ACCROL GROUP HOLDINGS PLC
ANNUAL REPORT & ACCOUNTS 2021

GROWTH IN SCALE AND SCOPE

ACCROL GROUP

"This is the third straight year of strong improvements across many aspects of the business. Gross margins have improved again, and the business is even better placed to take advantage of the planned growth of the discounters. Whilst there may yet be some further short-term fluctuations in demand, as the effects of the pandemic unwind, I am more excited for the future of this business than ever. The growth opportunities for the Group over the next two years remain very strong."

DAN WRIGHT
Executive Chairman

"The opportunities for a relentlessly efficient business, which delivers great-value products, are growing, as the world recalibrates in the aftershock of COVID-19 and consumers continue to move away from brands which offer little value. The discounters are recovering and Accrol is well positioned to take full advantage of this. Given this combination I am confident about the long-term prospects of the Group."

GARETH JENKINS
Chief Executive Officer

IN THIS REPORT

STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

HIGHLIGHTS AND OVERVIEW

WHAT WE DO

Accrol is the UK's leading independent tissue converter, producing toilet tissue, kitchen towel, facial tissue and biodegradable wet wipes.

KEY FINANCIAL HIGHLIGHTS

CEO's review pages 16 to 18

CFO's review pages 26 to 29

KPIs pages 24 and 25

£136.6M

TOTAL REVENUE

2021	£136.6m
2020	£134.8m

£15.6M

ADJUSTED EBITDA**

2021	£15.6m
2020	£10.6m

£14.6M

ADJUSTED NET DEBT***

2021	£14.6m
2020	£17.9m

15.9%

MARKET SHARE*

2021	15.9%
2020	13.1%

27.7%

GROSS PROFIT MARGIN

2021	27.7%
2020	21.9%

0.5p

DIVIDEND PAYMENT RESTORED

2021	0.5p
2020	Nil

* Kantar retail sales data (May 2020 – April 2021).

** Adjusted EBITDA is a non-GAAP metric used by management defined as loss before finance costs, tax, depreciation, amortisation, separately disclosed items and share based payments.

*** Adjusted net debt excludes operating type leases recognised on balance sheet in accordance with IFRS 16.

LTC page 10

John Dale page 11

OPERATIONAL HIGHLIGHTS

- Increasingly strong market position – market share up 2.8% to 15.9%
- Headcount reduced further and output per head increased for the third consecutive year
- Blackburn and LTC sites fully automated with no operational impact
- New fully integrated IT system installed throughout the business without interruption
- 11% reduction in CO_2 emissions per tonne of production (FY20: 25% reduction) with almost all energy requirements now sourced from renewables

ACQUISITIONS

- Leicester Tissue Company ("LTC") acquired with cash raised via a placing and open offer, bringing scale to the tissue operations – now fully integrated delivering an estimated £3m of annualised synergies compared to the £1m anticipated at the time of the acquisition
- John Dale Ltd ("JD") acquired with existing cash resources, bringing a new product range, including fully flushable wet wipes, and the footprint and assets to build a business of scale

Our vision
is to build a diversified group of size and scale, which is less exposed to input cost fluctuations and is focused on the broader private label household and personal hygiene market.

Our mission
is to deliver the best possible value to the UK consumer on essential everyday tissue, household and personal hygiene products, shaking up traditional brands by delivering the quality the consumer wants for the price they want to pay.

Our strategy
to achieve this is simple: take market share from established brands by providing consumers with the best value products and our customers with great service, whilst ensuring we are the lowest cost operator.

84%

EMPLOYEE ENGAGEMENT

-26%

TOTAL ACCIDENTS

PERFORMANCE OVER THE LAST THREE YEARS

KPIs pages 24 and 25

Managing our risk pages 30 to 33

+16.8%

TOTAL REVENUES*

FY2021	£136.6m
FY2018	£116.9m

+1020BPS

GROSS PROFIT MARGINS

FY2021	27.7%
FY2018	17.5%

+£21.4M

ADJUSTED EBITDA

FY2021	£15.6m
FY2018	-£5.8m

-£19.2M

NET DEBT

FY2021	£14.6m
FY2018	£33.8m

* Excluding Away from Home.

CURRENT TRADING IN FY22 AND OUTLOOK

PAPER MILL INVESTMENT page 12

INVESTMENT IN AUTOMATION page 13

- Strong progress being made on the recovery of higher input costs, driven by rising global pulp prices, through prompt pricing actions post-year end
- Tissue market showing strong but steady signs of recovery as panic buying unwinds, with increased sales month on month and improvement in year on year sales
- Automation of tissue business to complete in FY22 with the installation of a new machine at Leyland, providing three fully invested, state-of-the-art operations in geographically pertinent locations
- Tissue operation capacity rising to £210m in revenue terms, following final element of automation at Leyland
- Investment in wet wipes planned for FY22 with material growth expected from FY23
- Longer-term growth supported by major discounters' acceleration of planned new store openings
- Significant advancement made on UK paper mill

OUR VALUES

Our people pages 14 and 15

ESG pages 20 and 21

WE CHALLENGE

WE ADD VALUE

WE ARE HONEST

WE DELIVER

CHAIRMAN'S STATEMENT

CONFIDENCE DEMONSTRATED BY A RETURN TO DIVIDEND PAYMENTS

The team at Accrol has delivered another strong set of results, against a backdrop of unprecedented disruptions brought about by the COVID-19 global pandemic, and successfully transformed the business through a major acquisition and a major automation programme.

The foundations for our growth ambitions are now laid and our vision to build a diversified group of size and scale, which is focused on the broader private label personal hygiene and household products markets and less exposed to input cost fluctuations, moves ever closer.

During the year we completed two acquisitions, creating scale and diversity; the Leicester Tissue Company ("LTC") in November 2020 (scale) and the John Dale ("JD") wet wipes business (diversity) in April 2021. In addition, we further improved efficiency with the completion of the automation of our Blackburn facility; and have advanced significantly towards our ambition to develop a UK paper mill, which will help to reduce the Group's exposure to cost fluctuations and increase supply security as the business grows.

The simplification measures executed over the last four years are now bearing fruit with gross margins recovered to historical levels, delivering adjusted EBITDA growth of 47%. Our relentless drive for efficiency, however, is unabated and we will continue to set ourselves challenging improvement targets.

With our market share now 15.9% (FY20: 13.1%) of the total UK tissue market and a strong infrastructure for growth in place, Accrol is increasingly well positioned to benefit in a value-conscious, post COVID-19 world. We will continue to invest in our people, automation and to reduce our impact on the environment to ensure the sustainability of the business throughout its planned growth. With all this in mind, I view the future of the business with increasing confidence.

RESULTS

Total revenues increased by 1.4% to £136.6m (FY20: £134.8m), compared with an overall market decline of 1.2% as buying patterns were disrupted by the pandemic; a combination of stockpiling in early 2020 and the closure of many small businesses that would have purchased toilet rolls from grocery retailers. Gross margin improved significantly, rising to

Daniel Wright Executive Chairman

27.7% (FY20: 21.9%) and despite lower turnover growth in the period, adjusted EBITDA rose by 47.0% to £15.6m (FY20: £10.6m), largely due to continued improvements in efficiency and further automation. Adjusted net debt reduced again, ending the Period at £14.6m (FY20: £17.9m) compared with £27.1m at 30 April 2019, and £33.8m at 30 April 2018.

ACQUISITIONS

The Group made its first major acquisition in November 2020, acquiring LTC for an initial consideration of £35.0m, funded via a placing and open offer which raised £38.5m, and a maximum contingent consideration of £6.8m which is subject to new contractual earnings. LTC is a well invested business, delivering revenue of £28.0m in the year ended 30 September 2020. The acquisition was immediately earnings enhancing and increased Accrol's share of the tissue market significantly. LTC has brought scale to the Group, expanding overall capacity to above £210m in revenue terms and providing a geographical advantage for more efficient logistics.

In April 2021, the Group diversified with the acquisition of JD, a flushable and biodegradable wet wipes business for £3.9m. This strategic move into a high growth product has provided a well invested platform from which the Group intends to build a sizable business. In addition, it brings incremental volume to Accrol's facial tissue business. The business operates from its owned premises in Flint, North Wales, generating annualised revenue of c.£6.0m.

Both LTC and JD are integrating well and further details are given in the CEO statement.

Find out more

Business Model 06
Accrol Five-Year Plan 08
Governance 34

DIVIDEND

I am delighted to report that the Group is restoring its dividend and returning to a progressive dividend policy, which has been made possible by the continuous improvement in operational efficiency and strong cash management. The proposed dividend per share is 0.5 pence (FY20: nil).

The final dividend, which is subject to the approval of the Company's shareholders, will be paid on 30 September 2021 to shareholders on the register on 20 August 2021. The Company's ordinary shares will become ex-dividend on 19 August 2021.

OUR PEOPLE

People are key to us achieving our ambitions, and, during the year, we have continued to strengthen the team below senior management, adding further strength in depth, and increasing skill levels across the Group.

In February 2021, we strengthened the senior team further with the appointment to the Board of Richard Newman as Chief Financial Officer. Richard is a highly accomplished executive with 30 years' experience in senior finance roles at FTSE 100 and FTSE 250 companies, Cadbury PLC, National Express Group PLC and DS Smith PLC.

"The simplification measures executed over the last four years are now bearing fruit with gross margins recovered to historical levels."

The Board considers that Richard's proven leadership skills, knowledge and breadth of experience in M&A, FX Management and FMCG, gained during his career with large PLCs, will significantly strengthen the Group's finance function and be invaluable in the delivery of the Group's significant expansion plans over the coming years.

We value all our people and strive to demonstrate this in actions rather than words. Through our operational efficiency programme, we have seen output per head increase again by 9.4%. By attracting the best operational talent to drive the Group, we have reduced our cost base further (on a like for like basis). At 30 April 2018, the percentage of employees on or above the Real Living Wage, as defined by the Living Wage Foundation, was only 35%. By 30 April 2020, we had increased this to 94%, primarily through automation and rising skills throughout the business. The recent acquisitions have reduced this figure, but we will continue to strive to achieve 100%.

As automation of the business progresses higher skills are required and, to support the building of a highly capable workforce, we have implemented a new grading and training structure that provides a highly visible career path within the Group and ensures we attract and retain more skilled and talented people.

COVID-19

I would like to take this opportunity to thank all our colleagues across the business for their unremitting hard work and commitment. They have performed exceptionally throughout the COVID-19 pandemic and delivered consistently despite the disruptive backdrop.

As an essential supplier to critical supply chains, all sites across the Group have remained fully operational throughout the COVID-19 pandemic, with clear and effective procedures in place. To help ensure that we managed the day-to-day safety of our employees and were sensitive to their needs and concerns, we established a COVID-19 Steering Group putting employees at the centre.

More recently, we have engaged a mental health professional provider to offer support to employees across the Group, enhancing awareness of the importance of self-care and developing mental resilience.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

I am delighted to report that we will launch our first Sustainability Programme in September 2021. Our vision for ESG is to be a carbon neutral business that improves the lives of its people and communities, while working in partnership with suppliers to deliver sustainable products to customers and consumers, and consistent results to our investors. To achieve this, we have created a reporting framework aligned to clear targets, KPIs and guided by a key principle in each segment.

Environmental

Carbon neutrality, plastic free, sustainable products.

Social

Positively impact the lives of our people and communities.

Governance

Delivering long-term success.

The publication of the report, which will be posted on our website, will be announced via RNS.

CURRENT TRADING AND OUTLOOK

We are pleased with the progress of the Group during the year, which is on track to achieving its ambition to build a diversified and efficient Group of size and scale in the broader private label personal hygiene and household products markets. With our market share at 15.9% and the management team's ability to deliver strong returns, Accrol is increasingly well positioned to benefit in a value-conscious world, post-pandemic, and to capitalise on the recovery in tissue volumes and improving discounter sales.

The Board's confidence is demonstrated by the Group's return to dividend payments and the Directors remain very positive about the Group's strategy, markets and prospects, both in FY22 and beyond.

DAN WRIGHT
Executive Chairman

13 July 2021

"The Board's confidence is demonstrated by the Group's return to dividend payments."

£136.6M
TOTAL REVENUE

+47%
ADJUSTED EBITDA OF £15.6M

0.5p
FINAL DIVIDEND

INVESTMENT CASE

Market leader
Accrol is the market leader in the fastest growing segment of UK consumer soft tissue market, private label (also known as own label).

Private label
Private label comprises 50% of the total UK consumer soft tissue market, which is worth £2.1bn (retail sales).

Customer base
Accrol has a broad customer base, focused on all retailers in the UK, with no one customer representing more than 20% of revenue.

The UK
The UK consumer soft tissue market is consolidating, improving the opportunity and returns for the strongest players.

Management
The management has a keen understanding of consumer behaviour, enabling the Group to react quickly and capitalise on changing trends.

Experienced
Accrol has a very experienced and invested management team with a proven track record in transformational change, operational excellence and commercial leadership that delivers the best possible levels of return consistently.

Relentless drive
A relentless drive on operational efficiency and input cost management has created the strongest foundations on which to grow.

Invested and efficient
Accrol is well invested and operationally efficient with significant headroom for growth.

Cash generative
The Group is cash generative.

STRATEGY, BUSINESS MODEL AND THE FIVE-YEAR PLAN

Our vision is to build a diversified group of size and scale, which is less exposed to input cost fluctuations and is focused on the broader private label household and personal hygiene market.

Our strategy to achieve this is simple: take market share from established brands by providing consumers with the best value products and our customers with great service, whilst ensuring we are the lowest cost operator.

The five-year plan

Future perfect
Step change, innovation and relentless improvement

World-class basics
Doing every part of the process, especially the basics, consistently well

Hearts and minds
Getting the most out of our people and our people getting the most out of us

Markets for growth
Picking winning products for expanding market segments

Sustainable platform
Ensuring long-term growth and security


FANUC Robot R-2000iC

STRATEGY, BUSINESS MODEL AND THE FIVE-YEAR PLAN CONTINUED

POSITIONED TO CREATE AND ACHIEVE BETTER

OUR BUSINESS MODEL

The right people

+

Strong customer relationships

=

Greater shareholder returns

Achieved through

EMPLOYING THE RIGHT PEOPLE

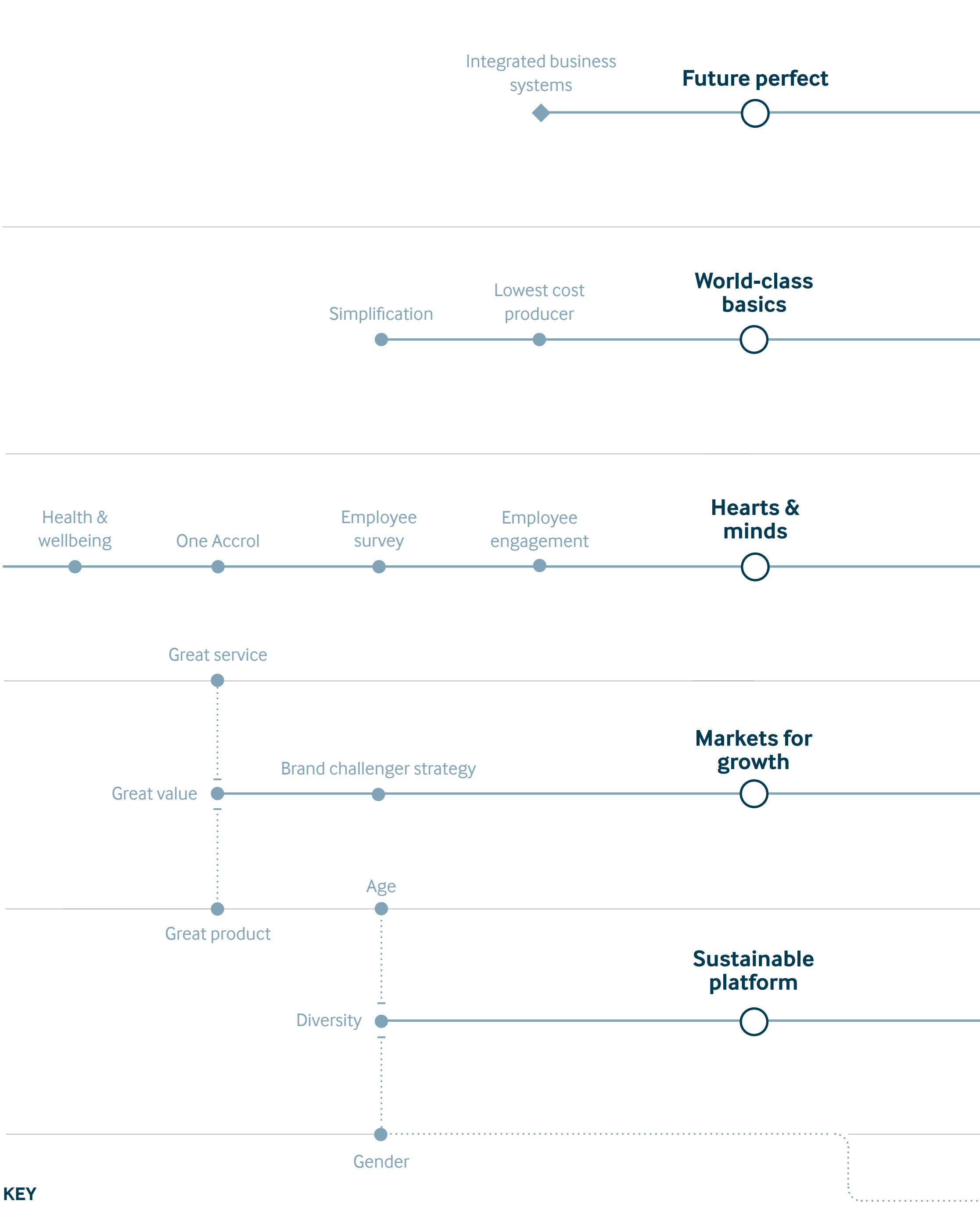
OPERATIONAL EXCELLENCE

RELENTLESS FOCUS ON COST

CONSISTENT QUALITY

A BROAD CUSTOMER BASE

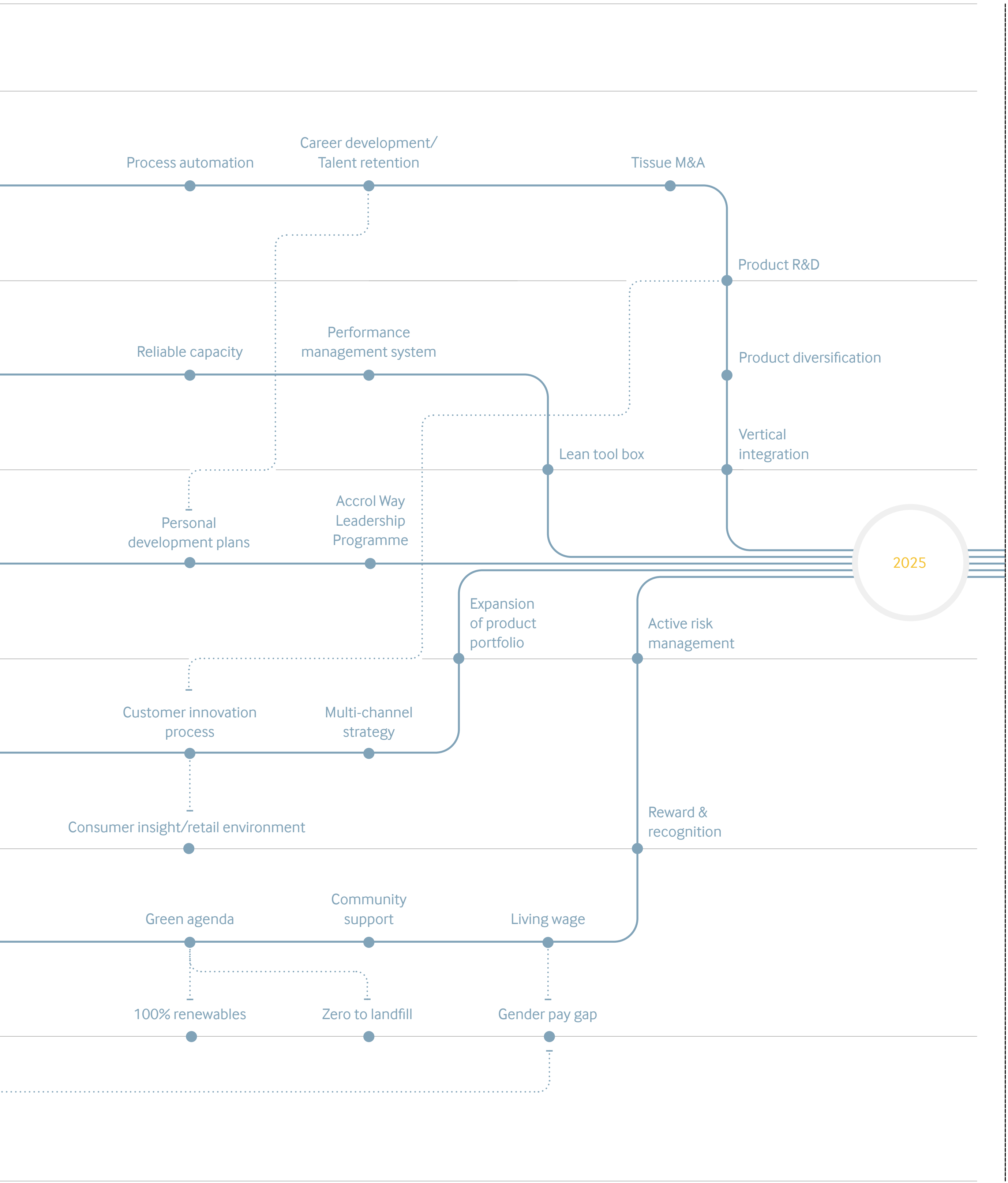
THE FIVE-YEAR PLAN



KEY

- In progress
- Partially achieved
- Achieved

"We have developed new products for toilet tissue, kitchen towel and facial tissue, which, under independent testing, outperform the market leaders for softness for toilet tissue and absorbency for kitchen towel."



READY FOR 2025

STRATEGY IN ACTION

ACQUISITIONS HAVE CREATED SCALE AND DIVERSITY

£25M
INVESTED SINCE 2014

£3.0M
ANNUALISED SYNERGY BENEFITS

15.9%
ACCROL SHARE OF UK RETAIL TISSUE MARKET

During the year, Accrol has made significant strides towards achieving its vision and fulfilling its five-year plan. The acquisitions completed in the year have expanded capacity and provided entry into new markets. Investment in automation has further improved efficiency and driven down costs, delivering further margin improvement in the year.

Link to strategy – Building a diversified group of size and scale – adds size and scale

Link to five-year plan – Future perfect: Tissue M&A page 09

ACQUISITION OF LEICESTER TISSUE GROUP ("LTC")

BUILDING A DIVERSIFIED GROUP OF SIZE AND SCALE

In November 2020, Accrol completed its first major acquisition, buying Leicester Tissue Company ("LTC"), an independent supplier of private label toilet tissue and kitchen towel to supermarket multiples and value retailers across the UK. Like Accrol, LTC converts parent reels to toilet tissue and kitchen towel, using conversion plant machinery, and delivers its finished goods through third party logistics providers.

LTC has invested over £25m in its operations since its incorporation in 2014, including a purpose-built 110,000 sq. ft. facility into which the company relocated in 2018. A further 50,000 sq. ft. warehouse facility was added in 2019. The site operates four fully automated converting lines with a combined capacity of £68 million in revenue terms. LTC is strategically located in central England, in Leicester, just nine miles from the M1 motorway, to facilitate efficient logistics.

Its core products include a luxury range and products are sold with either LTC branding or as private label for the retailer to add its own branding. The toilet tissue range includes 2 and 3 ply rolls, luxury, super-soft, quilted and fragranced. LTC's own brands comprise Soooo, Quantum and Quilted Softpockets.

THE ACQUISITION

- Has increased Accrol's share of the UK retail tissue market to 15.9%
- Consolidates Accrol's leading position in the private label market, boosting Accrol's position as one of the leaders in the private label retail tissue market
- Is expected to deliver annualised synergy benefits of £3.0m - three times greater than originally anticipated at the time of the acquisition
- Has strengthened Accrol's logistics network with its central location providing an opportunity to optimise the Group's UK logistics network – c.48 %. of Accrol sales are delivered south of Leicester
- Has strengthened the Group's customer base, adding new and complementary customers
- Has added significant quality capacity via its four modern converting lines

ACQUISITION OF JOHN DALE

BUILDING A DIVERSIFIED GROUP OF SIZE AND SCALE

In April 2021, Accrol acquired John Dale, a highly scalable, flushable and biodegradable wet wipes business. The business has a long-established and unrivalled reputation as a privately-owned manufacturer of high quality, own branded and private label, environmentally friendly wet wipes and facial tissues for the UK retail market. The product range includes flushable and biodegradable moist toilet wipes, anti-bacterial and anti-viral wipes, facial cleansing wipes, baby and toddler wipes and feminine hygiene wipes. It operates from an owned 47,000 sq. ft. property in Flint, North Wales.

This was a strategic move for Accrol into high growth products within the attractive wet wipes segment of the tissue market, providing a well invested, ready-made platform on which to build a sizeable business. When identifying an appropriate wet wipes acquisition, Accrol had strict criteria to find a converter with a disruptive and environmentally friendly product, which could be scaled through investment. Wet wipes are a natural extension of the Group's product range and the acquisition is wholly in line with the Board's growth strategy which is focused on the household and personal hygiene sectors.

During the integration of John Dale, Accrol's primary areas of focus are the expansion of the anti-bacterial and anti-viral wet wipe ranges, the optimisation of the production facilities, and exploitation of the Group's distribution strengths.

In addition, the facial tissues produced by John Dale will provide incremental volume to Accrol's existing facial tissue business and will serve to leverage the Group's existing production facility in Blackburn.

Link to strategy
– Building a diversified group of size and scale: creates diversity page 06

Link to five-year plan – Future perfect: Product diversification
– Markets for growth: expansion of product portfolio page 09

"We are confident that, with our wide customer base, market and operational know-how and a modest investment in additional machine assets, we can scale this business significantly, while generating strong margins, over the next two to three years."

GARETH JENKINS
CHIEF EXECUTIVE OFFICER

STRATEGY IN ACTION CONTINUED

INVESTMENT IN A PAPER MILL

Link to strategy:
control over cost fluctuations to maintain lowest cost producer and take market share
page 06

Risk management:
2 Parent Reel and pulp capacity and pricing
page 31

Link to five-year plan – Future perfect:
Vertical integration.
World -class basics:
Reliable capacity
page 09

EMPLOYING WORLD LEADING TECHNOLOGY TO ENSURE ENERGY AND WATER EFFICIENCY

Accrol is addressing environmental concerns over the mill's potential energy and water use by employing world leading engineering. Power and heat for the mill will be generated via a combined heat and power process (CHP). The system will be able to use natural gas, hydrogen gas and biogas with the intention to use renewable sources as they become available. Accrol's overarching environmental focus is to be carbon neutral and the technology employed will ensure the mill's infrastructure supports this.

The mill will use technology that is 50% more water efficient than standard mills, with minimal impact on the local community water supply. In addition, the mill will have water harvesting systems, which will enable the facility to re-use this water in a variety of ways.

Local community employment

The mill will have a positive effect on the local community bringing around 50 high skilled jobs and creating a variety of roles to support the running of this large facility and associated supply chain.

SCALABLE SOLUTIONS TO MEET GROWTH AMBITIONS

Accrol has advanced significantly towards its ambition to develop a UK paper mill to help meet its growth aspirations and manage its supply chain risks as its raw material demands increase.

Currently Accrol procures its tissue reels (c.100,000 tonnes) from around the EU, Turkey, Egypt and Asia. To ensure supply chain security, volumes are currently spread across a number of suppliers. Accrol is exploring scalable solutions to support its growth ambitions, that will improve security of supply and provide greater control on input costs as it increases its capacity and product range.

Cost control enables Accrol to improve its product quality and remain the lowest cost producer, fulfilling its mission to deliver the best possible value to the UK consumer on essential everyday tissue, household and personal hygiene products, shaking up traditional brands by delivering the quality the consumer wants for the price they want to pay.

IMPROVING SUSTAINABILITY

The mill, when completed, will produce around 70,000 tonnes of tissue, reducing supply risk from transportation delays and cost fluctuations and contributing to the ongoing reduction of the Group's carbon footprint by meeting its increased material requirement from within the UK.

£5M

INVESTED IN THE AUTOMATION OF BLACKBURN MANUFACTURING SITE

68%

INCREASE IN EMPLOYEE PRODUCTIVITY AT BLACKBURN SITE

70%

REDUCTION IN STRETCH WRAP CONSUMPTION

INVESTMENT IN AUTOMATION

Around £5m has been invested in the automation of Accrol's Blackburn manufacturing site. This is a key element of the Group's strategy to take market share from established brands by providing consumers with the best value products and our customers with great service, whilst ensuring we are the lowest cost operator.

The manufacturing process at Blackburn is now completely automated and from the loading of a tissue reel to the finished pallet being stored in the warehouse is zero touch* removing several low skilled jobs, reducing headcount significantly. However, the automation system requires a more highly skilled workforce which has generated new career progression opportunities for the employees in the business.

Output capacity, packaging efficiency and product quality have improved significantly, as automation requires product consistency for it to run without incident or human intervention. Plastics used in pallet wrapping have been significantly reduced as a result of the automation including new state of the art equipment that precisely adjusts settings to optimise pallet presentation and reduce material waste.

* Zero touch means that it had no human touch on any part of the product or process.

Link to our strategy:
Providing consumers with the best value products and our customers with great service, whilst ensuring we are the lowest cost operator
page 06

Future perfect:
Process automation
page 09

OUR PEOPLE

LOOKING AFTER OUR GREATEST RESOURCE

86%
OF EMPLOYEES THINK ACCROL EMBRACES DIVERSITY

91%
OF EMPLOYEES PROUD TO WORK FOR ACCROL

92%
HEALTH AND SAFETY IS ALWAYS A HIGH PRIORITY

LIVING WAGE

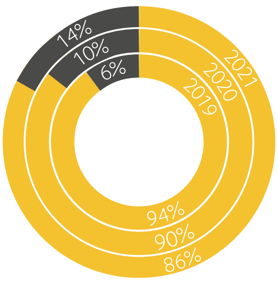
The Group is committed to ensuring that everyone employed in Accrol is paid the Real Living Wage or above. Within the core Accrol business this now stands at 99%, however, with the acquisitions of two new businesses during the second half of the year this figure is now reduced for the enlarged Group, but we are committed to returning this to 100% by the end of FY22.

EMPLOYEE SURVEY

- Health and safety is always a high priority at Accrol: 92% (up from 89% in 2020)
- Feel comfortable about voicing their opinion at work: 86%
- Accrol embraces diversity and equal opportunities 86%: (up from 81% in 2020)
- Proud to work for Accrol: maintained at 91%
- Understand how their role contributes to the success of Accrol: 95%

GENDER DIVERSITY

Year on year increase of female representation



Key
- Male: 388 (2020: 377)
- Female: 61 (2020: 43)

- Females in leadership roles also rose albeit only slightly this year. The target for **2025** is over **25%**

* 2021 figures include the acquisitions of LTC and John Dale.

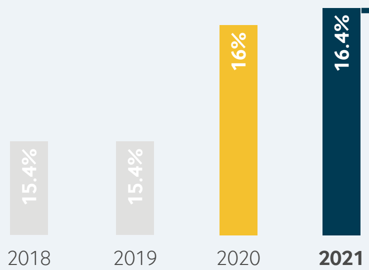
GENDER PAY GAP

	2020*	2019
Mean gender pay gap	**7.7%**	-18.0%
Median gender pay gap	**-5.7%**	5.7%
Mean gender pay gap	**77.7%**	93.2%
Median gender pay gap	**0.4%**	-1.3%
Male employees who received a bonus	**43.9%**	53.2%
Female employees who received a bonus	**19.5%**	6.5%

* At 5 April 2020.

Key to understanding the table: A positive percentage indicates that men are paid more than women and a negative percentage indicates that women are paid more than men. The target for the mean gender pay gap is 0%.

FEMALE LEADERSHIP



THE TARGET FOR 2025 IS OVER 25%

"Not a single shift missed during the pandemic as a detailed assessment of the entire workplace meant highly effective measures were in place – from sanitising stations to face masks to clear signage and communications."

UMAIR SHAFIQUE AND GRACE HARTLEY, CHAIRS OF THE ACCROL COVID-19 STEERING GROUP

KEEPING EVERYONE SAFE DURING COVID-19

As an essential supplier to critical supply chains, all sites across the Group have remained fully operational throughout the COVID-19 pandemic. From the start clear and effective procedures were put in place, with most remaining.

- All at risk employees were self-isolated at home from February 2020
- Social distancing was implemented for factory-based employees
- Increased cleansing facilities and protocols were established across all sites
- All office-based staff were moved to working from home at lockdown
- Temperature checks and questionnaires are completed at every entry point

The work done by the Group has been recognised externally and the Directors were asked by Blackburn with Darwen Borough Council to give presentations to local businesses, after its video on the importance of staying safe during the pandemic was published.

More recently, a selection of employees were surveyed to obtain feedback on how they felt Accrol had performed. The overall feedback was positive with staff feeling safe and communications clear.

To help ensure that we managed the safety of our employees and were sensitive to their needs and concerns we established a COVID-19 Steering Group putting employees at the centre. Grace Hartley from the Blackburn engineering team and Umair Shafique, a health and safety adviser, chaired the steering group.

"Not a single shift missed during the pandemic as a detailed assessment of the entire workplace meant highly effective measures were in place – from sanitising stations to face masks to clear signage and communications."

More recently Accrol has engaged a mental health professional provider to offer support to employees across the Group, enhancing awareness of the importance of self-care and developing mental resilience. Accrol's Employee Assistance Programme has also been promoted as a source of individual support for individuals suffering from anxiety or personal bereavement.

Find out more

To find out more about our response please watch our COVID Awareness Film at: https://vimeo.com/485906754/360621c2a0

CAREER CASE STUDIES

MATT JACKSON AND DAVE CROFT

Investing in the skills and abilities of colleagues is critical when building a diversified group of size and scale. Many colleagues have benefitted from training opportunities including Matt Jackson, Developed Operator, who completed Level 2 Engineering, and Dave Croft, Engineering Supervisor, who completed his ILM Qualification.

SCOTT MORLEY

Managing the installation of the new robot equipment in Blackburn was a significant undertaking, capably led by Scott Morley. The project was delivered on time and to budget during the pandemic and Accrol proudly retained Scott's talents as he continued as Operations Manager at the Blackburn facility.

CHIEF EXECUTIVE OFFICER'S REVIEW

THREE YEARS OF CONTINUED IMPROVEMENTS

Gareth Jenkins Chief Executive Officer

Find out more
Business Model 06
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"The Group is well positioned for the long-term and in a very strong position to continue to grow."

GARETH JENKINS
CHIEF EXECUTIVE OFFICER

Accrol has completed its transformation into a business that is both capable of and well positioned to take significant advantage of the recovering market as the UK exits lockdown. For the third year in a row, the Group increased its market share, and for three years in a row, it has improved gross margins and reduced net debt, which now stands at below 1x FY21 adjusted EBITDA.

The Board is delighted with the improvement of the business over a relatively short period of time and proud of what has been achieved. However, we consider this to represent a new starting point, which gives the business the right foundations on which to build. Returns are substantially better, but there are still further improvements to be made. Management's attention continues to be focused on building a more diversified business, of size and scale, that delivers significant consumer benefits through the supply of great value products and produces better returns for shareholders.

The acquisitions of LTC and JD are helping deliver this diversity and adding scale.

The relentless drive for increasing efficiency throughout the organisation will continue. Over the first quarter of FY21, a new IT system has successfully fulfilled every aspect of the business's needs, from finance, procurement and operations, to stock management. The full automation of the Blackburn tissue plant has been completed, with robotisation replacing all manual finished goods movements. With a small element of automation to be completed in Leyland in FY22, as a new machine arrives, the Group will have three fully automated greenfield sites to achieve the lowest possible operational cost base in the UK.

STRATEGY

Following the acquisition of LTC and a review of our full range of products, we have simplified our ranges further. We have also developed new products for toilet tissue, kitchen towel and facial tissue, which, under independent testing, outperform the market leaders for softness for toilet tissue and absorbency for kitchen towel. We intend to launch a plastic free range in H1 FY22. The Board believe this will be a game changer in the industry and is fully supported by our customers. We will use this range to target the major brands further and improve our e-commerce offering significantly.

Our direct-to-consumer environmentally friendly product Oceans has sold at a rate well in advance of any other similar product in its first year. It will be expanded to include a wider range of paper-wrapped and environmentally friendly products. With its accelerating rates of sale, we believe Oceans is on target to become the market leader in its space in the next three years. Over the next 12 months, we intend to invest in driving this range further.

In addition, we have recently agreed an online strategy with a large e-retail supplier in the UK. We expect this to grow over the next three years to being one of our largest customers, supporting their expectations of growth in the sector.

MARKET OVERVIEW

Tissue sales have been volatile throughout the pandemic and FY21.

As previously reported, Accrol sales for FY20 saw a benefit of c£3m sales uplift as lockdown began, which unwound in FY21. The UK market experienced a 1.3% reduction in total tissue sales for FY21 with brands performing better than private label, due to higher stock levels and a consumer move to the major retailers. Private label sales were down 1.8% year on year although market volumes, between brands and private label, remained broadly in line with previous years with a 50:50 split between them.

Most retailers over FY21 have reported volatile sales revenues with many showing a decline in sales revenue for FY21 compared to FY20, with the exceptions of note coming from those businesses with significant online capabilities, who have generally outperformed the market during this Period. Accrol has the largest range of retailer customers in the UK industry which enabled the Group to benefit overall.

CUSTOMERS

Over the two-year period from FY19 to FY21 Accrol revenues, excluding Away from Home, have increased by 16.2% and market share has grown by 390ppts, from 12% to 15.9%. This shows that our strategy of delivering great-value products with great service continues to be the right one. The widening range of customers also ensured that the Group has again grown ahead of the market throughout FY21 – the third year of growth for the Group.

With shoppers returning to instore purchasing, we and the major discounters expect to see a significant uplift in tissue volumes in H2 of FY22 with their confidence being demonstrated by the acceleration of new store openings in FY22 and into FY23.

In FY21, we relaunched our toilet tissue range, which has seen our sales in this part of the business outperformed the private label market and maintained our overall market share of the total tissue market at 18% despite an overall market decline of 2.5%. This is as a result of the significant improvements in our simplified range.

Within kitchen towel, our volumes grew 8% in line with the industry again, maintaining our market share at 15.8%. We have recently completed the redesign and relaunch of a new kitchen towel range which has been tested against and outperforms the leading brand.
Over the course of FY22, we expect this much simplified and improved range to gain significant traction, in a similar way to the Group's toilet tissue range in FY21.

OPERATIONS

The full automation of the Blackburn factory has been transformational, having removed all manual movements of pallets throughout the organisation.

Following the acquisition of LTC in November 2020, the Group completed the full automation of this site. The new geographical footprint of the enlarged Group has created more efficiencies, enabling the Group to reduce its logistics costs significantly by allocating production to maximise the supply chain efficiently for its UK wide customer base.

The Group's shift patterns and working practices were also reviewed and changed. This generated ongoing cost savings, which helped drive the reduction in operating costs achieved in FY21.
The changes also give the Group 'sprint' capacity, enabling it to benefit further from the promotional demands of the industry going forward.

The final automation of the Leyland factory, planned for FY22, and a further machine investment at this site will give the Group further headroom capacity.
This will complete the major investment requirements for the tissue converting business, which will then require very limited capital going forward. The result for the organisation will be four tissue productions sites in total (two in Blackburn, one in Leyland and one in Leicester) that have a geographical advantage compared to our UK competitors. They are, in effect, greenfield site operations and with the latest consistent machine technology and an overall capacity above £230m, in revenue terms, including the facial tissue plant.

Find out more
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COMMITTED TO CREATING LONG-TERM VALUE

OUR FIVE-YEAR PLAN pages 06 to 09

OUR STAKEHOLDERS pages 22 and 23

RESPONSIBLE AND SUSTAINABLE BUSINESS pages 20 and 21

PERFORMANCE REVIEW pages 16 to 18

KEY PERFORMANCE INDICATORS pages 24 and 25

CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED

OPERATIONAL HIGHLIGHTS

15.9%

MARKET SHARE

27.7%

GROSS PROFIT MARGIN

-26%

TOTAL ACCIDENTS NOW AT ALL TIME LOW

84%

EMPLOYEE ENGAGEMENT

Our paper mill development continues at pace with significant advancement across all aspects. This is a major project and we will update the market as our plans progress. We have finalised the specifications of the machine and the building and we are currently running a selection process for the mill's location. This machine will be a UK leader in efficiency, quality and carbon neutrality. No additional funding is expected to be required from shareholders to deliver this investment.

ACQUISITIONS & INTEGRATIONS

Following the acquisition of LTC in November 2020, we have completed the integration of the business and expect to deliver annualised synergy benefits of £3.0m – three times greater than originally anticipated at the time of the acquisition. These are being driven through operational improvements across the wider Group, including logistics, operational simplification, and procurement. The revenue synergies, which are measured over an agreed period of time, will be lower during this Period, due to the impact of the pandemic, but are expected to benefit the Group in the longer term.

In April 2021, the Group acquired the JD business in North Wales, a highly scalable flushable and bio-degradable wet wipe business. Early integration activities have progressed ahead of schedule and initial synergies are expected to be c£1m in the first full year of ownership. These will be delivered through operational synergies with the Group's existing facial tissue business, procurement benefits of the enlarged Group, simplification of organisation, and revenue growth opportunities, as the product offering to Accrol's existing customer base now includes its range of wet wipes. The Group's expectation with additional capital investment is to build a wet wipe business of significant scale by 2024.

PEOPLE & CULTURE

Our Company values remain at the core of everything the business does - we challenge, we are honest, we add value, and we deliver. Accrol's business model is based on being the lowest cost producer in the marketplace. However, this is not at the expense of our employees' welfare or their ability to grow within the organisation. Building on welfare changes already made in FY21, the Group has just launched an employee share save scheme to enable all employees to benefit from the Group's future success. Whilst take-up is expected to be modest, the positive reaction throughout the organisation continues to add to the quality of business we are building.

HEALTH & SAFETY/COVID-19

Health and Safety is a business fundamental for Accrol and this remains top of our agenda. Following the relentless work and focus that has gone into this area we are starting to see improvements through the sites. In FY21, we have seen total accident levels drop by 26% to an all-time low. In addition, safety observations are up 42%.

The achievements of all our employees at every site are something we are incredibly proud of. They have responded magnificently during the pandemic, keeping all our operations open and maintaining the highest standards in service and product quality for our customers. The pandemic is one of the biggest challenges ever to hit the UK. To help transform a business, build the foundations for a great one, and be part of a team that has performed throughout this COVID-19 crisis is humbling.

OUTLOOK

The long-term outlook for the business is strong and the opportunity to increase our share in our core markets remains significant. The Group we have built over the last four years has firm foundations from which we can accelerate growth and, importantly, deliver strong shareholder returns. Whilst we continue to supply great-value products with excellent service in this market, we are continuing to actively explore opportunities to scale the core business, as well as to diversify into new markets and products, currently serviced by brands, in which we know our better-value offering will appeal to the consumer.

The Group is well positioned for the long-term future. With no further significant capital requirements for the Tissue Converting division and the Group able to use its own resources for its planned investment in a state-of-the-art mill, due to be operational by 2024, the Group is in a very strong position to continue to grow.

FY22 has begun well with increased sales month-on-month and an improvement in year-on-year sales. The Group has also recently secured additional new volume, which will impact H2 FY22 positively. With the tissue market showing strong but steady signs of recovery as panic buying unwinds, the Board is confident that the Group will deliver forecast revenue growth for FY22, albeit with an increased H2 weighting, which also co-ordinates with the installation of our final machine in Leyland. These exit run rates give the Board increased confidence for the FY23 revenues and returns.

We look to the long-term future with increasing confidence.

GARETH JENKINS
Chief Executive Officer

13 July 2021

MARKETS

TISSUE SALES HAVE BEEN VOLATILE THROUGHOUT THE PANDEMIC AND FY21

UK TISSUE MARKET RETAIL SALES VALUE ("RSV")

Source: Kantar (May '20-Apr '21)

- Overall market declined by -1.2% in value (-1.3% volume) £2.3bn down to £2.2bn
- Brands declined by -0.7%; private label declined by -1.8%
- Brands represent 51% of the market; Private label 49%
- Discounters tissue sales declined by -5%; grocers grew by 2%

TOILET TISSUE £1.4BN MARKET (RSV)

Quality and simplification

- Accrol toilet tissue market share c18%
- +16% volume growth in premium category driven by "super soft" development FY20
- Developed a simplified new branded range 'Elegance' – launches July 21
- SKU reduction from 43 to 9 (-79%) in FY21

KITCHEN TOWEL £0.5BN MARKET (RSV)

Growth category, new product and brand

- Accrol kitchen towel market share c16%
- Category growing at 7.8%
- Developed PL product to match the leading brand 'Plenty'
- Market launch of first 4-ply product 'Magnum'
- New 'own brand' development launches July 21 to cover all tiers
- SKU reduction from 32 to 9 (-72%) in FY21

FACIAL TISSUE £0.3BN MARKET (RSV)

Brand refresh ready for rebound in demand

- Accrol facial tissue share is c7%
- Market declined through pandemic due to reduced cold and flu
- Compact man-size to target the brand leader – only alternative supplier in UK
- Modern & refreshed brand ready for August launch pre cold and flu season

FLUSHABLE WET WIPES £0.5BN (RSV)

Wet Wipes – growth market in flushable

- Flushable wet wipes market forecast to grow
- Platform to grow a £40m business of scale
- Modest investment (c£3m) to deliver growth
- 'Fine to Flush' Accreditation will be product USP
- Brand extension of Elegance & Quantum (Poundland) to match brand leader

E-COMMERCE

Rapidly expanding route to market

- Launched sustainable, plastic free brand 'Oceans'
- Subscription model growing at 30% per month
- Now expanding range to kitchen towel and facial products
- Amazon - paper category worth £80m, introducing our Elegance, Magnum & Softy brands

ENVIRONMENTAL, SOCIAL & GOVERNANCE

COMMITTED TO SUSTAINABILITY

Accrol will launch its first ESG sustainability report in **September**

Our vision for ESG is to be a carbon neutral business that improves the lives of its people and communities, while working in partnership with our suppliers to deliver sustainable products to customers and consumers and consistent results to our investors. To achieve our vision, we have created a reporting framework aligned to clear targets and KPIs.

Environmental
Guiding principle: Carbon neutrality, plastic free, sustainable products.

Social
Guiding principle: Positively impact the lives of our people and communities.

Governance
Guiding principle: Delivering long-term success.

TARGETS AND KPIS

Environmental

FSC

10.1% waste

8.2% waste

30% of packaging materials from PCR

7.0% waste

100% renewable energy

39.5 $kgCO_2e$

0% landfill

32.4 $kgCO_2e$

Accrol today

Baseline water usage

Social

68 Accidents/ annum 6 LTA

35% on real living wage

66% on real living wage

94% on real living wage

45 Accidents/ annum 5 LTA

Health age baseline

5.8% absence

77% employee engagement

2.4% absence

Accrol today

Governance

68 Accidents/ annum 6 LTA

ISO9001 upgraded to BRC

Board attendance 93%

Supplier engagement in ESG 25%

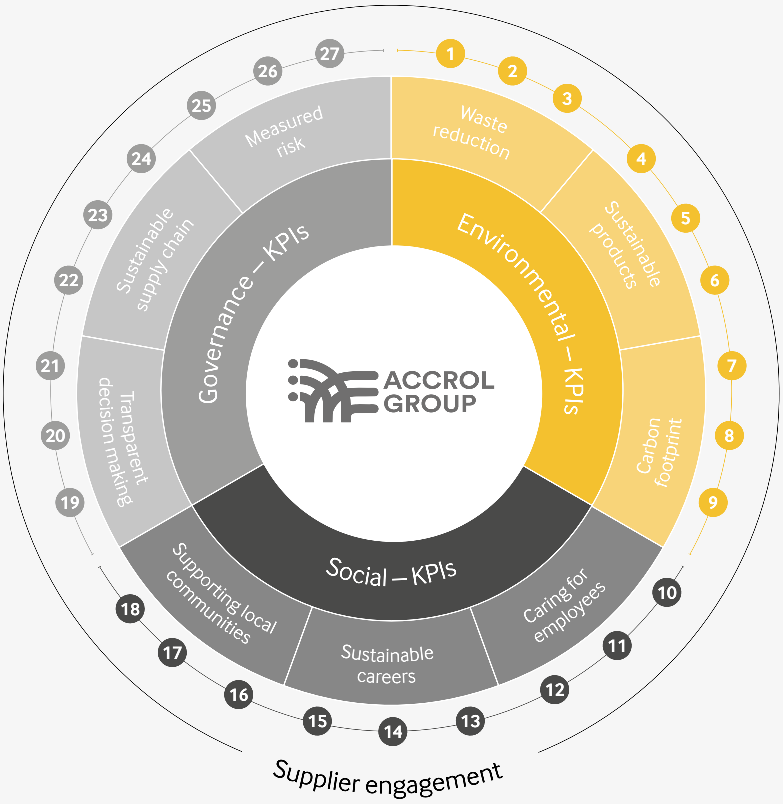
Sedex Supplier (B) Member

QCA Code compliant

Accrol today

IT Penetration vulnerability score baseline

FRAMEWORK FOR ESG



50% of packaging materials from PCR

50% of packaging plastic free

100% of packaging plastic free

5.0% waste

ISO14001 certified

50% reduction in water usage

<27.6 $kgCO_2e$

Carbon neutrality, plastic free, sustainable products

100% on real living wage

36 Accidents/ annum

Health age +2

12 Accidents/ annum

500 Lives impacted baseline

1000 Lives impacted

<2% absence

10,000 Lives impacted

Positively impact the lives of our people & communities

Supplier engagement in ESG 50%

Supplier engagement in ESG 100%

Risk management RAG rating

Annual Board performance evaluation

IT Penetration vulnerability score Medium

Sedex Supplier (B) Member

IT Penetration vulnerability score Low

Delivering long-term success

SECTION 172

ACTING FOR EVERY STAKEHOLDER

SECTION 172

In compliance with sections 172 and 414CZA of the Companies Act 2006, the Board makes the following statement in relation to the financial period ended 30 April 2021:

Engagement with the Company's stakeholders is a key aspect of the business and strategy of the Company. The Board recognises that its long-term success will necessitate the maintenance of effective working relationships across a wide range of stakeholders. We have identified our key stakeholders as follows:

Our people
Our customers
Our suppliers
Our investors
Our community

The Executive Directors maintain an ongoing and collaborative dialogue with such stakeholders and take all feedback into consideration as part of the decision-making process and day-to-day running of the business.

OUR STAKEHOLDERS, AND WHY WE ENGAGE	ENGAGEMENT, INCLUDING TOPICS OF ENGAGEMENT AND ANY FEEDBACK
OUR PEOPLE People are at the heart of our business and the key to ensuring delivery of our relentless drive for world class basics.	We run a multi-language Employee Engagement Survey twice a year. The results are reviewed at Board level and feedback is used to inform employee development and policies. To engage with our diverse workforce, we employ a multi-channel, real-time communication approach. This ensures relevant and effective two-way dialogue. A rapid response to the COVID-19 pandemic to ensure the safety and wellbeing of our employees was implemented. As a non-unionised business we train employees in representation which enables the best possible interactions.
OUR CUSTOMERS Effective communication with our customers is fundamental to our success.	The Company engages in continuous communication and reviews with customers to understand their changing needs, align our plans, and develop collaborative partnerships. The Company has senior national account managers for its customers, and their role is to understand the customer's organisation, strategy and vision for their business, which has been of critical importance given the recent pandemic. Armed with this information we can align our offering and organisation to mirror their needs, ensuring we grow together.
OUR SUPPLIERS The relationship with our suppliers is crucial to ensuring the timeliness and security of our raw material supply.	Through our supplier performance management programme, we have been able to develop stronger relationships and drive meaningful benefits for both parties as part of longer-term agreements.
OUR INVESTORS We have a strong and supportive investor base whose ongoing support is key to realising the growth ambitions of the Company.	The Chairman and Chief Executive Officer meet regularly with institutional investors and analysts to ensure that objectives and any business developments are clearly communicated, and that they are available to respond to any enquiries following Company announcements. Feedback from investors is reviewed by the Board.
OUR COMMUNITIES We believe that it's important to support the communities that support our businesses.	Accrol is a founding member of the Blackburn Youth Zone ("BYZ") and continues to support the funding of this local organisation. The CEO and other members of staff are active in raising awareness of the BYZ by attending and participating in speaking events. We regularly supply products to local foodbanks, and during the COVID-19 pandemic supplied local charities and the Royal Blackburn NHS hospital with large volumes of product. The employees at our Blackburn facility contribute significantly to Secret Santa, a local charity that distributes gift sacks to under-privileged children in the local area.

IMPACT OF ENGAGEMENT AND ACTIONS TAKEN

Whilst our engagement scores were very high with 91% of people saying they are proud to work for Accrol, the survey in FY20 highlighted that we were not providing enough performance feedback to individuals and how they could progress. Based on this feedback we introduced a new Company-wide operational grading system that gives employees a clear path for improvement and growth.

The COVID-19 measures implemented created a safe environment which gave employees the confidence to continue at work 24/7 throughout the pandemic. Measures such as staggered start time, face covering and extra sanitisation and cleaning coupled with multilingual communication have resulted in strong attendance and positive feedback.

There are numerous examples where engagement with Customers has deepened our understanding of their needs and that of the consumer, which has enabled us to win and supply improved products, which result in greater consumer satisfaction and increased sales.

Over the year our market share has grown demonstrating that the actions we have taken, and the understanding developed through the pandemic, are valued by our customers.

We understand the importance of learning from our supplier base.

Through a transparent and collaborative approach, we have developed several new products and materials which will be critical in supporting the business to meet consumers' changing needs coming out of the pandemic.

The Executive Board values shareholder input and believes that the meetings with shareholders offer a valuable opportunity to not only share financial data and results, but also share the vision for the business and to test the direction of travel with the experience of our investor community.

This is a very valuable process and allows the leadership of the business to understand the economic and macro trading environment, which can provide visibility of both challenges and opportunities.

We are a significant employer in Lancashire, Leicester and Flint and we have an acute sense of the importance of community to our employees. It is very important for Accrol to have strong local standing due to its historical ownership and its diverse cultural heritage. It is also important that our employees feel a sense of pride working for Accrol.

The recent employee survey reflects this, with 91% of our employees stating that they were proud to work for Accrol.

THE ACCROL PROMISE

SUSTAINABILITY
We believe that responsible business ensures sustainability.

TRANSPARENCY
Open and honest communication with all our stakeholders.

INNOVATION
Relentless drive for world class basics.

DELIVERY
The best service to our customers, the best products to the consumer, great returns to shareholders, giving back to the community.

COMMITMENT TO THE ENVIRONMENT

- We are committed to reducing our impact on the environment and have established our own in-house energy reduction team in partnership with our energy provider. We are using 100% renewable electricity and have a commitment to reduce our energy usage by 10% over the next five years.
- We strive to get the best possible quality and performance from our tissue fibre and are working in tandem with our suppliers to achieve this, even if it does mean buying more expensive tissue to deliver better performance characteristics.
- We continue to reduce packaging waste for our Customers, by optimising material usage, and we are at the forefront of packaging design in terms of new environmentally friendly materials including recycled films and paper for wrapping product.
- We are constantly looking for ways to further reduce our carbon footprint across all aspects of our business.
- We plan to set demanding reduction targets over the next five years with reductions planned every year.

ESG pages 20 and 21

Carbon reporting page 47

OTHER KEY DECISIONS TAKEN IN THE YEAR THAT WERE INFLUENCED BY ENGAGEMENT WITH STAKEHOLDERS

Fundraising and acquisitions of LTC and John Dale
Significant consultation with major shareholders to support our vision to build a diverse business of size and scale.

Full automation of the Blackburn site
Consultation with employees throughout the process in order to deliver a substantial capital investment programme and reduction in headcount.

Investment in a paper mill
Plans to build the mill under consultation with local communities and developers.

KPIS AND BUSINESS MODEL

MEASURING OUR PERFORMANCE

OUR BUSINESS MODEL

We measure our performance against the business model to ensure we are delivering to our key stakeholders. All our targets are stretch targets which support our relentless drive for operational excellence. Sometimes the targets we set are not attainable, but they ensure we never become complacent.

HOW WE MEASURE PERFORMANCE

THE RIGHT PEOPLE

Our values are at the core of what we do, by engaging our people at all levels so they understand clearly the role they play in making the business better every day.

We do this by:

- Ensuring safety for all
- Having a working environment that allows people to be part of the improvement
- Having a personal development plan to help people understand how they can help improve the organisation
- Paying everyone in the organisation the Real Living Wage or higher

STRONG CUSTOMER RELATIONSHIPS

We strive to delight our customers by offering great service, quality and innovations, delivering on our promises and developing value adding products.

We do this by:

- Bringing new innovations to the industry which give best value, informed by our broad customer base
- Delivering on our commitments

GREATER SHAREHOLDER RETURNS

We aim to deliver strong shareholder returns by growing our market share, investing in operational excellence and being relentless in our cost control.

We do this by:

- Growing with our customers
- Building on the platform created by the turnaround
- Seeking new opportunities to extend our offer

-26%

TOTAL ACCIDENTS

The number of accidents reported has declined.

COMMENTS

The overall number of Lost Time Accidents (LTAs) has increased from five to seven year on year, however this includes five months of newly acquired LTC. The positive news is that Total Accidents for the same period have dropped by 26% . Over the same period Safety Observations generated by our employees increased by 42%. We believe the continued focus on proactive observation and action, will continue to drive down Total Accidents, which will now become our primary measure going forwards.

84%

EMPLOYEE ENGAGEMENT

The measure as determined by the Employee Engagement Survey which is conducted twice a year (2020: 77%).

COMMENTS

Employee engagement continues to improve as the training and development programmes benefit the business.

9.4%

INCREASE IN OUTPUT PER HEAD

Pallets per head per month produced: FY20 v FY21.

COMMENTS

Further progress has been made in productivity levels across the organisation with an overall Group wide increase of 9.4%, however, even more pleasing was the increase in productivity in our Blackburn facility which was automated during FY21, where the Q4 run rates on pallets per head increased by 68%. This improvement only impacted the last three months of this financial year, so we look forward to enjoying the full benefit of this during FY22.

92%

ON TIME DELIVERY

Percentage of deliveries that are delivered on time over a calendar month (2020: 97%; 2019: 96%).

COMMENTS

Changes in consumer buying behaviour due to COVID-19 restrictions, together with disruption during the Brexit transition period impacted service levels.

15.9%

MARKET SHARE

driven higher by organic growth and acquisitions (2020: 13.1%).

COMMENTS

With our market share now 15.9% (2020: 13.1%) of the total UK tissue market and a strong infrastructure for growth in place, Accrol is increasingly well positioned to benefit in a value-conscious, post COVID-19 world.

-2.4%

GROWTH IN SALES TO TOP CUSTOMERS

Growth in sales of all products into our top six customers. Our target is for no one customer to account for more than 20% of total revenue.

COMMENTS

The fall in growth this year is a result of a further widening of our customer base as we continue to grow our market share and the disruption to buying patterns as a result of COVID-19.

£14.6m

ADJUSTED NET DEBT

Total borrowing less cash reserves (2020: £17.9m).

COMMENTS

This guides our decision making on the use of cash generated from operations.

£15.6m

ADJUSTED EBITDA

Adjusted to exclude separately disclosed items and share based payments (2020: £10.6m).

COMMENTS

We believe that this measure is a truer indication of the Group's underlying trading performance.

27.7%

GROSS MARGIN

as reported (2020: 21.9%).

COMMENTS

From a low of 17.5% in FY18, the improvement in gross margin reflects the operational improvements effected over the last three years.

CHIEF FINANCIAL OFFICER'S REVIEW

IMPROVED GROSS MARGINS UNDERPINNED BY INVESTMENT IN NEW SYSTEMS AND OPERATING PROCESSES

RICHARD NEWMAN Chief Financial Officer

SUMMARY

The overall performance of the Group continued to improve and strengthen in FY21. Whilst this COVID-19 pandemic required significant changes to working practices for factory and office-based employees, the business continued without interruption to provide essential products to our customers.

The integration of Leicester Tissue Company ("LTC"), acquired in November 2020, and John Dale ("JD"), acquired in April 2021, continue to make excellent progress, benefitting from the Group's established manufacturing and commercial best practice programmes.

TRADING RESULTS

Group revenue increased by 1.4% to £136.6m (FY20: £134.8m), although volumes were more volatile than normal, reflecting changes in consumer shopping habits during the pandemic. Short-term panic buying in March and April 2020, during the first national lockdown, strengthened FY20 volumes leading to a weaker H1 as demand normalised. H2 volumes were strengthened by the impact of the Group's two acquisitions. The total tissue market declined by 1.2% and our market share increased to 15.9% from 13.1% in FY20.

Gross margins improved again to 27.7% reflecting the ongoing work to improve productivity and reduce operating costs, underpinned by our investment in new systems and operating processes.

Administration costs have increased by £8.3m and include specific one-off costs of £2.9m related to acquisitions made during the year. There was a further £3.0m increase related to non-cash items (depreciation, amortisation and share based payments). Other cost increases reflect the larger scale of the business following the acquisitions during the year. Distribution costs were similar to last year and represented 8.4% of total revenues (FY20; 8.5%).

Adjusted EBITDA improved by 47% to £15.6m (FY20: £10.6m) whilst operating losses increased to £0.6m (FY20: loss of £0.2m), reflecting the increase in operating costs above.

SEPARATELY DISCLOSED ITEMS

Separately disclosed items totalled £4.7m, compared with £2.2m in FY20.

In November 2020, the Group acquired Leicester Tissue Company, whose principal activity is paper tissue converting. Professional fees of £1,925,000 arose as a result of the transaction.

In April 2021, the Group acquired John Dale, whose principal activity is the manufacture of wet wipes and facial tissue. Professional fees of £225,000 arose as a result of the transaction.

Find out more

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Upon completion of the acquisition of LTC and JD, the Group immediately commenced a structured integration programme. This covered all key areas of the business including external relationships with customers and suppliers, as well as internal functional reviews to consolidate or integrate activities where appropriate. Project management costs of £314,000 included expert consultancy advice to support the integration process. Other incremental costs to support this activity included £218,000 of labour and £162,000 of operational costs, largely relating to transportation and short-term paper transfers. Incremental audit fees of £30,000 have been necessary due to added complexity.

Following the significant progress made during FY20 to transform the manufacturing capability of the business, it was appropriate to review the whole organisation to ensure it was aligned with Accrol's future growth strategy and to deliver world class standards in safety and performance every day. The final elements of the business turnaround plan were completed during the year with significant capital investment in automation at our Blackburn manufacturing site. The complexity of maintaining a 24/7 operation during the implementation of this substantial project resulted in an element of incremental labour costs as service levels needed to be maintained despite the inevitable disruption to normal operations during the period of transition. Once the project had been completed a number of redundancies were incurred as the overall headcount reduced, reflecting the benefits from the automation investment. The total labour cost of the above was £948,000, with associated fees of £86,000.

The COVID-19 pandemic has continued to have a significant impact on how the Group conducts its operations, and on the availability of resource and personnel, to continue to function as an essential provider of products to UK retailers. The Group plans on a certain level of resource, factoring in normal levels of absence and holiday, to maintain a 24/7 manufacturing operation that is as efficient as possible. High levels of absence during the pandemic, due to illness or self-isolation, required incremental labour resources to be deployed to maintain service levels to our customers through additional overtime, additional temporary labour and the deferment of holidays – all of which resulted in additional costs of £292,000.

Additional labour costs of £153,000 were incurred as a dedicated team of people worked on the practical changes that were required in each of our factories, warehouses, and offices to ensure we maintained fully compliant working environments and to protect our employees. Extra logistics, PPE, cleaning and security costs of £225,000 were also incurred.

INTEREST, TAX AND EARNINGS PER SHARE

Net finance costs were £1.9m (FY20: £1.7m). The Group also recorded a deferred tax charge of £0.1m (FY20: credit of £0.3m).

The loss before tax was £2.6m (FY20: £1.9m), due to flow through of higher acquisition related costs. Adjusted profit before tax of £9.1m (FY20: £4.7m) was higher due to the growth in adjusted operating profit.

Basic losses per share were 1.1 pence (FY20: 0.8 pence) reflecting higher amortisation costs and adjusting items. Adjusted diluted earnings per share were 2.7 pence (FY20: 1.7 pence), an increase of 59% driven by the growth in adjusted EBITDA. Earnings per share were impacted in the period by the equity issue in November 2020 which raised funds for the LTC acquisition.

INCOME STATEMENT

	2021 £'000	2020 £'000
Revenue	**136,594**	134,773
Cost of sales	**(98,710)**	(105,239)
Gross profit	**37,884**	29,534
Administration expenses	**(27,072)**	(18,810)
Distribution costs	**(11,424)**	(11,490)
Other income	**–**	585
Operating loss	**(612)**	(181)
Net finance costs	**(1,954)**	(1,710)
Loss before tax	**(2,566)**	(1,891)
Tax credit	**(74)**	312
Loss for the year attributable to equity shareholders	**(2,640)**	(1,579)
Loss per share		
Basic	**(1.1)p**	(0.8)p
Diluted	**(1.1)p**	(0.8)p
Operating loss		
Adjusted for:	**(612)**	(181)
Depreciation	**4,786**	4,201
Amortisation	**3,520**	2,040
Share based payment	**3,245**	2,351
Separately disclosed items	**4,705**	2,230
Adjusted EBITDA[1]	**15,644**	10,641

(1) Adjusted EBITDA is defined as loss before finance costs, tax, depreciation, amortisation, separately disclosed items and share based payments, is a non-GAAP metric used by management and is not an IFRS disclosure.

REVENUE BY PRODUCT

	2021 £'M	2020 £'M	VARIANCE £'M	VARIANCE %
Toilet tissue	**100.5**	103.1	(2.6)	(3%)
Kitchen towel	**27.1**	20.1	7.0	35%
Facial tissue	**8.5**	10.4	(1.9)	(19%)
Wipes	**0.1**	–	0.1	0%
Core revenue	**136.2**	133.6	2.6	2%
Other (waste)	**0.4**	1.2	(0.8)	(65%)
Total revenue	**136.6**	134.8	1.8	1%

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

DIVIDENDS

The proposed final dividend is 0.5 pence (FY20: nil).

ACQUISITIONS

This year the Group made significant strategic steps with the acquisition of LTC in November 2020 and JD in April 2021.

The acquisition of LTC, following a successful placing of ordinary shares in the market and an open offer, added valuable new assets and capacity to the Group and new and complementary customers. The initial consideration for LTC was £35.0m, with a maximum contingent consideration of £6.8m, which is subject to new contractual earnings.

The acquisition of JD provides an established and scalable platform on which to enter the wet wipes market, a high growth and complementary sector of the tissue market. The total net consideration of £3.4m was funded from the Group's cash resources.

CASHFLOW

The Group achieved a further improvement in its adjusted net debt position of £14.6m, an improvement of £3.3m on the prior year (FY20: £17.9m). There was a £17.6m cashflow from operations (FY20: £19.4m) reflecting the improved trading performance and a continued improvement in working capital, despite an increase in raw material and finished good stock levels to support service responsiveness.

BALANCE SHEET

Property, plant and equipment all increased, reflecting the acquisitions during the year and continued investment in our core machines and supporting infrastructure. We have significantly invested in automation at our Blackburn manufacturing facility, to improve productivity, operational flexibility, and to enhance customer service.

Significant progress has also been made in further improving the IT infrastructure and critical manufacturing systems including the implementation of NetSuite, which went live in July 2020.

BORROWINGS AND CASHFLOW

	2021 £'M	2020 £'M	CHANGE £'M
Revolving credit facility	**12.0**	12.0	–
Factoring facility	**4.0**	11.8	(7.8)
Leases	**27.6**	18.6	9.0
Borrowings	**43.6**	42.4	1.2
Leases receivable	**(5.7)**	(6.4)	0.7
Cash and cash equivalents	**(7.6)**	8.1	0.5
Net debt	**30.3**	27.9	2.4
IFRS 16 adjustment	**(15.6)**	(10.0)	(5.6)
Adjusted net debt	**14.6**	17.9	(3.3)

Intangible assets represent mostly goodwill and customer relationships that have both increased because of the acquisitions of LTC and JD.

Goodwill is not amortised but is subject to an annual impairment review. After considering various scenarios and sensitivities, the Directors concluded that no impairment is required. During the year the Group invested further in product development and innovation including 'Magnum' and 'Oceans'. Together they created an intangible asset of £0.7m (FY20: £0.8m) which will be amortised over the anticipated life of the products.

COVID-19

The Group has not furloughed any employees during the financial year, nor during any stage of the pandemic. The Group has not been in receipt of any COVID-19 loans although it has taken advantage of the short-term VAT Payment Deferral Scheme, which was launched in March 2020, which is now being repaid.

RICHARD NEWMAN
Chief Financial Officer

13 July 2021


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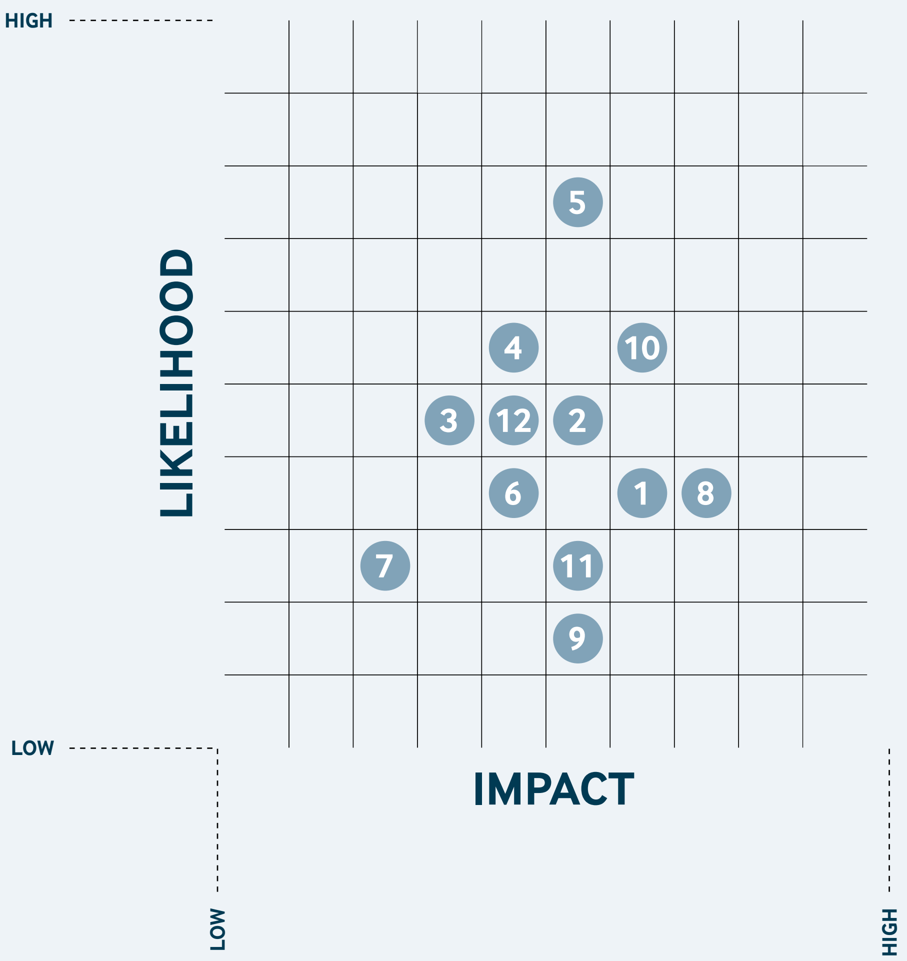
PRINCIPAL RISKS AND UNCERTAINTIES

MANAGING OUR RISKS

In order to gain an understanding of the risk exposure of the Group, we review each area of our business annually and use a methodology that will assist the Group in measuring, evaluating, documenting and monitoring its risks within all areas of its operations.

We use our risk management process as described to identify, monitor, evaluate and escalate risks as they emerge, enabling management to take appropriate action wherever possible in order to control them and also enabling the Board to keep risk management under review. The risk factors addressed below are those which we believe to be the most material to our business model, which could adversely affect the operations, revenue, profit, cashflow or assets of the Group and which may prevent us from achieving the Group's strategic objectives. Additional risks and uncertainties currently unknown to us, or which we currently believe are immaterial, may also have an adverse effect on the Group.

RISK HEAT MAP



RISK

1. The loss of a major customer
2. Parent reel and pulp capacity and pricing
3. New entrant into market
4. Winning a large customer contract
5. Volatility of foreign exchange rates
6. The Group relies on IT systems in its day to day operations
7. Key person dependency
8. Failure to adhere to regulatory requirements such as taxation, the Data Protection Act, Health and Safety and Fire safety regulations in particular
9. Failure to meet bank covenants and loss of facility
10. Risk of COVID-19 pandemic impacts workforce and production
11. Brexit – Risk of disruption to supply chain
12. Failure to meet sustainability expectations of consumers and wider stakeholders

RISK CHANGE KEY

INCREASED · DECREASED · NO CHANGE · NEW — NEW RISK

	PRINCIPAL RISK	IMPACT	MITIGATION	CHANGE
1	**THE LOSS OF A MAJOR CUSTOMER.** Likelihood: Medium	The loss of a major customer and/or being too dependent on a small number of high value customers could seriously impact the sales revenue and hence profitability of the business.	› Nurture relationships with key customers › Understand our customers' business in order to identify further opportunities. Ensure customer service levels are high and we respond rapidly to any shortcomings › Continuously monitor the market for opportunities to open up new customers › We encourage customer audit and respond to the feedback › Maintain diversification across a broad customer base › Longer-term contract	No change Strong relationships maintained with top customers, strengthened by the acquisitions of Leicester Tissue Company and John Dale, and new product development. Improved category and customer focused teams.
2	**PARENT REEL AND PULP CAPACITY AND PRICING.** Likelihood: Medium	If prices rise above management expectations this could have a material adverse effect on the Group's ability to achieve strategic objectives.	› Nurture relationships with key suppliers › Buy ahead › Take favourable spot opportunities when available › Remain close to market dynamics on pulp price and capacity › Increase knowledge of overall capacity in market to identify new opportunities › Remain flexible with regard to new suppliers › Pass on significant changes to customers	Increased Strong procurement team in place to support the larger scale of the business. Pulp prices and other commodity costs have started to increase but additional tissue mill capacity announced.
3	**NEW ENTRANT INTO MARKET.** Likelihood: Medium	A new entrant into the market creating extra capacity and competition.	› Ensure that Group remains cost competitive, listens to customer requirements and delivers best value	Increased High entry barrier maintained despite challenges of turnaround, but UK market remains attractive.
4	**WINNING A LARGE CUSTOMER CONTRACT.** Likelihood: Medium	The winning of a large contract could absorb all capacity headroom and could lead to supply issues if not managed closely.	› Ensure that we optimise the performance from existing capacity by careful scheduling and enhanced training to create spare capacity from existing lines › Continuously search for low level capital investments to enhance the operation of existing lines › Add additional machine capacity	Decreased Acquisitions, automation, training and investment have all delivered increases in capacity and output over the last three years. We intend to invest in further machinery – positively impacting the business in FY22.
5	**VOLATILITY OF FOREIGN EXCHANGE RATES.** Likelihood: High	The majority of our parent reel purchases are in US$. Fluctuations in the exchange rates could adversely affect input costs and hence profitability.	› Review and adhere to our foreign exchange policy › Monitor short-term purchasing forecasts to ensure appropriate exposure to risk › Look for opportunity to source across multiple currencies › Recognise that a significant adverse weakening of Sterling will impact the entire market with a market price increase most likely required	No change Whilst macro conditions have been volatile over the last year, management of risk has improved.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

	PRINCIPAL RISK	IMPACT	MITIGATION	CHANGE
6	**THE GROUP RELIES ON IT SYSTEMS IN ITS DAY TO DAY OPERATIONS.** Likelihood: Medium	Disruption in critical IT systems would have a significant adverse impact on production and important business processes.	› Manage an upgrade plan to ensure hardware is fit for purpose › Seek opportunities to upgrade or de-risk software systems › Ensure critical business continuity plans and disaster recovery contingencies are in place › Maintain a clear IT policy to ensure users do not put the operation at risk › Implementation of warehouse management system and HR/payroll system completed in the year. Integrated ERP system went live in July 2020	A more robust IT platform is now in place with improved information to enable better decision making. Investments will be made to further strengthen IT security controls to improve our capability to detect, respond to and prevent cyber-attacks.
7	**KEY PERSON DEPENDENCY.** Likelihood: Low	Loss of key individuals could impact the Company's ability to deliver its strategic goals and, result in declining performance and loss of investor confidence.	› The Group uses a variety of techniques to attract, retain and motivate its staff, with particular attention paid to those in key roles to help ensure the long-term success of the Group. These techniques include: › the regular review of remuneration packages, including longer-term incentives; › establishment of employee engagement techniques to reinforce their commitment to the Company; and › an annual performance review process	New management structure created, and employee engagement relaunched.
8	**FAILURE TO ADHERE TO REGULATORY REQUIREMENTS SUCH AS TAXATION, THE DATA PROTECTION ACT, HEALTH AND SAFETY AND FIRE SAFETY REGULATIONS IN PARTICULAR.** Likelihood: Medium	A major fire would lead to production loss and even factory loss. Due to the inflammable nature of tissue and the dust created during the converting process, the Group is at a greater risk of fire than many other industries. Non-compliance to Data Protection and Health and Safety regulations could result in fines, litigation and reputational damage.	› The Board has oversight over the management of regulatory risk and compliance and designates specific responsibilities to senior management who will seek external advice where relevant › Ensure Group has robust operational policies, procedures, risk assessments and contingencies around fire safety regulations › Update and test the Disaster Recovery Plan annually › Work with our insurers to understand physical or procedural mitigation strategies to reduce the likelihood or scope of an incident	All plans agreed with risk assessors and insurers as required.
9	**FAILURE TO MEET BANK COVENANTS AND LOSS OF FACILITY.** Likelihood: Low	The Group is dependent upon its Revolving Credit Facility and Invoice Discounting Facility provided by the bank, without which it would be unable to meet its payment obligations.	› Careful management of profit and cash with regular reforecasts to ensure actions are taken at the earliest moment to ensure hurdles are cleared › Regular dialogue with the bank to explain Company performance and the risks and opportunities of short to mid-term trading › Facilities amended and extended to August 2023 providing additional flexibility and headroom	Additional flexibility and headroom provided by amended banking facilities provide the backing to grow the business.

RISK CHANGE KEY

INCREASED

DECREASED

NO CHANGE

NEW
NEW RISK

	PRINCIPAL RISK	IMPACT	MITIGATION	CHANGE	
10	**RISK OF COVID-19 PANDEMIC IMPACTING WORKFORCE AND PRODUCTION.** Likelihood: Medium	Loss of key employees across a number of shifts impacting ability to manufacture and fulfil customer orders.	› Full screening questionnaire including temperature checks in place for all employees, visitors and contractors › Company specified face coverings for all employees to eliminate potential 'contact' including those office staff that can't work from home. Social distancing measures in place including one way systems, staggered clock in and C19 safety reps to ensure compliance › Additional sanitisation stations and cleaning, increased communication and signage in multi-language › Internal track and trace process in place with measures implemented across both Blackburn and Leyland locations	Decreased	Significant investment has been made to ensure the safety of our employees and security of supply for our customers.
11	**BREXIT – RISK OF DISRUPTION TO SUPPLY CHAIN.** Likelihood: Low	Shortage of key raw materials to meet customer orders.	› All key materials are dual sourced as a minimum. Tissue being the major component is supplied from multiple locations (Turkey, Portugal, Egypt) and can be brought into multiple ports › Majority comes in via Port of Liverpool with Accrol being the second largest customer of the port › Multiple shipments are received each week with appropriate levels of stocks held	Decreased	The Brexit transition process caused some short-term disruption that has now been alleviated.
12	**FAILURE TO MEET SUSTAINABILITY EXPECTATIONS OF CONSUMERS AND WIDER STAKEHOLDERS** Likelihood: Medium	We fail to deliver against growing expectations on organisations to play a positive role in society, balancing the needs of our business, our environment and our people	› Focused action to reduce carbon emissions across all sites › Ensuring we meet national legislation requirements for disclosing greenhouse gas emissions › Ensuring we meet the growing consumer demand for sustainable products › Continually reviewing our sustainability priorities to ensure they align with the expectations of stakeholders and wider society	NEW	Risk added because of increased focus on sustainability and climate change.

The Strategic Report, which includes the Chairman's Statement, the Chief Executive Officer's review, the business model and strategy, the Group financial review and the principal risks and uncertainties, was approved by the Board and signed on its behalf by:

GARETH JENKINS
Chief Executive Officer

13 July 2021

INTRODUCTION TO GOVERNANCE

AN ACTIVE APPROACH TO LEADERSHIP AND MANAGEMENT

Dear Shareholder. I am pleased to introduce the Corporate Governance Report for Accrol Group Holdings plc for the year ended 30 April 2021. This report includes the Board structure, an introduction to the members of the Accrol Board and the Corporate Governance Statement.

The Directors place a significant emphasis on ensuring that Accrol has the appropriate governance structures in place. This year, we appointed an experienced Chief Financial Officer, Richard Newman, to support the planned growth of the business.

The Board is committed to upholding the appropriate standards of corporate governance to ensure that there is an effective and efficient approach to managing the Group for the benefit of all shareholders.

DAN WRIGHT
Executive Chairman

13 July 2021

THE AUDIT COMMITTEE

The Audit Committee has the primary responsibility of monitoring the quality of internal controls to ensure that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee meets not less than two times in each financial year and has unrestricted access to the Group's external auditors.

Committee meeting attendance

Simon Allport (Chair), 4 meetings attended

Daniel Wright, 4 meetings attended

Euan Hamilton, 4 meetings attended

Daniel Wright Executive Chairman

THE BOARD

The Board provides leadership to the Group as a whole, as well as ensuring a framework of controls exists which allows for the identification, assessment and management of risk. The Board sets the Group's strategic goals; ensuring obligations to shareholders are met. Matters reserved for the decision of the Board include approval of Group strategy, annual budgets and business plans, acquisitions, disposals, business development, annual reports, interim statements and any significant funding and capital plans. The Board meets regularly, usually monthly.

BOARD MEETING ATTENDANCE

Daniel Wright	13/13
Gareth Jenkins	13/13
Euan Hamilton	13/13
Simon Allport	13/13
Richard Newman	3/13*

* Richard Newman joined the Board on 1 February 2021 and attended all Board meetings available to him.

NOMINATION COMMITTEE

The Nomination Committee leads the process for Board appointments and makes recommendations to the Board. The Nomination Committee shall evaluate the balance of skills, experience, independence and knowledge on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. The Nomination Committee meets as and when necessary.

Committee meeting attendance

Daniel Wright (Chair), 1 meeting attended

Euan Hamilton, 1 meeting attended

Simon Allport, 1 meeting attended

REMUNERATION COMMITTEE

The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee meets as and when necessary, but at least once each year. In exercising this role, the Directors shall have regard to the recommendations put forward in the QCA Code and, where appropriate, the Remuneration Committee Guide for Small and Mid-Size Quoted Companies published by the QCA and associated guidance.

Committee meeting attendance

Euan Hamilton (Chair), 3 meetings attended

Daniel Wright, 3 meetings attended

Simon Allport 3 meetings attended

BOARD OF DIRECTORS

EXPERIENCED AND EFFECTIVE

DANIEL WRIGHT

EXECUTIVE CHAIRMAN

A N R

Date appointed:
- Non-Executive Director: 11 December 2017
- Executive Chairman from 4 February 2018

Key strengths
- Financial development
- Portfolio development
- Operating matters
- With over 15 years' experience in PE backed acquisition, 50 transactions, he has a UK wide reputation of delivering exceptional returns
- A dynamic leader who brings great teams together

Previous experience
- NorthEdge Capital, Founder Partner, Chief Operating Officer & Head of Portfolio
- Accrol Group Holdings Limited, prior to IPO – Director
- Deutsche Morgan Grenfell Private Equity
- Vision Support Services Group – Chairman

Other commitments
- SolasCure – Director
- Manchester & London Investment Trust plc – Non-Executive Director
- Youth Zone – Non-Executive Director

GARETH JENKINS

CHIEF EXECUTIVE OFFICER

Date appointed:
- 11 September 2017

Key strengths
- Extensive strategy, commercial, M&A and operational experience, UK and in Europe
- Retail, FMCG and industrial markets
- An extensive track record of delivering industry leading levels of return in manufacturing and paper based operations
- Significant experience in business turnaround
- Extensive senior leadership experience of business turnaround and delivering industry leading levels of return in cyclical paper businesses
- Personally led over 10 business turnarounds with a history of success over 20 years
- Delivered multi million-pound EBITDA improvement in the last six years

Previous experience
- DS Smith plc – 24 years
- Managing Director UK & Ireland packaging division

RICHARD NEWMAN

CHIEF FINANCIAL OFFICER

Date appointed:
- 1 February 2021

Key strengths
- Highly accomplished executive with 30 years' experience in senior finance roles at FTSE 100 and FTSE 250 companies
- Extensive knowledge and breadth of experience in M&A, FX Management and FMCG
- Proven leadership skills
- Commercial and operational experience

Previous experience
- PwC – qualified as a Chartered Accountant
- Cadbury PLC – Finance and IT Director, Ireland, and, latterly, Group Financial Controller
- National Express Group PLC – Divisional Finance Director
- DS Smith PLC – Regional Finance Director for North Europe Packaging

EUAN HAMILTON

INDEPENDENT NON-EXECUTIVE DIRECTOR

A N R

Date appointed:
- 27 August 2018

Key strengths
- Restructuring and business turnarounds
- Leverage finance and private equity
- Investment banking worldwide

Previous experience
- Royal Bank of Scotland Group
- Bank of Cyprus Group
- Cramond Capital Partners Ltd

Other commitments
- Cynergy Bank Ltd – Non Exec Chairman
- Resolute Asset Management Holdings (Malta) Ltd – Non Exec Chairman

SIMON ALLPORT

INDEPENDENT NON-EXECUTIVE DIRECTOR

A N R

Date appointed:
- 10 October 2018

Key strengths
- Extensive commercial & M&A experience
- Broad strategic experience throughout many industries
- Business transformation

Previous experience
- 32 years in the professional sector
- Formerly Managing Partner for the North of England at Ernst & Young

Other commitments
- Fitzallan Limited
- The Enterprise Fund Limited
- Etale Limited

COMMITTEE KEY

A Audit Committee
N Nomination Committee
R Remuneration Committee
● Member
● Chairman

CORPORATE GOVERNANCE REPORT

The Directors acknowledge the importance of high standards of corporate governance and have chosen to comply with the principles set out in the Corporate Governance Code for Small and Mid-size Quoted Companies, as issued by the QCA (the QCA Code). A summary of how the Company currently complies with the QCA Code is set out below and is updated at least annually in the manner recommended by the QCA Code. There is also a summary on the Company's website corporate governance page.

The Chairman's role is to lead the Board of Directors and to be responsible for ensuring that the Company adheres to and applies the standards of corporate governance. The Board and the Committees meet regularly as described above. The executive team are directed to day-to-day management and are accountable to the rest of the Board.

Many of the disclosures relevant to the Code are already made in this Annual Report and Accounts. In the application of this Code the Board has sought input from the auditors, the Company's advisers, and a review by the Company's lawyer. The Board is tasked with continuing to return the business to profit and seeking a path to long-term growth for shareholders and the importance of corporate governance is to oversee the division of ownership and stewardship. The Executive Directors have the day-to-day responsibility of stewardship and the Chairman and Non-Executives monitor and evaluate this on behalf of the owners.

The disclosures below were last reviewed and approved by the Board on 13 July 2021.

QCA PRINCIPLES AND ACCROL GROUP HOLDINGS PLC APPROACH

1. Establish a strategy and business model which promote long-term value for shareholders.
The Company has now completed its turnaround, which focused on improving operational efficiency, winning new business and clear pricing to customers. This strategy is shared by the Board and the senior operational team and has been expressed clearly through recent circulars to shareholders, announcements through RNS and is explained fully within the Strategic Report section in our Annual Report and Accounts each financial year. Key risks and mitigating factors to our business are also detailed in this Annual Report and Accounts.

The Company's vision is to build a diversified Group of size and scale, which is less exposed to input cost fluctuations and is focused on the broader private label personal hygiene and household products markets. The acquisitions made within the year were consistent with this vision with Leicester Tissue Company increasing scale and John Dale increasing diversity.

2. Seek to understand and meet shareholder needs and expectations.
The Board is committed to an open and ongoing engagement with its shareholders and it also reviews and discusses changes in the Company's shareholder base at Board meetings. The main methods of communication with shareholders are the Annual Report and Accounts, the interim and full-year results announcements, the Annual General Meeting and the Company's website.

In addition, the Chairman and Chief Executive Officer meet regularly with institutional investors and analysts to ensure that objectives and any business developments are clearly communicated, and that they are available to respond to any enquiries following Company announcements, together with other Company advisers. The Non-Executive Directors are also available to discuss any matters that shareholders wish to raise and discuss.

The Company does not have a dedicated investor relations department given its size but has engaged an external investor relations adviser to act as another point of contact for shareholders, details of which are on the Company's website. Questions from individual shareholders are typically referred to the Chairman or CEO for written answers.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success.
The Board recognises that its long-term success will necessitate the maintenance of effective working relationships across a wide range of stakeholders as well as its shareholders; being primarily its employees, customers and suppliers. The Executive Directors maintain an ongoing and collaborative dialogue with such stakeholders and take all feedback into consideration as part of the decision-making process and day-to-day running of the business. Last year the Company carried out its first employee engagement survey, which now repeats twice each year. The level of employee engagement has improved every year and currently stands at 84% (2020: 77%), which is a testament to the teamwork throughout the organisation. The survey covers all aspects of the business and drives immediate change and improvement at all levels.

The Company takes corporate social responsibility very seriously and whilst the nature of the business limits the risk of it having a negative impact on society and the environment, it is well understood that the behaviour of the Company and its employees should always be carefully monitored from this perspective.

Communication with our customers is fundamental to our success. The Company engages in continuous communication with them to understand their needs, share our plans, and nurture the collaborative partnership. The Company has key account managers for its customers. Similarly, strong relationships with our key suppliers of materials and third-party services are maintained through regular reviews and site visits.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.
Risk management is reported in this Annual Report and Accounts (pages 30 to 33) along with how those risks are mitigated and how they change over time. The Board typically meets at least ten times a year during which business and other risks are assessed. There are also formal and informal communication routes that allow for risks to be communicated to Board members in a timely manner from all areas of the business.

5. Maintain the Board as a well-functioning, balanced team led by the Chair.
The Board now comprises five Directors: the Executive Chairman, two Non-Executive Directors and two Executive Directors. The CEO is the longest serving Executive Director, having been appointed in September 2017. The appointment of Richard Newman as Chief Financial Officer has strengthened the Board further. Both Non-Executive Directors, Simon Allport and Euan Hamilton, are considered by the Board to be independent. Over the period the Board has met as frequently as governance required but now meets regularly with processes in place to ensure that each Director is always provided with such information as is necessary to discharge their duties. The Board is also supported by the Committees (Audit, Remuneration and Nomination) each with specific remits. The detail of the number of meetings and attendance by Directors is noted on page 34.

The Non-Executive Directors were selected with the objective of increasing the breadth of skills and experience of the Board and to bring independent judgement to the Board. The Company believes that the makeup of the Board represents a suitable balance of independence and detailed knowledge of the business to ensure that it can fulfil its roles and responsibilities as effectively as possible. Please see page 37 of this Annual Report and the website for the profiles of the Non-Executive Directors.

All Directors are subject to re-election by shareholders at the Annual General Meeting and any Directors appointed during a financial year must be formally elected at the Annual General Meeting following their appointment. No Directors are subject to re-election at this year's Annual General Meeting.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.
The Board evaluates consistently those skills that are required and whether they are adequately provided for across the Board and executive team. In doing so, and where relevant, it will consider guidance available on appointment and training of Board members. The Company Secretary has the responsibility to make the Board aware of legal changes and will advise on the Company's approach. Where vacancies arise or gaps are identified that must be addressed, the Nomination Committee receives recommendations from the Chief Executive Officer and appraises the candidates. Appointments are made on merit against objective criteria and considering the benefits that will be brought to the Board and the Company.

The Board has access to external advice, including the Company's solicitors where required. The Board receives ongoing training as part of its annual Board meeting cycle.

7. Evaluate Board performance based on clear and relevant objectives seeing continuous improvement.
The Chairman is responsible for ensuring an effective Board. He regularly reviews the operations of the Board to ensure that the members of the Board are committed, independent and provide a relevant and effective contribution.

The Company is not required to undertake a formal independent evaluation and, given the changes and pressures faced by the Company, has not yet voluntarily undertaken to do so.

8. Promote a corporate culture that is based on ethical values and behaviours.
The Board places significant importance on the promotion of ethical values and good behaviour within the Company and takes ultimate responsibility for ensuring these are promoted and maintained throughout the organisation and that they guide the Company's business objectives and strategy. The Company has documented procedures with respect to its responsibilities regarding ethical behaviour, specifically bribery and corrupt practices and modern slavery, and these are applicable across its operations including the supply chain and customer chain.

The Company communicates regularly with its employees, both formally and informally, and has recently implemented an employee engagement assessment (see page 14 of this Annual Report and Accounts) to help monitor the impact of its people related processes.

The questions in the employee engagement assessment focused on a range of areas, including happiness at, and enjoyment with, work, expected standards and personal development.

The Company is an equal opportunities employer and highly values its people. It is committed to delivering products with as little environmental impact as possible.

Promotion of the right ethical values and behaviours is built into the remuneration plans of the Board.

9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board.
The Chairman leads the Board and is responsible for its governance structures, performance and effectiveness. The Chairman is also responsible for ensuring the links between the Board and the shareholders are strong and efficient. The Chief Executive Officer, Chief Operating Officer and Group Finance Director are responsible for the day-to-day management of the business and for implementing the strategic goals agreed by the Board.

The Board has also established an Audit Committee, Remuneration Committee and Nomination Committee. From time to time, separate committees may be set up by the Board in order to consider and address specific issues, when and if the need arises.

Corporate governance disclosures are assessed at least annually, including whether the structures and processes are fit for purpose.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.
The Company places a strong emphasis on the standards of good corporate governance and maintaining an effective engagement with its shareholders and key stakeholders, which it considers to be integral to longer-term growth and success.

The Company is pleased to present its first Audit Committee Report in this 2021 Annual Report.

The Company's reports and presentations and notices of Annual General Meetings are made available on the website, as are the results of voting at shareholder meetings.

AIM RULES COMPLIANCE REPORT

Accrol Group Holdings plc is quoted on AIM and as a result the Company has complied with AIM Rule 31 which requires the following:

- Have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules;
- Seek advice from its Nominated Advisor ("Nomad") regarding its compliance with the Rules whenever appropriate and take that advice into account;
- Provide the Company's Nomad with any information it reasonably requests in order for the Nomad to carry out its responsibilities under the AIM Rules for Nominated Advisors, including any proposed changes to the Board and Provision of draft notifications in advance;
- Ensure that each of the Company's Directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and
- Ensure that each Director discloses without delay all information which the Company needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the Director or could with reasonable diligence be ascertained by the Director.

RICHARD ALMOND
Company Secretary

13 July 2021

AUDIT COMMITTEE REPORT

REPORT FROM THE CHAIRMAN OF THE AUDIT COMMITTEE

Simon Allport Chairman of the Audit Committee

Dear Shareholder,

I am pleased to present the Audit Committee Report for the year ended 30 April 2021, describing our work during the past year.

COMPOSITION AND EXPERIENCE OF THE AUDIT COMMITTEE

The Audit Committee consists of two Non-Executive Directors, including myself as chair, and the Executive Chairman. All three have considerable industry experience in senior financial and operational roles and all are therefore regarded as having recent and relevant experience.

The Audit Committee met on four occasions during the year.

RESPONSIBILITIES OF THE AUDIT COMMITTEE

The terms of reference of the Committee are available on the Company's website. In accordance with these, the Committee has primary responsibility for:

- Reviewing the effectiveness of the Group's internal controls, including review of the scope and adequacy of the Company's processes and controls in respect of Whistleblowing and Anti-Bribery.
- Monitoring the integrity of the Group's financial statements and the external announcements of the Group's results.
- Advising on the clarity of disclosures and information contained in the Annual Report and Accounts and giving an opinion to the Board on whether the Annual Report and Accounts are fair, balanced and understandable.
- Ensuring consistency in application of and compliance with applicable accounting standards.
- Overseeing the relationship with the external auditors including, recommending approval of their appointment and approving their remuneration, reviewing their reports and ensuring their independence is maintained.

The Audit Committee will report to the Board on all these matters.

SIGNIFICANT MATTERS CONSIDERED IN RELATION TO THE FINANCIAL STATEMENTS

At the request of the Board, the Audit Committee considered whether the 2021 Annual Report and Accounts were fair, balanced and understandable and whether they provided the necessary information for shareholders to assess the Group's performance, business model and strategy. The Committee was satisfied that, taken as a whole, the 2021 Annual Report and Accounts are fair, balanced and understandable.

The Audit Committee assesses whether suitable accounting policies have been adopted and whether appropriate estimates and judgements have been made by management. The Committee also reviews accounting papers prepared by management, and reviews reports by the external auditors. The specific areas reviewed by the Committee during the year were:

- Revenue recognition
- Management override of controls
- Separately disclosed items
- Appropriateness of the carrying value of goodwill, intangibles and other assets arising on acquisition
- Going concern review
- Goodwill impairment review

EXTERNAL AUDIT

The Audit Committee has responsibility for the recommendation for re-appointment and deciding the remuneration of the Group's external auditors and satisfying itself that they maintain their independence regardless of any non-audit work performed by them. The Group has been monitoring the impact of the FRC Revised Ethical Standard 2019 governing the performance of non-audit work by the auditors with regard to the provision of such services and where required, changes to ensure compliance with the recommendations have been implemented. The total fees payable to the external auditors in respect of the year under review amount to £169,000 (2020: £84,000) of which £17,000 (2020: £4,000) related to non-audit services.

One of the principal duties of the Audit Committee is to make recommendations to the Board in relation to the appointment of the external auditors. BDO have been the Company's external auditors for three years and in line with best practice guidance as a listed plc are required to rotate the Senior Statutory Auditor (engagement partner) responsible for the Group and subsidiary audits every five years. It is our intention to comply with this.

The respective responsibilities of the Directors and external auditors in connection with the Group financial statements are explained in the Statement of Directors' Responsibility on page 50 and the Auditor's Report on pages 51 to 56.

REVIEW OF EXTERNAL AUDITORS' EFFECTIVENESS

The Committee reviewed the external auditors' performance and independence, by considering the qualifications, expertise and resources of BDO and its objectivity on an ongoing basis throughout the year. This was done by taking into account the following:

- The views of the Executive Directors
- Consideration of responses from BDO to questions from the Committee
- The audit findings reported to the Committee, including BDO's report on internal quality procedures
- The relationship with BDO as a whole, including the provision of any non-audit services, to confirm there are no relationships between the auditors and the Company other than in the ordinary course of business which could adversely affect independence and objectivity

Based on this information the Committee is satisfied that the external audit process has operated effectively, and BDO continued to bring independence and prove effective in its role as external auditors.

INTERNAL CONTROL AND RISK MANAGEMENT

The Audit Committee supports the Board in reviewing the Group's risk management methodology and the effectiveness of internal control. Regular internal control updates are provided to the Audit Committee, which include reviewing and updating the risk register and assessing the mitigating actions in place and updates to action plans agreed in previous meetings. No significant issues were identified.

INTERNAL AUDIT

The Group does not currently have a formal internal audit function but targeted reviews and visits to operations are performed by senior members of the Finance team which comprises qualified accountants. The team is responsible for reviewing and reporting on the effectiveness of internal controls and risk management systems. This approach is considered appropriate and proportionate for the size of the Group's operations and does not affect the work of the external auditors.

MODERN SLAVERY ACT

We are committed to implementing and enforcing systems and controls to ensure there is no modern slavery or human trafficking taking place within our businesses or supply chains. Adherence to these principles is addressed through staff induction, ongoing training and communications to address the importance of a zero-tolerance attitude. Suppliers are required to comply with our code of conduct on these matters with compliance enforced through robust vendor audits, supplier visits and ongoing training.

WHISTLEBLOWING

The Group culture is committed to honesty, openness, integrity and accountability and considers it fundamental that any concerns our employees have about the Company can be raised without fear of recrimination or victimisation. In support of this, the Group has in place a whistleblowing policy which encourages employees to report any areas of concern that they may have in respect of conduct within the organisation that could fall below these expected standards.

Any matters raised through the whistleblowing process are reported to the Chief Executive Officer. Where a matter is raised, a proportionate investigation is undertaken by independent management with support and guidance from the Committee as necessary. The Group is pleased to report that no incidents have been reported during the year.

ANTI-BRIBERY AND CORRUPTION

The Group's commitment to act professionally, fairly and with integrity at all times is reflected in our zero-tolerance approach to all forms of bribery, corruption, fraud and theft. It has in place appropriate Board approved policies and procedures designed to ensure adherence to the principles of the Bribery Act 2010 and to take account of 'Business Principles for Countering Bribery' published by Transparency International, these also cover corporate hospitality and gifts, and appropriate business ethics. Compliance with these policies is confirmed annually by the Group's management teams.

SIMON ALLPORT
Chairman of the Audit Committee

13 July 2021

REMUNERATION REPORT

STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Euan Hamilton Chairman of the Remuneration Committee

I am pleased to introduce the Directors' Remuneration Report for Accrol Group Holdings plc for the year ended 30 April 2021. This report includes my statement, the Annual Report on remuneration for the year and sets out our Directors' remuneration policy.

OUR DIRECTORS' REMUNERATION POLICY

In the reported financial year, the remuneration policy has not altered from that described in our previous Annual Report, which followed a forward-looking and thorough review of the underlying policy and remuneration structures of companies in the competitive marketplace in which we operate. We considered the approach necessary to attract and retain individuals with the relevant experience and skills to help drive future value creation and the achievement of our strategic goals and objectives.

The policy is set out in the following pages, with a summary of key principles provided below:

- fixed levels of remuneration will be set at an appropriate level for each individual and, in doing so, the Remuneration Committee will take into account the levels of fixed remuneration for similar positions with comparable status, responsibility and skills. This will ensure Accrol is capable of attracting and retaining the individuals needed to rebuild and grow the Company; and
- recognising our growth aspirations and the need to deliver ongoing returns for shareholders, the Executive Directors are eligible to participate in market competitive incentive arrangements. They will have the opportunity to receive appropriate levels of remuneration based on achievement of quantitative and qualitative objectives and measures as relevant for their role.

BUSINESS CONTEXT AND REMUNERATION COMMITTEE DECISIONS ON REMUNERATION

The following factors have been identified as key areas of focus for improving the Group's performance going forward:

- organic growth through discounters;
- increasing market share through multiples;
- introduction of new product; and
- operational improvements and capacity utilisation.

It is intended that our remuneration policy reflects, and is aligned to, the Company's long-term strategy and facilitates the achievement of the objectives set out above.

The remainder of this report is split out into the following two sections:

- Annual Report on remuneration providing details of the payments made to Directors in the year ending 30 April 2021 (page 43); and
- Directors' remuneration policy setting out the Company's remuneration policy (pages 44 to 46).

EUAN HAMILTON
Chairman of the Remuneration Committee

13 July 2021

DIRECTORS' REPORT ON REMUNERATION

REMUNERATION COMMITTEE

Euan Hamilton (chair)
Daniel Wright
Simon Allport

The Remuneration Committee has responsibility for setting the remuneration policy for all Executive Directors and the Chairman of the Board, including pension rights and any compensation payments. This includes reviewing the performance of the Executive Directors and determining the terms and conditions of their service, appropriate remuneration and the grant of any share options, having due regard to the interests of shareholders. Where the Executive Chairman's remuneration is reviewed, he will not be present for these considerations.

In setting the remuneration policy, the Remuneration Committee takes into account the objective to attract, retain and motivate Executive management of the quality required to run the Company successfully without paying more than is necessary. The remuneration policy also has regard to the risk appetite of the Company and alignment to the Company's long-term strategic goals.

The Remuneration Committee also recognises that a significant proportion of remuneration should be structured to link rewards to corporate and individual performance and designed to promote the long-term success of the Company.

The Remuneration Committee meets at least once a year and otherwise as required. In the current financial year, the Remuneration Committee has met three times.

DIRECTORS' REMUNERATION

The tables below set out the total remuneration for Executive and Non-Executive Directors for the financial years ending 30 April 2021 and 30 April 2020.

Executive Directors

	Salaries(1) £	Benefits in kind(2) £	Pension(3) £	Bonus(4) £	**Total remuneration 2021 £**	Total remuneration 2020 £
Gareth Jenkins	375,000	13,381	45,000	405,000	**838,381**	612,735
Daniel Wright	160,000	–	–	162,000	**320,573**	210,000
Richard Newman*	67,500	2,024	5,063	60,750	**135,337**	–

Non-Executive Directors

	Total fees 2021	Total fees 2020
Euan Hamilton	**50,000**	49,583
Simon Allport	**50,000**	49,583

(1) Full base salary paid during the relevant financial year.
(2) Benefits consist of the provision of a company car (or cash equivalent) and private healthcare.
(3) The pension figure represents the value of the Company's contribution to the individual's pension scheme and/or the cash value of payments in lieu of pension contribution.
(4) The annual bonus is the cash value of the bonus in respect of the year ended 30 April 2021.
* Richard Newman was appointed to the Board on 1 February 2021.

DIRECTORS' REPORT ON REMUNERATION CONTINUED

REMUNERATION POLICY

The Remuneration Committee will periodically review the policy to confirm the remuneration framework continues to align with the strategy and objectives of the business. During the year the Committee received advice from an independent external consulting firm concerning market facing reward packages for Executive Directors and senior management.

In developing the policy, the Remuneration Committee has taken into account the best interests of the business and the agreed terms and conditions of employment for each Director of the Company. The overall remuneration philosophy aims to:

- recognise the importance of ensuring that employees of the Group are effectively and appropriately incentivised;
- operate a remuneration policy that is a mix of fixed and variable pay. Variable pay is both short term and long term;
- align Directors' interests with those of the Company;
- have a pay for performance approach; and
- provide a market competitive level of remuneration to enable the Company to attract and retain high-performing individuals, to support the ongoing success of the Company.

As part of this, an annual bonus plan has been in place since April 2016. The Company has also adopted and subsequently refined a Management Incentive Plan ("MIP"), and a long-term incentive plan ("LTIP") to align the interests of senior management (Chairman, CEO, CFO, COO, Commercial Director) with those of the shareholders. The MIP was designed to reflect the business context and awards cover the performance period starting 1 May 2018 and ending 30 April 2021. No further grants of options have been made under the MIP since those made in May 2018, and no further awards will be made under the MIP.

A new LTIP was approved on 5 March 2021 based on market standard annual awards and is designed to incentivise the senior management team after the MIP ceased in April 2021.

The Company has also introduced an employee share plan for the broader employee base that was launched in May 2021.

MIP Awards FY21

Movement in the share options granted under the MIP are as follows:

	Exercise price (p)	Options at 30 April 2020	Options transferred in the period	Options exercised	Options lapsed	**Options at 30 April 2021**
Daniel Wright	0.1	7,488,067	–	(5,700,738)	(477,070)	**1,310,259**
Gareth Jenkins	0.1	12,218,238	–	(9,396,545)	(623,227)	**2,198,466**
Senior managers	0.1	10,757,116	–	(4,213,359)	(2,529,017)	**4,014,740**
Total		30,463,421	–	(19,310,642)	(3,629,314)	**7,523,465**

LTIP Awards FY21

Movement in the share options granted under the LTIP are as follows:

	Exercise price (p)	Options at 30 April 2020	Options awarded in the period	Options exercised	Options lapsed	**Options at 30 April 2021**
Daniel Wright	0.1	–	362,903	–	–	**362,903**
Gareth Jenkins	0.1	–	907,258	–	–	**907,258**
Richard Newman	0.1	–	554,435	–	–	**554,435**
Senior managers	0.1	–	1,327,224	–	–	**1,327,224**
Total		–	3,151,820	–	–	**3,151,820**

REMUNERATION POLICY SUMMARY – EXECUTIVE DIRECTORS

PURPOSE AND LINK TO STRATEGY	OPERATION
Base salary	
To reflect market value of the role and individual's performance and contribution and enable the Group to recruit and retain Directors of sufficient calibre required to support achievement of both short and long-term value creation.	The salary of each Executive Director will be reviewed annually by the Remuneration Committee without any obligation to increase such salary. Base salaries are benchmarked against the AIM companies of a comparable size with a targeted approach of median positioning against the market, subject to satisfactory performance. There may be reviews and changes to base salary during the year if considered appropriate by the Remuneration Committee. The Remuneration Committee will take account of relevant comparator Group data as well as pay increases awarded to other groups of employees within the Group.
Benefits	
To attract and retain the right individuals and level of talent required to support achievement of both short and long-term value creation.	Benefits include but may not be limited to private medical insurance, cash car allowance and life assurance cover. Other benefits may be provided to the Directors if considered appropriate by the Remuneration Committee.
Pension	
To attract and retain the right individuals and level of talent required to support achievement of both short and long-term value creation.	An annual pension allowance up to 12.5% of base salary, which is paid either into a pension scheme operated by the Group or a personal pension held by the individual, with the balance paid as an additional cash payment through payroll. Consideration of the new rules applying to pensions, taking into account the individual lifetime and annual allowances, is made when determining the most appropriate mix of pension and cash contributions for each individual on an annual basis.
Annual Bonus Plan	
To incentivise delivery of the Group's annual financial and strategic goals.	The annual bonus payment will depend on the level of performance delivered against specific targets, with a threshold level being set below which no bonus will be paid. The maximum bonus available is 120% of base salary per annum. Bonus awards can be reduced by up to 40% for failure to achieve TSR and personal performance targets. The Remuneration Committee will review the bonus plan each year and may amend the terms of the plan to ensure it remains fit for purpose.
Management Incentive Plan ("MIP")	
To incentivise the delivery of key performance measures over the long term. To retain key Executives and ultimately increase their share ownership in the Company, thus aligning their interests with those of shareholders.	The MIP is a share option plan designed to attract and engage the right calibre of individual to effect the turnaround required by the Company. The MIP is structured as a three-year plan; there is no intention to extend the MIP beyond its current timeframe. The MIP comprises three individual awards (the "Awards"), each one being conditional on performance targets based on the Company's EBITDA performance in FY19, FY20 and FY21 (together "the Performance Period"). The Awards will have a nominal value exercise price. The vesting criteria of each of the Awards is based on the achievement of adjusted EBITDA targets for FY19, FY20 and FY21 (the "EBITDA Targets") (as relevant) and the Company not being in any material breach of any of its banking covenants. Following the Remuneration Committee's determination as to whether the relevant EBITDA Targets have been met, and provided the banking covenants are not materially breached, the Awards vest, with 30% of the shares issued on exercise of options subject to lock-in arrangements. Upon a takeover, depending on the price per ordinary share at which a takeover offer is accepted, a proportion of the Awards will immediately vest on the occurrence of the takeover. Any Awards not vesting on a takeover will generally lapse six months following this event.

DIRECTORS' REPORT ON REMUNERATION CONTINUED

REMUNERATION POLICY SUMMARY – EXECUTIVE DIRECTORS CONTINUED

PURPOSE AND LINK TO STRATEGY	OPERATION
Long Term Incentive Plan ("LTIP")	
To incentivise the delivery of key performance measures over the long term. To retain key Executives and ultimately increase their share ownership in the Company, thus aligning their interests with those of shareholders.	The LTIP is a share option plan designed to attract and engage the right calibre of individual beyond the initial turnaround period of the Company. The LTIP is structured as a five-year plan. The LTIP currently comprises a single award (the "Award") based on the Company's EBITDA performance in FY23 ("the Performance Period"). The Award will have a nominal value exercise price. The vesting criteria of the Award is based on the achievement of adjusted EBITDA targets for FY23 (the "EBITDA Target") (as relevant) and the Company not being in any material breach of any of its banking covenants. Following the Remuneration Committee's determination as to whether the relevant EBITDA Target has been met, and provided the banking covenants are not materially breached, the Awards vest, (subject to lock-in arrangements). Upon a takeover, depending on the price per ordinary share at which a takeover offer is accepted, a proportion of the Award will immediately vest on the occurrence of the takeover. Any Awards not vesting on a takeover will generally lapse six months following this event.

TERMINATION OF EMPLOYMENT

Each Executive Director has a service agreement which may be terminated by either party serving 12 months' written notice. However, payment of remuneration during the notice period will be made monthly and terminated at the discretion of the Company should the individual take up alternative employment.

Payment of the annual bonus plan is conditional upon notice to terminate the employment not having been served by either party for any reason on or prior to the relevant bonus payment date.

During the MIP vesting period, if a participant ceases to be a Director or employee of a member of the Group other than in certain 'Good Leaver' circumstances, their unvested Awards shall cease to become exercisable on the date of cessation of employment and lapse in full 30 days following this date.

A Good Leaver is someone who ceases employment as a result of death, ill health, injury or disability evidenced to the satisfaction of the Remuneration Committee; retirement at the normal retirement age in accordance with the Group's internal policies; or any other reason the Remuneration Committee permits.

REMUNERATION POLICY – NON-EXECUTIVE DIRECTORS

PURPOSE AND LINK TO STRATEGY	OPERATION
Non-Executive Directors' fees	
To attract and retain the right individuals required to support the achievement of both short and long-term value creation.	Fees for Non-Executive Directors are based on market practice and are reviewed by the Board each year. All Non-Executive Directors receive a basic fee each year with an additional fee provided for each Committee chairmanship and membership. The maximum aggregate amount of fees that the Company may pay to all the Directors who do not hold Executive office for their services as such is £120,000 per annum, or such larger amount as the Company may by ordinary resolution decide. These fees are to be divided among the Directors as the Board decides or, if no decision is made, equally.

EUAN HAMILTON
Chairman of the Remuneration Committee

13 July 2021

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements, along with the auditors' report for the year ended 30 April 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Group is that of soft tissue paper converters, supplying private label toilet tissue, kitchen towel, facial tissue and wet wipes to major discounters and major grocery retailers.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Strategic Report on pages 2 to 33, including the Chairman's Statement, Chief Executive Officer's Review and Finance Review, report on the performance of the Group for the year ended 30 April 2021 and the likely future developments, which forms part of this report by reference.

THE BOARD

The Directors who served during the year under review and up to the date of approving the Annual Report and Financial Statements were:

Daniel Wright
Gareth Jenkins
Richard Newman (appointed 1 February 2021)
Euan Hamilton
Simon Allport

Details of the Directors' remuneration are shown in the report of the Remuneration Committee on pages 42 to 46. Details of the Directors' interests in the share capital of the Company are set out below. The roles and biographies of the Directors are set out on pages 36 and 37.

DIRECTORS' INDEMNITY AND INSURANCE

The Company has granted a third-party indemnity to each of its Directors against any liability that attaches to them in defending proceedings brought against them, to the extent permitted by English law. This third-party indemnity was in place during the financial year and at the date of approval of the financial statements. In addition, Directors and officers of the Company and its subsidiaries are covered by Directors' and Officers' liability insurance.

DIVIDENDS

In respect of the year ended 30 April 2021, the Directors did not pay an interim dividend (2020: £nil) but recommend a final dividend of 0.5 pence per share (2020: £nil) consistent with the Board's previously stated intention to return to the dividend list at the earliest appropriate opportunity.

FINANCIAL INSTRUMENTS

Details of the Group's financial risk management objectives and policies are disclosed in note 21 to the financial statements.

ENVIRONMENTAL REPORTING

Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, we are mandated to disclose our UK energy use and associated greenhouse gas (GHG) emissions. Specifically, and as a minimum, we are required to report those GHG emissions relating to natural gas, electricity and transport fuel, as well as an intensity ratio, under the SECR Regulations.

EMISSIONS DATA

The Group has called on the expertise and support of an energy specialist to guide it to compliance. This has involved a detailed understanding of the Accrol business and the extensive gathering and analysis of energy and transport data to produce a set of auditable reports.

Standard conversion rates used in this report were obtained from the UK Government. The energy data used in this report relates to invoiced consumption against specific meter points for the specified period and has been qualified by the suppliers of the invoices. Transport and supplementary fuel data was provided directly by the Company, together with the selected intensity ratio metric and the supporting intensity ratio data.

EMISSIONS KEY PERFORMANCE INDICATORS (KPI'S)

KPI	Unit	2020/21	2019/20	% Variance
(Scope 1) CO_2 emissions	$kgCO_2e$	86,462	68,810	25.6%
(Scope 2) CO_2 emissions	$kgCO_2e$	2,768,501	2,702,606	2.4%
Emissions from energy exports	$kgCO_2e$	0	0	0%
Total CO_2e (net energy export)	$kgCO_2e$	0	0	0%
Energy consumption	kWh	12,265,597	10,888,057	12.6%
Energy exported	kWh	0	0	0%
Total carbon emissions	$kgCO_2e$	2,854,962	2,771,415	3.0%
Total carbon emissions	tCO_2e	2,855	2,771	3.0%
Total production	t	98,425	84,781	16.1%
Group intensity ratio (tCO_2e per tonnes of production)		0.029	0.033	-11.3%

DIRECTORS' REPORT CONTINUED

ENERGY EFFICIENCY MEASURES

Below is a narrative of principal measures that have been taken within the reported financial year that have had a direct impact on the energy efficiency of the organisation.

For the current financial year, it had been planned to implement a thoroughly structured approach to energy reduction projects, however, the COVID-19 pandemic prevented this being fulfilled. Despite this, the Group was able to identify and target a number of areas to contribute to improving energy efficiency, including:

- Continued roll-out of removal of halogen lighting in Blackburn and replacing with LED lights
- Replacement of all external lights with LED
- Programme of air leak detection and repair
- New controls on air compressors to aid efficient running
- Removal of additional extraction ducting in Blackburn
- Fixing of fast acting doors to reduce heat loss in winter months
- Increase in line efficiency through the extension of run lengths and reduction of change-overs, hence more consistent running of machine motors
- As part of the automation projects in Blackburn and Leyland, the Group has invested in new energy efficient stretch-wrapping equipment.

CORPORATE GOVERNANCE

A report on Corporate Governance and compliance with the QCA Corporate Governance Code is set out on pages 38 and 39, and forms part of this report by reference.

HEALTH AND SAFETY

The Group is committed to providing a safe working environment for all employees. Group policies are reviewed regularly to ensure that policies relating to training, risk assessment and accident management are appropriate. Health and safety issues are reported at all Operations and Board meetings.

CHARITABLE AND POLITICAL DONATIONS

Charitable donations of £27,010 (2020: £29,417) were made during the year. There were no political donations during the year.

RESEARCH AND DEVELOPMENT

Research and development activities remain a priority. During the year, the Group developed two innovative new products, 'Magnum' and 'Oceans', both of which have now been released to the market.

POST BALANCE SHEET EVENTS

There are no adjusting or non-adjusting events subsequent to the year end.

EMPLOYEE INVOLVEMENT AND POLICY REGARDING DISABLED PERSONS

The Company operates an equal opportunities policy that aims to treat individuals fairly and not to discriminate on the basis of sex, race, ethnic origin, disability or on any other basis. The Company's policy and procedures are designed to provide for full and fair consideration and selection of disabled applicants, to ensure they are properly trained to perform safely and effectively and to provide career opportunities that allow them to fulfil their potential. Where a member of staff becomes disabled in the course of their employment the Company will actively seek to retain them wherever possible by making adjustments to their work content and environment or by retraining them to undertake new roles.

Further information can be found in the Section 172 statement on pages 22 and 23.

The Group provides staff with information on the Group's performance and on matters concerning them on a regular basis. Considerable value is placed on the involvement of its staff; regular, open, fair and respectful communication; zero tolerance for human rights violations; fair remuneration; and, above all, a safe working environment.

FOSTERING RELATIONSHIPS WITH KEY STAKEHOLDERS

The business values its relationship with all key stakeholders and places great emphasis on maintaining regular reviews to develop and foster business relationship which are integral to longer-term growth and success.

Please see pages 22 and 23 of the Strategic Report, the Section 172 statement.

AUTHORITY TO ALLOT SHARES

Powers related to the issue and buy-back of the Company's shares are included in the Company's Articles of Association and such authorities are reviewed annually by shareholders at the Annual General Meeting.

DIRECTORS' INTERESTS

The interests in the shares of the Company of those Directors serving at 13 July 2021 and as at the date of approving these financial statements, all of which are beneficial, in the share capital of the Company were as follows:

	Ordinary shares	% of issued share capital
Daniel Wright	9,972,726	3.20%
Gareth Jenkins	4,265,632	1.37%
Richard Newman	5,000	–
Euan Hamilton	–	–
Simon Allport	–	–

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021 the Company was aware of the following individual registered shareholdings of more than 3% of the Company's issued share capital, representing 60.97% of the issued share capital of the Company.

Investor	Number of shares	Percentage
Schroder Investment Management	36,980,931	11.88
Premier Miton Investors	31,521,104	10.12
NorthEdge Capital	27,487,377	8.83
Canaccord Genuity Wealth Management	22,790,646	7.32
Tellworth Investments	20,423,505	6.56
Killik Asset Management	15,231,331	4.89
Gresham House	13,855,260	4.45
Lombard Odier Asset Management	11,834,020	3.80
James Sharp & Co	9,717,214	3.12

GOING CONCERN

Details are disclosed in note 2 to the financial statements.

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

(a) So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware.

(b) Each of the Directors has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

BDO LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

ANNUAL GENERAL MEETING

Your attention is drawn to the Notice of Annual General Meeting accompanying this Annual Report which sets out the resolutions to be proposed at the forthcoming Annual General Meeting. The meeting will be held at Delta Building, Roman Road, Blackburn BB1 2LD at 10:00am on 24 September 2021.

On behalf of the Board of Directors

GARETH JENKINS
Chief Executive Officer

13 July 2021

DIRECTORS' STATEMENT OF RESPONSIBILITY

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 elected to prepare the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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 requirements of 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 legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACCROL GROUP HOLDINGS 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 financial position as at 30 April 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 Accrol Group Holdings plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 April 2021 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statement of Financial Position, the Group Statement of Cash flows, the Group and Parent Company Statement of Changes in Equity 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 international accounting standards in conformity with the requirements of the Companies Act 2006. 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.

We consider going concern to be a key audit matter as a result of the Group continuing to report losses. In addition, the inputs to the forecasts are highly judgemental, with changes potentially having a material impact on the conclusion below.

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 and in response to the key audit matter included the following procedures:

- Examining the Directors' business plan covering the period to 31 July 2022, which is also used as a basis for the discounted cashflow model in the impairment assessment of goodwill and other non-current assets. We examined the cashflow forecasts for key judgements as well as considering downside sensitivities to these
- We challenged the Directors' stress test scenarios including levers available to the Directors to mitigate the impacts
- We challenged the Directors on the key assumptions included in the scenarios and confirmed the Directors' mitigating actions are within their control. For each scenario we recalculated the key covenants to check that there was still sufficient headroom
- The forecast includes key assumptions in respect of (1) the sterling to US dollar foreign exchange rate; (2) parent reel pricing; and (3) the efficiencies from the operational and commercial turnaround which the Directors have put in place over the last three years. We have challenged each area by considering whether the assumptions put in place were realistic based on third party sources and historic trends. We also corroborated each assumption to supporting third party documentation
- We re-calculated the covenants both at the year end and quarterly within the forecast period to check there was sufficient headroom
- We checked the availability of financing through the going concern period back to loan documentation and agreed the renewal of the rolling credit facility subsequent to the year-end through third party documentation
- We assessed the adequacy of the disclosure within the financial statements relating to the Directors' assessment of the going concern basis of preparation

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

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF ACCROL GROUP HOLDINGS PLC

OVERVIEW

COVERAGE		**2021**	**2020**
	Group profit before tax	100%	100%
	Group revenue	100%	100%
	Group total assets	100%	100%
KEY AUDIT MATTERS		**2021**	**2020**
	Acquisition accounting	Yes	No
	Classification of Separately Disclosable Items	Yes	Yes
	Going Concern	Yes	Yes
MATERIALITY	*Group financial statements as a whole*		
	£685,000 (2020: £672,000), being 0.5% of revenue (2020: 0.5% of revenue)		

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.

The Group manages its operations from two principal locations in the UK.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the eight (2020: four) entities of the Group, we determined that two (2020: one) components represented the principal business units within the Group and these were identified as significant components.

The audit of all significant components was performed by the Group audit team. For these two significant components, we performed a full scope audit of the complete financial information. For the remaining components, the Group audit team have performed specified audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the Group financial statements, either because of the size of these accounts or their risk profile.

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. In addition to the matters described in the Conclusions related to going concern section of our report, we have determined the matters below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTER		HOW WE ADDRESSED THE KEY AUDIT MATTER IN THE AUDIT
Business combinations As described in note 27 (business combinations), the Group acquired two new subsidiaries during the year. The accounting policy note for business combinations is detailed under Consolidation in note 2 (Summary of Significant Accounting Policies).	There were £21.9m of separable intangibles identified, and £14.8m of goodwill recognised. The valuation of the intangibles is dependent on a number of key assumptions, in particular relating to earn out clauses, discount rate, fair value adjustments and expected returns. The setting of these assumptions is complex and requires the exercise of significant management judgement with the support of third party experts. A small change in the assumptions and estimates used to calculate the valuation of the intangibles could have a significant effect on the Statement of Financial Position. As such, the acquisition accounting and the resulting valuation of the intangible assets is considered a key audit matter.	We tested a sample of items from the acquisition balance sheet to ensure cut off between the pre-acquisition and post acquisition period had been correctly performed. For example we agreed a sample of transactions from the acquisition balance sheet to share purchase agreements and valuation reports, to gain assurance over the opening position. We checked that the treatment of deal fees and acquisition costs had been correctly allocated to the Statement of Comprehensive Income not capitalised as debt or equity. We checked that the amount of contingent consideration (earn outs) had been calculated correctly by discussing the basis of the calculation with management and considered the total contribution as stated in the share purchase agreement and the discount rate to be the key assumptions and judgements in determining the contingent consideration. We performed sensitivity analysis on the earn out scenarios to determine the impact of material changes to assumptions and agreed that the earn out had been included in the cost of the investment. We tested and challenged the inputs to the purchase price allocation exercise performed to determine the existence and valuation of any separable intangibles acquired as part of the transaction. We used an internal valuations specialist to assist us with the challenge on the discount rate and the model used; they compared the methodology used to industry guidelines and the outputs to other comparable transactions. We re-performed the calculation of the resulting investment and goodwill balance to ensure in line with IFRS 3. **Key observations** No issues were identified from our testing.
Classification of Separately Disclosable Items As described in note 2 (accounting policies), note 3 and note 6 (Separately Disclosable Items), the Group has items which are disclosed separately on the Statement of Comprehensive Income and are excluded from the Directors' reporting of the underlying performance of the Group.	There were £4.7m of separately disclosable items that are presented in the Statement of Comprehensive Income. The Group has incurred acquisitions, integration, COVID-related and operational re-organisation and restructure costs which have been accounted for as separately disclosable items in the financial statements. We focused on this area, specifically to assess whether the items identified by the Directors meet the definition within the Group's accounting policy and have been treated consistently, because the identification of such items requires judgement by the Directors.	We challenged the Directors' rationale for the designation of certain items such as Turnaround and Operational costs and assessed these against the Group's accounting policy. We also considered the consistency of the treatment of these items with prior periods, taking into account the significant changes in the business that have occurred during the year. We assessed management's classification of acquisitions, integration, COVID-related and operational re-organisation and restructure costs to check the levels reported in non-recurring expenditure are indeed one-off and not expected in future periods. We also checked these costs back to third party supporting documentation. We also challenged the narrative in the front end of the financial statements to check equal prominence was given to both normal and adjusted measures to the financial statements. **Key observations** The results of our testing were satisfactory.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF ACCROL GROUP HOLDINGS PLC

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 as follows:

	GROUP FINANCIAL STATEMENTS		PARENT COMPANY FINANCIAL STATEMENTS	
	2021 £	2020 £	2021 £	2020 £
Materiality	685,000	672,000	613,000	£404,000
Basis for determining materiality	0.5% of revenue	0.5% of revenue	3.5% of net assets	3.5% of net assets
Rationale for the benchmark applied	Revenue is a stable measure reflecting the operational growth of the business and is not impacted by turnaround and operational costs which vary year on year as the Group completes its turnaround, whilst it is still loss making and is considered to be the measure of most interest to the users of the financial statements as the turnaround comes to an end.	Revenue is a stable measure reflecting the operational growth of the business and is not impacted by turnaround and operational costs which vary year on year as the Group completes its turnaround, whilst it is still loss making and is considered to be the measure of most interest to the users of the financial statements as the turnaround comes to an end.	Entity does not trade and only holds an investment and some IC balances and therefore, net assets is used to calculate materiality.	Entity does not trade and only holds an investment and some IC balances and therefore, net assets is used to calculate materiality.
Performance materiality	£445,000	£432,000	£398,000	£243,000
Basis for determining performance materiality	65% of materiality	65% of materiality	65% of materiality	65% of materiality

In considering individual account balances and classes of transactions we apply a lower level of materiality in order to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Performance materiality was set at £445,000 (2020: £432,000), representing 65% (2020: 65%) of materiality. The level reflects the aggregation risk of errors in the Group. No specific materiality was applied to defined areas of the financial statements.

Component materiality

Our audit work on each significant component was executed at levels of materiality applicable to each individual entity which was lower than Group materiality. Component materiality ranged from £27,000 to £621,000 (2020: £399,000 to £598,000). Parent Company materiality was £613,000 (2020: £399,000).

Reporting threshold

We agreed with the Audit Committee that we would report to the Committee all individual audit differences identified during the course of our audit in excess of £20,000 (2020: £20,000). We also agreed to report differences below these thresholds 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF ACCROL GROUP HOLDINGS PLC

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:

Based on our understanding and accumulated knowledge of the Group and Parent Company and the sector in which it operates we considered the risks of acts by the Group and Parent Company which were contrary to applicable laws and regulations, including fraud, and whether such actions or non-compliance might have a material effect on the financial statements. These included but are not limited to those that relate to the form and content of the financial statements, such as Group accounting policies, UK GAAP, ISA (UK), the Companies Act 2006, relevant taxation legislation, Health and Safety and the Bribery Act 2010.

We determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates, and revenue cut off. Our audit procedures included, but were not limited to:

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the share based payments, incremental borrowing rate for the right of use assets under IFRS 16, cashflow forecasts and the discount rate used in goodwill impairment assessment, stock provision, the discount rate and forecasted EBITDA used in the purchase price allocation exercise;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or including specific keywords;
- Testing a sample of revenue transactions within a specified cut off window pre and post year end to determine if they have been recorded in the correct period;
- Communicating 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;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of Board meetings and Audit Committee meetings throughout the period; and

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.

STUART WOOD (SENIOR STATUTORY AUDITOR)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK

13 July 2021

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

CONSOLIDATED INCOME STATEMENT

FOR YEAR ENDED 30 APRIL 2021

	Note	2021 £'000	2020 £'000
Revenue	4	**136,594**	134,773
Cost of sales		**(98,710)**	(105,239)
Gross profit		**37,884**	29,534
Administration expenses		**(27,072)**	(18,810)
Distribution costs		**(11,424)**	(11,490)
Other income		**–**	585
Operating loss	5	**(612)**	(181)
Analysed as:			
– Adjusted EBITDA[1]		**15,644**	10,641
– Depreciation	11	**(4,786)**	(4,201)
– Amortisation	13	**(3,520)**	(2,040)
– Share based payments	26	**(3,245)**	(2,351)
– Separately disclosed items	6	**(4,705)**	(2,230)
Operating loss		**(612)**	(181)
Finance costs	9	**(2,196)**	(1,977)
Finance income	9	**242**	267
Loss before tax		**(2,566)**	(1,891)
Tax (charge)/credit	10	**(74)**	312
Loss for the year attributable to equity shareholders		**(2,640)**	(1,579)
Earnings per share		**Pence**	Pence
Basic loss per share	7	**(1.1)**	(0.8)
Diluted loss per share	7	**(1.1)**	(0.8)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR YEAR ENDED 30 APRIL 2021

	2021 £'000	2020 £'000
Loss for the year attributable to equity shareholders	**(2,640)**	(1,579)
Other comprehensive income for the year		
Revaluation of derivative financial instruments[2]	**–**	(50)
Tax relating to components of other comprehensive income	**–**	9
Total comprehensive loss attributable to equity shareholders	**(2,640)**	(1,620)

The notes are an integral part of these consolidated financial statements.

(1) Adjusted EBITDA, which is defined as loss before finance costs, income tax, depreciation, amortisation, share based payments and separately disclosed items, is a non-GAAP metric used by management and is not an IFRS disclosure (see note 30).

(2) Items that could potentially be reclassified subsequently to profit and loss.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2021

	Note	2021 £'000	2020 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	**63,341**	39,740
Lease receivables	12	**5,027**	5,703
Intangible assets	13	**61,763**	26,877
Deferred tax assets	10	**–**	288
Total non-current assets		**130,131**	72,608
Current assets			
Inventories	14	**23,185**	9,373
Trade and other receivables	15	**26,480**	20,680
Current tax asset		**–**	40
Lease receivables	12	**675**	649
Cash and cash equivalents	16	**7,604**	8,147
Derivative financial instruments	20	**–**	28
Total current assets		**57,944**	38,917
Total assets		**188,075**	111,525
Current liabilities			
Borrowings	19	**(12,349)**	(18,157)
Trade and other payables	17	**(47,031)**	(23,988)
Financial instruments	20	**(120)**	–
Income taxes		**(300)**	–
Provisions	18	**(7,321)**	(158)
Total current liabilities		**(67,121)**	(42,303)
Total assets less current liabilities		**120,954**	69,222
Non-current liabilities			
Borrowings	19	**(30,851)**	(23,827)
Deferred tax liabilities	10	**(3,666)**	–
Provisions	18	**–**	(383)
Total non-current liabilities		**(34,517)**	(24,210)
Total liabilities		**(101,638)**	(66,513)
Net assets		**86,437**	45,012
Capital and reserves			
Share capital	23	**311**	195
Share premium		**108,782**	68,015
Capital redemption reserve		**27**	27
Retained earnings		**(22,683)**	(23,225)
Total equity shareholders' funds		**86,437**	45,012

The financial statements were approved by the Board of Directors on 13 July 2021.

Signed on behalf of the Board of Directors

RICHARD NEWMAN
Chief Financial Officer

Company Registration Number 09019496

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 APRIL 2021

	Note	Share capital £'000	Share premium £'000	Hedging reserve £'000	Capital redemption reserve £'000	Retained earnings/ (accumulated losses) £'000	Total equity £'000
Balance at 30 April 2019		195	68,015	41	27	(23,956)	44,322
Effect of adoption of IFRS 16 (net of tax)		–	–	–	–	314	314
Balance at 1 May 2019		195	68,015	41	27	(23,642)	44,636
Comprehensive (expense)/income							
Loss for the year		–	–	–	–	(1,579)	(1,579)
Revaluation of derivative financial instruments		–	–	(50)	–	–	(50)
Tax relating to components of other comprehensive income		–	–	9	–	–	9
Total comprehensive expense		–	–	(41)	–	(1,579)	(1,620)
Transactions with owners recognised directly in equity							
Share based payments (net of tax)		–	–	–	–	1,996	1,996
Total transactions recognised directly in equity		–	–	–	–	1,996	1,996
Balance at 30 April 2020		195	68,015	–	27	(23,225)	45,012
Comprehensive (expense)/income							
Loss for the year		–	–	–	–	(2,640)	(2,640)
Total comprehensive expense		–	–	–	–	(2,640)	(2,640)
Transactions with owners recognised directly in equity							
Proceeds from shares issued		116	42,494	–	–	–	42,610
Transaction costs		–	(1,727)	–	–	–	(1,727)
Share based payments (net of tax)		–	–	–	–	3,163	3,163
Other taxation		–	–	–	–	19	19
Total transactions recognised directly in equity		116	40,767	–	–	3,182	44,065
Balance at 30 April 2021		**311**	**108,782**	**–**	**27**	**(22,683)**	**86,437**

CONSOLIDATED CASHFLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 2021

	Note	2021 £'000	2020 £'000
Cashflows from operating activities			
Operating loss		**(612)**	(181)
Adjustment for:			
Depreciation	11	**4,786**	4,201
Profit on disposal of property, plant and equipment		**–**	(585)
Amortisation	13	**3,520**	2,040
Grant income		**–**	(578)
Share based payments		**3,245**	2,351
Operating cashflows before movements in working capital		**10,939**	7,248
(Increase)/decrease in inventories		**(8,553)**	1,789
Decrease in trade and other receivables		**604**	2,251
Increase in trade and other payables		**14,800**	8,176
Decrease in provisions		**(418)**	(254)
Decrease in derivatives		**148**	22
Cash generated from operations		**17,520**	19,232
Tax received		**40**	197
Net cashflows generated from operating activities		**17,560**	19,429
Cashflows from investing activities			
Purchase of property, plant and equipment		**(9,112)**	(3,680)
Proceeds from sale of property, plant and equipment		**–**	650
Purchase of intangible assets		**(1,702)**	(3,256)
Acquisition of subsidiaries net of cash acquired		**(32,235)**	–
Receipt of capital element of leases		**650**	623
Lease interest received		**242**	267
Net cashflows used in investing activities		**(42,157)**	(5,396)
Cashflows from financing activities			
Proceeds of issue of ordinary shares		**42,610**	–
Cost of raising equity		**(1,727)**	–
Amounts received from factoring facility		**151,645**	161,650
Amounts paid to factoring facility		**(161,489)**	(163,523)
New leases in year		**1,694**	–
Repayment of capital element of leases		**(5,764)**	(4,595)
Repayment of bank loans		**(997)**	–
Transaction costs of RCF		**(413)**	–
Lease interest paid		**(844)**	(882)
Other interest paid		**(661)**	(712)
Net cashflows used in financing activities		**24,054**	(8,062)
Net increase in cash and cash equivalents		**(543)**	5,971
Cash and cash equivalents at beginning of the year		**8,147**	2,176
Cash and cash equivalents at year end	16	**7,604**	8,147

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

FOR THE YEAR ENDED 30 APRIL 2021

1. GENERAL INFORMATION

Accrol Group Holdings plc (the "Company") was incorporated with company number 09019496. It is a public company limited by shares and is domiciled in the United Kingdom. The registered address of the Company is Delta Building, Roman Road, Blackburn, Lancashire, BB1 2LD.

The Company's subsidiaries are listed in note 25, which together with the Company form the Accrol Group Holdings plc Group (the "Group").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies is set out below. These have been applied consistently in the financial statements.

BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Accounting Standards in conformity with the Companies Act 2006.

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by financial liabilities (including derivative instruments) at fair value through profit or loss. The consolidated financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds, except where otherwise indicated.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE IN THE YEAR

New standards that have been adopted in the financial statements for the year ended 30 April 2021, but have not had a significant impact on the Group, are as follows:

- IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (Amendment – Definition of Material)
- IFRS 3 'Business Combinations' (Amendment – Definition of Business)
- Revised Conceptual Framework for Financial Reporting
- IBOR Reform and its Effects on Financial Reporting – Phase 1
- COVID-19-Related Rent Concessions (Amendments to IFRS 16)

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The Group will undertake an assessment of the impact of the following standards and interpretations in due course, although they are not expected to have a material impact on the consolidated financial statements in the year of applications when the relevant standards come into effect.

Effective for the period beginning 1 May 2021:

- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Effective for the period beginning 1 May 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 Conceptual Framework (Amendments to IFRS 3)

GOING CONCERN

The Chairman's Statement and the Chief Executive's Review outline the business activities of the Group along with the factors which may affect its future development and performance. The Financial Review discusses the Group's financial position, along with details of cashflow and liquidity. In summary, the Group generated operating cash of £17.6m and reduced adjusted net debt from £17.9m to £14.6m, whilst significantly investing in automation and manufacturing infrastructure. The Directors recognise that as of 30 April 2021, the Group has net current liabilities of £9.2m (2020: net current liabilities of £3.4m), which was considered as part of this review. However, this includes £6.6m of contingent consideration that is likely to be settled by the issue of equity.

As in previous years, the Group's forecasted performance is dependent on a number of market and macroeconomic factors particularly the sensitivity to the price of parent reels and the sterling/USD exchange rate which are inherently difficult to predict. The Group did experience some minor operational disruption resulting from Brexit, but this is not expected to impact the business going forward. The Group's forecasted performance has been tested for downside scenarios, including reverse stress tests, relating to sales volume, parent reel prices and foreign exchange rate movements. It also considered the impact of the COVID-19 pandemic on forecasted performance. The Group considered the likelihood of such events occurring together with the relevant impact thereof and was satisfied that if a scenario partly or fully takes place the Group has mitigating options available to maintain liquidity and continue its operations.

The Group is currently operating comfortably within its covenants. It also considered the impact of the above downside scenarios on covenant headroom. The Directors were satisfied that after evaluating the probability of events and available mitigating actions, covenant breaches would be unlikely. At 30 April 2021, available funds were £12.1m, with further details of the borrowing facilities set out in note 19.

The Directors confirm that, after due consideration, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 30 APRIL 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

CONSOLIDATION

Subsidiaries

A subsidiary is an entity controlled, either directly or indirectly, by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cashflows relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors. The Group's activities consist solely of the conversion of paper products within the United Kingdom. It is managed as one entity and management have consequently determined that there is only one operating segment.

Segment results are measured using adjusted earnings before finance costs, tax, depreciation, amortisation, share based payments and separately disclosed items. Segment assets are measured at cost less any recognised impairment. Revenue is attributed to geographical regions based on the country of residence of the customer. All revenue arises in and all non-current assets are located in the United Kingdom. The accounting policies used for segment reporting reflect those used for the Group.

REVENUE

Performance obligations and timing of revenue recognition

The Group's revenue is recognised at a point in time when control of the goods has transferred to the customer. This is when the goods are delivered to the customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Determining the transaction price

The transaction price equates to the invoice amount less an estimate of any applicable rebates and promotional allowances that are due to the customer. Rebate accruals are recognised under the terms of these agreements, to reflect the expected promotional activity and our historical experience. These accruals are reported within trade and other payables.

Allocating amounts to performance obligations

The Group has identified one performance obligation (delivery of product to the customer), therefore the entire transaction price is allocated to the identified performance obligation.

COST OF SALES

Cost of sales comprise costs arising in connection with the conversion of paper products. Cost is based on the cost of a purchase on a first in first out basis and includes all direct costs and an appropriate portion of fixed and variable overheads where they are directly attributable to bringing the inventories into their present location and condition.

SEPARATELY DISCLOSED ITEMS

Items that are material in size or unusual or infrequent in nature are included within operating profit and reported as separately disclosed items in the consolidated income statement.

The separate reporting of these items, which are presented within the relevant category in the consolidated income statement, helps provide an indication of the Group's underlying business performance.

OTHER INCOME

Other income represents profit on sale of property, plant and equipment.

EBITDA AND ADJUSTED EBITDA

Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) and Adjusted EBITDA are non-GAAP measures used by management to assess the operating performance of the Group. EBITDA is defined as profit before finance costs, tax, depreciation and amortisation. Depreciation is the write down of property, plant and equipment. Amortisation is the write down of intangible assets.

The Group's share based payment charge represents incremental incentives to attract new management as part of the turnaround process. Separately disclosed items are material in size or unusual or infrequent in nature. Therefore, to aid comparability between periods and understand the underlying performance of the Group these items are excluded from EBITDA to calculate Adjusted EBITDA.

The Directors primarily use the Adjusted EBITDA measure when making decisions about the Group's activities. As these are non-GAAP measures, EBITDA and Adjusted EBITDA measures used by other entities may not be calculated in the same way and hence are not directly comparable.

FOREIGN CURRENCY

Functional and presentation currency

Items included in the financial information are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial information is presented in sterling, which is the functional currency of all companies in the Group.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are included at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is calculated to write down the cost of the assets on a straight-line or reducing balance basis over the estimated useful lives on the following bases:

› Leasehold land and buildings	straight line over term of lease
› Plant and machinery	4% straight line, 20% residual value
› Motor vehicles	30% straight line
› Fixtures, fittings and office equipment	25% reducing balance

Assets under construction are not depreciated until transferred into the appropriate asset class when they are ready for use. The estimated useful lives are reviewed at the end of each reporting period and adjusted if appropriate. The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 30 APRIL 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Customer relationships

Customer relationships are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. Customer relationships are amortised on a straight-line basis over their useful economic life, typically 6-10 years.

Development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the IAS 38 conditions are met. Development costs with a finite useful life that have been capitalised are amortised on a straight-line basis over the period of its expected benefit.

Computer software

Computer software with a finite useful life that have been capitalised are amortised on a straight-line basis over the period of its expected benefit.

Other intangible assets

The other intangible asset relates to a Management Services Agreement between Accrol Papers Limited and Accrol Group Holdings plc (formerly Accrol Group Holdings Limited). This agreement has an infinite life and therefore is not amortised.

Impairment of non-financial assets

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where the asset does not generate cashflows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

Any impairment charge is recognised in the income statement in the period in which it occurs. Impairment losses relating to goodwill cannot be reversed in future periods. Where an impairment loss on other assets subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount.

FINANCIAL INSTRUMENTS

Financial assets

The Group classifies its financial assets as either amortised cost, fair value through comprehensive income or fair value through profit or loss depending on the purpose for which the asset was acquired. The Group does not currently have any assets categorised as fair value through profit or loss.

Amortised cost

These assets arise principally from the provision of goods to customers (trade receivables). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried 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 to determine lifetime expected credit losses. Expected credit losses are recognised within administration expenses in the consolidated statement of comprehensive income. The Group has applied a hold to collect business model.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents comprise cash at bank, short-term deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are disclosed separately within borrowings within current liabilities.

Financial liabilities

The Group classifies its financial liabilities as either fair value through profit or loss or other financial liabilities depending on the purpose for which the liability was acquired. The Group does not currently have any liabilities categorised as fair value through profit or loss.

Other financial liabilities

Bank borrowings (including amounts owed under the factoring facility) are initially recognised at fair value net of transaction costs where applicable. They are subsequently measured at amortised cost using the effective interest method. Transaction costs are amortised using the effective interest rate method over the life of the loan. Trade receivables, to which the borrowings under this facility are related, are recognised in the statement of financial position as the Group continues to hold the risk and reward.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

SHARE BASED PAYMENTS

The Group issues equity settled share options in the Parent Company to certain employees in exchange for services rendered. These awards are measured at fair value on the date of the grant using an option pricing model and expensed in the statement of comprehensive income on a straight-line basis over the vesting period after making an allowance for the number of shares that it is estimated will not vest. The level of vesting is reviewed and adjusted annually.

LEASES

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 duration of 12 months or less

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are typically amortised on a straight-line basis over the remaining term of the lease.

Assets that have a useful economic life longer than the lease term are depreciated over the useful economic life and are transferred out of right-of-use assets at the end of the lease term.

The Group accounts as a lessor when accounting for sub-leases. In these instances, the Group records a lease receivable, with the corresponding amount netting against the right-of-use asset arising from the head lease.

Subsequent to initial measurement lease assets increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments received. Income from leases is presented within investing activities in the cashflow statement.

GOVERNMENT GRANTS

Government grants of a capital nature are treated as deferred income and released to the income statement over the expected useful lives of the assets concerned. Revenue grants are credited to administrative expenses in the income statement in the period to which they relate.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is based on the purchase on a first in first out basis and includes all direct costs and an appropriate portion of fixed and variable overheads. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution. Supplier rebates are credited to the carrying value of inventory to which they relate. Once the inventory is sold, the rebate amount is then recognised in the income statement.

CURRENT TAXATION

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Income tax relating to items recognised in comprehensive income or directly in equity is recognised in comprehensive income or equity and not in the income statement.

DEFERRED TAXATION

Deferred income tax is provided using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised

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

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

PROVISIONS

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 30 APRIL 2021

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial information in accordance with IFRS requires estimates and assumptions to be made that affect the value at which certain assets and liabilities are held at the balance sheet date and also the amounts of revenue and expenditure recorded in the year. The Directors believe the accounting policies chosen are appropriate to the circumstances and that the estimates, judgements and assumptions involved in its financial reporting are reasonable.

Accounting estimates made by the Group's management are based on information available to management at the time each estimate is made. Accordingly, actual outcomes may differ materially from current expectations under different assumptions and conditions.

The estimates and assumptions for which there is a significant risk of a material adjustment to the financial information within the next financial year are set out below.

CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

Business combinations

Significant judgement is exercised in determining the forecasted performance targets used to calculate the contingent consideration and the discount rates and weighted average cost of capital to calculate the fair value of the contingent consideration.

The Group exercised judgement in identifying and valuing intangible assets such as customer relationships. This involved calculating discounted cashflows, applying appropriate attrition rates and discount rates.

Development costs

The Group exercises judgement in determining whether development costs incurred meet the criteria of IAS 38 'Intangible Assets' and hence capitalised. The criteria where judgement is most required is around determining the technical feasibility of completing the project, the availability of adequate technical, financial, and other resources to complete and the existence of the market. Not meeting the criteria would result in these costs being expensed as incurred.

Separately disclosed items

During the course of the year the Group incurred expenditure that is material and considered worthy of being separately disclosed. In order to better explain the underlying performance of the business, management makes a judgement as to which costs should be separately disclosed. Separately disclosing costs that are not appropriate to do so leads to a risk of mis-stating the Group's underlying performance.

CRITICAL ACCOUNTING ESTIMATES IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

Goodwill and intangible asset impairment

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment based on the recoverable amount of its three CGUs. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of a number of key variables in order to calculate the present value of the cashflows, including:

- future underlying cashflows;
- the determination of a pre-tax discount rate; and
- long-term growth rates

The future underlying cashflows remain sensitive to a number of key variables, including the sterling/USD exchange rate and parent reel pricing, both of which are inherently difficult to predict, and which could have a significant effect (positive or negative) on the Group's cashflows. The COVID-19 pandemic has increased the variability in this calculation.

More information including carrying values is included in note 13.

Right-of-use assets

Significant judgement is exercised in determining the incremental borrowing rate. IFRS 16 requires the borrowing rate should represent what the lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value in a similar economic environment.

Deferred taxation

The Group has recognised deferred tax assets in respect of losses incurred in the current and prior year. This requires the estimation of future profitability in determining the recoverability of these assets. Specifically, a range of assumptions underpin the profit and cashflow forecasts for the next 12 months, including those around parent reel prices, the successful management of any foreign exchange downside and the maintenance of the current strong customer relations. As described above, the Group's trading performance remains sensitive to a number of key variables which could have a significant effect (positive or negative) on the Group's cashflows.

4. REVENUE

The analysis by geographical area of destination of the Group's revenue is set out below:

	2021 £'000	2020 £'000
United Kingdom	**127,107**	128,078
Europe	**9,487**	6,695
	136,594	134,773

MAJOR CUSTOMERS

In 2021 there were five major customers that individually accounted for c.10% and above of total revenues (2020: five customers). The revenues relating to these customers in 2021 were £30.4m, £26.2m, £23.3m, £21.8m and £13.6m (2020: £34.6m, £26.1m, £20.8m, £17.1m and £13.8m).

5. OPERATING LOSS

Operating loss is stated after (crediting)/charging:

	2021 £'000	2020 £'000
Employee benefit expense (note 8)	**19,702**	15,952
Depreciation	**4,786**	4,201
Amortisation	**3,520**	2,040
Profit on disposal of property, plant and equipment	**–**	(585)
Research and development expensed as incurred	**191**	242
Net foreign exchange (gains)/losses	**(1,024)**	1,174
Grant income	**–**	(578)

AUDITOR'S REMUNERATION

	2021 £'000	2020 £'000
Audit services – Company	**13**	13
Audit services – Rest of Group	**139**	67
Non audit services:		
Tax compliance services	**17**	4
	169	84

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 30 APRIL 2021

6. SEPARATELY DISCLOSED ITEMS

	2021 £'000	2020 £'000
Acquisition professional fees	**2,150**	–
Acquisition integration costs	**724**	–
Acquisition related items	**2,874**	–
Operational reorganisation and restructure	**1,034**	856
Loss on derivative financial instruments	**–**	639
COVID-19 costs	**670**	209
FCA investigation legal costs	**22**	125
Management reorganisation and restructure	**–**	118
Setting up and subsequent exit from Skelmersdale site	**12**	90
Other items	**93**	193
Other items	**1,831**	2,230
	4,705	2,230

A summary of the separately disclosed items for the current year is as follows.

ACQUISITION COSTS £2,150,000 (2020: £NIL)

In November 2020, the Group acquired Leicester Tissue Company, whose principal activity is paper tissue converting. Professional fees of £1,925,000 arose as a result of the transaction.

In April 2021, the Group acquired John Dale, whose principal activity is the manufacture of wet wipes and facial tissue. Professional fees of £225,000 arose as a result of the transaction.

INTEGRATION £724,000 (2020: £NIL)

Upon completion of the acquisition of LTC and JD, the Group immediately commenced a structured integration programme. This covered all key areas of the business including external relationships with customers and suppliers, as well as internal functional reviews to consolidate or integrate activities where appropriate.

Project management costs of £314,000 included expert consultancy advice to support the integration process. Other incremental costs to support this activity included £218,000 of labour and £162,000 of operational costs, largely relating to transportation and short-term paper transfers. Incremental audit fees of £30,000 have been necessary due to added complexity.

OPERATIONAL REORGANISATION AND RESTRUCTURE £1,034,000 (2020: £856,000)

Following the significant progress made during FY20 to transform the manufacturing capability of the business, it was appropriate to review the whole organisation to ensure it was aligned with Accrol's future growth strategy and to deliver world class standards in safety and performance every day. The final elements of the business turnaround plan were completed during the year with significant capital investment in automation at our Blackburn manufacturing site. The complexity of maintaining a 24/7 operation during the implementation of this substantial project resulted in an element of incremental labour costs as service levels needed to be maintained despite the inevitable disruption to normal operations during the period of transition. Once the project had been completed a number of redundancies were incurred as the overall headcount reduced, reflecting the benefits from the automation investment. The total labour cost of the above was £948,000, with associated fees of £86,000.

COVID-19 £670,000 (2020: £209,000)

The COVID-19 pandemic has continued to have a significant impact on how the Group conducts its operations, and on the availability of resource and personnel, to continue to function as an essential provider of products to UK retailers. The Group plans on a certain level of resource, factoring in normal levels of absence and holiday, to maintain a 24/7 manufacturing operation that is as efficient as possible. High levels of absence during the pandemic, due to illness or self-isolation, required incremental labour resources to be deployed to maintain service levels to our customers through additional overtime, additional temporary labour and the deferment of holidays – all of which resulted in additional costs of £292,000.

Additional labour costs of £153,000 were incurred as a dedicated team of people worked on the practical changes that were required in each of our factories, warehouses, and offices to ensure we maintained fully compliant working environments and to protect our employees. Extra logistics, PPE, cleaning and security costs of £225,000 were also incurred.

A summary of the separately disclosed items for the prior year is as follows:

OPERATIONAL REORGANISATION AND RESTRUCTURE

The prior year saw the final stages of the complex and comprehensive turnaround activities completed. This included costs of £748,000 associated principally with additional labour and material costs, as legacy performance issues were corrected. The business undertook a full review of the products the site manufactured and the way it was planned, an assessment of the leadership capabilities and reassignment, a skills assessment and training programme, maintenance regimes and a capital investment plan for key upgrades. Transportation and storage costs of £108,000 were also incurred in supporting these activities.

LOSS ON DERIVATIVE FINANCIAL INSTRUMENTS

Costs of £639,000 were recorded in the period as the business experienced significant positive changes to its supplier terms as a result of improved trading/turnaround actions. This happened much quicker than expected, giving an excess of contract requirements which were subsequently cancelled.

COVID-19

The Group incurred incremental costs in March and April 2020, principally relating to overtime and temporary labour of £119,000, to cover employees who were in isolation. Additional logistics, PPE, cleaning and security costs of £90,000 were also incurred.

FCA INVESTIGATION LEGAL COSTS

As previously disclosed, the FCA initiated an investigation into statements made by the Company between 10 June 2016 and September 2018. Significant consultancy and legal costs associated with the management of this investigation have been incurred, and the investigation was closed with no action to be taken.

MANAGEMENT REORGANISATION AND RESTRUCTURE

In the early part of the previous financial year, final dual resourcing and legal costs of £118,000 were incurred as activities relating to financial planning/reporting and procurement were concluded.

7. LOSS PER SHARE

BASIC LOSS PER SHARE

The basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

	2021 £'000	2020 £'000
Loss for the year attributable to equity shareholders	**(2,640)**	(1,579)

Weighted average number of shares	Number '000	Number '000
Issued ordinary shares at 1 May	**195,247**	195,247
Effect of shares issued in the year	**51,214**	–
Weighted average number of ordinary shares at 30 April	**246,461**	195,247
Basic loss per share (pence)	**(1.1)**	(0.8)

DILUTED LOSS PER SHARE

Diluted loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year, adjusted for potentially dilutive share options.

	2021 £'000	2020 £'000
Loss for the year attributable to equity shareholders	**(2,640)**	(1,579)

	Number '000	Number '000
Weighted average number of shares (basic)	**246,461**	195,247
Effect of conversion of Accrol Group Holdings plc share options	**–**	–
Weighted average number of ordinary shares at 30 April	**246,461**	195,247
Diluted loss per share (pence)	**(1.1)**	(0.8)

No adjustment has been made in 2021 and 2020 to the weighted average number of shares for the purpose of the diluted earnings per share calculation as the effect would be anti-dilutive.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 30 APRIL 2021

8. EMPLOYEE COSTS

	2021 £'000	2020 £'000
Employee costs during the year amounted to:		
Wages and salaries	**14,581**	12,096
Social security costs	**1,530**	1,218
Other pension costs	**346**	287
Share based payments (note 26)	**3,245**	2,351
	19,702	15,952

The monthly average numbers of employees (including the Executive Directors) during the year were:

	Number	Number
Production	**334**	372
Administration	**82**	46
	416	418

9. FINANCE COSTS

	2021 £'000	2020 £'000
Bank loans and overdrafts	**661**	712
Lease interest	**844**	882
Amortisation of finance fees	**438**	365
Unwind of discount on provisions	**253**	18
Total finance costs	**2,196**	1,977

	2021 £'000	2020 £'000
Lease interest income	**242**	267
Total finance income	**242**	267

10. INCOME TAX EXPENSE

TAX (CHARGED)/CREDITED IN THE INCOME STATEMENT

	2021 £'000	2020 £'000
Current income tax		
Current tax on losses for the year	–	–
Adjustment in respect of prior periods	–	6
Total current income tax credit	–	6
Deferred tax		
Origination and reversal of temporary differences	(28)	337
Adjustment in respect of prior periods	(46)	(14)
Change in tax rate	–	(17)
Total deferred tax (charge)/credit	(74)	306
Tax (charge)/credit in the income statement	(74)	312

The tax charge for the year is higher than (2020 credit: is lower than) the effective rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Loss before income tax	(2,566)	(1,891)
Effective rate	19%	19%
At the effective income tax rate	488	359
Expenses not deductible for tax purposes	(516)	(22)
Adjustment in respect of prior periods	(46)	(8)
Change in rate	–	(17)
Total tax (charge)/credit	(74)	312

During the year the Group recognised the following deferred tax assets/(liabilities):

	Accelerated capital allowances £'000	Intangible assets £'000	Derivative financial instruments £'000	Losses £'000	Share based payments £'000	Other £'000	Total £'000
30 April 2019	(1,911)	(1,846)	(9)	3,425	308	–	(33)
Credit/(charge) in year	(88)	212	–	(264)	446	–	306
Credit/(charge) to equity	–	–	9	–	80	(74)	15
30 April 2020	(1,999)	(1,634)	–	3,161	834	(74)	288
Acquired on business combinations	(1,030)	(4,154)	–	177	–	109	(4,898)
Credit/(charge) in year	(542)	552	–	949	(990)	(43)	(74)
Credit/(charge) to equity	–	–	–	–	999	19	1,018
30 April 2021	(3,571)	(5,236)	–	4,287	843	11	(3,666)

A deferred tax asset of £4,287,000 relating to current and prior year losses has been recognised in the year, on the basis that forecasts show sufficient taxable profits in the foreseeable future to utilise these losses.

Deferred tax expected to be settled within 12 months of the reporting date is approximately £2,177,000 (2020: £563,000).

Deferred tax assets and liabilities have been measured at the rate expected to be in effect when the deferred tax asset or liability reverses.

An increase in the corporation tax rate to 25% with effect from 1 April 2023 was substantively enacted on 24 May 2021, therefore has not been reflected in these consolidated financial statements. If this rate had been substantively enacted this would have increased the deferred tax liability at 30 April 2021 by £2,335,000.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 30 APRIL 2021

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land & buildings £'000	Fixtures & fittings £'000	Plant & machinery £'000	Assets under construction £'000	Right-of-use assets £'000	Total £'000
Cost						
At 30 April 2019	445	1,911	37,475	294	–	40,125
Adjustment on initial application of IFRS 16	–	–	(5,619)	–	16,621	11,002
Additions	52	185	383	3,060	22	3,702
Disposals	–	–	(5,052)	–	(485)	(5,537)
At 30 April 2020	497	2,096	27,187	3,354	16,158	49,292
Acquired through business combinations	1,043	164	9,545	–	8,046	18,798
Additions	31	149	733	8,199	477	9,589
Reclassification	–	–	8,335	(10,457)	2,122	–
At 30 April 2021	**1,571**	**2,409**	**45,800**	**1,096**	**26,803**	**77,679**
Accumulated depreciation						
At 30 April 2019	136	998	9,689	–	–	10,823
Adjustment on initial application of IFRS 16	–	–	(727)	–	727	–
Charge for the year	42	367	1,012	–	2,780	4,201
Disposals	–	–	(5,052)	–	(420)	(5,472)
At 30 April 2020	178	1,365	4,922	–	3,087	9,552
Charge for the year	70	337	879	–	3,500	4,786
At 30 April 2021	**248**	**1,702**	**5,801**	**–**	**6,587**	**14,338**
Net book value						
At 30 April 2021	**1,323**	**707**	**39,999**	**1,096**	**20,216**	**63,341**
At 30 April 2020	319	731	22,265	3,354	13,071	39,740

Assets with a value of £63,341,000 (2020: £39,740,000) form part of the security against the RCF as described in note 19.

12. LEASES

LEASES RECEIVABLE

	Land & buildings £'000	Total £'000
At 1 May 2020	6,352	6,352
Interest received	242	242
Lease payments	(892)	(892)
At 30 April 2021	**5,702**	**5,702**
Analysed as:		
Receivable > 1 year	5,027	5,027
Receivable < 1 year	675	675

LEASE LIABILITIES

	Land & buildings £'000	Plant & machinery £'000	Total £'000
At 1 May 2020	16,364	2,200	18,564
Acquired under business combinations	8,457	4,169	12,626
New leases in the year	–	2,171	2,171
Interest expense	731	113	844
Lease payments	(4,357)	(2,251)	(6,608)
At 30 April 2021	**21,195**	**6,402**	**27,597**

Short-term lease expense for the year was £nil. Short-term lease commitment at 30 April 2021 was £nil. Income from sub-leases for the year totalled £242,000.

13. INTANGIBLE ASSETS

	Goodwill £'000	Customer relationships £'000	Development costs £'000	Computer software £'000	Other £'000	Total £'000
Cost						
At 30 April 2019	14,982	20,427	–	–	126	35,535
Internally developed additions	–	–	764	2,492	–	3,256
At 30 April 2020	14,982	20,427	764	2,492	126	38,791
Acquired through business combinations	14,812	21,864	–	28	–	36,704
Internally developed additions	–	–	684	1,018	–	1,702
At 30 April 2021	**29,794**	**42,291**	**1,448**	**3,538**	**126**	**77,197**
Amortisation						
At 30 April 2019	–	9,788	–	–	86	9,874
Charge for the year	–	2,040	–	–	–	2,040
At 30 April 2020	–	11,828	–	–	86	11,914
Charge for the year	–	2,903	273	344	–	3,520
At 30 April 2021	**–**	**14,731**	**273**	**344**	**86**	**15,434**
Net book value						
At 30 April 2021	**29,794**	**27,560**	**1,175**	**3,194**	**40**	**61,763**
At 30 April 2020	14,982	8,599	764	2,492	40	26,877

GOODWILL

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

Goodwill is allocated to the cash generating units (CGUs) as follows:

	2021 £'000	2020 £'000
Accrol	**17,917**	14,982
Leicester Tissue Company ("LTC")	**11,742**	–
John Dale ("JD")	**135**	–
	29,794	14,982

The recoverable amount of each CGU has been determined based on a value in use calculation using cashflow projections based on internal forecasts covering a five-year period, reviewed and approved by the Board. The use of this method requires the estimation of future cashflows and the determination of a discount rate in order to calculate the present value of the cashflows. Cashflows beyond this period are extrapolated using the estimated growth rates stated below.

At 30 April 2021, the impairment tests concluded that there was headroom across each of the CGUs. At a Group level the estimated value in use at 30 April 2021 exceeds the carrying value by £100m (Accrol £81m, LTC £17m, JD £2m). The recoverable amounts of the CGUs have been determined from value in use calculations.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 30 APRIL 2021

13. INTANGIBLE ASSETS CONTINUED

GOODWILL CONTINUED

Key assumptions

The calculations of value in use are inherently judgemental and require management to make a series of estimates and assumptions.

The cashflow forecasts have been derived from the most recent forecast presented to the Board for the year ending 30 April 2022. The cashflows utilised are based upon forecast sales volumes and product mix, anticipated movements in tissue prices and input costs and known changes and expectations of current market conditions.

The pre-tax discount rate used in the value in use calculations is 13.0% (2020: 14.0%) and this has been used consistently across each CGU. This is derived from the Group's weighted average cost of capital and is calculated with reference to latest market assumptions for the risk-free rate, equity market risk premium and the cost of debt. The values reflect both past experience and external sources of information. The long-term growth rate assumed across all CGUs is 2% (2020: 2%).

Sensitivity to changes in assumptions

To support their assertions, the Directors have conducted sensitivity analyses to determine the impact that would result from changes in the above assumptions. Based on this analysis, the Directors believe that a reasonably possible change in any of the key assumptions detailed above would not cause the carrying value of CGU groups to exceed their recoverable amounts, although the headroom would decrease. Therefore, at 30 April 2021 no impairment charge is required against the carrying value of goodwill.

At a Group level impairment would be caused by either increasing the pre-tax discount rate by 11% or reducing the average EBIT performance by £11m. A combination of increasing the pre-tax discount rate by 5% and reducing average EBIT performance by £6m results in an impairment.

At a CGU level the equivalent sensitivities are Accrol (16% increase in pre-tax discount rate or £9m reduction in EBIT); LTC (5% increase in pre-tax discount rate or £2m reduction in EBIT); and JD (7% increase in pre-tax discount rate or £0.2m reduction in EBIT).

Notwithstanding the above sensitivities, the Directors are satisfied that they have applied reasonable and supportable assumptions based on their best estimate of the range of future economic conditions that are forecast and consider that an impairment is not required in the current year. However, the position will be monitored on a regular basis. Going forward, as the acquired operations become fully integrated, it is likely that the Group will return to a sole CGU.

DEVELOPMENT COSTS

During the year, the Group developed new innovative products 'Magnum' and 'Oceans'. The development costs capitalised are to be amortised over the life of the products (typically three years).

COMPUTER SOFTWARE

During the year, the Group has continued in the development of a new ERP system and warehouse management system.

CUSTOMER RELATIONSHIPS

During the year, customer relationships of £21,864,000 arose on the Group's acquisition of Leicester Tissue Company and John Dale. Customer relationships have a useful economic life of 6-10 years.

14. INVENTORIES

	2021 £'000	2020 £'000
Raw materials	**13,363**	5,517
Finished goods and goods for resale	**9,822**	3,856
	23,185	9,373

Inventories recognised as an expense during the year and included in cost of sales amounted to £87,198,000 (2020: £90,379,000). There are £804,000 provisions held against inventories (2020: £32,000).

15. TRADE AND OTHER RECEIVABLES

	2021 £'000	2020 £'000
Trade receivables	**23,356**	16,918
Less: provision for impairment of trade receivables	**(70)**	(9)
Trade receivables – net of provisions	**23,286**	16,909
Prepayments and other debtors	**3,194**	3,771
	26,480	20,680

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

The Group does not hold any collateral as security.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical credit losses experienced. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the current state of the economy and industry specific factors as the key macroeconomic factors in the countries where the Group operates.

16. CASH AND CASH EQUIVALENTS

	2021 £'000	2020 £'000
Cash and cash equivalents	**7,604**	8,147

17. TRADE AND OTHER PAYABLES

	2021 £'000	2020 £'000
Trade payables	**34,128**	17,099
Social security and other taxes	**5,729**	3,094
Accruals	**7,174**	3,795
	47,031	23,988

Trade payables are non-interest bearing and are paid on average within 70 days at 30 April 2021 (2020: 53 days).

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 30 APRIL 2021

18. PROVISIONS

	As at 1 May 2020 £'000	Acquired in the year[1] £'000	Utilised in the year £'000	Discount unwind £'000	As at 30 April 2021 £'000	Current £'000	Non-current £'000
Onerous contracts	541	–	(197)	14	**358**	358	–
Contingent consideration	–	6,369	–	239	**6,608**	6,608	–
Other	–	575	(220)	–	**355**	355	–
	541	6,944	(417)	253	**7,321**	7,321	–

(1) Arising on business combinations in the year.

The onerous contract provisions relate to the decision to exit from the Skelmersdale facility and logistics agreements.

During the year, £575,000 arose on the Group's acquisition of Leicester Tissue Company and John Dale, relating to dilapidation and other compliance provisions.

The contingent consideration relates to the acquisition of Leicester Tissue Company (see note 27).

19. BORROWINGS

	2021 £'000	2020 £'000
Current		
Revolving credit facility	**1,821**	1,636
Factoring facility	**3,975**	11,817
Leases	**6,553**	4,704
	12,349	18,157
Non-current		
Revolving credit facility	**9,807**	9,967
Leases	**21,044**	13,860
	30,851	23,827

The changes in liabilities arising from financing activities, from cashflows and non-cash changes for the current and prior year are as follows:

	Current loans & borrowings £'000	Non-current loans & borrowings £'000	Total £'000
At 1 May 2020	18,157	23,827	41,984
Cashflows	(16,829)	–	(16,829)
Non-cashflows:			
New leases acquired through business combinations	2,016	10,610	12,626
New leases	477	–	477
Loans acquired through business combinations	997	–	997
Factoring facility acquired through business combinations	2,002	–	2,002
Interest accrued	1,505	–	1,505
Amortisation of finance fees (note 9)	438	–	438
Allocation from non-current to current in the year	3,586	(3,586)	–
At 30 April 2021	**12,349**	**30,851**	**43,200**

	Current loans & borrowings £'000	Non-current loans & borrowings £'000	Total £'000
At 1 May 2019	16,709	11,838	28,547
Cashflows	(8,062)	–	(8,062)
Non-cashflows:			
Lease adjustments (note 2)	3,154	16,364	19,518
New leases	4	18	22
Interest accrued	1,594	–	1,594
Amortisation of finance fees (note 9)	–	365	365
Allocation from non-current to current in the year	4,758	(4,758)	–
At 30 April 2020	**18,157**	**23,827**	**41,984**

Finance costs incurred to arrange the revolving credit facility have been capitalised and are being amortised through interest payable. Unamortised finance costs at 30 April 2021 are £372,000 (2020: £397,000).

Finance costs are not included in the loan maturity table below.

	2021 £'000	2020 £'000
Loan maturity analysis		
Within one year	**12,528**	18,521
Between one and two years	**7,666**	13,351
Between two and five years	**18,986**	8,072
After five years	**4,392**	2,437
	43,572	42,381

The following amounts remain undrawn and available:

	2021 £'000	2020 £'000
Revolving credit facility	**5,000**	–
Factoring facility	**7,128**	1,012
	12,128	1,012

The Group's bank borrowings are secured by way of fixed and floating charge over the Group's assets.

HSBC REVOLVING CREDIT FACILITY AGREEMENT ("RCF")

The Group has a £17m multi-currency revolving credit facility that expires in August 2023. The facility requires repayment of £2m on each of 30 April 2022 and 30 April 2023.

Interest charged on the facility is at LIBOR plus a margin of 2.20%-2.95%. A commitment fee of 40% of applicable margin on any undrawn RCF is also payable.

The Obligors are Accrol Group Holdings plc, Accrol UK Limited, Accrol Holdings Limited, Accrol Papers Limited, LTC Parent Limited, Leicester Tissue Company Limited, Art Tissue Limited, John Dale (Holdings) Limited and John Dale Limited.

HSBC FACTORING CREDIT FACILITY ("FACTORING FACILITY")

The Group has a £22.5m multi-currency factoring facility to provide financing for general working capital requirements. Under the terms of this facility the drawdown is based upon gross debtors less a retention (typically 15%), with the remaining debt funded. Each drawing under the facility is repayable within a maximum of 90 days from date of invoice for jurisdictions within the United Kingdom and 120 days for other countries.

COVENANTS

The Group is subject to financial covenants in relation to the RCF and the factoring facility. The RCF covenants are interest cover and net leverage ratios. The covenants in relation to the factoring facility cover debt dilution and disputed debt. Breach of the covenants would render any outstanding borrowings subject to immediate settlement. The Group is currently operating within its covenants.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 30 APRIL 2021

20. FINANCIAL INSTRUMENTS

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments comprise the Group's forward foreign exchange contracts. The assets and liabilities representing the valuations of the forward foreign exchange contracts at the year end are:

Foreign currency contracts	2021 £'000	2020 £'000
Current assets	–	28
Current liabilities	(120)	–
	(120)	28

The fair value of a derivative financial instrument is split between current and non-current depending on the remaining maturity of the derivative contract and its contractual cashflows. The foreign currency swaps are designated as fair value through profit or loss at initial recognition. The fair value of the Group's foreign currency derivatives is calculated as the difference between the contract rates and the mark to market rates which are current at the balance sheet date. This valuation is obtained from the counterparty bank and at each year end is categorised as a Level 2 valuation (see below).

At 30 April 2021, the notional principal amount of the outstanding derivative contracts that are held to hedge the Group's transaction exposures was £21m. Cashflows in respect of these contracts are due within 12 months of the reporting date.

The maximum exposure to credit risk is the fair value of the derivative as a financial asset.

FAIR VALUE HIERARCHY

IFRS 7 requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the value measurements:

Level 1: inputs are quoted prices in active markets.

Level 2: a valuation that uses observable inputs for the asset or liability other than quoted prices in active markets.

Level 3: a valuation using unobservable inputs i.e. a valuation technique.

There were no transfers between levels throughout the years under review.

FAIR VALUES

The fair values of the Group's financial instruments approximate closely with their carrying values, which are set out in the table below:

	Fair values and carrying values	
	2021 £'000	2020 £'000
Financial assets		
Current		
Trade receivables	23,286	16,909
Cash and short-term deposits	7,604	8,147
Derivative financial instruments	–	28
Financial liabilities		
Current		
Borrowings	12,349	18,157
Trade and other payables	47,031	23,988
Derivative financial instruments	120	–
Non-current		
Borrowings	30,851	23,827

21. CAPITAL AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(A) CAPITAL RISK MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust capital the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors net debt. Net debt is calculated as total borrowings less cash and cash equivalents. The Group has also shown adjusted net debt which excludes operating type leases recognised under IFRS 16.

	2021 £'000	2020 £'000
Total borrowings (excluding finance fees)	**43,572**	42,381
Less: lease receivables	**(5,702)**	(6,352)
Less: cash and cash equivalents	**(7,604)**	(8,147)
Net debt	**30,266**	27,882
Less: leases recognised on adoption of IFRS 16	**(15,628)**	(10,012)
Adjusted net debt (excluding leases recognised on adoption of IFRS 16)	**14,638**	17,870

(B) FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Foreign currency risk
- Interest rate risk
- Liquidity risk
- Credit risk

This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and procedures for measuring and managing risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

(i) Foreign currency risk

The Group has transactional currency exposures arising from purchases in currencies other than the Group's functional currency.

These exposures are forecast on a monthly basis and are monitored by the Finance Department. Under the Group's foreign currency policy, such exposures are hedged on a reducing percentage basis over a number of forecast time horizons using forward foreign currency contracts.

The Group's largest exposures are the US Dollar and Euro forward contracts. The derivative analysis below has been prepared by re-performing the calculations used to determine the balance sheet values assuming a 1% strengthening of sterling:

	2021 £'000	2020 £'000
Euro – loss	**–**	–
USD – loss	**215**	98
	215	98

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's factoring facility and RCF, both of which have floating interest rates.

The exposure to risk is deemed to be manageable and is reviewed on a continual basis. The Group is not expecting any reduction in interest rates over the next 12 months; the impact of a 0.5% increase in interest rates on (loss)/profit before tax is shown below:

	2021 £'000	2020 £'000
Change in interest rate	**78**	119

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 30 APRIL 2021

21. CAPITAL AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

(B) FINANCIAL RISK MANAGEMENT CONTINUED

(iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by continuously monitoring forecast and actual cashflows, matching the maturity profiles of financial assets and operational liabilities and by maintaining adequate cash reserves.

The table below summarises the maturity profile of the Group's financial liabilities (excluding finance fees).

As at 30 April 2021	Due within 1 year £'000	Due between 1 and 2 years £'000	Due between 2 and 5 years £'000	Due in more than 5 years £'000	Total £'000
Borrowings	**12,528**	**7,667**	**18,986**	**4,391**	**43,572**
Trade and other payables	**47,031**	**–**	**–**	**–**	**47,031**
Total financial liabilities	**59,559**	**7,667**	**18,986**	**4,391**	**90,603**

As at 30 April 2020	Due within 1 year £'000	Due between 1 and 2 years £'000	Due between 2 and 5 years £'000	Due in more than 5 years £'000	Total £'000
Borrowings	18,521	13,351	8,072	2,437	42,381
Trade and other payables	23,988	–	–	–	23,988
Total financial liabilities	42,509	13,351	8,072	2,437	66,369

(iv) Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. The Group's credit risk is low. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's major customers (including those disclosed in note 4) are established retailers and therefore management do not deem there to be significant associated credit risk.

The Group manages credit risk by allocating customers a credit limit and ensures the Group's exposure is within this limit. This approach is strengthened with the use of credit insurance where deemed appropriate.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing.

The expected loss rates are based on the Group's historical credit losses experienced over the four-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

At 30 April 2021 the lifetime expected loss provision for trade receivables is as follows:

	<1 month	1-2 months	2-3 months	>3 months	Total
Expected loss rate	0%	5%	15%	25%	
Gross carrying amount of overdue debt (£000)	–	222	77	189	488
Loss provision (£000)	–	11	12	47	70

The movement in the provision for trade and other receivables is analysed below:

	2021 £'000	2020 £'000
At the beginning of the year	**(9)**	(15)
Acquired through business combinations	**(48)**	–
Impairment losses recognised	**(22)**	(1)
Utilisation of provision	**9**	7
	(70)	(9)

Impairment losses recognised are included in the administrative expenses in the income statement, unless otherwise stated. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

22. CAPITAL COMMITMENTS

	2021 £'000	2020 £'000
Contracted for but not provided	**301**	2,583

The capital commitments above are expected to be settled in the following financial year.

23. SHARE CAPITAL AND RESERVES

	2021 £'000	2020 £'000
Called up, allotted and fully paid Ordinary shares of £0.001 each	**311**	195
	311	195

The number of ordinary shares in issue is set out below:

	2021 Number	2020 Number
Ordinary shares of £0.001 each	**311,354,632**	195,246,536

In November 2020, 116,108,096 £0.001 ordinary shares were issued. Transaction costs of £1,727,000 were incurred in relation to the above share issues.

Each holder of the £0.001 Ordinary Shares is entitled to vote at the general meetings of the Company. Every holder of an Ordinary Share shall have one vote for each Ordinary Share held.

24. DIVIDENDS

The Company did not pay an interim dividend (2020: £nil).

The proposed final dividend for the year ended 30 April 2021 of 0.5p per share is subject to approval by the shareholders at the Annual General Meeting and hence has not been included as a liability in the financial statements as at 30 April 2021.

25. RELATED PARTY DISCLOSURES

(A) IDENTITY OF RELATED PARTIES

The subsidiaries of the Company are as follows:

Company	Principal activity	Country of incorporation	Parent Company interest %
Accrol UK Limited	Holding company	United Kingdom	100%
Accrol Holdings Limited	Holding company	United Kingdom	100%
Accrol Papers Limited	Soft tissue paper converter	United Kingdom	100%
LTC Parent Limited	Holding company	United Kingdom	100%
John Dale Limited	Manufacturer of wet wipes and facial tissue	United Kingdom	*100%
Leicester Tissue Company Limited	Soft tissue paper converter	United Kingdom	*100%
John Dale (Holdings) Ltd	Holding company	United Kingdom	100%
Art Tissue Ltd	Distributor of soft tissue products	United Kingdom	*100%

* Shares held by a subsidiary.

The registered address of all subsidiaries in the Group is Delta Building, Roman Road, Blackburn, Lancashire, BB1 2LD.

The Group has taken advantage of the exemption not to disclose intra-group transactions that are eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 30 APRIL 2021

25. RELATED PARTY DISCLOSURES CONTINUED

(B) DIRECTORS' EMOLUMENTS

	2021 £'000	2020 £'000
Short-term employment benefits	**1,394**	902
Share based payments	**1,784**	1,793
	3,178	2,695

During the year retirement benefits were accruing to no Directors under defined contribution schemes (2020: £nil). The aggregate amount of emoluments paid to the highest paid Director was £838,000 (2020: £613,000).

(C) KEY MANAGEMENT PERSONNEL

Key management personnel are considered to be the Executive and Non-Executive Directors of the Company. The remuneration of all Directors who have been identified as the key management personnel of the Group is set out above in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

26. SHARE BASED PAYMENTS

DESCRIPTION OF SHARE OPTION SCHEMES

The Group operates a Management Incentive Plan, namely the Accrol Group Holdings plc Unapproved Share Option Plan ("MIP"). The MIP provides for the grant, to eligible employees, of options to acquire shares in the Company at a nominal exercise price. The contractual life of the options is 10 years.

The Group operates a Long Term Incentive Plan, namely the Accrol Group Holdings Long Term Incentive Plan 2021 ("LTIP"). The LTIP provides for the grant, to eligible employees, of options to acquire shares in the Company at a nominal exercise price. The contractual life of the options is ten years.

Further details of the schemes are provided in the Directors' Remuneration Report on pages 43 to 46.

MOVEMENTS IN THE YEAR

In March 2021, the Group issued 3,151,820 options under the LTIP.

In November 2020, 19,310,642 options were exercised under the MIP.

TERMS AND CONDITIONS OF THE SHARE OPTION SCHEMES

The MIP options granted are subject to the achievement of certain Adjusted EBITDA performance conditions as disclosed further in the Remuneration Report on pages 44 and 45.

In addition, vested shares are subject to a hold condition, whereby 70% can be exercised on vesting and the remaining 30% can only be exercised from the one-year anniversary of original vesting.

The LTIP options granted are subject to the achievement of certain EBITDA performance conditions as disclosed further in the Remuneration Report on page 46.

INPUT FOR MEASUREMENT OF GRANT DATE FAIR VALUES

The grant date fair values of the share options are measured based on the Black-Scholes model. The expected volatility has been calculated using historical share price data over a term commensurate with the expected terms of the awards (or for the term of available share price history, if shorter). The inputs used in measuring the fair value of the current year share option grants were as follows:

	LTIP
Fair value at grant date (p)	61.4
Share price at grant date (p)	61.5
Exercise price (p)	0.1
Expected volatility	61.71%
Dividend yield	0%
Risk-free rate	0.13%

INCOME STATEMENT CHARGE

The share based payment charge for the year was £3,245,000 (2020: charge of £2,351,000), all of which relates to equity-settled awards.

MOVEMENTS IN SHARE OPTIONS

Movements in the number of share options outstanding are as follows:

in thousands of shares	LTIP	MIP Option 1	MIP Option 2	MIP Option 3	Total
In issue as at 1 May 2020	–	12,911	8,716	8,836	30,463
Granted in the year	3,152	–	–	–	3,152
Exercised in the year	–	(12,370)	(6,941)	–	(19,311)
Lapsed in the year	–	(541)	(912)	(2,176)	(3,629)
In issue as at 30 April 2021	**3,152**	**–**	**863**	**6,660**	**10,675**
Exercisable as at 30 April 2021	**–**	**–**	**–**	**–**	**–**

27. ACQUISITION OF GROUP COMPANIES

ACQUISITION OF LEICESTER TISSUE COMPANY

In November 2020, the Group acquired 100% of the issued share capital of Leicester Tissue Company ("LTC"), whose principal activity is soft paper tissue converting. LTC qualifies as a business as defined in IFRS 3 'Business Combinations'. This acquisition represents another milestone on our journey to build a world-class operationally efficient business of size and scale. It is well invested, ideally located in central England and its product mix and customer base are complementary to our existing business.

Details of the fair value of identifiable assets acquired and liabilities assumed, purchase consideration and resulting goodwill are as follows:

	£'000
Property, plant and equipment	9,739
Right-of-use assets	7,911
Intangible assets	20,269
Inventories	4,008
Trade & other receivables	5,605
Cash	683
Trade & other payables	(6,376)
Borrowings	(2,999)
Lease liabilities	(12,491)
Provisions	(550)
Corporation tax liability	(200)
Deferred tax liability	(4,436)
Total identifiable assets acquired and liabilities assumed	21,163
Goodwill (note 13)	14,677
Total consideration	35,840
Satisfied by:	
Cash	29,471
Contingent consideration	6,369
Total consideration transferred	35,840
Net cash outflow arising on acquisition	
Cash consideration	29,471
Less: Cash and cash equivalent balances acquired	(683)
	28,788

On acquisition Leicester Tissue Group held trade receivables with a book and fair value of £4,805,000 representing contractual receivables of £4,853,000. Whilst the Group will make every effort to collect all contractual receivables, it considers it unlikely that £48,000 will ultimately be received.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 30 APRIL 2021

27. ACQUISITION OF GROUP COMPANIES CONTINUED

The contingent consideration can be settled in cash or Accrol Group Holdings plc shares (at the Group's discretion) and is calculated on the incremental EBITDA performance of contracts secured prior to the acquisition that had yet to be delivered, measured over a four-month period from 1 March 2021. Consideration is measured on a sliding scale with a maximum of £6,800,000 payable to the vendors if EBITDA targets are met. The calculation of the contingent consideration liability has been based upon the Group's forecast, both at acquisition and at the reporting date, of the contract performance over the four-month period. It has been discounted at acquisition date using the Group's short-term WACC of 9% and is recognised in provisions less than one year. The unwind of the discount is charged to interest payable.

The main factors leading to the recognition of goodwill are the presence of certain intangible assets, such as the assembled workforce of the acquired entity, which do not qualify for separate recognition and the anticipation of significant synergies, particularly in material, operational and logistics costs.

The goodwill recognised will not be deductible for tax purposes.

Acquisition costs of £1,925,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Statement of Comprehensive Income.

Since the acquisition date, LTC has contributed £18,053,000 to Group revenues and £2,561,000 to Group profit before tax. If the acquisition had occurred on 1 May 2020, Group revenue would have been £153,303,000 and Group loss before tax for the year would have been £131,000.

ACQUISITION OF JOHN DALE

In April 2021, the Group acquired 100% of the issued share capital of John Dale ("JD"), whose principal activity is the manufacturer of wet wipes and facial tissue. JD qualifies as a business as defined in IFRS 3 'Business Combinations'. This acquisition further advances Accrol's reach into the soft tissue market whilst also moving into an adjacent sector to diversify the business.

Details of the fair value of identifiable assets acquired and liabilities assumed, purchase consideration and resulting goodwill are as follows:

	£'000
Property, plant and equipment	1,013
Right-of-use assets	135
Intangible assets	1,623
Inventories	1,252
Trade & other receivables	798
Cash	1,674
Trade & other payables	(787)
Borrowings	–
Lease liabilities	(135)
Provisions	(25)
Corporation tax liability	(100)
Deferred tax liability	(462)
Total identifiable assets acquired and liabilities assumed	4,986
Goodwill (note 13)	135
Total consideration	5,121
Satisfied by:	
Cash	5,121
Total consideration transferred	5,121
Net cash outflow arising on acquisition	
Cash consideration	5,121
Less: Cash and cash equivalent balances acquired	(1,674)
	3,447

On acquisition John Dale held trade receivables with a book and fair value of £522,000 representing contractual receivables of £539,000. Whilst the Group will make every effort to collect all contractual receivables, it considers it unlikely that £17,000 will ultimately be received.

The main factors leading to the recognition of goodwill are the presence of certain intangible assets, such as the assembled workforce of the acquired entity, which do not qualify for separate recognition and the anticipation of significant synergies, particularly in material, operational and logistics costs.

The goodwill recognised will not be deductible for tax purposes.

Acquisition costs of £225,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the Statement of Comprehensive Income.

Since the acquisition date, John Dale has contributed £335,000 to Group revenues and £54,000 to Group profit before tax. If the acquisition had occurred on 1 May 2020, Group revenue would have been £153,303,000 and Group loss before tax for the year would have been £131,000.

28. EVENTS AFTER THE BALANCE SHEET DATE

There are no adjusting or non-adjusting events subsequent to the year end.

29. CONTINGENT LIABILITIES

As at 30 April 2021, the Group has no disclosable contingent liabilities.

30. ALTERNATIVE PERFORMANCE MEASURES

The Group uses a number of alternative performance measures to assess business performance and provide additional useful information to shareholders about the underlying performance of the Group.

ADJUSTED EARNINGS PER SHARE

The adjusted earnings per share is calculated by dividing the adjusted earnings attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share adjusts the above for potentially dilutive share options. The following reflects the income and share data used in the adjusted earnings per share calculation.

	2021 £'000	2020 £'000
Loss attributable to shareholders	**(2,640)**	(1,579)
Adjustment for:		
Amortisation	**3,520**	2,040
Separately disclosed items	**4,705**	2,230
Share based payments	**3,245**	2,351
Discount unwind on contingent consideration	**239**	–
Tax effect of adjustments above	**(2,225)**	(1,258)
Adjusted earnings attributable to shareholders	**6,844**	3,784

	Number '000	Number '000
Basic weighted average number of shares	**246,461**	195,247
Dilutive share options	**10,675**	30,463
Diluted weighted average number of shares	**257,136**	225,710

	pence	pence
Basic adjusted earnings per share	**2.7**	1.9
Diluted adjusted earnings per share	**2.6**	1.7

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 30 APRIL 2021

30. ALTERNATIVE PERFORMANCE MEASURES CONTINUED

RECONCILIATION FROM GAAP-DEFINED REPORTING MEASURES TO THE GROUP'S ALTERNATIVE PERFORMANCE MEASURES

Management use these measurements to better understand the underlying business of the Group.

Consolidated income statement

	2021 £'000	2020 £'000
Adjusted EBITDA		
Operating loss	**(612)**	(181)
Adjusted for:		
Depreciation	**4,786**	4,201
Amortisation	**3,520**	2,040
Separately disclosed items	**4,705**	2,230
Share based payments	**3,245**	2,351
Adjusted EBITDA	**15,644**	10,641

	2021 £'000	2020 £'000
Adjusted Gross Profit		
Gross Profit	**37,884**	29,534
Adjusted for:		
Separately disclosed items	**1,220**	1,008
Adjusted Gross Profit	**39,104**	30,542
Revenue	**136,594**	134,773
Adjusted Gross Margin	**28.6%**	22.7%

	2021 £'000	2020 £'000
Adjusted profit before tax		
Reported (loss) before tax	**(2,566)**	(1,891)
Adjusted for:		
Amortisation	**3,520**	2,040
Separately disclosed items	**4,705**	2,230
Share based payments	**3,245**	2,351
Discount unwind on contingent consideration	**239**	–
Adjusted profit before tax	**9,143**	4,730

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2021

	Note	2021 £'000	2020 £'000
ASSETS			
Non-current assets			
Investments in subsidiaries	5	**51,973**	44,450
Total non-current assets		**51,973**	44,450
Current assets			
Trade and other receivables	6	**66,102**	30,378
Cash and cash equivalents		**–**	1
Total current assets		**66,102**	30,379
Total assets		**118,075**	74,829
Current liabilities			
Trade and other payables		**(231)**	–
Total current liabilities		**(231)**	–
Total assets less current liabilities		**117,844**	74,829
Net assets		**117,844**	74,829
Capital and reserves			
Share capital	7	**311**	195
Share premium		**108,782**	68,015
Capital redemption reserve		**27**	27
Retained earnings		**8,724**	6,592
Total equity shareholders' funds		**117,844**	74,829

As permitted by Section 408(3) of the Companies Act 2006, the income statement of the Company is not presented with these financial statements. The Company recorded a loss for the year of £45,000 (2020: profit of £22,970,000).

The financial statements were approved by the Board of Directors on 13 July 2021.

Signed on behalf of the Board of Directors

RICHARD NEWMAN
Chief Financial Officer

Company Registration Number 09019496

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2021

	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 April 2019		195	68,015	27	(18,294)	49,943
Transactions with owners recognised directly in equity						
Share based payments		–	–	–	1,916	1,916
Total transactions recognised directly in equity		–	–	–	1,916	1,916
Comprehensive income						
Profit for the year		–	–	–	22,970	22,970
Total comprehensive income		–	–	–	22,970	22,970
Balance at 30 April 2020		195	68,015	27	6,592	74,829
Transactions with owners recognised directly in equity						
Proceeds from shares issued		116	42,494	–	–	42,610
Transaction costs		–	(1,727)	–	–	(1,727)
Share based payments		–	–	–	2,177	2,177
Total transactions recognised directly in equity		116	40,767	–	2,177	43,060
Comprehensive (expense)/income						
Loss for the year		–	–	–	(45)	(45)
Total comprehensive income		–	–	–	(45)	(45)
Balance at 30 April 2021		**311**	**108,782**	**27**	**8,724**	**117,844**

NOTES TO THE COMPANY FINANCIAL INFORMATION

FOR THE YEAR ENDED 30 APRIL 2021

1. GENERAL INFORMATION

Accrol Group Holdings plc (formerly Accrol Group Holdings Limited), (the "Company") was incorporated with Company number 09019496. It is a public company limited by shares and is domiciled in the United Kingdom. The registered address of the Company is Delta Building, Roman Road, Blackburn, Lancashire, BB1 2LD. The Company's subsidiaries are listed in note 25 to the consolidated financial statements, which together with the Company form the Accrol Group Holdings plc Group (the "Group"). The Company acts as a holding company for the remainder of the Accrol Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies is set out below. These have been applied consistently during the financial year.

BASIS OF PREPARATION

The Company financial statements of Accrol Group Holdings plc have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The entity satisfies the criteria of being a qualifying entity as defined in FRS 101. Its financial statements are consolidated into the Group financial statements of Accrol Group Holdings plc, which are included within this Annual Report.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 'Share based payments' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1 'Presentation of Financial Statements' comparative information requirements in respect of:
  (i) paragraph 79(a)(iv) of IAS 1;
  (ii) paragraph 73(e) of IAS 16 'Property, Plant and Equipment';
  (iii) paragraph 118(e) of IAS 38 'Intangible Assets' (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1 'Presentation of Financial Statements':
  (i) (d) (statement of cashflows);
  (ii) 16 (statement of compliance with all IFRS);
  (iii) 38A (requirement for minimum of two primary statements, including cashflow statements);
  (iv) 38B-D (additional comparative information);
  (v) 111 (cashflow statement information); and
  (vi) 134-136 (capital management disclosures);
- IAS 7 'Statement of Cashflows';
- Paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation); and
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group

GOING CONCERN

The going concern status of the Parent Company is intrinsically linked to the success of the Group, which, as disclosed in note 2 of the consolidated financial statements, is dependent on certain key assumptions being achieved.

The Chairman's Statement and the Chief Executive's Review outline the business activities of the Group along with the factors which may affect its future development and performance. The Financial Review discusses the Group's financial position, along with details of cashflow and liquidity. In summary, the Group generated operating cash of £17.6m and reduced adjusted net debt from £17.9m to £14.6m, whilst significantly investing in automation and manufacturing infrastructure. The Directors recognise that as of 30 April 2021, the Group has net current liabilities of £9.2m (2020: net current liabilities of £3.4m), which was considered as part of this review. However, this includes £6.6m of contingent consideration that is likely to be settled by the issue of equity.

As in previous years, the Group's forecasted performance is dependent on a number of market and macroeconomic factors particularly the sensitivity to the price of parent reels and the sterling/USD exchange rate which are inherently difficult to predict. The Group did experience some minor operational disruption resulting from Brexit, but this is not expected to impact the business going forward. The Group's forecasted performance has been tested for downside scenarios, including reverse stress tests, relating to sales volume, parent reel prices and foreign exchange rate movements. It also considered the impact of the COVID-19 pandemic on forecasted performance. The Group considered the likelihood of such events occurring together with the relevant impact thereof and were satisfied that if a scenario partly or fully takes place the Group has mitigating options available to maintain liquidity and continue its operations.

NOTES TO THE COMPANY FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 30 APRIL 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

GOING CONCERN CONTINUED

The Group is currently operating comfortably within its covenants. It also considered the impact of the above downside scenarios on covenant headroom. The Directors were satisfied that after evaluating the probability of events and available mitigating actions, covenant breaches would be unlikely. At 30 April 2021, available funds were £12.1m, with further details of the borrowing facilities set out in note 19 to the consolidated financial statements.

The Directors confirm that, after due consideration, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements of the Company.

INVESTMENTS

On initial recognition, investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid plus directly attributable acquisition costs. Where consideration is paid by way of shares, the excess of fair value of the shares over nominal value of those shares is recorded in share premium. Investments in subsidiaries are reviewed for impairment at each balance sheet date with any impairment charged to the income statement. Carrying values of investments that have previously been impaired are also reviewed at each balance sheet date. If there are indicators that previous impairment losses might have reversed (generally the opposite of the indicators that gave rise to the original impairment) the recoverable amounts are estimated again.

FINANCIAL INSTRUMENTS

Financial assets

The Company classifies its financial assets as either amortised cost, fair value through comprehensive income or fair value through profit or loss depending on the purpose for which the asset was acquired. The Company currently has assets classified as amortised cost.

Amortised cost

Assets classified as amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for receivables from Group undertakings are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, 12 month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise receivables from Group undertakings and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents comprise cash at bank.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial information in accordance with FRS 101 requires estimates and assumptions to be made that affect the value at which certain assets and liabilities are held at the balance sheet date and also the amounts of revenue and expenditure recorded in the year. The Directors believe the accounting policies chosen are appropriate to the circumstances and that the estimates, judgements and assumptions involved in its financial reporting are reasonable.

Accounting estimates made by the Company's management are based on information available to management at the time each estimate is made. Accordingly, actual outcomes may differ materially from current expectations under different assumptions and conditions.

The estimates and assumptions for which there is a significant risk of a material adjustment to the financial information within the next financial year are set out below.

CRITICAL ACCOUNTING ESTIMATES IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

Investment carrying values

In determining whether the carrying value of the investment in subsidiaries is recoverable, the Company considers the performance of the Group based on value in use calculations. The use of this method requires the estimation of future cashflows and the determination of a pre-tax discount rate in order to calculate the present value of the cashflows. The Group's trading performance remains sensitive to a number of key variables, including the sterling/USD exchange rate and parent reel pricing, which could have a significant effect (positive or negative) on the Group's cashflows and hence the carrying value of the investment.

For assets that have previously been impaired, similar estimates would be required to determine whether the reversal of prior impairments should be reversed. The Group will consider the above alongside other factors such as the Company share price.

4. DIRECTORS' EMOLUMENTS

	2021 £'000	2020 £'000
Short-term employment benefits	**1,394**	902
Share based payments	**1,784**	1,793
	3,178	2,695

During the year retirement benefits were accruing to no Directors under defined contribution schemes (2020: none). The aggregate amount of emoluments paid to the highest paid Director was £838,000 (2020: £613,000). The Company does not have any employees (2020: none).

5. INVESTMENTS IN SUBSIDIARIES

	Group undertakings £'000
Cost	
At 30 April 2020	44,450
Additions in the year in respect of share based payments	2,177
Acquisition of subsidiaries in the year	5,346
At 30 April 2021	**51,973**

The Company's subsidiary undertakings are shown in note 25 to the consolidated financial statements.

In November 2020, the Company acquired 100% of the issued share capital of LTC Parent Limited and its subsidiaries, Leicester Tissue Company Limited and Art Tissue Limited.

In April 2021, the Company acquired 100% of the issued share capital of John Dale Holdings Limited and its subsidiary, John Dale Limited.

The resulting carrying value is consistent with the Group's estimated value in use.

6. TRADE AND OTHER RECEIVABLES

	2021 £'000	2020 £'000
Amounts owed by Group undertakings	**66,102**	30,378
	66,102	30,378

Amounts owed by Group undertakings and falling due within one year are unsecured, interest free and repayable on demand.

NOTES TO THE COMPANY FINANCIAL INFORMATION CONTINUED

FOR THE YEAR ENDED 30 APRIL 2021

7. SHARE CAPITAL AND RESERVES

CALLED UP, ALLOTTED AND FULLY PAID

	2021 £'000	2020 £'000
Ordinary shares of £0.001 each	311	195
	311	195

The number of ordinary shares in issue is set out below:

	2021 Number	2020 Number
Ordinary shares of £0.001 each	311,354,632	195,246,536

In November 2020, 116,108,096 £0.001 ordinary shares were issued. Transaction costs of £1,727,000 were incurred in relation to the above share issues.

Each holder of the £0.001 Ordinary Shares is entitled to vote at general meetings of the Company. Every holder of an Ordinary Share shall have one vote for each Ordinary Share held.

8. DIVIDEND PAYABLE

The Company did not pay an interim dividend (2020: £nil).

The proposed final dividend for the year ended 30 April 2021 of 0.5p per share is subject to approval by the shareholders at the Annual General Meeting and hence has not been included as a liability in the Financial Statements as at 30 April 2021.

9. DIVIDEND RECEIVABLE

Dividends received by the Company from its subsidiaries in the year were £nil (2020: £nil).

COMPANY INFORMATION

DIRECTORS

Daniel Wright	(Executive Chairman)
Gareth Jenkins	(Chief Executive Officer)
Richard Newman	(Chief Financial Officer)
Euan Hamilton	(Independent Non-Executive Director)
Simon Allport	(Independent Non-Executive Director)

SECRETARY
Richard Almond

REGISTERED OFFICE
Delta Building
Roman Road
Blackburn
Lancashire
BB1 2LD

REGISTERED NUMBER
09019496

SHARE CAPITAL
The Ordinary share capital of Accrol Group Holdings plc is listed on AIM, a market operated by London Stock Exchange plc. The shares are listed under the trading ticker ACRL. The ISIN number is GB00BZ6VT592 and the SEDOL number is BZ6VT59.

REGISTRARS
Link Group
10th Floor Central Square
29 Wellington Street
Leeds
LS1 4DL

AUDITORS
BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

NOMINATED ADVISER AND BROKER
Zeus Capital Limited
82 King Street
Manchester
M2 4WQ

10 Old Burlington Street
London
W1S 3AG

JOINT BROKER
Liberum Capital Limited
Ropemaker Place
25 Ropemaker Street
London
EC2Y 9LY

SOLICITORS
Addleshaw Goddard LLP
1 St Peters Square
Manchester
M2 3DE

FINANCIAL PR
Belvedere Communications Ltd
25 Finsbury Circus
London
EC2M 7EE

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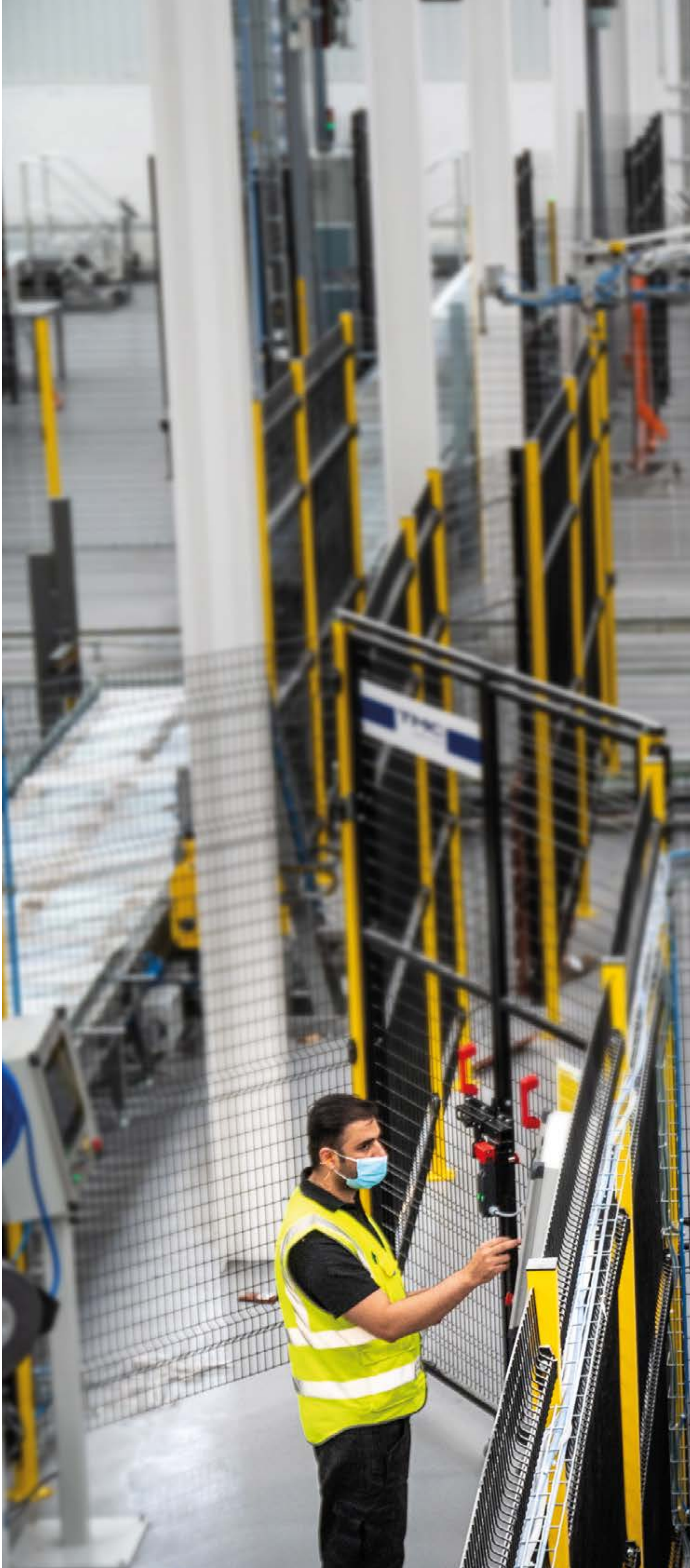

Accrol Group Holdings plc
Roman Road
Blackburn
Lancashire
BB1 2LD

www.accrol.co.uk