Brickability
GROUP PLC

ANNUAL REPORT & ACCOUNTS 2021/22

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Brickability
GROUP PLC

Annual Report & Accounts

for the year ended
31 March 2022

Contents

Brickability at a Glance...

£520.2m (2021: £181.1m)
Revenue

£39.5m (2021: £17.5m)
Adjusted EBITDA*

£86.8m (2021: £38.0m)
Gross Profit
Gross Profit % 16.7% (2021: 21.0%)

£0.4m
(2021: £7.3m net debt**)
Net cash

* Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, share option expenses, acquisition costs and exceptional items.

** Net cash/(debt) is defined as cash less bank debt.

*** Adjusted EPS is calculated by dividing the adjusted profit for the year by the weighted average number of ordinary shares in issue.

£34.7m (2021: £15.0m)
Adjusted Profit Before Tax

4.40p (2021: 4.19p)
EPS

10.06p (2021: 5.56p)
Adjusted EPS***

The Group distributes, and in many cases installs, superior quality and strategically important building materials from major UK and European manufacturing partners, providing product solutions to both private and commercial specifiers, contractors, developers and builders.

- Significant growth through organic performance alongside the transformational acquisition of Taylor Maxwell.
- Four strategic acquisitions in the year and a further acquisition post year end.
- Further expansion of the Bricks and Building Materials division, with property purchased to facilitate new branch openings within the U Plastics business.
- Continued focus on delivering stakeholder value in a safe and sustainable manner.

BRICKABILITY KEY FACTS....

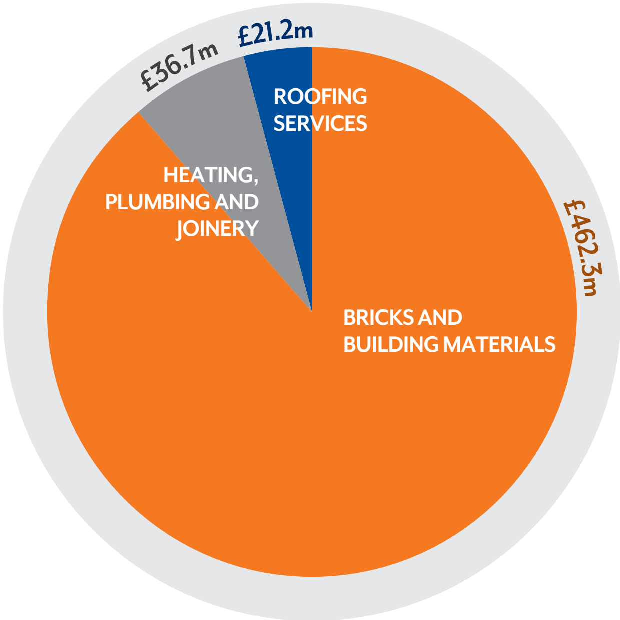
Three Core Divisions

Bricks and Building Materials;
17 businesses operating from 49 sites.

Roofing Services;
5 businesses operating from 4 sites.

Heating, Plumbing and Joinery;
7 businesses operating from 5 sites.

The Group currently employs in excess of 600 skilled and experienced personnel.



Revenue by Division

Chairman's Statement

John Richards
Chairman

I am delighted to report that we have delivered a strong performance over the last year across all of our business divisions. Following a positive start to 2021, the Group maintained momentum, delivering a robust financial performance for the year ended 31 March 2022 with revenue of £520.2 million up 187.2% from the prior year and an adjusted EBITDA of £39.5 million up 125.7%.

Overview

FY2022 has been a transformational year as we continued to focus on strategically developing the Group both organically and acquisitively. The year saw the Group move into new segments within the market, increase our import and distribution capacity, expand our customer and client base and build upon our existing product portfolio, all of which has enabled us to capitalise and respond to the strong demand across the housebuilding sector and achieve our key operational and financial objectives.

I am pleased to say that the challenges we had previously faced due to COVID-19 are now behind us, and whilst the wider market has today been impacted by new pressures caused by macro-economic conditions and the geo-political backdrop, the fundamentals of the housebuilding market remain strong.

This has been another successful year for the Group and yet again the results achieved are thanks to the Group's adaptability, diversity, strength and ability to work together to meet demands, manage pressures and seize opportunities. We remain positive with regards to the market outlook and the Board is confident in the Group's ability to continue delivering on its strategy.

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Acquisitions

Our strategy to date has focused on diversifying and growing the Group in order to create maximum shareholder returns. During the year we announced a series of acquisitions which have proved transformational, adding both scale to the business and significantly increasing our presence within the construction and housebuilding industry.

In June 2021 we completed the significant acquisition of Taylor Maxwell. This acquisition has brought significant scale and diversity to the Group through its product offering by adding timber, cladding materials and increasing our presence in brick distribution, while also expanding the customer base, with the business predominantly focusing activities on the merchanting and specification markets. Furthermore, we were honoured to have been awarded the 'AIM Transaction of the Year Award', at the AIM awards in October 2021 in recognition of this acquisition.

Following the acquisition of Taylor Maxwell, we were pleased to report the acquisitions of Leadcraft Limited, HBS NE Limited, Beacon Roofing Limited and the Schermbecker Building Products GmbH joint venture. Each one of these strategic acquisitions and partnerships has enabled us to further diversify and expand our proposition and meet the evolving demands of the market, whether that be emerging trends or in response to legislative changes.

The acquisitions have now been integrated within the wider Group and I'm pleased to say they are all performing strongly. Post period in May 2022, we were very pleased to announce a further acquisition, Modular Clay Products Ltd, which will significantly increase the Group's presence in the specification sector and bring access to a range of new European clay facing brick manufacturers. As we move forward, whilst we remain focused on organic growth and taking advantage of synergies across the Group, we continue to look for strategic opportunities for expansion and our pipeline of acquisitions remains healthy.

People

The success of the Group is thanks to the commitment and hard work of all our colleagues within the Brickability Group businesses.

As previously mentioned, the Group has significantly grown over the last year, and we recognise the need to continue to invest in and support employees as we integrate new businesses and continue to expand.

As part of the process of adapting to the new scale of the Group post acquisitions, we appointed Paul Hamilton, Managing Director of the Heating, Plumbing and Joinery Division, into the newly created role of Chief Operating Officer ("COO"). In his role as COO, reporting to Alan Simpson, CEO, Paul has driven the integration process of the acquisitions, standardising reporting and IT functions across the Group, and also holds responsibility for driving the Group's ESG strategy.

With a growing portfolio of businesses and product services and offerings, the Board also took the decision to appoint a new Group Marketing Director, Robbie Thompson.

Board and Environmental, Social and Governance

We were delighted to announce the appointment of Susan McErlain to the Board as Independent Non-Executive Director with effect from 9 May 2022. As part of her appointment Susan has now also replaced me on both the Audit and Remuneration Committees. I speak on behalf of the entire Board when I say that with her wealth of experience and successful track record Susan is an excellent addition to the Board and we look forward to continuing to work with her.

As the Group continues to grow, we recognise our role and responsibility in tackling ESG priorities. At the end of 2021 we established a Group ESG Committee comprised of Board members and key members of Group management, of which I am leading. One of the first priorities of the ESG Committee was to develop Brickability Group's 2030 sustainability strategy which I'm pleased to announce has launched as of this month, July 2022, full details of which are included in our ESG Report within the Annual Report.

The strategy sets out plans to minimise the Group's negative impact and increase positive impact on people, planet and partners, fully integrating sustainability into our businesses and exploring our ambition to be carbon net zero in our sales businesses by 2030. The initial focus has been on measurement, insight and developing the ESG team and oversight.

We understand that in order to achieve meaningful change we will need to work in partnership with our employees, customers, partners and suppliers. As a first step towards this, we have been carrying out sustainability workshops, with all employees, which are nearing completion. Furthermore, this year we introduced a new Group wide EV policy which will see the transition of all company cars to Electric Vehicles and the installation of EV chargers at Group sites.

The Board is committed to improving the Group's focus on diversity and inclusion, and this year we have worked to eliminate any bias in our pay and employment policies and practices. We have completed our DEI (diversity, equity, inclusion) data collection and are now using the data to inform our DEI and broader people strategy. We have a robust recruitment policy that the Group will recruit, train and reward based on merit and provide opportunities for all our employees.

To maximise our ability to make a positive impact on communities and the environment, we were exceedingly proud to have launched the Brickability Foundation Trust in February 2022. The Foundation will not only support good causes but will also inspire and enable our employees to make a difference personally. Under the Foundation's charter, the Group will donate 0.5% of its Adjusted EBITDA in each financial year to the Foundation. £200,000 has been donated during the 2021/22 financial year, with £55,000 donated from the Foundation. The major charity chosen for 2022 is Maggie's cancer charity.

The Board is pleased with the work that has been carried out so far and remains committed to continuing to build upon it. We are especially proud of the enthusiasm and entrepreneurial spirit with which our employees have met the challenge of transforming the business for the future.

Shareholder Returns and Dividends

The Group paid an interim dividend of 0.96 pence per share on 24 February 2022 which reflected the performance of the business and the Board's confidence in the longer-term outlook.

With the continued growth on the back of strong demand and positive market fundamentals, the robust performance of the Group enables the Board to recommend the payment of a final dividend for the year ended 31 March 2022 of 2.04 pence per share. Subject to shareholder approval at the Annual General Meeting, the final dividend will be payable on 22 September 2022, with a record date of 26 August 2022 and an ex-dividend date of 25 August 2022.

John Richards
Chairman

22 July 2022

Alan Simpson
Chief Executive Officer

Chief Executive's Review

Positive ongoing momentum and demand for the Group's diverse multi business product offering resulted in the Group delivering a set of strong results.

The results achieved are testament, not only to the strategic positioning of Brickability within the market, but also the Group's ability to successfully identify opportunities for growth and expansion as well as being able to adapt to changing market conditions.

As a growing, diversified, construction materials distribution business, we seek to continuously develop and strengthen our offering, improving our services, expanding our product lines and increasing our geographical footprint. Our expertise in procurement, from both the UK and overseas, sets us apart and is key to our success, enabling us more recently to navigate supply chain pressures, that include materials shortages, price increases and HGV shortages, efficiently and effectively, limiting the impact to our businesses and customers.

As announced at the FY2022 interim results, Group margins throughout the second half of the year were expected to reduce slightly reflecting the impact of Taylor Maxwell, which operates on lower margins than the Brickability Group was operating on prior to the acquisition. The diversity of our business has helped us to mitigate the overall impact of materials price inflation with margins remaining resilient and we expect this to be the case going forward.

Bricks and Building Materials Division

The Bricks and Building Materials Division has performed strongly, with like-for-like* revenue up 32% on prior year and up 45% vs FY20 (pre-pandemic) through the inclusion of Taylor Maxwell, business unit growth and price inflation. Revenue of £462.3 million for the year ended 31 March 2022 was up £318.1 million on the prior year (2021: £144.2 million). EBITDA at £33.1 million for the year ended 31 March 2022 was up £21.4 million on the prior year (2021: £11.7 million).

The Group's bricks and building materials businesses performed very strongly over the period and the division has continued to scale. The division's unique offering, sourcing and supplying to both private and commercial specifiers, contractors, developers, builders and the retail sector has resulted in robust sales throughout the period with demand from these sectors remaining strong. Furthermore, with experienced management teams in place the brick and building materials businesses have been able to successfully respond and adapt to market needs. This has been achieved by offering a large product range, securing large allocations and by taking advantage of the businesses' import capabilities to develop ranges of products in Europe to meet increased UK demand, helping to drive margins.

Following the acquisition of Taylor Maxwell in June 2021, the Group has benefited from the significant increase in scale, range of solutions and expansion of client base in the specification sector. Whilst recent geo-political events have and will likely continue to impact the supply chain, it has been a record year for Taylor Maxwell. Market demand has seen order enquiry levels remain high and robust order books. Taylor Maxwell has benefitted from cross company synergies notably through importing capabilities, expansion of the wider team and working across the Group on the sourcing of bricks and supply of masonry and cladding. Cladding in particular has been identified as a key area of focus, offering opportunities for organic growth through the development of the portfolio and working in conjunction with other Group businesses such as Architectural Facades. Taylor Maxwell recently announced the opening of a new showroom in Edinburgh to support this expansion into the specification market. During the year, Taylor Maxwell also announced the closure of its brick yard in Edinburgh and in March 2022, acquired a new timber treatment plant in Cumbernauld, forming a collaboration between the timber and brick divisions. The new plant has enabled Taylor Maxwell to expand its national footprint and distribution into Scotland and Northern England and will not only allow it to double the volume of timber it can treat per year but also build stock capacity across the 6-acre site for both timber and brick.

Brickability, Matching Brick, Brickmongers Wessex and Brick Services performed particularly well during the year, due to their ability to service both locally as well as to national housebuilders, strong stock levels and extensive brick lines. In addition to brick sales, sales of other products including paving, cladding materials and the extensive range of building supplies offered by Alfiam Building Supplies, have been strong and continue to increase. The success of these other product lines has led to further geographical expansion and increased capacity through the addition of stocking facilities, including the new yard in Glasgow that will stock a mix of products, better servicing and supplying customers, and the opening of two new branches in Maidenhead and Enfield by U Plastics, the Group's specialist merchant for facia, soffits and guttering, external cladding and ancillary products.

McCann Roofing had a good year, despite the challenging market environment and Crest Brick, Slate and Tile, despite being impacted by limitations in supply, still sets itself apart in the market thanks to its strength in identifying market requirements and designing exclusive products

* like-for-like revenue is a measure of performance, adjusted for the impact of acquisitions

to suit markets in different regions of the UK. We believe that both the Schermbecker joint venture and the post period acquisition of Modular Clay Products Ltd will provide the division with an advantage in terms of access to a reliable supply of tiles and bricks and help to strengthen its footprint and product range.

As previously mentioned, the specification market has experienced significant growth and demand during the period. Bespoke Brick reported its most successful year to date with demand for bespoke bricks continuing to grow. Working with production partners in the Europe, able to cater for custom requirements, Bespoke Brick remains well equipped in terms of detailing and encouraging innovation regarding the use of bricks, which has resulted in very strong levels of enquiries from specifiers and architects, as well as large housing schemes and social housing. The acquisition of Modular Clay Products Ltd will add to the Group's ability to service this growing sector of the market, bringing new collaborations with new partners around the world as well as the import of innovative types of cladding systems and brick slip systems into the UK.

McCann Logistics has proven to be a timely acquisition and now gives the Group greater control over the logistics of its imports. The establishment of the in-house customs clearance agency has helped the Group manage costs and speed up imports across all its businesses. We are pleased to announce that we have almost doubled the fleet of trailers to 200 and intend to increase this by a further 25% to cater for the requirements of both the Brickability Group businesses as well as third parties. We see significant room for expansion within McCann Logistics with the business now operating services from the Netherlands, Germany, France, Spain, Belgium and Portugal. The strategic addition of McCann Logistics to Brickability's portfolio of companies has been key in helping the Group mitigate recent supply chain issues concerning transportation shortages and we remain very positive and expect to see performance continuing to improve.

Heating, Plumbing and Joinery Division

Revenue of £36.7 million for the year ended 31 March 2022 was up £12.2 million on the prior year (2021: £24.5m) . The Heating, Plumbing and Joinery Division has performed well, with like-for-like revenue up 31% on prior year and up 20% vs FY20 (pre-pandemic), reflecting growth across the business units. EBITDA at £7.2 million for the year ended 31 March 2022 was up £1.4 million on the prior year (2021: £5.8 million).

The heating, plumbing and joinery businesses have performed well. Towelrads has been able to further scale thanks to the purchase of a new warehouse in 2020, enabling it to add commercial, and designer radiators to its product range, complementing its towel radiators. Through existing relationships with national and regional housebuilders, commercial sales have increased and we see further scope for growth given the size of the market. During the period we were pleased to see strong sales of towel radiators and have launched our products with a new large retail distributor, which has given us further exposure to online retailing. Retail sales have remained strong, highlighting the strength of the retail market and importantly, consumer confidence. Radiator Valves UK, incorporated into Towelrads at acquisition, has seen good growth since being brought into the Group and despite some challenges with shipping from China and the impact of container costs, the business has not been adversely impacted given its ability to buy in volume. This in turn has led to new opportunities, new customers and positive on-going momentum.

FSN Doors had a positive year driven by its focus on the mid-range bracket of the market which has not been a traditional target of the larger manufacturers. Having ceased business with its previous supplier, Frazer Simpson has now identified new factories to work with and is back on track to deliver thanks to its focus on higher margin products including timber windows and composite front doors. The groundwork has now been laid for Forum Tiles, the startup business set up in January 2021. We remain pleased with its performance to date and the range of stock that it has available on the ground has enabled it to focus on servicing local and regional developers, offering guarantees in terms of product numbers, specification and speed of delivery.

We were excited to announce the acquisition of HBS NE Limited (trading as UPOWA) in November 2021. With the introduction of new renewable energy legislation Part L and Part S, housebuilders are now having to adhere to new guidelines for new builds which has dramatically increased the market opportunity for UPOWA. Offering a suite of renewable energy product solutions and installation, UPOWA's sales into the new build sector have, for the first time, outperformed commercial sales. We are very positive regarding the outlook for UPOWA. The business remains in discussion with every leading housebuilder in the UK, is exploring further opportunities to scale up and import new products as well as looking to add further stocking and distribution facilities. Since acquisition the business has been developing a number of new strategic products, including a new EV car charger an airsource heat pump and cylinder to service and supply to regional developers. The strategic acquisition of UPOWA, on the back of the drive towards the use of renewable energy and technology across the housebuilding sector, has enabled us to explore and identify multiple synergies across our businesses where UPOWA can partner with existing Brickability businesses to service customers an example being through the supply and installation of solar PV panels through our roofing business.

Roofing Services Division

Revenue of £21.2 million for the year ended 31 March 2022 was up £8.8 million on the prior year (2021: £12.4 million). The Roofing Services Division has delivered growth, despite an unprecedented inflationary price and material supply environment, with like-for-like revenue up 32% on prior year and up 5% vs FY20 (pre-pandemic). EBITDA at £3.0 million for the year ended 31 March 2022 was up £0.4 million on the prior year (2021: £2.6 million).

Our roofing business has remained the most impacted by the challenging market conditions. Whilst the order books are healthy, enquiry levels are strong and order intake is good across all the roofing businesses, pricing and availability has impacted the division which operates in a predominantly fixed price environment.

The division has benefitted from the strategic acquisitions of Leadcraft and Beacon Roofing during the year. Leadcraft has enabled the division to gain greater exposure to smaller developers and developments where fixed price contracts are less prevalent whilst Beacon Roofing has created greater geographical exposure. The acquisition of UPOWA will also have a positive impact adding a renewable energy product supplier to the Group which the roofing business can take good advantage of.

The roofing services division is currently experiencing a temporary state of margin impact, however, we expect that thanks to the strength of its offering and the recent strategic acquisitions, margins will come back.

Outlook

The environment in which we are currently operating has highlighted the strategic importance of importing capabilities, relationships, scale and ability to service clients and source quality products. With a wide range of businesses with multiple global suppliers we have been able to continue to successfully meet the demands and requirements of our customers.

Our priority remains unchanged, we aim to secure strong order intakes with clear and sustainable margins. Overall, whilst we remain vigilant of market pressures, the housebuilding market remains strong, benefitting from sustained and increased demand in both the private and public sectors. The Board therefore believes our diversified multi business strategy places us in a strong position to meet requirements moving forward.

The Group's trading in the first quarter of the 2023 financial year has been very encouraging and the Group remains well positioned to meet current full year market expectations.

Alan Simpson
Chief Executive Officer

22 July 2022

“Our vision is to be the leading specialist supplier of products to house builders and contractors.”

Business Model

ROUTES TO MARKET

- **Strong regional sales network**
  The Group has over 55 GB locations serving local, regional and national customers.
- **Established Brands**
  The Group has developed or acquired businesses that have built local, regional or national brand strength while being part of a business with strong buying power.
- **National agreements with local delivery**
  The Group has central agreements with larger customers which are delivered by the regional businesses.

OUR STRENGTHS

- Regional sales network.
- National coverage.
- Specialist knowledge.
- Technical expertise.
- Access to high quality products and supplies in UK and abroad.
- Scale/ buying power.
- Strong track record.
- Integrating acquisitions.
- Highly experienced management team.
- Unrivalled customer relationships.
- Exceptional customer service.
- Cross selling.

HOW WE CREATE VALUE FOR OUR STAKEHOLDERS?

- **For shareholders**
  Share price growth with a focus on acquisitions.
  A progressive dividend policy.
- **For customers**
  Sourcing and supplying products that meet customer needs, are priced competitively and are delivered on time.
- **For suppliers**
  Suppliers are paid on time and we meet our commitments to the distribution of products, prices and volumes.
- **For employees and local communities**
  The Group has over 600 employees in the Group. We provide growing employment opportunities in our communities along with long-term career development. The Brickability Group Foundation supports charities local to our business locations.

Our Brands

BRICKS AND BUILDING MATERIALS

Alfiam Building Supplies

Apex BrickCutters

architectural FACADES

THE BESPOKE BRICK CO.

Brickability

BrickMongers Wessex

Brick Services

Bricklink

cpg Building Supplies

Crest

LBT Brick & Facades

Matching Brick

McCann ROOFING PRODUCTS

McCANN LOGISTICS

Modular Clay Products

Plansure

Taylor Maxwell

UP Building Products

ROOFING SERVICES

BEACON ROOFING LIMITED

Crest Roofing

Crown ROOFING

Excel ROOFING

Leadcraft Ltd ROOFING CONTRACTORS

HEATING, PLUMBING AND JOINERY

DSH Flooring

Forum Tiles

Frazer Simpson

FSN Doors

RADIATORS ONLINE.COM

RadiatorValves UK

Towelrads

upowa

The Complete Solution

The Group has been formed to pool the combined success of individual businesses into one cohesive structure that will maximise revenue and growth.

Together we are stronger and will take advantage of our individual specialisms to provide a supply hub of extraordinary efficiency and service.

1 BALCONIES
Architectural Facades

2 BRICK SUPPLY & SERVICES
Apex Brick Cutters
Brickability Ltd
Bricklink
Brick Mongers Wessex
Brick Services
CPG Building Supplies
Crest Brick Slate & Tile
LBT Brick & Facades
Matching Brick
Modular Clay Products
Taylor Maxwell
The Bespoke Brick Co.

3 CLADDING
Architectural Facades
SBS Cladding
Taylor Maxwell

4 EXTERNAL DOORS & WINDOWS
Frazer Simpson

5 FLOORING SERVICES
DSH Flooring

6 FLOOR & WALL TILES
Forum Tiles

7 GRP PRODUCTS
Frazer Simpson

8 GUTTERING & DRAINAGE
UP Building Products

9 INTERNAL DOORS & WARDROBE SYSTEMS
FSN Doors

10 **RENEWABLE TECHNOLOGIES**
UPOWA

11 **ROOFING CONTRACTING**
Beacon Roofing
Crest Roofing
Crown Roofing
Excel Roofing
Leadcraft

12 **ROOFING SUPPLIES**
Crest Brick Slate & Tile
McCann Roofing Products
Schermbecker

13 **STONE SUPPLY & SERVICES**
Frazer Simpson
Vobster Cast Stone

14 **TIMBER & LANDSCAPING**
Alfiam Building Supplies
Taylor Maxwell Timber
UP Building Products

15 **TOWEL RAILS & RADIATORS**
RadiatorsOnline.com
Radiator Valves UK
Towelrads

16 **TRANSPORTATION**
McCann Logistics

17 **UNDERFLOOR HEATING**
Towelrads

Group Strategy and Delivery

The Group continues to follow its strategy for growth, which is based around four key areas: Organic Growth, Geographic Expansion, Acquisitions and Product Expansion.

	Achievements	Outlook	KPI's	Risks	Governance
Organic Growth	Growth in all divisions through the year with consistent strong demand.	· Continued cross selling · Growth with additional customers · Access to new customers	· Revenue · Cost of sales · Gross profit · Adjusted EBITDA	· Economic environment · Extreme weather · Major event	The divisional Managing Directors monitor performance and take any necessary action. Divisional performance is reported to the Board.
Geographical Expansion	New locations have joined the Group via acquisitions.	Further geographic expansion is planned with existing product range.	· Revenue · Gross profit · Adjusted EBITDA at new locations	· Economic environment · Limited acquisitions	The Board reviews acquisition/ expansion plans.
Acquisitions	4 acquisitions during the year.	Further acquisitions in pipeline to expand product offering and customer base.	· Revenue · Gross profit · Adjusted EBITDA · Past acquisition audit	· Failure to integrate acquisition · Retention of talent	The Board reviews acquisition strategy and plans.
Product Expansion	Acquisitions have continued to expand the product portfolio together with new product development across a number of existing businesses.	Further acquisitions and start-ups are planned.	· Revenue · Gross profit · Adjusted EBITDA · 5 year start-up plans	· Loss of a major supplier · Loss of key management	The Board reviews and approves start-ups.

Case Study

UPOWA partners with Zestec and Octopus Renewables to deliver commercial rooftop solar for major online retailer.

Key project facts

Annual on-site solar power generation
1.75 GWh

That's enough electricity to power
463 homes every year*

Annual carbon savings
370.3 tonnes

The solar PV array will offset the equivalent annual carbon emissions of
236 family cars
(based on 12,000 miles annually)

The commercial rooftop solar array will generate
17.5% of the building's annual electricity consumption

*(Based on the average UK household consumes 3,760 kWh per year)

UPOWA, the Group's renewable energy experts, partnered with Zestec Asset Management (Zestec) and Octopus Renewables to design, develop and deliver a fully-funded commercial solar rooftop solution for a major online retail business.

Under a Power Purchase Agreement (PPA) the online retail giant will purchase the solar electricity generated by a 2.01 MWp solar PV system installed by UPOWA at their new distribution site in the North West of England. The 360,000 ft² building features 5,292 solar panels – which will generate the equivalent amount of electricity required to power 463 homes for one year and offset annual carbon emissions by 370 tonnes.

Zestec tasked the UPOWA team with developing a bespoke rooftop solar system to meet strict planning conditions, DNO agreement and the building roof manufacturers specification.

Due to the structural limitations, UPOWA engineered a 2.01 MWp south-facing, ballasted PV system. This proved to be the most cost-effective solution to overcome the project challenges and deliver the most efficient energy production for the large distribution centre.

UPOWA's fully-accredited installation teams managed all aspects of the project in conjunction with Zestec and client project teams. This included design, project management and health and safety to procurement, construction, and commissioning.

By unlocking unused roof space at this distribution facility, the commercial solar array delivered by UPOWA will generate 17.5% of the building's onsite energy consumption. Through the PPA arrangement, the client will buy solar generated electricity at a reduced rate compared to grid supplied electricity. This will provide energy security as energy prices continue to surge, whilst significantly reducing energy costs and carbon emissions.

This project is the first to be delivered under an innovative new partnership between UPOWA, Zestec and Octopus Renewables. Further PPA-funded large-scale commercial solar projects are currently in development and will be rolled out across the UK this summer.

Together with the team at Zestec and Octopus Renewables, UPOWA is proud to play a key role in supporting the well-known client to increase on-site renewable generation and help them take a step closer to powering their infrastructure with 100% renewable energy.

Key Performance Indicators

REVENUE

£520.2m

Revenue growth is a key driver of profit growth

21/22	£520.2m
20/21	£181.1m
19/20	£187.1m

GROSS PROFIT

£86.8m

Gross Profit percentage acts as a cross check against revenue growth to ensure new sales maintain margin.

21/22	£86.8m (16.7%)
20/21	£38.0m (21.0%)
19/20	£37.7m (20.1%)

ADJUSTED EBITDA

£39.5m

Earnings before Interest, Tax, Depreciation and Amortisation, share option expenses, acquisition costs and exceptional items.

21/22	£39.5m
20/21	£17.5m
19/20	£19.5m

CASH GENERATED FROM OPERATIONS

£27.5m

21/22	£27.5m
20/21	£13.1m
19/20	£20.9m

NET CASH/(DEBT)

£0.4m

The net cash position after deducting the amount of bank debt from cash held.

21/22	Net cash £0.4m
20/21	£7.3m Net debt
19/20	Net cash £2.3m

DIVIDEND

3.00p

Annual dividend per share

21/22	3.00p
20/21	1.95p
19/20	1.95p

“The presented figures illustrate a number of the key performance indicators that the Group reviews on a regular basis and by which overall business performance is measured.”

Risk Management

MANAGING RISK IN ORDER TO DELIVER OUR STRATEGY

The Group is exposed to a number of risks in the markets it serves. The Board considers the risks to the business and the adequacy of internal controls with regard to the risks identified at every scheduled Board meeting. It formally reviews and updates the risk register of the business at least annually.

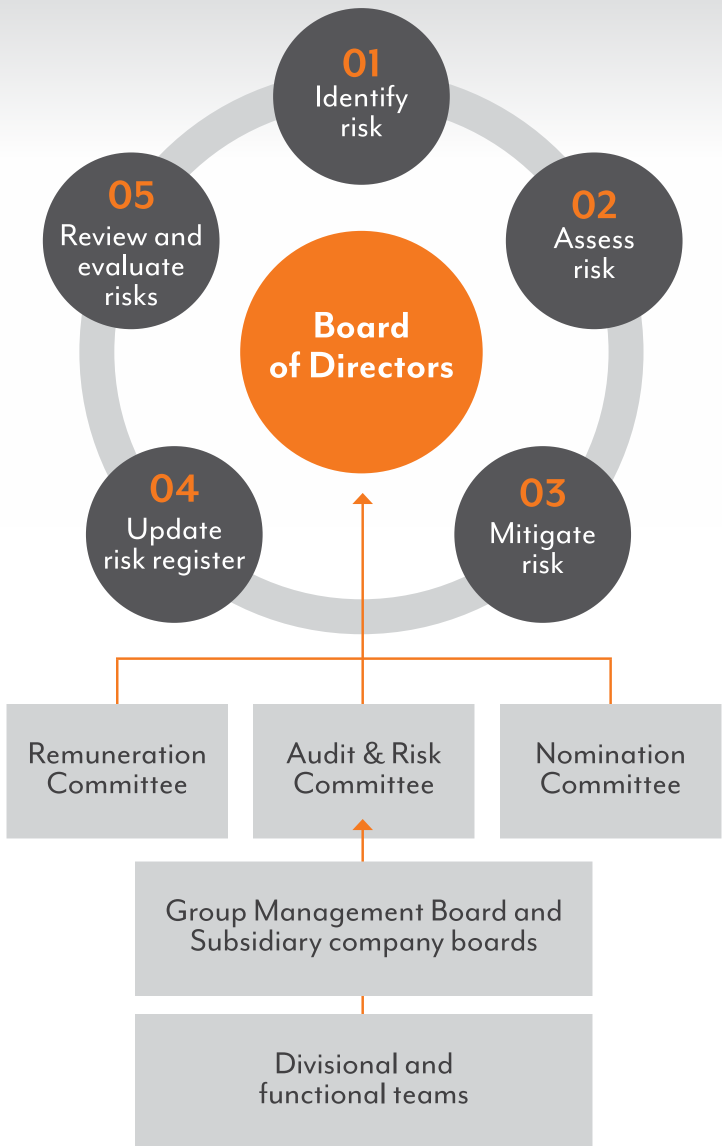
RISK MANAGEMENT STRUCTURE

01 IDENTIFY RISK

The Board has overall responsibility for monitoring the Group's systems of internal control, for identification of risks and for taking appropriate action to prevent, mitigate or manage those risks. The Board will continually assess and review the business and operating environment to identify any new risks to be managed.

02 ASSESS RISK

A detailed schedule of risks is considered at each scheduled Board meeting under the following categories: Competitors, Economic environment, Financial Risk, People and Suppliers. These risks are graded against the criteria of likelihood and potential impact in order to identify the key risks impacting the Group. See page 19.



03
MITIGATE RISK

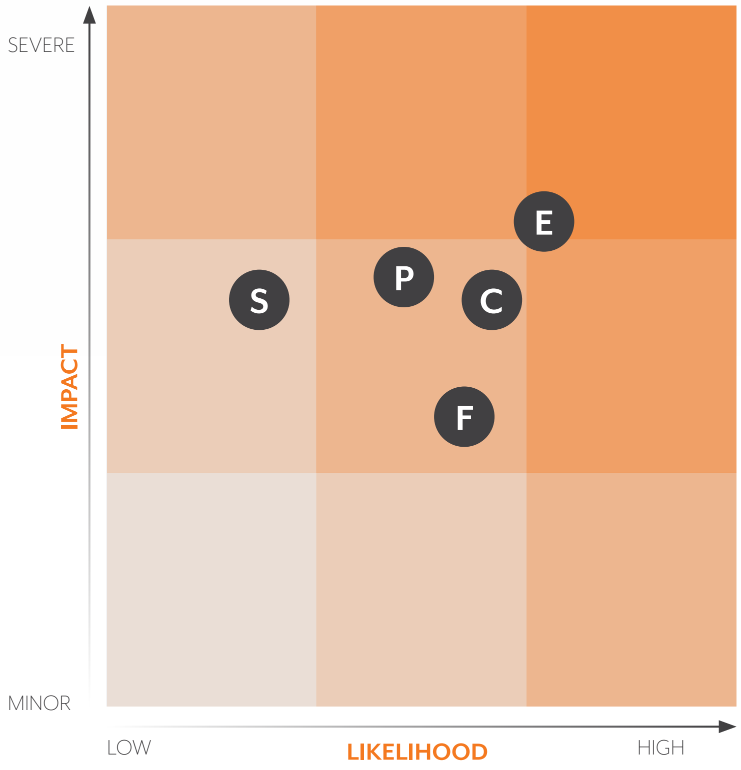
The Board seeks to ensure that the Group's activities do not expose it to significant risk. The Group's aim is to diversify sufficiently to ensure it is not exposed to risk of concentration in product, market or channel.

04
UPDATE RISK REGISTER

The risk register is updated as appropriate at scheduled Board meetings and in-between as necessary.

05
REVIEW & EVALUATE RISKS

The Board and Group Management Board are all responsible for reviewing and evaluating risk. The Group Management Board meet at least monthly to review ongoing trading performance, discuss budgets and forecasts and consider new risks associated with ongoing trading. Feedback from these meetings regarding changes to existing risks or the emergence of new risks is then provided to the Board.



RISK HEAT MAP

The risk heat map summarises the potential impact of a range of risks and uncertainties identified by the management team. They are logged on the 'Risk Matrix' and reported on and reviewed regularly.

C Competitors

This includes:

- Margin management.
- Environmental and social responsibility.

E Economic environment

This includes:

- Consumer recession.
- Adverse inflationary environment.
- Extreme weather events.
- Product supply shortages.

F Financial risk

This includes:

- Margin management.
- Change in employment status of Group subcontractors.
- Failure to integrate key acquisitions.
- Cyber security.

P People

This includes:

- Retention of talent.
- Failure to integrate key acquisitions.

S Suppliers

This includes:

- Loss of key trading partner.
- Modern methods of construction.

Principal Risks and Uncertainties

The Board has overall responsibility for monitoring internal and external risks to which the Group and its businesses may be subject. The Group has established internal controls and systems to identify and assess such risks. The Board reviews these risks and our ability to effectively monitor them at each scheduled Board meeting. Where appropriate specific updates and reports are circulated to Board members in between such meetings.

The 'risk matrix' is maintained on a rolling basis by our Chief Financial Officer and is the subject of regular review by the Group's Management Board team, with each senior manager responsible for underlying operating group companies reporting into the operating board's review. The Group's Management Board meets regularly, is attended by both executive Directors and is chaired by John Richards, chairman of the Board. As part of these meetings the Management Board meet to review on-going trading, budgets and forecasts and consider new and on-going risks and uncertainties to the Group's operating businesses. Where appropriate additional, separate analyses or follow-up is undertaken of particular risks and issues identified.

Our priority throughout the year has continued to be the health and wellbeing of all of our stakeholders, including colleagues, clients, our contractors and the communities within which we work, as well as the commercial and financial health of our businesses and the preservation of shareholder value.

Principal risks and uncertainties facing the Group are set out below.

Risk	Key controls	Ongoing action
Economic environment The Group has experienced a strong trading performance through the year. Uncertainty around inflationary pressures pose a future risk. The legacy of the pandemic's impact on the national economy has also put pressure on the Group's supply chain, resulting in some challenges from reduced product availability.	We monitor our core markets closely and maintain close relationships with our principal customers, suppliers and manufacturers. Our key customers within the housebuilding market are financially robust but we monitor credit risk and debtors continuously. The Group's supply lines have remained resilient but are monitored closely and our risk mitigation plans are regularly reviewed. Working capital is monitored on a daily basis, with robust and active debtor control. Budgets and financial performance against KPIs are regularly reviewed.	Where opportunity presents itself, we will continue to prudently expand our geographical presence and the diversity of our business in order to better serve our clients and diversify risk. Our ongoing strategy of developing through acquisitions and organic growth maintains a high level of buying power within both the UK and EU markets, ensuring the Group can source sufficient products to meet demand.
Retention of talent The success of the Group depends to a significant degree upon our senior management team. Failure to attract and retain individuals with the right skills, drive and capability may impact our ability to meet performance expectations.	The recruitment and training of talent from within is actively promoted, when appropriate, with a focus on internal succession management. We also endeavour to ensure that talent acquired through acquisitions is retained. We continue to review our remuneration policies to facilitate the recruitment and retention of talent at the highest calibre, in addition to maintaining entrepreneurial drive through the use of responsible incentives.	The Group has employee incentive schemes in place and continues to review the key aspects of its incentive arrangements and rewarding of staff.
Margin management Prices may not remain at levels which are both competitive and achieve adequate margins. There is a risk that not all inflationary price increases can be passed on, resulting in lower margins. Rebate income may also not be adequately monitored and accounted for. Both or either may adversely impact financial performance.	We continuously review and monitor margins and pricing within the market by customer, supplier and product. Where possible we seek to secure fixed pricing over a longer period with key trading partners so as to maintain pricing continuity. We regularly review and audit our rebate debtors and income. Monthly performance is reviewed against rebate reports from suppliers and internal rebate assumptions are closely monitored. Volume arrangements with UK manufacturers are carefully maintained. Arrangements with key trading partners, including rebates and relationships with other key trading partners are an important consideration when reviewing potential acquisitions.	We continue to monitor and improve the accuracy of ordering, scheduling and forecasting. Core relationships are maintained with key trading partners and, where possible, we seek to agree prices on an annual basis. We also seek to diversify the products and services offered by the Group, to mitigate the impact of margin pressures in specific areas.
Loss of a key trading partner The loss of a key customer or supplier could adversely impact business performance.	Relationships with key trading partners are valued and kept under continuous review. We monitor our markets and ensure that all key trading partners remain up to date with our unique selling propositions. The impact of potential acquisitions on our key trading relationships are carefully assessed as part of our due diligence process.	The active development of new trading partners and the maintenance of sustainable long-term relations with our existing partners are key performance metrics for senior managers.
Change in employment status of Group subcontractors HMRC may reconsider their view on labour only 'subcontractors' employment status. This may have a significant adverse impact on cost of sales, for those members of our Group using such contractors in their business.	Such a change, if made, would in our view be industry-wide. As adversely affected contractual obligations are completed, we would expect new pricing in the market to reflect increased cost of sales. The Group reviews the employment status of its subcontractors to ensure compliance with the latest legislation.	Group businesses potentially affected will endeavour to maintain robust margins so as to mitigate any impact on cost of sales.
Modern Methods of Construction (MMC) MMC, or the factory construction of modular units for subsequent on-site assembly, have increased and attracted significant investment from several market participants.	We continue to monitor the scale and use of MMC and the approach of Local Authority planners to their use and how members of the Group might be affected were their products, for example roof coverings, to fall into the factory build stage of such units.	We seek to ensure that the Group has close relationships with builders using MMC.
Extreme weather Extreme weather events, whether in the form of excessive rain and flooding or snow, can have a material impact on clients' construction sites and adversely affect turnover.	The Group's geographical diversity across the UK reduces the impact of extreme regional weather events.	We continue to seek to increase our geographical reach through strategic acquisitions and organic growth.
Failure to integrate key acquisitions Given the Group's acquisitive nature, there is a risk that the Group fails to integrate an acquisition.	The Group completes both financial and legal due diligence, prior to acquisition, to mitigate this risk. The Group Management Board executives also meet with the senior management of the company being acquired to ensure they will fit in with the Group. Following acquisition, the Group ensures compliance with its systems and reporting, while also undertaking regular business and performance reviews.	We continue to monitor existing acquisitions and maintain the due diligence discipline. Group policies and practices also undergo continuous review, to work towards a Group wide approach as quickly as possible.
Cyber security The COVID-19 pandemic led to an increase in remote working. There is also a growing risk of fraudulent attacks on businesses. Such an attack could have the potential to significantly disrupt the Group's operations and result in loss to the business.	The Group has recovery plans in place, and ensures systems are up to date with the latest cyber protection.	We continuously monitor IT systems in place to ensure they are up to date and regularly updated with the latest security protection. Ongoing training is also provided so staff maintain awareness of the risks and appropriate action to take should an issue arise.
Environmental and social responsibility Increasing requirements in respect of environmental and social reporting and practices, increase the risk of an adverse impact on the Group's reputation, should expectations not be met or regulations adhered to.	Ongoing updates to legislation and social expectations are discussed at regular senior management meetings to ensure the Group is aware of any key changes.	We monitor the impact that the Group's operations have on the environment and its stakeholders to ensure compliance with all appropriate regulations. We also carry out checks on suppliers to ensure that they are also maintaining the high standards expected.

Chief Financial Officer's Review

£520.2m

Revenue increase of 187.2% to £520.2 million, with like-for-like* increase of 31.9%.

£86.8m

Gross Profit increased by 128.4% to £86.8 million.

£39.5m

Adjusted EBITDA increased by 125.7% to £39.5 million.

£34.7m

Adjusted Profit Before Tax increased by 131.3% from £15.0 million to £34.7 million.

* like-for-like revenue is a measure of performance, adjusted for the impact of acquisitions

The Chairman's Statement and the Chief Executive Officer's Strategic and Operating Review provide an analysis of the key factors contributing to our financial results for the year ended 31 March 2022.

The financial results reflect a combination of good organic growth alongside acquisitions, notably the significant acquisition of Taylor Maxwell in June 2021.

Overall business performance is shown in our key performance indicators on page 14.

Revenue

Revenue totalled £520.2 million for the year ended 31 March 2022. This represented an increase of 187.2% compared to the previous year (2021: £181.1 million). Group like-for-like revenue growth was 31.9% versus 2021 and 40.5% versus 2020.

Division	2022 £m	2021 £m	% Change
Bricks and Building Materials	462.3	144.2	221%
Roofing Services	21.2	12.4	70%
Heating, Plumbing and Joinery	36.7	24.5	50%
Total	**520.2**	**181.1**	**187%**

Gross Profit

Gross profit for the year increased to £86.8 million from £38.0 million. Gross margin has decreased by 4.3 basis points to 16.7% due to the inclusion of lower margin timber within the Group stemming from the Taylor Maxwell acquisition. (2021: 21.0%) which is as anticipated.

Adjusted Profit and Adjusted EBITDA

Statutory profit before tax of £18.4 million (2021: £11.2 million) includes other items of £16.3 million (2021: £3.8 million) which are not considered to be part of the Group's underlying operations. These are analysed as follows:

	2022 £'000	2021 £'000
Statutory profit before tax	**18,406**	**11,165**
Acquisition costs	1,139	105
Re-financing costs	97	-
Earn-out consideration classified as remuneration under IFRS 3	4,333	-
Share based payment expense	1,597	338
Amortisation of intangible assets	6,333	3,619
Impairment of goodwill	16	-
Unwinding of discount on contingent consideration	938	127
Share of post-tax (profit)/losses of equity accounted associates	(55)	6
Fair value losses/(gains) on contingent consideration	1,916	(360)
Total other items before tax	**16,314**	**3,835**
Adjusted profit before tax	**34,720**	**15,000**
Share of post-tax losses of joint ventures	149	-
Depreciation and amortisation	3,342	1,837
Finance income	(54)	(13)
Finance expenses	1,311	718
Adjusted EBITDA	**39,468**	**17,542**

Further details regarding the above other items are disclosed in note 14 to the financial statements.

Adjusted EBITDA is the adjusted profit before tax prior to the addition of finance income and deduction of depreciation, amortisation and finance expenses.

Adjusted EBITDA increased by 125.7% to £39.5 million (2021: £17.5 million) for the year ended 31 March 2022. Detailed segmental analysis is per note 6 of the financial statements. Growth occurred in all divisions, notably Bricks and Building Materials following the transformational acquisition of Taylor Maxwell in June 2021.

Taxation

The statutory charge for taxation was £6.1 million (2021: £1.5 million), an effective rate of taxation (Tax expense divided by Profit Before Tax) of 33.2% (2021: 13.5%). The effective rate for the year is higher than the statutory rate of corporation tax of 19% mainly due to the effect of expenses not deductible for tax purposes and impact on deferred tax with the liability remeasured at 25% having originally being recognised at 19%. The 2021 effective tax rate was lower than the main rate of tax following the research and development tax credits claimed in relation to prior years.

Earnings Per Share

Basic EPS for the year was 4.40p (2021: 4.19p). The Group also reports an adjusted underlying EPS which adjusts for the impact of the other items analysed in the table above. Adjusted EPS has increased from 5.56p to 10.06p per share.

Dividends

As a result of the Group's trading performance and also in recognition of the strength of the balance sheet at the year end, the Board is recommending a final dividend of 2.04 per share, bringing the full year dividend to 3.00p.

Subject to approval by shareholders, the final dividend will be paid on 22 September 2022, with a record date of 26 August 2022 and an ex-dividend date of 25 August 2022.

Balance sheet review

Inventories at £28.1 million (2021: £12.1 million) increased primarily due to the impact of acquisitions, the increase in U Plastics inventory due to business expansion and the higher value of inventory following price increases in the trade. Debtors and creditors working capital flows were in line with expectations following a normal trading year. Additional working capital requirements are also included for the new acquisitions, since their addition to the Group.

Cash Flow and Net Debt

Operating cash flows before movements in working capital increased to £35.2 million from £17.4 million in 2021. Cash generated from operations increased to £27.5 million from £13.1 million.

At 31 March 2022, net cash (cash less borrowings) was £0.4 million which compares to net debt (borrowings less cash) of £7.3 million at the prior year end. This is after additional investment in property, plant and equipment of £6.3 million (2021: £5.7 million), tax paid of £7.3 million (2021: £2.4 million), net proceeds from the issue of new shares £52.7m (2021: £nil), the initial payments for four new subsidiaries of £50.3 million (2021: £2.5 million) and the payment of deferred consideration, in relation to prior year acquisitions, of £1.4 million (2021: £7.9 million). Dividends of £6.1 million (2021: £4.5 million) were also paid in the year. We continue to expect that the Brickability Group will remain a business that is cash generative.

Bank Facilities

The Group has revolving credit facilities with HSBC and Barclays of £60 million, which includes an ancillary facility carve out of a £5 million overdraft. The facilities agreement also provides for an accordion facility to increase the commitment under revolving facilities by up to a further £25 million. As at the year end, the Group had utilised £24.6 million of the facilities.

Subsequent Events

The Group completed the acquisition of Modular Clay Products Limited in May 2022 for consideration of £6.8 million. Full details of events occurring since the year end are disclosed in note 40 to the financial statements.

Going Concern

The Directors are confident, having made appropriate enquiries, that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details concerning the assessment of going concern are outlined within the Going Concern and Outlook section on page 22.

Mike Gant
Chief Financial Officer

22 July 2022

Going Concern and Outlook

The period covered by the Going Concern review is the 18 month period from the year end to 30 September 2023. After reviewing the Group's forecasts and risk assessments and making other enquiries, the Board has come to the conclusion that for the period of review there is a reasonable expectation that the Group has adequate resources to continue in operational existence.

The key uncertainly faced by the Group is the demand for its products and how these are impacted by economic factors.

Budget scenarios have been prepared comparing a number of outcomes where there is a significant and prolonged drop in demand in the industry.

For each scenario, cash flow and covenant compliance forecasts have been prepared. A drop in revenue of 50% did not lead to any breach of covenants. A drop of 75% revenue would be required with no corresponding adjustment to the cost base of the business to breach covenants within the period of review.

The Directors consider this to be a highly unlikely scenario, and in the event of it occurring would take steps to reduce the cost base by at least 15% which would mean covenants would not be breached.

Having taken into account the scenarios modelled, the Directors are satisfied that the Group has sufficient resources to continue to operate for a period of not less than 12 months from the date of this report. Accordingly, the consolidated financial information has been prepared on a going concern basis.

Taylor Maxwell have recently opened three new city centre showrooms in Birmingham, Glasgow and Edinburgh to facilitate digital discussions or host face to face design team meetings. The showrooms offer the opportunity to access an unrivalled selection of bricks, cladding and masonry samples in one convenient place. Large wall installations of facade systems are also on display, showcasing not just the external skin, but also the supporting system.
https://www.taylormaxwell.co.uk/locations

Section 172(1) Statement

Section 172 of the Companies Act 2006 ("S172") requires Brickability's Directors to act in good faith and in the way that they consider to be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard to the interests of other stakeholders. The Directors should also consider the desirability of maintaining high standards of business conduct and the likely long-term consequences of their decisions.

In the table below, we set out our key stakeholder groups and how we engage with each of them. Each type of engagement is designed to foster effective and mutually beneficial relationships so that we continue to work effectively with our stakeholders.

Stakeholder Group	How We Engage
Shareholders The Company is in regular contact with its shareholders and listens to them when they express concerns and takes action to rectify those concerns.	The Chairman and Executive Directors hold investor roadshows twice a year based around the half and full-year results. Feedback from investors is received at this time, as well as during the year. The Board listened to those shareholders who expressed concerns over the Chairman being a member of the Audit & Risk and Remuneration Committees. A new independent non-executive director, Susan McErlain, was recruited and has replaced him on those Committees. The memberships of those Committees are now comprised of independent non-executive directors. In addition, the Chairman and Executive Directors meet with investors on an adhoc basis including site visits where investors are able to meet local management.
Shareholders The Company takes into account how shareholders might be affected when it makes investment decisions to grow the business via acquisitions, a key part of the Group strategy.	The Company made four acquisitions during the year, including the transformational acquisition of Taylor Maxwell. Shareholders have been advised of the rationale for the acquisitions and have been very supportive of the Company. Integration of these acquisitions into the wider Group is key and shareholders are regularly kept informed of the progress made in doing so. How issuing new shares, or increasing debt, might have an effect on the Company's share price is taken into consideration when making decisions to fund acquisitions. A fund-raising exercise took place as part of the process to acquire Taylor Maxwell and, in order to not dilute existing shareholders too much, senior management, and Directors, who had acquired shares at the IPO sold shares to help satisfy the demand from new, prospective, shareholders.

Stakeholder Group	How We Engage
Employees As at 31 March 2022, we employed over 600 people in the Group, across three divisions based in the UK and the Netherlands Our employees bring a broad range of experience, expertise and perspective to Brickability that contributes to the delivery of our strategic objectives. The Board recognises that employees are the cornerstone of the business.	For details on how we engage with our employees, please see page 28 of the Environment, Social and Governance report.
Suppliers The Group recognises and actively develops its relationships with its suppliers and works closely with them to ensure that the relationships are productive for all parties.	The Group expects its suppliers to adhere to business principles consistent with the Group's own. Suppliers are expected to adopt and implement acceptable healthy and safety, environmental, product quality, labour, human rights, social and legal standards. Conformance to these standards is assessed by on-site supplier visits on a regular basis. The Group's policy is to pay suppliers in line with its standard terms except where alternative arrangements have been agreed in advance with individual suppliers. The Group does not follow any external procurement or payment code. During the year, there have been a number of supply chain issues which have led to delays in deliveries. This has been challenging to the Group and the procurement teams have worked closely with the Group's various suppliers to manage those delays and to mitigate them where possible by utilising existing product stores. Customers were kept fully informed of the delays and the process was managed throughout to the satisfaction of all parties.
Customers The Group is committed to putting its customers at the heart of everything it does by providing high quality products and service. All employees are expected to behave respectfully and honestly in all their dealings with customers and the general public.	The Group has good relationships with its customers. The supply chain issues encountered by the businesses have had an effect on the delivery of projects to some of our customers. In those cases, we work closely with the customers to inform them of the delays and agree revised delivery timelines. This has resulted in the need, at times, for discussions to be held at senior levels between the Group and customer to ensure that both parties are aware of the reasons for, and effects of, these delays and whether any contract penalty clauses are invoked.
Customers The Group will take decisions to meet its customers' needs, and to meet its strategic objective of product expansion, even if it means venturing into uncharted waters.	At the beginning of April 2022, after the Board had discussed in great depth the benefits and risks involved in taking such an action, the Group entered into a joint venture (JV), based in Germany, to produce its own clay tiles. This is the first time the Group has done this and it is anticipated to consume extra management time while the JV becomes fully operational. This was a strategic decision taken by the Board to help mitigate the delay to, and to satisfy the demand from, its customers for clay tiles. In the long-term, by taking production into its own control, the Group can determine the production time and, using McCann Logistics, can manage the delivery of clay tiles into the UK and on to its customers, which is beneficial to all parties. Any clay tiles produced which are not sold to its existing customers in the UK can be sold to customers in Europe thereby widening the Group's customer base. The Board will receive regular updates on the JVs progress.
Communities	The Board approved the launch of the Brickability Foundation Trust with its purpose to make a positive impact on communities. Please see page 29 of the Environment, Social and Governance report for further information on how we engage with the communities in which we work

Environmental, Social and Governance (ESG)

OUR PURPOSE AND MISSION

The Group supplies building materials to contractors, developers, merchants and builders across the UK. As a major business in the construction supply chain we have a role to play in tackling environmental challenges. Our stakeholders – namely our people, shareholders, customers, suppliers and our local communities rightly expect us to rise to the challenge of sustainability and act across all the businesses in the Group. The Board takes this responsibility seriously and has started to create a sustainable business fit for the future, developing a clear mission integrated with our ESG (environmental, social and governance) priorities.

It is our mission to support our customers to design and build sustainable developments where people thrive. We will do this by driving positive change in the construction industry through our approach to planet, people and partners.

Planet: to be Carbon Net Zero by 2030

People: by empowering people to be the best that they can be

Partners: to be one of the most trusted partners for suppliers and customers

Achieving our Mission

John Richards, Chairman, heads up the ESG team and Paul Hamilton, Chief Operating Officer, oversees the development of strategy and implementation of the initiatives. The team appointed a senior sustainability consultant, Georgina McLeod, Director of EthicallyBe, to work across the Group supporting the development of our strategy whilst building action plans and internal expertise to manage ESG moving forward.

The ESG focus has been to measure and understand our impact; build our knowledge, design and embed processes and engage with all our businesses.

The Group's success so far is built on our entrepreneurial spirit and drive. We know how to make things happen. This drive is now fully focused on transforming our Group into one with sustainability at its heart.

Planet (Environmental)

Our Mission is to be Carbon Net Zero by 2030

Our first priority has been to measure and understand our direct impact and emissions, completing a retrospective count of our Scope 1 and 2 emissions of our sales businesses (excluding McCann Logistics and our recent joint venture with Schermbecker which we are working on).

To get a realistic picture of our impact we began with a count of our 2019/20 carbon emissions. The data gave us a view of a normal year pre-pandemic to build our strategy on and shows 2,717 tonnes of Scope 1 and 2 emissions, with almost half of this coming from our car fleet.

Carbon Dioxide Equivalent (CO2e) Tonnes	2022*	2021**
Scope 1	1,762.0	94.8
Scope 2	65.9	22.3
Intensity Tonnes of CO2e from scope 1 and 2 sources per £m of turnover	**3.52**	**2.00**

* Brickability Group PLC data

** Brickability Ltd data

For 2021 Brick-ability Ltd the then largest subsidiary reported on the emissions sources as required under the Companies Act 2006 (Strategic Report and Directors Reports) Regulation 2013.

In December of 2021, as we began developing our ESG strategy, we put in place administrative processes to measure carbon emissions across all businesses in the Brickability Group. This measurement began on 1 January 2022 and is now collected quarterly and is now providing detailed and accurate data to measure our decarbonisation journey. We also carried out retrospective measurement of the emissions of all businesses in 2019/20 - the last pre-pandemic 'business as usual' year in order to be able to build a carbon reduction strategy based on data representative of the shape of our future business.

This data has allowed us to move towards a Group wide carbon data submission for the first time. In 2022 Group wide Scope 1 emissions were lower than business as usual, with many sales teams being home based and our car fleet less active. We have conservatively estimated this to be a 25% reduction of fleet emissions on 2019/20 but including an uplift from new acquisitions.

The Group's total energy consumption for the year, in respect of electricity and natural gas, was 1,417,671 kWh. This is based on the Greenhouse Gas Emissions Protocol: Corporate Standard methodology. For Brick-ability Ltd in the prior year, the energy consumption was 209,283 kWh, using the UK Government Conversion Factors for Company Reporting 2021 on an operational control basis.

Scope 3 emissions. .We've started to measure some of our Scope 3 emissions, including water, waste, private car mileage and some procured freight across our manufacturing businesses. We are currently building internal understanding and expertise to support the challenges ahead in measuring Scope 3 emissions.

Decarbonisation (transition planning)

Decarbonisation of the construction supply chain is key to both mitigation of and adaptation to climate change. We are developing our strategy with a goal of being carbon net zero in our sales businesses by 2030 and carbon or climate positive across our own operations by 2035.

Renewable Energy (procurement and generation). We are negotiating with our energy suppliers to transition to fully renewable energy procurement. Using our 2021 acquisition of HBS New Energies/ UPOWA – a major supplier of solar and EV chargers – we plan to install electric vehicle charging points at all our offices. We are also developing plans to fit solar panels across our owned estate.

Car fleet. We have launched a new Group car policy with all new cars being electric where practical. The fleet will be 100% electric by 2030 - or other low emission vehicles if the technology develops. We are also launching a green travel guide for employees.

Net Zero Supply Chain. Working closely with our suppliers to achieve a net-zero supply chain will be a key part of our strategy. We are communicating with our customers and suppliers on this and have started to develop our staff understanding and expertise.

Use and manage resources responsibly

Environmental policies and changes. Using staff feedback we are launching a series of new environmental policies and action plans to make changes to the way we operate our premises and travel to reduce the environmental impact.

Waste. We are measuring our waste and its journey after our disposal. We are working with our contractors to have full transparency of our waste disposal to minimise waste to landfill. We have provided new recycling facilities in all offices, warehouses and factories.

Single use plastic. We've removed single use plastic bottles and take-away coffee cups from our sites, providing staff with recycled reusable alternatives. We are working to replace plastic wrappings across all businesses in partnership with suppliers and customers, with a focus on bricks and timber in the first instance.

Behaviour change

We held a series of face-to face sustainability workshops across all our sites in the UK with over 600 employees to share our new business mission and to educate, inspire and generate ideas and action for our ESG programme. From this we have appointed a team of employee sustainability champions, representing each business, who will be taking a lead on environmental and 'giving back' ideas for each Group business.

REMOVING SINGLE USE PLASTIC

Inspired by the Group's new approach to sustainability, James Gordon, Bespoke Brick Depot Manager took the initiative to make change happen. The company used bubble wrap to send brick samples to customers. James significantly reduced this single use plastic literally overnight by purchasing a cardboard shredder. Now the waste cardboard, from the business and employees homes, has a second life as wrapping before going for recycling itself.

People (Social)

Our mission is to empower people to be the best that they can be or help people realise their potential through empowerment and opportunity

Growing our business generates opportunities for our employees and creates value for our shareholders and stakeholders. Our focus is to create a diverse and inclusive, high-performance entrepreneurial culture by having a highly engaged team and supporting them to reach their full potential through learning and development and creating opportunity.

People are our key asset. The Group aims to attract, retain and motivate the highest calibre of employees. Our performance and success within our marketplace are directly related to the effectiveness of our people, who deliver high-quality products and provide exceptional services. We know that highly competent and engaged staff who make great partners is key for customers, with several of these relationships built over many years.

Following the acquisition of Taylor Maxwell, we have accelerated the roll out of systems and processes to support our people and improve opportunities throughout the Group.

Diversity and inclusion

Building a diverse workforce and maintaining an inclusive workplace is vitally important to the Group. This ensures everyone feels welcome, is able to contribute and that their unique skills are valued.

The Group is committed to encouraging diversity and ensuring discrimination does not occur. We are working to eliminate any bias in our pay and employment policies and practices. We have a robust recruitment policy where the Group will recruit, train and reward based on merit and provide opportunities for our employees to fulfil their ambitions regardless of gender, ethnic origin, sexual orientation, marital status, religion or beliefs, age or disability. We have completed our DEI (diversity, equity, inclusion) data collection and are now using the data to inform our DEI and broader people strategy.

Health and Safety

The safety and well-being of colleagues is the Group's first priority. The Group promotes a positive health and safety culture throughout the business to ensure that all our people consider health, safety and welfare issues. Employees receive in-house health and safety training with further training undertaken as the employee need requires. All our processes and procedures are reviewed regularly by an external agency.

Engagement

We believe our people perform better if engaged and feel fairly rewarded. We engage with our employees in a number of ways including office and team meetings. Improvements in internal communication are part of our developing ESG strategy.

Reward and Recognition

Key to employee retention is recognising and rewarding their hard work. As a sales organisation, the rewards are mostly based on sales performance against targets, aligning the interest of both the employee and the Group. A review of all the reward and recognition policies has started with the aim to use the best policies and roll them out Group wide.

Communities

We are now aiming to build a strategy of community engagement delivering social impact. Our new Foundation will support this and through our ESG staff workshops we have begun to explore volunteering, donation of goods and potentially business support around our own areas of expertise. Some businesses have already launched a monthly food bank collection. We sent Christmas hampers to Single Parents Support and Advice Services.

Partners

Our mission is to be one of the most trusted partners for suppliers and customers

The Brickability Group Foundation

Giving back to planet and people

The Brickability Group has actively supported many charities over the years through sponsorship and donations and so it was with great pleasure that we launched the Brickability Group Foundation during the year. The Foundation is a UK Registered Charity (number 1197182) dedicated to 'building the future, supporting communities, initiatives and individuals in the UK and abroad'. This offers us a great opportunity to drive forward our ESG priorities through giving back.

The Group established the Foundation with initial funding of £200,000 during the 2021/22 financial year and under the Foundation's charter going forward the Group will donate 0.5% of Adjusted EBITDA to the Foundation.

The Foundation aims to enable employees to make a difference personally. Of this initial funding £55,000 has been donated from the Foundation. Employees will receive match funding for any fundraising efforts. Donations so far include £25,903 to Hope for Children and £25,000 to the Disasters Emergency Committee to support Ukrainian refugee. The Group does not make any political donations. The major charity chosen for 2022 is Maggie's cancer charity.

HOPE FOR CHILDREN

Paul Hamilton, the Brickability COO, ran the 2021 London Marathon raising £25,903. This was matched by the Foundation resulting in a fantastic donation of £51,806 to Hope for Children, a global charity which supports brighter futures for children in poverty through education, community strengthening and healthcare. Paul was awarded the Team Hope Award by the charity in honour of his efforts.

Governance

We recognise that good governance is not only crucial for our performance and relationship with shareholders but is also important for society and the environment.

Our mission will only be delivered through a culture of openness, honesty, integrity and by creating a fair, diverse and inclusive business, which respects the rights and interests of our employees, customers and all of our partners.

The Group has policies for dealing with gifts, hospitality, bribery, corruption, whistleblowing and inside information. Our modern slavery policy is available on our website www.brickabilitygroupplc.com.

Board and leadership gender diversity has improved with the appointment of one female independent non-executive Board Director.

Preparation for TCFD reporting (for the financial period beginning April 2022)

The ESG team have begun to embed the ESG Governance framework through all of our financial, management and operational processes. We will complete this over the coming year. Work has started on developing a strategic approach to the recommended disclosures in the TCFD (Taskforce on Climate Related Financial Disclosures) framework and addressing our gaps. Including:

- **Governance**: governance around climate related risks and opportunities.
- **Strategy and scenario analysis:** to look at actual and potential impacts of climate related risks and opportunities on our businesses, strategy, and financial planning.
- **Risk management:** identifying, assessing and managing climate related risks.
- **Metrics and targets:** what KPIs do we use to assess and manage relevant climate related risk and opportunities.

The Strategic Report on pages 2 to 30 was reviewed and approved by the Board on 22 July 2022.

Alan Simpson
Chief Executive Officer

Case Study

STRATEGIC ACQUISITION

In November 2021 the Group acquired renewable energy specialist HBS New Energies/UPOWA, experts in solar PV, battery storage and EV charging. This positions the Group in an area of significant business growth, which will also help us and our partners to meet our carbon reduction target.

ESG IN NUMBERS FOR 2021

1.57MWp
SOLAR INSTALLED FOR COMMERCIAL BUSINESSES

652t
CO_2 OFFSET IN FIRST YEAR

1,410
NEW HOMES SOLAR PV SYSTEMS COMMISSIONED

119
NEW HOMES EV CHARGERS INSTALLED

10 PRIDE IN THE JOB AWARDS
NHBC PRIDE IN JOB AWARDS

3
SEALS OF EXCELLENCE

100
BUSINESS HELPED TO MEET SUSTAINABILITY TARGETS

Corporate Governance

Board of Directors

JOHN RICHARDS
Non-Executive Chairman

John Richards joined the building materials industry after serving a graduate traineeship with the Delta Engineering Group. He served at Ibstock Brick for 31 years as Sales and Marketing Director, Director and General Manager and as Managing Director of several of the group's subsidiaries.

He now serves as Chairman of Facilities by ADF plc, a leading supplier of trailers and logistics to the TV and film industry, Chairman of JR and M Investments, a supplier of finance to contractors, and is a Director of Birmingham Moseley Rugby Club.

John joined the Board in March 2018 as Chairman.

ALAN SIMPSON
Chief Executive Officer

Alan Simpson joined Building Materials Distribution with Taylor Maxwell in 1983 and five years later moved to Brick-ability. He became Sales Director and a shareholder, graduating to the position of Managing Director. He founded Towelrads, Frazer Simpson and FSN Doors, all of which are now part of the Group.

Alan became a Director in 1996 before stepping up to Chief Executive Officer of the Group following the successful management buyout of Peter Milton, the founder of the Brickability business, in September 2016.

MIKE GANT
Chief Financial Officer

Mike is a Chartered Management Accountant with an MBA from Nottingham Business School who joined the Board in 2021. Prior to joining, he served as Group CFO at Walker Greenbank plc.

Mike is a highly experienced CFO and brings a breadth of financial, strategic and M&A experience to the Group from his previous roles at Bass plc, Marstons plc, Geest plc, Constellation Brands Inc, Britvic plc and Walker Greenbank plc.

Mike joined the Board in April 2021.

> **“Our Board of Directors has exceptional experience within the supply and manufacture of building materials for the construction industry. Within the Group businesses there is a large pool of talented people who bring dynamism and growth to our operations.”**

CLIVE NORMAN

Non-Executive Director

Clive Norman has over 30 years' experience in the radiator import and service business throughout both Europe and the UK.

As the Vice-President of Delonghi Heating and CEO of Ferroli, a commercial producer of boilers, radiators, towelrails and air conditioning, he oversaw sales growth to substantial numbers.

Clive joined the Board in March 2018.

DAVID SIMPSON

Independent Non-Executive Director

David Simpson, an Accountant by profession, has significant experience in the housebuilding sector, having worked with luxury home developer, Millgate for over 17 years, including as Managing Director for nine years.

He was appointed to the Executive Committee Board of Countryside Properties plc from 2014 to 2018, following its merger with Millgate.

David joined the Board in July 2019.

GILES BEALE

Independent Non-Executive Director

Giles Beale, a Solicitor by profession, has over 30 years' experience of working with listed and quoted companies and their corporate governance.

As a Corporate Lawyer he also has significant experience of mergers and acquisitions and related matters both domestically and internationally. He is a Freeman of the City of London.

Giles joined the Board in August 2019.

SUSAN MCERLAIN

Independent Non-Executive Director

Susan McErlain's executive career spans 30 years as a communications and strategic adviser, notably for listed industrial companies. She founded, grew and sold Square Mile Communications Limited, a successful communications and investor relations business.

Susan acted as a Corporate Affairs Director for Ultra Electronics plc until 2019. She holds two further non-executive director roles with AIM listed companies: Trackwise Designs plc and Dewhurst Group plc.

Susan joined the Board in May 2022.

Group Management Board

JOHN RICHARDS
Non-Executive Chairman

See bio in previous section.

ALAN SIMPSON
Chief Executive Officer

See bio in previous section.

MIKE GANT
Chief Financial Officer

See bio in previous section.

PAUL HAMILTON
Group Chief Operating Officer & Managing Director of Heating, Plumbing and Joinery Division

Paul Hamilton has over 18 years' experience in the heating and building supplier market. He joined the Towelrads business in 2004 and became a shareholder and Director in 2008. Paul has overseen the growth of the Towelrads business from sales of less than £1 million to over £23 million a year. He led a management buyout of the Towelrads business in 2016 and was a founder of DSH Flooring. Paul was appointed Chief Operating Officer of Brickability Group in November 2021 whilst remaining Managing Director for the Heating, Plumbing and Joinery Division.

SIMON MELLOR
Managing Director within the Bricks and Building Materials Division

Simon Mellor has over 30 years' experience in the brick market having joined the industry in 1985. He first gained experience in brick manufacturing at Steetley Brick & Redland Brick as a Regional Sales Manager.

He joined Brickability in 1995 as Wales Sales Manager and was appointed Managing Director of The Matching Brick Company in 2007 and of Brickability Limited in 2009, overseeing a number of acquisitions and developing relationships with European suppliers.

KENNY HIRST-SEWELL
Managing Director of Taylor Maxwell

Beginning his career in the construction industry in 2011, Kenny has a wealth of experience in the sourcing, specification and supply of brick and masonry materials.

Joining Taylor Maxwell as a Senior Sales Executive in 2016, Kenny has quickly progressed through to Regional Business Manager, Sales Director and more recently, Managing Director of Taylor, Maxwell & Co Limited in April of 2022.

ALEX MOFFAT
Managing Director of Taylor Maxwell Timber

Starting as a Sales Trainee for the Taylor Maxwell Timber Division in 2003, Alex has been with the business for almost 20 years. Quickly working his way up to Sales Executive and Regional Director, Alex joined the Board of Directors in 2017.

Based in Taylor Maxwell's Stirling office, Alex is now Managing Director for Taylor Maxwell Timber, bringing with him many years of experience in the timber industry and an unrivalled knowledge of timber products.

> The Management Board is responsible for the day to day operations of the Group. The members are drawn from key managers within individual Brickability Group businesses.

SIMON PEARSON

Managing Director of Roofing Services Division

Simon Pearson has over 35 years of construction and roofing sector experience, first joining the industry in 1981 and setting up his first roofing business in 1984.

He formed Crest Building Products in 1989 and Crest Roofing in 1993, which became part of the Group in 2018 and has been Managing Director of the Roofing Services Division since.

ARNOLD VAN HUET

Managing Director of Crest Group

Arnold Van Huet has over 35 years' experience in the brick and tile market across Europe, having been heavily involved in import and export markets and the development of many brick and roofing products in Europe.

He was the founder of the Crest Group of companies over 30 years ago which became part of the Group in 2018. He is Managing Director of the Crest Group of companies within the Group. He has also held senior and board positions in Desimpel Brick plc, Hanson Brick and Enhobel plc.

ANDY WILSON

Managing Director of The Bespoke Brick Co.

Andy joined the brick industry in 2004 after graduating with 2:1 BA Hons from Nottingham Trent University. Andy served as Regional Sales Manager for Traditional Brick & Stone Ltd before joining Wienerberger as Southern Specification Manager.

In 2014 Andy founded The Bespoke Brick Company Limited, followed by The Brick Slip Business Limited in 2016. He later co-founded William Wilson Properties Ltd in April 2019. Andy joined the Management Board of Brickability Group in May 2019 and is currently Managing Director of the Bespoke Brick Co. Limited.

Corporate Governance Statement

As Chairman of the Company, I have pleasure in presenting the corporate governance statement for 2022.

The QCA Corporate Governance Code 2018 ("QCA Code")

The Board is collectively responsible to shareholders of the Company for the effective oversight and long-term success of the Company. The Board believes that sound governance is fundamental to this and has chosen to follow the QCA Corporate Governance Code since 2019. However, the Board recognises that corporate governance is not a static process and that there is a need to ensure that policies and practices are kept under review to ensure that we do meet the required standards and that this area develops in line with the growth and overall strategic plans for the Group. The Board considers that the policies, procedures and relevant systems which have been implemented to date have given us a firm foundation for our governance structure.

During the financial year ended 31 March 2022, the Company believes that it has complied with 9 of the 10 principles set out within the QCA Code as follows:

Principles of the QCA Code	How the Company has complied
1. Establish a strategy and business model which promote long-term value for shareholders. **2.** Seek to understand and meet shareholder needs and expectations. **3.** Take into account wider stakeholder and social responsibilities, and their implications for long-term success. **4.** Embed effective risk management, considering both opportunities and threats, throughout the organisation.	The Board has collective responsibility for setting the strategic aims and objectives of the Group. Our strategy is articulated on page 12 and on our website. In the course of implementing our strategic aims, the Board takes into account expectations of the Company's shareholders and also its wider stakeholders and social responsibilities. The Board also has responsibility for the Group's internal control and risk management systems. The Board reviews the risks faced and ensures the mitigation strategies in place are the most effective and appropriate to the Group's operations.
5. Maintain the Board as a well-functioning, balanced team led by the Chairman. **6.** Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities. **7.** Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement. **8.** Promote a corporate culture that is based on ethical values and behaviours. **9.** Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.	As Chairman, I regularly consider the operation of the Board as a whole and the performance of the Directors individually. The Directors have the necessary up-to-date experience, skills and capabilities required for the Board and to oversee the management of the Company. The Board has taken time to bed in as the Board was formed in August 2019 and then the pandemic occurred and the CFO suddenly passed away. As such it has not felt appropriate to undertake a formal evaluation of the Board during that period. However, a formal evaluation will take place during the 2023 financial year. All appointments to the Board will be on merit, but with due consideration to the need for diversity on the Board. Such appointments will be made to complement the existing balance of skills and experience on the Board, as illustrated with the appointment of Susan McErlain. The Company operates an open and inclusive culture and this is reflected in the way that the Board conducts itself.
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	The Board will continue to monitor its application of the QCA Code and revise its governance framework as appropriate as the Group evolves. The Board recognises the importance of maintaining regular dialogue with institutional (both existing and potential) and retail shareholders to ensure that the Group's strategy is communicated and to understand the expectations of our shareholders.

Composition and independence of the Board

During the year, the Board consisted of six Directors: The Non-Executive Chairman, two Executive Directors, one Non-Executive Director and two independent Non-Executive Directors.

Details of each Director's experience and background are given in their biographies on pages 32 and 33. Their skills and experience are relevant and cover areas including building materials, financial management and control, corporate governance, legal and mergers and acquisitions.

Appointments to the Board and re-election

The Board has delegated the tasks of reviewing Board composition, searching for appropriate candidates and making recommendations to the Board on candidates to be appointed as Directors to the Nomination Committee. Further details on the role of the Nomination Committee, together with details of the recruitment process for Susan McErlain, may be found on page 39.

All Directors will offer themselves for annual re-election, in accordance with best practice in corporate governance.

The Board considers all Directors to be effective and committed to their roles.

How the Board works

The Board has overall responsibility for the Company's purpose, strategy, business model, performance, capital structure, approval of key contracts and major capital investment plans, the framework for risk management and internal controls, governance matters and engagement with shareholders and other key stakeholders.

The Board remains committed to understanding the needs of our shareholders and the wider stakeholders and it always considers how the Board's decisions impact them in the longer term. In the Section 172(1) Statement on pages 24 and 25 we explain who the key stakeholders are and how the Directors engage with them. The Board's full responsibilities are set out in a formal schedule of matters reserved for its decision.

Board meetings

The Board has an established schedule of meetings throughout the year, with additional meetings convened when required. The Board addresses several recurring items at each Board meeting, including operational and financial performance updates and acquisitions. The Directors maintain a dialogue between Board meetings on a variety of matters.

The table below sets out the attendance record of individual Directors at the Board meetings held during the financial year:

Director	Board Meetings
John Richards	10/10
Alan Simpson	10/10
Mike Gant	9/9
Giles Beale	10/10
Clive Norman	10/10
David Simpson*	9/10

Mike Gant joined the Board in April 2021.

*David Simpson was unable to attend one meeting due to it being convened at very short notice and a resultant clash in diaries.

Division of responsibilities

The Chairman and Chief Executive have separate, clearly defined roles. The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company, and the Chief Executive is responsible for implementing the Group's strategy and for its operational performance. The Executive Directors are full-time employees of the Company and have entered into service agreements with the Company.

Non-Executive Directors

Each of the Non-Executive Directors has entered into a letter of appointment with the Company which set out the duties of the Director and commitment expected. They are expected to commit at least 20 days per annum to their role and are specifically tasked with:

- bringing independent judgement to bear on issues put to the Board;
- applying their knowledge and experience in considering matters such as strategy, company performance, use of resources and standards of conduct; and
- ensuring high standards of financial probity and corporate governance.

How the Board operates

The Board is responsible for:

- developing Group strategy, business planning, budgeting and risk management;
- monitoring performance against budget and other agreed objectives;
- setting the Group's values and standards, including policies on employment, health and safety, environment and ethics;
- relationships with shareholders and other major stakeholders;
- determining the financial and corporate structure of the Group (including financing and dividend policy);
- major investment and divestment decisions, including acquisitions, and approving material contracts; and
- Group compliance with relevant laws and regulations.

The Board retains control of certain key decisions through the schedule of matters reserved for the Board. It has delegated other matters, responsibilities and authorities to its Board Committees, details of which are stated later in this report. Anything falling outside of the schedule of matters reserved or the Committees Terms of Reference falls within the responsibility and authority of the Chief Executive, including all executive management matters.

The Board meets at regular intervals and met ten times during the year. Directors also have contact on a variety of issues between formal meetings. An agenda and accompanying detailed papers, covering key business and governance issues are circulated to the Board in advance of each Board meeting.

At each meeting, the Board reviews comprehensive financial and trading information produced by the management team and considers the trends in the Company's business and its performance against strategic objectives and plans. It also regularly reviews the work of its formally constituted standing Committees as described below and compliance with the Group's policies and obligations.

All Directors are expected to attend all meetings of the Board and any Committees of which they are members, and to devote sufficient time to the Company's affairs to fulfil their duties as Directors. Where Directors are unable to attend a meeting, they are encouraged to submit any comments to be considered at the meeting to the Chairman in advance to ensure that their views are recorded and taken into account during the meeting.

Directors are encouraged to question and voice any concerns they may have on any topic put to the Board for debate. The Board is supported in its work by Board Committees, which are responsible for a variety of tasks delegated by the Board. There is also a Management Board composed of the Chairman, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and representatives from senior management whose responsibilities are to implement the decisions of the Board and review the key business objectives and status of projects.

The main activities of the Board during the year

There are a number of standing and routine items included for review on each Board agenda. These include operational reports, financial reports, governance and investor relations updates. In addition, key areas put to the Board for consideration and review included:

- approval of annual and half-year report and financial statements;
- dividends;
- review and approval of budget;
- review against strategy;
- implementation of strategy;
- consideration of banking arrangements;
- investor relations;
- acquisitions and integration;
- review of AGM business;
- briefings and review of conflicts of interest; and
- COVID-19 updates.

During the year, the majority of the meetings were hybrid meetings due to the COVID-19 pandemic. This did not impact the Directors from undertaking their duties and all Directors participated fully in the meetings.

Board Committees

The Board delegates certain responsibilities to its Committees, so that it can operate efficiently and give an appropriate level of attention and consideration to relevant matters. The Company has an Audit & Risk Committee, a Remuneration Committee, and a Nomination Committee, all of which operate within a scope and remit defined by specific terms of reference determined by the Board. Details of the operation of the Board Committees are set out in their respective reports. All of the Board Committees are authorised to obtain, at the Company's expense, professional advice on any matter within their Terms of Reference and to have access to sufficient resources in order to carry out their duties.

External advisers

The Board seeks advice on various matters from its nominated adviser Cenkos Securities plc and other advisers as appropriate. The Board also sought remuneration advice from h2glenfern during the year.

Development, information and support

Directors keep their skillset up to date with a combination of attendance at industry events, individual reading and study, and experience gained from other Board roles. The Company Secretary ensures the Board is aware of any applicable regulatory and governance changes and developments and updates the Board as and when relevant. Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. Directors also have direct access to the advice and services of the Company Secretary. The Company Secretary supports the Chairman in ensuring that the Board receives the information and support it needs to carry out its roles.

Conflicts of interest

Under the Company's Articles, the Directors may authorise any actual or potential conflict of interest a Director may have and may impose any conditions on the Director that are felt to be appropriate. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest and they are not counted in the quorum. A process is in place to identify any of the Directors' potential or actual conflicts of interest.

Accountability

The Company has in place a system of internal financial controls commensurate with its current size and activities, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. These procedures include the preparation of management accounts, forecast variance analysis and other ad-hoc reports. There are clearly defined authority limits throughout the Group, including matters reserved specifically for the Board.

Risk management and internal control

Risks throughout the Group are considered and reviewed on a regular basis. Risks are identified and mitigating actions put into place as appropriate. Principal risks identified are set out in the Strategic report on page 19. Internal control and risk management procedures can only provide reasonable and not absolute assurance against material misstatement. The internal control procedures were in place throughout the financial year and up to the date of approval of this report.

Financial and business reporting

The Board seeks to present a fair, balanced and understandable assessment of the Group's position and prospects in all half-year, final and any other ad-hoc reports, and other information as may be required from time to time. The Board receives a number of reports, including those from the Audit and Risk Committee, to enable it to monitor and clearly understand the Group's financial position.

Annual General Meeting (AGM)

This year's AGM will be held on Tuesday 6 September 2022. The Notice of Annual General Meeting is available on the Company's website at www.brickabilitygroupplc.com. Separate resolutions are provided on each issue so that they can be given proper consideration and all shareholders are encouraged to submit their votes.

John Richards
Chairman

22 July 2022

Report of the Nomination Committee

Committee Chairman
John Richards

Other Members
Giles Beale
Clive Norman
David Simpson

Meetings and Attendance

The Committee meets as and when required with the Chief Executive invited to attend meetings as and when appropriate. The members of the Committee along with details of the number of meetings held and attendance at these meetings is detailed in the table below:

Member	Meetings Attended
John Richards, Chairman	4/4
Giles Beale	4/4
Clive Norman	4/4
David Simpson	4/4

All members of the Committee are non-executive directors of the Company whose biographies are contained pages 32 and 33.

As Chairman of the Nomination Committee ("the Committee") I am pleased to present the report of the Committee for the year ended 31 March 2022.

Duties

The Duties of the Committee are set out in terms of reference which are available for inspection on the Company's website at www.brickabilitygroupplc.com. The terms of reference are subject to an annual review by the Committee.

As well as considering succession planning for the Board, the Committee also considers succession planning for senior executive positions. The Committee is aware of gender and diversity issues and these are considered, amongst other factors, when reviewing potential candidates for Board and other senior management positions and determining their suitability for such positions.

Search for a new Non-Executive Director

At the Company's 2021 Annual General Meeting (AGM), it was noted that some shareholders had questioned the composition of the Audit & Risk Committee and the Remuneration Committee which both had me as a member of the Committees. The shareholders concerned did not think I was independent enough as I am also Chairman of the Company. The other members of those Committees are David Simpson and Giles Beale, both of whom are deemed to be independent.

As an AIM listed company, we do comply with the required independence tests for those Committees, and I can assure shareholders that I do act independently and challenge the executive Directors, and the other non-executive directors, when necessary. However, I and the Committee as whole understand, and acknowledge, the independence concerns raised. Accordingly a search for a new independent non-executive director was commenced after the AGM was held. We did not use an external recruitment agent to assist in the process. Instead we used the existing network of our advisers and Directors. I, together with other Directors, met with a number of potential candidates who would add expertise and experience to the Board and its Committees. I am pleased to announce that Susan McErlain was appointed as a non-executive director and as a member of both the Audit & Risk and Remuneration Committees on 9 May 2022. Susan brings significant experience of investor and City financial relations, having been the founder of City PR firm Square Mile Communications, as well as extensive listed company experience as a non-executive director. Susan's biography can be found on page 33 and I have welcomed Susan to the Board in my Chairman's statement on page 5.

As a result of Susan's appointment, I have now stood down as a member of both the Audit & Risk and Remuneration Committees which means that each of these Committees have independent directors as their members. As Chairman of the Company, it is best practice that I also chair the Nomination Committee so I will not be standing down as a member of this Committee.

Committee activity during the year

During the year, the Committee also undertook the following activities:

- recommended the appointment of Mike Gant as the new Chief Financial Officer;
- considered and approved the Nomination Committee Report for inclusion in the Annual Report and Accounts for the year ended 31 March 2022;
- reviewed the terms of reference for the Committee;
- conducted a review of Board composition and diversity and considered matters relating to succession planning;
- recommended that Paul Hamilton be appointed as Chief Operating Officer with the appointment being effective as from 1 December 2021; and
- recommended the appointment of Susan McErlain as a new non-executive director.

By order of the Board

John Richards
Chairman of the Nomination Committee

22 July 2022

Report of the Audit & Risk Committee

As Chairman of the Audit & Risk Committee ("the Committee") I am pleased to present the report of the Committee for the year ended 31 March 2022.

Committee Chairman
David Simpson

Other Members
Giles Beale
John Richards

Meetings and Attendance

Member	Meetings Attended
David Simpson, Chairman	4/4
Giles Beale	4/4
John Richards	4/4

Committee Members, Attendance, and Independence

David Simpson and Giles Beale are both considered independent by the Board within the meaning of the QCA Code. John Richards, Chairman and the Chairman of the Group Management Board, is regarded by the Board as independent for the purposes of membership of the Committee; his experience and role in liaising with shareholders assisted the Committee during the year and his membership was considered both appropriate and beneficial. However, following the appointment of Susan McErlain as an additional independent non-executive director in May 2022, she was appointed as a member of the Committee and Mr Richards stood down as a member. The Committee is composed of independent non-executive directors.

Duties

The Duties of the Committee are set out in terms of reference which are available for inspection on the Company's website at www.brickabilitygroupplc.com. The terms of reference are subject to an annual review by the Committee.

Specifically, the Committee performs the following duties for the Group:

Duties	How performed during the year
Financial Reporting	
The Committee must monitor the integrity of the financial statements of the Group.	The Committee reviewed the interim and full-year financial statements, together with the full year Annual Report, recommending their approval to the Board. The Committee reviewed and approved the Going Concern statement.
The Committee shall review all significant financial reporting issues and all judgements which they contain.	The Committee reviewed the key audit matters raised by the external auditor, together with the significant judgements raised by the management team. These were discussed in depth by the Committee, together with management and BDO. The Committee agreed that the audit matters and significant adjustments were appropriate. The agreed key audit matters are included within the independent auditor's report on pages 52 to 57.
Risk Management and Internal Controls	
The Committee determines and reviews the Group's risk profile, including the nature and extent of significant risks that the Group is willing to take in achieving its strategic objectives.	The risk management report, together with the principal risks and uncertainties can be found on pages 18 to 19. The Committee reviewed these on behalf of the Board at the interim and full-year stages to ensure that they were still appropriate and that the risk profile was still right for the growing business.
The Committee shall keep under review the scope, adequacy and effectiveness of the Group's internal financial controls, internal control and risk management systems.	The Group does not have an internal audit department. The Committee keeps this under review but at present believes that the need for such a department is not yet warranted. The Committee reviewed the findings of the Audit Completion Report and discussed the internal controls with the financial management team. The Committee is satisfied that the procedures and controls are adequate and effective for a Group of Brickability's size and complexity.
Whistleblowing & Anti-Bribery	
The Committee shall review the scope, adequacy and effectiveness of the Group's arrangements for its employees and, if appropriate, contractors to raise concerns about possible wrongdoing in financial reporting or other matters.	The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. No concerns were raised during the year.
The Committee shall review the Group's systems and controls for the prevention of bribery and corruption and receive reports of non-compliance	The Group has in place an anti-bribery and corruption policy which sets out a zero-tolerance position and provides information and guidance to those working for the Group on how to recognise and deal with bribery and corruption mattes. The Group also maintains a gifts and hospitality register whereby employees must register any gifts or any hospitality events that they have attended, which have been given by suppliers or customers. The Committee relies upon assurances from senior management in satisfying itself that the current policy is operating effectively. The Committee is satisfied that the policy in place has been operating effectively during the year.

Other matters reviewed during the year

- Renewal of banking facilities.
- Review of the accounting integration and implementation of key accounting policies resulting from the Taylor Maxwell acquisition.
- Update on ESG matters.

Significant Issues Considered by the Committee

The Committee reviews accounting papers prepared by management that provide details of significant financial reporting issues, together with reports from the external Auditor prepared in conjunction with the half and full-year results.

The significant issues considered by the Audit and Risk Committee in respect of the financial year ended 31 March 2022 are set out in the following table:

Significant issue/accounting judgement identified	How it was dealt with
Intangible Assets	
Identifiable intangible assets (such as brands and customer and supplier relationships) are recognised at fair value on acquisition. Any excess paid over the value of net assets acquired is included as goodwill.	External advisors are engaged to assist with determining this fair value and the Purchase Price Allocation (PPA) between intangibles and goodwill. PPA Valuations have been carried out for the acquisitions of Taylor Maxwell, Leadcraft and HBS NE that took place during the financial year. Due to the timing of the acquisition, the PPA Valuation for Beacon Roofing will be completed within the measurement period following acquisition.
Impairment	
Goodwill is not amortised but instead reviewed for impairment annually.	Where indicators of impairment exist, such as an economic downturn, the potential impairment of other non-financial assets, such as intangibles and investments, is also considered. Key assumptions included within the impairment reviews are around cash flows and discount rates.
Contingent Consideration	
Contingent consideration is recognised for those acquisitions where future consideration may be payable depending on certain results being met, such as meeting an EBITDA target.	The amount payable is calculated based on the terms of the contract and future forecast results. Judgement is therefore required in order to prepare appropriate forecasts, based on management's knowledge of the market and industry, for the assessment of how much consideration may be payable.
Leases	
Under IFRS, a lease liability and right of use asset is recognised, over the term of the lease, for all lease agreements (except for those deemed as short-term of low value).	The lease term includes periods covered by options to extend or terminate the lease, depending on whether it is reasonably certain that those options will be exercised or not. Judgement is required in evaluating whether it is reasonably certain or not that an option will be exercised, in order to determine the lease term. The Group's incremental borrowing rate is used in determining the lease liability, where an interest rate in the lease cannot be readily determined.
Provisions	
Provisions are included in the accounts in respect of the following: expected credit losses; inventory; defects and warranties.	Provisions by nature are estimates and, whilst historical data and trends can be used to quantify the values to be provided, management judgement will also be exercised.
Defined Benefit Pension Contributions	
When Taylor Maxwell was acquired, it operated a defined benefit pension scheme.	A buy-out process commenced in July 2021 to transfer the risk and liability to an insurer. However, as this process was not completed before the end of the financial year, an external pension consultant has been engaged to prepare the valuation report and guidance for disclosure in the financial statements for the year ended 31 March 2022.
Joint Arrangements	
During the financial year, the Group invested in, and now holds, a 50% share in Schermbecker Building Products GmbH.	The accounting of a joint arrangement depends on the substance of the agreement and whether the Group is considered to have control. Where it is considered to be a joint venture (JV), the Group will account for the investment using the equity method, with a share of the JV's profit or loss recognised in the Group's accounts. The Committee agreed with management's view that the agreement should be considered a JV based on the existence of joint control and the requirement of unanimous consent as defined by IFRS 11.

External Auditor

The Audit and Risk Committee monitors the relationship with the external Auditor, BDO LLP, to ensure that Auditor independence and objectivity is maintained. As part of its review, the Committee monitors the provision of non-audit services by the external Auditor. The breakdown of fees between audit and non-audit services is provided on page 78 in note 9 to the financial statements. The non-audit fees for the year were £8,000 (2021: £6,500) which was in relation to a review of the Group's half-year results.

Both management and the Committee Chair liaise with the Auditor throughout the year to ensure that if there are areas of significant risk, or other matters of audit relevance, they are regularly communicated. The external Auditor prepares a plan for its audit of the financial statements. The audit plan sets out the scope of the audit, areas to be targeted and the audit timetable. The plan is reviewed and by the Committee. Following the audit, the Auditor presents their findings to Audit and Risk Committee for discussion. No major areas of concern were highlighted by the Auditor during the year.

Having reviewed the Auditor's independence and performance to date, the Committee has recommended to the Board that BDO LLP be re-appointed as the Group's Auditor and a resolution to this effect will be proposed at the forthcoming Annual General Meeting.

By order of the Board

David Simpson
Chairman of the Audit and Risk Committee

22 July 2022

Report of the Remuneration Committee

Committee Chairman
Giles Beale

Other Members
John Richards
David Simpson

Meetings and Attendance

Member	Meetings Attended
Giles Beale, Chairman	6/6
John Richards	6/6
David Simpson	6/6

As Chairman of the Remuneration Committee ("the Committee") I am pleased to present the report of the Committee for the year ended 31 March 2022.

Committee Members, Attendance, and Independence

David Simpson and Giles Beale are both considered independent by the Board within the meaning of the QCA Code. John Richards, Chairman and the Chairman of the Group Management Board, is regarded by the Board as independent for the purposes of membership of the Committee; his experience and role in liaising with shareholders assisted the Committee during the year and his membership was considered both appropriate and beneficial. However, following her appointment as an additional independent non-executive director in May 2022, Susan McErlain was appointed as a member of the Committee and Mr Richards stood down as a member. The Committee is composed of independent non-executive directors. On behalf of the current members, I would like to thank Mr Richards for his contribution to the Committee and its business.

Duties

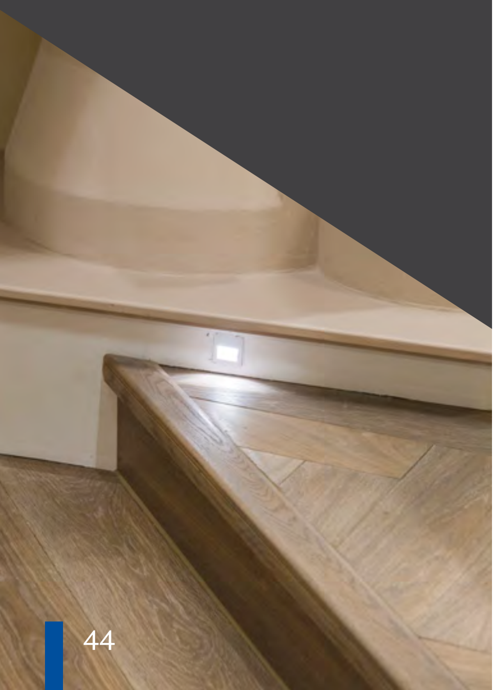
The Duties of the Committee are set out in terms of reference which are available for inspection on the Company's website at www.brickabilitygroupplc.com. The terms of reference are subject to an annual review by the Committee.

Specifically, the Committee performs the following duties for the Company:

Duties	How performed during the year
Remuneration	
The Committee shall be responsible for setting the remuneration policy of the Company and reviewing the ongoing appropriateness and relevance of the policy.	The remuneration policy has been in place since the Company listed back in 2019. The Committee started to review it during the year and has now engaged an external consultant to assist in updating the policy to ensure that it is relevant, appropriate and meets best practice.
The Group operates two share incentive plans, a company share option plan and a long-term incentive plan. The Committee is responsible for the administration of these plans including whether awards will be made under the share incentive plans and, if so, the overall amount of such awards and, where appropriate, the performance targets to be used.	Details of awards made under the Long-Term Incentive Plan are shown on page 46. The Committee has kept the plan and its use, including the terms and conditions attaching to any grants, under review. Awards may be made under the plan on an annual basis. The first awards were made under the Company Share Option Plan in 2019 when the Company listed. These awards will vest in August 2022. Additional awards were made during the year following the Company's acquisition of Taylor Maxwell. Details of those awards are shown on page 47.
The Committee shall determine the total individual remuneration package for each executive Director.	The Committee reviewed and approved the bonus payments for each executive Director and reviewed and approved their salary increases for 2022. When considering the payments and increases, the Committee considered the performance of the Group during the year; whether the payment would be in the best interest of all stakeholders within the Group; and the Group wide remuneration of all employees. Details of the remuneration for the executive Directors can be found on page 45.

Other matters reviewed during the year:

- Review of the Taylor Maxwell bonus scheme.
- Appointment of external remuneration consultant.



ANNUAL REMUNERATION REPORT

The information on pages 45 to 47 has been audited.

Executive Directors' Remuneration

Each individual executive Director's total remuneration paid over the year is summarised below.

Executive Director	Base Salary £'000	Taxable benefits[1] £'000	Bonus[2] £'000	Pension contributions[3] £'000	Total Remuneration 2022 £'000	Total Remuneration 2021 £'000
Alan Simpson	400	4	500	-	904	636
Mike Gant*	275	12	375	21	683	-

* Figures for Mike Gant represent the period from when he was appointed as a Director on 30 April 2022.

1 Taxable benefits comprise of private medical insurance benefits and car allowance payments.

2 An annual bonus plan is in place which recognises the emphasis on rewarding key Group employees with competitive performance related remuneration. A maximum of 125% of base salary can be paid as a bonus. Participation in the plan is by invitation only, reflecting the inherited contractual terms of employees where relevant and our emphasis on performance. The purpose of the bonus plan is to enable the senior management team to attract and retain key employees to the Group in a competitive market for talent, while ensuring that participants are subject to demanding criteria that best reflect the interests of the Group and its stakeholders.

3 Members of the Group operate several defined contribution, and one defined benefit, pension schemes. In addition there is an auto enrolment Group wide defined contribution pension scheme. Under these schemes, contributions are based upon base salary with a contribution of 5% per employee and 3% by the employer. In certain cases, the employer's proportion (or cash in lieu where applicable) rise to 7.5% or 10%. Mr Gant receives a cash allowance equal to 7.5% of base salary in lieu of pension. Mr Simpson does not receive a pension contribution.

After the year-end, base salaries for Mr Simpson and Mr Gant have been increased to £485,000 and £325,000 respectively. This takes into account the fact that the Group has doubled in size and the additional responsibilities and work as a result.

Non-Executive Directors' Remuneration

Each individual non-executive director's total remuneration paid over the year is summarised below.

Non-executive Director	Salary or fee £'000	Taxable benefits £'000	Bonus £'000	Pension contributions £'000	Total Remuneration 2022 £'000	Total Remuneration 2021 £'000
John Richards	100	-	-	-	100	83
Giles Beale	55	-	-	-	55	55
Clive Norman	50	-	-	-	50	50
David Simpson	55	-	-	-	55	55

Directors' Loans

Prior to the Company's IPO, a Group company provided a loan to Mr Richards of £139,764 to purchase shares in the Group as disclosed in the Company's admission document. The loan was unsecured and interest free. The loan was repaid in full during the year.

Directors' Interests in Shares

The beneficial interests of Directors', and persons connected with them, as at 31 March 2022 in the ordinary shares of the Company (excluding share options) were as follows:

	Held at 31 March 2021	Sold in the year[1]	Acquired in the year	Held at 31 March 2022
Alan Simpson[2]	50,453,504	17,007,146	-	33,446,358
John Richards	5,919,733	1,872,048	-	4,047,685
Clive Norman	5,567,871	1,760,775	-	3,807,096
David Simpson	151,500	-	-	151,500

1 The shares were sold as part of the oversubscribed fundraise and share placement to acquire Taylor Maxwell in 2021.

2 Total for Alan and Sarah Simpson.

LONG TERM INCENTIVE PLAN (LTIP)

The table below details the LTIP awards granted to the executive Directors during the year, together with those which were unvested at 31 March 2022. Mr Simpson does not receive awards under the LTIP due to his substantial shareholding in the Company.

	MAXIMUM AWARD					SHARES VESTING		
	Award and Vesting date	Number of options awarded	% of salary	Face value at grant £'000	Market price at grant[1] (pence)	Threshold	Maximum	End of Performance Period
Mike Gant	21/10/21 – 01/04/24	214,286	75	225	105	25%	100%	01/04/24

[1] The weighted average share price calculated over the 10 working days prior to 21 October 2021.

Performance Conditions

50% adjusted EBITDA and 50% Total Shareholder Return. Vesting will occur on a straight-line basis on achieving 18% (equivalent to 6% annually) to 30% (equivalent to 10% annually) of the relevant performance condition over the performance period. There is no vesting if the relevant target is not met but a 25% vesting if the initial 18% hurdle is met with a proportionate additional vesting up to 100% at the 30% threshold being met.

	MAXIMUM AWARD					SHARES VESTING		
	Award and Vesting date	Number of options awarded	% of salary	Face value at grant £'000	Market price at grant[1] (pence)	Threshold	Maximum	End of Performance Period
Mike Gant	04/06/21 – 01/04/24	506,825	125	375	73.99	50%	100%	01/04/24

[1] The weighted average share price calculated over the 10 working days prior to 1 April 2021.

Performance Conditions

50% adjusted EBITDA and 50% Total Shareholder Return. Vesting will occur on a straight-line basis on achieving 18% (equivalent to 6% annually) to 30% (equivalent to 10% annually) of the relevant performance condition over the performance period. There is no vesting if the relevant target is not met, but 50% vesting if the initial 18% hurdle is met with a proportionate additional vesting up to 100% at the 30% threshold being met.

Holding Period

The LTIP options are exercisable at a nominal purchase price of £0.01 per share and, subject to sufficient shares being sold to meet the purchase price and any tax liabilities, the balance of shares must be held for a further period of two years.

Dividend Equivalent Shares

The LTIP options are eligible for dividend equivalent shares during the vesting period.

Malus & Clawback

All awards made under the LTIP are subject to malus & clawback within five years from the grant date in the following circumstances:

(a) if any of the audited financial results for the Company are materially mis-stated;

(b) if the Company, any Group Company and/or a relevant business unit has suffered serious reputational damage as a result of the relevant Participant's misconduct or otherwise;

(c) there has been serious misconduct on the part of the relevant Participant; or

(d) such other circumstances as the Committee determines.

COMPANY SHARE OPTION PLAN (CSOP)

The CSOP is a plan under which selected employees (including executive Directors) may be granted rights to acquire ordinary shares in the form of tax favoured options or non-tax favoured options with a market value exercise price. Under the current policy all employees below the management board are eligible to participate in the CSOP. An award of up to £30,000 of tax favoured options can be made to each participant in total. There are no tax liabilities on the exercise of tax favoured options subject to the exercise price being paid. Options can be exercised between the third and tenth anniversary of the date of award.

Date of Award	Vesting Date	Exercise Price (pence)	Number of Shares	Forfeited	Lapsed	Exercised	Balance at 31/03/22
02/08/19	02/08/22	41	3,681,311	(615,827)	(4,010)	(31,160)	3,030,314
21/10/21	21/10/24	105	352,346	-	-	-	352,346

External Remuneration Adviser

The Committee has access to external advice as required. The renumeration adviser to the Committee is h2glenfern Remuneration Advisory, who were appointed following a tender process in 2021. h2glenfern Remuneration Advisory is a member of the UK Remuneration Consultants Group and as such voluntarily adheres to its code of conduct.

h2glenfern has provided advice and support around the following key areas:

- advising on the ongoing drafting of a revised remuneration policy;
- advising on the LTIP and CSOP plans and levels and frequency of awards under those plans; and
- informing the Committee on market practice and governance issues.

The total fees paid to h2glenfern in relation to advice to the Committee in the year were £6,250.

The Committee considers the advice that it receives from h2glenfern to be independent.

Remuneration Policy

The Remuneration Policy was created and approved at the Company's IPO in August 2019 and has been carried through to this financial year. The tables below summarise the key elements of the policy.

Purpose and link to strategy	Operation	Maximum potential value	Performance conditions
Base salary The provision of a competitive, fixed salary that attracts and retains key individuals reflecting their experience and role.	To be reviewed on an annual basis having regard to our competitors, industry and needs as well as pay levels elsewhere within the Group, its size and complexity.	Total salaries paid during the period are set out on page 45. Changes in the scope of responsibilities or role may require an adjustment to salary levels.	Assessment of personal and corporate performance.
Benefits To provide market benefits on a cost-effective basis.	A car allowance, private medical insurance, death in service insurance and reimbursement for reasonable business expenses. Other benefits may be offered in line with market practice if it is considered appropriate to do so.	The maximum potential value is the cost to the Company in providing these benefits.	Not applicable.
Pension To assist executive Directors in providing for retirement where this is considered an aid in attracting and retaining the individual.	Our policy is to provide a contribution (or cash allowance in lieu) to a personal pension plan as a capped proportion of basic salary if it is considered appropriate to do so.	The Chief Executive Officer does not receive a pension contribution or allowance. The Chief Financial Officer receives a cash allowance in lieu equal to 7.5% of his basic salary.	Not applicable.
Annual bonus To recognise an executive's achievement of annual objectives that support the Group's strategy and financial well-being.	The current performance targets were adopted during the period but the current financial year will be the first year of the current plan's implementation.	Each executive Director is entitled to receive a cash bonus of up to 125% of basic salary on the attainment of performance objectives.	The Remuneration Committee reviews performance measures annually.
Share plans To encourage value creation by way of share price growth through the delivery of shares. The purpose of the LTIP is to provide meaningful awards based upon demanding performance criteria that provide a significant incentive to grantees that is aligned with our shareholders' interests.	Grants may not normally exceed 200% of the grantee's base salary. Grants are the subject of discretionary good leaver/bad leaver provisions and, in the case of the LTIP, malus and clawback provisions together with a two-year holding period post vesting. Further details of the share plans and their operation are set out on pages 106 and 107 in note 37 of the Financial Statements.	Subject to exercise or vesting, the market value of the shares the subject of the grant less any cost payable by the grantee on exercise or vesting. Under the LTIP, a grantee may be entitled to a dividend equivalent to the value of dividends paid on a vested share had it been in issue from the date of the grant.	Options granted under the Company share plans may be subject to performance conditions. Options granted under the LTIP during the period are all subject to performance conditions detailed below. Our policy for grants under the LTIP is that they are the subject of performance conditions which will be measured over a three-year period. Performance conditions are divided equally between two metrics; compound annual growth in adjusted EBITDA and compound annual growth in total shareholder return.

Non-executive Directors' remuneration

The table below summarises the key elements for the period of our non-executive directors' remuneration.

Purpose and link to strategy	Operation	Maximum potential value	Performance conditions
Base fee To provide competitive fixed fees so as to (a) procure and retain the appropriate skills and experience required and (b) expected time commitment.	Non-executive fees are reviewed on a periodic basis. Fees payable to non-executives are a matter for the chairman (save in respect of his own fee) and executive members of the Board.	Fees paid during the period are set out on page 45.	Not applicable.
Benefits and incentives The provision of market benefits on a cost-effective basis.	Reimbursement for reasonable business expenses. During the year, John Richards and Giles Beale were covered under the Group's death in service insurance plan but following the year end each renounced this benefit. Save as noted above, non-executives do not receive any benefits provided to Group employees or otherwise. No non-executive director participates in any bonus, incentive or share plan provided by the Group.	The maximum potential value is the cost to the Company in providing these benefits.	Not applicable.

By order of the Board

Giles Beale, Chair of the Remuneration Committee

22 July 2022

Report of the Directors

The Directors have pleasure in presenting their Annual Report together with the audited financial statements of the Company for the year ended 31 March 2022.

The following information is provided in other sections as noted below and is incorporated by reference into this report:

Strategic Report	Pages 2 to 30
ESG Report	Pages 26 to 29
Corporate Governance Report	Pages 36 to 38
Statement of Directors Responsibilities	Page 51
Directors Remuneration Report	Pages 44 to 48
Going Concern Statement	Page 22
Future development and events occurring after the balance sheet date	Details can be found in the strategic report on Pages 2 to 30

The Company is a public limited company, registered in England and Wales, with registered number 11123804 and is listed on the AIM segment of the London Stock Exchange. The Company has been permanently domiciled in the UK since incorporation and is the ultimate parent company of the Brickability Group of companies. Detail of the companies in the Brickability Group are included in note 20 to the audited financial statements on pages 86 to 88.

Review of the Business

The Strategic report on pages 2 to 30 provides an operating and financial review of the business and the Group's trading for the year ended 31 March 2022 as well as risk management.

Dividends

The Directors recommend a final dividend for the year of 2.04 pence per share payable on 22 September 2022 (2021: 1.0850 pence). An interim dividend of 0.96 pence per share was paid on 24 February 2022 (2021: 0.8678 pence).

Directors

Biographical details of the Directors currently serving on the Board and their dates of appointment along with details of their membership of Board Committees are set out on pages 32 to 33.

The Directors who served during the year are as follows:

Executive Directors	Non-Executive Directors
Alan Simpson	John Richards
Mike Gant	Giles Beale
	Clive Norman
	David Simpson

Susan McErlain joined the Board as an independent non-executive director on 9 May 2022.

Directors' remuneration, share options, long-term executive plans, pension contributions, benefits and interests are set out in the Directors' remuneration report on pages 44 to 48.

In accordance with our commitment to good corporate governance practice that is relevant to our business, the Board has voluntarily adopted the policy that all continuing Directors will stand for re-election on an annual basis in line with best practice recommendations.

The Company's articles of association allow the indemnification of Directors out of the assets of the Company to the extent permitted by law. These indemnities came into force on 29 August 2019 and remain in force as at the date of this Annual Report and Accounts. The Company maintains liability insurance for its Directors and Officers.

Share Capital and Substantial Shareholders

Full details of the issued share capital of the Company are set out in note 35 to the Financial Statements on page 105. At 13 July 2022, the latest practicable date prior to the approval of this report, the Company had been notified of the following interests amounting to 3% or more of the voting rights attaching to the Company's issued share capital:

Percentage	Shares	Shareholder
15.01%	44,806,438	**Octopus Investments Nominees Limited**
9.96%	29,694,391	**Liontrust Asset Management**
5.38%	16,049,707	**FIL Limited**
4.22%	12,602,900	**Otus Capital Management**
8.04%	23,970,456	**Alan Simpson**
6.71%	20,007,298	**Paul Hamilton**
3.35%	10,000,000	**Arnold van Huet**
3.18%	9,475,902	**Sarah Simpson**

Significant Agreements (Change of Control)

The Company is required to disclose any significant agreements that take effect, alter or terminate on a change of control of the Company following a takeover bid.

The Company has committed debt facilities all of which are directly or indirectly subject to change of control provisions.

In the event of a takeover or other change of control outstanding awards under the Group share plans will become exercisable.

Financial Risk Management

Information in respect of the financial risk management of the Group, is contained on page 94 in note 29 on borrowings and on pages 102 to 105 in note 34 on financial instruments of the financial statements.

Related Party Transactions

Any related party transactions required to be disclosed under the AIM rules are disclosed on pages 109 to 110 in note 39 to the Financial Statements.

Disclosure of Information to the Auditor

The Directors in office on 22 July 2022 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

BDO LLP has indicated its willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting (AGM)

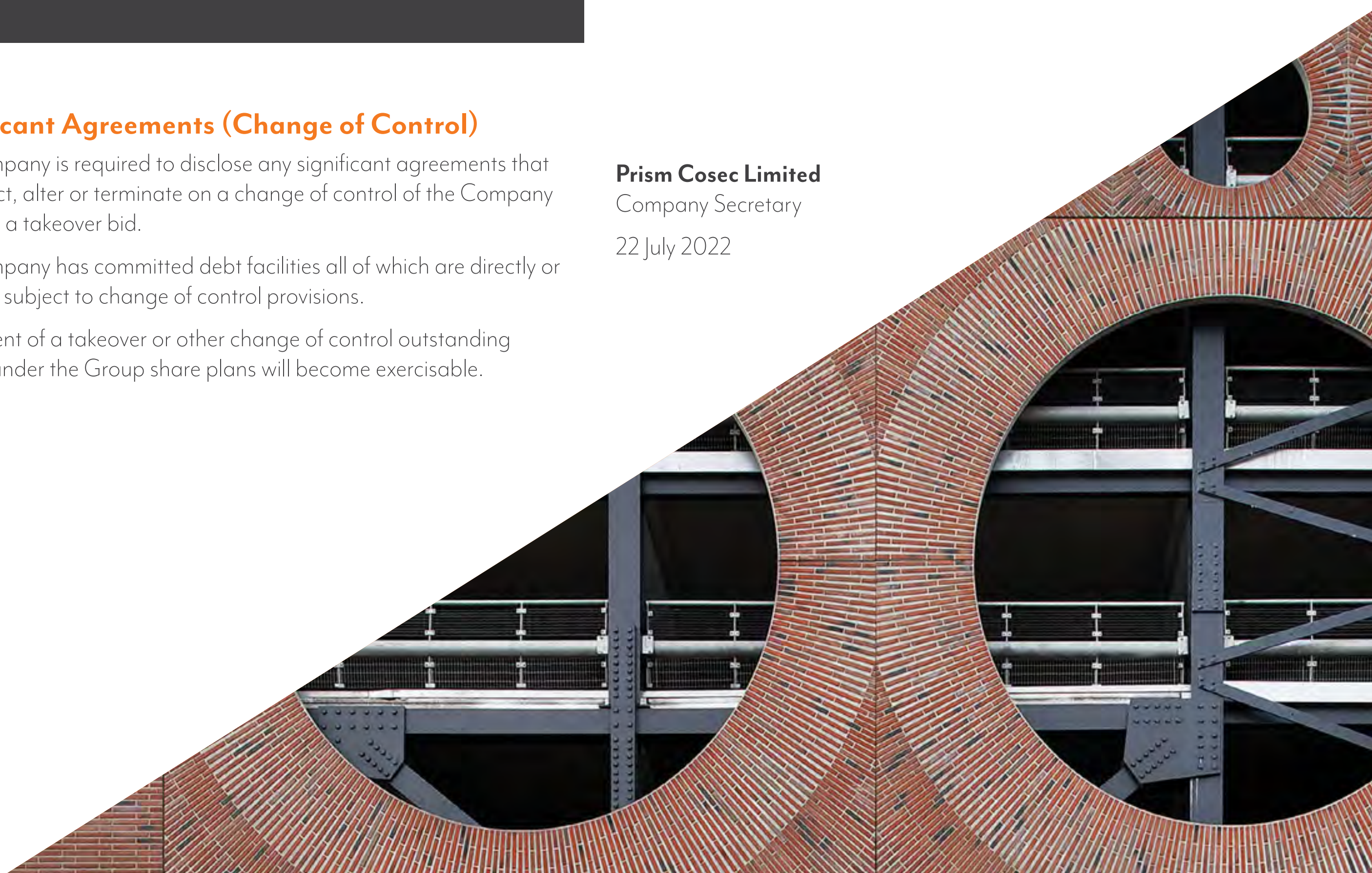
The AGM will be held on Tuesday 6 September 2022 at 12.00 p.m. at Queensgate House, Cookham Road, Bracknell, Berkshire, RG12 1RB. The 2022 Notice of AGM will be available on the Company's website, www.brickabilitygroupplc.com.

This Directors' report was approved by the Board of Directors on 22 July 2022.

By Order of the Board

Prism Cosec Limited
Company Secretary

22 July 2022



Statement of Directors' Responsibilities

The Directors are responsible for preparing the 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 prepared the Group financial statements in accordance with UK-adopted international accounting standards. The Directors have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, and applicable law).

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 Group and the Company 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 estimates that are reasonable and prudent;
- for the Group financial statements state whether they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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 ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with the legislation in the UK governing the preparation and dissemination of financial statements, which may differ from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and parent Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and parent Company's auditors are aware of that information.

This Responsibility Statement was approved by the Board on 22 July 2022 and is signed on its behalf by:

Alan Simpson
Chief Executive

Mike Gant
Chief Financial Officer

22 July 2022

Independent Auditor's Report to the members of Brickability Group PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's profit for the year 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 United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Brickability Group PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement 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 the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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

Conclusions relating to going concern

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. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained the going concern assessment, approved by the Directors, including detailed cash flow forecasts covering 14 months to 30 September 2023.
- We assessed the Directors' assumptions in the going concern forecast including revenue and growth profiles, profit margin, funding headroom availability. We performed this with reference to available market data and reviewed the forecasts for any anomalies. We assessed actual historical trading performance and how this was incorporated into future projections.
- We assessed the historical accuracy of the Directors' forecasts, including comparing the current forecasts against post year end actual results.
- We inspected the Group's signed revolving facility agreements to check that the Group has sufficient funds to: settle the deferred and contingent consideration due of £31.5m (Note 21) for acquisitions made in the prior year as well as the four new acquisitions in the current year and one new acquisition post year end amounting to £1.4m (Note 40); and maintain sufficient working capital to continue daily operations as normal.
- We obtained the documentation of the available revolving facility, that the Group is using for its acquisitions and working capital, to check that the facility has been amended to be available until 29 June 2024.
- We assessed the debt covenants of the drawn facilities to determine if they would be breached within the forecast period.
- We assessed the appropriateness of sensitivity analyses prepared by the Directors over the Group's cash flow forecasts including the effects of adverse movements in revenue to determine the sufficiency of available cash resources to settle short term liabilities as they fall due over the next 18 months.
- We reviewed the reverse stress testing and challenged the Directors' assessment of the quantification of the revenue shortfall required for covenants to be breached in the forecast period. We considered the likelihood and reasonableness of the shortfall with reference to the Directors' historical data of revenue and earnings before interests, taxes, depreciation and amortisation.
- We reviewed the adequacy and consistency of disclosures in Note 2 to the financial statements regarding going concern against the forecast and reverse stress test assessment that the Directors have considered in performing their going concern assessment.

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 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.

Overview

Coverage	92% (2021: 91%) of Group profit before tax 93% (2021: 89%) of Group revenue 94% (2021: 94%) of Group total assets

Key audit matters		**2022**	**2021**
	Pricing of revenue	✓	✗
	Revenue cut-off of direct sales	✗	✓
	IFRS 3 Business Combinations and Acquisition Accounting for acquisitions made during the year	✓	✗
	Carrying value of goodwill and intangibles	✗	✓
	Revenue cut-off of direct sales is no longer considered to be a key audit matter because procedures over cut-off of direct sales have been established and no significant issues were noted in our cut-off testing.		
	Carrying value of goodwill and intangibles is no longer considered to be a key audit matter as the risk associated with impairment has decreased as the Group's trading performance and outlook have improved.		

Materiality	Group financial statements as a whole £1,430,000 (2021: £720,000) based on 4.5% (2021: 5%) of Adjusted Profit Before Taxation.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In determining the scope of our audit, we considered the size and nature of each component within the Group based on revenue to determine the level of work to be performed at each in order to ensure sufficient assurance was gained to allow us to express an opinion on the financial statements as a whole.

We have identified six components to be significant to the Group. All significant components were subject to full scope audits. We assessed the appropriateness, completeness and accuracy of the Group journals and other adjustments performed on consolidation Non-significant components were subject to either specified audit procedures and/or desktop review procedures. All full scope audits, specified audit procedures and desktop review procedures were undertaken by the Group audit team.

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, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. 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.

Key audit matter		How the scope of our audit addressed the key audit matter
Accuracy of revenue pricing See Note 3.4 to the financial statements for the Director's disclosures on the significant accounting policies regarding revenue recognition and Note 5 for the detailed disclosures on revenue.	We identified a fraud risk in respect of the pricing of revenue transactions. This was due to the fact that the process for generating sales invoices allows for the manual override of prices. Further to that bonus incentives are linked to financial results, thereby creating both the opportunity and incentive for employees and management to manipulate the prices to achieve target results. We considered this to be an area of most significance in our audit, and therefore a key audit matter.	We have performed the following procedures to address this key audit matter: • We obtained a more detailed understanding and tested the operating effectiveness of key controls by the finance and sales team to mitigate the risk identified over pricing of revenue, including how management investigate and resolve any pricing differences in prior to delivery. • We performed procedures to test the operating effectiveness of the relevant control. We rechecked the control that prices per the sales invoice agree to appropriate documentation for the revenue stream and entity. This includes agreed price list, signed customer purchase order or correspondences as appropriate. • We reviewed a sample of credit notes raised throughout the year and post year-end and checked for any credit notes issued for pricing changes that may indicate customer complaints or pricing anomalies. • We vouched a sample of invoices in the trade receivables balance at year end to cash receipts post year-end to validate that there are no customer complaints relating to pricing.

Key observations:
Based on the results of from the procedures performed, we concluded that the pricing of revenue transactions is appropriate.

IFRS 3, Business Combinations and Acquisition Accounting for acquisitions made during the year See Note 3.13 to the financial statements for the Directors' disclosures for significant accounting policies regarding business combinations and goodwill and Note 21 for the detailed business combination disclosures	In June 2021, the Group acquired the Taylor Maxwell Group for a total consideration of £49.3m funded through a combination of cash resources, shares issued, deferred consideration and contingent consideration. The determination of the contingent consideration involves significant judgment about whether the financial forecasts will be met and the continued employee service, which creates a risk that the resulting valuation and accounting treatment is inaccurate. The Group has recorded assets and liabilities acquired at fair value including the recognition intangible assets (customer relationships, brands, and goodwill on acquisition). As part of the purchase price allocation, an independent specialist was involved in the valuation of intangible assets acquired which requires the use of assumptions and estimates. Due to the complexity of the acquisition accounting involving significant judgment and estimates by management, as well as the use of valuation techniques, there is a risk that the fair value of the acquired assets and liabilities is not appropriate or not accounted for in accordance with IFRS 3 *Business Combinations.* Due to above, we identified that the business combination and acquisition accounting of Taylor Maxwell as a key audit matter.	We have performed the following procedures to address this key audit matter: • We obtained management's calculation of the total consideration and: agreed the cash consideration to bank statements; agreed the deferred consideration to the purchase agreement; and agreed the consideration settled through shares to the actual shares issued and the price on issuance date. • In respect of the contingent consideration, we have: o Reviewed management's cash flow forecasts and estimates used in determining the value of any contingent consideration. o Tested, by reference to the terms of the purchase agreement and the requirements of IFRS 3, whether the contingent consideration linked to continued employee service has been appropriately accounted for. • We tested the completeness and appropriateness of management's identification of intangible assets acquired through a review of due diligence reports, financial statements of Taylor Maxwell and enquiries with management. • We obtained the valuation report from managements specialist and with the support of our internal valuation experts, we reviewed the appropriateness of the valuation methods used by benchmarking with the valuations used in the industry for comparable assets (multi-period excess earnings method for the customer relationships and valuation & relief from royalty method for the brands). We evaluated the reasonableness of the significant assumptions and judgment applied by management in the valuation of the identifiable intangibles at acquisition by comparing with publicly-available industry data and historical financial information of the Taylor Maxwell. • We have considered the competence, capabilities, and objectivity of both our internal specialists and managements specialists. • We tested the existence, measurement and completeness of the acquired assets and liabilities at the date of acquisition and considered whether any fair value adjustment were required. • With the assistance of our internal tax specialists, we tested the accuracy and completeness of the current and deferred tax assets and liabilities acquired by reviewing the corporate and deferred tax calculations including the impact on the tax balances of the fair value adjustments applied in the acquisition accounting.

Key observations:
We considered that business combination and acquisition accounting of Taylor Maxwell, including the treatment of contingent consideration, to be in accordance with IFRS 3 and that the judgements and estimates applied by management in the identification and measurement of the assets and liabilities were appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2022 £m	2021 £m	2022 £m	2021 £
Materiality	1,430,000	720,000	929,000	472,000
Basis for determining materiality	4.5% of Adjusted Profit before Taxation	5% of Adjusted Profit before Taxation	65% of Group materiality	66% of Group materiality
Rationale for the benchmark applied	We considered that adjusted profit before tax is a key performance measure to the stakeholders of the entity and therefore an appropriate benchmark. The Group is acquisitive with large intangible asset balances, hence the entity's performance is more accurately reflected when adjusted for amortisation, fair value changes in contingent consideration, and acquisition and other exceptional costs.		Capped at 65% of Group materiality (2021: 66% of Group materiality) given the assessment of the significant components' aggregation risk.	
Performance materiality	1,005,000	508,000	650,000	354,000
Basis for determining performance materiality	70% (2021: 70%) of Group materiality taking into consideration of the overall risk assessment, including factors such as areas of estimation within the financial statements, the type of audit testing to be completed and history of misstatement.		70% (2021: 70%) of Parent Company materiality taking into consideration of the overall risk assessment, including factors such as areas of estimation within the financial statements and the type of audit testing to be completed and history of misstatement.	

Component materiality

We set materiality for each component of the Group based on a percentage of between 3% and 65% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £44,000 to £929,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £28,600 (2021: £14,500). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. 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 course of 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 this gives rise to 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.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below

Strategic report and Directors' report	**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 year 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. In the light of the knowledge and understanding of the Group and Parent Company and its 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 Statement of Directors' Responsibilities, 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

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. 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 Group and determined that the most significant are the Companies Act 2006, accounting standards, AIM Rules and the Corporation Tax Act 2010. We identified these areas of laws and regulations as those that could reasonably be expected to have a material effect on the financial statements from sector experience and through discussion with the Directors and other management.

We assessed compliance with these laws and regulations through enquiry with management and the Audit Committee, review of reporting to Directors with respect to compliance with laws and regulations, review of board meeting minutes and review of legal correspondence.

We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. We believed the areas in which fraud might occur were in the management override of controls, bias in accounting estimates and inappropriate revenue recognition, specifically in respect of pricing and the recording of revenue in the appropriate period. In addressing the risk of fraud:

- We have performed journals testing based on a set of fraud risk criteria and agreed to supporting documentation also verifying the business rationale. These criteria included round sum posted journals, material journals, unexpected account combinations, unusual journal descriptions and authorised users testing.
- We made enquiries with management and the Audit Committee about their knowledge of any known or suspected instances of non-compliance with laws and regulations and fraud.
- We checked the discretionary bonus payments to approval from the remuneration committee.
- We challenged management on the rationale for the defects provision and potential senior management influence on adequacy of the provision by corroborating management's assumptions and further challenging retention provisions on similar projects.
- We incorporated unpredictability into our procedures as part of our response to the risk of management override of controls.
- We addressed the risk of fraud in revenue recognition through testing of manual entries impacting reported revenue as well as testing that revenue was recognised in the correct period by agreeing a sample of sales entries to proof of delivery notes or other supporting documentation. Our response to the risk in respect of the pricing of revenue risk is discussed in our key audit matter section above.
- We analysed the journal entries made to revenue account codes across the Group and investigated the reason for journal entries made that appeared unusual and not in line with our expected transaction flows. We agreed management's explanations back through to supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sarah Applegate (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Bristol, UK

22 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 Adjusted £'000	2022 Other (note 14) £'000	2022 Total £'000	2021 Adjusted £'000	2021 Other (note 14) £'000	2021 Total £'000
Revenue	5	**520,169**	-	**520,169**	181,084	-	181,084
Cost of sales		**(433,366)**	-	**(433,366)**	(143,112)	-	(143,112)
Gross profit		**86,803**	-	**86,803**	37,972	-	37,972
Other operating income	7	**354**	-	**354**	92	-	92
Administrative expenses		**(50,581)**	**(13,515)**	**(64,096)**	(22,018)	(4,062)	(26,080)
Comprising:							
Depreciation and amortisation		**(3,342)**	**(6,349)**	**(9,691)**	(1,837)	(3,619)	(5,456)
Other administrative expenses		**(47,239)**	**(7,166)**	**(54,405)**	(20,181)	(443)	(20,624)
Impairment losses on financial assets	26	**(450)**	-	**(450)**	(341)	-	(341)
Finance income	11	**54**	-	**54**	13	-	13
Finance expense	12	**(1,311)**	**(938)**	**(2,249)**	(718)	(127)	(845)
Share of post-tax profit/ (loss) of equity accounted associates	22	-	**55**	**55**	-	(6)	(6)
Share of post-tax loss of equity accounted joint ventures	23	**(149)**	-	**(149)**	-	-	-
Fair value (losses)/ gains	13	-	**(1,916)**	**(1,916)**	-	360	360
Profit/ (loss) before tax	8	**34,720**	**(16,314)**	**18,406**	15,000	(3,835)	11,165
Tax (expense)/ credit	15	**(6,494)**	**391**	**(6,103)**	(2,193)	687	(1,506)
Profit/ (loss) for the year		**28,226**	**(15,923)**	**12,303**	12,807	(3,148)	9,659
Other comprehensive income					-	-	-
Items that will not be reclassified to profit or loss:					-	-	-
Remeasurements of defined benefit pension schemes	33	-	**(1,970)**	**(1,970)**	-	-	-
Deferred tax on remeasurement of defined benefit pension schemes	32	-	**374**	**374**	-	-	-
Fair value gain on investments in equity instruments designated as FVTOCI	24	-	**53**	**53**	-	-	-
Other comprehensive income for the year		-	**(1,543)**	**(1,543)**	-	-	-
Total comprehensive income/ (loss)		**28,226**	**(17,466)**	**10,760**	12,807	(3,148)	9,659
Profit/ (loss) for the year attributable to:							
Equity holders of the parent		**28,310**	**(15,923)**	**12,387**	12,813	(3,148)	9,665
Non-controlling interests		**(84)**	-	**(84)**	(6)	-	(6)
		28,226	**(15,923)**	**12,303**	12,807	(3,148)	9,659
Total comprehensive income/ (loss) attributable to:							
Equity holders of the parent		**28,310**	**(17,466)**	**10,844**	12,813	(3,148)	9,665
Non-controlling interests		**(84)**	-	**(84)**	(6)	-	(6)
		28,226	**(17,466)**	**10,760**	12,807	(3,148)	9,659
Earnings per share							
Basic earnings per share	17			**4.40 p**			4.19 p
Diluted earnings per share	17			**4.32 p**			4.18 p
Adjusted basic earnings per share	17			**10.06 p**			5.56 p
Adjusted diluted earnings per share	17			**9.86 p**			5.54p

All results relate to continuing operations.

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Property, plant and equipment	18	**18,555**	9,125
Right of use assets	30	**12,162**	7,945
Intangible assets	19	**150,585**	76,848
Investments in equity accounted associates	22	**261**	221
Investments in equity accounted joint ventures	23	**279**	-
Investments in financial assets	24	**178**	125
Deferred tax assets	32	**-**	98
Trade and other receivables	26	**1,023**	460
Total non-current assets		**183,043**	94,822
Current assets			
Inventories	25	**28,120**	12,127
Trade and other receivables	26	**131,202**	42,832
Employee benefit assets	33	**781**	-
Current income tax assets		**101**	-
Cash and cash equivalents	27	**25,028**	8,592
Total current assets		**185,232**	63,551
Total assets		**368,275**	158,373
Current liabilities			
Trade and other payables	28	**(140,046)**	(38,769)
Current income tax liabilities		**-**	(426)
Lease liabilities	30	**(2,216)**	(1,497)
Total current liabilities		**(142,262)**	(40,692)
Non-current liabilities			
Trade and other payables	28	**(17,717)**	(3,153)
Loans and borrowings	29	**(24,240)**	(15,750)
Lease liabilities	30	**(10,417)**	(6,796)
Provisions	31	**(1,728)**	(1,247)
Deferred tax liabilities	32	**(17,427)**	(5,301)
Total non-current liabilities		**(71,529)**	(32,247)
Total liabilities		**(213,791)**	(72,939)
Net assets		**154,484**	85,434
Equity			
Called up share capital	35	**2,985**	2,305
Share premium account	36	**102,146**	49,999
Capital redemption reserve	36	**2**	2
Share-based payment reserve	36	**1,930**	266
Merger reserve	36	**11,146**	1,245
Retained earnings	36	**36,365**	31,623
Equity attributable to owners of the Company		**154,574**	85,440
Non-controlling interests		**(90)**	(6)
Total equity		**154,484**	85,434

These financial statements were approved by the Board of Directors and authorised for issue on 22 July 2022. They are signed on behalf of the Board by:

Alan Simpson Director

Mike Gant Director

Company registration number: 11123804

COMPANY BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £'000	2021 (Restated) £'000
Non-current assets			
Property, plant and equipment	18	**531**	-
Investment in subsidiaries	20	**57,572**	6,542
Deferred tax assets	32	**186**	-
Trade and other receivables	26	**116,883**	81,951
Total non-current assets		**175,172**	88,493
Current assets			
Trade and other receivables	26	**3,171**	2,874
Cash and cash equivalents	27	**372**	22
Total current assets		**3,543**	2,896
Total assets		**178,715**	91,389
Current liabilities			
Trade and other payables	28	**(17,950)**	(10,084)
Total current liabilities		**(17,950)**	(10,084)
Non-current liabilities			
Trade and other payables	28	**(108)**	-
Loans and borrowings	29	**(24,240)**	(15,750)
Total non-current liabilities		**(24,348)**	(15,750)
Total liabilities		**(42,298)**	(25,834)
Net assets		**136,417**	65,555
Equity			
Called up share capital	35	**2,985**	2,305
Share premium account	36	**102,146**	49,999
Capital redemption reserve	36	**2**	2
Share-based payment reserve	36	**1,524**	266
Merger reserve	36	**16,407**	6,506
Retained earnings	36	**13,353**	6,477
Total equity		**136,417**	65,555

The profit of the Company for the financial year was £12,978,000 (2021: loss of £766,000).

These financial statements were approved by the Board of Directors and authorised for issue on 22 July 2022. They are signed on behalf of the board by:

Alan Simpson Director

Mike Gant Director

Company registration number: 11123804

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital £'000	Share premium account £'000	Capital redemption £'000	Share-based payments £'000	Merger reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interest £'000	Total £'000
At 1 April 2020	2,305	49,999	2	56	1,245	26,458	80,065	-	80,065
Profit or (loss) for the year	-	-	-	-	-	9,665	9,665	(6)	9,659
Total comprehensive income for the year	-	-	-	-	-	9,665	9,665	(6)	9,659
Dividends paid	-	-	-	-	-	(4,500)	(4,500)	-	(4,500)
Increase in share-based payment reserve	-	-	-	210	-	-	210	-	210
Total contributions by and distributions to owners	-	-	-	210	-	(4,500)	(4,290)	-	(4,290)
At 31 March 2021	2,305	49,999	2	266	1,245	31,623	85,440	(6)	85,434
Profit or (loss) for the year	-	-	-	-	-	12,387	12,387	(84)	12,303
Other comprehensive income for the year	-	-	-	-	-	(1,543)	(1,543)	-	(1,543)
Total comprehensive income for the year	-	-	-	-	-	10,844	10,844	(84)	10,760
Dividends paid	-	-	-	-	-	(6,102)	(6,102)	-	(6,102)
Issue of paid shares	578	54,422	-	-	-	-	55,000	-	55,000
Issue of consideration shares	99	-	-	-	9,901	-	10,000	-	10,000
Issue of shares on exercise of share options	3	12	-	-	-	-	15	-	15
Equity settled share-based payments	-	-	-	1,173	-	-	1,173	-	1,173
Deferred tax on share-based payment transactions	-	-	-	491	-	-	491	-	491
Share issue costs	-	(2,287)	-	-	-	-	(2,287)	-	(2,287)
Total contributions by and distributions to owners	680	52,147	-	1,664	9,901	(6,102)	58,290	-	58,290
At 31 March 2022	**2,985**	**102,146**	**2**	**1,930**	**11,146**	**36,365**	**154,574**	**(90)**	**154,484**

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital £'000	Share premium account £'000	Capital redemption £'000	Share-based payments £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2020	2,305	49,999	2	56	6,506	11,743	70,611
Loss for the year	-	-	-	-	-	(766)	(766)
Total comprehensive income for the year	-	-	-	-	-	(766)	(766)
Dividends paid	-	-	-	-	-	(4,500)	(4,500)
Increase in share-based payment reserve	-	-	-	210	-	-	210
Total contributions by and distributions to owners	-	-	-	210	-	(4,500)	(4,290)
At 31 March 2021	2,305	49,999	2	266	6,506	6,477	65,555
Profit for the year	-	-	-	-		12,978	12,978
Total comprehensive income for the year	-	-	-	-	-	12,978	12,978
Dividends paid	-	-	-	-	-	(6,102)	(6,102)
Issue of paid shares	578	54,422	-	-	-	-	55,000
Issue of consideration shares	99	-	-	-	9,901	-	10,000
Issue of shares on exercise of share options	3	12	-	-	-	-	15
Equity settled share-based payments	-	-	-	1,173	-	-	1,173
Deferred tax on share-based payment transactions	-	-	-	85	-	-	85
Share issue costs	-	(2,287)	-	-	-	-	(2,287)
Total contributions by and distributions to owners	680	52,147	-	1,258	9,901	(6,102)	57,884
At 31 March 2022	**2,985**	**102,146**	**2**	**1,524**	**16,407**	**13,353**	**136,417**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £'000	2021 £'000
Operating activities			
Profit for the year		**12,303**	9,659
Adjustments for:			
Depreciation of property, plant and equipment	18	**1,143**	726
Depreciation of right of use assets	30	**2,136**	1,111
Amortisation of intangible assets	19	**6,396**	3,619
(Gain)/loss on disposal of property, plant and equipment and right of use assets	8	**(75)**	4
Foreign exchange (gains)/ losses		**(27)**	(19)
Share-based payment expense	37	**1,597**	338
Other operating income		**(27)**	-
Share of post-tax loss/ (profit) in equity accounted associates	22	**(55)**	6
Share of post-tax loss/ (profit) in joint ventures	23	**149**	-
Impairment of goodwill	19	**16**	-
Fair value changes in contingent consideration	13	**1,916**	(360)
Movements in provisions	31	**12**	(142)
Finance income	11	**(54)**	(13)
Finance expense	12	**2,249**	845
Acquisition costs	14	**1,236**	105
Income tax expense	15	**6,103**	1,506
Pension charge in excess of contributions paid		**140**	-
Operating cash flows before movements in working capital		**35,158**	17,385
Changes in working capital:			
Increase in inventories		**(6,700)**	(2,011)
Increase in trade and other receivables		**(22,194)**	(4,077)
Increase in trade and other payables		**21,234**	1,792
Cash generated from operations		**27,498**	13,089
Payment of acquisition expenses		**(1,139)**	(105)
Interest received		**18**	13
Interest paid		**-**	(367)
Income taxes paid		**(7,256)**	(2,435)
Net cash from operating activities		**19,121**	10,195
Investing activities			
Purchase of property, plant and equipment	18	**(6,317)**	(5,669)
Proceeds from sale of property, plant and equipment		**187**	59
Proceeds from sale of right of use assets		**-**	9
Purchase of intangible assets	19	**(488)**	-
Acquisition of subsidiaries	21	**(50,292)**	(2,548)
Net cash acquired with subsidiary undertakings	21	**3,422**	2,274
Acquisition of interests in joint ventures		**(428)**	-
Proceeds from repayment of directors' loans		**978**	-
Dividends received from associates		**15**	-
Net cash used in investing activities		**(52,923)**	(5,875)

The Consolidated Statement of Cash Flows continues on the following page.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £'000	2021 £'000
Financing activities			
Equity dividends paid	16	**(6,102)**	(4,500)
Proceeds from issue of ordinary shares net of share issue costs		**52,728**	-
Payment of financing costs		**(97)**	-
Proceeds from bank borrowings		**52,100**	3,400
Repayment of bank borrowings		**(43,400)**	(12,500)
Payment of lease liabilities	30	**(2,103)**	(1,398)
Payment of deferred and contingent consideration	38	**(1,358)**	(7,883)
Interest paid		**(1,139)**	-
Payment of transaction costs relating to loans and borrowings		**(375)**	(90)
Net cash flows from/ (used in) financing activities		**50,254**	(22,971)
Net increase in cash and cash equivalents		**16,452**	(18,651)
Cash and cash equivalents at beginning of period		**8,592**	27,269
Effect of changes in foreign exchange rates		**(16)**	(26)
Cash and cash equivalents at end of year	27	**25,028**	8,592

The notes on pages 66 to 111 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

1. General information

Brickability Group PLC is a public company, limited by shares, incorporated in England and Wales. The address of the registered office is shown on page 113. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 2 to30.

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. There has been no impact on the financial statements as a result of the transition from applying International Financial Reporting Standards (IFRS) adopted for use in the European Union to the UK adopted international accounting standards.

The Company, as the ultimate parent of the Group, has elected prepare its individual financial statements in accordance with FRS 101 Reduced Disclosure Framework. The Company's individual financial statements are presented within these Group financial statements.

The Company has adopted the following disclosure exemptions:

i. the requirements of IFRS 7 Financial Instruments: Disclosures;

ii. the requirement to present a cash flow statement under IAS 7 Statement of Cash Flows;

iii. the requirement to disclose key management personnel compensation; and

iv. the requirement to disclose related party transactions with wholly owned members of the Group.

The financial statements are presented in Pounds Sterling, which is the functional currency of the Group. Amounts are rounded to the nearest thousand, unless otherwise stated.

The financial statements are prepared on the historical cost basis, with the exception of certain financial assets and liabilities which are stated at fair value.

Going concern

The key uncertainly faced by the Group is the demand for its products and how these are impacted by economic factors.

Budget scenarios have been prepared comparing a number of outcomes where there is a significant and prolonged drop in demand in the industry. The Group has focused on the 18 month period from the year end to 30 September 2023 in its going concern review.

For each scenario, cash flow and covenant compliance forecasts have been prepared. A drop in revenue of 50% did not lead to any breach of covenants. A drop of 75% revenue would be required with no corresponding adjustment to the cost base of the business to breach covenants within the period of review.

The Directors consider this to be a highly unlikely scenario, and in the event of it occurring would take steps to reduce the cost base by at least 15% which would mean covenants would not be breached.

After making appropriate enquiries, considering the scenarios modelled and reviewing the Group's risk assessments, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of signing these financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

New standards, interpretations and amendments not yet effective from 1 January 2021

The following standards and amendments became effective for the current financial year:

- Interest rate benchmark reform – IBOR 'phase 2' (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16; and
- COVID-19 related rent concessions beyond 30 June 2021 (amendments to IFRS 16)).

The amendments above did not have any impact on the amounts recognised in prior periods or the current year. They are also not expected to significantly affect future periods.

New standards, interpretations and amendments not yet effective

Certain new standards and amendments have been issued by the IASB and will be effective in future accounting periods. The standards and amendments that are not yet effective, are likely to impact the Group and have not been adopted early by the Group include:

Amendments effective from 1 January 2022:

- onerous contracts – cost of fulfilling a contract (amendments to IAS 37);
- property, plant and equipment – Proceeds before intended use (amendments to IAS 16));
- annual improvements to IFRS standards 2018-2020 (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- references to the Conceptual Framework (amendments to IFRS 3).

Amendments effective from 1 January 2023:

- disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2));
- definition of accounting estimates (amendments to IAS 8); and
- deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12).

The Group is currently assessing the potential impact of the new standards. The amendments to IAS 12 will likely result in the Group recognising additional deferred tax assets and liabilities in respect of right of use assets accounted for under IFRS 16. The other amendments listed above are not expected to have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3. Significant accounting policies

The accounting policies which follow set out those policies which were applied in preparing the financial statements for the year ended 31 March 2022.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of Brickability Group PLC and its subsidiary undertakings. Control is achieved when the Group:

- has power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect those variable returns.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

Intra-group transactions and balances are eliminated fully on consolidation and the consolidated financial statements reflect external transactions only. Subsidiaries' accounting policies are amended where necessary to ensure consistency with the policies adopted by the Group.

All accounts for subsidiary undertakings have been prepared for the year ended 31 March 2022. In the prior year, all subsidiary undertakings prepared accounts for the year ended 31 March 2021, except Forum Tiles Limited which was incorporated in January 2021. Its first set of financial statements will be prepared for the period ending 31 March 2022. The Group accounts therefore include interim financial information to 31 March 2021 for this entity.

The Company has applied the exemption under section 408 of the Companies Act 2006 and not presented its individual income statement.

3.2 Investments

Non-current asset investments by the Company in subsidiaries, associates and joint ventures are initially recorded at cost and subsequently stated at cost less any accumulated provision for impairment.

3.3 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent from those sharing the control.

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, investments are initially recognised at cost and subsequently adjusted to reflect changes in the Group's share of profit or loss and other comprehensive income of the associate or joint venture since the acquisition date.

Where a Group company transacts with an associate or joint venture of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant entity.

Dividends received from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

3.4 Revenue recognition

Revenue is recognised when the Group has satisfied its performance obligations to the customer. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and Value Added Tax.

The Group generates revenue primarily through the following activities:

- the sale of superior quality building materials to all sectors of the construction industry including national house builders, developers, contractors, general builders and retail to members of the public;
- the transportation and distribution of building materials from Europe to the UK;
- the supply of roofing construction services, primarily within the residential construction sector; and
- the sale of high-performance joinery materials and the distribution of radiators and associated parts and accessories.

The Group considers itself to be the principal in its revenue arrangements as it typically controls the goods or services before transferring them to the customer; the Group is primarily responsible for fulfilling its promise to provide the goods or services and for those goods or services meeting customer specifications, it assumes the inventory risk prior to delivery to the customer and it has complete discretion in setting its prices for the required goods or services. Revenue from the sale of goods is recognised when control of the goods has transferred to the buyer. This is usually when the goods are delivered to the customer.

There is limited judgement required in identifying the point at which the service is complete or control passes as, once physical delivery has taken place, the Group no longer has possession of the goods, does not retain the significant risks and rewards of those goods and has an unconditional right to consideration. A receivable is therefore recognised on delivery and payment expected according to the specific credit terms agreed with each customer.

Revenue from contracts for the provision of services, in relation to roof installations, is recognised over time by reference to the stage of completion. Jobs in progress are reviewed and invoiced at the end of each month to reflect the value of work carried out in the period. This is considered an appropriate measure of the progress towards complete satisfaction of the Group's performance obligations and reflects the Group's right to consideration for services performed to date. Payment is due throughout the duration of the contract, based on the amounts invoiced and according to the credit terms agreed.

Revenue from the provision of transportation and distribution services is also recognised over time, by reference to the stage of completion of the Group's performance obligations, as the customer simultaneously receives and consumes the benefits from the delivery service provided. The revenue is recognised in the consolidated profit or loss in the period in which the services are rendered.

Certain roofing products and services provided by the Group are subject to warranty, requiring the Group to rectify defects during the warranty period should those goods and services not comply with agreed-upon specifications. Such warranties cannot be purchased separately and are therefore accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Further details are disclosed in notes 3.19 and 31.

The majority of the Group's revenue is derived from fixed price contracts with stand-alone selling prices. There is therefore no judgement involved in allocating the contract price to the goods or services provided.

The Group has applied the practical expedients within IFRS 15 in respect of the following:

- not accounting for significant financing components where the time difference between receiving consideration and transferring control of the goods or services to its customers is one year or less; and
- expensing the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised is one year or less.

3. Significant accounting policies (continued)

3.4 Revenue recognition (continued)

Customer rebates

The Group offers customer rebates in respect of volume discounts. These customer rebates give rise to variable consideration. Where the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring its goods to the customer. The Group applies the most likely amount method to estimate the variable consideration in the contract.

Where the Group has rebate agreements with its customers, rebates payable are deducted from revenue in the period that the associated revenue is recognised. The value of rebates payable is based on the terms of the individual contracts in place, to the extent that it is highly probable that the variable consideration estimated will not result in a significant reversal in the amount of cumulative revenue recognised when the uncertainty associated with the variable contract is subsequently resolved.

3.5 Supplier rebates

The Group receives volume rebates from its suppliers. Amounts receivable are recognised as a reduction to cost of sales in the period in which the associated purchase is recorded. The Group estimates the amount receivable based on the terms of the agreements in place, to the extent that it is probable that the rebates will be received and the amounts can be reliably estimated.

3.6 Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). The results and financial position of each Group company are expressed in Pounds Sterling, which is also the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate on the dates of the transactions. Monetary assets and liabilities, that are denominated in foreign currencies, are retranslated at the exchange rates ruling at the reporting date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and not retranslated at the reporting date. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date at which the fair value is determined.

3.7 Group pension schemes

Defined contribution schemes

Payments to defined contribution retirement benefit schemes are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Defined benefit schemes

During the year, the Group acquired a defined benefit pension scheme when it acquired Taylor Maxwell Group (2017) Limited. The scheme is closed to further accrual and an insurance policy was incepted shortly afterwards. Where the Group retains a legal or constructive obligation in respect of insured benefits, the plan is treated as a defined benefit plan.

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the surplus or deficit in the Group's defined benefit plans. A surplus is recognised to the extent that it will lead to a refund or reduction in future payments.

Actuarial valuations are carried out at the reporting date to determine the cost of providing benefits using the projected unit credit method. Remeasurements, including the effect of actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position, with a charge or credit recognised in other comprehensive income in the period in which it occurs. Remeasurements recognised in other comprehensive income are not re-classified. Past service cost is recognised in profit or loss when a plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit obligation or asset. Defined benefit costs are split into three categories:

- service costs, including current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurements.

The Group recognises service costs within administrative expenses in profit or loss. The net interest expense or income is recognised in finance costs or income.

3.8 Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period that the related service is rendered and in which the benefit is earned.

Liabilities in respect of short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3.9 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Grants relating to expense items are recognised as income on a systematic basis over the period that the related costs, for which the grant is intended to compensate, are expensed. Grants relating to assets are recognised as deferred income and transferred to income in the profit or loss on a systemic basis over the expected useful life of the related assets. Further details regarding grants received during the year are outlined in note 8.

3.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Tax is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax

Current tax is the expected tax payable or recoverable based on taxable profit for the year and any adjustment to tax payable in respect of prior years. Current tax is calculated using tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the liability method.

Deferred tax assets and liabilities are recognised where the carrying value of an asset or liability in the Consolidated Balance Sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

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.

The carrying amount of deferred tax assets is reviewed at each reporting 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. Unrecognised deferred tax assets are also re-assessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates and laws that have been enacted or substantively enacted at the reporting date.

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 the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable group company or different taxable group companies which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

3.11 Property, plant and equipment

Property, plant and equipment is initially recorded at cost and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of an asset, less its residual value, over the estimated useful life of that asset, using the straight-line or reducing balance method, as follows:

Freehold property	2% – 25% per annum
Leasehold property	Over the term of the lease
Plant and machinery	20% to 33% per annum
Fixtures, fittings and equipment	10% to 33% per annum
Motor vehicles	10% to 25% per annum

Freehold land is not depreciated.

3.12 Leases

The Group assesses, at the inception of a contract, whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed when the Group has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected not to separate non-lease components and thus account for the entire contract as a lease.

Lessee accounting

All leases are accounted for by recognising a right of use asset and a lease liability except for:

- leases of low value assets; and
- leases with a term of 12 months or less.

Lease payments for short-term (those with a term of 12 months or less) and low value asset leases are recognised as an expense, in the Statement of Profit or Loss, on a straight-line basis over the lease term.

Right of use assets

At the lease commencement date, right of use assets are measured at the amount of the corresponding lease liability, less any lease incentives received, plus the following:

- lease payments made at or before the lease commencement date;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually obliged to dismantle, remove or restore the leased asset or site on which the leased asset is located.

Right of use assets are presented as a separate line in the Consolidated Balance Sheet.

Right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated, on a straight-line basis, over the shorter period of the lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset, or the cost reflects that the Group expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the asset.

Lease liabilities

At the lease commencement date, lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted at the rate implicit in the lease, where this can be readily determined. Where the rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability include:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of any purchase option, if it is reasonably certain to be exercised by the Group; and
- any penalties payable for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

3. Significant accounting policies (continued)

3.12 Leases (continued)

Lease liabilities (continued)
Variable lease payments that do not depend on an index or a rate are recognised as an expense, in the Statement of Profit or Loss, in the period to which they relate.

Lease liabilities are presented as a separate line in the Consolidated Balance Sheet.

Lease liabilities are subsequently increased to reflect interest charged on the lease liability, using the effective interest method, and reduced for lease payments made.

Lease liabilities are remeasured if there is a modification (and the lease modification is not accounted for as a separate lease), a change in the lease term, a change in the lease payments due to changes in an index or rate, a change in the expected payment under a guaranteed residual value or a change in the assessment to exercise a purchase option.

In the event of a lease modification, change in lease term or change in the assessment of a purchase option, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

In the event of a change in the lease payments, the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate, unless the lease payment change is due to a change in a floating interest rate, in which case a revised discount rate is used.

When a lease liability is remeasured, a corresponding adjustment is made to the carrying value of the right of use asset, with the revised asset value being depreciated over the remaining lease term.

Lessor accounting
The Group enters into lease agreements as a lessor in respect of sub-leasing some of its leasehold property. Where the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as an operating lease by reference to the right of use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised on a straight-line basis over the lease term.

3.13 Intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired as part of a business combination is their fair value at the acquisition date. Intangible assets are subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation is charged so as to write off the cost of the asset, less its residual value, over the estimated useful life of that asset, using the straight-line method, as follows:

Brands	7% – 12% per annum
Customer and supplier relationships and other intangibles	7% – 25% per annum

If there is an indication that there has been a change in the useful life or residual value of an intangible asset, the amortisation charge is revised prospectively to reflect the new estimates.

3.14 Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are only recognised as an intangible asset if, and only if, the Group can demonstrate all of the following:

- the technical feasibility to complete the development so that the asset will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

3.15 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Contingent consideration is recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument, and within the scope of IFRS 9 Financial Instruments, is measured at fair value at the reporting date with changes in fair value recognised in the Statement of Profit or Loss in accordance with IFRS 9. Other contingent consideration, that is not within the scope of IFRS 9, is measured at fair value at each reporting date, with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is remeasured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.16 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of the value in use and the fair value less costs of disposal.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is estimated for the smallest group of assets to which it belongs and for which there are separately identifiable cash flows (its cash generating unit (CGU)).

When the carrying value of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised as an expense in the Statement of Profit or Loss, except to the extent that they reverse gains previously recognised in other comprehensive Income, in which case the impairment loss is also recognised in other comprehensive income up to the amount of any previous gain.

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.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

For assets, excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or CGU. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but only to the extent that the carrying value does not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised for the asset in prior years. The reversal of an impairment loss is recognised in the Statement of Profit or Loss.

Goodwill is not amortised but is reviewed for impairment at least annually. CGUs, to which goodwill has been allocated, are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying value, an impairment loss is recognised. It is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset of the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

3.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and sale.

3.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised in the Group's Balance Sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets

Financial assets, on initial recognition, are classified as those to be subsequently measured at amortised cost or those to be subsequently measured at fair value (either through profit or loss or through other comprehensive income). The classification depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the Balance Sheet. They are assets held for the collection of contractual cash flows where those cash flows represent solely payments of the principal and interest.

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. They are subsequently stated at amortised cost, using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9, using lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables that are reported net, such provisions are recorded in a separate provision account with the loss being recognised within in the Statement of Profit or Loss. The gross carrying amount of a financial asset is reduced when the Group has no reasonable expectation of recovering the financial asset in its entirety or a portion thereof.

Assets measured at fair value through profit or loss are subsequently remeasured at fair value, with gains and losses being recognised in profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

For investments in equity instruments that are not held for trading and fall within the scope of IFRS 9, the Group may (on an instrument-by-instrument basis) irrevocably elect to present subsequent changes in fair value within other comprehensive income. Where this election is made, there is no subsequent re-classification of fair value gains and losses to profit or loss following derecognition of the investment. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payment is established.

Financial liabilities

Financial liabilities, on initial recognition, are classified as those to be subsequently measured at amortised cost or those to be subsequently measured at fair value through profit or loss.

All financial liabilities are initially recognised at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

3. Significant accounting policies (continued)

3.18 Financial instruments (continued)

Financial liabilities (continued)
Financial liabilities measured at amortised cost include trade and other payables and loans and other borrowings, including bank overdrafts. These are subsequently stated at amortised cost, using the effective interest rate method. The interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Financial liabilities measured at fair value are subsequently remeasured at fair value, with gains and losses recognised in profit or loss.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Fair value measurement
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the degree to which the fair value is observable, as follows:

- level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Details of significant unobservable inputs used in determining fair values within level 3 are disclosed in note 33.

3.19 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 transfer economic benefits to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are recognised as a liability in the Balance Sheet with a corresponding expense recognised in profit or loss.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the receivable can be measured reliably.

Warranties
The Group provides for the expected cost of warranty obligations for defects that existed at the time of sale, as required by law. Provision is based on historical experience and management's best estimate of the amount required to settle the Group's obligation. Further details are outlined in note 31.

Dilapidations
The Group provides for the expected cost of restoring its operating premises to their original state in accordance with its lease terms. Provision is based on management's best estimate of the work and cost involved in completing this restoration. The cost is recognised as part of the right of use asset and is depreciated over the remaining term of the lease.

3.20 Share-based payments

Equity-settled share option schemes and long-term incentive plans are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Market conditions are taken into account when estimating the fair value. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 37.

The fair value, determined at the grant date of the equity-settled share-based payments, is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The probability of market conditions being met are not subsequently adjusted for. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

3.21 Statement of cash flows

Deferred and contingent consideration arrangements contain an implicit financing element. As such, the Group's policy is to include the payment of deferred and contingent consideration within cash flows from financing activities.

Cash flows in respect of the payment of lease liabilities are also included within cash flows from financing activities.

Payments in respect of short-term or low value leases that are not included within the measurement of the lease liabilities are presented within cash flows from operating activities.

The Group's finance expenses include interest payable and commitment fees on the unutilised portion of the Group's finance facility. Interest payable on loans and borrowings is therefore considered to be in connection with obtaining financial resources and is presented within cash flows from financing activities.

Interest on loans and borrowings , lease liabilities and deferred and contingent consideration is presented on a separate line in financing activities, within the Statement of Cash Flows. In the prior year, the interest on lease liabilities and deferred and consideration was included within the lease and deferred and contingent consideration payment totals.

3.22 Alternative performance measures

Alternative performance measures (APMs) are disclosed within the 2022 Annual Report and Accounts where management believes it is necessary to do so to provide further understanding of the financial performance of the Group.

Underlying results are used in the day to day management of the Group. They represent statutory measures adjusted for items which could distort the understanding of performance and comparability year on year.

Adjusted Profit
Adjusted profit is defined as statutory profit adjusted for other items that management does not consider to relate to its underlying trading operations or for which separate disclosure would assist in understanding the Group's performance in the period. Further details are provided in note 14.

Adjusted EBITDA
Adjusted EBITDA is the primary non-statutory measure used by the Group. This is represented by earnings before interest, tax, depreciation, amortisation and other items considered non-operational in nature or that do not directly relate to the Group's underlying trade. Such other items include acquisition and share based payment related expenses. A reconciliation between adjusted EBITDA and statutory profit before tax is included in note 6.

Adjusted basic and diluted EPS
Adjusted basic EPS is defined as the adjusted profit after tax divided by the weighted average number of shares outstanding during the year.

Adjusted diluted EPS is defined as the adjusted profit after tax divided by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Adjusted basic and diluted EPS are outlined in note 17.

Net debt/cash
Net debt is defined as bank borrowings (excluding the impact of arrangement fees) less cash and cash equivalents. Net cash arises when the cash and cash equivalents exceed bank borrowings and is defined as cash and cash equivalents less bank borrowings.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Joint ventures
Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the Group's share of the profit or loss, other comprehensive income and equity of the joint venture. Judgement is required when assessing the substance of the joint arrangement to determine whether it should be classified as a joint venture or joint operation. This includes consideration of whether the Group has the rights to the joint arrangement's net assets and whether decisions concerning the entity's activities require unanimous consent from those sharing the control.

Provisions

Provisions are a key area of the financial statements and are subject to both judgement and estimation uncertainty. Defect provisions are recognised for the potential rectification cost or claims made in respect of products and services sold under warranty. Provision is based on the potential claims that could be made in relation to the products and services supplied. This requires judgement as to whether a claim would likely give rise to a provision based on the Group's knowledge of its products, services and customers. The provision would then need to be estimated based on management's assessment of the likely work and cost required to rectify any defect. This estimate is subjective and based on management's knowledge of the products, services and past customer experience (see note 31).

Lease term
Judgement is required in determining the lease term where a lease includes periods covered by an option to extend the lease or an option to terminate the lease. The Directors apply judgement in evaluating whether it is reasonably certain or not that an option will be exercised. When recognising the lease, all relevant factors are taken into account, including the Group's intentions and any factors that create an economic incentive to exercise an option. After the commencement date, the lease term will be re-assessed if there is a significant event or change in circumstances that is within the Group's control and affects its ability to exercise an option.

Defined benefit pension
The Group acquired a defined benefit pension scheme during the year and an insurance backed buy-in policy was incepted on 7 July 2021. Any defined benefit asset is recognised to the extent that the asset will result in a refund or reduction in future payments. Judgement is therefore required in determining whether the Group has an unconditional right to a refund. Upon the winding up of the pension scheme, any residual value would be payable to the Group. The right to obtain a refund is not affected by future costs that could change the amount of the surplus ultimately recovered. Therefore, while the trustees could, at their discretion, enhance members' benefits and reduce the surplus payable to the Group, this event is not anticipated and would not remove the Group's unconditional right to the surplus. The Group therefore considers that is has an unconditional right to a refund or reduction in future payments and has recognised the defined benefit pension asset. Upon completion of the buy-out process that was in progress at the reporting date, the Group expects to receive any residual surplus and this will be payable to the sellers of Taylor Maxwell Group (2017) Limited as part of the consideration. Details of the defined benefit pension scheme are disclosed in note 33.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets
The Group acquires intangible assets and goodwill during a business combination. These assets are primarily the assets subject to an impairment review. They are initially recorded at fair value and subsequently at cost less any amortisation (in the case of intangible assets) and impairment losses. Goodwill is reviewed for impairment annually while other assets are assessed when an indication of impairment is identified. In assessing whether an asset is impaired, the asset's or CGU's value in use is calculated based on a

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Impairment of non-financial assets (continued)

discounting cash flow model. The cash flows are derived from forecasts covering the next three years. The recoverable amount is therefore sensitive to the assumptions and estimates used in determining the amount and timing of future cash flows, the discount factor applied and the growth rate used for extrapolation purposes. Details of the key assumptions, including consideration of sensitivity, are disclosed further in note 19.

Intangible assets

The Group recognises identifiable intangible assets acquired through business combinations, such as brands and customer and supplier relationships, at fair value on acquisition. Any excess paid over the value of net assets acquired is included as goodwill. Estimates are required to determine the purchase price allocation (PPA) between intangible assets and goodwill, with the fair value of intangibles sensitive to these estimates. The key estimates involved in establishing the fair values are the future cash flows forecast for the acquired entity, inputs into appropriate valuation models and the expected useful life of the assets.

Projected cash flows underpin the valuation of all identifiable intangible assets. These are based on management's best estimate of the expected levels of trade and profits following acquisition, taking into account actual results around the time of acquisition. Forecasts are prepared for a three year period, with an inflationary 2% growth rate applied thereafter.

The fair value of brands is based on a relief from royalty method. The royalty rates applied in this model are based on other business to business operations in the market, reflecting the size of the entities acquired and that their reach is limited given the business to business nature. The brand value is sensitive to the royalty rate incorporated into the model. For acquisitions during the year, the Group applied a royalty rate of 1% based upon other business to business brands in the sector and analysis of the underlying profit margin.

Intangible assets are amortised over their expected useful life. The annual amortisation charge and carrying value of the asset is therefore sensitive to the estimated useful life. The useful life is based on the period over which management expects to benefit from the intangible assets, based on past experience and knowledge of the business acquired.

Provision for expected credit losses (ECLs)

The Group uses a provision matrix to calculate the ECLs for trade receivables. The provision rates are based on days past due for groupings of customers with similar credit risk characteristics. The provision matrix is initially based on the Group's historical observed default rates. However, the historical rate is adjusted to consider forward looking information, which may lead to a change in the expected number of defaults. The assessment of correlation between the historically observed default rates and forecast economic conditions is therefore a significant estimate. The ECLs calculated are sensitive to changes in circumstances and forecast economic conditions as the historical experience and forecasts may not be representative of a customer's actual default in the future. Details of the ECLs on the Group's trade receivables and contract assets, are disclosed in note 26.

Fair value measurement of financial instruments

When fair values cannot be measured based on quoted prices in an active market, the fair value is measured using valuation techniques, including the discounted cash flow model. Inputs into this model are taken from observable markets where possible but a degree of judgement is required where this is not possible. Expert valuers are engaged by the Group where appropriate.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When contingent consideration meets the definition of a financial asset or liability, it is subsequently remeasured to fair value at each reporting date. The fair value is determined using discounted cash flows. The key estimates are therefore the probability of the performance target being met and the discount rate used. Further details are disclosed in note 34.

Lease incremental borrowing rate

Where the interest rate in a lease cannot be readily determined, the Group uses its incremental borrowing rate to measure the lease liability. The incremental borrowing rate is that which the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. This rate therefore requires estimation when no observable rates are available, for new leases acquired in the year. The Group estimates the rate by assessing the rates implied in similar agreements and using observable inputs, such as market interest rates, when available.

Defined benefit pension

The determination of the Group's defined benefit obligations depends on certain key assumptions, including the discount rate, inflation rate and life expectancy of the members. The Group engages an experienced pension consultant to establish the value of its defined benefit obligations. The key estimates and a sensitivity of the rates used are disclosed in note 33.

5. Revenue

An analysis of the Group's revenue, by type, is as follows:	2022 £'000	2021 £'000
Sale of goods	**482,669**	165,471
Rendering of services	**37,500**	15,613
	520,169	181,084

An analysis of the Group's revenue, by geographic location, is as follows:	2022 £'000	2021 £'000
UK	**517,351**	180,122
Europe	**2,808**	962
Other	**10**	-
	520,169	181,084

The Group's revenue is primarily derived from contracts with customers. Revenue in relation to the sale of goods comprises amounts receivable from the sale of building and joinery materials. Revenue in connection with the rendering of services relates to amounts receivable from the provision of roofing construction, installation services and the transportation and distribution of building materials. Revenue by segment is included in note 6. Trade receivables are disclosed in note 26.

Included within other payables is an amount of £1,314,000 (2021: £336,000) in relation to contract liabilities in respect of amounts paid in advance of goods being transferred to the customer. Due to the nature of the business and short turnaround between orders being placed and goods being delivered, liabilities at the reporting date are recognised within revenue in the following year.

6. Segmental analysis

For management purposes, the Group is organised into segments based on its products and services. The Group generates revenue through three main activities and thus has three reportable segments, as follows:

- Bricks and Building Materials, which incorporates the sale of superior quality building materials to all sectors of the construction industry including national house builders, developers, contractors, general builders and retail to members of the public;
- Roofing Services, which incorporates the supply of roofing construction services, primarily within the residential construction sector; and
- Heating, Plumbing and Joinery, which incorporates the sale of high-performance joinery materials and the distribution of radiators and associated parts and accessories.

The Group's segments are strategic business units that offer different products and services. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The Group considers the CODM to be the senior management team, including the Board of Directors, who are responsible for allocating resources and assessing performance of the operating segments.

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in note 3. Segment performance is evaluated based on adjusted EBITDA, without allocation of depreciation and amortisation, finance expenses and income, impairment losses, fair value movements or the share of results of associates and joint ventures. This is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

The Group's revenue is primarily generated in the United Kingdom. An analysis by geographic location is included within note 5. All of the revenue generated in Europe is included within revenue within the Bricks and Building Materials segment below. £66,000 is included within revenue from the sale of goods, with the balance arising from the rendering of services. All of the revenue generated in Other geographic locations is included within revenue from the sale of goods within the Bricks and Building Materials segment.

Revenue from the rendering of services within the Bricks and Building Materials segment relates to the provision of transportation and distribution services. Revenue from the rendering of services within the Heating, Plumbing and Joinery segment relates to the provision of flooring and solar panel installation services.

Right of use assets, in respect of trailers, with a carrying value of £3,207,000 (2021: £1,251,000), are either held in the United Kingdom or Europe at the year end, depending on the timing and location of goods being transported. All other non-current assets are solely held within the United Kingdom.

Included within revenue is a total of £nil (2021: £19,910,000) in respect of a customer accounting for more than 10% of the Group's total revenue. Revenue from this customer is included within all three reportable segments.

Inter-segment sales are eliminated from the results reported to the CODM and from the consolidated financial statements.

6. Segmental analysis (continued)

	2022				2021			
	Bricks and Building Materials £'000	Roofing Services £'000	Heating, Plumbing and Joinery £'000	Consolidated £'000	Bricks and Building Materials £'000	Roofing Services £'000	Heating, Plumbing and Joinery £'000	Consolidated £'000
Revenue from sale of goods	**452,084**	**-**	**30,585**	**482,669**	141,019	-	24,452	165,471
Revenue from rendering of services	**10,180**	**21,179**	**6,141**	**37,500**	3,187	12,426	-	15,613
Total revenue	**462,264**	**21,179**	**36,726**	**520,169**	144,206	12,426	24,452	181,084
EBITDA	**33,083**	**3,022**	**7,203**	**43,308**	11,662	2,571	5,766	19,999
Centralised costs				**(3,915)**				(2,453)
Profit/ (loss) on disposal of assets				**75**				(4)
Group adjusted EBITDA				**39,468**				17,542
Impairment of goodwill				**(16)**				-
Depreciation				**(3,279)**				(1,837)
Amortisation				**(6,396)**				(3,619)
Acquisition and re-financing expenses				**(1,236)**				(105)
Earn-out consideration classified as remuneration under IFRS 3				**(4,333)**				-
Share based payment expense				**(1,597)**				(338)
Finance income				**54**				13
Finance expense				**(2,249)**				(845)
Share of results of associates				**55**				(6)
Share of results of joint ventures				**(149)**				-
Fair value gains and losses				**(1,916)**				360
Group profit before tax				**18,406**				11,165

For the purposes of monitoring segment performance and allocating resources between segments, the CODM monitors the total non-current and current assets attributable to each segment. All assets are allocated to reportable segments with the exception of those used primarily for corporate purposes (head office), investments in associates, joint ventures and financial assets and deferred tax assets. Goodwill has been allocated to reportable segments as detailed in note 19. No other assets are used jointly by reportable segments. All liabilities are allocated to reportable segments with the exception of those used primarily for corporate purposes (head office), bank borrowings and deferred tax liabilities.

	2022				2021			
	Bricks and Building Materials £'000	Roofing Services £'000	Heating, Plumbing and Joinery £'000	Consoli-dated £'000	Bricks and Building Materials £'000	Roofing Services £'000	Heating, Plumbing and Joinery £'000	Consoli-dated £'000
Non-current segment assets	**108,897**	**30,221**	**42,678**	**181,796**	46,276	18,235	29,867	94,378
Current segment assets	**155,844**	**8,626**	**19,740**	**184,210**	45,635	3,799	12,582	62,016
Total segment assets	**264,741**	**38,847**	**62,418**	**366,006**	91,911	22,034	42,449	156,394
Investment in associates				**261**				221
Investment in joint ventures				**279**				-
Investments in financial assets				**178**				125
Deferred tax assets				**-**				98
Head office				**1,551**				1,535
Group assets				**368,275**				158,373
Total segment liabilities	**(120,036)**	**6,571**	**(10,403)**	**(123,868)**	(37,570)	(2,815)	(7,040)	(47,425)
Loans and borrowings (excluding leases and overdrafts)				**(24,240)**				(15,750)
Deferred tax liabilities				**(17,427)**				(5,301)
Other unallocated central liabilities				**(48,256)**				(4,463)
Group liabilities				**(213,791)**				(72,939)

7. Other operating income

	2022 £'000	2021 £'000
Rental income	**127**	46
Other	**227**	46
	354	92

8. Profit before tax

Profit before tax is stated after charging/(crediting):

	2022 £'000	2021 £'000
Amortisation of intangible assets	**6,396**	3,619
Impairment of goodwill	**16**	-
Depreciation of property, plant and equipment	**1,143**	726
Depreciation of right of use assets	**2,136**	1,111
(Gain)/ loss on disposal of property, plant and equipment and right of use assets	**(75)**	4
Cost of inventories recognised as an expense	**418,698**	134,691*
Subcontractor costs	**9,436**	4,139
Impairment of trade receivables	**450**	341
Net foreign exchange gains	**(32)**	(173)
Government grant income	-	(1,360)

*Restated to include all inventory expenses as previously incorrectly excluded inventories delivered direct to site.

During the prior year, the Group received government grants in response to the global COVID-19 pandemic. The Group elected to deduct the grant income from the associated expenses. The grant income is included within administrative expenses, with £30,000 relating to business rates support, while the remainder related to support in respect of payroll costs of the Group's employees. The Group does not have any unfulfilled obligations or other contingencies relating to the support schemes.

9. Auditor's remuneration

During the year, the Group incurred the following costs for services provided by the Company's Auditor:

	2022 £'000	2021 £'000
Fees payable for audit services:		
Audit of the company annual financial statements	**123**	37
Audit of the company's subsidiaries	**427**	159
Total audit related fees	**550**	196
Fees payable for other services:		
Other services	**8**	6
Total non-audit fees	**8**	6
Total auditors' remuneration	**558**	202

10. Staff numbers and costs

The average number of persons employed by the Company during the year amounted to nil (2021: nil).

The average number of persons employed by the Group during the year, including the Directors, amounted to:

	2022 Number	2021 Number
Production staff	**22**	6
Distribution staff	**72**	49
Administrative staff	**180**	64
Management staff	**70**	44
Sales staff	**260**	165
	604	328

	2022 £'000	2021 £'000
Staff costs:		
Wages and salaries	**31,633**	14,511
Social security costs	**3,793**	1,642
Other pension costs (note 33)	**1,024**	586
Share-based payments expense including NI (note 37)	**1,597**	338
	38,047	17,077

	2022 £'000	2021 £'000
Directors' emoluments:		
Remuneration	**1,847**	1,081
Pension contributions	**-**	21
	1,847	1,102

The number of Directors who accrued benefits under company pension plans was a follows:

	2022 Number	2021 Number
Defined contribution pension plans	**-**	1

Remuneration of the highest paid Director in respect of qualifying services was:

	2022 £'000	2021 £'000
Remuneration	**904**	636
Pension contributions	**-**	-
	904	636

Full details of Directors' remuneration is included within the Report of the Remuneration Committee on pages 44 to 48.

11. Finance income

	2022 £'000	2021 £'000
Interest on cash and cash equivalents	**2**	13
Other interest receivable	**52**	-
	54	13

12. Finance expense

	2022 £'000	2021 £'000
Interest on bank loans and overdrafts	**779**	360
Interest on lease liabilities	**532**	354
Unwinding of discount on contingent consideration	**938**	127
Other interest payable	**-**	4
	2,249	845

13. Fair value gains and losses

	2022 £'000	2021 £'000
(Loss)/ Gain on re-measurement of contingent consideration (notes 21 & 34)	**(1,916)**	360

14. Other items

In order to assist with the understanding of the Group's performance, items that management consider to not be directly attributable to the Group's underlying trade are presented separately, on the face of the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Other items represent those costs that are considered non-operational in nature and are as follows:

	2022 £'000	2021 £'000
Amortisation of intangible assets (note 19)	**(6,333)**	(3,619)
Impairment of goodwill (note 19)	**(16)**	-
Total depreciation and amortisation	**(6,349)**	(3,619)
Acquisition costs	**(1,139)**	(105)
Re-financing costs	**(97)**	-
Earn-out consideration classified as remuneration under IFRS 3	**(4,333)**	-
Share-based payment expense (including employer NI)	**(1,597)**	(338)
Total other administrative expenses	**(7,166)**	(443)
Unwinding of discount on contingent consideration (note 12)	**(938)**	(127)
Total finance expense	**(938)**	(127)
Share of post-tax profit/ (loss) of equity accounted associates (note 22)	**55**	(6)
Fair value (losses)/gains (note 13)	**(1,916)**	360
Total other items before tax	**(16,314)**	(3,835)
Tax on other items	**391**	687
Total other items after tax	**(15,923)**	(3,148)
Other comprehensive income		
Remeasurements of defined benefit pension schemes	**(1,970)**	-
Deferred tax on remeasurement of defined benefit pension schemes	**374**	-
Fair value gain on investments in equity instruments designated as FVTOCI	**53**	-
Total other comprehensive income	**(1,543)**	-
Total other items in comprehensive income	**(17,466)**	(3,148)

The amortisation of intangibles within other items is the element associated with those intangibles recognised on acquisition as part of the fair value assessment. Significant changes in the fair value and discounting of contingent consideration also does not necessarily directly reflect the underlying trade of the Group. Inclusion within other items is consistent with the presentation of other acquisition related costs.

Acquisition costs comprise of transaction costs of £383,000, in relation to stamp duty, plus a further £756,000 in respect of legal and professional fees. £1,060,000 was directly associated with the acquisitions in the year (note 21), while the remainder related to aborted acquisitions.

To facilitate the acquisition of Taylor Maxwell Group (2017) Limited in the year, the Group re-financed and agreed an increase in its available banking facilities, The re-financing costs directly associated with this are therefore considered to be connected with the acquisition and outside the normal course of business.

The agreement to purchase Taylor Maxwell Group (2017) Limited includes earn-out consideration, payable if certain performance-based targets are met over the following three years. The share purchase agreement also includes a 'bad leaver' clause, under which the earn-out consideration payment to such a leaver is forfeited. The clause was included with the intention of protecting the value of the business over the first few years following acquisition. However, as a result of the earn-out consideration effectively being contingent on the continued employment or 'good leaver' status of the individual, the amount payable has been treated as remuneration in accordance with current IFRS interpretation guidance of IFRS 3. As such, the amount payable is considered significant in nature and not reflective of the underlying trade of the Group.

The share-based payment expense represents the share-based payment charge for the year, including associated accrued employer taxes. The accounting charge is not considered to be directly linked to the Group's trading operations and thus separate disclosure is deemed appropriate to assist with the understanding of the Group's performance in the year.

The Group is not directly involved in the day to day operations of its associate and thus considers it appropriate to separate its share of this entity's' results from the Group's adjusted results.

The tax credit arising on the other items is presented on the same basis as the cost to which it relates.

Other comprehensive income relates to the remeasurement of defined pension schemes, the associated deferred tax movement and the fair value gain on investments in equity instruments designated as fair value through other comprehensive income.

In respect of the defined benefit pension scheme acquired in the year, the Group has entered into a buy-in insurance policy and intends to complete a buy-out process, whereby the defined benefit pension liability is transferred to an insurer. As such, the scheme related remeasurement and deferred tax movements are not considered to be part of the Group's underlying operations and have been reported separately from the Group's adjusted results. Further details of the scheme are disclosed in note 33.

The fair value change in investments in equity instruments designated as fair value through other comprehensive income is also not reflective of the Group's underlying trading performance and thus is not included in the Group's adjusted comprehensive income.

15. Tax on profit

The major components of the income tax expense are:

	2022 £'000	2021 £'000
Current tax		
UK current tax expense	**6,730**	2,851
Adjustments in respect of prior periods	**(286)**	(720)
Total current tax	**6,444**	2,131
Deferred tax		
Origination and reversal of temporary differences	**(341)**	(625)
Total tax on profit	**6,103**	1,506

Reconciliation of tax expense

The standard rate of corporation tax in the UK is 19% (2021: 19%). The charge for the year can be reconciled, to the standard rate applied to the profit before tax, as follows:

	2022 £'000	2021 £'000
Profit on ordinary activities before taxation	**18,406**	11,165
Tax on profit on ordinary activities at standard rate	**3,497**	2,121
Adjustments to current tax charge in respect of prior periods	**(286)**	(720)
Adjustments to deferred tax charge in respect of prior periods	**69**	35
Effect of expenses not deductible for tax purposes	**1,676**	50
Effect of capital allowances and depreciation	**(64)**	35
Effect of changes in UK tax rates	**1,211**	-
Effect of utilisation of tax losses	-	(15)
Tax on profit	**6,103**	1,506

On 11 March 2021, the UK Government announced that the main rate of corporation tax in the United Kingdom would increase to 25%, with effect from April 2023. This change was substantively enacted during the year. Deferred tax assets and liabilities, previously recognised at 19%, have been remeasured at 25%. This change resulted in an increase of £1,211,000 in the deferred tax liability recognised at 31 March 2022.

16. Dividends

	2022 £'000	2021 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2021 of 1.0850p per share (2021: for the year ended 31 March 2020 of 1.0850p per share)	**3,236**	2,500
Interim dividend for the year ended 31 March 2022 of 0.9600p per share (2021: for the year ended 31 March 2021 of 0.8678p per share)	**2,866**	2,000
Total dividends paid in the year	**6,102**	4,500

The Directors recommend that a final dividend for 2022 of 2.04p (2021: 1.0850p) per ordinary share be paid.

The final dividend will be paid, subject to shareholders' approval at the Annual General Meeting, to shareholders on the register at the close of business on 26 August 2022. This dividend has not been included as a liability in these financial statements.

17. Earnings per share

Earnings per share (EPS) is calculated by dividing the profit for the year, attributable to ordinary equity holders of the parent, by the weighted average number of ordinary shares outstanding during the year.

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

The calculation of basic and diluted earnings per share is based on the following data:

	2022			2021		
	Earnings £'000	**Weighted average number of shares**	**Earnings per share (p)**	Earnings £'000	Weighted average number of shares	Earnings per share (p)
Basic earnings per share	**12,387**	**281,474,903**	**4.40**	9,665	230,458,821	4.19
Effect of dilutive securities						
Employee share options	-	**5,512,650**	-	-	629,983	-
Diluted earnings per share	**12,387**	**286,987,553**	**4.32**	9,665	231,088,804	4.18

Adjusted earnings per share and adjusted diluted earnings per share based on the adjusted profit attributable to the equity holders of the parent, as shown in the Adjusted column of the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Details of the Other items after tax, forming the difference between the statutory earnings above and adjusted earnings below, are outlined in note 14 of the financial statements.

	2022			2021		
	Earnings £'000	**Weighted average number of shares**	**Earnings per share (p)**	Earnings £'000	Weighted average number of shares	Earnings per share (p)
Adjusted basic earnings per share	**28,310**	**281,474,903**	**10.06**	12,813	230,458,821	5.56
Effect of dilutive securities						
Employee share options	**-**	**5,512,650**	**-**	-	629,983	-
Adjusted diluted earnings per share	**28,310**	**286,987,553**	**9.86**	12,813	231,088,804	5.54

18. Property, plant and equipment

Group	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2020	3,483	697	371	754	5,305
Additions	5,060	102	309	198	5,669
Acquisition through business combinations	-	4	9	-	13
Transferred from right of use assets	-	-	-	127	127
Disposals	-	(14)	-	(115)	(129)
At 31 March 2021	8,543	789	689	964	10,985
Additions	5,086	329	229	673	6,317
Acquisition through business combinations	3,156	425	278	513	4,372
Disposals	-	(9)	(2)	(290)	(301)
At 31 March 2022	**16,785**	**1,534**	**1,194**	**1,860**	**21,373**
Depreciation					
At 1 April 2020	460	264	174	234	1,132
Charge for the year	305	135	93	193	726
Transferred from right of use assets	-	-	-	60	60
On disposals	-	(4)	-	(55)	(59)
At 31 March 2021	765	396	267	432	1,860
Charge for the year	422	200	248	273	1,143
On disposals	-	(9)	-	(175)	(184)
At 31 March 2022	**1,187**	**586**	**515**	**530**	**2,818**
Net book value					
At 31 March 2022	**15,598**	**948**	**679**	**1,330**	**18,555**
At 31 March 2021	7,778	393	422	532	9,125

Included within land and buildings is freehold land amounting to £1,113,000 (2021: £1,113,000) which is not depreciated.

Property, plant and equipment with a carrying value of £17,715,000 (2021: £7,920,000) is pledged as security for the Group's bank loan.

Company	Land and buildings £'000
Cost	
At 1 April 2020 and 31 March 2021	-
Additions	531
At 31 March 2022	**531**
Depreciation	
At 1 April 2020 and 31 March 2021	-
Charge for the year	-
At 31 March 2022	**-**
Net book value	
At 31 March 2022	**531**
At 31 March 2021	-

The Company's properties within land and buildings were purchased at the end of the year and have therefore not incurred a depreciation charge in the current financial year.

19. Intangible assets

	Brands £'000	Customer & supplier relationships and other intangibles £'000	Goodwill £'000	Total £'000
Cost or valuation				
At 1 April 2020	7,915	26,535	49,462	83,912
Additions	-	-	-	-
Acquisition through business combinations	421	1,489	507	2,417
Disposals	-	-	-	-
At 31 March 2021	8,336	28,024	49,969	86,329
Additions	-	488	-	488
Acquisition through business combinations	14,683	35,510	29,468	79,661
Disposals	-	-	-	-
At 31 March 2022	**23,019**	**64,022**	**79,437**	**166,478**
Amortisation and impairment				
At 1 April 2020	1,205	4,641	16	5,862
Charge for the year	806	2,813	-	3,619
Impairment	-	-	-	-
At 31 March 2021	2,011	7,454	16	9,481
Charge for the year	1,559	4,837	-	6,396
Impairment	-	-	16	16
On disposals	-	-	-	-
At 31 March 2022	**3,570**	**12,291**	**32**	**15,893**
Net book value				
At 31 March 2022	**19,449**	**51,731**	**79,405**	**150,585**
At 31 March 2021	6,325	20,570	49,953	76,848

The Company has no intangible assets.

Goodwill is reviewed annually for impairment. While the residual risk to the Group from the COVID-19 pandemic is considered minimal, the market is still volatile, which could give rise to an indication of potential impairment as outlined within the key sources of estimation uncertainty in note 4 of the financial statements. As such, impairment reviews have also been carried out in respect of other intangible assets and other non financial assets, including property, plant and equipment and right of use assets.

The carrying amount of goodwill and impairment losses by segment are as follows:

	Bricks and Building Materials £'000	Roofing Services £'000	Heating, Plumbing and Joinery £'000	Total £'000
At 1 April 2020	24,323	12,299	12,824	49,446
Recognised on acquisitions	388	-	119	507
At 31 March 2021	24,711	12,299	12,943	49,953
Recognised on acquisitions	11,437	9,497	8,534	29,468
Impairment	(16)	-	-	(16)
At 31 March 2022	**36,132**	**21,796**	**21,477**	**79,405**

Impairment losses regarding goodwill are included within the depreciation and amortisation expense in the Statement of Profit or Loss.

19. Intangible assets (continued)

The carrying amount of goodwill is allocated to CGUs as follows:

	2022 £'000	2021 £'000
Brick-ability trading group	**12,845**	12,845
PVH trading group	**16,399**	16,399
HHG trading group	**12,690**	12,690
Taylor Maxwell trading group	**11,437**	-
HBS NE	**8,534**	-
Other CGUs	**17,500**	8,019
Total	**79,405**	49,953

The goodwill allocated to the Brick-ability trading group, PVH trading group, HHG trading group, Taylor Maxwell trading group and HBS NE CGUs is considered significant in comparison with the Group's total carrying amount of goodwill. CGUs within the Other CGU category represent between 0.02% and 7.51% of the total goodwill and relate to the business operations of entities acquired during the current and previous years.

The Group estimates the recoverable amount of each CGU using a value in use model by projecting cash flows for the next three years together with a terminal value using a growth rate. The key assumptions underpinning the recoverable amounts of the CGUs tested for impairment are forecast revenues and EBITDA and the discount rate applied.

Revenue and EBITDA forecast in the impairment models are based on management's past experience and future expectations of performance. The projections also consider the ongoing uncertainty in the market, with assumptions for future trade supported by actual trends and previous performance. For each CGU, a growth rate of 2% (2021: 2%) is used to extrapolate cash flow projections beyond the three year period covered by the most recent forecasts. This rate does not exceed the average long-term growth rate for the relevant markets. The rates used to discount the forecast cash flows are 11.75% – 23.60% (2021: 10.00-12.60%) derived from the CGU's weighted average cost of capital (WACC).

The impairment loss of £16,000 (2021: £nil) in the period relates to goodwill held in a subsidiary and is included within the Other CGU total above. This goodwill arose following incorporation of that subsidiary and acquisition of the business previously operating as a partnership. Given the age of the goodwill asset, management no longer consider that economic benefits generated by that subsidiary are attributable to this asset. Its carrying amount has therefore been written down to £nil, based on its value in use.

The total recoverable amount in respect of goodwill arising on consolidation, other intangibles and other non-financial assets, as assessed by management using the above assumptions, is greater than the carrying amount. No further impairment loss has therefore been recorded, in either the current or previous year. The projections used in the impairment reviews have also been sensitised. Given the level of headroom, management currently consider that it is not reasonably possible for the assumptions to change so significantly as to eliminate the excess.

20. Subsidiaries

Company

Shares in group undertakings	2022 £'000	2021 £'000
Cost and carrying value		
At 1 April	**6,542**	6,542
Additions	**51,030**	-
At 31 March	**57,572**	6,542

During the year, the company acquired 100% of the share capital and voting rights of Taylor Maxwell Group (2017) Limited and its subsidiaries.

An addition of £956,000 (2021: £nil) was also recognised in respect of the company issuing share options to employees of its subsidiaries, which are the receiving entities of the associated employee services.

At the reporting date, the Company had the following subsidiary undertakings, all of which are included in these consolidated financial statements:

Subsidiary	Country of operation and incorporation	Class of share held	Proportion of shares held 2022	Proportion of shares held 2021
Brickability Enterprises Holding Limited	England and Wales	Ordinary	100%	100%
Brickability Enterprises Investments Limited	England and Wales	Ordinary	100%	100%
Brickability UK Holdings Limited (1)	England and Wales	Ordinary	100%	100%
Brick-ability Ltd. (2)	England and Wales	Ordinary	100%	100%
Brick Services Limited (2)	England and Wales	Ordinary	100%	100%
The Matching Brick Company Limited (2)	England and Wales	Ordinary	100%	100%
Brick-Link Limited (2)	England and Wales	Ordinary	100%	100%
Plansure Building Products Limited (2)	England and Wales	Ordinary	100%	100%
P V H Holdings Limited (1)	England and Wales	Ordinary	100%	100%
Crest Brick Slate & Tile Limited (3)	England and Wales	Ordinary	100%	100%
Crest Roofing Limited (3)	England and Wales	Ordinary	100%	100%
Crown Roofing (Centres) Limited (5)	England and Wales	Ordinary	100%	100%
Excel Roofing Services Limited (5)	England and Wales	Ordinary	100%	100%
Hamilton Heating Group Limited (1)	England and Wales	Ordinary	100%	100%
Towelrads.com Limited (6)	England and Wales	Ordinary	100%	100%
Radiatorsonline.com Ltd (6)	England and Wales	Ordinary	100%	100%
Frazer Simpson Limited (1)	England and Wales	Ordinary	100%	100%
FSN Doors Limited (1)	England and Wales	Ordinary	100%	100%
DSH Flooring Limited (6)	England and Wales	Ordinary	100%	100%
CPG Building Supplies Limited (1)	England and Wales	Ordinary	100%	100%
The Bespoke Brick Company Limited (1)	England and Wales	Ordinary	100%	100%
The Brick Slip Business Limited (1)	England and Wales	Ordinary	100%	100%
Brickmongers (Wessex) Ltd (2)	England and Wales	Ordinary	100%	100%
LBT Brick & Facades Limited (2)	England and Wales	Ordinary	100%	100%
McCann Roofing Products Limited (4)	England and Wales	Ordinary	100%	100%
U Plastics Limited (1)	England and Wales	Ordinary	100%	100%
Bathroom Barn Limited (7)	England and Wales	Ordinary	100%	100%
McCann Logistics Ltd (3)	England and Wales	Ordinary	100%	100%
Forum Tiles Limited (8)	England and Wales	Ordinary	75%	75%
Taylor Maxwell Group (2017) Limited (9)	England and Wales	Ordinary	100%	-
Taylor Maxwell Group Limited (10)	England and Wales	Ordinary	100%	-
Taylor Maxwell Holdings Limited (11)	England and Wales	Ordinary	100%	-
Taylor, Maxwell & Co Limited (12)	England and Wales	Ordinary	100%	-
Taylor Maxwell Timber Limited (13)	England and Wales	Ordinary	100%	-
The Vobster Cast Stone Company Limited (12)	England and Wales	Ordinary	100%	-
SBS Cladding Ltd (13)	England and Wales	Ordinary	100%	-
Pacific Lumber Services (UK) Limited (14)	England and Wales	Ordinary	100%	-
Timber Marketing Corporation Limited (14)	England and Wales	Ordinary	100%	-
Taymax Independent Plywood Limited (14)	England and Wales	Ordinary	100%	-
Michael Douglas & Co Limited (12)	England and Wales	Ordinary	100%	-
Taylor Maxwell Timber Consolidated Limited (12)	England and Wales	Ordinary	100%	-
Proctor & Lavender Brick Distributors Limited (13)	England and Wales	Ordinary	100%	-
Taylor Maxwell Hardwoods Limited (12)	England and Wales	Ordinary	100%	-

20. Subsidiaries (continued)

Subsidiary	Country of operation and incorporation	Class of share held	Proportion of shares held 2022	Proportion of shares held 2021
Taylor Maxwell (International) Limited (14)	England and Wales	Ordinary	100%	-
Taymax Forest Products Limited (14)	England and Wales	Ordinary	100%	-
Added Value Timber Products Limited (14)	England and Wales	Ordinary	100%	-
Leadcraft Limited (1)	England and Wales	Ordinary	100%	-
Rangeley Holdings Limited (1)	England and Wales	Ordinary	100%	-
HBS NE Limited (1)	England and Wales	Ordinary	100%	-
Whiffen Holdings Limited (1)	England and Wales	Ordinary	100%	-
Beacon Roofing Limited (1)	England and Wales	Ordinary	100%	-

(1) Wholly owned by Brickability Enterprises Investments Limited.
(2) Wholly owned by Brickability UK Holdings Limited.
(3) Wholly owned by P V H Holdings Limited.
(4) Wholly owned by Crest Brick Slate & Tile Limited.
(5) Wholly owned by Crest Roofing Limited.
(6) Wholly owned by Hamilton Heating Group Limited.
(7) Wholly owned by Towelrads.com Limited.
(8) 75% owned by Towelrads.com Limited.
(9) Wholly owned by Brickability Group PLC.
(10) Wholly owned by Taylor Maxwell Group (2017) Limited.
(11) Wholly owned by Taylor Maxwell Group Limited.
(12) Wholly owned by Taylor Maxwell Holdings Limited.
(13) Wholly owned by Taylor, Maxwell & Co Limited.
(14) Wholly owned by Taylor Maxwell Timber Limited.

Forum Tiles Limited was incorporated in the prior year, with the Group owning 75% of the issued share capital. The non-controlling interest is not material to the Group and thus no further disclosure is included in respect of the profit or loss allocated to non-controlling interests.

By virtue of section 479A of the Companies Act 2006, the following subsidiaries are exempt from the requirements relating to the audit of individual accounts, with the ultimate parent company, Brickability Group PLC, providing a guarantee for these companies under section 479C:

Subsidiary	Company number
Brickability Enterprises Holding Limited	10332050
Brickability Enterprises Investments Limited	10332505
Brickability UK Holdings Limited	07805178
P V H Holdings Limited	02484708
Hamilton Heating Group Limited	09921801
Plansure Building Products Limited	06016447
CPG Building Supplies Limited	02937329
The Brick Slip Business Limited	09707800
Brickmongers (Wessex) Ltd	06944174
Radiatorsonline.com Ltd	10757797
Frazer Simpson Limited	06838234
FSN Doors Limited	07304174
DSH Flooring Limited	08209834

Subsidiary	Company number
Forum Tiles Limited	13134891
Crown Roofing (Centres) Limited	02828966
Taylor Maxwell Group (2017) Limited	10596770
Taylor Maxwell Group Limited	05726000
Taylor Maxwell Holdings Limited	01913316
The Vobster Cast Stone Company Limited	00843928
SBS Cladding Ltd	07607128
Leadcraft Limited	03839874
Rangeley Holdings Limited	10476725
HBS NE Limited	13451727
Whiffen Holdings Limited	07804032
Beacon Roofing Limited	02830038

The Directors believe that the likelihood of the guarantee being called upon is remote, based on the above subsidiaries either being intermediate parents within the Group, with primarily just Group debt balances, or considered low risk.

21. Business combinations

The Group acquired the entire share capital and 100% of the voting rights in the following companies during the year:

Company acquired	Acquisition date
Taylor Maxwell Group (2017) Limited	30 June 2021
Rangeley Holdings Limited and Leadcraft Limited	31 July 2021
HBS NE Limited	23 November 2021
Whiffen Holdings Limited and Beacon Roofing Limited	31 March 2022

The fair value of the assets acquired and liabilities assumed on acquisition are as follows:

	Taylor Maxwell Group £'000	Rangeley Holdings Group £'000	HBS NE Limited £'000	Whiffen Holdings Group £'000
Property, plant and equipment	3,519	128	16	709
Right of use assets	2,977	133	-	-
Identifiable intangible assets	42,099	1,782	6,312	-
Inventory	9,126	13	109	45
Trade and other receivables	63,940	778	853	2,476
Employee benefit assets	2,855	-	-	-
Cash and cash equivalents	2,586	94	1	741
Trade and other payables	(74,167)	(247)	(928)	(1,206)
Current income tax	(119)	(138)	(10)	(365)
Lease liabilities	(3,122)	(133)	-	-
Provisions	(469)	-	-	(76)
Deferred tax	(11,407)	(442)	(1,508)	(73)
Total identifiable net assets	37,818	1,968	4,845	2,251
Goodwill	11,437	3,529	8,534	5,968
Total consideration	49,255	5,497	13,379	8,219
Satisfied by:				
Cash paid	38,114	3,532	3,276	5,371
Shares issued as consideration	10,000	-	-	-
Deferred cash consideration	1,141	1,243	34	1,676
Contingent consideration (note 34)	-	722	10,069	1,172
Total consideration	49,255	5,497	13,379	8,219

Due to the timing of the acquisitions of Whiffen Holdings Limited and Beacon Roofing Limited, the initial accounting for these business combinations is incomplete. A detailed assessment of the fair value of the contingent consideration and all identifiable net assets, and the value of any uncollectible contractual cash flows, has not yet been completed at the date of these financial statements. The values reported above for the Whiffen Holdings Group are therefore subject to change. The amounts included are based on management's best estimate based on the information available at the time of preparing these financial statements.

The Group acquired each of the above subsidiaries in order to expand its network within the UK and increase the range of products that can be offered to its customers.

Goodwill principally comprises the value of expected synergies arising from the acquisitions and the value of the assembled workforce. None of the goodwill is expected to be deductible for tax purposes

Included in the consolidated financial statements are the following amounts of revenue and profit in respect of the subsidiaries acquired:

	Taylor Maxwell Group £'000	Rangeley Holdings Group £'000	HBS NE Limited £'000	Whiffen Holdings Group £'000
Revenue	235,503	3,340	2,819	-
Net profit	7,401	575	47	-

Had the current year business combinations taken place at the beginning of the financial year, the Group's revenue for the year would have been £617,122,000 (2021: £185,840,000) and Group profit would have been £15,507,000 (2021: £10,006,000).

21. Business combinations (continued)

Acquisition related costs, included in administrative expenses (note 14), amounted to £1,060,000 in respect of the above acquisitions, as follows:

	Taylor Maxwell Group £'000	Rangeley Holdings Group £'000	HBS NE Limited £'000	Whiffen Holdings Group £'000
Acquisition costs	819	96	75	70

Contingent consideration

The Group has entered into contingent consideration arrangements during the purchase of several subsidiaries. Final amounts payable under these agreements are all subject to future performance and the acquired business achieving pre-determined EBITDA targets, over the three years following acquisition, with the exception of HBS NE Limited which is over five years.

The fair value of all contingent consideration is based on a discounting cash flow model, applying a discount rate of between 1.7% and 23.60% to the expected future cash flows.

Summarised below are the fair values of the contingent consideration at both acquisition and reporting date, the potential undiscounted amount payable and the discount rates applied within the discounting cash flow models, for each acquisition where contingent consideration arrangements remain in place.

Company acquired	Discount rate	Fair value at acquisition £'000	Fair value at reporting date 2022 £'000	Fair value at reporting date 2021 £'000	Undiscounted amount payable 2022 £'000	Undiscounted amount payable 2021 £'000
The Bespoke Brick Company Limited	4.9%	-	675	-	686	-
Brickmongers (Wessex) Ltd	4.8%	138	87	-	89	-
CPG Building Supplies Limited	4.0%	(201)	-	-	-	-
U Plastics Limited	3.5%	2,208	2,092	2,270	2,164	2,400
Bathroom Barn Limited	1.7%	231	166	241	170	248
McCann Logistics Ltd	1.7%	889	1,597	931	1,628	958
Taylor Maxwell Group (2017) Limited	4.1%	-	422	-	435	-
SBS Cladding Limited	4.1%	1,845	1,804	-	1,900	-
Leadcraft Limited	10.4%	722	795	-	1,028	-
HBS NE Limited	16.1% - 23.6%	10,069	10,770	-	22,188	-
Beacon Roofing Limited	4.1%	1,172	1,172	-	1,295	-

The total potential undiscounted amount payable in respect of U Plastics Limited ranges from £246,000 to £2,400,000 (2021: £246,000 to £2,400,000). The amount payable for SBS Cladding Limited ranges from £nil to £2,000,000. It is not possible to determine a range of outcomes for the other companies acquired as the arrangements do not contain a maximum payable.

The acquisition of Taylor Maxwell Group (2017) Limited is also subject to further payments depending on future performance, ranging from £nil to £13,000,000, over the three years following acquisition. Based on current interpretation guidance concerning contingent payments to employees under IFRS 3, the earn-out amounts payable are recognised in profit or loss over the earn-out period as remuneration costs. This is due to the inclusion of a 'bad leaver' clause in the share purchase agreement, under which the earn-out consideration payment is forfeited. The earn-out consideration is therefore deemed to effectively be contingent on the continued employment of the seller and the seller not being considered a 'bad leaver'. The anticipated total amount payable, however, is not expected to change due to other clauses and payment terms within the share purchase agreement. As outlined in note 14, a charge of £4,333,000 has been recognised in the year in respect of this earn-out consideration, presented within other administrative expenses.

A sensitivity in respect of the inputs into the discounted cash flow model, determining the contingent consideration, is outlined in note 34.

22. Associates

At the reporting date, the Group had the following associated undertaking, which is included in the consolidated financial statements using the equity method:

Associate	Country of operation and incorporation	Class of share held	Proportion of shares held
Apex Brickcutters Limited	England and Wales	Ordinary	50%

Interest in associates	2022 £'000	2021 £'000
At 1 April	**221**	352
Dividends received from associates	**(15)**	-
Share of profit or (loss)	**55**	(6)
Disposals	**-**	(125)
At 31 March	**261**	221

Aggregate information of associates that are not individually material	2022 £'000	2021 £'000
Group's share of profit or (loss) from continuing operations	**55**	(6)
Group's share of other comprehensive income	**-**	-
Group's share of total comprehensive income	**55**	(6)

During the prior year, the Group reduced its share in Financewell Limited to a level where the Group is no longer considered to have significant influence. The investment in associate was therefore disposed of and the investment is now classified as an investment in a financial asset (see note 24).

Investments in associates are not attributed to the Group's reportable segments. No impairment loss has been recognised in either the current or prior year.

23. Joint Ventures

At the reporting date, the Group had the following associated undertaking, which is included in the consolidated financial statements using the equity method:

Associate	Country of operation and incorporation	Class of share held	Proportion of shares held
Schermbecker Building Products GmbH	Germany	Ordinary	50%

During the year, the Group acquired 50% of the share capital in Schermbecker Building Products GmbH, a tile manufacturer in Germany. The joint venture company was not fully trading at the reporting date and has incurred only a nominal level of set up costs thus far. It is not currently considered material to the group.

Interest in joint ventures	2022 £'000	2021 £'000
At 1 April	**-**	-
Additions	**428**	-
Share of loss	**(149)**	-
At 31 March	**279**	-

Aggregate information of joint ventures are not individually material	2022 £'000	2021 £'000
Group's share of loss from continuing operations	**(149)**	-
Group's share of other comprehensive income	**-**	-
Group's share of total comprehensive income	**(149)**	-

24. Investments

Investments in equity instruments at fair value through other comprehensive income	2022 £'000	2021 £'000
Non-current		
At 1 April	**125**	-
Additions	**-**	125
Change in fair value recognised in OCI	**53**	-
At 31 March	**178**	125

During the prior year, a group re-organisation took place which resulted in the Group's 25% share in Financewell Limited being exchanged for a 12.5% share of Lendwell Holdings Limited, a new parent company of Financewell Limited.

The Group's investment was therefore re-classified as an investment, measured at fair value through other comprehensive income.

The equity investments are not held for trading and thus the Group made an irrevocable election to classify the equity instruments at fair value through other comprehensive income as it is considered more appropriate for this nature of investment.

The fair value is based on the Group's share of the net assets of the entity in which it has the investment, under a cost approach. The investment is in an unquoted entity but the fair value of the assets and liabilities are not expected to be significantly different to the carrying value. As the net asset value is observable, it is considered to be at level 2 of the fair value hierarchy.

25. Inventories

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Goods for resale	**28,120**	12,127	**-**	-

26. Trade and other receivables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 (Restated) £'000
Current				
Trade receivables	**123,263**	38,553	**-**	-
Less allowance for expected credit loss	**(854)**	(358)	**-**	-
	122,409	38,195	**-**	-
Amounts owed by group undertakings	**-**	-	**3,066**	2,874
Prepayments and accrued income	**6,242**	2,651	**-**	-
Directors' loan accounts	**-**	978	**-**	-
Other receivables	**2,551**	1,008	**105**	-
	131,202	42,832	**3,171**	2,874
Non-current				
Trade receivables	**1,023**	460	**-**	-
Amounts owed by group undertakings			**116,883**	72,608
Other receivables	**-**	-	**-**	9,343
	1,023	460	**116,883**	81,951
	132,225	43,292	**120,054**	84,825

Non-current trade receivables for the Group relate to retentions payable after one year, in connection with contracting services.

Trade receivables are non-interest bearing. The allowance for credit losses has been determined by reference to past default experience and a review of specific customers' debts at the year end. The Group considers a financial asset to be in default when contractual payments are 90 days past due. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. Trade receivables are written off when there is no reasonable expectation of recovering the amounts due, for example when a customer has entered liquidation.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments that have similar credit risk and loss patterns, for example by customer type, size or credit rating.

The provision matrix is initially based on the Group's historical observed default rates over the previous 2 years. The Group will then adjust the historical loss rate to take into account forward looking information, for example when forecast economic conditions, such as gross domestic product or unemployment rates, are expected to deteriorate. At each reporting date, the historical default rates are updated and forward looking estimates re-assessed.

The Group's ECL rate has fallen following a strong recovery after the COVID-19 pandemic. The forward looking estimates applied have considered the ongoing impact of economic challenges and the potential future risk of loss.

The Group maintains credit insurance for its main customers within the Bricks and Building Materials segment, which will mitigate some of this risk. Details of the Group's credit exposure is included in note 34.

Set out below is the risk profile of trade receivables and contract assets based on the Group's provision matrix. Any reasonable change in rates applied would not result in a material adjustment to the expected credit loss recognised.

	Trade Receivables Days past due					
31-Mar-22	**Current £'000**	**< 30 days £'000**	**30-60 days £'000**	**61-90 days £'000**	**>91 days £'000**	**Total £'000**
Expected credit loss rate	**0.07%**	**0.10%**	**0.92%**	**8.26%**	**15.69%**	
Gross carrying amount	**73,169**	**39,465**	**6,077**	**2,204**	**3,371**	**124,286**
Expected credit loss	**49**	**38**	**56**	**182**	**529**	**854**

	Trade Receivables Days past due					
31-Mar-21	**Current £'000**	**< 30 days £'000**	**30-60 days £'000**	**61-90 days £'000**	**>91 days £'000**	**Total £'000**
Expected credit loss rate	0.16%	0.27%	1.43%	9.20%	16.18%	
Gross carrying amount	24,823	10,370	1,888	718	1,214	39,013
Expected credit loss	40	28	27	66	197	358

Movement in the allowance for expected credit losses	**2022 £'000**	2021 £'000
Balance at the beginning of the year	**358**	592
Increase in loss allowance arising from acquisitions	**402**	-
Impairment losses recognised	**450**	341
Amounts written off as uncollectible	**(356)**	(575)
	854	358

Company

In the prior year, other receivables for the Company related to loan notes receivable. The balance was due on the 10th anniversary of the loan note instrument and was receivable from 6 March 2028. However, these were settled during the year. Interest, accrued at 9.5% per annum up until IPO, was receivable when the loan notes were repaid.

Restatement of Company balances

An adjustment has been made to the presentation of non-current and current trade and other receivables in the prior year. All receivables due from group undertakings were classified as current as they were repayable on demand. While the balances remain repayable on demand, the expectation is that they would be realised more than 12 months from the reporting date. Consequently, a proportion of the balance should have been classified as non-current, in accordance with IAS 1.66. This proportion has therefore been restated and presented as non-current in the comparative figures.

The impact of the restatement has been to increase non-current trade and other receivables by £72,608,000, with a corresponding decrease in current trade and other receivables. There has been no impact on the reported profit or total equity for the Company.

27. Cash and cash equivalents

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Cash and cash equivalents	**25,028**	8,592	**372**	22

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

28. Trade and other payables

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Current				
Trade payables	**92,839**	27,481	**6**	-
Amounts owed to group undertakings	**-**	-	**10,926**	9,925
Accruals and deferred income	**24,378**	5,869	**1,122**	159
Other taxation and social security	**9,810**	3,388	**-**	-
Deferred and contingent consideration	**6,544**	1,372	**1,563**	-
Other payables	**6,475**	659	**4,333**	-
	140,046	38,769	**17,950**	10,084
Non-current				
Accruals and deferred income	**342**	-	**108**	-
Deferred and contingent consideration	**17,375**	3,153	**-**	-
	17,717	3,153	**108**	-
	157,763	41,922	**18,058**	10,084

Trade payables are non-interest bearing and principally comprise amounts outstanding for trade purchases and ongoing costs. The Group's policy is to pay all payables within its pre-agreed credit terms, which, for the majority of suppliers, is a period of 30 days. The Directors consider that the carrying amount of trade payables approximates to their fair value.

29. Loans and borrowings

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Non-current				
Bank loans	**24,240**	15,750	**24,240**	15,750

The Directors consider that the carrying amount of loans and borrowings approximates to their fair value.

The Group has a revolving credit facility of £60,000,000, including an ancillary carve out of a £5,000,000 overdraft. The facility runs for three years to June 2024, with the option of two one-year extensions. The revolving facility bears interest at a variable rate based on the SONIA. At the reporting date, interest was charged at a rate of 1.9% above the adjusted SONIA interest rate benchmark.

The bank loans are secured by a fixed charge over the Group's properties and floating charges over the remaining assets of the Group, including all property, investments and assets of the Company's subsidiary undertakings. A guarantee has also been provided by certain trading subsidiaries.

30. Leases

Group as lessee

Right of use assets

	Land and buildings £'000	Plant and vehicles £'000	Equipment £'000	Total £'000
Cost				
At 1 April 2020	6,371	996	143	7,510
Additions	534	125	34	693
Acquisition through business combinations	287	1,765	4	2,056
Transferred to property, plant and equipment	-	(127)	-	(127)
Disposals	-	(122)	-	(122)
At 31 March 2021	7,192	2,637	181	10,010
Additions	387	2,939	6	3,332
Acquisition through business combinations	3,031	79	-	3,110
Disposals	(94)	(83)	-	(177)
At 31 March 2022	**10,516**	**5,572**	**187**	**16,275**
Depreciation				
At 1 April 2020	829	262	44	1,135
Charge for the year	631	452	28	1,111
Transferred to property, plant and equipment	-	(60)	-	(60)
Depreciation on disposals	-	(121)	-	(121)
At 31 March 2021	1,460	533	72	2,065
Charge for the year	1,024	1,080	32	2,136
Depreciation on disposals	(5)	(83)	-	(88)
At 31 March 2022	**2,479**	**1,530**	**104**	**4,113**
Carrying value				
At 31 March 2022	**8,037**	**4,042**	**83**	**12,162**
At 31 March 2021	5,732	2,104	109	7,945

Lease liabilities

	Land and buildings £'000	Plant and vehicles £'000	Equipment £'000	Total £'000
At 1 April 2020	5,850	628	100	6,578
Additions	543	125	34	702
Acquisition through business combinations	287	1,765	4	2,056
Interest expense	296	52	6	354
Lease payments	(871)	(494)	(33)	(1,398)
Foreign exchange losses	-	1	-	1
At 31 March 2021	6,105	2,077	111	8,293
Additions	387	2,939	6	3,332
Acquisition through business combinations	3,175	80	-	3,255
Interest expense	375	151	6	532
Lease payments	(1,395)	(1,204)	(36)	(2,635)
Foreign exchange losses	-	(50)	-	(50)
Disposals	(94)	-	-	(94)
At 31 March 2022	**8,553**	**3,993**	**87**	**12,633**

30. Leases (continued)

Maturity analysis

	2022 £'000	2021 £'000
Due within 1 year	**2,216**	1,497
Due between 1 and 5 years	**5,512**	2,688
Due after 5 years	**4,905**	4,108
	12,633	8,293

The undiscounted maturity analysis in respect of lease payments is disclosed in note 34.

Included within administration expenses within the Consolidated Statement of Profit or Loss is an amount of £167,000 (2021: £117,000) in respect of short-term leases and an amount of £8,000 (2021: £6,000) in respect of low value asset leases.

During the prior year, the Group received COVID-19 related rent concessions of £15,000, which is recognised as a credit within administrative expenses within the profit or loss.

The lease liabilities are secured over the assets to which they relate. The Group is not permitted to pledge these assets as security for any other borrowings or to sell them to another entity.

The Company does not have any right of use assets or lease liabilities.

Group as lessor

The Group does not have significant leasing activities acting as a lessor. Operating leases, in which the Group is the lessor relate to the sub-let of part of its freehold and leasehold property.

Rental income on operating leases recognised in the Statement of Profit or Loss is as follows:

	2022 £'000	2021 £'000
Rental income	**127**	46

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

Maturity analysis

	2022 £'000	2021 £'000
Due within 1 year	**109**	119
Due between 1 and 5 years	**252**	351
	361	470

The Company does not have any operating lease arrangements.

31. Provisions

Group

	Defect provisions £'000	Dilapidation provisions £'000	Total £'000
At 1 April 2020	1,389	-	1,389
Additions	209	-	209
Utilised in the year	(62)	-	(62)
Unused amounts reversed	(289)	-	(289)
At 31 March 2021	1,247	-	1,247
Additions	75	-	75
Acquired through business combinations	76	469	545
Utilised in the year	(20)	-	(20)
Unused amounts reversed	(119)	-	(119)
At 31 March 2022	**1,259**	**469**	**1,728**

The Company does not have any provisions.

Defect provisions

A 10 year warranty is offered in connection with roofing services. These warranties are offered in the normal course of business and are in line with industry standards. Provision is therefore recognised for expected defect claims on goods and services sold during the last 10 years. The provision is based on the estimated cost to rectify potential claims as a proportion of sales, applied to sales in the previous 10 years. The rectification cost is based on management's best estimate of the Group's liability under the warranties granted, based on past experience. The main uncertainty relates to estimating the value and number of claims expected to be made.

Management consider their estimate on a case by case basis, following a specific review of jobs carried out during the year. This is considered to be the most appropriate method for determining the provision due to the individual nature of the materials used in construction, the size and geography of the site and other external factors. The cost and number of historical claims forms the basis of the estimated costs that could potentially arise from future claims over the 10 year warranty period. The cost of any warranty claim is charged against the associated provision as those costs become payable. Due to the long-term nature of the liabilities and uncertainty surrounding the potential timing of the claims, the provision is inherently subjective. The potential impact of discounting is considered immaterial.

Dilapidation provisions

Provision is recognised for expected repairs on the Group's operating premises. Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The cost is recognised as part of the right of use asset and is depreciated over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease

32. Deferred tax

Group

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period:

	Accelerated tax depreciation £'000	Other temporary differences £'000	Total £'000
At 1 April 2020	(209)	(5,217)	(5,426)
Credited to profit or loss	65	560	625
Acquired through business combinations	(1)	(401)	(402)
At 31 March 2021	(145)	(5,058)	(5,203)
(Charged)/ credited to profit or loss	(195)	536	341
Credited to other comprehensive income	-	374	374
Credited directly to equity	-	491	491
Acquired through business combinations	(214)	(13,216)	(13,430)
At 31 March 2022	**(554)**	**(16,873)**	**(17,427)**

32. Deferred tax (continued)

The credit to the consolidated profit or loss account in the year, of £341,000, includes a charge of £1,211,000 following the announcement that the main rate of corporation tax in the United Kingdom would increase from 19% to 25%, with effect from April 2023. As the rate change was substantively enacted at the reporting date, deferred tax assets and liabilities, previously recognised at 19%, have been remeasured at 25%.

Company

	Other temporary differences £'000	Total £'000
At 1 April 2020 and 31 March 2021	-	-
Credited to profit or loss	101	101
Credited directly to equity	85	85
At 31 March 2022	**186**	**186**

Deferred tax assets and liabilities are presented in the Consolidated Balance Sheet and Company Balance Sheet as follows:

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Deferred tax assets	**-**	98	**186**	-
Deferred tax liabilities	**(17,427)**	(5,301)	**-**	-
	(17,427)	(5,203)	**186**	-

At the reporting date, the Group had no unused tax losses (2021: £nil), available for offset against future profits, where deferred tax assets have not been provided.

33. Pensions

Defined contribution plans

The total expense recognised in profit or loss in relation to contributions payable under defined contribution pension plans is £1,020,000 (2021: £586,000).

At the reporting date, contributions of £104,000 (2021: £75,000) due in respect of the reporting period had not yet been paid over to the pension provider.

Defined benefit plans

On 30 June 2021, the Group acquired Taylor Maxwell Group (2017) Limited, which operated a defined benefit pension scheme. The Group therefore also acquired the Taylor Maxwell Group Limited Pension and Assurance Scheme which is funded by the payment of contributions to a separately administered trust fund. The defined benefit pension scheme is closed to future accrual. Pension benefits are related to the members' final salary at retirement (or earlier date of leaving or death) and their length of service.

The scheme is a registered scheme under UK legislation and is subject to scheme funding requirements. It was established under trust and is governed by the scheme's Third Definitive Trust Deed and Rules, dated 20 September 2016. The trustees are responsible for the operation and governance of the scheme, including making decisions regarding the scheme's funding and investment strategy, in conjunction with the Group.

During the year, the Group made contributions of £nil (2021 - £nil) to the scheme. Contributions in the next year are also expected to be £nil. The most recent actuarial valuation was conducted as at 31 March 2018.

The Group commenced a buy-out process to transfer the risk associated with the scheme to an insurer. As part of this process, a buy-in contract was incepted on 7 July 2021 to meet the future benefits payable and reduce the risk of additional funding being required from the Group. The full process is expected to reach the buy-out stage by September 2022.

A full actuarial valuation has been carried out at 31 March 2022, based on scheme membership data as at 28 February 2021, by a qualified independent actuary. Scheme assets are stated at their current bid price at 31 March 2022.

The principal assumptions used for the purposes of the actuarial valuations, on acquisition and at the reporting date, were as follows:

	31 March 2022	30 June 2021
Discount rate	**2.60%**	1.70%
Inflation rate (CPI)	**3.60%**	2.90%
Pension increases (Post 1988 GMP)	**2.80%**	2.50%
Pension increases (Post 1997 pension)	**3.60%**	2.90%
Longevity at retirement age for current pensioners		
Male	**22.0 years**	21.9 years
Female	**24.3 years**	24.3 years
Longevity at retirement age for future pensioners		
Male	**23.4 years**	23.3 years
Female	**25.8 years**	25.7 years

Amounts recognised in profit or loss in respect of the defined benefit plan are as follows:

	2022 £'000	2021 £'000
Service cost	**140**	-
Net interest expense	**(36)**	-
Included in profit or loss	**104**	-

The service cost has been included in profit or loss within administrative expenses and the net interest expense within other interest receivable (note 11). The re-measurement of the net defined benefit asset is included in other comprehensive income.

Amounts recognised in other comprehensive income, in respect of the defined benefit plan, are as follows:

	2022 £'000	2021 £'000
Re-measurement (gain)/ loss arising from:		
Financial assumptions	**(637)**	-
Experience assumptions	**62**	-
Return on assets, excluding interest income	**2,545**	-
Included in other comprehensive income	**1,970**	-

Reconciliation of defined benefit obligation and fair value of scheme assets

	Defined benefit obligation £'000	Fair value of scheme assets £'000	Net defined scheme asset £'000
At 1 April 2020 and 31 March 2021	-	-	-
Acquired through business combinations	(10,210)	13,065	2,855
Interest cost	(127)	163	36
Net re-measurement gains/(losses) – financial	637	-	637
Net re-measurement gains/(losses) – experience	(62)	-	(62)
Return on assets, excluding interest income	-	(2,545)	(2,545)
Benefits paid	417	(417)	-
Scheme administrative cost	-	(140)	(140)
At 31 March 2022	**(9,345)**	**10,126**	**781**

33. Pensions (continued)

Defined benefit plans (continued)

The weighted average duration of the scheme is 11.3 years.

Disaggregation of defined benefit scheme assets

The fair value of the scheme assets is analysed as follows:

	31 March 2022 £'000	30 June 2021 £'000
Liability driven investments	-	11,522
Cash fund and net current assets	980	1,543
Insured annuities	9,146	-
Fair value of scheme assets	**10,126**	13,065

The scheme assets do not include any of the Group's own financial instruments or any property occupied by the Group.

Risks

The scheme exposes the Group to actuarial risk, such as market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk.

The key risks are considered to be life expectancy and inflation risk. The scheme's obligation is to provide a pension for the life of the member, As the life expectancy increases, the value of the scheme's liabilities would also increase. The benefit obligations are also linked to inflation. Higher inflation would therefore result in an increase in the scheme's liabilities.

However, following the purchase of a buy-in insurance policy, many of the risks associated with future pension obligations are transferred to the insurer under the policy. The scheme does not expose the Group to any unusual scheme specific or group specific risks.

The value of the insured annuity policy is expected to equal the value of the liabilities, excluding any additional liability that may arise from amending benefits for the impact of the recent Lloyds Banking Group high court ruling on GMP equalisation. The insured annuity policy therefore provides a high level of protection against interest, inflation and mortality risks associated with the benefits. The cash holding is expected to be sufficient to meet any additional GMP equalisation liabilities and future expenses of running the scheme.

Sensitivity

A sensitivity analysis has been determined based on reasonably possible changes the discount rate and, rate of inflation (CPI) and life expectancy, , with all other variables held constant. Increases in pension payments are derived from the assumed inflation rate.

If the discount rate were to decrease by 0.25%, the defined benefit scheme obligation would increase by £266,000. If the rate of inflation (CPI) were to increase by 0.25%, the defined benefit scheme obligation would increase by £111,000. If the life expectancy were to increase by 1 year, the defined benefit scheme obligation would increase by £437,000.

34. Financial instruments

The Group has the following financial assets and liabilities:

Financial assets	2022 £'000	2021 £'000
Financial assets measured at amortised cost		
Cash and cash equivalents	25,028	8,592
Trade and other receivables	125,983	40,642
Total financial assets	**151,011**	49,234

Financial liabilities	2022 £'000	2021 £'000
Financial liabilities measured at amortised cost		
Trade and other payables	**128,372**	35,092
Loans and borrowings	**24,240**	15,750
Lease liabilities	**12,633**	8,293
	165,245	59,135
Financial liabilities measured at fair value through profit or loss		
Contingent consideration	**19,581**	3,442
	19,581	3,442
Total financial liabilities	**184,826**	62,577

Fair values

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, loans and borrowings, deferred consideration and lease liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value.

For details of the fair value of loans and borrowings, refer to note 29.

The significant unobservable inputs used in the fair value measurements categorised within level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis at 31 March 2022 and 31 March 2021 are shown below:

Financial instrument	Valuation technique	Significant Unobservable inputs	Range/ estimate	Sensitivity of the input to fair value
Contingent Consideration in a business combination (note 21)	Present value of future cash flows	Assumed probability-adjusted EBITDA of acquired entities.	**2022:** £485,000 – £55,468,000 **2021:** £1,142,000 – £3,852,000	The higher the adjusted EBITDA, the higher the fair value. If forecast EBITDA was 10% higher, while all other variables remained constant, the fair value of the overall contingent consideration liability would increase by £1,982,000. A 10% decrease in EBITDA would result in a decrease in the liability of £2,282,000. (2021: increase of £140,000 and decrease of £424,000)
		Discount rate	**2022:** 1.7% - 23.6% **2021:** 1.7% - 4.9%	The higher the discount rate, the lower the fair value. If the discount rate applied was 2% higher, while all other variables remained constant, the fair value of the overall contingent consideration liability would decrease by £794,000. A 2% decrease in the rate would result in an increase in the liability of £730,000. (2021: decrease of £110,000 and increase of £108,000)

34. Financial instruments (continued)

Reconciliation of level 3 fair value measurements of financial instruments

	Contingent consideration £'000
At 1 April 2020	(2,357)
Additions through business combinations	(1,120)
Finance expense charged to profit or loss	(89)
Settlement	(236)
Fair value gains recognised in profit or loss	360
At 31 March 2021	(3,442)
Additions through business combinations	(13,808)
Finance expense charged to profit or loss	(900)
Settlement	485
Fair value losses recognised in profit or loss	(1,916)
At 31 March 2022	**(19,581)**

Additions through business combinations include a balance of £1,845,000 in respect of an existing contingent consideration liability within Taylor Maxwell Group (2017) Limited which was acquired during the year. This is included within the trade and other payable balance, of the net assets acquired, for the Taylor Maxwell Group on acquisition in note 21.

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including cash flow, interest rate and currency risk), investment risk, liquidity risk and credit risk. Risk management is carried out by the Directors. The Group finances its operations through a mixture of debt finance, cash and liquid resources and various items such as trade receivables and payables which arise directly from the Group's operations.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows associated with an instrument will fluctuate due to changes in market interest rates. Interest bearing assets, including cash and cash equivalents, are considered to the short-term liquid assets. It is the Group's policy to settle trade payables within the credit terms allowed and thus the Group does not incur interest on overdue balances. The Group's exposure to interest rate risk is therefore primarily in respect of its long-term floating rate borrowings.

In the prior year, the Group had a mix of fixed and floating rate borrowings and used an interest rate swap to manage interest rate risk volatility and hedge against interest exposure on future firm commitments. The fair values of the assets and liabilities held at fair value through profit or loss at the reporting date are determined using quoted prices. Where quoted prices are not available for derivatives, the fair value of derivatives has been calculated by discounting the expected future cash flows at prevailing interest rates.

The Group also has the facility to offset cash and cash equivalents against its bank borrowings in order to minimise its interest charge.

Interest rate sensitivity analysis

The following table demonstrates the impact on the Group's profit before tax and equity based on the sensitivity of a reasonably possible change in interest rates on the Group's floating rate borrowings, with all other variables held constant. The analysis is prepared assuming the liability outstanding at the reporting date was outstanding for the whole year.

	2022		2021	
	Change in rate	**Effect on profit before tax £'000**	Change in rate	Effect on profit before tax £'000
Sterling	**+1.0%**	**(246)**	+0.25%	(40)
	-1.0%	**246**	-0.25%	40

The change in interest rate is based on the observable market environment.

Foreign currency risk
The Group undertakes transactions denominated in foreign currencies and thus there is the risk of exposure to changes in foreign currency exchange rates. The Group enters into forward foreign exchange contracts in order to manage fluctuations in exchange rates.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Euro	**740**	928	**7,767**	4,370
USD	**100**	-	**3**	3
Total	**840**	928	**7,770**	4,373

Foreign currency sensitivity analysis
The Group is mainly exposed to the Euro currency.

The following table demonstrates the Group's sensitivity to a reasonably possible change in the Euro and USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities, including non-designated foreign currency derivatives. The impact on equity is due to changes in the fair value of forward contracts and changes as a result of translating outstanding foreign currency denominated monetary items at the revised exchange rates.

	2022		2021	
	Change in rate	**Effect on profit and equity before tax £'000**	Change in rate	Effect on profit and equity before tax £'000
Euro	**10%**	**639**	10%	313
	-10%	**(781)**	-10%	(382)
USD	**10%**	**9**	10%	-
	-10%	**(11)**	-10%	-

The change in exchange rate is based on management's assessment of the reasonably possible change in foreign exchange rates.

Liquidity risk
The Group manages liquidity risk by maintaining sufficient cash balances and reserves and by ensuring it has adequate banking and borrowing facilities available. Management reviews cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

34. Financial instruments (continued)

Liquidity and inherent risk tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities, based on the undiscounted cash flows.

31-Mar-22	< 1 year £'000	1 – 5 years £'000	> 5 years £'000	Total £'000
Non-derivative financial liabilities				
Trade and other payables	**130,380**	**29,623**	**-**	**160,003**
Lease liabilities	**2,787**	**6,981**	**6,225**	**15,993**
Bank loans	**-**	**24,240**	**-**	**24,240**
Total financial liabilities	**133,167**	**60,844**	**6,225**	**200,236**

31-Mar-21	< 1 year £'000	1 – 5 years £'000	> 5 years £'000	Total £'000
Non-derivative financial liabilities				
Trade and other payables	35,384	3,323	-	38,707
Lease liabilities	1,737	3,856	5,532	11,125
Bank loans	-	15,900	-	15,900
Total financial liabilities	37,121	23,079	5,532	65,732

Capital risk management

The capital structure of the Group consists of cash and cash equivalents, debt and equity. Equity comprises share capital, share premium, retained earnings and the merger reserve which is equal to the amount shown as 'Equity' in the Balance Sheet. Debt comprises loans and borrowings and lease liabilities.

The Group's objectives when maintaining capital are to:

- safeguard the Group's ability to remain a going concern so that it can continue to pursue its growth plans;
- provide a reasonable expectation of future returns to shareholders; and
- maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term.

The Group is not subject to any externally imposed capital requirements.

The Board reviews the capital structure annually, considering the cost of capital and the risks associated with each class of capital.

The Group's gearing ratio at the reporting date is as follows:

	2022 £'000	2021 £'000
Debt	**36,873**	24,043
Cash and cash equivalents	**(25,028)**	(8,592)
Net debt	**11,845**	15,451
Equity	**154,484**	85,434
Net debt to equity ratio	**8%**	18%

Debt is defined as short and long-term loans and borrowings and lease liabilities, as detailed in notes 29 and 30. Equity includes all capital and reserves.

Credit risk and impairment

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. In order to minimise the risk, the Group endeavours to only deal with companies which are demonstrably creditworthy. This, together with the aggregate financial exposure, is continuously monitored; Credit approval processes are in place for new customers and regular reviews of credit limits carried out. Credit insurance is also taken out where appropriate. Policies in place primarily cover customers within the Bricks and Building Materials segment.

The maximum exposure to credit risk is the carrying value of the Group's financial assets, including trade and other receivables and cash and cash equivalents. The Group does not consider that there is any concentration of risk within either trade or other receivables. The age of receivables is analysed and evaluated on a regular basis for potential credit losses, considering historic, current and forward-looking information. Details regarding the credit risk exposure on trade receivables is outlined in note 26.

Credit risk on cash and cash equivalents is considered to be very low as the counterparties are all substantial banks with high credit ratings.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

35. Share capital

	Group and Company			
	2022		2021	
	Number	£'000	Number	£'000
Issued and fully paid				
Ordinary shares of £0.01 each	**298,534,802**	**2,985**	230,458,821	2,305
	298,534,802	**2,985**	230,458,821	2,305

On 30 June 2021, the Company placed 57,894,737 new ordinary shares of £0.01 each, at an issue price of £0.95 per share with new and existing institutional investors, raising £55,000,000 before the deduction of fees.

9,900,990 shares were also issued on 30 June 2021, as consideration equal to £10,000,000, for the acquisition of Taylor Maxwell Group (2017) Limited.

On 22 October 2021,a further 280,254 ordinary shares of £0.01 each were issued upon the exercising of share options, for consideration of £15,000.

Any profits distributed shall be applied pari passu amongst the holders of the ordinary shares. In the event of a liquidation, the surplus assets shall be applied pari passu amongst the holders of the ordinary shares.

The Company has share option schemes under which options have been granted to certain employees to acquire ordinary shares. Further details are included in note 37.

36. Reserves

The share capital reserve represents the nominal value received for shares issued.

The share premium reserve represents the amount received, for shares issued, in excess of the nominal value, less transaction costs.

The capital redemption reserve represents the par value of shares purchased back by the Company and subsequently cancelled.

The share-based payment reserve represents the value of equity settled share-based payments provided to employees, including key management personnel, as part of their remuneration. See note 37.

The retained earnings reserve represents the total of all current and prior period retained profits and losses.

The merger reserve in the Consolidated Balance Sheet at 31 March 2021 represents the difference between the carrying value of the assets and liabilities acquired and the value of consideration transferred on a previous group re-organisation. Within the Company Balance Sheet, the merger reserve at 31 March 2021 represents the merger relief arising on a share for share exchange in which the Company previously acquired a subsidiary.

During the year, the Company acquired Taylor Maxwell Group (2017) Limited, for which an element of the consideration was settled in shares. Under section 612 of the Companies Act 2006, merger relief applies when shares are issued, in exchange for obtaining the shareholding of another entity, at a premium. The excess above the par value is allocated to a separate merger reserve. As such, £9,901,000 has been added to the Company and Consolidated Merger Reserve during the year.

37. Share-based payments

Equity settled share option plans

The Company operates a Company Share Option Plan (CSOP) and Long-term Incentive Plan (LTIP) for certain employees, including senior management and Directors.

Company Share Option Plan (CSOP)
Options are exercisable at a price equal to the market value per ordinary share at the grant date. Options have a vesting period of three years and a contractual life of ten years. Options are forfeited if the employee leaves employment before the options vest, unless considered a 'good leaver'.

Details of the CSOP share options outstanding during the year are as follows:

	2022		2021	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at 1 April	**3,115,629**	**0.41**	3,635,422	0.41
Granted during the year	**352,346**	**1.05**	-	-
Forfeited during the year	**(50,145)**	**0.41**	(519,793)	0.41
Exercised during the year	**(31,160)**	**0.41**	-	-
Lapsed during the year	**(4,010)**	**0.41**	-	-
Outstanding at 31 March	**3,382,660**	**0.48**	3,115,629	0.41
Exercisable at 31 March	**90,524**	**0.41**	106,203	0.41

The options outstanding at the reporting date have an exercise price ranging between £0.41 and £1.05. The options have a remaining weighted average contractual life of 7.58 years (2021: 8.33 years).

Options were granted under the CSOP scheme on 21 October 2021. These options have an exercise price of £1.05 and are subject to performance based vesting conditions dependent on total shareholder return (TSR) and adjusted EBITDA, with each award split equally between the two performance conditions. Vesting occurs on a straight-line basis on achieving 18% (equivalent to 6% per annum) to 30% (equivalent to 10% per annum) of the relevant performance period (3 years ending 31 March 2024). There is no vesting is the relevant target is not met but a 25% vesting if the initial 18% hurdle is met, with a proportionate additional vesting of up to 100% at the 30% threshold being met.

The aggregate of the estimated fair value of the options granted, under the CSOP scheme, during the year is £79,000 (2021: £nil). For options granted during the year, the fair value in connection with the TSR awards was determined using a Monte Carlo model. The fair value of the EBITDA awards was determined using a Black-Scholes model. The inputs to these models are as follows:

	2022	2021
Weighted average share price	**£1.05**	-
Weighted average exercise price	**£1.05**	-
Expected volatility	**38.5%**	-
Option life	**10 years**	-
Expected dividend yield	**3.5%**	-
Risk free interest rate	**1.2%**	-

Long Term Investment Plan (LTIP)
Options granted under the LTIP scheme are exercisable at the nominal price of £0.01 and have performance based vesting conditions dependent on total shareholder return (TSR) and adjusted EBITDA, with each award split equally between the two performance conditions. Vesting occurs on a straight-line basis on achieving 18% (equivalent to 6% per annum) to 30% (equivalent to 10% annually) of the relevant performance condition over the performance period (3 years ending 1 October 2023). There is no vesting if the relevant target is not met but a 50% or 25% vesting if the initial 18% hurdle is met with a proportionate additional vesting of up to 100% at the 30% threshold being met.

Options are forfeited if the employee leaves employment before the options vest, unless considered a 'good leaver'.

Details of the share options outstanding during the year are as follows:

	2022		2021	
	Number of share options	**Weighted average exercise price £**	Number of share options	Weighted average exercise price £
Outstanding at 1 April	**4,862,015**	**0.01**	-	-
Granted during the year	**2,599,248**	**0.01**	5,621,074	0.01
Forfeited during the year	**(367,114)**	**0.01**	(498,189)	0.01
Exercised during the year	**(249,095)**	**0.01**	-	-
Lapsed during the year	**-**	**-**	(260,870)	0.01
Outstanding at 31 March	**6,845,054**	**0.01**	4,862,015	0.01
Exercisable at 31 March	**-**	**-**	-	-

The options outstanding at the reporting date have an exercise price of £0.01 and a remaining weighted average contractual life of 8.87 years (2021: 9.63 years).

Options were granted under the LTIP scheme on 4 June 2021 and 21 October 2021. In addition to the performance criteria outlined above, these options are also subject to a two year holding period. The aggregate of the estimated fair value of the options granted during the year is £1,705,000 (2021: £2,315,000). For options granted during the year, the fair value in connection with the TSR awards was determined using a Monte Carlo model. The fair value of the EBITDA awards was determined using a Black-Scholes model. The weighted average inputs to these models are as follows:

	2022	2021
Weighted average share price	**£1.04**	£0.53
Weighted average exercise price	**£0.01**	£0.01
Expected volatility	**39.1%**	25%
Option life	**10 years**	10 years
Expected dividend yield	**3.5%**	3.50%
Risk free interest rate	**1.1%**	0.39%
Adjustment for holding period	**10.0%**	-

38. Notes to the statement of cash flows

Changes in liabilities arising from financing activities

The table below outlines the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	1 April 2021 £'000	Financing cash flows [1] £'000	Non-cash changes New leases £'000	Non-cash changes Acquisition of subsidiaries £'000	Non-cash changes Changes in fair value £'000	Non-cash changes Other changes [2] £'000	31 March 2022 £'000
Bank borrowings (note 29)	15,750	8,325	-	-	-	165	24,240
Lease liabilities (note 30)	8,293	(2,103)	3,332	3,255	-	(144)	12,633
Deferred and contingent consideration	4,524	(1,358)	-	17,902	1,916	935	23,919
Total liabilities from financing activities	28,567	4,864	3,332	21,157	1,916	956	60,792

(1) The cash flows make up the net amount of proceeds and repayments of loans and borrowings in the cash flow statement.
(2) Other changes include interest and fee accruals foreign currency movements and right of use lease re-measurements.

	1 April 2020 £'000	Financing cash flows [1] £'000	Non-cash changes New leases £'000	Non-cash changes Acquisition of subsidiaries £'000	Non-cash changes Changes in fair value £'000	Non-cash changes Other changes [2] £'000	31 March 2021 £'000
Bank borrowings (note 29)	24,912	(9,190)	-	-	-	28	15,750
Lease liabilities (note 30)	6,578	(1,398)	2,471	287	-	355	8,293
Deferred and contingent consideration	10,422	(7,883)	-	2,217	(360)	128	4,524
Total liabilities from financing activities	41,912	(18,471)	2,471	2,504	(360)	511	28,567

(1) The cash flows make up the net amount of proceeds and repayments of loans and borrowings in the cash flow statement.
(2) Other changes include interest and fee accruals and payments.

Non cash changes in equity arising from financing activities

During the year, the Company issued new shares for consideration of £55,000,000. Share issue costs of £2,287,000 were incurred in connection with the placing of these new shares, with the fees deducted from the proceeds received by the Company.

The proceeds of £52,728,000 from the issue of ordinary shares, presented in the Consolidated Statement of Cash Flows is net of the share issue costs. The full share proceeds and share issue costs are reported separately in the Consolidated and Company Statement of Changes in Equity.

39. Related party transactions

Group

Transactions and balances between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Directors

Included within receivables are the following balances due from a Director and former Director:

	2022 £'000	2021 £'000
Directors' loan accounts	-	978

In respect of Directors who had an overdrawn loan account during the year, the following transactions took place between the Directors and the Group:

	£'000
Opening balance	978
Amounts repaid	(978)
Closing balance	-

The amounts previously advanced were for the purpose of paying up the subscription price for ordinary D shares of £0.01 each, during the financial year ended 31 March 2020. The loans were unsecured, interest free and were repayable on the sale of any of the shares held in the Company by the Director and former Director. The balance has been repaid in full during the year.

Key management personnel

	2022 £'000	2021 £'000
Key management personnel compensation		
Short-term employee benefits	6,355	3,219
Post-employment benefits	56	75
Share-based payment expense	417	96
Termination benefits	409	-
	7,237	3,390

Key management personnel consists of members on the Board of Directors and Group's Management Board.

A finance expense of £nil (2021: £16,000) was recognised in respect of the unwinding of the discount applied to deferred consideration due to key management.

During the year, the Group made sales amounting to £12,000 (2021: £13,000) to members of key management. A balance of nil (2021: £7,000) was included within trade receivables at the reporting date, in respect of these sales.

A balance of £24,000 (2021: £nil) is included in other payables in respect of a deposit paid by a member of key management.

Other related parties

Included within trade receivables/ payables are the following amounts due from/ to other related parties, at the reporting date:

	Amounts owed by related parties		Amounts owed to related parties	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Associates	-	-	104	88
Other related parties	-	-	-	24
	-	-	104	112

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39. Related party transactions (continued)

Transactions undertaken between the Group and its related parties during the year were as follows:

	Sales to related parties		Purchases from related parties	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Associates	**-**	1	**512**	474
Other related parties	**-**	1	**219**	199
	-	2	**731**	673

Other related parties comprise of entities owned by Directors or key management. Purchases relate to rent and administrative expenses.

A finance expense of £nil (2021: £21,000) was recognised in respect of the unwinding of the discount applied to deferred consideration due to close relatives of key management.

Company

In accordance with the exemption under FRS 101, transactions and balances with wholly owned Group members and key management personnel are not disclosed.

40. Post balance sheet events

On 29 April 2022, the Group and Company completed the purchase of a property for £980,000. A deposit of £94,000 was paid before the year end and is included within land and building additions, in respect of this property.

On 31 May 2022, the Group completed the acquisition of the entire share capital and 100% of the voting rights in Modular Clay Products Limited, one of the UK's leading suppliers of timber and non-combustible cladding to the construction industry.

The acquisition was made in order to expand the Group's presence in the specification market and further broaden the Group's access to manufacturers in the European market.

The book value of the separable assets acquired and liabilities assumed on acquisition are estimated as follows:

	£'000
Property plant and equipment	16
Inventory	164
Trade and other receivables	2,894
Cash and cash equivalents	4,205
Trade and other payables	(2,615)
Total identifiable net assets	**4,664**

Due to the timing of the acquisition, a detailed assessment of the fair value of the identifiable net assets, and value of any uncollectible contractual cash flows, has not yet been completed at the date of approving these financial statements.

The total consideration expected to be payable is:

	£'000
Cash	**5,375**
Contingent consideration	**1,425**
Total consideration	**6,800**

The above consideration is subject to post completion adjustments.

The contingent consideration is subject to future performance of the acquired business, measured against agreed adjusted EBITDA targets, over the three years following acquisition. Due to the timing of the acquisition, the above value represents the undiscounted estimate of contingent consideration payable.

It is expected that goodwill will arise on the acquisition and this will primarily comprise the value of expected synergies arising from the acquisition and value of the assembled workforce. This goodwill is not expected to be deductible for tax purposes.

Acquisition costs of £100,000, in relation to stamp duty and legal and professional fees, are estimated to be incurred in connection with this acquisition and will be recognised in profit or loss. Due to the timing of the acquisition, not all costs have been invoiced or finalised at the time of approving these financial statements.

On 7 July 2022, the Group and Company purchased a property for £2,521,000.

NOTES

Company Information

Board of Directors

Chairman
John Richards

Chief Executive Officer
Alan Simpson

Chief Financial Officer
Mike Gant

Non-executive Directors
Giles Beale
Clive Norman
David Simpson
Susan McErlain

Company Secretary
Prism Cosec Limited

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Registered number: 11123804

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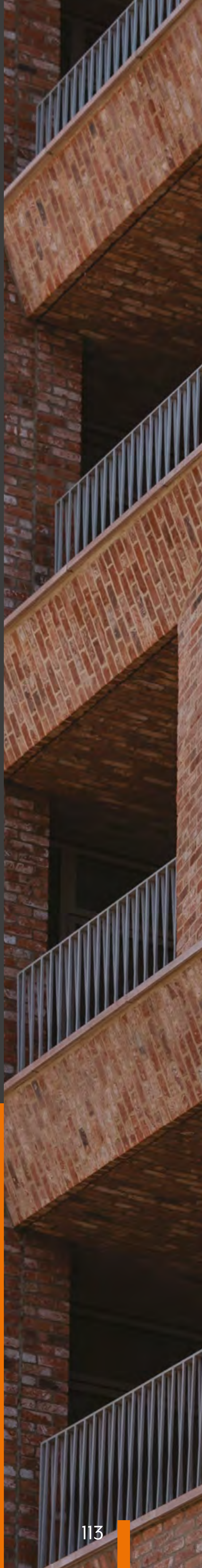

FINANCIAL CALENDAR

Annual General Meeting	6 September 2022
Interim Report	November 2022

Dividends:

Final announced	July 2022
Paid	September 2022
Interim announced	November 2022
Paid	February 2023

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