair value of the contingent earn out liability as at 30 March 2024 totalled £2.2m (2023: £5.2m). The impact to the income statement in the period was a £0.5m unwind of present value (charge) and £2.0m income due to the fair value reduction of the liability.

The fair value of the contingent earn-out liabilities arising from acquisitions is determined considering the value of estimated future payments, discounted to present value. Payments are determined by mechanisms set out in each acquisition agreement, and are generally based on EBITDA performance over a three to four year period. Estimated future payments are calculated using financial projections based on operational budgets for the next 12 months and then applying growth assumptions for future years as appropriate. Discount rates are reviewed annually for each acquisition, and at the year end the rate is 14.5%.

The most significant inputs, all of which are unobservable, are the estimated growth rates in future profits and the discount rates applied. The estimated fair value increases if the estimated growth rates increase or the discount rates decrease. The overall valuations are sensitive to both assumptions. The Board considers that changing the above unobservable inputs to reflect other reasonably probable alternative assumptions would not result in a significant change in the estimated fair value.

Embedded derivatives within senior secured notes

These are Level three assets. The redemption option was valued at £nil at both the opening and the closing of the period.

The fair value of the embedded derivatives within senior secured notes is determined based on the interest rate and credit spread. The interest rate component is modelled using a Hull-White one-factor model along with implied volatilities and yield curves from observable market quotes. The expected value of the credit spread in the future cannot be reliably estimated due to the lack of implied or historic volatilities and its correlation with interest rates, market convention for the fair value of these is therefore to use a deterministic credit spread. i.e. a credit spread as determined on the valuation date.

However, significant unobservable inputs are not deemed to be materially sensitive.

Senior secured notes

Senior secured notes are held at amortised cost, the fair value at 30 March 2024 was €569.6m (2023: €603.3m). These are Level one assets.

Preferred equity, associated embedded derivatives; and warrants

These are Level three assets and liabilities.

The valuation method for the various elements has been described in Note 17. The most significant inputs, which are unobservable, are the estimated equity risk premium (ERP) and volatility.

The ERP is an expectation of the amount by which future long-term equity returns will outperform the underlying risk-free rate, that latter being observable based on money market forecasts. Therefore an increase in the ERP would reduce the future value to the business of the liability representing the preferred equity host instrument, thereby also reducing the future attractiveness to the business of voluntary cash redemption.

The impact of sensitising these inputs on the values at 30 March 2024 is as follows:

- Increasing the ERP (assumed to be 19.09%) by 200 bps would result in no change to the redemption asset (£nil at 30 March 2024)
- Decreasing the ERP (assumed to be 19.09%) by 200 bps would result in no change to the redemption asset (£nil at 30 March 2024)
- Increasing the volatility (assumed to be 53.0%) by 5% would result in a decrease in the value of the warrants liability of £0.1m
- Decreasing the volatility (assumed to be 53.0%) by 5% would result in an decrease in the value of the warrants liability of £0.1m

There were no transfers between level one, level two and level three in 2024 or 2023.

18. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Analysis of net debt

Reconciliation of movements in the Group's net debt position:

Group	At 2 April 2023 £m	Cash flow £m	Non-cash movement on inception of leasing contract expenditure £m	Acquisitions £m	Other non-cash changes £m	Exchange movement £m	**At 30 March 2024 £m**
Cash and cash equivalents	93.3	4.1	–	–	–	(2.6)	**94.8**
Bank overdraft	(2.9)	(4.8)	–	–	–	0.2	**(7.6)**
Net cash and cash equivalents	90.4	(0.7)	–	–	–	(2.4)	**87.2**
Bank overdraft	–	(14.4)	–	–	–	–	**(14.4)**
Senior secured debt (gross of prepaid finance costs):							
– due in more than one year	(663.8)	7.6	–	–	(2.0)	18.6	**(639.6)**
Bank loans and other facilities:							
– Other bank loans and facilities due in less than one year	(62.3)	(9.2)	–	–	(5.4)	4.6	**(72.4)**
– Other bank loans and facilities due in more than one year	(50.3)	2.0	–	–	8.3	1.2	**(38.8)**
Net debt	(686.0)	(14.7)	–	–	0.8	22.0	**(678.0)**
Obligations under right-of-use leases:							
– due in less than one year	(27.6)	28.7	(25.0)	–	(8.1)	0.8	**(31.2)**
– due in more than one year	(144.6)	–	–	–	4.3	3.8	**(136.5)**
Preferred equity (gross of prepaid finance costs)	(281.2)	–	–	–	(5.4)	–	**(286.6)**
Prepaid finance costs:							
– In relation to senior debt	7.9	0.5	–	–	(2.7)	–	**5.7**
Financing liabilities	(1,221.9)	15.2	(25.0)	–	(11.0)	28.9	**(1,213.8)**
Net debt including right-of-use lease liabilities, issue premia, preferred equity and prepaid finance costs	(1,131.5)	14.5	(25.0)	–	(11.0)	26.5	**(1,126.6)**

Notes to the Accounts

18. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

As at 30 March 2024, overdrafts totalling £14.4m that are not an integral part of the Group's cash management, have not been presented as cash in the Cash Flow Statement.

Group	At 2 April 2022 £m	Cash flow £m	Non-cash movement on inception of leasing contract expenditure £m	Acquisitions £m	Other non-cash changes £m	Exchange movement £m	At 1 April 2023 £m
Cash and cash equivalents	273.6	(192.5)	–	9.3	–	3.0	93.3
Bank overdraft	(15.6)	12.6	–	–	–	–	(2.9)
Net cash and cash equivalents	258.0	(179.9)	–	9.3	–	3.0	90.4
Senior secured debt (gross of prepaid finance costs):							
– due in more than one year	(633.2)	–	–	–	(2.0)	(28.6)	(663.8)
Bank loans and other facilities:							
– due in less than one year	(9.6)	8.5	–	(87.5)	27.9	(1.7)	(62.3)
– due in more than one year	(22.6)	–	–	–	(27.9)	0.3	(50.3)
Net debt	(407.4)	(171.4)	–	(78.2)	(2.0)	(27.0)	(686.0)
Obligations under right-of-use leases:							
– due in less than one year	(16.9)	23.9	(9.7)	(6.0)	(17.4)	(1.5)	(27.6)
– due in more than one year	(88.7)	–	(32.5)	(33.7)	11.1	(0.8)	(144.6)
Preferred equity (gross of prepaid finance costs)	(254.2)	–	–	–	(27.0)	–	(281.2)
Prepaid finance costs:							
– In relation to senior debt	9.8	0.8	–	–	(2.7)	(0.1)	7.9
Financing liabilities	(1,015.4)	33.3	(42.2)	(127.2)	(38.0)	(32.3)	(1,221.9)
Net debt including right-of-use lease liabilities, issue premia and prepaid finance costs	(757.4)	(146.6)	(42.2)	(117.9)	(38.0)	(29.4)	(1,131.5)

18. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Senior secured debt, bank loans and other facilities are disclosed in the table excluding prepaid finance costs.

The Group's policy on Derivatives and Other Financial Instruments is set out in Note 24.

Reconciliation of movements in the Company's net debt position:

Company	At 2 April 2023 £m	Cash flow £m	Non-cash movement on inception of leasing contract expenditure £m	Acquisitions £m	Other non-cash changes £m	Exchange movement £m	**At 30 March 2024 £m**
Cash and cash equivalents	13.8	(5.2)	–	–	–	0.3	**8.9**
Bank overdraft	–	(0.9)	–	–	–	–	**(0.9)**
Net cash and cash equivalents	13.8	(6.0)	–	–	–	0.3	**8.0**
Senior secured debt (gross of prepaid finance costs):							
– due in more than one year	(663.8)	7.6	–	–	(2.0)	18.6	**(639.6)**
Bank loans and other facilities:							
– Other bank loans and facilities due in more than one year	(12.5)	2.0	–	–	–	0.2	**(10.3)**
Net debt	(662.5)	3.6	–	–	(2.0)	19.1	**(641.9)**
Obligations under right-of-use leases:							
– due in less than one year	(0.4)	0.4	–	–	(0.4)	–	**(0.5)**
– due in more than one year	(4.8)	–	–	–	0.4	–	**(4.4)**
Preferred equity (gross of prepaid finance costs)	(281.2)	–	–	–	(5.4)	–	**(286.6)**
Prepaid finance costs:							
– In relation to senior debt	7.9	0.5	–	–	(2.7)	–	**5.7**
Financing liabilities	(954.8)	10.5	–	–	(10.1)	18.8	**(935.6)**
Net debt including right-of-use lease liabilities, issue premia, preferred equity and prepaid finance costs	(941.0)	4.5	–	–	(10.1)	19.1	**(927.5)**

Notes to the Accounts

18. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Company	At 3 April 2022 £m	Cash flow £m	Non-cash movement on inception of leasing contract expenditure £m	Acquisitions £m	Other non-cash changes £m	Exchange movement £m	At 1 April 2023 £m
Cash and cash equivalents	177.9	(165.7)	–	–	–	1.5	13.8
Net cash and cash equivalents	177.9	(165.7)	–	–	–	1.5	13.8
Senior secured debt (gross of prepaid finance costs):							
– due in more than one year	(633.2)	–	–	–	(2.0)	(28.6)	(663.8)
Bank loans and other facilities:							
– due in less than one year	–	(12.5)	–	–	12.5	–	–
– due in more than one year	–	–	–	–	(12.5)	–	(12.5)
Net debt	(455.3)	(178.1)	–	–	(2.0)	(27.1)	(662.5)
Obligations under right-of-use leases:							
– due in less than one year	(0.4)	0.4	–	–	(0.4)	–	(0.4)
– due in more than one year	(5.2)	–	–	–	0.4	–	(4.8)
Preferred equity (gross of prepaid finance costs)	(254.2)	–	–	–	(27.0)	–	(281.2)
Prepaid finance costs:							
– In relation to senior debt	9.8	0.8	–	–	(2.7)	(0.1)	7.9
Financing liabilities	(883.2)	(11.2)	–	–	(31.6)	(28.7)	(954.8)
Net debt including right-of-use lease liabilities, issue premia and prepaid finance costs	(705.3)	(176.9)	–	–	(31.6)	(27.2)	(941.0)

Senior secured debt, bank loans and other facilities are disclosed in the table excluding prepaid finance costs.

Amounts falling due within one year:

	Group		Company	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Deferred consideration	**(3.8)**	(2.8)	**–**	–
Contingent earn-out liabilities	**(1.0)**	(2.7)	**–**	–
	(4.8)	(5.5)	**–**	–

Amounts falling due after one year:

	Group		Company	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Deferred consideration:				
– due between one and two years	**–**	(3.7)	**–**	–
– due between two and five years	**–**	–	**–**	–
Contingent earn-out liabilities:		–		
– due between one and two years	**(1.2)**	(1.5)	**–**	–
– due between two and five years	**–**	(1.0)	**–**	–
	(1.2)	(6.3)	**–**	–

19. LOW VALUE AND SHORT TERM LEASE ARRANGEMENTS

The Group and Company as lessee

At the balance sheet date, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
Minimum lease payments	**2024 £m**	2023 £m	**2024 £m**	2023 £m
Within one year	**0.5**	0.6	**–**	–
In the second to fifth years inclusive	**–**	0.4	**–**	–
After five years	**–**	–	**–**	–
	0.5	1.0	**–**	–

The table above comprises of leases which are exempt from IFRS16 with a duration of less than 12 months or a cost less than £5,000. Leases with a duration of over 12 months and a total cost of over £5,000 have been included within right-of-use assets in accordance with IFRS 16, see Note 11.

20. DEFERRED TAX

	Group £m	Company £m
At 3 Apr 2022	(54.2)	5.2
Credit to income statement (see Note 6)	24.2	(5.2)
Deferred tax on intangible assets acquired	(6.3)	–
Adjustment for acquisitions in the year	(53.8)	–
Exchange adjustment	2.5	–
At 1 Apr 2023	(87.6)	–
At 2 Apr 2023	**(87.6)**	**–**
Credit to income statement (see Note 6)	**34.7**	**8.2**
Credit to SOCI	**0.7**	**–**
Exchange adjustment	**3.5**	**–**
At 30 Mar 2024	**(48.7)**	**8.2**

Movement in deferred tax during the year

	2 April 2023 (Restated)	Income statement	Statement of comprehensive income	Brought in on acquisition	Exchange adjustment	**30 March 2024**
Tangible fixed assets	(37.7)	(6.2)	–	–	2.2	**(41.7)**
IFRS 16 Right Of Use asset	(44.2)	5.0	–	–	–	**(39.2)**
IFRS 16 Right Of Use liability	44.2	(2.8)	–	–	–	**41.4**
Tax losses	28.2	8.2	–	–	0.5	**36.9**
Intangible assets	(69.9)	9.2	–	–	2.6	**(58.1)**
Defined benefit pension	9.2	(1.0)	0.5	–	0.1	**8.9**
Hyperinflation	(6.7)	2.6	–	–	(2.0)	**(6.1)**
Other temporary differences	(10.7)	19.7	0.2	–	0.1	**9.3**
	(87.6)	34.7	0.7	–	3.5	**(48.7)**

20. DEFERRED TAX (CONTINUED)

Movement in deferred tax during the prior year

	3 April 2022	Income statement	Statement of comprehensive income	Brought in on acquisition	Exchange adjustment	1 April 2023 (restated)
Tangible fixed assets	(7.2)	14.4	–	(46.1)	1.1	(37.7)
IFRS 16 Right Of Use asset	(26.7)	(6.8)	–	(10.7)	–	(44.2)
IFRS 16 Right Of Use liability	26.7	6.8	–	10.7	–	44.2
Tax losses	9.3	11.5	–	7.8	(0.4)	28.2
Intangible assets	(63.5)	10.0	–	(13.6)	(2.9)	(69.9)
Defined benefit pension	1.3	–	0.2	7.7	–	9.2
Spain contingent payment	12.3	(12.9)	–	–	0.6	–
Hyperinflation	–	(0.2)	(6.5)	–	–	(6.7)
Other temporary differences	(6.5)	1.4	–	(9.6)	4.1	(10.7)
	(54.2)	24.2	(6.3)	(53.8)	2.5	(87.6)

The provision for deferred taxation is as follows:

	Group		Company	
	2024 £m	2023 (restated*) £m	2024 £m	2023 (restated*) £m
Tangible fixed assets	(41.7)	(37.7)	–	–
IFRS 16 Right Of Use asset	(39.2)	(44.2)	(1.1)	(1.3)
IFRS 16 Right Of Use liability	41.4	44.2	1.2	1.3
Tax losses	36.9	28.2	6.7	–
Intangible assets	(58.1)	(69.9)	–	–
Defined benefit pension	8.9	9.2	–	–
Hyperinflation	(6.1)	(6.7)	–	–
Other temporary differences	9.3	(10.7)	1.5	–
	(48.7)	(87.6)	8.2	–

The deferred tax provision is based on taxation rates of: 25% in the UK, Spain and Belgium; 25.8% in the Netherlands; 27.9% in Italy; 30% in Australia; 12.5% in Ireland; a 25.1% combined rate (Federal and State) in North America; and applicable rates ranging between 20% and 25% in Turkey.

The amount of Group unrecognised deferred tax items (tax value) at 30 March 2024 was £27.5m (2023: £7.7m), comprising tax losses of £23.5m (2023: £1.6m) and Corporate Interest Restriction of £4.0m (2023: £4.7m).

The amount of Company unrecognised deferred tax items (tax value) at 30 March 2024 was £4.0m (2023: £4.7m) in relation to Corporate Interest Restriction.

Restatement of deferred tax assets and liabilities (*)

Deferred tax assets and liabilities in 2023 and 2022 have been restated in line with the amendment to IAS12 introducing Para 22A for periods commencing after 1 January 2023. This amendment has effect such that the Initial Recognition Exemption is not applied to certain transactions where there is initial recognition of an asset and a liability, but there is no effect on either accounting or taxable profit – for example, entering into a Right of Use Asset lease arrangement.

For the restated Consolidated Balance Sheet presented at 1 April 2023, a deferred tax asset has increased of £44.2 has been recognised together with a corresponding £44.2m deferred tax liability. This prior period adjustment changes the deferred tax note presentation only, with the net deferred tax position remaining a liability of £87.6m.

For the restated Consolidated Balance Sheet presented at 2 April 2022, the net deferred tax position remains a liability of £54.2m.

The above adjustments have no impact on any other balances within the Consolidated Balance Sheets at 1 April 2023 or 2 April 2022 nor the reported Consolidated Income Statements for the 52 weeks ended 1 April 2023 or the 52 weeks ended 2

20. DEFERRED TAX (CONTINUED)

April 2022, nor any impact on basic or diluted earnings per share measures in the prior year periods.

Deferred tax assets and liabilities

The deferred tax balances shown on the balance sheet are:

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Deferred tax liabilities	(56.7)	(89.3)	–	–
Deferred tax assets	7.9	1.7	8.2	–
	(48.7)	(87.6)	8.2	–

21. RETIREMENT BENEFIT OBLIGATIONS

Defined contribution schemes

The Group operates a number of defined contribution pension schemes. The companies and the employees contribute towards the schemes.

Contributions are charged to the Income Statement as incurred and amounted to £6,924,000 (2023: £6,288,000), of which £2,935,000 (2023: £2,835,000) relates to the UK schemes. The total contributions outstanding at the year-end were £nil (2023: £nil).

Defined benefit schemes

The Group has four defined benefit schemes:

- two schemes relate to Interfloor Limited;
- one scheme relates to both Balta Services and Balta Industries (Balta group);
- the final scheme relates to Seramik, Sahika and Ic vi Dis Ticaret (Graniser group).

Summary of all schemes

Amounts recognised in the Consolidated Income Statement in respect of all defined benefit schemes are as follows:

	2024 £m	2023 £m
Net interest expense	0.4	0.3
Loss on settlements	–	0.5
Current / Past service cost	1.3	1.0
Components of defined benefit costs recognised in profit or loss	1.7	1.8

Amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

	2024 £m	2023 £m
The return on plan assets (excluding amounts included in net interest expense)	(0.1)	(9.5)
Actuarial gains/(losses) arising from changes in demographic assumptions	0.4	(0.1)
Actuarial gains arising from changes in financial assumptions	0.3	5.8
Remeasurement gains/(losses) on defined benefit obligation	–	3.6
Actuarial gains/(losses) arising from experience adjustments	(2.6)	(1.8)
Remeasurement of the net defined benefit liability	(2.0)	(2.0)

Notes to the Accounts

21. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The amount included in the Consolidated Balance Sheet arising from the Group's obligations in respect of all schemes is as follows:

	2024 £m	2023 £m
Present value of defined benefit obligations	(34.1)	(34.1)
Fair value of plan assets	25.7	26.1
Net liability arising from defined benefit obligation	(8.4)	(8.0)
Deferred tax applied to net obligation	0.5	1.9

(a) Interfloor schemes

Interfloor Limited sponsors the Final Salary Scheme ("the Main Scheme") and the Interfloor Limited Executive Scheme ("the Executive Scheme") which are both defined benefit arrangements. The defined benefit schemes are administered by a separate fund that is legally separated from the Group. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund.

The last full actuarial valuations of these schemes were carried out by a qualified independent actuary as at 31 July 2021.

The contributions made by the employer over the financial period were £213,000 (2023: £213,000) in respect of the Main Scheme and £nil (2023: £nil) in respect of the Executive Scheme.

Contributions to the Executive and Main Schemes are made in accordance with the Schedule of Contributions. Future contributions are expected to be an annual premium of £213,000 in respect of the Main Scheme and £nil contributions payable to the Executive Scheme. These payments are in line with the certified Schedules of Contributions until they are reviewed on completion of the triennial valuations of the schemes as at 1 August 2024.

As both schemes are closed to future accrual there will be no current service cost in future years.

The defined benefit schemes typically expose the Company to actuarial risks such as: investment risk, interest rate risk and longevity risk.

Investment risk

The present value of the defined benefit schemes' liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the returns on schemes' assets are below this rate, it will create a scheme deficit. Due to the long-term nature of the schemes' liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the schemes' assets should be invested in equity securities to leverage the return generated by the funds.

The judgment handed down in June 2023 in Virgin Media v NTL Pension Trustees II Ltd has potentially wide-ranging implications as it voids changes to contracted-out schemes that were made without a section 37 certificate under the Pension Schemes Act 1993. It will, if upheld, require affected schemes to undergo rectification exercises and could lead to substantial extra liabilities for some sponsors.

Virgin Media has been given leave to appeal the 2023 ruling which invalidated past pension changes in the contracted-out NTL Pension Plan. The appeal will be heard in June 2024. Should the appeal not be successful, the Department for Work and Pensions could potentially override the court ruling with legislation.

The outcome therefore is uncertain, and thus casts doubt on the ability of Group management to reliably estimate any change in the Group's defined benefit pension obligation.

Interest risk

A decrease in the bond interest rate will increase the schemes' liability but this will be partially offset by an increase in the return on the plan's debt investments.

21. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the schemes' participants will increase the schemes' liability.

Inflation risk

An increase in the inflation rate will increase the Group's liability. A portion of the plan assets are inflation-linked debt securities which will mitigate some of the effects of inflation.

The present value of the defined benefit liabilities was measured using the projected unit credit method.

The expected rates of return on plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages) at the consolidated balance sheet date were as follows:

	2024	2023
Discount rate	4.7%	4.6%
Revaluation rate of deferred pensioners of CPI (5% p.a. as a maximum)	2.8%	2.8%
Pension in payment increases of RPI (5% p.a. as a maximum)	3.2%	3.3%
Pension in payment increases of CPI (3% p.a. as a maximum)	2.2%	2.2%
Inflation (RPI)	3.4%	3.5%
Inflation (CPI)	2.8%	2.8%

The assumptions relating to longevity underlying the pension liabilities at the Consolidated Statement of Financial Position date are based on 110% of the standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year-old to live for a number of years as follows:

(i) Current pensioner aged 65: 20.6 years (male), 23.1 years (female).

(ii) Future retiree (aged 45) upon reaching 65: 21.6 years (male), 24.2 years (female).

Amounts recognised in the consolidated income statement in respect of these defined benefit schemes are as follows:

	2024 £m	2023 £m
Net interest expense	0.2	0.1
Components of defined benefit costs recognised in profit or loss	0.2	0.1

The net interest expense has been included within finance costs. The remeasurement of the net defined benefit liability is included in the statement of comprehensive income.

Amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

	2024 £m	2023 £m
The return on plan assets (excluding amounts included in net interest expense)	(0.8)	(6.2)
Actuarial losses arising from changes in demographic assumptions	0.4	–
Actuarial gains arising from changes in financial assumptions	0.1	7.6
Actuarial gains arising from experience adjustments	(0.4)	–
Remeasurement of the net defined benefit liability	(0.7)	1.4

21. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The amount included in the Consolidated Balance Sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2024 £m	2023 £m
Present value of defined benefit obligations	(20.9)	(21.2)
Fair value of plan assets	16.8	17.8
Net liability arising from defined benefit obligation	**(4.1)**	(3.4)
Deferred tax applied to net obligation	**–**	0.9

Movements in the present value of defined benefit obligations in the period were as follows:

	2024 £m	2023 £m
Opening defined benefit obligation	(21.2)	(29.2)
Interest cost	(1.0)	(0.7)
Remeasurement gains/(losses):		
Arising from changes in demographic assumptions	0.4	–
Arising from changes in financial assumptions	0.1	(0.6)
Arising from experience adjustments	(0.4)	8.1
Benefits paid and expenses	1.1	1.2
Closing defined benefit obligation	**(20.9)**	(21.2)

Movements in the fair value of plan assets in the period were as follows:

	2024 £m	2023 £m
Opening fair value of plan assets	17.8	24.3
Interest income	0.7	0.7
Remeasurement gains/(losses):		
The return on plan assets (excluding amounts included in net interest expense)	(0.8)	(6.2)
Contributions from the employer	0.2	0.2
Benefits paid and expenses	(1.1)	(1.2)
Closing fair value of plan assets	**16.8**	17.8

The major categories and fair values of plan assets at the end of the reporting period for each category are as follows:

	2024 £m	2023 £m
Cash and cash equivalents	0.4	0.4
LDI (Liability driven investment)	4.7	5.3
Equities	3.8	5.4
Property	1.3	1.3
Corporate Bonds	0.1	0.1
Multi-Asset Credit Funds	2.8	2.9
Diversified Growth Funds	2.2	2.3
Infrastructure	1.5	–
Closing fair value of plan assets	**16.8**	17.7

None of the fair values of the assets shown above include any of the employer's own financial instruments or any property occupied by, or other assets used by, the employer. None of the scheme's assets have a quoted market price in an active market.

The actual return on plan assets was a gain of £24,000 (2023: loss £5,569,000).

21. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate decreased by 0.5% per annum, the defined benefit obligation would increase by 6.3%.

If the rate of inflation increases by 0.5% per annum, the defined benefit obligation would increase by 4.5%.

If the life expectancy increases by one year for both men and women, the defined benefit obligation would increase by 3.5%.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Consolidated Balance Sheet.

Deferred benefit schemes

(b) Balta group scheme

Balta Group has pension plans in place for management and are financed through employer contributions which increase depending on seniority (base contribution of 3.75% of pensionable salary, increasing by 0.5% for every 5 years of service rendered within the group up to a maximum contribution rate of 5.75%). This plan also includes a “death in service” benefit amounting to twice pensionable salary. Several pension plans are in place for white collar workers and are financed through fixed employer contributions. In addition, as part of the bonus policy for members of management, a portion of the bonus is awarded via employer contributions to a pension plan scheme.

The last full actuarial valuations of these schemes were carried out by a qualified independent actuary as at 31 March 2024.

The contributions made by the employer over the financial period were £502,000 (2023: £937,000).

Contributions to the Scheme is made in accordance with the Schedule of Contributions. The expected service cost for the next financial year is expected to be £461,000 (2023: £704,000).

The defined benefit schemes typically expose the Company to actuarial risks such as: investment risk, interest rate risk and longevity risk.

Investment risk

The pension plan assets are financed by a group insurance product. In accordance with that formula, AG Insurance guarantees an interest rate as a return of contracts. The return is calculated through a profit sharing arrangement determined by AG Insurance. AG Insurance provide a guarantee meaning there is no financial risk for the employer. Based upon this information, we judge that the assets of the insurance contracts should be classified as a Level 2 asset.

Interest risk

A decrease in the bond interest rate will increase the schemes’ liability but this will be partially offset by an increase in the return on the plan’s debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the schemes’ participants will increase the schemes’ liability.

Inflation risk

An increase in the inflation rate will increase the Group’s liability. A portion of the plan assets are inflation-linked debt securities which will mitigate some of the effects of inflation.

The present value of the defined benefit liabilities was measured using the projected unit credit method.

21. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Principal actuarial assumptions (expressed as weighted averages) at the consolidated balance sheet date were as follows:

	2024	2023
Discount rate	3.3%	4.0%
Discount rate (§113)	3.6%	4.3%
Future salary increase (including social security increase)	3.2%	3.2%
Social security increase	2.2%	2.2%
Pension and death ceiling increase	2.2%	2.2%
Mortality table (Pre-retirement)	MR–5/FR–5	MR–5/FR–5

Amounts recognised in the consolidated income statement in respect of these defined benefit schemes are as follows:

	2024 £m	2023 £m
Net interest expense	–	–
Current/ Past service cost	0.7	1.0
Components of defined benefit costs recognised in profit or loss	0.7	1.0

The net interest expense has been included within finance costs. The remeasurement of the net defined benefit liability is included in the statement of comprehensive income.

Amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

	2024 £m	2023 £m
The return on plan assets (excluding amounts included in net interest expense)	0.7	(3.3)
Remeasurement gains/(losses) on defined benefit obligation	–	3.6
Remeasurement of the net defined benefit liability	07	0.3

The amount included in the Consolidated Balance Sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2024 £m	2023 £m
Present value of defined benefit obligations	(9.8)	(9.3)
Fair value of plan assets	8.9	8.3
Net liability arising from defined benefit obligation	(0.9)	(1.0)
Deferred tax applied to net obligation	0.1	0.3

Movements in the present value of defined benefit obligations in the period were as follows:

	2024 £m	2023 £m
Opening defined benefit obligation	(9.3)	–
Acquired as part of business combinations	–	(11.6)
Current service costs	(0.7)	(1.0)
Interest cost	(0.3)	(0.1)
Remeasurement gains/(losses)	–	3.6
Benefits paid and expenses	0.4	0.3
Tax on contributions	0.1	0.1
Effect of foreign exchange rate changes	–	(0.6)
Closing defined benefit obligation	(9.8)	(9.3)

21. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Movements in the fair value of plan assets in the period were as follows:

	2024 £m	2023 £m
Opening fair value of plan assets	8.3	–
Acquired as part of business combinations	–	10.3
Interest income	0.3	0.1
Remeasurement gains/(losses):		
The return on plan assets (excluding amounts included in net interest expense)	0.7	(3.3)
Contributions from the employer	0.4	0.9
Benefits paid and expenses	(0.4)	(0.3)
Effect of foreign exchange rate changes	(0.4)	0.6
Closing fair value of plan assets	8.9	8.3

The actual return on plan assets was a gain of £700,000 (2023: loss of £3,300,000).

The fair value of the plan assets is based on §113 of IAS 19 and is defined as the present value of the retirement capitals guaranteed by the insurance company (using the tariffs as set out by the insurance company). The discount rate used takes into account the investment risk of financial institutions by referring to financial single A bonds. Therefore an additional gap is added to the Defined Benefit Obligation ("DBO") discount rate which reflects the difference between AA rated corporate bonds and single A rated corporate bonds.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate decreased by 0.5% per annum, the defined benefit obligation would increase by 4.9%.If the rate of inflation and salary changes increases by 0.5% per annum, the defined benefit obligation would increase by 0.5%.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Consolidated Balance Sheet.

Defined benefit schemes

(c) Graniser group scheme

Graniser group, which incorporates Seramik, Sahika and Ic ve Dis Ticaret companies, is a termination indemnity plan (defined benefit arrangement). Turkish Labor Law is used as a basis for the severance pay calculations. In accordance with Turkish Labor Law, the company must pay compensation equal to 1 month's salary for every year employed unless the employee is fairly dismissed.

The last full actuarial valuations of these schemes were carried out by a qualified independent actuary as at 31 March 2024.

The contributions made by the employer over the financial period were £1,384,000 (2023: £1,262,000).

Contributions to the Scheme is made in accordance with the Schedule of Contributions. The expected service cost for the next financial year is expected to be £440,000 (2023: £292,000).

The defined benefit schemes typically expose the Company to actuarial risks such as: interest rate risk and longevity risk.

Interest risk

A decrease in the bond interest rate will increase the schemes' liability but this will be partially offset by an increase in the return on the plan's debt investments.

21. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the schemes' participants will increase the schemes' liability.

Inflation risk

An increase in the inflation rate will increase the Group's liability. A portion of the plan assets are inflation-linked debt securities which will mitigate some of the effects of inflation.

The present value of the defined benefit liabilities was measured using the projected unit credit method.

The expected rates of return on plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages) at the consolidated balance sheet date were as follows:

		2024	2023
Discount rate		**25.0%**	12.6%
Salary increase	First year – White collar	**55.0%**	80.0%
	First year – Blue collar	**30.0%**	40.0%
	Thereafter – both	**22.0%**	12.0%
Mortality		**CSO80**	CSO80
Withdrawal (Age base table)	Sahika	**0.0%**	0.0%
	Ic ve Dis Ticaret	**7.0%**	7.0%
	Seramik – White collar	**6.0%**	6.0%
	Seramik – Blue collar	**2.0%**	2.0%
Retirement age		**Individual**	Individual

Please note the above principal actuarial assumptions have been impacted by Turkey's hyperinflationary economy during the current and prior financial period.

Voluntary withdrawal assumptions

Age range	Seramik – White Collar (p.a.)	Seramik – Blue Collar (p.a.)	Sahika (p.a.)	Ic ve Dis Ticaret (p.a.)
Up to 24	13.91%	4.99%	0.00%	16.15%
25 to 29	11.13%	3.99%	0.00%	12.92%
30 to 34	8.34%	3.00%	0.00%	9.69%
35 to 39	5.56%	2.00%	0.00%	6.46%
40 to 49	2.78%	1.00%	0.00%	3.23%
After 50	1.39%	0.50%	0.00%	1.62%

Amounts recognised in the consolidated income statement in respect of these defined benefit schemes are as follows:

	2024 £m	2023 £m
Net interest expense	**0.2**	0.3
Loss on settlements	**–**	0.4
Current service cost	**0.2**	0.1
Past service cost	**0.4**	(0.1)
Components of defined benefit costs recognised in profit or loss	**0.8**	0.7

The net interest expense has been included within finance costs. The remeasurement of the net defined benefit liability is included in the statement of comprehensive income.

21. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

	2024 £m	2023 £m
The return on plan assets (excluding amounts included in net interest expense)	–	–
Actuarial gains/(losses) arising from changes in demographic assumptions	–	(0.1)
Actuarial gains/(losses) arising from changes in financial assumptions	0.2	(1.8)
Actuarial gains/ (losses) arising from experience adjustments	(2.2)	(1.8)
Remeasurement of the net defined benefit liability	**(2.0)**	(3.7)

The amount included in the Consolidated Balance Sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2024 £m	2023 £m
Present value of defined benefit obligations	(3.4)	(3.6)
Fair value of plan assets	–	–
Net liability arising from defined benefit obligation	**(3.4)**	(3.6)
Deferred tax applied to net obligation	**0.4**	0.7

Movements in the present value of defined benefit obligations in the period were as follows:

	2024 £m	2023 £m
Opening defined benefit obligation	(3.6)	(1.6)
Interest cost	(0.3)	(0.3)
Loss on settlements	–	(0.4)
Remeasurement (gains)/losses:		
Arising from changes in demographic assumptions	–	(0.1)
Arising from changes in financial assumptions	0.2	(1.8)
Arising from experience adjustments	(2.2)	(1.8)
Employer direct benefit payments	1.4	1.3
Employer direct settlement payments	–	0.7
Current service costs	(0.2)	(0.1)
Past service costs	(0.4)	0.1
Effect of foreign exchange rate changes	1.7	0.4
Closing defined benefit obligation	**(3.4)**	(3.6)

Movements in the fair value of plan assets in the period were as follows:

	2024 £m	2023 £m
Opening fair value of plan assets	–	–
Employer direct benefit payments	1.4	1.3
Employer direct settlement payments	–	0.7
Benefit payments from employer	(1.4)	(1.3)
Settlement payments from employer	–	(0.7)
Closing fair value of plan assets	**–**	–

21. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate decreased by 0.5% per annum, the defined benefit obligation would increase by 6.6%.

If the salary rate increases by 0.5% per annum, the defined benefit obligation would increase by 6.6%.

If the pre-retirement mortality increases by one year for both men and women, the defined benefit obligation would decrease by 1%.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Consolidated Balance Sheet.

22. SHARE CAPITAL

	2024 £m	2023 £m
Allotted, called-up and fully paid:		
5p ordinary shares	**6.3**	6.3

	2024 Number of shares (000's)	2023 Number of shares (000's)
5p ordinary shares:		
Number of shares issued and fully paid (excluding shares held in treasury)	**113,998**	115,007
Number of shares issued and fully paid, held in treasury	**11,467**	10,457

During the year the Company has purchased 1,381,000 of the ordinary 5p shares in issue for a total consideration of £3,278,645. All of the shares purchased were transferred into treasury. There has also been a transfer out of treasury of 371,516 shares used for settlement of certain employee share options that vested and were exercised in the period. The number of shares held in treasury at 30 March 2024 was 11,466,794 and represents 9.1% of the called-up share capital (2023: 10,457,310).

The total number of ordinary shares in issue in the Company at 30 March 2024 was 113,997,873 (excluding the shares held in treasury).

At the year end there were no shares issued but not fully paid (2023: nil).

At the year end, no shares were reserved for issue under options and there were no contracts for sale of shares (2023: nil).

Capital risk management

The Group considers its capital to comprise its Ordinary share capital, share premium, accumulated retained earnings and net debt. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions.

In order to achieve this objective, the Group monitors its gearing to balance risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues (including the issue of preferred equity, on which more detail is provided in Note 17, in particular regarding the changes in the period), or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

23. RESERVES

Retained earnings

Retained earnings for the Group as at 30 March 2024 was a deficit of £27.4m (surplus 2023: £85.7m).

The loss of the Company for the year determined in accordance with the Companies Act 2006 was £8.4m (2023: loss of £28.6m). The Company is exempt under Section 408 of the Companies Act 2006 from presenting its own Income statement and Statement of Comprehensive Income.

Foreign exchange reserve

The foreign exchange reserve for the Group as at 30 March 2024 was a deficit £20.8m (surplus 2023: £1.0m), in respect of foreign exchange differences on consolidation of overseas subsidiaries.

Hyperinflation foreign exchange reserve

The hyperinflation foreign exchange reserve for the Group as at 30 March 2024 was £7.5m (2023: £16.5m), in respect of hyperinflation CTA adjustments on consolidation of Turkish subsidiaries.

Other reserves

Other reserves for the Group as at 30 March 2024 were £12.2m (2023: £9.5m) and relate to share-based payment charges (see further details in Note 5).

24. FINANCIAL INSTRUMENTS

Background

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The "financial instruments" which are affected by these risks comprise borrowings, cash and liquid resources used to provide finance for the Group's operations, together with various items such as trade debtors and trade creditors that arise directly from its operations, inter-company payables and receivables, and any derivative transactions (such as interest rate swaps and forward foreign currency contracts) used to manage the risks from interest rate and currency rate volatility.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

24. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

The Group's principal financial assets are bank balances and cash, and trade and other receivables.

The Group's exposure to credit risk is primarily attributable to its trade receivables. Credit risk is managed locally by the management of each business unit. Prior to accepting new customers, credit checks are obtained from reputable external sources. Furthermore, in specific areas where a heightened credit risk is perceived, credit insurance is utilised to help mitigate this risk.

Trade receivables consist of a large number of customers spread across geographical locations. Furthermore, specific trade receivables are written-off when there is considered to be little likelihood of recovering the debt.

The group continues to monitor its exposure to expected credit losses and further disclosure will be provided in future periods if the Group's assessment changes.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with low credit risk assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Company has no significant concentration of credit risk, other than with its own subsidiaries, the performances of which are closely monitored. The Directors confirm that the carrying amounts of monies owed by its subsidiaries approximate to their fair value.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

To achieve this aim, the cash position is continuously monitored to ensure that cash balances (or agreed facilities) meet expected requirements for a period of at least 90 days.

The preferred equity issued to KED is perpetual and has no contractual commitment to redeem or pay preferred dividends in cash, and therefore had a positive impact on the Group's liquidity. There are two scenarios, both of which management believe highly unlikely, under which mandatory redemption of the preferred equity applies (see Note 17 for further details).

The Group expects to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The maturity of financial liabilities is detailed in Note 17.

Market risk

Market risk arises from the Group's use of interest bearing and foreign currency financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk), or market pricing (price risk). The fair value of the loan note prepayment option embedded derivative will fluctuate based on changes in market pricing, the relative impact of such fluctuations can be seen by the movement in the period as disclosed in Note 17. Fluctuations in foreign currency exchange rates can have a significant effect on the Group's reported results.

Market risk arises from the Company's use of third party and intercompany loans denominated in foreign currency. Fluctuations in foreign currency exchange rates can have a significant effect on the Company's reported results.

a) Interest rate risk

The Group finances its operations through a mixture of retained profits, equity capital and bank facilities, including hire purchase and lease finance. The Group borrows in the desired currency at floating or fixed rates of interest and may then use interest rate swaps to secure the desired interest profile and manage exposure to interest rate fluctuations.

24. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate sensitivity

The annualised effect of a 50 basis point decrease in the interest rate at the balance sheet date on the variable rate debt carried at that date would, all other variables held constant, have resulted in a decrease in post-tax loss for the year of £209,000 (2023: decrease in post-tax profit of £294,000). A 50 basis point increase in the interest rate would, on the same basis, have increased the loss for the year by the same amount.

Borrowings contractual maturities and effective interest rate analysis

In respect of interest bearing financial liabilities, the following table indicates the undiscounted amounts due for the remaining contractual maturity (including interest payments based on the outstanding liability at the year end) and their effective interest rates. The ageing of these amounts is based on the earliest dates on which the Group can be required to pay.

	As at 30 March 2024						As at 1 April 2023					
	Effective Interest Rate %	Total £m	0-1 Years £m	1-2 Years £m	2-5 Years £m	Over 5 Years £m	Effective Interest Rate %	Total £m	0-1 Years £m	1-2 Years £m	2-5 Years £m	Over 5 Years £m
Group												
Cash and cash equivalents	0.00%	94.8	94.8	–	–	–	0.00%	93.3	93.3	–	–	–
Trade and other payables	0.00%	(300.7)	(294.7)	(6.0)	–	–	0.00%	(337.0)	(332.1)	(4.9)	–	–
Senior secured debt and overdraft	3.67%	(703.9)	(27.1)	(23.0)	(653.8)	–	3.67%	(758.9)	(26.9)	(24.0)	(707.9)	–
Bank loans and other facilities	11.82%	(110.6)	(56.7)	(18.5)	(19.1)	(16.4)	4.21%	(81.5)	(37.8)	(10.3)	(19.5)	(13.9)
Right-of-use leases	6.42%	(210.3)	(38.0)	(32.6)	(69.2)	(70.5)	2.72%	(197.7)	(31.9)	(30.0)	(63.2)	(72.6)
		(1,230.8)	(321.7)	(80.1)	(742.0)	(86.9)		(1,281.7)	(335.4)	(69.2)	(790.6)	(86.4)
Company												
Cash and cash equivalents	0.00%	8.9	8.9	–	–	–	0.00%	13.8	13.8	–	–	
Trade and other payables	0.00%	(6.3)	(6.3)	–	–	–	0.00%	(3.6)	(3.6)	–	–	–
Senior secured debt	3.67%	(703.9)	(27.1)	(23.0)	(653.8)	–	3.67%	(755.9)	(24.0)	(24.0)	(707.9)	–
Bank loans and other facilities	7.36%	(10.3)	(10.3)				6.99%	–	–	–	–	–
Right-of-use leases	3.74%	(5.8)	(0.6)	(0.6)	(1.7)	(2.9)	3.16%	(6.4)	(0.6)	(0.6)	(1.7)	(3.5)
		(717.4)	(35.4)	(23.6)	(655.5)	(2.9)		(752.0)	(14.4)	(24.6)	(709.6)	(3.5)

In addition, the following table summarises the total undiscounted deferred and contingent consideration liabilities in relation to past acquisitions, again aged based on the earliest dates on which the Group can be required to pay.

	As at 30 March 2024				As at 1 April 2023			
Total undiscounted obligations	Total £m	0-1 Years £m	1-2 Years £m	2-5 Years £m	Total £m	0-1 Years £m	1-2 Years £m	2-5 Years £m
Group								
Deferred consideration liabilities	(3.8)	(3.8)	–	–	6.6	2.8	3.7	–
Contingent earn-out liabilities	(2.1)	(1.0)	(1.2)	–	5.2	2.7	1.5	1.0
	(6.0)	(4.8)	(1.2)	–	11.8	5.5	5.2	1.0

As described in Note 17, the KED preferred equity is never subject to mandatory redemption other than in two specific scenarios: (i) a change of control where the acquirer of Victoria offers share consideration (with no cash alternative) and is not considered to be investment grade, in which case KED could elect to ask Victoria, under the new owner(s), to redeem the outstanding preferred equity (currently £225m) and unpaid dividends in cash; (ii) insolvency of the Group.

24. FINANCIAL INSTRUMENTS (CONTINUED)

Non-interest bearing liabilities

Details of trade and other payables falling due within one year are set out in Note 15.

b) Currency risk

The main currency exposure of the Group arises from the Euro denominated debt.

It is the Board's policy not to hedge against translational, as opposed to transactional movements, in the Sterling/Australian Dollar, Sterling/Euro exchange rate, Sterling/US Dollar exchange rate and Sterling/Turkish Lira exchange rate.

Other currency exposure derives from transactional operations where goods are exported or raw materials and capital equipment are imported. These exposures are not considered to be material and may be managed by forward currency contracts, particularly when the amounts or periods to maturities are significant and at times when currencies are particularly volatile.

Currency risk sensitivity

An analysis of the Euro currency risk exposure arising from financial instruments denominated in a foreign currency is as follows.

A 10% strengthening of the Euro against Sterling closing rate would, all other variables held constant, have resulted in an increase in Group post-tax loss for the year of £73.330,000 as the net result of the translation impact on Euro denominated debt. A 10% weakening of the Euro against Sterling closing rate would, all other variables held constant, have resulted in a decrease in Group post-tax loss for the year of £59,997,000 as the net result of the translation impact on Euro denominated debt.

The carrying amounts of the Group's Euro denominated monetary assets (cash & cash equivalents) and monetary liabilities (financial debt, excluding intercompany balances) at the reporting date are as follows:

	Liabilities		Assets	
	2024 **£m**	2023 £m	**2024** **£m**	2023 £m
Euro	**(825.8)**	(716.7)	**54.2**	45.8

c) Future movements in share price

Linked to the preferred equity issued to KED during the period (see Note 17), the Company issued 12.402m warrants over its ordinary shares. These warrants are exercisable following the third anniversary of issue (or earlier if the preferred shares are redeemed) at an exercise price of £3.50, and can be net settled at the option of the Company (whereby a lower number of shares is issued but for no consideration). In addition, the warrants have a 'cap' mechanism that interacts with the returns to KED on the preferred equity, which – based on a maximum stipulated level of return (see Note 17) – may further reduce the number of ordinary shares issued on exercise. A key variable that impacts KED's overall level of return and therefore the implementation of this cap mechanism is the ordinary share price of the Company. For example, if KED were to exercise the warrants on the third anniversary and the share price at the time was £5.00, then the number of ordinary shares issued would be 3.72m.

Future movements in share price would impact the fair value of the warrant instrument liability, with increases in the share price increasing the value of the warrants resulting in a finance charge in the income statement, and vice-versa.

Separately, future movements in share price would have an impact on the embedded derivative asset representing the Company's option to cash redeem the preferred equity. As this increases in the future, the attractiveness of the option to the Company would decrease, thereby reducing the value of the asset, and vice-versa. Any future increase in the value of the option would result in a financial credit to the income statement, and vice-versa.

24. FINANCIAL INSTRUMENTS (CONTINUED)

Share price sensitivity

If, at the third anniversary, the share price were to decrease by £1 to £4.0, the number of ordinary shares issued on exercise would decrease to 1.55m. Conversely, if the share price were to increase by £1 to £6.0, the number of ordinary shares issued on exercise would increase to 5.17m.

At any given point in time, the maximum number of shares issuable on exercise of the warrants occurs at the share price at which the cap mechanism starts to apply. If at the third anniversary, this share price is £6.22 and if the warrants were exercised at this price 5.42m shares would be issued. Above this share price, the cap mechanism constrains the total market value of shares that can be issued and hence the number of shares issued on exercise declines. Below this share price, the cap mechanism no longer applies but the number of shares issued on exercise declines due to the net settlement mechanism.

d) Trading

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken other than in the corporate bonds held within cash and cash equivalents.

25. KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. Information about significant areas of estimation that have the most significant impact on the financial statements are described in the following notes:

Estimates

Impairment of goodwill (Note 9)

Determining whether goodwill balances are impaired requires an estimation of the value in use of the cash generating units or cash generating unit groups (hereby referred to as “”CGUs””) to which value has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and to apply a suitable discount rate in order to calculate present value. On an annual basis the Group is required to perform an impairment review to assess whether the carrying value of goodwill balances are less than its recoverable amount. The recoverable amount is based on a calculation of expected future cash flows, which include estimates of future performance. Detail of assumptions used in the review of goodwill, investments and intercompany balances are detailed in Note 9.

Provisions (Note 16)

The environmental liability has been estimated using all available information to us including environment reports and our review of environmental standards and enacted laws that are present at the balance sheet date but given the assessment hasn't been finalised, costs and the potential liability arising are subject to change. The liability has been recognised using valuations, methods, environmental standards and enacted laws that are present at the balance sheet date but given the assessment hasn't been finalised, costs are subject to change.

25. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Valuation of embedded derivatives within financial instruments (Note 17, 18)

In relation to preferred equity recognised in accordance with IFRS 9, non-closely related embedded derivatives have been identified which require separate recognition from the host instrument, in each case relating to the Company's option to cash redeem the instrument with a redemption premium cost that reduces over time (see Note 17 for details). These embedded derivatives are valued at each reporting date using assumptions based on certain estimates.

Judgements

Non-underlying items (Note 2, 3)

Non-underlying items are material non-trading income and costs and non-underlying finance costs as defined by the Directors. In line with IAS 1 para 85, the non-underlying items are disclosed separately in the Consolidated Income Statement given, in the opinion of the Directors, such presentation is relevant to an understanding of the Group's financial performance. Determining the presentation of an item as non-underlying is considered to be a significant judgement in the preparation of the annual report.

Parent Company functional currency

In determining the functional currency of the parent company as sterling the Directors have considered all of the primary and secondary indicators in IAS 21. Factors considered relevant by the Directors include funding being received from the senior notes in euros, funding being received from the issue of preferred equity in sterling, dividend income being received in sterling and shares being issued in sterling on the UK stock market. Following consideration of all factors, the Directors have determined sterling to be the functional currency of the parent company however this is considered to be a significant judgement in the preparation of the annual report.

Contingent earn-out

Within acquisition-related performance plan liabilities there is £16.5m relating to an Italian earn-out. The amount of the liability held on the balance sheet at the year-end represents the highest amount payable. While there are ongoing court proceedings which could have a material impact on the amount payable, which could be lower than the liability held on the balance sheet, it is management's view that in the absence of any certainty around the court's decision it is most appropriate to continue to hold the liability in full. This represents a significant judgement, given the quantum of the liability.

26. RELATED PARTIES

Transactions between the Company and its subsidiaries have been eliminated on consolidation.

Identity of related parties

The Group has a related party relationship with its Directors and executive officers.

The Company has a related party relationship with its subsidiaries and its Directors and executive officers.

Transactions with key management personnel

Key management personnel are considered to be the Directors of the Company.

As at 30 March 2024, the key management personnel, and their immediate relatives, controlled 20.08% of the voting shares of the Company.

Details of the Group's share-based incentive plans, which includes key management personnel, are provided in Note 5.

The aggregate remuneration of the Group's key management personnel, including the above incentive schemes, is set out below for each of the categories specified in IAS 24 Related Party Disclosures.

26. RELATED PARTIES (CONTINUED)

	2024 £m	2023 (restated)* £m
Short-term employee benefits	1.58	1.48
Post-employment benefits	0.02	0.03
Other-long term benefits	1.14	0.82
Termination benefits	–	–
Share-based payment charge	0.34	0.57
	3.08	2.90

* *Other long-term benefits have been restated in the prior year to include accrued benefit under LTIP cash awards with certain executive directors of Victoria Plc. Further details of the LTIP cash awards are set out in the Directors Report on page 52.*

Transactions with subsidiary undertakings:	2024 £m	2023 £m
Management fees – Victoria Bidco B.V	1.65	0.41
Management fees – Victoria Carpets Ltd	(0.08)	(0.09)
Management fees – Westex (Carpets) Ltd	(0.07)	(0.05)
Management fees – Abingdon Flooring Ltd	(0.25)	(0.23)
Management fees – Alliance Flooring Distribution Ltd	(0.01)	(0.01)
Management fees – Distinctive Flooring Ltd	(0.01)	(0.01)
Management fees – View Logistics Ltd	(0.12)	(0.12)
Management fees – Interfloor Group Ltd	(0.20)	(0.18)
Management fees – Ezi Floor Ltd	(0.04)	(0.04)
Management fees – G–tuft	–	–
Management fees – Hanover Flooring Ltd	(0.05)	(0.04)
Management fees – Millennium Weavers Ltd	(0.01)	(0.01)
Management fees – Estillon BV	(0.03)	(0.02)
Management fees – Victoria Holdco BV	(0.11)	(0.10)
Management fees – The Victoria Carpet Company Pty Ltd	(0.11)	(0.10)
Management fees – Quest Flooring Pty Ltd	(0.08)	(0.08)
Management fees – Primary Flooring Pty Limited	(0.09)	(0.08)
Management fees – Keraben Grupo S.A.	(0.25)	(0.23)
Management fees – Kinsan Trade, S.L.	(0.01)	–
Management fees – Ceramiche Serra S.p.A	(0.11)	(0.06)
Management fees – Ascot Gruppo Ceramiche SRL	(0.16)	(0.13)
Management fees – Keradom SRL	(0.07)	(0.05)
Management fees – Santa Maria SRL	(0.06)	(0.04)
Management fees – Ceramica Colli di Sassuolo S.p.A	(0.03)	(0.02)
Management fees – Ceramica Saloni, S.A.	(0.16)	(0.14)
Management fees – Graniser	(0.46)	(0.12)
Management fees – Balta	(0.14)	(0.41)
Management fees – Victoria US Holdings Inc – Cali	(0.33)	(0.34)
Interest receivable – Victoria Midco Holdings Ltd	(2.10)	(2.06)
Interest receivable – Victoria Bidco B.V	(3.53)	(3.77)
Interest receivable – Victoria Carpets Ltd	(0.54)	(0.56)
Interest receivable – Abingdon Flooring Ltd	–	(0.05)
Interest receivable – Alliance Flooring Distribution Ltd	(0.48)	(0.51)
Interest receivable – Distinctive Flooring Ltd	(0.23)	(0.24)
Interest receivable – Whitestone Carpets Holdings Ltd	(0.90)	(0.94)
Interest receivable – Interfloor Group Ltd	(0.60)	(0.50)
Interest receivable – Interfloor Operations Ltd	–	(0.29)
Interest receivable – Ezi Floor Ltd	(0.58)	(0.69)
Interest receivable – G–tuft Ltd	(0.14)	(0.19)

Notes to the Accounts

26. RELATED PARTIES (CONTINUED)

Transactions with subsidiary undertakings:	2024 £m	2023 £m
Interest receivable – Hanover Flooring Ltd	(0.43)	(0.40)
Interest receivable – Millennium Weavers Ltd	(0.17)	(0.16)
Interest receivable – Balta Belgium n.v	(0.01)	(0.01)
Interest receivable – Victoria Holdco BV	(1.26)	(1.23)
Interest receivable – Primary Flooring Pty Limited	(0.92)	(1.00)
Interest receivable – Keraben Grupo S.A.	(3.77)	(3.71)
Interest receivable – Kinsan Trade, S.L.	(4.60)	(5.05)
Interest receivable – Ceramica Saloni, S.A.	(2.00)	(1.97)
Interest receivable – Victoria US Holdings Inc.	(3.09)	(2.91)
Interest receivable – Balta	(3.88)	(2.39)
Dividend Income – Victoria Midco Holdings Ltd	–	(8.50)
Dividend Income – Grass Inc B.V	(0.01)	–
Dividend Income – The Victoria Carpet Company Pty Ltd	(0.04)	–
Finance Income – Quest Flooring Pty Ltd	(0.50)	(0.60)

Transactions with Koch Equity Development LLC

Blake Ressel, a Non-Executive Director of Victoria PLC from 15 December 2020, is a Managing Director at Koch Equity Development LLC. On the 30 October 2020, the Company entered into a conditional investment agreement whereby KED Victoria Investments, LLC, an affiliate of Koch Equity Development, committed to invest £175 million of preferred equity in Victoria. As at 30 March 2024 Koch Equity Development have invested £225m of preferred equity in Victoria. See Note 17 for further details.

27. POST BALANCE SHEET EVENTS

The directors are not aware of any material post balance sheet events.

Shareholder Information

CORPORATE WEBSITE

The Annual Report, Company announcements and other information are available on the Group's website at: www.victoriaplc.com

SHAREHOLDER QUERIES

If you have any queries in relation to Victoria PLC shares, please contact the Company's registrars whose details are as follows: Link Group – Unit 10, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

Telephone: +44 (0) 371 664 0300; website: www.linkgroup.eu

Calls to 0371 are charge at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. Lines are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales.

DIVIDEND PAYMENTS

Our registrars have the facility to pay shareholders' dividends directly into their bank accounts, instead of receiving the dividend payment by cheque. They are also able to convert dividend payments into local currency and send the funds by currency draft or, again, if preferred, pay them straight into a bank account.

More information on the above services can be obtained from our registrar Link Group.

UNSOLICITED MAIL

The Company is required by law to make its share register available on request to the public and organisations which may use it as a mailing list resulting in shareholders receiving unsolicited mail. Shareholders wishing to limit such mail should write to the Mailing Preference Service DMA house, 70 Margaret Street, London, W1W 8SS or register online at www.mpsonline.org.uk

VICTORIA PLC REGISTERED OFFICE

Worcester Six Business Park
Worcester
Worcestershire
WR4 0AE

COMPANY REGISTERED NO. (ENGLAND & WALES)

282204

ADVISERS

Auditor:	Grant Thornton UK LLP – 17th Floor, 103 Colmore Row, Birmingham, B3 3AG
Bankers:	HSBC UK Bank PLC – 1 Centenary Square, Birmingham, B1 1HQ
	National Westminster Bank PLC – 250 Bishopsgate, London, EC2M 4AA
	ING – 8-10 Moorgate, London, EC2R 6DA
	Banco Bilbao Vizcaya Argentaria - One Canada Square, Canary Wharf, London, E14 5AA
	Bank of Ireland - 1 Bread Street, London, EC4M 9BE
Registrar:	Link Group – Unit 10, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Solicitor:	Brown Rudnick LLP – 8 Clifford Street, London, W1S 2LQ
Nominated Adviser and Joint Broker:	Singer Capital Markets – 1 Bartholomew Lane, London, EC2N 2AX
Joint Broker:	Berenberg – 60 Threadneedle Street, London, EC2R 8HP
Public Relations:	Walbrook PR Limited – 75 King William Street, London, EC4N 7BE

Registered Offices of Subsidiaries

Company	Registered Office Address
Victoria Midco Holdings Ltd	Worcester Six Business Park, Worcester, WR4 0AE, UK
Victoria Carpets Limited	Worcester Road, Kidderminster, Worcestershire, DY10 1JR, UK
Whitestone Carpets Holdings Limited	Worcester Road, Kidderminster, Worcestershire, DY10 1JR, UK
Ezi Floor Limited	Worcester Road, Kidderminster, Worcestershire, DY10 1JR, UK
Alliance Flooring Distribution Limited	Worcester Six Business Park, Worcester, WR4 0AN, UK
Distinctive Flooring Limited	Worcester Road, Kidderminster, Worcestershire, DY10 1JR, UK
'V'-Line Carpets Limited	Worcester Road, Kidderminster, Worcestershire, DY10 1JR, UK
Hanover Carpets Limited	Worcester Road, Kidderminster, Worcestershire, DY10 1JR, UK
Carpet Line Direct Limited	Worcester Road, Kidderminster, Worcestershire, DY10 1JR, UK
Hanover Flooring Limited	Aireside House, Royd Ings Avenue, Keighley, BD21 4BZ, UK
Flooring at Home Limited	Worcester Road, Kidderminster, Worcestershire, DY10 1JR, UK
The Victoria Carpet Company Limited	Worcester Road, Kidderminster, Worcestershire, DY10 1JR, UK
Abingdon Flooring Limited	Parkway, Pen Y Fan Industrial Estate, Croespenmaen Crumlin, Newport, NP11 4XG, UK
Venture Floorcoverings Limited	Unit 1 Parkway, Crumlin, Newport, Wales, NP11 3XG, UK
Globesign Limited	Calder Bank Mills, Calder Bank Road, Dewsbury, West Yorkshire, WF12 9QW, UK
Westex (Carpets) Limited	Calder Bank Mills, Calder Bank Road, Dewsbury, West Yorkshire, WF12 9QW, UK
Interfloor Limited	Broadway, Haslingden, Rossendale, Lancashire, BB4 4LS, UK
Interfloor Group Limited	Broadway, Haslingden, Rossendale, Lancashire, BB4 4LS, UK
Interfloor Operations Limited	Broadway, Haslingden, Rossendale, Lancashire, BB4 4LS, UK
Estillon B.V	Linie 25, 5405 AR Uden, The Netherlands
Estillon S.A.R.L.	64, Rue Claude Chappe, F-78370, Plaisir, France
Estillon GmbH	Hildesheimer, Straße 265-267, 30519 Hannover, Germany
Tacktrim Limited	Unit 10 Heathhall Industrial Estate, Dumfries, DG1 3PH, UK
Stikatak Limited	Broadway, Haslingden, Rossendale, Lancashire, BB4 4LS, UK
Millennum Weavers Limited	Worcester Road, Kidderminster, Worcestershire, DY10 1JR, UK
View Logistics Limited	Park View Road East, Hartlepool, Cleveland, TS25 1HT, UK
Whitestone Weavers Limited	Park View Road East, Hartlepool, Cleveland, TS25 1HT, UK
Thomas Witter Carpets Limited	Park View Road East, Hartlepool, Cleveland, TS25 1HT, UK
Gaskell Mackay Carpets Limited	Park View Road East, Hartlepool, Cleveland, TS25 1HT, UK
G-Tuft Limited	Thornhill Road Business Park, Tenter Fields, Dewsbury, West Yorkshire, WF12 9QT, UK
G-Tuft (Holdings) Limited	Thornhill Road Business Park, Tenter Fields, Dewsbury, West Yorkshire, WF12 9QT, UK
G-Tuft (2015) Limited	Thornhill Road Business Park, Tenter Fields, Dewsbury, West Yorkshire, WF12 9QT, UK
Hugh Mackay Carpets Ireland Limited	31 Admiral Park, Baldoyle, Dublin 13, D13 TOV6, Ireland
Munster Carpets Limited	6th Floor, 2 Grand Canal Square, Dublin 2, Ireland
Abingdon Flooring (Ireland) Limited	The Black Church, St Mary's Place, Dublin 7, DO7 P4AX, Ireland
The Victoria Carpet Company Pty Limited	7 Gladstone Road, Dandenong, Victoria, 3175, Australia
Primary Flooring Pty Limited	380 Dohertys Road, Truganina, Victoria, 3029, Australia
Quest Flooring Pty Ltd	43-55 Mark Anthony Drive, Dandenong South, Victoria, 3175, Australia
Victoria Bidco BV	Nylonstraat 7, 8281JX Genemuiden, The Netherlands
Avalon BV	Nylonstraat 7, 8281JX Genemuiden, The Netherlands
GrassInc BV	Drontermeer 4, 5347 JJ Oss, The Netherlands
Victoria Holdco BV	Nylonstraat 7, 8281JX Genemuiden, The Netherlands
Edel Group BV	Nylonstraat 7, 8281JX Genemuiden, The Netherlands
Edel Grass BV	Prinses Beatrixstraat 3, 8281 CA, Genemuiden, The Netherlands
Edel Life BV	Nylonstraat 7, 8281JX Genemuiden, The Netherlands
United Works Holdings BV	Nylonstraat 7, 8281JX Genemuiden, The Netherlands
United Works Grass BV	Nylonstraat 7, 8281JX Genemuiden, The Netherlands
United Works Backing BV	Nylonstraat 7, 8281JX Genemuiden, The Netherlands
United Works International BV	Nylonstraat 7, 8281JX Genemuiden, The Netherlands
Rex Invest BV	Nylonstraat 7, 8281JX Genemuiden, The Netherlands
Lansdscape Solutions BV	Muziekplein 67, 5402CS Uden, The Netherlands
Schramm GMBH CO. KG	Borsigstraβe 13, 32369 Rahden, Germany

REGISTERED OFFICES OF SUBSIDIARIES (CONTINUED)

Company	Registered Office Address
Schramm GMBH	Borsigstraβe 13, 32369 Rahden, Germany
B3 Ceramics Danişmanlik Ve Yönetim Hizmetleri Ticaret A.Ş.	Halkapinar Mah Mah, 1203/11 Sok. Sok., No: 5 5-7, Kat: 23 23, No: 231 Konak Konak, Izmir, Turkey
Graniser Granit Seramik Sanayi ve Ticaret A.Ş.	Halkapinar Mah Mah, 1203/11 Sok. Sok., No: 5 5-7, Kat: 23 23,
Graniser İç ve Dış Ticaret A.Ş.	Halkapinar Mah Mah, 1203/11 Sok. Sok., No: 5 5-7, Kat: 23 23, No: 231 Konak Konak, IzmiR, Turkey
Sahika Madencilik Nakliyat Makine Insaat Ambalaj Turizm Sanayi Ticaret. A.S.	Halkapinar Mah Mah, 1203/11 Sok. Sok., No: 5 5-7, Kat: 23 23, No: 231 Konak, Izmir, Turkey
Ceramiche Serra S.p.A	Via Estense, 10589, Serramazzoni, 41020, Italy
Victoria Ceramiche Holdco S.r.l	Foro Bonaparte 71, 20122, Milan, Italy
Victoria Ceramiche Holdco 2 S.r.l	Foro Bonaparte 71, 20122, Milan, Italy
Keradom S.r.l	Via Botticelli 10, Rubiera (RE) 42048, Italy
Dinca S.r.l	Via Botticelli 10, Rubiera (RE) 42048, Italy
Self Style S.R.L	Via Emilia Romagna, 83 – 41049, Sassuolo (Mo), Italy
Colli di Sassuolo S.r.l	Monte Mongigatto no. 24 Int. 4, 41042, Fiorano Modenese (MO), Italy
Ascot Gruppo	Via Cross 80, 41014 Castelvetro diModerna, Frazione Solignano (MO), Italy
Santa Maria S.r.l	Via Antonellini 70, 48011, Frazione Filo, Alfonsine (RA), Italy
Kinsan Trade, S.L.	Ctra Valancia - Barcelona, Km. 44.3, Nules, Castellón, Spain
Keraben Grupo S.A	Ctra Valancia - Barcelona, Km. 44.3, Nules, Castellón, Spain
AIU Poligono Ceramicas y Fritas de Nules	Carretera Nacional 340, P K.44,300, Nules Castellón, Spain
Keraben Bolivia, S.R.L	Av. Cristo Redentor y C/ Padre, Francisco Eder en la zona norte de la ciudad de Santa Cruz de la Sierra, Bolivia
Victoria Ceramics Spain, SL	Carretera N 340, Nules, 12520 , Castellón, Spain
Ceramica Saloni, S.A.	Carretera Alcora, KM 17 San Juan, de Moro 12130, Castellón, Spain
Saloni Portugal Materiais De Construcao LTDA	Pedro Alvares Cabral, 2C, 2700-608 Amodora, Portugal
Saloni UK Limited	Unit 130 Business Design Centre, 52 Upper Street, London, N1 0QH, UK
Saloni France S.A.S.	89 Street of Faubourg, Saint-Honore, 75008 Paris, France
Victoria US Holdings Inc.	Corporation Trust Center 1209 Orange St, Wilmington, DE 19801, USA
Cali Bamboo Holdings, Inc.	662 Encinitas Blvd, Suite 270&280, Encinitas, CA, 92024
Cali Bamboo Intermediate Holdings, Inc	662 Encinitas Blvd, Suite 270&280, Encinitas, CA, 92024
Cali Bamboo LLC	662 Encinitas Blvd, Suite 270&280, Encinitas, CA, 92024
Balta Industries NV	Wakkensteenweg 2, 8710 Sint, Baafs Vijve, Belgium
Balta Services NV	Wakkensteenweg 2, 8710 Sint, Baafs Vijve, Belgium
Balta Oudenaarde NV	Industriepark "De Bruwaan " 4, 9700 Oudenaarde, Belgium
Balta Belgium NV	Wakkensteenweg 2, 8710 Sint, Baafs Vijve, Belgium
Balta Orient Tekstil Sanayi Ve Ticaret A.S.	Organize Sanayi Bölgesi 109, cd. No. 351 TR64100 Uşak, Turkey
Balta Floorcovering Yer Dösemeleri Sanayi Ve Dis Ticaret A.S.	Organize Sanayi Bölgesi 201, cd. No. 563 TR64100 Uşak, Turkey
Balta US, Inc	1230 Peachtree St. NE, Suite 3100, Atlanta, Georgia 30309, USA
Balta Floorcoverings UK Ltd	Worcester Road, Kidderminster, Worcestershire, DY10 1JR, UK
Ragolle Rugs NV	Maalbeekstraat 1, 8790, Waregem, Belgium
Victoria IWT Holdings Inc	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, USA
IWT Holdings, LLC	c/o Corporation Service Company, 2711 Centerville Road, Suite 400, New Castle County, Wilmington, Delaware 19808, USA
International Wholesale Tile, LLC	c/o Corporation Service Company, 2711 Centerville Road, Suite 400, New Castle County, Wilmington, Delaware 19808, USA

Glossary

BPS	Basis points
CAGR	Compound annual growth rate
Capex	Capital expenditure
CODM	Chief Operating Decision Maker
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
ESG	Environmental, Social and Governance
FY2023	The 52 weeks ended 1 April 2023
FY2024	The 52 weeks ended 30 March 2024
FCF	Free cash flow
FTE	Full Time Equivalent
GHG	Greenhouse Gases
H1	The 26 weeks ended 30 September 2023
H2	The 26 weeks ended 30 March 2024
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
KPIs	Key performance indicators used to assess the business performance
LFL	Like for like measures growth at constant currency, adjusting for the pro-forma impact of acquisitions where relevenat
LTIP	Long term incentive plan
LVT	Luxury vinyl tile
M&A	Mergers and acquisitions
OECD	The Organisation for Economic Co-operation and Development
PBT	Profit before taxation
SSRCF	Senior Secured Revolving Credit Facility
TSR	Total shareholder return

Appendix

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Victoria PLC's consolidated financial statements include reference to a number of alternative performance measures, that are a necessary expansion to traditional GAAP measures to provide further information for the Board to make key strategic and operational decisions. These are not defined terms under IFRS and may not be comparable with similar titled measures reported by other companies. These performance measures have been reconciled to where possible to the primary statements (Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows).

Exceptional costs, non-underlying items, earnings per share and movement in net debt have been reconciled separately within the Financial Review to these accounts and within notes 2, 3, 7 and 15 respectively.

A reconciliation of operating profit / (loss) for the period, the most directly comparable IFRS measure, to underlying EBITDA is set out below:

	Reference	52 weeks ended 30 March 2024	52 weeks ended 1 April 2023
Reported operating loss	(per income statement)	**(£51.8m)**	(£24.1m)
Exceptional items	(per note 2)	**£93.6m**	£85.4m
Non-underlying items	(per note 2)	**£31.8m**	£57.5m
Underlying operating profit	(per income statement)	**£73.6m**	£118.8m
Depreciation and amortisation of IT software (including depreciation of right-of-use lease assets)	(per note 1)	**£103.6m**	£90.5m
Exclude non underlying depreciation	(per note 2)	**(£16.6m)**	(£13.4m)
Underlying EBITDA		**£160.7m**	£196.0m

Within the Chairman's statement, underlying EBITDA per share metric is compared over several years. As noted on the same page, the EBITDA number is pre-IFRS 16 to keep consistent with comparative years. All other figures within the financial statements are on a post-IFRS 16 basis given we have two comparative periods. A reconciliation of operating profit / (loss) for the period, the most directly comparable IFRS measure, to underlying EBITDA pre-IFRS 16 per share is set out below:

			52 weeks ended 30 March 2024	52 weeks ended 1 April 2023
Underlying EBITDA	(as reconciled above)		**£160.7m**	£196.0m
Less lease costs associated with IFRS 16 (on an IAS 17 basis)			**(£31.1m)**	(£24.7m)
Adjusted EBITDA (Pre-IFRS 16)		A	**£129.6m**	£171.3m
Weighted average number of ordinary shares (000s) for the purposes of diluted earnings per share	(per note 7)	B	**166,438**	152,528
EBITDA (Pre-IFRS 16) per share		(A/ (B/1000))	**£0.78**	£1.12

Appendix

Free cash flow (FCF) is referred to in the Financial Review and is a key performance indicator to measure the Group's liquidity. It reflects the cash generated from operational performance after interest, tax and net replacement capex. A reconciliation from cash inflow from operating activities, the most directly comparable IFRS measure, to free cash flow, as shown below:

		52 weeks ended 30 March 2024	52 weeks ended 1 April 2023
Reported net cash flow from operating activities before movements in working capital, tax and interest payments	(per cashflow statement)	**£124.4m**	£132.7m
Movement in working capital (per cash flow change in inventories, receivables and payables)	(per cashflow statement)	**(£15.5m)**	(£11.0m)
Acquisition-related working capital absorption & day 1 creditors	(per financial review)	**–**	£17.3m
Payment under ROU	(per cashflow statement)	**(£35.6m)**	(£29.3m)
Adjust for exceptional cash items	(per note 2 and provision change per cashflow statement)	**£32.9m**	£48.1m
Operating cash flow before interest, tax and exceptional items	N2	**£106.4m**	£157.8m
Interest paid	(per cashflow statement)	**(£32.6m)**	(£34.8m)
Corporation tax paid	(per cashflow statement)	**(£2.5m)**	(£11.4m)
Capital expenditure - replacement / maintenance of existing capabilities	N1	**(£43.0m)**	(£45.6m)
Free cash flow before exceptional items		**£28.2m**	£71.3m
Exceptional costs		**(£32.9m)**	(£65.4m)
Exceptional cash proceeds on property sale		**£27.9m**	–
Free cash flow before exceptional items		**£23.2m**	£5.9m

N1- Capital expenditure specific to replacement and maintenance. The balance being growth capital expenditure is included on the net debt reconciliation in the Financial review.

N2- N2- Stated after payments under ROU assets which includes £28.7m (2023: £23.9m) of payments disclosed as financing cash flows per the cash show statement.

Within the Chairman's statement Underlying (operating) cash flow per share is a key performance indicator used to show the liquidity position for the Group. A reconciliation from cash inflow from operating activities, the most directly comparable IFRS measure, to operating cash flow per share, as shown below:

			52 weeks ended 30 March 2024	52 weeks ended 1 April 2023
Operating cash flow before interest, tax and exceptional items	(reconciled above)	A	£106.4m	£157.8m
Weighted average number of ordinary shares (000s) for the purposes of basic and adjusted earnings per share	(per note 7)	B	115,046	115,746
Underlying (operating) cash flow per share		(A/B)*1000	£0.92	£1.36

Within the financial review the adjusted net debt / EBITDA is shown as used for the purposes of our bank covenant. A reconciliation with the adjustment is shown below:

			52 weeks ended 30 March 2024	52 weeks ended 1 April 2023
Net debt before obligations under right-of-use leases	(per financial review)		(£632.9m)	(£658.3m)
Add deferred consideration	(per note 15)		(£3.8m)	(£6.6m)
Adjust for 12 month average fx (on €739m bonds)			(£5.3m)	£11.3m
Revised net debt		A	(£642.0m)	(£653.6m)
Adjusted EBITDA (pre-IFRS 16)			£129.6m	£171.3m
Proforma adjustment for acquisitions / synergies			£15.0m	£18.7m
Underlying EBITDA pre-IFRS 16 proforma basis		B	£144.6m	£190.0m
Adjusted net debt / underlying EBITDA		(A/B)	4.44x	3.44x

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Consultancy, design and production by:
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VICTORIA PLC

Victoria PLC
Worcester Six Business Park
Worcester
WR4 0AE