Building products for a better future

The Alumasc Group plc
Report and Accounts 2021

Building products for a better future

We are passionate about our purpose to provide high-quality, low carbon, sustainable products, systems and solutions, the majority of which manage the scarce resources of water and energy and improve quality of life for the owner/occupier in the built environment. We are also focused on making our business operations sustainable and resilient.

We behave with integrity, building strong relationships and trust with our customers and delivering on our promises. We are forward thinking and entrepreneurial.

A RESPONSIBLE BUSINESS

What we do
Alumasc is a UK-based supplier of sustainable building products, systems and solutions, the majority of which manage the scarce resources of water and energy in the built environment, and improve quality of life for the owner/occupier using recyclable materials.
See towards a sustainable future p2

Our strategy
Our strategy is enabling us to outperform the UK construction market, and we are leveraging this through growth in export sales.
See our business segments p4, 12 to 17

Our purpose
We are driven by our purpose to provide high-quality, low carbon, sustainable products. We behave with integrity, building strong relationships and trust with our customers and delivering on our promises.
See our business model p5

OUR OPERATING SECTORS

Water Management
see pages 12/13

Building Envelope
see pages 14/15

Housebuilding Products
see pages 16/17

Financial highlights

Revenue
£90.5m
2019/2020: £76.0m

Dividends per share
9.5p
2019/2020: 2.0p

Underlying* PBT
£10.5m
2019/2020: £3.7m

Reported PBT
£9.8m
2019/2020: £2.7m

Underlying* EPS
23.7p
2019/2020: 8.2p

Net bank debt
£0.9m
2019/2020: £4.3m

* A reconciliation of underlying to statutory profit before tax is provided in note 5 to the Group financial statements.

Operational highlights

- Focused investments in new products, manufacturing capability and automation
- Investments in sales resource to grow the business both in the UK and internationally
- Lower fixed costs and actions taken to deliver operational efficiencies across the Group
- Gross margin improvement from 29.7% to 35.9%
- Return on sales improvement from 5.5% to 12.2%
- Close alignment to the sustainability agenda

The latest online...
More details on Alumasc's products and services can be found on our website at
www.alumasc.co.uk

CONTENTS

Our strategy

We aim to be a leading provider of sustainable building products in our chosen markets. Read more about our strategy **on page 4**

Our sustainable products

The majority of our products are made from recyclable and recycled materials. More information on our innovative products can be found **on pages 8 to 11**

Our ESG journey

We are committed to reduce our carbon footprint and to help protect our environment, people, communities, and have appropriate Governance. Read more about our ESG journey **on pages 2, 3 and 28 to 40**

Strategic Report

Governance

Financial Statements & Company Information

Towards a Sustainable Future

Putting sustainability at the heart of everything we do

SUSTAINABILITY

Creating long-term stakeholder value by understanding and managing our impact on the planet

Environment	Social	Governance
Minimising the impact of our operations while making and selling products which have a positive impact on the environment	Creating a safe, healthy and empowering working environment	Our values: Conducting ourselves in an open, ethical and responsible manner

OUR FOCUS

Environment	Social	Governance
• Environmental solutions • Sustainable materials • Energy management • Packaging/waste reduction	• Health and safety • Diversity/equal opportunities • Employee engagement • Community engagement	• Board oversight • Governance • Code of conduct • Anti-modern slavery/human trafficking • Anti-bribery/corruption • Tax policy • Supplier policies • Risk management

OUR GOALS

Environment	Social	Governance
• Environmental solutions for the built environment • Promote circular economy • Minimise GHG emissions • Reduce and recycle waste	• Zero harm • Diverse and empowering place to work • Support local communities	• Develop long-term relationships with stakeholders • Meet or exceed all applicable regulations • Ethical supply chain • Understand and manage our risks

READ MORE

Environment	Social	Governance
• Our environmental solutions, **pages 8 to 11** • Sustainability: Environmental, **pages 31 to 34**	• Sustainability: Social, **pages 36 to 40**	• Sustainability: Governance, **pages 30 and 40**

ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

UN SDG

Clean water and sanitation

Indicators
- Increased proportion of domestic and industrial wastewater flows safely treated
- Improved water use efficiency
- Increased level of integrated water resources management

Impacts
- Roofing and Water Management products support Sustainable Urban Drainage Systems (SUDS)

Industry, innovation and infrastructure

Indicators
- Develop quality, reliable, sustainable and resilient infrastructure
- Upgrade infrastructure and industry to make it sustainable, resource-efficient and environmentally sound
- Enhance industrial technological capability

Impacts
- GHG emission management
- Renewable energy sourcing
- Health and safety

Sustainable cities and communities

Indicators
- Enhance inclusive and sustainable urbanisation
- Increase weather resilience
- Provide access to safe, inclusive and accessible, green and public spaces

Impacts
- Roofing division provides urban green and amenity space, aiding biodiversity
- Solar shading products reduce building energy consumption
- Insulation and ventilation products assist green building
- Drainage products and green and blue roofs assist stormwater management

Responsible consumption and production

Indicators
- Promote sustainable management and efficient use of natural resources
- Reduce waste generation through prevention, reduction, recycling and reuse

Impacts
- Durable products designs to last for life of building
- Maximise recycled content
- Products repairable and recyclable at end of life
- Packaging and waste reduction

OTHER UN SDGs SUPPORTED

Decent work and economic growth
- Shareholder engagement
- Customer engagement
- Banker engagement

Good health and wellbeing
- Employee health and safety
- Employee engagement

Gender equality
- Employee diversity

Climate action
- Supplier engagement

Affordable and clean energy
- Community and environmental engagement

Our Strategy

Our strategy for sustainability and investment case

To become a leading supplier of sustainable building products, systems and solutions to our chosen markets.

INVESTMENT CASE

Leading positions in attractive niche markets

- Premium products and brands
- Diversified exposure to New Build, Repair, Maintenance and Improvement (RMI) and Do It For Me/Do It Yourself (DIFM/DIY) and private/public housing, non-residential and commercial property
- Closely aligned with the sustainability agenda, both commercially and operationally
- Digital capabilities

Profitable and cash generative

- Support investments in organic growth and Mergers & Acquisitions (M&A)
- Progressive dividend

Long-term environmental growth drivers

- Water and energy conservation in the built environment, and improving the quality of life of occupants and users
- 80% of sales driven by building regulations and specifications

Use of sustainable materials

- Recycled and fully recyclable materials
- Lifetime cost minimised by durability

Efficient and customer-focused structure

- Entrepreneurial and agile businesses with high level of autonomy
- Talented people with deep customer /product/application knowledge

Further opportunities

- Bolt-on M&A to expand products and markets
- Geographical expansion within selected territories
- Continual efficiency improvements
- New product development focused on environmental and value-adding solutions

STRATEGIC OBJECTIVES

Revenue growth

- Long-term drivers support our chosen niche markets
- Differentiation through service /support, sustainable products, materials
- New channels, new geographies, adjacent markets and cross-selling

Margin improvement

- Manufacturing and product know-how
- Develop higher value – add green products and solutions
- Investment in operational efficiency
- Scale benefits and synergies

Enablers

- Efficient centre, day-to-day responsibility devolved to agile and customer-focused operating companies
- Investment in people, capacity and capability
- Experienced and capable senior management team

Responsible business

- Environmental solutions sourced from recycled and recyclable materials
- Health and safety culture, looking after staff 'wellbeing'
- Open, honest culture supported by code of conduct and strong governance

Cash generative growth supports:

- Capital and people investment to support organic growth
- Bolt-on M&A
- Progressive dividend policy

Our Business Model

Creating value responsibly

Our purpose shapes how we navigate our business environment, serve our stakeholders and act as a responsible employer. We create value responsibly by delivering strong performance alongside a meaningful, positive impact on society and the environment.

OUR BUSINESS SEGMENTS & BRANDS

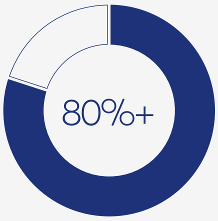
Water Management
see page 12

Building Envelope
see page 14

Housebuilding Products
see page 16

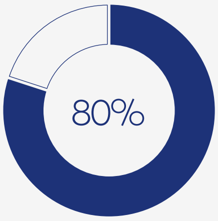
SUSTAINABLE BUILDING PRODUCTS BACKED BY STRONG BRANDS

Structural Growth



Over 80% of Group revenues derive from environmental products, systems and solutions

Specified Products



80% of Group revenues are linked to specification and regulation

International Market Development

Export revenues, currently 14% of Group sales, are being targeted in selected markets

LONG-TERM STRUCTURAL GROWTH DRIVERS

1: Water management


Credit: Madeleine McEwan for Feilden Clegg Bradley Studios

2: Energy management

3: Bespoke architectural solutions

4: Ease of construction

MANAGEMENT STYLE

- Attract talent and develop leaders
- Drive cost and revenue synergies
- Elevate customer service
- Leverage strong brands
- Continuous product development
- Aligning sustainable products and processes

SUCCESS MEASURES

- Repeat customers
- Motivated employees
- Sustainable growth
- Margin improvement
- Superior returns

Chairman's Statement

"It is enormously gratifying to be able to recover this year's dividend payment above pre-pandemic levels."

John McCall
Chairman

This has been an extremely successful year for Alumasc

There have been several reasons for this:

- Our industry – principally UK construction – was fortunate to be able, indeed encouraged, to continue operating, despite the presence of the Covid pandemic throughout the year. We pursued this opportunity enthusiastically while abiding by, and in many cases exceeding, the stringent rules introduced to manage the attendant risks.
- Following the temporary closures that did occur, both of our own operations and of those of our customers, during the latter part of the prior financial year, a number of projects resumed during the year under review, creating demand arguably above the underlying level. This demand was not easy to accommodate, particularly within the Covid rulebook and with Brexit looming. However, the combination of prudent stock building and magnificent co-operation from our workforce enabled us to sustain a high level of service in response. We believe that gains in market share were won as a result.
- During the year prior to that under review, Alumasc had significantly streamlined its business, reducing the number of operating/manufacturing sites from ten to six and taking costs out of the business amounting to some £2.4 million per annum in the process. As a result, a higher proportion of the margins earned on healthy sales was converted to profit and profit margins rose as a result.
- Finally, and perhaps most significantly, our management teams and their colleagues throughout the Company responded with calmness and determination to the very uncertain conditions brought about by the pandemic and made this outcome possible. I thank them all on behalf of fellow Shareholders and Directors.

Performance

Revenues of £90.5 million were £14.5 million (19.0%) ahead of the prior year, which was badly affected by Covid. They were very slightly ahead of the previous "pre-pandemic" year. Roofing Products grew by a remarkable 62% year on year and Housebuilding Products by 22%, both arguably benefitting from the demand that was building during the interruptions suffered in the prior year. Levolux was the only business that saw a reduction in sales, reflecting both the weakness in commercial activity in the period and the intentional focusing of that business to a narrower, more selective market.

Profit, however, was well ahead, not just of the depressed prior year but also of the earlier year, not so affected. Trading profit of £12.9 million, hence trading margins, were double that of the earlier year, reflecting the reduction in costs referred to above and further efficiencies achieved during the intervening period. See note 4 to the financial statements.

Similar improvements in the Group's profit have benefitted cash and more than recovered the Group's capacity to pay dividends.

Alumasc's focus on the prudent management of cash has reduced net bank debt from £5.1 million two years ago to £4.3 million one year ago at the height of the pandemic's impact, and further to £0.9 million at 30 June 2021. With debt facilities in excess of £20 million, this places the Group in a strong position for further development.

Dividend

The unpredictable consequences of Covid led the Board to suspend dividend payments in the conservation of cash during the first half of last year; payments were only resumed, albeit at a low level by historical standards, as the year progressed. It is enormously gratifying to be able to recover this year's dividend payment above pre-pandemic levels and the Board is recommending an increase in the final dividend to 6.25 pence per share (2020: 2 pence per share), making a total for the year of 9.5 pence. This compares with a total of 2 pence in 2019/20, and 7.35 pence in the earlier "pre-pandemic" year.

Strategy and corporate activity

The principal focus has been operational during the year, always within the strategic framework set out in this and previous reports. Hence, it has been a quiet year in the corporate sphere. There has, however, been progress on the twin fronts of outperforming our sector and evolving our sustainable credentials, illustrated by the ESG Statement on page 28.

Pensions

There has been significant progress also in reducing the pensions legacy, partly due to the impact of rising gilt yields on our liabilities, and partly to an excellent investment performance.

The Boardroom

Following six years in the post, David Armfield resigned his non-executive directorship during the year in order to concentrate on his other activities. I am grateful to David for his wise support during his time with Alumasc and wish him every success.

In March this year, Simon Dray was appointed to the vacant position of Group Finance Director and is a welcome addition to our team. His broad experience is well matched to our strategic targets and public company responsibilities.

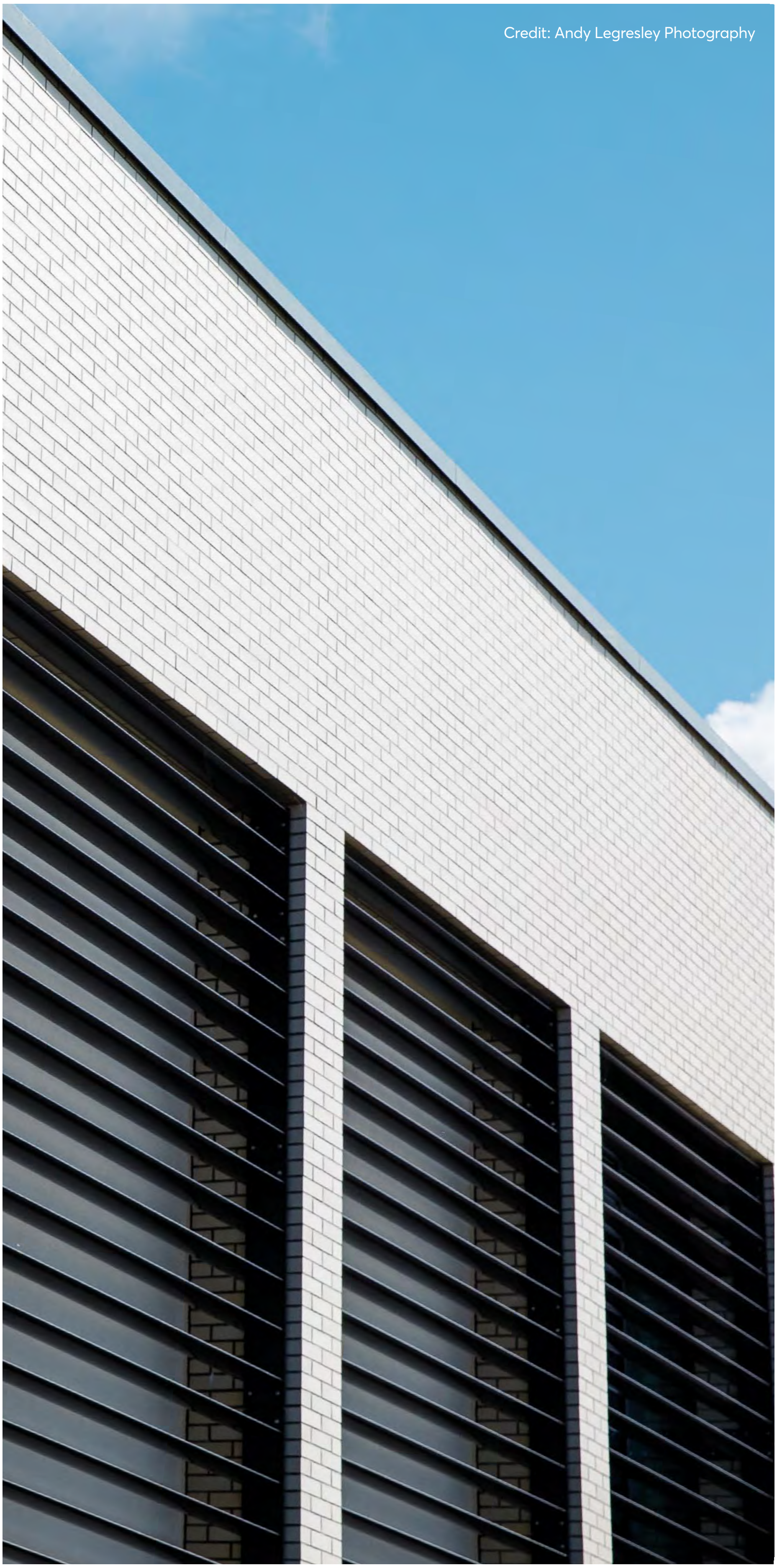
Prospects

It is never easy to follow such success, particularly when an element of that success was due to an abnormal carry over of demand from the prior year. However, demand from our markets remains buoyant, including an anticipated partial recovery from the much depressed commercial sector, which unsurprisingly was most affected by the events of the past year and a half.

The principal area of concern, therefore, relates to the availability of materials and human resources to meet this demand and the cost implications of shortages, which may dampen demand in certain areas, possibly permanently delaying some projects already in the pipeline. At present, the industry understands and is absorbing these rising costs and additional capacity has a way of soon following on the heels of unsatisfied demand.

It is therefore reasonable to anticipate another strong performance from Alumasc in the coming year, as the UK economy recovers from its recent misfortunes.

John McCall
Chairman



Credit: Andy Legresley Photography

Our Sustainable Products

Products & solutions

Material Store
The Old Vinyl Factory

Alignment with SDGs:

Blackdown Greenroofs provides exclusive roof gardens for the residents of The Old Vinyl Factory, West London.

A place that seeks to find the perfect balance between work and play, The Old Vinyl Factory is home to a large, vibrant community and provides them with commercial and leisure facilities, restaurants, shops, cafes and bars.

Far above the ground, a series of roof gardens and patios have also been sensitively developed by Blackdown Greenroofs, catering to the large number of young families and working parents in the community.

The four main blocks rise above a central podium area, hiding their private oasis from the general public, making them a haven of calm and tranquillity that extend the idea of living space to the outdoors.

Landscaped to provide opportunities for relaxation as well as play areas for children, small trees and shrubs provide the gardens' privacy, while playground apparatus completes the area.

Having a recreational green area is a huge and often rare benefit to urban and city dwellers, who may not have access to nearby public parks or natural areas. Research has shown that those who regularly spend time in a natural environment have improved mental, physical and even emotional health.

The gardens also replace most of the green space that may have otherwise occupied the space where The Old Vinyl Factory buildings sit, encouraging local natural wildlife and aiding biodiversity.

To achieve this, Blackdown Greenroofs – the specialist in supply, installation and maintenance of green roof systems, balcony finishes and podium landscaping solutions – installed a green roof with integrated bespoke planters containing a variety of wildflowers, sedums and shrubs, alongside some paved areas, benches and hardwood decking. The green roof features a substrate of increased depth, so that planting can be similar to that on the ground: planters, lawns, trees and shrubs all have a healthy home here.

Rob Beswick at B D Landscape Architects, who designed the space, said: "I have been really impressed with the completed development. The podium landscape and roof terraces are well installed and it's great to see a project where the quality of the soft landscape hasn't been compromised."

The children's play area includes large pebble seats, bears, large 3D resin play models and active play equipment. Permanent irrigation systems are installed to ensure the gardens' longevity and that this area in particular does not flood.

With providing the utmost health and safety in mind, gates and fencing were also installed, all using specialist fixing methods to ensure the integrity of the waterproofing membrane below the green roof was not compromised.

Find out more about Blackdown Greenroofs and what can be achieved at: **blackdown.co.uk/**

Credit: Newground Architects

Galvanised steel in eight stylish finishes

Alignment with SDGs:

Galvanised steel is the most affordable and versatile of the metal rainwater ranges, offering smart and contemporary styling that looks great on both modern and traditional buildings. The stylish range comes pre-coated in a robust, three-layer corrosion resistant coating system designed to perform for 25 years without repainting.

Galvanised steel guttering, and the colour coated versions, are a more environmentally friendly alternative to plastic gutters with the metal's considerably longer life and 100% recyclability at end of life. It also avoids micro plastic contamination of the environment.

As the greatest cost of installation will be the scaffolding needed to access the roofline, the less often you have to replace it, the better.

Our Infinity galvanised steel rainwater system comes with a 15-year manufacturer's warranty but should have a life of more than 25 years with correct installation and basic ongoing care/maintenance.

Why choose steel…

- The deep-flow half round profile has exceptional capacity offering peace of mind for effective rainwater disposal
- Dry jointed union connectors with no need for messy silicone
- Swaged down pipes that simply push-fit together
- A range of hopper heads, angles, branches, bends, offsets, outlets and brackets for a quick, easy to install gutter solution
- Fully galvanised and available in a range of eight finishes: Natural Galv, Black, Anthracite Grey, Dusty Grey, Grey Aluminium, Grey White, White and Sepia Brown.

COP26 House

As part of the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow, a zero carbon, timber frame house – the 'COP26 House' – will be built by Beyond Zero Homes near to the conference site in Glasgow.

Beyond Zero Homes, led by Peter Smith, from Roderick James Architects, is a collaborative group of organisations who are joined together by a single, mutual goal that goes beyond zero carbon: to demonstrate how beautiful, affordable, healthy and comfortable homes can be developed with minimal impact on the environment, throughout their lifecycle. We are delighted that Rainclear Systems are one of the members of Beyond Zero Homes.

Read more on:
www.beyondzerohomes.co.uk

Our Sustainable Products continued

What we did?
Overhauled the existing roof delivering 3,500m² of flat roofing refurbishments for the hospital.

What we used?
Alumasc Self-Adhesive Olivine and Caltech Alpha systems.

What made it great?
The CO_2 neutralising benefits along with the sensitively managed flame-free installation using low odour liquid.

North Tees Hospital

Alignment with SDGs:

Client brief and design

Alumasc Roofing's understanding of the client brief is evident at North Tees and Hartlepool NHS Foundation Trust who needed help towards becoming carbon neutral and more sustainable.

Maintaining NHS Trust property of roughly 28.4 million square metres whilst in constant use is no mean feat. The Trust initially tasked Alumasc Roofing with delivering a full condition report across both the University Hospital of Hartlepool and the University Hospital of North Tees.

What we specified

After working together to determine the extent of the work needed, the technical report recommended a full refurbishment roofing solution to ensure minimal disruption whilst giving maximum long-term performance. In total at North Tees, six large roof areas were refurbished and three at the Hartlepool site. This approach would prevent further damage, prevent waste from re-roof and crucially minimise disruption to the staff and patients. Alumasc's full range of products was installed on the refurbishment: rooflights, tapered insulation, rainwater goods, Alumasc's Self-Adhesive Olivine membrane in a flame-free application, and Alumasc's Caltech cold-applied liquid systems. The cold-applied product was chosen so it could be laid safely without the need for naked flame in a very sensitive working hospital environment. Low odour liquid was selected to ensure there was no loss of comfort to staff and patients.

Performance

The Olivine felt system will save the Trust CO_2 equivalent to 44,750km travelled by car during the lifetime of the roof. The roofing system is comprised of a CO_2 neutralising, reinforced SBS polymer modified bituminous waterproofing membrane, underlays, insulation boards, and air and vapour control layers. Our Self-Adhesive Olivine system not only requires a flame-free installation but is surfaced with a natural Olivine granule, a magnesium iron silicate. The olivine granules initiate a chemical reaction with CO_2 from rainwater which converts to silicon dioxide (sand) and magnesium carbonate, two elements harmless to the environment.

Whitechapel Station roof canopy transformed with Blackdown Greenroofs' NatureMat

Alignment with SDGs:

East London's Whitechapel Station, which will eventually become one of the stations on Crossrail's new Elizabeth Line, has taken advantage of its canopy roof area and transformed it into a valuable environmental asset.

An extensive sedum NatureMat® green roof from Blackdown Greenroofs, an Alumasc brand, was specified and installed at the station. This came as a result of the horticultural partnership between the Transport for London network and Kalzip Standing Seam Roofing Systems, which has been a partner company of Blackdown since 1999.

Experts in the green roof field, Blackdown were able to recommend the most appropriate green roof system to be installed over the Kalzip standing seam roof. NatureMat® is part of Blackdown's extensive green roof range.

It is lightweight with a relatively shallow substrate; however, it still offers a wide range of planting possibilities, including drought-tolerant succulents such as sedum, rockery and alpine plants. Blackdown extensive green roofs provide a wealth of ecological and economic benefits such as reduced water run-off and increased biodiversity.

BBMV Section Engineer Nasi Payman, who worked on the project, explained: "This project involved a lot of coordination with other services and trades due to the restricted access, location above a rail track, and the fact that it is a prestigious project."

Operating Segments

Water Management

Alumasc Water Management Solutions deliver "Rain to Drain" solutions that set the standard for urban water management. Alumasc has been promoting the efficient use, retention, recycling and disposal of water for almost 90 years.

Under the AWMS banner, customers benefit from rainwater and drainage products that capture, retain and control the flow of rainwater in the most effective way inside and outside buildings from originating source to water course, sewer or ground.

Alumasc in action:
Newfoundland Tower case study

Industry-leading Harmer and Wade water management solutions installed at award-wining residential scheme in Canary Wharf.

Two renowned Alumasc brands, Harmer and Wade, were recently specified and installed at a new striking residential development in London.

Newfoundland Tower, also known as "The Diamond Tower", due to its unique shape and diagonal structure, is a build-to-rent development in Canary Wharf, London. Harmer SML Cast Iron above ground, and Wade gullies and linear drainage were installed to provide an effective water management solution.

The Harmer SML lightweight cast iron pipework system is dry-jointed, BBA & Kitemark certified, and has a proven track record in above ground drainage. With its comprehensive range of fittings and accessories, Harmer SML is the ideal soil and waste system for above and below ground drainage, including rainwater installations, and is fully compatible with other Harmer and Wade drainage products.

Harmer SML has the highest product fire classification possible, which is A1 for BS EN 13501-1, as well as a system fire classification of A2 for BS EN 13823 Single Burning Item A2, s1-d0.

Wade gullies and channels were also specified for this project. Installers Estuary Plant chose a bespoke Wade Stainless Steel channel system, as it not only fits the design brief but is also easy to maintain, highly durable and does not discolour.

Wade is a leading manufacturer of quality drainage products with over 50 years' experience. It offers a comprehensive range of floor gullies, including the Wade Stainless Steel Channels, which are available in a range of standard and bespoke designs, including faceted and curved channel systems.

The 58-storey building comprises 636 new apartments and includes residential amenity areas, restaurants and retail units. The development recently won the Council on Tall Buildings and Urban Habitat (CTBUH) Award of Excellence – Best Tall Building 200-299m.

Our brands

Financial highlights 2020/2021

Revenue

£38.4m

2019/2020: £33.7m

Underlying operating profit*

£6.1m

2019/2020: £4.8m

Underlying operating margin*

15.9%

2019/2020: 14.3%

Operating profit

£6.0m

2019/2020: £4.6m

* Prior to restructuring costs of £0.1 million in 2019/20 and brand amortisation charges of £0.1 million in both years.

Growth drivers

- Legislation aimed at conservation, attenuation and control of water
- Structural engineering specifications
- Building regulations
- Sustainable drainage

Operations and supply chain

- UK in-house manufacture
- External supply chain including suppliers in Europe and North America

Routes to market

- Merchants and distributors (some via preferred installers)

Opportunities and potential

- Outperformance of the UK construction market through continued market share gain and introduction of new products and systems
- Development of further synergies in our "Rain to Drain" strategy following the acquisition of Wade
- Increase divisional export sales with focus on systems using Gatic and Wade products
- Grow operating margins through new product introductions, improving customer service and operational efficiency.

"Our core focus is on meeting customer and market requirements. Our high-quality, durable products have seen an increase in demand for sustainable drainage solutions."

Paul Hooper
Chief Executive and Divisional Managing Director

Operating Segments continued

Building Envelope

Working with our clients and customers to help create a sustainable future with efficient buildings that connect people and communities. Our comprehensive range of building envelope solutions includes roof waterproofing systems, green and landscaped garden roofing, architectural screening, ventilation louvres, solar shading, and off-site constructed modular balconies.

Our team collaborates with our clients to create tailored building envelope solutions that address a multitude of challenges that we all face in protecting our environment for future generations, including:

- Efficient use and reuse of materials
- Energy consumption reduction
- Comfort in use through control of heat, light, air and water
- Creation of additional amenity space
- Carbon capture

Alumasc in action:
Wardian London case study

A development of two residential towers comprising 766 homes including suites, one and two bedroom apartments and penthouses. Located adjacent to Canary Wharf, the inspiration behind the project was explorer Dr Nathaniel Bagshaw Ward who invented the Wardian Case, used to transport plants around the world during the times of the British Empire. The core vision was to combine man-made design with the natural world. Blackdown was appointed to install upgraded balcony designs to specific apartments, including the penthouses. These installations were both direct for the developer (EcoWorld Ballymore) and also through private contracts with tenants. Blackdown were chosen following 4 years of design/costing support provided to consultants on the project and our high-quality finish achieved on a trial installation for the sales suite.

The installation comprised paving and ground planting alongside raised planters with bespoke planting schemes depending on balcony aspect. Each apartment also has a timed irrigation system installed by Blackdown.

Our brands

ALUMASC ROOFING

LEVOLUX

Financial highlights 2020/2021

Revenue

£41.0m

2019/2020: £33.2m

Underlying operating profit/(loss)*

£4.3m

2019/2020: (£0.9)m

Underlying operating margin*

10.4%

2019/2020: (£2.8)%

Operating profit/(loss)*

£4.1m

2019/2020: (£1.4)m

* Prior to restructuring costs of £0.3 million in 2019/20 and brand amortisation charges of £0.1 million in both years.

Growth drivers

- Architectural specification
- Building regulations relating to energy management
- Demand for sustainable solutions

Operations and supply chain

- Partial UK manufacture providing fabrication, assembly and finishing operations
- Diversified specialist supply chain of mainly UK and European based suppliers
- Levolux: Installation of certain systems in the UK

Routes to market

- Direct to main building contractors in the UK
- Through general contractors and installing sub-contractors in North America

Opportunities and potential

- Business development opportunities arising from the new Alumasc Building Envelope specification sales approach together with Alumasc Roofing
- Development of the UK balconies & balustrading business
- Development of North American export business
- Growth in operating margins through operational efficiencies and increasing the proportion of design and supply only

"The Building Envelope division benefitted from its ability to meet the ever increasing demand from its customers to provide systems and solutions which are designed not only to be safely and simply installed but also to benefit our planet through carbon reduction, the use of light and space, but also to provide a social environment where we can work, rest and play."

Gilbert Jackson
Executive Director

Operating Segments continued

Housebuilding Products

Based in Howden, East Yorkshire, Timloc Building Products leads the way in sustainable manufacturing in the building industry. Over 75% of the Timloc product range is manufactured from recycled materials. In addition Timloc diverts 100% of its waste from landfill, with all waste material resulting from the manufacturing process being collected and granulated on site and returned to the on-site material store.

The full range of Timloc packaging is 100% recyclable and over 75% of the packaging is made from recycled materials.

Our brand

Established in 1973, Timloc Building Products has been serving the building industry for over 50 years. Timloc manufactures and supplies sustainable building products from ground level right up to the roof ridge, from its 90,000 sq. ft. state of the art, manufacturing facility in East Yorkshire.

Timloc Building Products' ability to deliver products next day with low carriage paid order values is what sets them apart from their competitors and has enabled them to become market leaders within their sector. Timloc is also at the forefront of sustainability being one of the first manufacturers in the building industry to procure 100% of its electricity from renewable sources. Timloc manufactures multiple-use products that are designed for the lifespan of a building and are recyclable at the end of the building life. Currently over 75% of Timloc products are manufactured from recycled materials.

Timloc Building Products' continued innovation and development has seen the introduction of several new products and product ranges to market over the last 12 months. Recent product launches include Rad-Seal, Meter Boxes by Timloc, Hedgehog Highway by Timloc, and FR60 – the 60-minute fire rated cavity closer.

Financial highlights 2020/2021

Revenue

£11.1m

2019/2020: £9.1m

Underlying operating profit*

£2.6m

2019/2020: £1.2m

Underlying operating margin*

23.0%

2019/2020: 13.7%

Operating profit

£2.5m

2019/2020: £1.2m

* Prior to restructuring costs of £0.1 million in 2020/21.

Growth drivers

- Growth in UK house building demand and current under supply of houses
- Legislation and building regulations
- Ease of construction

Operations and supply chain

- Nearly all in-house manufacture

Routes to market

- Merchants and distributors
- House builder specification

Opportunities and potential

- Outperformance relative to the UK construction market with continued market share growth through product range development and best in class customer service
- Leveraging strong sales channels through product portfolio development and excellent customer service
- Margin improvement through operational efficiency and additional operational flexibility, utilising the new factory commissioned in early 2018 and ongoing investment in new machines and automation.

"The excellent performance this year, in very challenging times due to Covid-19, is testament to the determination and commitment of our employees. Throughout these uncertain times they maintained our industry leading next day service and continued to expand our product range with the introduction of a record number of new products."

Michael Leaf
Executive Director

Chief Executive's Review

"Following an outstanding performance in the 2020/21 financial year, a strong platform is now in place which should provide the Board with confidence for another strong year."

Paul Hooper
Chief Executive

Towards a sustainable future

The focus has been to grow our sustainable product portfolio. We as a business are setting out a roadmap towards net zero and looking at how our products can help reduce climate change.

Financial highlights and overview

Group performance:	**2020/21**	2019/20	% change
Revenue (£m)*	**90.5**	76.0	+19%
Underlying profit before tax (£m)*	**10.5**	3.7	+187%
Statutory profit before tax (£m)	**9.8**	2.7	+263%
Underlying earnings per share (pence)*	**23.7**	8.2	+189%
Basic earnings per share (pence)	**21.2**	6.3	+237%
Dividends per share (pence)	**9.5**	2.0	+375%

* A reconciliation of underlying to statutory profit before tax is provided in note 5 to the Group financial statements.

Covid-19

The response of our employees to the challenges faced this year has been exceptional. Covid-19 has brought many difficult challenges but our number one priority is always the health, safety and wellbeing of our people and visitors to sites. The actions taken to comply, as a minimum, with government advice have resulted in several unannounced HSE visits that have confirmed the actions taken with positive feedback being received. During the year we had one small Covid-19 outbreak involving fewer than 20 people. Swift management action contained this with a full return to work within 10 days. Our new norm allowed us to adapt our working practices to have more people working from home while maintaining a premium customer service. I am immensely proud of our incredible people and all that they have achieved.

Overview of performance

Following an outstanding and record performance in H1, which included around £2.5 million of revenue carried forward from the prior year Covid-affected lockdown, Alumasc's underlying momentum was maintained throughout H2, despite the effects of Brexit. Growth was achieved in all three divisions against a backdrop of resilient building and construction activity along with market share gains. In addition, raw material and shipping cost increases to date have been successfully recovered through sales price increases.

Close control of costs and the benefit of the restructuring implemented in FY 2020 have also contributed to the improved profitability. Levolux delivered a substantially improved performance during the financial year, returning to consistent profitability on improved tendering and contract management disciplines and a streamlined cost base.

The star performer of the year was undoubtedly the Building Envelope division which turned a prior year loss of £0.9 million into a £4.3 million profit. This was a testament to several factors, but both parts of this division, Roofing and Levolux, contributed significantly. As you will see in the section on this division it was really a volume/market share increase that improved Roofing's performance while Levolux had a significant turnaround into profit from a prior year loss assisted by significant cost reductions and efficiency improvements.

The remaining two divisions had record performances, both driven by volume/ market share gains and operational efficiencies. New products were also important, in particular for the Housebuilding Products division which launched a record number, supported by its industry leading service, with some considerable success.

Our six key focus areas for 2021

1.
Execution of Levolux improvement plan

2.
Develop further opportunities for specification cross selling

3.
Implementation of a more cost-efficient operating structure

4.
Prioritise & focus investment to drive profitable growth

5.
Proactive management of our portfolio of businesses

6.
Remaining closely aligned with the sustainability agenda

Our commitment to sustainability

Alumasc is focused on providing building products that are:

- Sustainable, durable, recyclable and made from recycled materials
- Designed to maintain and enhance the environment
- Made to improve the quality of life of the users of buildings; and
- Created to improve the built environment

Read more about our approach to sustainability **on page 28**

Strategy and performance against strategic objectives

Alumasc's strategy is to:

1. Build leading positions in specialist markets to grow revenues faster than the UK construction market

Although the impact of Covid-19 makes any analysis of the most recent year difficult when compared with the consistent outperformance of the previous years, we have however gained market share and grown the business.

2. Augment UK revenue growth through the development of selected export markets

Compared to the prior year in which export revenues were 15% of Group revenues, during the year under review, export revenues were 14% of Group revenue. However, actual export sales grew by £1.1 million (10%). Export sales at AWMS (Gatic and Wade) were marginally behind the prior year, due to a large one-off European order in 2019/20. However sales to the Far East grew strongly, supported by investment in both sales and marketing. The year end export order book for AWMS stood at £1.7 million, versus £1.2 million at the prior year end.

Meanwhile, Levolux accelerated its export revenue by a strong 32%. At the start of the new financial year a second experienced US Senior VP of Sales has been appointed in the USA. We anticipate good further growth in the USA from this development.

3. Grow profit at a faster rate than revenue by improving operating margins

The Group's underlying operating margins grew from a Covid affected prior year 5.5% to 12.2% representing a pleasing result. This movement into a "double digit percentage" return has been achieved earlier than expected. The prior year's structural £2.4 million cost savings have been a significant contribution along with increased sales.

Executing our priorities in FY20/21

Management accelerated the pace of strategic development during its 2021 financial year:

1. Levolux business improvement plan

The objective of this plan was to return Levolux to sustainable profit. At the start of the year the Board announced a refocus of the business to those areas where it could clearly differentiate and add most value to customers and therefore shareholders. This included concentration on developing the more profitable areas of the business, simplifying operational delivery and reducing risk. The key elements have been:

- **Integrated sales approach.** Incorporate Levolux solar shading, screening and balconies as major constituents in a new "Alumasc Building Envelope" division, providing integrated solutions for developers and specifiers seeking high-quality roofing and walling systems. A new, collaborative divisional sales approach has increased Levolux's existing market reach and leverages existing strong customer relationships. This is the second year of this new division's formation.

  This objective is being achieved and examples where the "cross-sell" and single expert service has been welcomed by specifiers and clients are growing. Among such examples are the new DWP Welsh Valleys offices.
- **Leverage core strengths.** We have focused on design and supply activities as we do in the rest of the Alumasc Group. In-house installation will only be offered where this service is particularly valuable to customers and Levolux. Over time this will improve margin mix and enhance profit margins.

  This objective is being achieved with the order book strengthening for supply only projects.
- **Export opportunities.** We are investing in local technical sales resources to accelerate growth in the profitable Levolux business in North America. Current revenues in this market are circa £4.7 million (+32% v PY). This objective was achieved with a US-based Senior VP appointed.

Chief Executive's Review continued

- **Reduce overhead.** We announced a significant restructuring of the existing Levolux operational and overhead cost base, including a relocation of sites, with fixed cost savings achieved of £1.8 million in the Group's 2019/20 financial year versus a target £1.0 million, and further significant annualised savings of £0.7 million. This includes the relocation of sites. These benefits have assisted the 2020/21 financial year.

  Alumasc continues to believe that Levolux, as part of the Building Envelope division, has a great future potential and continues to be one of the Group's strongest brands.

2. Develop further opportunities for specification cross selling

There remains a significant future opportunity for the Group from offering an integrated "Building Envelope" of exterior building products facilitating the integration of walling, roofing, balconies, solar shading and integrated aluminium detailing. This not only provides a full external envelope solution but also mitigates both the client's and contractor's risks by ensuring that the horizontal and vertical planes are detailed to remove tolerance and interfacing detail issues. Closer working between divisions has led to cross-selling opportunities, for example the Boat Blocks project on page 23 of this report. This will continue to be a focus going forward.

3. Implementation of a more cost-efficient operating structure

Following the move in the prior year of the AWMS Gatic Slotdrain manufacturing from a leased facility in Dover to the freehold AWMS's Wade facility and the restructuring of Levolux described above, some £0.6 million per annum has been saved in leased property costs. The objective to move to six facilities from ten has also been achieved.

Total annualised cost savings of £2.4 million were achieved in the prior year versus a target of £2.0 million and these structural cost savings have assisted the current year.

4. Prioritising and focusing investment to drive profitable growth

Capital expenditure was £2.0 million, slightly below depreciation which was £2.3 million.

Once again investment has been focused on our businesses with the greatest manufacturing activity: our Water Management business and Timloc. Within this was a continued investment in tooling at strategic suppliers for the Water Management business which has improved manufacturing efficiencies and significantly lowered the carbon footprint of our suppliers along with ensuring continuity of supply. Investment continued at Timloc, including to support new product launches. The benefit of these investments is evident in the relatively strong performances of these businesses.

Investment in new people was directed into expanding the sales reach, notably in the Building Envelope division where previously weaker areas of the UK now have a stronger senior sales representation. Growing Levolux and Water Management divisional export sales have also been a focus.

5. Proactive management of our portfolio of businesses

The Group continues to seek to grow through bolt-on acquisitions and there are no plans to make divestments.

6. Remaining closely aligned with the sustainability agenda

With the ever increasing low carbon and sustainable agenda Alumasc is in a perfect position to increase supply solutions to its customers that target these criteria. Not only does it have strong positions in energy management through its presence in solar shading, which can reduce the energy consumption required to cool a building, but it also has innovative Roofing solutions, such as Olivine, which can actually reduce CO_2 in the environment. Within the Water Management division, the increasing scarcity of water can be managed very successfully. There are examples where both divisions combine to provide a 'Blue Roof'. This, in effect, produces an equivalent to an attenuation tank on a flat roof allowing the controlled egress into the water effluent systems while saving clients the significant alternative cost of an attenuation tank installation. Our Housebuilding Products division has also significantly contributed to the energy management within housing with its sealed ventilation systems, cavity closer and radiator seals. It is constantly innovating and launching new products that deliver sustainable solutions for our clients.

All divisions are totally committed to, and insist on, the use of recycled material where appropriate. Alumasc is very proud to be able to state that 75% of the Group's products are sourced from recyclable material.

The relentless pursuit of both innovative energy and water management solutions combined with the increasing use of recycled material will continue. Alumasc is already well placed in this regard. Our bespoke approach to product and specification means customers will be able to meet more stringent environmental criteria in the years ahead.

All divisions have plans in place to work towards the Net Zero government led construction targets by 2050.

Overview of performance

Revenue analysis

Revenue grew by £14.5 million (19%) compared to a prior year Covid-affected performance. This included some carry over of pent-up demand from the Covid-disrupted prior year but also, significantly, benefitted from investing in high-quality Roofing salesmen, launching new products and winning market share.

Gross margin

Alumasc's Gross Margin grew by 6.2 percentage points, to 35.9%, a very strong performance and a great testament to the management actions taken saving costs, increasing efficiencies and growing margins.

Net fixed and operating expenses

Net fixed and operating expenses increased by £1.9 million (excluding any furlough benefit in FY20) during the year mainly due to increased sales resource and variable remuneration.

Underlying operating profit

Underlying operating profit was £11.0 million compared with £4.2 million in the prior year. This was a very strong performance with all three divisions performing significantly better than the prior year.

Bank interest

Bank interest of £0.3 million was similar to the prior year.

Underlying profit before tax

Underlying profit before tax was £10.5 million (2019/20: £3.7 million – Covid-affected).

Water Management

- Revenue: £38.4 million (2019/20: £33.7 million)
- Underlying operating profit*: £6.1 million (2019/20: £4.8 million)
- Underlying operating margin*: 15.9% (2019/20: 14.3%)
- Operating profit: £6.0 million (2019/20: £4.6 million)

* Prior to restructuring costs of £0.1 million in 2019/20 and brand amortisation charges of £0.1 million in both years.

Building Envelope

- Revenue: £41.0 million (2019/20: £33.2 million)
- Underlying operating profit/(loss)*: £4.3 million (2019/20: £(0.9) million)
- Underlying operating margin*: 10.4% (2019/20: (2.8)%)
- Operating profit/(loss): £4.1 million (2019/20: £(1.4) million)

* Prior to restructuring costs of £0.3 million in 2019/20 and brand amortisation charges of £0.2 million in both years.

Housebuilding Products

- Revenue: £11.1 million (2019/20: £9.1 million)
- Underlying operating profit*: £2.6 million (2019/20: £1.2 million)
- Underlying operating margin*: 23.0% (2019/20: 13.7%)
- Operating profit: £2.5 million (2019/20: £1.2 million)

* Prior to restructuring costs of £0.1 million in 2020/21.

Non-underlying, non-recurring items

Non-underlying and non-recurring items amounted to a £0.7 million net cost in the period compared with a £1.3 million net cost in the prior year. Further details are given in the Financial Review.

Coronavirus Job Retention Scheme

Government grant income of £0.1 million was repaid during the period in relation to Coronavirus Job Retention Scheme income that had been claimed in the previous financial period for employees that have, unfortunately, subsequently been made redundant.

Profit after tax for the year

The Group's resulting overall statutory profit after tax for the year was £7.6 million (2019/20: £2.3 million).

Divisional review

(a) Water Management

Water Management produced a record profit of £6.1 million which was £1.3 million (27%) higher than the previous year.

The drivers of the improvement were revenue related (which increased by £4.7 million (14%)) and by selective price increases, product portfolio management, cost reductions (partly brought about by the move of Gatic Slotdrain manufacturing from Dover to Wade's freehold facility), and general efficiency improvement and tight cost control.

Water Management's operating profit return on sales increased to 15.9% from a prior year of 14.3%. This was a very encouraging performance and is indicative of improved margins.

(b) Building Envelope

The division sells principally into the high-end UK commercial and residential new-build construction market.

Levolux's restructuring has taken significant cost out of the business and when combined with a more selective strategy for work that it will target with a focus on supply only, along with a stronger push into export markets, the benefits showed in the year with an outstanding £1.4 million turnaround from an £0.9 million loss to an encouraging £0.5 million profit. This was the result of following the very effective turnaround plan.

Alumasc Roofing's performance was outstanding and driven strongly within the Refurbishment sector. Five new sales people were recruited and significantly strengthened some of our historically under-represented markets in the UK whilst technical services staffing was increased across the country. It went from strength to strength and with the pressure of Covid-19 encouraging more external work, particularly for schools and health boards, Roofing benefitted and increased its revenue stream whilst also securing additional market share.

(c) Housebuilding Products

Timloc, our Housebuilding Products division, had an outstanding year growing its revenue by 22% and PBIT by 105% (versus a Covid-affected prior year). In addition, during a challenging year, Timloc continued to launch new products, improve efficiencies and maintain 100% OTIF to customers. Timloc continues to receive very positive feedback from its customers on its excellent service and promotes this through its "#TrustTimloc to deliver" strapline.

New product development is an important factor in Timloc's success and during the year it successfully launched a number of new products including Rad-Seal face-fix, FR60 fire rated cavity closer and FRSTOP cavity stop socks.

With its constant focus on improving efficiencies, new product development and customer service Timloc is well positioned to maximise opportunities presented by the housebuilding sector.

Outlook

Alumasc's cost savings programme, liquidity management, strong balance sheet and improved commercial positioning underpin a robust platform that positions Alumasc to benefit from the long-term growth drivers in our markets. Alumasc's primary aim is to manage the long-term sustainability of the business and to focus on its key strategic objectives, growing revenues faster than the UK construction market and being a supplier of sustainable building products.

Chief Executive's Review continued

The Board believes Alumasc remains well positioned to deliver sustainable earnings progression, underpinned by a clear strategy and strong market positions, together with:

- Water Management benefitting from both its UK and export-focused strategy, and a growing online offering;
- Building Envelope entered the new year with a strong order book, supported by specification cross-selling and restructuring benefits;
- Housebuilding Products continues to innovate and develop new products, against a favourable backdrop of structural UK housing shortage; and
- the major restructuring of the Levolux business within the Building Envelope division.

Further investment opportunities exist in:

- sales resource and manufacturing capacity
- bolt-on M&A to expand capabilities, product range and routes to market.

Demand remains strong entering the new financial year, which has started in line with management's expectations. The Board is however cognisant of the potential for short-term disruption to our customers' operations from shortages of building materials, labour and road haulage, and delays in the global container shipping industry.

Notwithstanding these risks, a strong platform is now in place which should provide the Board with confidence for another strong year.

G. Paul Hooper

Paul Hooper
Chief Executive

7 September 2021

Boat Blocks - Birmingham

The "Boat Blocks" consist of four 12 storey blocks, Queens, South High and Home Towers, that had refurbishment work from Alumasc, including window replacement and roof refurbishment. The Boat Blocks were constructed in 1954 and form part of the Duddeston Manor Estate.

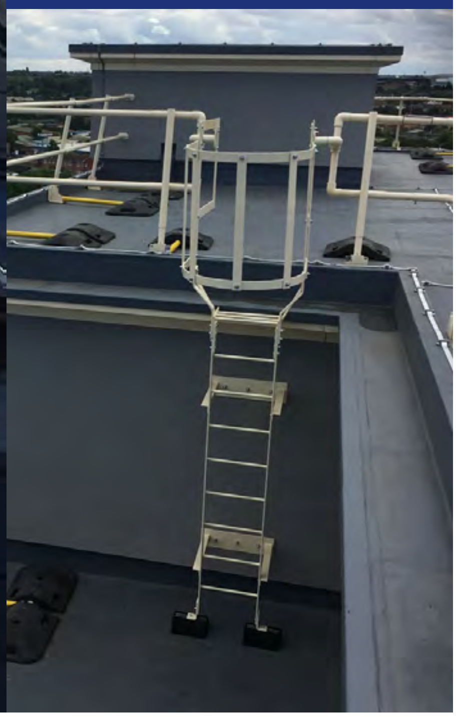
Alumasc was invited to assist with the specification, including detailed design, and provided on-site monitoring throughout the installation process.

Alumasc Roofing worked on the refurbishment of the main upper roof areas, front and rear entrance canopies, walkways, inverted and exposed balcony locations. Tapered insulation was also provided for the main upper roof areas.

Roof Pro provided for the refurbishment: architectural metalwork; circular window pods; fascia and soffit details to upper levels; feature band detail (between ground and first floor); coping to top floor balcony; guardrail systems and vertical ladders.

Alumasc also supplied rainwater outlets and refurbished all the outlets on the upper roof areas.

For more information see:
www.alumasc.co.uk



Financial Review

"The Board see further opportunities for targeted capital investments to deliver organic growth."

Simon Dray
Group Finance Director

Managing the demands of a period of strong growth

Reconciliation of underlying to statutory profit before tax

The underlying profit before tax for the 2020/21 financial year of £10.5 million reconciles to the statutory profit before tax of £9.8 million as follows:

	2020/21 £m	2019/20 £m
Underlying profit before tax	**10.5**	3.7
Brand amortisation	**(0.2)**	(0.2)
Net IAS 19 defined benefit pension scheme costs	**(0.3)**	(0.3)
IAS 19 past service cost in respect of GMP equalisation	**(0.1)**	–
Restructuring & relocation costs	**(0.1)**	(0.8)
Net gain from business disposals	**–**	0.3
Statutory profit before tax	**9.8**	2.7

The reconciling items were:

- Amortisation of acquired brands of £0.2 million (2019/20: £0.2 million). This is a non-cash charge, arising from the application of accounting standards to write off the estimated value of brands associated with acquired businesses over their anticipated useful life.
- Net IAS 19 defined benefit pension scheme costs of £0.3 million (2019/20: £0.3 million) are also non-cash charges. These relate to the Group's legacy defined benefit pension scheme, which was closed to future accrual in 2009. The value of the charge is determined by actuarial assessment and represents the notional financing cost of the Group's pension deficit.
- A one-off IAS 19 past service cost of £0.1 million (2019/20: £nil), representing an increase in the estimated cost of guaranteed minimum pension equalisation between men and women, following a High Court ruling in November 2020.
- One-off restructuring and relocation costs of £0.1 million (2019/20: £0.8 million) following changes in the estimated cost of several material reorganisation projects, which were announced during the 2019/20 financial year.
- The net gain from business disposals was recognised in the prior year following the receipt of £0.3 million of deferred consideration relating to the divestment of the Alumasc Facades business.

Taxation

The Group's underlying effective tax rate was 19.5% (2019/20: 20.3%), slightly above the UK statutory rate of tax of 19% applicable to the Group's financial year due to certain costs that are disallowable for tax purposes. We expect the Group's underlying tax rate to be circa 20% in the 2021/22 financial year.

The Group's effective tax rate on statutory profit before tax was 22.6% (2019/20: 16.4%). Reconciliations from the actual to statutory rates of tax are provided in note 10. The reconciling items chiefly relate to the tax treatment of the one-off items in the Group's income statement and the deferred tax impact of the increase in future tax rate from 19% to 25% from 1 April 2023.

Earnings per share

Underlying earnings per share for the year was 23.7 pence (2019/20: 8.2 pence). This increase is consistent with the increased underlying profit before tax for the year. Basic earnings per share of 21.2 pence (2019/20: 6.3 pence) reflected both the increase in underlying profit before tax for the year and the lower level of non-underlying costs in 2020/21 relative to 2019/20.

Dividends

The Board has recommended to shareholders a final dividend of 6.25 pence per share (2019/20: 2.0 pence), which will absorb an estimated £2.2m of shareholders' funds. This has not been accrued in these accounts as it was proposed after the end of the financial year. Subject to shareholder approval at the Annual General Meeting, it will be paid on 29 October 2021 to members on the share register on 24 September 2021.

Together with the interim dividend of 3.25 pence (2019/20: nil) paid to shareholders on 6 April 2021, this will bring the total distribution for the year to 9.5 pence per share (2019/20: 2.0 pence), which is covered 2.5 times (2019/20: 4.1 times) by underlying earnings per share.

The Board continues to follow a progressive dividend policy, where dividends rise broadly in line with earnings, while maintaining sensible cover.

Cashflows and net debt

At the onset of the Covid-19 pandemic in the UK, in the second half of financial year 2019/20, the Group undertook a series of measures to conserve cash, including agreements to defer £1.8 million of VAT and £0.6 million of pension payments. The Group's cash management activities in financial year 2020/21 have been focused on repaying these deferred amounts as they fall due, along with managing the working capital demands of a period of strong growth.

The Group's operating cashflow was £12.0 million (2019/20: £8.7 million), after a cash outflow into working capital of £1.8 million, which includes payment of £1.1 million of VAT deferred from 2019/20 (2019/20: £2.5 million inflow, with £1.8 million of VAT payment deferral). The remaining £0.7 million VAT deferral will be repaid in the first half of 2021/22. Trade working capital as a percentage of revenue was 13.9% at 30 June 2021 (30 June 2020: 17.7%).

Capital expenditure was £2.0 million (2019/20: £1.7 million), representing 86% of depreciation (2019/20: 87%). The main investments were on upgrading equipment at our Housebuilding Products facility in Howden, East Yorkshire, and tooling at our Water Management division. The Board see further opportunities for targeted investments to deliver organic growth, and expect capital expenditure to remain above depreciation for the medium term.

Summarised Cashflow Statement

	2020/21 £m	2019/20 £m
EBITDA*	**13.8**	6.2
Change in working capital	**(0.7)**	0.7
VAT (paid)/deferred	**(1.1)**	1.8
Operating cash flow	**12.0**	8.7
Capital expenditure	**(2.0)**	(1.7)
Interest	**(0.2)**	(0.3)
Tax	**(0.2)**	(0.1)
Pension deficit funding	**(2.6)**	(2.3)
Lease payments	**(0.9)**	(0.5)
Dividend payments	**(1.9)**	(1.6)
Sub total	**4.2**	2.2
Non-underlying payments	**(0.8)**	(1.4)
Net cash flow	**3.4**	0.8
Net bank debt at the year end	**0.9**	4.3

* EBITDA: Underlying operating profit from continuing operations before interest, tax, depreciation and amortisation.

Tax payments of £0.2 million were made in the year (2019/20: £0.1 million). The current year payment is stated net of a £0.4 million (2019/20: £nil) tax refund relating to financial year 2018/19.

The Group recorded a net cash inflow for the year of £3.4 million (2019/20: £0.8 million), reducing net debt at 30 June 2021 to £0.9 million (30 June 2020: £4.3 million).

Statement of financial position and return on investment

Group net assets increased by £16.3 million in the year to £36.1 million at 30 June 2021, a consequence of the profit retained for the year and a reduction in the pension deficit.

The Group defines its capital invested as the sum of shareholders' funds, including historic goodwill but excluding net bank debt, pension deficit (net of tax) and lease liabilities. Post tax return on investment (underlying operating profit divided by capital invested) was 19.8% (2019/20: 7.2%), reflecting the improved operating performance and close management of capital employed during the year.

Pensions

The Group accounts for its defined benefit retirement obligations in accordance with IAS 19 Employee Benefits, based on the market value of scheme assets and a valuation of scheme liabilities using a discount rate based on AA corporate bond yields at year end. The IAS 19 defined benefit pension scheme deficit at 30 June 2021 was £4.6 million (30 June 2020: £19.3 million). Scheme assets increased by £9.2 million, on a strong investment performance and £2.6 million of deficit reduction payments made by the Group in the period. Scheme liabilities decreased by £5.5 million, with an increase in the discount rate offsetting an increase in inflation. As funding levels rise, the scheme is adopting a lower risk investment strategy, in which interest rate and inflation risks are more closely hedged, which should reduce volatility in the deficit valuation going forward.

The deficit reduction payments are agreed between the Group and the scheme's trustees, based on triennial actuarial valuations. At the last review on 31 March 2019, Alumasc agreed to pay £2.3 million annually under a seven-year recovery plan. As part of its Covid-19 cash conservation measures, the Group agreed with the trustees to defer £0.6 million of deficit reduction payments due in financial year 2019/20. £0.4 million of this was repaid over financial year 2020/21, and the remaining £0.2 million will be repaid in the first half of financial year 2021/22.

Financial Review continued

Banking facilities and covenants

The Group maintains facilities with its banking partners to ensure the availability of sufficient liquidity to meet the Group's operational and strategic needs, at optimal cost. The Group projects facility utilisation and compliance with the associated covenants during its short-term forecasting, annual budgeting and strategic planning exercises to ensure adequate headroom is maintained.

During the year, the expiry date of the Group's revolving credit facility was extended by one year. Alumasc's current banking facilities comprise:

- An unsecured committed three-year revolving credit facility of £20.0 million, with a revised expiry date of April 2023 and a further one-year extension period;
- Overdraft facilities, repayable on demand, of £4.0 million.

The covenants associated with these facilities are set out below, together with the reported figures at 30 June 2021 and 2020:

	Covenant	**30 June 2021**	30 June 2020
Net debt: EBITDA	<3.5*	**0.1**	0.8
Interest cover	>2.5*	**42.1**	17.3

* Changes to <2.5 and >4 from 31 December 2021.

Going Concern

In assessing the Group's ability to continue as a going concern, the Board has considered medium-term forecasts based on the Group's approved budget and three-year plan. The Board has also considered stress test scenarios modelled on both a resumption of Government lockdowns and a 20% reduction in revenue for the period to September 2022.

Under the stress test scenarios, there remained adequate headroom in banking facilities and no breach of banking covenants over the period covered by the models. The Board also took note of the Group's further ability to reduce its cost base and/or conserve cash resources at short notice if necessary.

A reverse stress test scenario, that would lead to a breach of the Group's banking covenants, was also modelled. The Board considered the risk of such a scenario arising to be remote.

Having taken into account the scenario models above, and in light of the bank facility headroom under various scenarios, the Directors consider that the Group has adequate resources to continue trading for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. See note 1 for the full Going Concern assessment.

Simon Dray
Group Finance Director

7 September 2021

Skyline sails through installations at luxury housing development

Located on the picturesque waterfront of West Kirby, Wirral, The Sail is home to eight luxury apartments on South Parade overlooking the River Dee estuary to Wales. The building itself has a striking geometric form with a unique glass façade, reminiscent of art deco coastal properties from the 1930s.

The apartments occupy four storeys and one thousand square metres and are flooded with an abundance of natural light thanks to the floor to ceiling windows, which also emphasise a strong connection to the outdoors. Alumasc Water Management Solutions were asked to assist and supply a number of bespoke products including aluminium fascia, modular soffit and coping systems from Skyline.

"Skyline was specified for its quality and ability to provide bespoke designs and solutions," says Ivan Colvil, Senior Skyline Technical Sales Manager.

"Numerous profiles were needed due to the building's unique shape, which presented a challenge. It took a great deal of technical support and working with the architect to fulfil the brief."

"The materials had to follow different profiles. For example, aluminium soffits were required to sit perpendicular to the building in a white finish while the aluminium fascia had to be in a grey colour."

With over 30 years in the industry, the Skyline range is designed to meet industry standards whilst exceeding expectations in durability, design and performance. It is also suitable for contemporary and traditional architecture.

The range includes aluminium fascia and soffits, copings, cills, canopies and surrounds and is the ideal solution for use on a varied roofline and architectural designed external interfaces, with standard and fully bespoke designs available.

The Skyline fascia and soffit system is based on aluminium fascia profiles in a range of shapes and sizes which are often used together. The system is specifically engineered to the highest standard to suit any architectural requirements.

Skyline products are available in any RAL or BS colour, manufactured using a BBA approved polyester powder coating process, which will create long-lasting, high-quality finishes without any colour fading.

The ability to supply the products within budget was a real draw to the client. "We could offer the requested profiles to the client and we had impressive technical support to back up our offer," continues Ivan. "The overall finish speaks for itself."

Discover more about the extensive Skyline range here: **https://www.alumascwms.co.uk /brands/skyline/**

Our ESG Journey

A strategy for a more sustainable Alumasc

The Board recognises the importance of sustainability to the delivery of the Group's strategic objectives.

Our policy requires us to understand and manage the impacts of our products and operations for the benefit of all of our stakeholders, while recognising our environmental, social and ethical responsibilities.

The environmental challenges facing the building and construction industry have never been greater, and we are well positioned to make a positive contribution. The majority of our products are designed to manage the scarce resources of water and energy in the built environment and to improve the quality of life of the owner/occupier, using recycled and durable materials which are themselves recyclable at the end of their life. These are supported by our market-leading brands, customer service, and product and application knowledge, which in turn help drive the development of new products which meet new and emerging customer and market requirements.

Our continued growth will also require us to minimise the environmental impact of our operations, as well as continuing to provide a safe and rewarding environment for our employees to work in and to attract talented people to work for us, and to conduct ourselves in an open, ethical and responsible manner.

We have used information from Group and local management, supported by the Sustainability Accounting Standards Board materiality map, to identify the sustainability issues which are most relevant and material to Alumasc. These have been entered into a sustainability framework, which sets out the issues, the measures we have taken, and plan to take, to address them, and the metrics which we will use to monitor our progress. This framework helps ensure that sustainability remains at the heart of our business management and planning and helps present and discuss changes. Responsibility for leading our approach to sustainability has been delegated to the Group Finance Director, who will regularly update the Board on progress.

"Our policy requires us to understand and manage the impacts of our products and operations for the benefit of all of our stakeholders, while recognising our environmental, social and ethical responsibilities."

We have evaluated these measures against the UN Sustainable Development Goals (SDGs), and selected four as the focus of our sustainability initiatives, to confirm our internal activities are aligned with international sustainability efforts.

Read more about our approach to our SDG goals on pages 2 and 3

Our 5 step ESG roadmap

Our 5 step plan is a key component into the successful implementation of ESG practices throughout the Company.

Read more about our approach to ESG on pages 29 to 40

STEP 1
Our strategy

- Leading supplier of sustainable building products, systems and solutions
- Focus on energy and water management and improving owner/occupier quality of life
- Differentiation through service/support, sustainable products/materials

Achievements

- c.75% of sales from environmental solutions
- c.30% of materials recycled, c.75% recyclable at end of life

STEP 2
What is material to Alumasc?

- Support the journey to net zero
- Safe and rewarding working environment
- Employee training and development
- Open, ethical and honest culture

Achievements

- Reduction in CO_2 emissions, net zero roadmap in development
- Increases in near miss reporting
- Agile, autonomous businesses governed by Group code of conduct

Battersea Power station

Alumasc Roofing was involved in the sustainable regeneration of the iconic Battersea Power Station, a Grade II listed landmark site.

Alumasc's role was to provide:

- Traditional inverted roof areas
- Soft and hard landscaping
- Podiums
- Terraces
- Balconies, and
- Extensive green roof sedum areas

With planned completion in 2025 the overall site covers an area of 42 acres, the construction of 3,444 new residential homes, 517 affordable homes, restoration of the power station itself, construction of a new tube station, 2.5 million square feet of office and retail space, a library, a medical centre, and childcare facilities.

#greenroof #waterproofing #regeneration #london #flatroofing #ukconstruction

TCFD

STEP 3

Targets

- Track and report progress against our objectives
- Identify areas for future focus

Achievements

- Sustainability framework developed, aligned with strategy
- Metrics for improvement areas agreed and being tracked

STEP 4

TCFD

- To comply with the future requirement from the Task Force on Climate Change (TCFD) requirements
- To analyse the impact of Climate Change, impacts of extreme weather conditions, including extreme temperatures, flooding etc on our business
- Provide a framework for Governance and reporting on TCFD

Achievements

- Initial reporting, see more details on page 45
- Risk analysis and discussion underway
- Consideration of our estate
- Development of a roadmap for our net zero journey

STEP 5

Sustainable Development Goals

- Aligned with four key development goals
  - Clean water and sanitation
  - Industry, innovation and infrastructure
  - Sustainable cities and communities
  - Responsible consumption and production

Achievements

- GHG market led emissions reduction
- 100% renewable energy
- Alignment with the UN Sustainability Goals
- Five further SDGs supported by our sustainability framework

A Responsible Business

Sustainability in action

Sustainability is integral to Alumasc's business model. It encompasses not only our products but also our supply chain, our operations, and how we conduct ourselves. Our sustainability framework allows us to map the areas which are material to our business and to the activities we are undertaking, and the metrics which we use to monitor our progress.

OUR SUSTAINABILITY FRAMEWORK

The framework consists of three elements:

Environmental

Read more about Environmental on page 31

Minimising the impact of our operations while making and selling products which have a positive impact on the environment.

We provide premium products, systems and solutions which manage the scarce resources of water and energy in the built environment and improve the quality of life of the owner/occupier. We source and manufacture our products in a sustainable way, maximising the use of recycled materials to create products which, in turn, can be recycled at the end of their life. Our products are also durable, reducing the lifetime financial and carbon cost to our customers.

In doing so, we recognise our obligation to minimise the impact of our operations on the environment, by continually improving our efficiency in terms of energy and material usage, and reducing our waste and packaging consumption.

Social

Read more about Social on page 36

Creating a safe, healthy and empowering working environment, and making a positive contribution to our local communities.

We rely on our employees to develop and manufacture high-quality products and provide our market-leading technical sales and customer service levels, which maintain and protect our premium brand positions. Their health and safety is our highest priority. We also seek to create an empowering environment which attracts, trains and retains talented people.

We encourage engagement with the communities where we work and live, and our employees to support and raise funds for local charities or groups.

Governance

Read more about Governance on page 40

Conducting ourselves in an open, ethical and responsible manner.

We hold ourselves to high standards of behaviour as a Company, employer, supplier and customer. We are open and honest in all of our dealings and take responsibility for our actions.

The Board has oversight of our sustainability agenda. During the year two Board strategy meetings were focused on our sustainability strategy and environmental product portfolio.

Environmental

We provide products which help build a better future. Our products help tackle energy efficiency and water management in the built environment, and improve the quality of life for the owner/occupier. We recognise our responsibility to do this in a way that mitigates our environmental impacts and manages the planet's scarce resources.

Product sustainability

Climate change and its related effects have been described as the biggest challenge facing mankind. Our business uses sustainable materials to address this through energy efficient buildings, urban water drainage, and urban biodiversity and access to green spaces.

Sustainable materials

Our raw materials are chosen for their blend of performance characteristics, low lifetime environmental impact and ease of recycling. The principal materials we use are aluminium, iron and steel in our Building Envelope and Water Management divisions and polyethylene and polypropylene in our Building Materials division. These materials are all supported by a circular economy where our products are readily recycled at the end of their life. We are committed to using recycled materials in our manufacturing process, where possible, conserving resources and reducing the energy cost of its production by our suppliers. By value, approximately 30% of our products are manufactured using recycled materials and over 75% of the material used in our products is fully recyclable at end-of-life.

Energy efficient buildings

The demand for energy efficient buildings is increasing, underpinned by more rigorous building standards and global and national climate change commitments. Our products help our customers meet these standards, by supplying efficient insulation and ventilation products, and solar shading to control building temperatures and reduce air conditioning and heating use. We supply many products to site pre-manufactured, reducing our customers' health and safety risks and energy costs. Our Olivine roofs even help to reduce atmospheric carbon by mineralising CO_2 held in rainwater.

Urban water drainage

Extreme weather events, including severe rainfall and periods of drought, are becoming increasingly common. Our products help to mitigate this, forming part of sustainable urban drainage systems, managing the passage of water from rain to drain. Our drainage products and our green and blue roofs also attenuate stormwater and reduce flooding risks.

Environmental highlights

Reduction in Location-based emission intensity
13%
in the year

Reduction in Market-based emission intensity
33%
in the year and by 54% since 2017

Renewable energy
100%
Electricity from renewable sources

New innovative building products

Changes to building regulations in line with the Government's Future Homes Standard 2025 will mean all new build homes should produce 75-80% less carbon emissions compared with current levels. All new homes must be individually air tightness tested in place of the current sample approach.

Timloc has taken this opportunity to help specifiers, housebuilders, and installers to achieve Part L's air leakage requirements by expanding on its existing range of radiator pipe guide & seals with the new Rad-Seal Face-Fix.

Rad-Seal Face-Fix reduces the air leakage of the home and as a result improves the thermal efficiency of the building envelope. This helps homes to meet and exceed the limits set out in the Building Regulations Part L – Conservation of Fuel and Power. Rad-Seal also helps to reduce unwanted noise transmission within the building, making it easier to meet and exceed the limits set out in the Building Regulations part E – Resistance to Sound.

Rad-Seal Face-Fix provides an effective air barrier to seal through-wall radiator pipework and reduce air leakage within the home. Rad-Seal Face-Fix also guides hot water pipes to the correct position for easy final installation of the radiator unit. Rad-Seal Face-Fix is quick and easy to install and saves mess and materials on-site. The entry points allow easy adjustment of the pipework during the installation.

Further information on the Rad-Seal Face-Fix can be found at: **timloc.co.uk/products/rad-seal-face-fix/**

Alignment with our ESG framework

- Made from recycled materials
- Creating an airtight seal to manage efficient use of resources

Alignment with our SDGs

A Responsible Business continued

Environmental continued

Urban biodiversity and access to green spaces

Green spaces in the urban environment are important, not only for preserving fauna and flora that would otherwise be excluded, but for the wellbeing of residents. There is increasing recognition of the benefits to mental and physical health of access to green spaces and a sense of connection to the natural world. Our roofing and balcony products provide green spaces and areas of amenity for urban building. Our drainage products assist with the efficient diversion of rainfall for urban irrigation.

Greenhouse Gas ('GHG') emission management

We are committed to reducing the impact of our operations on the environment. We have continued our work with Carbon Footprint Limited to monitor and report our GHG emissions and to identify opportunities to reduce them. We encourage our businesses to improve energy efficiency and monitor progress at monthly Board meetings.

Our most significant emissions come from our owned vehicle fleet (Scope 1) and the consumption of electricity and gas in our manufacturing operations (Scopes 1 and 2). We aim to reduce vehicle fleet emissions through our travel policy, which encourages the use of video conferencing in preference to physical meetings and our company vehicle policy encourages the selection of electric vehicles where appropriate. We are continually making efforts to improve operational efficiency through our capital investment programmes and by implementing recommendations from the Energy Savings Opportunity Scheme. All but three of our businesses have ISO 14001:2015 accredited environmental management systems, with plans to certify the remainder over the next financial year. Our internal programme to maintain these includes environmental audits certified by external consultants. The improvement measures identified by these audits are communicated to management and employees.

We plan to set targets to reduce our carbon intensity (greenhouse gas emissions relative to our turnover) every two years. Our current target is a 10% reduction by 2022 relative to our 2020 emission intensity.

We recognise however that a proper appreciation of our environmental impact requires consideration of our entire value chain, and wish to take positive action towards the Government's target of net zero carbon by 2050. Accordingly in 2021 we will look to develop a science-based target for the Group to support the implementation of a low-carbon economy.

We also seek to reduce our electricity and gas from renewable energy sources, and in the year achieved our target of deriving 100% of total consumption from renewable sources.

Scope 1	• Company Owned Vehicles • Fuels: Natural Gas, LPG, Fuel oil, Petroleum Gas and Diesel
Scope 2	• Purchased electricity
Scope 3	• Public transport: Rail, Taxi, Ferry • Flights • Grey Fleet Car mileage • Electricity transmission & distribution • Water

Alumasc appointed Carbon Footprint Ltd to independently assess its Greenhouse Gas (GHG) emissions in accordance with the UK Government's 'Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting requirements'.

The assessment has used the 2020 emission conversion factors published by Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment follows the GHG Protocol methodology by reporting both the location-based and market-based emissions from electricity usage and electricity transmission and distribution.

The table below summarises the GHG emissions for reporting year: **1 July 2020 to 30 June 2021**. As a business we have been assessing our carbon emissions using the Carbon Footprint Sustrax II since 2017. This year we have assessed both our location-based and market-based emissions to account for the change to a 100% renewable energy tariff. The **location-based emissions** for the baseline year, last year and current year assessment results are shown in the table below for comparison.

Activity	Baseline year 2016/17	Previous year 2019/20	Current year 2020/21
Total energy consumed (kWh)	n/a	10,067,046.56	10,067,046.56
Scope 1	1,900.99	1,297.37	1,426.64
Scope 2	1,749.33	690.82	673.99
Scope 3	465.07	273.63	237.05
Scope 1 & 2 Location-based Gross Emissions (tCO_2e)	**3,650.32**	**1,988.19**	**2,100.63**
Total Location-based Gross Emissions (tCO_2e)	**4,115.39**	**2,261.82**	**2,337.68**
Total Market-based Gross Emissions (tCO_2e)	**–**	**–**	**1,804.06**
Carbon offsets (tCO_2e)	0.00	0.00	0.00
Total Net Location-based Emissions (tCO_2e)	**4,115.00**	**2,261.82**	**2,337.68**
Intensity ratio: tCO_2e (gross Scope 1 & 2) per employee[2 3]	7.14	4.58	4.68
Intensity ratio: tCO_2e (gross Scope 1 & 2) per £M revenue[2 3]	34.84	26.2	23.21

1 kWh figure includes Alumasc's energy usage from building energy and fuels (Scope 1 & 2, excluding refrigerants) & grey fleet (Scope 3) only, as per the SECR guidelines.

2 Location-based GHG emissions.

	Total scope 1 and 2 tCO_2e	Total scope 1 and 2 tCO_2e / employee	Total scope 1 and 2 tCO_2e / turnover (£M)
Location-based emissions	2,337.68	4.68	23.21
Market-based emissions	1,615.42	3.60	17.85

We have agreed a 2021/22 audit schedule with Carbon Footprint Ltd for carrying out on-site energy audits. This supports us in staying on track to complete our ESOS phase 3 assessment.

Definitions:	
Location-based approach	reflects the emissions from electricity coming from the national grid energy supply.
Market-based approach	reflects the emissions from the electricity sources or products (energy tariffs), that the consumer has specifically chosen.

Energy Efficiency Actions

Alumasc has implemented several energy and carbon savings measures during the 2020/21 assessment period. These include:

- Switching the Timloc site to a 100% renewable electricity tariff. This is the site which consumes the greatest amount of electricity, so market-based emissions show a considerable reduction in emissions for electricity use.
- Transition of all other Alumasc Water Management sites onto 100% renewable electricity.
- Continued reduction of unnecessary travel and utilisation of remote meetings as a result of Covid-19 restrictions.

During 2019 we also completed a detailed Energy Savings Opportunity Scheme (ESOS) energy audit of our energy use, and we are now in the process of implementing a number of the recommendations provided.

Wade also reduced its electricity consumption in the period by 35%, through an investment in a new-technology fibre laser, and by replacing two old CO_2 lasers. It also moved its slot drain production from two separate buildings into an existing building in Halstead.

Waste/Packaging

We look to reduce waste, packaging and single use plastics and to use recycled packaging where possible. We are a member of Valpak for compliance reporting and comply with our commitments under the Producer Responsibility Obligations (Packaging Waste) regulations.

Our manufacturing operations produce very little raw material waste, as the majority is re-processed and re-used. Investments in the paint line at our Burton Latimer site reduced this further. During the year, our Building Products business, Timloc, signed up to Operation Clean Sweep®, an industry-led programme to prevent plastic particulates from reaching the environment.

The majority of waste we produce is in the form of packaging. We have successfully targeted both an increase in the proportion of recycled packaging we produce, and a reduction in the amount of waste sent to landfill. During the year we have diverted substantially all of our waste streams away from landfill. Over the coming year we will look to introduce metrics to monitor the quality of packaging we use and its recyclability.

A Responsible Business continued

Environmental continued

Biodiverse greenroofs

Extensive green roofs designed specifically to create habitats for plants and animals can be termed biodiverse (or brown) roofs. These types of roofs are becoming increasingly specified in urban areas in order to recreate habitat lost by development.

Biodiverse roofs are a form of extensive green roofs, primarily designed for habitat creation to support particular fora and fauna. They typically combine wildflower and meadow type vegetation with varied substrate topography and materials, the addition of features designed to attract and sustain pollinators and invertebrates, and the fauna that forage for them.

Can a biodiverse roof be incorporated with a SUDS

A greenroof can perform some of the functions of a blue roof. The various layers of a green roof (fleeces, drainage layer, substrate and plants) detain and slow down the speed of run-off, reducing the total volume per annum. A greenroof with 50mm depth of substrate will have a run-off percentage of 50%, whereas a greenroof with 150mm will have a run-off percentage of 40%. Vegetation can be used as the surface finish layer of a blue roof system, however, it may also use paving and/or gravel ballast.

Alignment with our ESG framework

- This helps reduce CO_2 emissions in cities
- Assists with water management and the users' quality of life

How this aligns with our Sustainable Development Goals

Gatic CastSlot system

The Amazon distribution centre in Kingsnorth, Kent received prime service from Gatic.

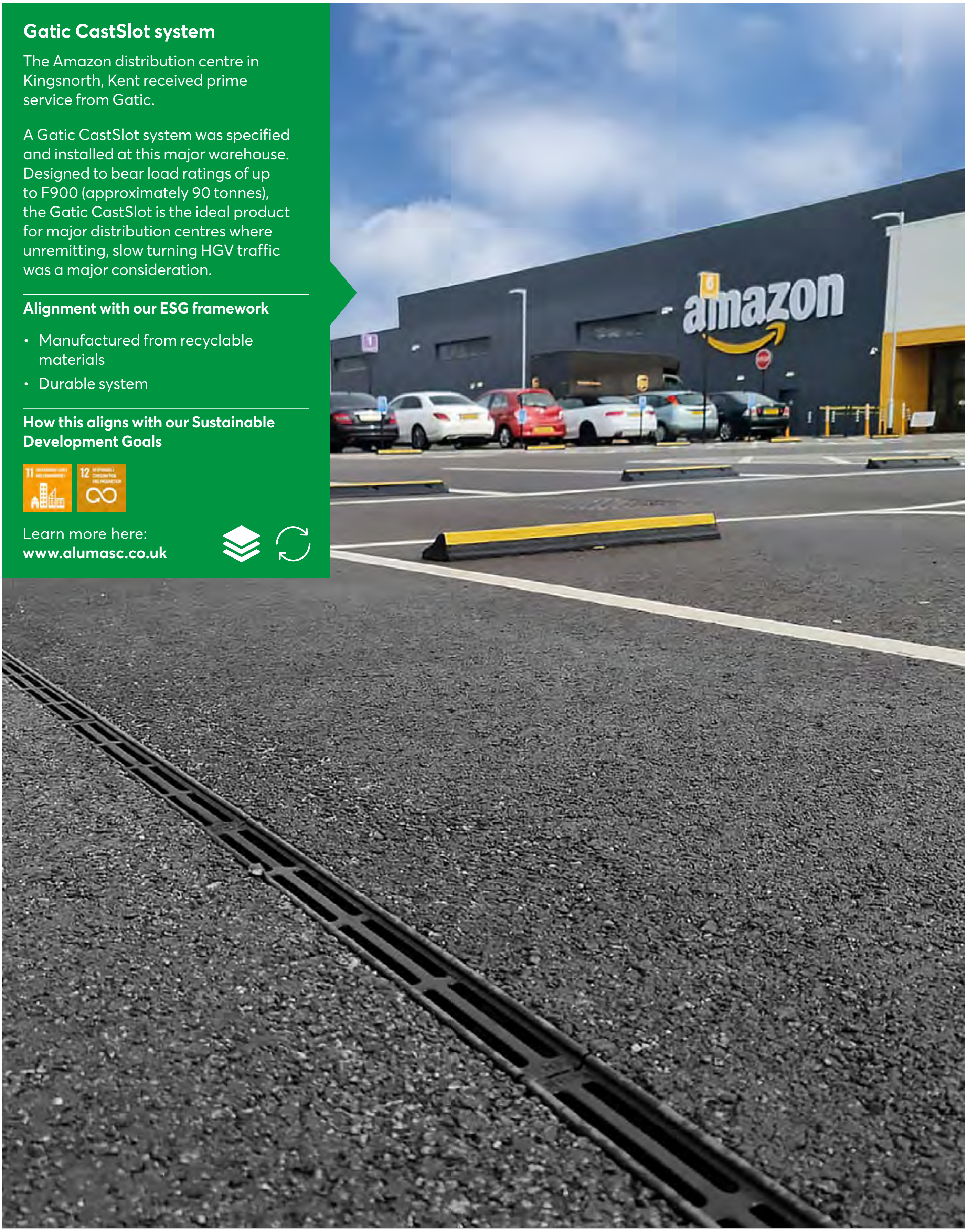
A Gatic CastSlot system was specified and installed at this major warehouse. Designed to bear load ratings of up to F900 (approximately 90 tonnes), the Gatic CastSlot is the ideal product for major distribution centres where unremitting, slow turning HGV traffic was a major consideration.

Alignment with our ESG framework

- Manufactured from recyclable materials
- Durable system

How this aligns with our Sustainable Development Goals

Learn more here:
www.alumasc.co.uk



A Responsible Business continued

Social

We seek to create a safe, healthy and empowering working environment, and to make a positive contribution to our local communities.

Health & Safety

Health & Safety is Alumasc's primary focus, and this is reflected in how we operate our business in a highly regulated environment. The Board member responsible for Health & Safety is our CEO, who is responsible for our Health & Safety Policy statement. Group policy on Health & Safety requires that it is the first agenda item for Group and operating subsidiary board meetings, where the Health & Safety policy implementation, near miss reporting and learning from incidents are discussed. Our target is for zero harm. This has informed our Health & Safety programme and has helped us develop our compliance with industry best practice and focus on continuous improvement.

We promote manager and worker awareness of their responsibilities, the hazards and risks associated with operations and safe ways of working, through targeted training including e-learning programmes, workshops for supervisors, best practice sharing, hazard alerts, toolbox talks, Gemba walks and safety/compliance checklists.

Operating businesses and sites have Health & Safety Committees. External consultants conduct regular Health & Safety audits. Action plans from Health & Safety audits are monitored by management and progress reviewed at Board meetings.

Near miss reporting has remained at the same high level of the prior year. In addition, the number of days lost in the workplace relating to accidents was 83 compared to 39 in the prior year. The number of incidents, where days were lost in the workplace, decreased to five compared to seven in the prior year. The cumulative PRI score was 4.94 compared to 2.82 in 2019/20.

Our principal Health & Safety KPI, the performance rate index (a relative measure capturing the total number of lost time and other safety incidents, relating the result to the overall number of hours worked).

Alumasc's Health & Safety performance was good over the last year, and there is a longer-term trend of overall improvement, due to focus on a zero harm outcome and continuous improvement by both management and employees. Our risks arise from working with machinery, materials handling, operating lift trucks and car and lorry travel. Health & Safety initiatives include robust risk assessments and we work continuously to ensure that improvements are implemented.

Employee engagement

Employees are kept informed of divisional and Group matters, through briefing sessions and presentations. We are always looking at ways to engage with our employees to improve communications. During Covid-19 the business kept in touch with staff and ensured that people who live on their own were safe and well. Alumasc values the views of its employees and consults with them about matters that affect them and the business. Some sites issue quarterly internal newsletters with company updates, community/charitable events and employee related news.

A confidential employee assistance helpline is available free to all staff. We publicise the telephone number on our notice boards and make staff aware of this service. The helpline has been obtained from a supplier that operates 24/7. Counselling and wellbeing services can be accessed via an app.

We also recognise the need to train and develop our employees. Our annual appraisal process informs our employee training programme and we seek to support our employees as they develop the skills required to progress in the business.

Community engagement

We recognise the importance of engaging constructively with the communities in which we live and work. The Group's devolved operating model encourages our businesses and their employees to support their local community organisations and charities, for the benefit of both.

Sam's Diamonds

Our Building Envelope division made a donation to Sam's Diamonds after the re-launch of a quiz on LinkedIn. In addition, to celebrate the quiz we asked people to vote for their chosen charity and Sam's Diamonds was the favourite. Please read the announcement post voting: **https://www.linkedin.com/feed/update/urn:li:activity:6817725114742816768**

Levolux

Supporting our employees through the transition to working from home was of utmost importance, and to assist our employees we ran a number of webinars. The webinars covered areas such as:

- Creating a new routine to support your wellbeing;
- How to stay focused and positive while working from home; and
- Recognising stress, anxiety, and tools to cope etc.

These webinars were open to all employees and the turnout and feedback was very positive. We also implemented an initial 15 minute daily drop in call (via Microsoft Teams) for a virtual "coffee/tea break"; this gave employees the chance to have social conversations that might have taken place in a conventional office setting, promoting personal interaction and collaboration across the Levolux team. In supporting our employees during the pandemic, we also continually promoted the Employee Assistance Programme and provided details of other support organisations that were available for employees.

Sonal Rathod
HR Manager
Levolux Limited

Hull 4 Heroes

Hull 4 Heroes is a charity local to our Housebuilding Products business that provides veterans and their families with a range of support, including mental well-being, mentoring, employment, and housing, to help make the transition back into civilian life as smooth as possible.

Throughout the next 12 months, Timloc Building Products will carry out various fundraising activities to help support Hull 4 Heroes and the remarkable work they do. Timloc Building Products has been serving the building industry for over 50 years.

The Veterans' Village in Hull is a key project currently being undertaken by Hull 4 Heroes. The Veterans' Village will be a self-sustaining community, providing transitional accommodation and support, for ex-service personnel and their families.

If you would like to be kept updated on our fundraising progress or to find out more, please drop us an email to:

sales@timloc.co.uk

"At Timloc, we have a proud history of supporting charitable causes, and we are pleased to be able to offer our help to Hull 4 Heroes over the coming months. We look forward to working with our new charity partner to support the exceptional and crucial work they do."

Paul Matson
Founder of Hull 4 Heroes

Halstead in Bloom

Wade and Gatic supported Halstead in Bloom again this year. This helps the local community by enhancing the environment with plants and flowers.

Community First Responders

Wade held a Christmas Jumper Day in support of a local charity, Halstead First Responders. The funds raised and donated to the First Responders would be used to benefit those who were in need in a medical emergency. The First Responders is run by volunteers, who fund their own expenses to support the local community. Amount raised: £200.

A Responsible Business continued

Social continued

Surfability

Children in Need and DIY SOS:

Alumasc participated in the BBC DIY SOS - Children in Need special project: Surfability – the world's first all-inclusive surf centre in Caswell Bay, Wales.

Alumasc Roofing and Water Management Solutions (AWMS) divisions supplied materials for the build. Roofing supplied Derbigum waterproofing membranes and a Blackdown Sedum Green Roof. AWMS provided Flushjoint Aluminium Downpipes in a powder coated finish, along with Wade Floor Drains.

Timloc charity donation – Prickles & Paws

Timloc recently donated £500 from the proceeds of sales of the Hedgehog Highway made by Timloc, to Prickles and Paws Hedgehog Rescue in Cornwall. The Hedgehog Highway by Timloc is produced on a not-for-profit basis, with a donation from the sale of each highway being made to rescue centres across the UK. With admissions of hedgehogs up 65% on last year, the donation was gratefully received by the rescue centre to help towards the fantastic work they do.

Alignment with our ESG framework

- Supporting wildlife and our local communities
- Giving to local charities from the sales of our hedgehog highway
- Providing charities with support and motivating our employees

Kettering Town Football Club

We provide the use of our car park on match days to Kettering Town Football Club, and by doing this Alumasc:

- Helps reduce road-side parking in Burton Latimer
- Protects the environment by reducing traffic
- Supports our local community

"The team at Alumasc have been an absolute pleasure to work with. From the offset, they understood the pressures that our supporters put on the local community when it comes to match day parking requirements, with the situation being further compounded when we have a high attendance of away supporters. Previously cars would be parked in various locations, outside of the club's boundary, which often caused frustrations for the local community. By allowing us to use their parking facility they have taken a pressure off the club and the community and demonstrated their commitment to both. We cannot thank them enough for the support they have given us."

David Mahoney
Kettering Town FC: Chairman

Alignment with our ESG framework

- Supporting our local community in Burton Latimer by providing use of our car park to prevent local road being clogged with traffic
- Focus on help with good causes and the value provided by Kettering Town Football Club for all our stakeholders, our staff, community and local supporters and away fans

How this aligns with our Sustainable Development Goals

Flexible remote working and governance

The business as a whole needed to adapt to flexible/remote working overnight. Our IT team were proactive in setting up a robust and secure IT platform. Implementing Microsoft Teams a few weeks prior to the pandemic prepared us for what was to come in advance, enabling us to communicate with our employees face to face from day one, which was imperative.

Adapting, updating and implementing our current policies to incorporate flexible/remote employees' needs and responsibilities was key and utilising the added Safety Media training modules enhanced our flexible/remote employees' knowledge of security and ownership and helped to change our ways of working.

Extra support and training for our management team to learn additional skills to adapt to flexible/remote employees has been critical to the overall support and monitoring of our employees, which in turn has contributed to provide our continued offer of great service to our customers. Offering additional support via a We Care Programme App, sharing advice on UK wide avenues of support and producing a Working from Home – Wellbeing Questionnaire, gave employees the encouragement to seek help and gave the business the insight and ability to react quickly to any employees struggling with the dramatic changes and isolation the pandemic brought.

Angela Docherty-Greaves (Assoc CIPD)
HR Director
Alumasc Water Management Solutions

James vs the ROC

James Cramp, Area Technical Manager at Alumasc Roofing, took on The ROC triathlon covering 115km and 3,560ft elevation with a total ascent of 5,825ft. A totally unique race from sea level to the top of Wales' imposing Snowdon summit and back again.

The details:

- 1.5km sea swim at Abersoch Beach
- 50km from Abersoch Snowdon Massif
- 6km 3,330ft Snowdon ascent (Watkin path)
- 6km down Snowdon
- 50km bike Snowdon Abersoch
- 1km on Abersoch Beach to finish

James took part to raise money for The National Autistic Society with a target of £700 to represent the 700,000 people diagnosed with Autism in the UK.

A Responsible Business continued

Governance

We seek to conduct ourselves in an open, honest and responsible manner.

Code of Conduct

Our approach to governance is embedded in our Code of Conduct, which sets out the ethical standards and expected behaviours from all employees. The Code requires employees to act honestly and be responsible and trustworthy, and forms part of the handbook given to all employees as part of their induction process.

These are supported by Group policies on diversity and equal opportunities, anti-modern slavery and human trafficking, anti-bribery, tax and other laws and regulations; online training programmes are offered to all relevant employees.

Diversity/equal opportunities

Alumasc is an equal opportunities employer and its policies for recruitment, training, career development and promotion are based on the aptitude and abilities of the individual regardless of religion, ethnicity, gender and sexual orientation. Employees with disabilities are afforded equality of opportunity in respect of entering and continuing employment with us. The Group aims to provide training opportunities that are identical, as far as possible, for disabled and non-disabled employees. Should employees become disabled after joining the Company, every effort is made to ensure that their employment continues, and appropriate training is given. A formal Equality and Diversity Policy has been approved by the Group Board and applies to all our businesses.

We are committed to promoting diversity and equal opportunities from recruitment, employment and career progression to learning and development. We recognise the benefit of calling on the widest range of experience, knowledge and skills. Management review staff performance and career progression is important to us. Promotions are announced after the end of the financial year. We are proud to support staff with training and in qualifications, as appropriate and we will look to take appropriate action to address it.

Anti-modern slavery and human trafficking

Alumasc treats people fairly and we are honest and straightforward in all our business relationships. We have established long-term relationships built on trust and reliability.

Following the enactment of the Modern Slavery Act 2015, Alumasc introduced a Modern Slavery and Human Trafficking Policy. The Alumasc Group plc has a zero tolerance approach to modern slavery and is committed to act ethically and comply with all laws and regulations. The Group Modern Slavery Statement is published on our website: **www.alumasc.co.uk** in line with Home Office guidance. Alumasc works with its supply chain to ensure that there is a zero tolerance to modern slavery. The 2020 statement will be published on our website in compliance with the requirements before the deadline.

During the year Alumasc enhanced its Policy by adding the ILO's signs for forced labour and we have a training programme to ensure that this is brought to the attention of all employees.

Alumasc expects its suppliers and those in the supply chain, where possible, to confirm that they have the same or similar policies. The latest Modern Slavery Statement and previous disclosures are also available at **www.alumasc.co.uk.**

Anti-bribery and corruption

Alumasc has a zero-tolerance approach towards bribery and corruption. The Group's Anti-Bribery Policy gives clear guidance on the ethical standards and compliance required. Training is provided to employees either via an online training module and/or by face-to-face training. We encourage all employees to be vigilant and to report any suspicions to their line manager or in accordance with the Group's Whistleblowing Policy.

Tax and other laws and regulations

Alumasc seeks to create long-term sustainable value while complying with both the letter and the spirit of its Code of Conduct. This means complying with, or exceeding, the requirements of all applicable laws and regulations. In line with the Group's Tax Policy, we pay tax in full and in a timely manner when due; we are open and transparent in our dealings with tax authorities, and undertake our commercial transactions in a tax-efficient manner, taking advantage of all appropriate allowances and reliefs. We have a zero-tolerance policy towards tax evasion and its facilitation. The Group Finance Director is responsible for implementation of this policy, which is supported by advice and training from external advisers.

Headcount by gender

	Male	Female	Total
Non-Executive Directors	4	–	4
Executive Directors	4	–	4
Senior Managers	38	8	46
Employees	281	114	395
Total	**327**	**122**	**449**

The Londoner Hotel

Levolux was invited to develop a spectacular custom external screening solution at The Londoner Hotel in Leicester Square. The bespoke solution incorporated numerous Levolux products including the signature Infiniti® System.

Woods Bagot and the client approached Levolux in 2017 and requested design input relating to bespoke solution requirements in a variety of areas including the roof, level 7 and 8 and Mezzanine. Working closely with Woods Bagot, Levolux provided design input for the custom decorative fins, screening and supporting structure. Levolux developed the plant screening design proposal from an early stage in accordance with the free area requirement, as well as considering the issue of space limitation.

The solution featured the combination of the Levolux 9200 Aerofoil inverted Infiniti® system as well as solid aluminium folded panels fixed to mild steel posts and supporting rails to screen the plant area.

The vertical decorative fins that shroud the roof perimeter were originally designed to be supplied by others in GRP. However due to fire regulations and to avoid further discussions with Westminster planning, Levolux was approached to provide an alternative aluminium option.

The decorative fins challenged the Levolux design team, due to their unique shape but also tolerances, which were in some places less than 5mm. Corner details were incredibly complicated due to requiring two fins to be welded together which called for a totally unique bracket to secure back to the structure.

To achieve the design intent and to check the design was buildable, several mock-ups were manufactured until the final solution was achieved to meet the required tolerance limitation, appearance and structural brief. Two pieces of 3mm aluminium were shaped, folded, and welded to an extruded box section spanning a maximum of 6.3m between fixing brackets. The fins were then dressed and finished in a PPC semi-gloss to add that finishing touch.

Levolux worked closely with Blue Sky Building to coordinate installation as the façade and roof were highly congested therefore coordination with other stakeholders was an essential factor. The project was completed in February 2020.

Section 172 Statement

Under Section 172 of the Companies Act 2006, there is a general duty on every director to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders and stakeholders as a whole.

Alumasc's Board is committed to promote effective relationships and communications with the Group's stakeholders and understanding the requirements of our stakeholders; this will help the Group to maximise its value and the long-term success of the business.

The Directors believe, in good faith, that they have performed their duty effectively to engage under s.172 of the Companies Act 2006, to promote the success of the Company for the benefit of the members as a whole. As part of this endeavour, they have taken into consideration, amongst other matters:

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

How the Board applied its s.172 duties during the financial year

Stakeholders	Engagement/activity	Matters considered/actions	Reference in Annual Report
Shareholders	The Board wants to know its investors' views and drivers, to enhance strategic and governance decisions. Alumasc provides information through its Annual and Interim reports by holding annual general meetings and providing analyst presentations, and briefings for analysts and investors. Updates on these meetings are provided to the Board on a regular basis. Contact can be made with us via our CEO and/or advisers using our website contact email. Our website contact email is **alumasc@camarco.co.uk.**	Communication with our shareholders has been conducted via video conference this year, with great success. Additionally, we have communicated by telephone, letter, by email, and through our website. Last year our Annual General Meeting (AGM) was held using a conference call facility, due to UK Government guidelines to combat the Covid-19 pandemic. Formal presentations were provided for shareholders following the annual and half year results. The Notice of the AGM is also sent out to shareholders at least 21 days before the meeting. Information on proxy voting received is published on the Company's website after the AGM. Due to Covid-19, and the related UK Government guidelines, a visit for investors to our factory in Howden, Yorkshire, planned for late 2020, has been postponed until 2022. In place of this we held additional investor meetings at the Half Year for investors and analysts and with our CEO, Financial Controller and Group Company Secretary being present at those briefings. The use of video conferencing has helped us to reach more investors than could be achieved with face-to-face meetings. Any feedback is considered when setting our governance and/or our strategy. We listen to feedback from our investors, sharing comments with the Board to help form our strategy and decision making. We are committed to the continued development of our investor communications.	See pages 53, 59

Stakeholders	Engagement/activity	Matters considered/actions	Reference in Annual Report
Employees	Health & Safety decisions are taken and implemented to protect the wellbeing and safety of employees. The high importance given to Health & Safety means that it is always the first agenda item for Board meetings. Communications and career development/succession planning meetings have been held. Divisional site-based meetings and/or virtual meetings, regular communications and updates are provided for staff.	We have invested in Health & Safety by providing appropriate training, additional and necessary personal protective equipment (PPE) and additional courses for supervisors. During the Covid-19 pandemic additional communication was required for staff, particularly for those working from home. Additionally, employees who lived alone had other work colleagues check on their wellbeing. Every effort was made during and after the Covid-19 pandemic to protect employees and to increase our communication with staff, particularly those working from home, via Microsoft Teams or by telephone calls. We also shared our vision and longer-term strategy with staff, using the divisions to cascade messages and information. Targeted questionnaires were used during the Covid-19 pandemic, and we have had good feedback on our approach to the welfare of staff who are working from home.	See pages 4, 5, 30, 36
Customers	We establish good relationships with our customers and have dedicated account management for larger accounts. The feedback we receive allows us to improve our customer service and helps direct our new product development activities.	Customers provide feedback on product use and are consulted about new product development. Often, we bring out new products after feedback/requests are received from customers. We continue to prioritise customer service and strive for continual improvements, which we believe to be a key competitive strength.	See pages 13, 15, 17, 47
Suppliers	Our suppliers are chosen after a careful qualification and tendering process, during which the principal terms of trade are established. Key supplier relationship updates are received from our Procurement team. Site visits and completed questionnaires on ethics, the environment and modern slavery are provided by our suppliers.	We worked with our supply chain partners to ensure minimum disruption due to the Covid-19 pandemic. During mid 2021, challenges were presented by the national shortage of freight drivers, shipping container delays and shortages of key raw materials. Despite these we have worked with our suppliers to manage the strong demand during the year and ensured goods were delivered as quickly as possible.	See pages 13, 15, 17, 47
Pension Trustees	The Trustees of The Alumasc Group Pension Scheme have an excellent relationship with Alumasc. We work in partnership with the Pension Scheme and ensure the Trustees are consulted and advised about all significant developments in the business.	We settled our contribution schedule after the original lockdown with the Trustees. We are paying the deferred amount in our contributions and will have completed these payments before the next triennial valuation. Regular dialogue with the Trustees during the Covid-19 pandemic has provided additional assurance; we are pleased with the work of the Trustees to lock-in investment gains and reduce the deficit in this year. This benefits our pensioners and other stakeholder groups, providing long-term security for the future.	See pages 7, 25, 47

Section 172 Statement continued

Stakeholders	Engagement/activity	Matters considered/actions	Reference in Annual Report
Bankers	We recognise the importance of having an excellent working relationship with our banks, to ensure we have access to sufficient liquidity and debt finance to deliver our strategy.	Meetings were held throughout the year with both current and prospective banking partners, allowing them to keep informed of business developments and suggest appropriate products to support our growth. During the year Alumasc extended its Revolving Credit Facility with HSBC until April 2023. Refinancing discussions have commenced with interested parties.	See page 26
Our community/the environment	**Products:** We provide sustainable products which manage the scarce resources of energy and water in the built environment and improve the occupants' and users' quality of life.	**Innovation:** We seek to develop new products that are durable and sustainable. Our strategy is to provide "green products" that are better for the environment and help reduce the impact of climate change.	See pages 2, 4, 6, 8 to 11, 12, 14, 16, 20
	Protecting the environment: Our ethos is to protect the environment and to help reduce carbon emissions to reduce the impact of climate change. The Board is very focused on this as part of our business strategy (see page 4). Examples of the use of some of our innovative products can be found on pages 8 to 11 of this report. We also support our local communities and examples of this in action can be found on pages 36 to 39.	**Our community:** We support our local Burton Latimer community, in particular, Kettering Town FC and in Halstead Community First Responders. Our factory in Howden supports Hull 4 Heroes and in the year we supported the DIY SOS Surfability project (see page 38 for further information).	See pages 30 to 35

Compliance with Section 414 of the Companies Act 2006

We have complied with the requirements under the provisions of the Companies Act 2006 contained in Sections 414CA and 414CB of the Companies Act and the relevant references can be found below.

Description	Page
Business Model	5
Non-Financial KPIs	31
Description of management of principal risk and impact of business activity	46 to 47
Employees	36, 40
Social and Community	36 to 39
Respect for Human Rights	40
Anti-corruption and anti-bribery	40, 63
Environmental matters	30 to 33

Covid–19 and the application of s.172

In the period of the Covid-19 pandemic the Board held additional meetings to consider all matters, with the primary focus being the Health & Safety and wellbeing of all employees, customers and suppliers. The Board also focused on what was necessary for the long-term success of the business. The business has provided additional information to employees about its wellbeing app and there is further information about this on pages 36 and 39.

All decisions made in the year included consideration of the interests and any impact for our stakeholders. In the year there was additional focus on the following:

- The health, safety and wellbeing of employees, customers and suppliers;
- The interests of all stakeholders particularly shareholders and The Alumasc Group Pension Scheme;
- The views of our bankers; and
- Environmental, social, and local /community issues.

Task Force on Climate-related Financial Disclosures (TCFD)

The Board is committed to implementing the recommendations of the TCFD and plans to report fully under the framework from next year.

The Board has discussed climate change, its impact on the planet, our business, and products. These discussions considered the importance of understanding the impacts of climate change and the role Alumasc has in reducing its own impacts and in helping design new products to help mitigate these changes.

1. **Changes in weather:** Global weather patterns are changing, resulting in hotter, wetter and stormier conditions. Alumasc's products help to mitigate the impact of these on the built environment, by assisting with water drainage (SUDS) and storm resilience, and with solar shading. We continue to focus on bringing new products to market to meet the demands caused by changing weather patterns.
2. **Decarbonising:** We have for a number of years been investing in projects and equipment to decarbonise our buildings and our operations and have reduced CO_2 location based intensity by 13%. We have also reduced our market based emission intensity by 33% and by 2017. Our environmental solutions also help customers reduce their own environmental impact, for example olivine roofs (see page 10), sedum roofing (page 11), Levolux solar shading (page 14), and insulation and ventilation products which reduce a building's operational emissions (page 14). The lifetime energy cost of our products is further reduced by their durability and recyclability.
3. **Renewable sources of electricity:** Alumasc has been actively reducing its use of energy derived from fossil fuels, and during the year achieved its target to move 100% of its supply to renewable sources. Solar roof panels are also installed at the Group's property in Halstead.
4. **Supply chain:** We are monitoring our supply chain in connection with the impact of climate change and the risks with locations and forecast changes to weather patterns. We currently have an environmental questionnaire for suppliers, and this will be a key area of focus to help us with our own journey to net zero.

Principal Risks & Uncertainties

Risk Management embedded in strategy and day-to-day business decision making

Key for change since last year

Increase | Decrease | No change

Risks and uncertainties	Mitigating actions taken	Change
Covid–19 Comment The Coronavirus pandemic is still impacting our customers' businesses and the way we work. As the duration of the pandemic is uncertain, concerns remain over the potential risk of future lockdowns and restrictions returning together with possible new variants of Covid-19.	• The Company took swift action in 2020 and managed costs and cash flow intensively. Capital expenditure and non-essential new hires were delayed. • The primary focus was on the health and wellbeing of staff and additional communication channels were established. In addition, a new wellbeing app has been made available to all staff to help to mitigate stress at home and in the workplace. • Staff, where possible, switched to working from home without disruption. All manufacturing sites have been operational with additional Covid-19 protocols this financial year. • Supply chain remained resilient. • Exports and internet sales have been expanding and helped to gain new customers/market share. • Some business opportunities and mitigations used during the pandemic (including use of Teams) continue to provide ways to trade efficiently and improve margin/revenue. Best practices and new ways of working, that proved to be effective, will be adopted going forward. • All Government guidelines on Health & Safety, including social distancing, were implemented and continue to be followed on all sites. • With new ways of working the business is very agile and can quickly implement Government guidelines to protect employees and customers from Covid-19. There is now greater use of IT and other flexible ways of working have been adopted.	No change
Health and safety risks Comment The Group has a strong overall track record of health and safety management performance, with the number of lost time accidents significantly reduced.	• Health and safety is the number one priority of management and the first Board agenda item. • Risk assessments are carried out and safe systems of work documented and communicated. • All safety incidents and significant near misses are reported at Board level monthly, with appropriate remedial action taken. • Group health and safety best practice days are held twice a year, chaired by the Chief Executive. • Annual audits of health and safety are conducted in all Group businesses by independent consultants and other specialist advisers. • Specific focus on improving safety of higher risk operations, with external consultancy support as needed.	No change
Staff recruitment and retention risks Comment Including recruitment, retention, succession, people development. Risk of loss of skills, ability to innovate and improve.	• Increasing focus of Board and Executive Committee on staff retention and reward, supported by HR and external advice. • Competitive remuneration/incentive rates paid to attract and retain talented employees. • Employee numbers and changes monitored in monthly subsidiary Board meetings. • Retention plans for key, high performing, and high-potential employees. • Training and development programmes. • The Remuneration Committee considers retention and motivation when considering the remuneration framework. • Succession planning.	No change

Risks and uncertainties	Mitigating actions taken	Change
Product/service differentiation relative to competition not developed or maintained Comment Innovation, an agile and entrepreneurial spirit is encouraged in all Group companies. Constantly looking for innovation for new products, particularly those that contribute to sustainability within the built environment.	• A devolved operating model with both Group and local management responsible for developing a deep knowledge of our specialist markets and identifying opportunities and emerging market trends. • Innovation best practice planned at Group level and more regularly in each business. New product ideas are discussed as part of the businesses' strategy. • Annual Group strategy meetings encourage innovation and "blue sky" thinking. • New product introduction/development KPI used to monitor progress. • Monitoring the market for potentially new and/or disruptive technologies. • Customer feedback considered in the design and /or supply of additional products and services. • Agile approach to business and an ability to meet increasing demand for products.	
Loss of key customers Comment Generally, the Group has a good track record of customer retention and has a diversified customer base.	• Cross selling of products encouraged to grow revenues, and to introduce customers to all our product ranges. • Develop and maintain strong customer relationships through service excellence and dedicated account management. • Product, system and service differentiation and reliability. • Project tracking and enquiry/quote conversion rate KPI. • Increasing use of, and investment in, customer relationship management (CRM) software. • Organisational and business agility to adapt to changing and emerging customer needs.	
Legacy defined benefit pension obligations Comment Alumasc's pension obligations are material relative to its market capitalisation and shareholders' funds.	• Continue to grow the business so the relative affordability of pension deficit contributions is improved over time. Active management of scheme liabilities and assets to reduce deficit, with particular success during the year. • Continue to maintain constructive relationship with Pension Trustees. • Affordable pension funding commitments agreed and met. • Regular review at Group Board level. • Use of specialist advisers. • Investment performance and risk/return balance overseen by an Investment Committee. • The Trustees are pursuing a lower risk investment strategy to match liability risks and reduce future volatility.	
Supply chain risks Comment International supply chain risks could increase through local lockdowns due to the Covid-19 pandemic, increased tariffs/duties, Brexit risks in Europe and political/global volatility.	• Annual strategic reviews, including supplier, quality, reliability and sustainability. • Regular key supplier visits, good relationships maintained including quality control reviews and training. • Logistics delays due to post Brexit driver shortages have been managed and delivery times agreed/managed with customers. • Regular supplier quality, value for money and risk reviews. • Avoidance of strategic dependence on single sources of supply. • Contingency plans to manage Brexit and Asian sourcing risks. • Supplier questionnaires and export checks are completed to ensure compliance with Group policies including anti-bribery and anti-modern slavery. • Training has been provided on customs duties, particularly on managing new arrangements post Brexit. • Brand and product strength generally enable increases in raw material prices to be passed on through selling prices.	

Principal Risks & Uncertainties continued

Key for change since last year

Increase   Decrease   No change

Risks and uncertainties	Mitigating actions taken	Change
Cyber security and Business Interruption Comment Cyber security risks and Business Interruption risks are increasing globally and have increased during the Covid-19 pandemic.	• IT disaster recovery plans are in place for all businesses and tested regularly. • Business continuity plans are in place, or being evolved where we are relocating operations, at each business. • Awareness training and management briefings held on cyber security risks and actions taken as preventative measures. • New security protocols and software are installed and continually reviewed to help mitigate cyber threats. • Regular reviews of cyber security, including external penetration testing and reviews with external IT professionals. • Critical plant and equipment are identified, with associated breakdown/recovery plans in place. • Business interruption insurance to cover residual risks. • Further systems are being implemented to underpin the business strategic growth plans and drive efficiency. Implementation risks are mitigated via the use of third-parties, qualified project managers and increased user-testing.	No change
Economic uncertainty and Brexit risks Comment Due to the ongoing pandemic, there is still macroeconomic uncertainty on a global basis. Markets are also not completely settled post Brexit, and this has had an impact on logistics, raw material prices and supplies. This is challenging the housebuilding/house-sales/construction industry. Government spending on infrastructure projects needs to be maintained. There is more certainty than a year ago, the implications of Brexit are better understood and the experience of responding to Covid-19 to date provides confidence in responding to the uncertainties.	• Strategic positioning in markets/sectors anticipated to grow faster than the UK construction market. • Development of export sales opportunities, especially for Levolux (particularly in North America) and Alumasc Water Management (in Asia and the Middle East). • Revenues are derived from a variety of end-use construction markets (see pages 5 and 13, 15, 17). • Development of added value systems and solutions that are either required by legislation, building regulation and/or specified by architects and engineers. • Continuous development and introduction of innovative green products, systems, solutions, and services that are market leading and differentiated against the competition. • The Group has limited exposure to currency risk, mainly the Euro and US Dollar. These exposures are for the most part hedged, with hedging percentages increased in 2019 to manage potential FX volatility associated with Brexit. • Brexit developments being monitored closely, strong relationships monitored and regular dialogue with key European suppliers. Contingency planning is in place for key residual risk areas, including increased inventory of materials/products imported from the EU.	Decrease

Risks and uncertainties	Mitigating actions taken	Change
Product warranty /recall risks Comment The Group does not have a history of significant warranty claims or product recall.	• Robust internal quality systems, compliance with relevant legislation, building regulations and industry standards (e.g. ISO, BBA etc), and product testing, as appropriate. • Group insurance programme to cover larger potential risks. • Back-to-back warranties obtained from suppliers where possible. • Specific local risk management procedures in Group brands that also install (and supply) building products (i.e. Levolux and Blackdown).	
Credit risk Comment The Group has good recent record in managing credit risks and the contribution from the UK Government Export Credit Scheme for overseas opportunities has supported export opportunities.	• Most credit risks are insured, including all contracting credit risk. • Large export contracts are backed by letters of credit, performance bonds, guarantees or similar. • Due to Covid-19 and related uncertainties credit risks have increased. • Any risks taken above insured limits are subject to strict delegated authority limits. • Credit checks when accepting new customers/new work. • The Group employs experienced credit controllers and aged debt reports are reviewed in monthly Board meetings.	

Board of Directors

Committed and experienced leadership

John McCall
MA (Cantab)
Chairman

Appointed: 1986
Experience: John McCall was appointed Chairman and Chief Executive on the flotation of the Company in 1986. He was called to the Bar in 1968. His previous employment was with the mining finance house Consolidated Gold Fields plc with whom he gained extensive international experience in the fields of mining and construction materials.

N

Jon Pither MA
MA (Cantab)
Deputy Chairman

Appointed: 1992
Experience: Jon Pither holds directorships in numerous companies and is a past council member of the CBI and a past President of The Aluminium Federation. He also holds the position of Chairman to the Remuneration Committee and is a member of the Audit and Nomination Committees.

A N R

Paul Hooper
BSc, MBA, DipM
Chief Executive

Appointed: 2003
Experience: Paul Hooper joined Alumasc as Group Managing Director in April 2001. His earlier career included a first Managing Director role with BTR plc in 1992. He subsequently joined Williams Holdings plc in Special Operations, implementing acquisitions in Europe and North America, prior to joining Rexam PLC as a Divisional Managing Director with responsibility for operations in Europe and South East Asia.

Simon Dray
BSc, FCA
Group Finance Director

Appointed: 2021
Experience: Simon Dray has a 30-year career in a range of senior finance functions with multi-national companies. After qualifying as a chartered accountant with Deloitte, Simon moved to work in industry. From 2002 to 2008 he worked at Halma plc as Group Financial Controller, before joining Low & Bonar plc in 2008, working in a variety of senior finance roles including interim CFO before becoming Director of Strategy and M&A. Simon brings experience of heading up finance departments for publicly listed companies and significant M&A experience.

Registered Office

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www.alumasc.co.uk
info@alumasc.co.uk
Registered No: 1767387

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Two Snowhill
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Milton Keynes MK9 2LD

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Birmingham B3 2FG

Brokers
Peel Hunt LLP
100 Liverpool Street
London EC2M 1JJ

NOMAD
finnCap
One Bartholomew Close
London
EC1A 7BL

Vijay Thakrar
BSc, FCA
Non-Executive Director

Appointed: 2019
Experience: Vijay Thakrar is a chartered accountant who was a partner at Deloitte and EY before taking up a number of Non-Executive Director (NED) roles. He has served as NED on various Boards, including The Quoted Companies Alliance and Quorn Foods. He is currently on the Boards of Alpha FX Group plc, Treatt plc and Sanderson Design Group plc. He is also a member of the Audit & Risk Committee of the John Lewis Partnership.

A N R

Stephen Beechey
BSc, MA, MRICS, MCIOB, MAPM
Non-Executive Director

Appointed: 2019
Experience: Stephen Beechey has worked in the construction industry for over 30 years and he has a broad understanding of all aspects of the business. He is also an executive director of the Wates Group, one of the largest privately-owned construction, development and property services companies in the UK, where he sits on the Group Executive Committee and the Construction Group Board.

A N R

Gilbert Jackson
Executive Director

Appointed: 2019
Experience: Gilbert Jackson, currently responsible for the Building Envelope division of Roofing and Levolux, has extensive experience in building products and the construction industry. He championed the idea of specification led cross-selling of a warranted system approach. Gilbert joined Alumasc in 2011, having previously worked at Polypipe Civils Ltd, Marley Waterproofing and IKO.

Michael Leaf
Executive Director

Appointed: 2019
Experience: Michael Leaf joined Alumasc in 2011 as Managing Director of Timloc Building Products where he has overseen significant growth in both the revenues and profitability of the business. Michael has also performed a number of other roles during his time with Alumasc including the management of the Pendock and Engineering businesses prior to their sale. Michael is currently the Divisional Managing Director of the Housebuilding Products division. For the last 25 years Michael has held a number of senior positions within the building products industry and prior to joining Alumasc, Michael was a Director at Ideal Standard (UK) Ltd.

The Board
At Alumasc we have a strong and experienced Board, bringing a range of relevant skills and knowledge to the Company.

Board tenure

- <5 Years: 5
- >15 Years: 3

Helen Ashton
BA, FCG
Group Company Secretary

Committees:
- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- Chair of Committee

Corporate Governance Statement

"Good corporate governance helps us to build a sustainable business for the long-term benefit of all our stakeholders."

John McCall
Chairman

Our governance framework

The Board has responded in an agile way in its continued response to the Covid-19 pandemic and its mitigation. Our Corporate Governance is critical to how we make decisions and has helped us focus on our strategy of producing "green" products to generate long-term sustainable value for our stakeholders: investors, employees, customers, suppliers and communities.

The Board adopted the QCA Corporate Governance Code 2018 (the QCA Code) on 25 June 2019 pursuant to Rule 26 of the AIM rules and a summary of our approach is set out on pages 53 to 57. The following section outlines how the Group fully complies with the QCA Code and how the Board and Committees operate.

THE ALUMASC GROUP PLC BOARD OF DIRECTORS
(Biographical details can be found on pages 50 to 51)

Audit Committee

Membership as at 30 June 2021

Vijay Thakrar (Chairman)
Stephen Beechey
Jon Pither

see page 60

Remuneration Committee

Membership as at 30 June 2021

Jon Pither (Chairman)
Stephen Beechey
Vijay Thakrar

see page 64

Nomination Committee

Membership as at 30 June 2021

John McCall (Chairman)
Stephen Beechey
Jon Pither
Vijay Thakrar

see page 72

Executive Committee

Further information on our Corporate Governance can also be found on our website (**www.alumasc.co.uk**)

Director induction

On appointment to the Board, Mr Simon Dray was provided with:

- Access to the Group Company Secretary
- A tailored induction appropriate to his position
- All necessary and appropriate information
- A briefing from the Nomad

<table>
<tr><th colspan="3">Deliver growth</th></tr>
<tr><td>Principle 1:
Establish a strategy and business model which promotes long-term value for shareholders</td><td colspan="2">The Executive Committee, led by the Chief Executive Officer, the Executive Directors and Executive Committee members are responsible for recommending to the Board the strategy of the Group. The strategic focus of the Group also reflects and takes into account views of the Group's key stakeholders: its shareholders; employees; members of its pensions schemes; customers; suppliers; and bankers. The Board reviews and discusses the recommendations and ideas of management and approves the strategic approach pre-implementation. In the year we reviewed our strategic alignment with green products and considered how Alumasc could deliver organic and non-organic growth. Longer-term considerations were discussed to accelerate growth. The Executive Committee and the management teams of the Group's divisions are then responsible for the implementation of all strategic plans and to provide management of the business on a day-to-day basis.

Further details of the Company's business model and strategy are set out on pages 4 to 5</td></tr>
<tr><td rowspan="3">Principle 2:
Seek to understand and meet shareholder needs and expectations</td><td colspan="2">Alumasc has regular dialogue with existing and potential investors. Meetings are organised at least twice a year providing management with a forum to explain the business and our opportunities to investors. Before the Covid-19 pandemic there were also site visits for investors, and the business intends to reintroduce this once lockdown restrictions have ended and concerns over Covid-19 have gone. Alumasc is interested in feedback from investors and analysts on our business as a way to help drive change and to move the business forward. During the financial year we had an increased level of contact with existing shareholders via Zoom and Teams calls as a result of the pandemic. In addition, we answered questionnaires in connection with the Group's ESG programme for a number of our shareholders.</td></tr>
<tr><td>Dialogue with shareholders</td><td>There is regular dialogue with individual institutional shareholders, in addition to general presentations after the announcement of results at Year-end and Half-year. Regular updates on meetings and communications with major shareholders are received by the Board, which meets with the Non-executive Directors via Zoom or Teams calls periodically, and at our forthcoming AGM. Reports and information about shareholders are provided to the Board.

Shareholders have direct access to the Group via its website and can review corporate data on the site. Additionally, the Group responds to individual enquiries from shareholders on issues raised.</td></tr>
<tr><td>Use of the Annual General Meeting</td><td>The Annual General Meeting (AGM) provides an opportunity for shareholders to meet with the Chairman and Committee Chairs and Directors and to ask questions. The Board is available at the AGM to answer questions. Comments or questions from proxy voting services are considered and reviewed. Due to the pandemic, the 2020 AGM was held as a closed meeting with a dial-in facility. There was an opportunity for shareholders to ask questions in advance via a link on our website.

Our 2021 Annual General Meeting will be in Burton Latimer and all site Covid-19 security measures will need to be followed. A dial-in number will be made available on our website.</td></tr>
</table>

Corporate Governance Statement continued

Deliver growth *continued*

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success	We recognise the importance of balancing the interest of our key stakeholders: employees; customers; investors; our suppliers; and the communities in which we operate. Engagement with our stakeholders makes us a stronger business. Corporate and social responsibilities are taken seriously and Alumasc is aware of its role and the need to build strong relationships across a range of stakeholder groups. Protecting employees' Health & Safety is a number one priority and Alumasc takes its responsibilities extremely seriously. Further information about our approach to Health & Safety **can be found on pages 18, 36, 43, 46**	
	Health & Safety	Our Group Health & Safety policies make this a key priority and Health & Safety is always the first agenda item for all subsidiary and plc board meetings. Embedding a health and safety culture and aiming for zero harm is the responsibility of both management and all employees. Our overriding responsibility is to keep all the people we interact with safe from harm. Alumasc and its subsidiaries comply with Health & Safety legislation, and we have active involvement of all staff with training and continuous improvement. During the year alongside our normal Health & Safety training, rigorous controls were introduced to protect the workforce from Covid-19.
	People	Our employees are essential to our business, and we have adapted our methods of communication to ensure we keep in contact with people who are working from home as well as those based in manufacturing locations. We use meetings, conference calls via Teams as well as socially distanced communications to be in touch with employees, customers, suppliers and other stakeholders. Alumasc engages with staff via workplace groups/forums electronically using Teams and via small traditional socially distanced groups and by providing written updates to understand employee matters. This in turns helps us to make more informed business decisions. Alumasc takes very seriously its corporate and social responsibilities. During Covid-19 we stayed in touch with our staff; some employees in one division were part of a WhatsApp group and employees also made sure they were in contact with those who lived on their own. Our training programme includes Health & Safety; and technical and compliance skills to reflect softer business skills requirements including Supervisor and Management training. Online training is provided to employees, and we are using interactive audio-visual courses to provide information, where possible.
	Diversity	As a Group, we are committed to promoting diversity and providing equal opportunities including (but not limited to) recruitment, employment and career progression. The Group is an equal opportunities employer.
	The Environment	Most of our products help to manage scarce resources of energy and water in the built environment. We sell products primarily made of metal and support materials that can be re-used. Many of the materials used in our products can be recycled and a high proportion of the plastic used is sourced from recycled materials.
	Culture	All employees are expected to operate openly, honestly and ethically. We have relationships of trust and reliability with our customers and suppliers. Compliance is an important part of our culture, as evidenced by our approach to Health & Safety. Our expectations are explained to staff on their inductions and via our Employee Handbook.

Deliver growth *continued*

Principle 3 *continued:*	**Customers**	We also aim to provide outstanding customer service and are customer-centric in all our processes. Our aim is to ensure that we provide market-leading products and services to meet customer requirements. Alumasc seeks to innovate where possible to provide solutions for customers. We seek to provide excellent service and good relationships are part of our long-term success.
	Suppliers	We have long-term relationships with our suppliers as we need assured timeliness, quality and reliable delivery of materials and products. As part of our supply chain our suppliers need to have shared and aligned values; for example, we ask suppliers to support our statement to confirm they comply with our Anti-Modern Slavery and Human Trafficking and our Anti-bribery Policies. We are working with our suppliers to ensure that they respect the environment and reduce carbon , and in 2020 and 2021 they have made further significant investments to ensure that the methods of manufacture used reduce particulates and are environmentally friendly.
	Communities	We seek to be close to the communities where we operate and to be supportive neighbours. Operating divisions connect locally and nationally and hold events for good causes. For example, in Burton Latimer, we have supported Kettering Town Football Club (see page 39) and our Housebuilding Products division is supporting Hull 4 Heroes (see page 37). Additional information on the support provided is in the ESG Journey section **on pages 28 to 40**
Principle 4: Embed effective risk management considering both opportunities and threats throughout the organisation	The Board recognises that it is responsible for deciding on the nature and extent of any risk the Group decides to take in achieving its strategic objectives and the Board maintains a robust risk register, management and internal controls system to support this. The Board reviews and considers its risk appetite on an annual basis. The Board's policy on risk management encompasses all significant business risks to the Group, including strategic, commercial, financial, operational and Health & Safety risks, which could undermine the achievement of business objectives. The Board sees the discussion of principal risks as critical for business. Our risk management approach is outlined **on pages 62 to 63**.	
	Monitoring Risks	Regular monitoring of risk and control processes, across headline risk areas and other business-specific risk areas, provides the basis for regular and exception reporting to management and the Board. We also run regular Health & Safety assessments and reviews. Our risk assessment and reporting criteria are designed to provide the Board with a consistent, Group-wide perspective of the key risks. Regular reports to the Board include an assessment of the likelihood and impact of risks materialising, together with risk mitigation initiatives and their effectiveness.
	Role of the Board	The Board maintains overall responsibility for the Group's approach to risk management; however, it has also delegated some responsibility in respect of financial controls to the Audit Committee. Any new and material risks identified by management are communicated promptly to the Chairman and the Board.
	Controls	The Board is responsible for ensuring that the Company's business activities comply with key policies, for example, the data protection, document retention, the Anti-bribery, Whistleblowing and Share Dealing Policies. The key messages in the Group's policies are delivered by staff training. A delegated authorities matrix is in place for approval levels across the business. Each trading division is aware of matters and powers that are reserved for Board approval and the relevant financial levels that require approval. A summary of the principal risks and uncertainties facing Alumasc, together with mitigating actions, **are set out on pages 46 to 48**

Corporate Governance Statement continued

Maintain a dynamic management framework		
Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair	**Board Composition**	The Board consists of a Chairman, Chief Executive, three Executive Directors, and three Non-executive Directors, of whom two are independent. The Non-executive Directors who are not considered independent are Mr John McCall and Mr Jon Pither. The Board has four Executive Directors: Mr Paul Hooper, the Chief Executive, Simon Dray, the Group Finance Director (appointed 1 March 2021) and two additional Executive Directors, Mr Michael Leaf and Mr Gilbert Jackson. Clear separation of roles between the Chairman and the Chief Executive Officer is in place. The Chairman takes responsibility for the running of the Board; no individual or group dominates the Board's decision-making, and the Chairman ensures that the Non-executive Directors are properly briefed on all key matters. The Chairman has overall responsibility for corporate governance matters and he chairs the Nomination Committee. Board agendas are approved by the Chairman. Directors are provided with regular, timely information on the financial performance of the divisions within the Group, and on the business. The Chairman facilitates the meetings and ensures there is time for each Director to contribute and that no one individual dominates a meeting. Directors contribute their independent judgement and experience to challenge and explore all matters, whether strategic or operational. The Board is provided with Health & Safety reports, finance and management reports and other information on a regular basis. The Chief Executive Officer has responsibility for implementing the strategy of the Board and for managing day-to-day business activities. The Company Secretary is responsible for ensuring that Board procedures are followed together with all applicable rules and regulations. All Non-executive Directors have confirmed and demonstrated that they have adequate time available to meet the requirements of the role and they have no conflicts of interest. Any change in commitments is notified as soon as possible by the Directors to the Chairman and Company Secretary. Non-executive Directors are expected to devote such time as is necessary for the proper performance of their duties, including preparation for and attendance at Board, Committee or shareholder meetings. The Board is satisfied that it has balance between independence and knowledge of the Group, to enable the Board to discharge its function, duties and responsibilities.
	Board Committees	The Board has delegated authority to the Audit, Remuneration and Nomination Committees to support the work of the Board in the performance of its duties. Terms of reference for each Committee are available on our website **www.alumasc.co.uk**. The Board checks annually and can confirm that it believes that the members of the Committees have the appropriate skills and knowledge to carry out their roles. a) Audit Committee Information about the composition of the Audit Committee and its activities during the year can be found in the Audit Committee Report **on pages 60 to 63** b) Remuneration Committee The Remuneration Committee Report is **on pages 64 to 71**

Maintain a dynamic management framework *continued*

Principle 5
continued:

Board Committees
continued

c) Nomination Committee

Information about the Nomination Committee can be found **on page 72**

In accordance with the Articles of Association, any Director appointed during the year is required to retire and seek election by shareholders at the next annual general meeting (AGM) following their appointment. Additionally, the Directors are expected to seek re-appointment after serving three years in office as a Director and to retire by rotation each year and seek re-election at the AGM. The Executive Director who was appointed during the year, Mr Simon Dray, is required to offer himself for election at the forthcoming AGM. The Directors required to retire are those who have served three years since their previous re-election or were appointed during the year. Mr Simon Dray is standing for election and Mr Jon Pither is standing for re-election.

The Board meets at least seven times a year and more frequently where business needs require; for example, during the Covid-19 pandemic there were weekly Teams calls and as the businesses re-opened, this was reduced accordingly. The Board has a Schedule of Matters Reserved for its decision, including appointments to the Board, material capital commitments, commencing or settling major litigation, business acquisitions and disposals and monitoring the effectiveness of the Group's risk management processes. The full Schedule of Matters Reserved for the Board can be found on our website **www.alumasc.co.uk**.

All Directors have access to independent professional advice if required and at the Company's expense. This is in addition to the access that every Director has to the Company Secretary. The Company Secretary is charged by the Board with ensuring that Board procedures are followed.

Scheduled Board meeting attendance

Directors	Position	Board (Attended/eligible to attend)
J S McCall	Chairman	7/7
J P Pither	Deputy Chairman	6/7[1]
D Armfield	Non-executive Director	3/3[2]
S Beechey	Non-executive Director	6/7[3]
V Thakrar	Non-executive Director	7/7
G P Hooper	Chief Executive	7/7
Simon Dray	Group Finance Director	3/3[4]
M Leaf	Executive Director	7/7
G Jackson	Executive Director	7/7

1 Mr Jon Pither was unable to attend one Board meeting due to a conflict of meetings.
2 Mr David Armfield resigned from the Board on 31 December 2020.
3 Mr Stephen Beechey was unable to attend one Board meeting to a conflict of meetings.
4 Mr Simon Dray was appointed to the Board on 1 March 2021.

Directors unable to attend a meeting were able to feedback any comments they may have on the papers to the Chair and other Directors, and they are advised of any decisions taken during the meeting.

Profiles of the Board members appear on pages 50 and 51 of this report and on our website (**https://www.alumasc.co.uk/investors/board-directors**). These profiles detail the high level and range of business experience which enables the Group to be managed effectively.

Corporate Governance Statement *continued*

Maintain a dynamic management framework *continued*		
Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	The Chairman, with the Nomination Committee and the Company Secretary, reviews the knowledge and experience on the Board to ensure that the Board has the right balance of experience to support Alumasc's strategy. When considering appointing new Non-executive Directors to the Board, the Nomination Committee will consider relevant matters including the range of experience and the skills needed and the diversity of its composition. During the year, Alumasc has refreshed its Board with the appointment of one new Executive Director, and it keeps its membership under review. The Board considers that the Directors bring a senior and significant level of judgement and experience that are important for the evaluation of the operations (including key appointments) and standards of conduct. All Directors are given access to the Group's operations and personnel as and when required. The Board ensures that the Directors' knowledge of Alumasc and its business is kept up-to-date. Site visits are also arranged for Non-executive Directors. The Directors received briefings from the Nomad and from other advisers as needed to enable them to fulfil their duties (for example, the auditor). The Company Secretary is available to discuss corporate governance matters. Directors may seek advice from the Company Secretary as required about their duties, or from the Company's legal advisers if needed.	
	Role of the Chairman	The main role of the Chairman is to oversee the Board and the Company's governance structures. The post holder is also responsible for ensuring that the Company maintains an appropriate level of dialogue with its shareholders.
	Chief Executive Officer	The role of the Chief Executive Officer is to oversee the day-to-day running of the business and the operational management of the Group's businesses.
Principle 7: Evaluate board performance based on clear and relevant objectives seeking continuous improvement	An evaluation of the performance and effectiveness of the Board, its Committees and individual Directors was carried out during the year. The Board considers its own effectiveness and if it has the right skills to meet the needs of the business. The Chairman is regularly in touch with members of the Board to consider such matters. The outline for the evaluation complied with the QCA Code. The Company normally conducts an annual performance review of the Board using one-to-one interviews with Board members in line with the QCA Code, however due to Covid-19, consultation was either by telephone or via Microsoft Teams. The results of evaluation are then discussed, and the Board considers and implements actions and recommendations. Overall Board composition is reviewed annually by the Chairman and the Nomination Committee to determine whether any changes are recommended. During the year, Simon Dray, the Group Finance Officer, was appointed as a Director on 1 March 2021. The areas discussed related to strategy, succession planning, risk and employee management and development. The Board evaluation was conducted by the Chairman using one to one telephone calls, video conferencing (via Microsoft Teams) and/or face to face meetings. A report on the evaluation had been provided to the Board for discussion. The review concluded that there was an opportunity to slightly adjust the format of some meetings to allow additional time to discuss strategy, opportunities, and people. Good insights and positive feedback had been received. Comments received concluded that the Board is comprised of experienced individuals and noted that everyone had contributed to the discussions and decision-making during the year.	
Principle 8: Promote corporate culture that is based on ethical values and behaviours	Our Chairman and Chief Executive Officer lead on corporate culture and encourage the values of trust, honesty and integrity. All employees are expected to maintain an appropriate standard of conduct in all business dealings and the Directors set the tone at the top. The Board understands that employee engagement underpins our business and helps us drive for success. We also seek to ensure we have the best levels of Health & Safety standards to protect employees. Employees are required to deal ethically with customers and suppliers. A number of our businesses have employee forums for matters to be raised. Alumasc Group employees are asked to maintain appropriate standards and to comply with Health & Safety regulations. The Group has a robust Compliance framework with policies that govern its activities in respect of zero tolerance towards Modern Slavery, Anti-bribery, Whistleblowing and Data Protection, Non-facilitation of Tax evasion and Supplier standards. The Company reviews compliance with these policies. Alumasc has a series of requirements for its suppliers and these are reviewed from time to time by internal procurement professionals. Any matters of concern can also be raised to the Chairman or to the Chair of our Audit Committee, as appropriate.	

Maintain a dynamic management framework *continued*

Principle 9:
Maintain Governance structures and processes that are fit for purpose and support good decision-making by the Board

There are seven scheduled Board meetings each year. Before each Board meeting an agenda is prepared and circulated to the Directors, together with papers in good time before each meeting.

The Board is responsible for the long-term success of the Company; there is a formal Schedule of Matters Reserved for the Board and this includes discussions about the overall Group long-term strategy. The Board also considers annual budgets, annual and interim results, dividend policies, contract approval, large capital expenditure requests, long-term contracts, trading announcements, acquisitions and senior appointments. Governance for Alumasc goes beyond basic compliance, and it has effective governance and transparent decision-making, that link to Group strategy.

The Chairman and our Board of Directors support good corporate governance to ensure that they build a successful and sustainable business that is beneficial and successful for all our stakeholders.

The Chief Executive Officer and Group Finance Director have responsibility for the operational day-to-day management of Alumasc's business and activity. The Non-executive Directors bring outside experience and independent judgement to our decision-making at the Board. The Chairman has responsibility for the Board and for corporate governance matters. The Company Secretary is responsible for ensuring that Board procedures are followed together with all applicable rules and regulations.

The Board is responsible for the overall governance of the Company. Its responsibilities include setting the strategic direction of the Company, providing leadership to put the strategy into action and to supervise the management of the business.

The Board is supported by the Audit, Remuneration and Nomination Committees and the reports for these Committees **can be found on pages 60 to 72**. The terms of reference for the Committees can also be found on our website **www.alumasc.co.uk**.

Principle 10:
Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The business sets a high priority on maintaining good communications with its stakeholders to ensure that the Alumasc Group's processes and procedures are clear and understood. On our website (**www.alumasc.co.uk**) the "Investors" section is regularly updated. We communicate with our shareholders through: the Annual Report, the half-year announcements, the AGM and roadshows/meetings with Investors and at Analysts' briefings.

The Board also pays attention to the voting recommendations provided by third-party proxy voting services, as well as the voting outcomes of specific resolutions with a view to determining whether any further action is required.

The Company maintains a dedicated email address for use by current and/or potential investors (**alumasc@camarco.co.uk**). After the AGM the Company announces the results of the voting, including details of the proxy votes cast or received. In addition, this information is available on our investor section of the website (**www.alumasc.co.uk**).

The Board also receives information on the views of shareholders from its brokers and Nomad. Feedback from analysts, other advisers and investors is also reviewed. Discussions are held to enable, where needed, closer alignment between the way in which the Group is led and shareholder views.

Additional information is provided in the s.172 Statement **on pages 42 to 44**

John McCall
Chairman

Audit Committee Report

"Management continued to take actions to allow the business to trade effectively and manage the risks associated with the Covid-19 pandemic."

Vijay Thakrar
Chairman
Audit Committee

Statement from the Chairman of the Audit Committee

Audit Committee membership

The members of the Committee are as follows:

- Vijay Thakrar (Chairman)
- Jon Pither
- Stephen Beechey

David Armfield retired from the Committee on 31 December 2020 and I would like, on behalf of the Committee, to place on record our gratitude for David's contribution to the Committee over many years.

The Group Chairman, Chief Executive, Group Finance Director, Group Financial Controller and the external auditors usually attend the meetings of the Committee by invitation. The Committee met three times in the year, all of which were attended by the external auditors, and a record of the meeting attendance by Committee members is set out on this page.

Following each Audit Committee meeting that the external auditors attend, the Committee meets with the auditors without members of the management team being present.

Meeting attendance

Members	Attended/eligible to attend
Vijay Thakrar	3/3
David Armfield[1]	1/1
Stephen Beechey	3/3
John Pither	3/3

1 David Armfield resigned on 31 December 2020.

Dear Shareholders,

I am pleased to present the Audit Committee's report for the year ended 30 June 2021, which sets out the responsibilities and work carried out by the Committee during the year.

Activities of the Committee in the 2020/21 Financial Year

The main activities of the Committee during the year were:

- reviewing and challenging management's forecasts and scenarios, its liquidity position and the appropriateness of adopting a going concern basis in these financial statements;
- monitoring the integrity of the interim and full year results announcements and financial statements, trading statements and any other announcements containing financial information, and considering the application of key accounting policies and accounting standards and the key estimates and judgements taken by management in the preparation of those statements and the external auditor's comments in those areas, particularly in the light of Covid-19;
- reviewing the Annual Report to ensure it is fair, balanced and understandable, and recommending its approval to the Board;
- reviewing and approving the audit plan of the external auditor, including the scope of the work, the key areas of focus in terms of audit risk and judgement, and the basis on which the auditor assesses materiality;
- evaluating the effectiveness of the external audit and the independence of the auditors;
- reviewing and approving the plan and scope of internal audit work, considering internal audit reports issued during the year and discussing key matters and improvement points arising from those audits with management; and
- supporting the Chief Executive and the rest of the Board with the recruitment of the new Group Finance Director.

Activities of the Committee in the 2021/22 Financial Year

The additional objectives of the Committee during the coming year are:

- assisting with the induction of the new Group Finance Director;
- reviewing the scope of the internal audit work programme and its resourcing, given the continued easing of Covid-19 restrictions; and
- reviewing the continued upgrading of the Group's Enterprise Resource Planning (ERP) systems, to ensure adequate financial controls remain in place.

Significant areas of judgement considered in relation to the financial statements

The Committee considered, in conjunction with management and the external auditor, the significant areas of estimation, judgement and possible error in preparing the financial statements and disclosures, discussed how these were addressed and approved the conclusions of this work. The principal areas of focus in this regard were:

(i) Carrying value of goodwill and subsidiary in respect of Levolux

The Group's balance sheet includes £10.2m of goodwill allocated to the Levolux cash generating unit. The Levolux business is part-way through an improvement plan, announced in 2019, designed to restore it to a level of performance consistent with the remainder of the Group. While performance is much improved, and the business has returned to sustained profitability, the commercial property market which Levolux serves is yet to fully recover from the disruption caused by Covid-19.

For the purposes of assessing the value in use of the Levolux CGU, management have used internal forecasts, sensitised to assume commercial property markets take several years to return to former levels of activity. The Committee has discussed with management and the external auditors the progress of the improvement plan, the forecasts, and the assumptions behind them, and also considered the appropriateness of the discount rate used in the calculations. Following discussion of headroom and sensitivities, the Committee was satisfied that management's assessment of the carrying value of the Levolux goodwill was appropriate.

(ii) Revenue recognition

Revenue recognition on construction projects carried out in the Building Envelope division, which has bespoke construction projects with performance obligations that can span more than one accounting period, leads to the application of judgement in the recognition of revenue and profit over time, including estimation of the percentage of contract completion and estimates of costs to complete the work, as described in the accounting policy note on page 95. Having reviewed these judgements taken at the year end with management and the external auditors, the Committee was satisfied with management's judgements for the level of revenue and profit recognised on construction projects for the financial year.

(iii) Defined benefit pension scheme valuation

As described in the risk review on pages 46 and 48, Alumasc has relatively significant legacy defined benefit pension obligations in the context of the overall size of the Group. Therefore, relatively small changes to market assumptions (particularly the discount rate and inflation rate); and actuarial assumptions used to value defined benefit pension obligations under IAS 19 can have a material impact on the Group's Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income.

Further details are given in note 22 to the consolidated financial statements. Having reviewed the valuation assumptions adopted by management, in conjunction with actuarial advice received and the review of those assumptions by the external auditors, the Committee was satisfied that the Group balance sheet reflects an estimated valuation of the Group's pension obligations that is consistent with IAS 19's valuation methodology.

(iv) Accuracy and valuation of inventory

The Group's businesses carry significant levels of inventory, both manufactured in-house and bought-in. The accuracy of the records of physical inventory on hand and the valuation of that inventory, including judgements as to the value of manufacturing cost to be absorbed into the inventory valuation and the net realisable value particularly of old and slow-moving inventory, can affect both the Group's Consolidated Statement of Financial Position and its Consolidated Statement of Comprehensive Income. Inventory records, including an analysis of trends and the evolution of management judgements on valuation are reviewed by the Executive Directors in monthly meetings with operating company management and in associated board reports. Internal audit has particular focus on checking the accuracy of the inventory records through attendance at stock counts and reviewing the application of judgements taken by local management surrounding valuation. Physical stock counts are held at the financial year end and half year end, and more regularly when needed. The Committee reviews regular reports from executive management, internal audit and the results of the external audit to satisfy itself that inventory values across the Group are materially accurate.

The Committee's main duties are as follows:

- monitoring and reviewing the integrity of the financial reporting process and reviewing the full year financial statements, interim statements and any trading updates provided to the market, including the appropriateness of judgements and estimates taken in preparing the financial statements and preparations for the introduction of new accounting standards;
- monitoring and reviewing the effectiveness of the Group's internal financial controls including approval of the resourcing, scope and review of the results of the Company's internal audit activities;
- monitoring and reviewing the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- making recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- reviewing any proposal for the external auditor to supply non-audit services, in view of Group policy and relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and
- reporting any matters to the Board in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

Audit Committee Report continued

(v) Going concern and Covid-19 impact

Management continued to take actions to allow the business to trade effectively and manage the risks associated with the Covid-19 pandemic. The Committee has challenged management on their base case trading and cashflow scenarios covering the period to September 2022, including stress tested and reverse stress tested scenarios as set out on page 89, taking account of the impact of Covid-19 and the possibility of a further lockdown. Management has also extended the expiry date of the Group's committed £20 million revolving credit facility to April 2023, and retain the option to extend it by a further year to April 2024. The Committee has also discussed these issues with the external auditors to seek their opinion. In light of these actions and, taking account of the comments on page 77, the Committee considers that the disclosure of the Board's assessment of Going concern is complete and understandable.

Assessment of the effectiveness of external audit

The Committee assessed the performance of BDO both through formal Committee meetings, BDO's reports to the Committee and more informal interaction throughout the year. The Committee also received structured feedback from senior Group level and operational management on such matters as to BDO's objectivity, proficiency, resourcing and audit strategy and planning.

Having considered this information, the Committee concluded that the external audit continues to be robust and effective.

Assessment of the independence of the external auditor

The Group's policy on the independence of auditors is consistent with ethical standards published by the Financial Reporting Council.

The Group changed its external auditors from KPMG to BDO in January 2019. The Committee assesses the effectiveness and independence of the external auditor every year.

Any non-audit services proposed to be carried out by the external auditor are discussed and approved in advance by the Committee. During the financial year under review BDO non-audit fees amounting to £35,000 were incurred for advice relating to duty and VAT on the Group's import and export activities.

The advice relating to these services required a detailed understanding of the Group and the Committee were satisfied that provision of these services would not impair BDO's independence.

BDO have confirmed to the Committee that they consider themselves to be independent within the meaning of regulatory and professional requirements.

In view of all the above, the Committee is satisfied with the independence of the external auditor.

Appointment and re-appointment of the external auditor

The audit for Alumasc's financial year ended 30 June 2021 was BDO's third following their appointment in January 2019. Resolutions are being put to the AGM to be held in October 2021 to recommend their re-appointment for the 2021/22 financial year.

Effective internal control and risk management

The Alumasc Board as a whole acknowledges that it is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. The system is designed to be robust in its management of the risk of failure to achieve business objectives. This risk, however, cannot be wholly eliminated and therefore the system can only provide reasonable and not absolute assurance against the risk of material misstatement, fraud or loss.

The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the business. The process was in place during the year and remained in place on the date that the Annual Report and financial statements were approved by the Board. The main elements of the Group's internal control process are as follows:

(i) Risk management

Risk management is a continuing activity throughout the year, dealt with through the board meetings of operating companies. In addition, a formal business risk review exercise is conducted every year at each operating company and for the Group as a whole. This identifies the most important risks, their likelihood of occurrence and possible business and financial implications and the effectiveness of mitigating controls. A Group level summary of these risk reviews is provided on pages 46 and 48. Each operating company has implemented procedures for controlling the relevant risks of their business.

Based on their attendance at the board meetings of each operating company, the Executive Directors report periodically to the Board on the risk management processes that have been in place during the year and the effectiveness of the level of control in managing the identified risks. The Board is able to confirm that these procedures are ongoing.

(ii) Financial reporting and monitoring

The Board receives regular financial reports, including monthly management accounts, quarterly re-forecasts, annual budgets and three-year plans. These procedures are intended to ensure that the Board maintains full and effective control over material financial issues. An Executive Committee, comprising the Group's Executive Directors and the Divisional Managing Directors of the Group's operating segments, reviews trading activities and addresses matters of common interest with regard to safety, strategic development, performance, risk and other matters of mutual Group interest.

Day-to-day management of the Group companies is delegated to operational management with a clearly defined system of control, including:

- An organisational structure with an appropriate delegation of authority within each company;
- The identification and appraisal of business and financial risks both formally, within the annual process of preparing business plans and budgets, and informally, through close monitoring of operations;
- A comprehensive financial reporting system within which actual results are compared with approved budgets, re-forecasts and the previous year's figures on a monthly basis and reviewed at both local and Group level; and
- An investment evaluation procedure to ensure an appropriate level of scrutiny and approval for all significant items of capital expenditure. Capital expenditure plans are discussed during the annual budget process and any project costing over £250,000 requires Board approval.

(iii) Internal Controls Assurance

The Audit Committee on behalf of the Board has reviewed during the year the effectiveness of the system of internal financial control from information provided by management, the Group's external auditors and the results from internal audits. The Board as a whole assessed internal control more generally, including the key risks affecting the Group in the delivery of its long-term strategies, as summarised on pages 46 to 49. No material weaknesses in internal control were identified in the year.

(iv) Internal Audit

The Committee's view is that the size and complexity of the Group and the close involvement of the Executive Directors make it unnecessary for Alumasc to have a dedicated internal audit function, although part of the Group Financial Controller's role, and that of her team, is to carry out internal audits in each of the Group's principal operating locations each year. This position is kept under annual review by the Committee, bearing in mind the size of the Group at that time, the complexity of its systems and processes, and whether the experience of the staff carrying out internal audit visits is appropriate for the areas under review.

The principal focus of this internal audit work is to check the existence and effective operation of key internal financial controls.

The Committee reviews and approves the proposed scope of internal audit activities each year, and ensures that key risk areas are covered, and that agreed recommendations arising from previous internal and external audits are re-reviewed to assess whether they have been implemented. The Committee has requested future work to be focused on high risk areas that could have a material business or financial impact.

Code of Conduct

The Group has in place a Code of Conduct, setting out the standards of business practice that the Group expects from its executives and employees. This policy is subject to periodic review to ensure it reflects the operation of the Group and the business environment in which it operates.

Whistleblowing policy

The Group has a Whistleblowing policy, which provides a formal mechanism whereby every Group employee can, on a confidential basis, raise concerns over potential malpractice or impropriety within the Group.

Anti-Bribery policy

The Group has in place a policy with regards to compliance with the Bribery Act 2010. The Group's Anti-Bribery policy and guidelines reflect the Directors' zero tolerance approach to bribery and corruption of all kinds.

This policy has been cascaded down into the operating companies with relevant training provided. Any matters of particular concern, whether arising from due diligence or otherwise with regard to related parties as defined in the Bribery Act 2010, are raised and discussed at monthly operating company board meetings.

Tax policy

The Group has in place a tax policy, which sets out the Group's desire to conduct its operations in a tax-efficient manner in compliance with all relevant legislation, to engage with tax authorities in an open and honest way. In accordance with this policy and its Code of Conduct, the Group operates a zero tolerance policy towards tax evasion and the activities which facilitate it. The Group is committed to ensuring its businesses meet the compliance obligations of the UK corporate criminal offences legislation regarding the failure to prevent the facilitation of tax evasion.

Copies of the Group's Code of Conduct and associated policies can be found on the Group's website **www.alumasc.co.uk**.

Vijay Thakrar
Chairman of the Audit Committee

Directors' Remuneration Report

"Our incentives are closely aligned with our strategy, to grow the business and to protect the interests of our stakeholders."

Jon Pither
Chairman
Remuneration Committee

Statement from the Chairman of the Remuneration Committee

Meeting attendance

Details of the Committee members who served during the year can be found below.

Members	Attended/ eligible to attend
Jon Pither (Committee Chairman)	3/3
David Armfield[1]	1/1
Stephen Beechey	3/3
Vijay Thakrar	3/3

1 David Armfield resigned on 31 December 2020.

The main duties of the Remuneration Committee are set out in the Committee's terms of reference, and these can be found at **www.alumasc.co.uk**

Additional attendees by request include the Chairman, the Chief Executive and Company Secretary; they take no part in discussions relating to their own remuneration.

Dear Shareholders

I am pleased to present the Report of the Remuneration Committee (the Committee) for the financial year ended 30 June 2021.

As an AIM listed entity, the Company is not required to apply the full Listing Rules of the Financial Conduct Authority or the requirements under SI 2008/410 schedule 8 and hence is not required to present a report on remuneration.

However, the Board considers it appropriate for the Company to provide shareholders with information in respect of executive remuneration that follows the "spirit" of the regulations given previous disclosures before the Company joined AIM.

This Remuneration Report sets out the remuneration paid to the Directors during the period. The performance of The Alumasc Group plc has seen significant growth and improvement during the year. The health, safety and wellbeing of our customers, our workforce and our communities has been our key driver in the year, and we have been focused on our Covid-19 secure procedures and policies across the Group.

During the year there was record trading in some months in the divisions. Market share increased in the year and sales remained strong.

2020 Remuneration Policy

Our new Remuneration Policy (the Policy) was approved by shareholders at the October 2020 Annual General Meeting, it received support from 99.72% of shareholders. The high level of shareholder support was due to consultation with our major shareholders and due to the introduction of good practice features.

In the year, the Remuneration Committee implemented the new Policy to support our reward process for the Executive Directors, Implementation of the Policy covered the award of the 2020 LTIP and pay awards and setting of bonus targets for the Executive Directors.

Covid-19

Remuneration needs to be considered against the backdrop of the pandemic; 2020 was unprecedented and the management team showed outstanding leadership in difficult times. They needed to be agile and support the needs of all stakeholders. After the first lockdown, the Executive Directors continued their focus on the health, safety and wellbeing of employees, customers and suppliers and the Board's approach to cash conservation.

Where practical, staff worked from home, and those involved in production worked in a Covid-19 secure environment with clear processes and procedures in place to protect the workforce during the lockdown periods. We were focused on protecting roles and the Group utilised Government support for staff that were placed on furlough during the time it was not possible for them to work. Where any Government support was taken for the small number of roles that turned out to not exist post Covid-19, the business has returned that funding to Government. Currently there is no support being received.

2020 LTIP awards

LTIP awards granted last year took account of the low share price prior to the date of the award. The Committee wanted to ensure that the awards were not granted at an artificially low price due to the pandemic. Therefore, awards were granted at the higher of the prevailing share price and 130 pence. The share price on the date of grant was lower and therefore a 130 pence share price was used to determine the number of awards to grant.

Approach to reward

Significant growth in market share and improved performance provided a backdrop towards reward. Our incentives are closely aligned with our strategy, to grow the business and to protect the interests of our stakeholders.

The business implemented salary increases in January 2021 and increased all workforce pay including Executive Directors by 2%. A subsequent pay rise for Mr Gilbert Jackson and Mr Michael Leaf of £15,000 was agreed with effect from 1 September 2021, in recognition of their additional responsibilities, this was delayed due to Covid-19 pandemic. All employees who were self-isolating or unable to work due to Covid-19 were paid their full salary. Support has been provided by managers, HR and our wellness app for those who were working from home during the period.

Bonus outcomes

Challenging targets were set in 2020 for the Executive Directors to focus on improving performance in a difficult year due to the pandemic. Performance conditions were based on underlying PBT (Profit Before Tax), and a full bonus became payable reflecting the strong performance of the Group. Full details of the outcomes are provided on pages 66 and 67.

New Finance Director

The reward arrangements for the new Group Finance Director are consistent with the new Remuneration Policy as approved by the shareholders in October 2020.

2021 Policy implementation

Salaries have been increased in line with the general workforce. A delayed pay rise of 2% was implemented in late January 2021 but related to the prior year. Workforce pay was also increased by 2% with effect from 1 July 2021, in relation to this year. The pay of the Executive Directors was also increased by this 2% award in line with staff. This accords with our Remuneration Policy.

The metrics selected for the 2021/22 annual bonus are underlying profit before tax (UPBT) and TSR (Total Shareholder Return) for the CEO. Other Executive Directors had divisional targets to achieve.

An LTIP award will be granted in 2021 and this award will vest after three years subject to the measures provided on page 71.

The Committee considers that the overall remuneration is fair, balanced and reasonable and takes into account the interests of all stakeholders.

Following a recommendation from the Remuneration Committee, the Board agreed to increase the fees for Non-executive Directors by £5,000 pa (from £35,000 to £40,000 pa). The fees for Chairmanships remained unchanged and the Chairman waived any increase in fees.

The details of membership of the Committee can be found on page 64.

Performance and remuneration outcomes for the year ending 30 June 2021

The financial and operating performance for the Group in 2021 is set out on pages 85 to 134.

2021 was a challenging year with the second half particularly impacted from the interruption caused by Covid-19.

We discussed rewards in view of the impact of Covid-19, and the additional work it generated.

Some of the senior executives had to carry out more than one role and remuneration was discussed in this context. New challenges of working during the pandemic led us to consider how we could incentivise Directors and management to deliver during this difficult time.

The Group achieved the following results for the year:

- Group revenues from continuing operations were £90.5 million v £76.0 million
- Underlying profit before tax increased by +100% to £10.5 million
- Underlying earnings per share increased by +100% to 23.7 pence.

The 2020/21 annual bonus was based on Group underlying PBT targets. The threshold level of profit was achieved.

2021 LTIP awards

Awards were granted under the LTIP to senior executives in October 2018 based on EPS and TSR performance for the three-year period ending October 2021 and the outcome is reported on page 69.

The Remuneration Committee believes the incentive outcomes reflect the performance of the business during this challenging period. The Remuneration Committee has not applied its discretion during the year to any part of the Directors' remuneration.

Key decisions

During the year there were three formal meetings and the following topics were discussed:

- Review of base salaries of the Group Executive Directors (including the two new Executive Directors), members of the Executive Committee and Group employees more generally and awarding salary increases across the Group late in the pay cycle in January 2021;
- Variable pay, in particular long-term incentive plan (LTIP) targets for the current year;
- Consideration of a Group-wide salary increase mid-term;
- The review of performance criteria for the current LTIP;
- the ESOS; and
- the joining terms for the Group Finance Director.

If you have any questions on this report or our approach to remuneration more generally, please feel free to contact me via the Company Secretary. I would be pleased if you would support this report for its advisory vote at the forthcoming AGM.

Jon Pither
Chairman of the Remuneration Committee

Directors' Remuneration Report continued

Annual Report on Remuneration

The following sections show how the Remuneration Policy approved in 2020 was applied in the year ending 30 June 2021.

Single total figure of remuneration

The remuneration of the Non-executive Directors for the years 2020/21 and 2019/20 is as follows:

	Base salaries/fees		Benefits in kind		Single figure of total remuneration	
Director	**2020/21 £000**	2019/20 £000	**2020/21 £000**	2019/20 £000	**2020/21 £000**	2019/20 £000
John McCall	**100**	100	**6**	5	**106**	105
Jon Pither	**40**	40	**–**	–	**40**	40
David Armfield[1]	**18**	35	**–**	–	**18**	35
Stephen Beechey	**35**	35	**–**	–	**35**	35
Vijay Thakrar	**40**	40	**–**	–	**40**	40
Total	**233**	250	**6**	5	**239**	255

1 David Armfield resigned on 31 December 2020.

The Non-executive Directors' fees were considered in the 2020/21 financial year and the following changes were proposed: Non-executive pay would be increased by £5,000 pa (from £35,000 pa to £40,000 pa) with effect from 1 July 2021. The additional £5,000 paid to the Chairman of the Audit and Remuneration Committees remained unchanged. The Chairman waived any proposed increase. Information on Directors' service contracts can be found on our website: **https://www.alumasc.co.uk/wp-content/uploads/2019/04/3.3-The-Alumasc-Group_plc_-_Appendix_to_Schedule_1-24.04.19-FINAL_.pdf**. The remuneration of the Executive Directors for the years 2020/21 and 2019/20 was as follows:

	Base salaries/fees[1]		Bonuses		Benefits in kind[2]		Pension contributions or payments in lieu of pension contributions		Long–term incentives with performance period ending during the year		Single figure of total remuneration	
Director	**2020/21 £000**	2019/20 £000	**2020/21 £000**	2019/20 £000	**2020/21 £000**	2019/20 £000	**2020/21 £000**	2019/20 £000	**2020/21 £000**	2019/20 £000	**2020/21 £000**	2019/20 £000
Paul Hooper	**274**	271	**218**	10	**19**	17	**54**	54	**–**	–	**565**	352
Gilbert Jackson	**187**	154	**123**	–	**12**	9	**19**	15	**–**	–	**341**	178
Michael Leaf	**172**	142	**113**	–	**10**	9	**17**	14	**–**	–	**312**	165
Simon Dray[3]	**55**	N/a	**N/a**	N/a	**4**	N/a	**5**	N/a	**–**	–	**64**	N/a
Total	**688**	**567**	**454**	**10**	**45**	**35**	**95**	**83**	**–**	**–**	**1,282**	**695**

Notes:
1 Salaries are recorded on an accounting basis of the amounts paid during the year. Payments for new Directors reflect the payments made since their appointment date. The Executive Directors who were appointed before 1 January 2021 were awarded a 2% pay rise from 1 January 2021 and this is reflected above.
2 Benefits in kind includes car allowance, health benefits, life cover and a disability injury insurance policy.
3 Simon Dray was appointed as Group Finance Director on 1 March 2021, with a base salary of £165,000 pa, which was increased by 2% to £168,300 on 1 July 2021.

The Executive Directors do not hold any external paid directorships. Executive Directors may be permitted to accept external board or committee appointments provided they do not interfere with their obligations to the Company.

Pay

The annual pay reviews scheduled for July 2020 were delayed, as part of the Group's Covid-19 action plan. Subsequently, with effect from 1 January 2021, pay was increased by 2% for the general workforce. It was agreed by the Committee that Directors' pay should be increased by the same amount. It was also agreed that the base salaries of the Executive Directors be increased by 2% with effect from 1 July 2021, in line with the general workforce, for the current year. It was agreed to increase the salaries of Mr Gilbert Jackson and Mr Michael Leaf with effect from 1 September 2021 by £15,000 pa. to reflect their increased responsibilities in joining the Group Board.

Benefits

The Group operates a policy whereby Executive Directors are provided with health insurance, disability insurance and life cover, and are given a car or a cash alternative to a company car and associated expenses.

Annual bonus

For the year to 30 June 2021 the minimum level at which any annual bonus would become payable was set on a scale to underlying profit before tax (UPBT) of £1.3 million by H1 at 20% . An additional amount was payable to the CEO for a UPBT of £6.5 million to £7.55 million on a straight-line basis. Mr Jackson and Mr Leaf have met their divisional targets. Due to an exceptional performance during the year bonuses were awarded for meeting those targets.

Annual bonus continued

	Threshold	Maximum	Actual	Resulting bonus
Targets 2020/21[1]	£6.5m UPBT 0% of bonus payable	£7.5m UPBT 100% of bonus payable	£10.5m UPBT	100% of maximum

1 Divisional targets for bonus payments were in place for Mr Gilbert Jackson and Mr Michael Leaf.

The exceptional performance of the Group has resulted in the following payouts:

- Paul Hooper – 79.56% of salary
- Gilbert Jackson – 65.78% of salary
- Michael Leaf – 65.70% of salary

As Simon Dray joined on 1 March 2021, he will have a bonus aligned to the term served.

2018 LTIP out-turn

Awards were made under the LTIP in October 2018. These were subject to EPS and TSR performance criteria. The minimum EPS target required growth of above RPI +2.5% per annum using a base EPS figure of 18.3 pence. This target was met (subject to TSR confirmation), and awards are expected to vest as per the table on page 69.

The Committee exercised no discretion in determining the vesting and considered that the formulaic outcome reflected the underlying performance of the Group.

No Directors exercised any options during the year.

Pensions

The Group makes provision to pay into a defined contribution pension scheme of each executive's choosing or a cash alternative (after deduction for employer's national insurance contributions).

Pension contributions are as follows:

Director	Pension contribution (% of base salary)
Paul Hooper	20%
Gilbert Jackson	10%
Michael Leaf	10%
Simon Dray[1]	10%

1 Mr. Simon Dray was appointed as a Director on 1 March 2021.

The pension contribution rates for Messrs. Jackson and Leaf were agreed at the time they joined the Company.

As part of the terms of the policy approved by shareholders last year, any new Executive Director appointments will have contributions aligned to the workforce rate. There are various pension schemes in operation at Alumasc and different contribution rates depending on length of service and age. The Company will review the current schemes and arrive at an appropriate "workforce rate" that will apply for new Directors; however at present there are tapered contributions tables based on age and on this basis a 10% contribution is in line with the workforce provision for an employee in Mr Dray's age category.

Appointment of a new Group Finance Director

Mr Simon Dray joined the Board on 1 March 2021 and his salary was set at £165,000 pa. Mr Dray's other remuneration elements are in line with the Directors' Remuneration Policy and include a pension contribution of 10% of salary (in line with the workforce rate) and participation in the bonus and LTIP. His first LTIP award will be granted in 2021. In line with the other Directors, and the general workforce, he received a pay rise of 2% with effect from 1 July 2021.

Payments in compensation to past Directors for loss of office

Mr Andrew Magson resigned as a Director on 6 February 2020. He was paid salary and benefits amounting to £58,000. No LTIPs were exercised or vested in the financial year.

Directors' Remuneration Report continued

Scheme interests awarded during the year

LTIP awards were granted in October 2020 as detailed in the table below.

As set out in last year's report, the Remuneration Committee was conscious of the prevailing share price which like many companies had been impacted by the pandemic. As a result, the Committee decided to make awards at the higher of 130 pence and the prevailing share price at the date of grant to avoid granting too many shares using a depressed share price. As the relevant share price was 83.5 pence, a 130 pence share price was used to determine the number of awards to grant.

	Scheme	Basis of award granted	No. of shares awarded	Face value of award†	% vesting for threshold performance	Vesting and performance period
Paul Hooper	2008 LTIP	75% of base salary at a price of 130p	156,529	£130,702	25%	3 years
Gilbert Jackson	2008 LTIP	40% of base salary at a price of 130p	56,923	£47,531	25%	3 years
Michael Leaf		40% of base salary at a price of 130p	52,308	£43,677	25%	3 years

† Based on share price of 83.5p on the day of grant.

These awards would vest on 15 October 2023 and are subject to two measures and an underpin. The underpin requires UPBT of at least £7.0 million to be delivered (in the year ending 30 June 2023) below which no award would vest. However, if this is achieved, 65% of the 75% of salary award granted to the CEO is based on EPS growth targets (threshold of RPI + 2.5%p.a. growth and maximum of RPI+10%p.a.) and the remaining 10% is based on relative Total Shareholder Return (TSR) performance against the constituents of the FTSE All Share Index.

Mr Dray did not receive an award upon joining.

Statement of Directors' shareholdings and share interests

Directors' shareholdings

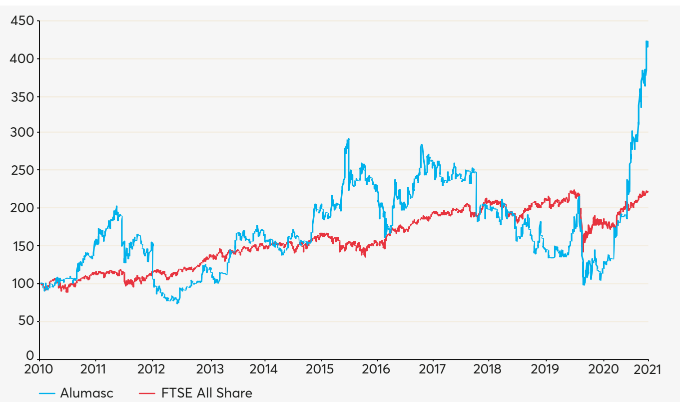
	At the date of this report	At 30 June 2020 and at date of the 2020 report
John McCall	4,359,668	4,359,668
Jon Pither	432,586	403,486
Paul Hooper	769,956	764,665
Simon Dray[1]	Nil	N/a
Gilbert Jackson	Nil	Nil
Michael Leaf	16,375	16,375
David Armfield[2]	N/a	69,400
Stephen Beechey	27,418	14,085
Vijay Thakrar	36,496	23,854

1 Mr. Simon Dray was appointed on 1 March 2021.
2 Mr. David Armfield resigned on 31 December 2020.

The Directors' shareholdings are beneficial with the exception of 434,000 shares (2020: 434,000) in which Mr McCall has a non-beneficial holding. Directors are encouraged to hold shares in the Company.

At the year end, the Employee Benefit Trust, established to hold shares in relation to the ESOS and the LTIP, held 360,017 ordinary shares. The market value of the shares held in trust as at 30 June 2021 was £954,045.05.

Performance graph



The graph shows the total shareholder return (TSR) on an equivalent holding in the Company compared with the FTSE All Share Index.

Long Term Incentive Plans

The table below reconciles movements in LTIP awards during the year.

	Date of award	Market price at award date*	Earliest exercise date	Interest as at 1 July 2020	vested in year	exercised in year	of which were granted in year	lapsed in year	**Interest as at 30 June 2021**
Paul Hooper									
	Oct 2017	173.5p	Oct 2020	115,425	–	–	–	115,425	**–**
	Oct 2018	130.5p	Oct 2021	149,081	–	–	–	–	**149,081**
	Oct 2019	83.5p	Oct 2022	149,081	–	–	–	–	**149,081**
	Oct 2020[1]	79.0p	Oct 2023	–	–	–	156,529	–	**156,529**
Total				413,587	–	–	156,529	115,425	**454,691**
Gilbert Jackson									
	Oct 2017	173.5p	Oct 2020	33,197	–	–	–	33,197	**–**
	Oct 2018	130.5p	Oct 2021	43,303	–	–	–	–	**43,303**
	Oct 2020[1]	79.0p	Oct 2023	–	–	–	56,923	–	**56,923**
Total				76,500	–	–	56,923	33,197	**100,226**
Michael Leaf									
	Oct 2017	173.5p	Oct 2020	28,779	–	–	–	28,779	**–**
	Oct 2018	130.5p	Oct 2021	38,798	–	–	–	–	**38,798**
	Oct 2020[1]	79.0p	Oct 2023	–	–	–	52,308	–	**52,308**
Total				67,577	–	–	52,308	28,779	**91,106**

* The market price at the award date is based on the price on the day the Employee Trust or the Company granted the award. This price can differ from the market value at the date the Remuneration Committee recommended the award to the Trust or Company.
1 This award was based on a notional share price of 130p.

2018 Long Term Incentive Plans vesting after the year-end

Director	Date of vesting[1]	Percentage of award vesting	Number of shares expected to vest in October 2021
Paul Hooper	9 October 2021	75%	111,810
Gilbert Jackson	9 October 2021	100%	43,303
Michael Leaf	9 October 2021	100%	38,798

1 The outturn of the 2018 LTIP has been provided in the table above. The vesting outturn for the CEO is subject to confirmation of TSR. It reflects the percentage vesting, and the earliest vesting date will be 9 October 2021.

Non-executive Directors

The policy of the Board is that the remuneration of the Non-executive Directors should be consistent with the levels of remuneration paid by companies of a similar size and complexity. Non-executive Directors receive an annual fee and are reimbursed expenses incurred in performing their duties. They do not receive any performance related remuneration or pension contributions. Non-executive Directors' fees were increased with effect from 1 July 2021 and details of the change is outlined on page 66.

The Chairman and Non-executive Directors have letters of appointment and details of their terms can be seen in the Appendix to Schedule 1 published on our website.

Chief Executive remuneration

The following table sets out the total remuneration and the amount vesting under short-term and long-term incentives (as a percentage of the maximum that could have been achieved) in each of the past five years for the Chief Executive.

Year	Chief Executive single figure of total remuneration (£000)	Annual bonus pay-out against maximum opportunity %†	Long-term incentive vesting against maximum opportunity %
2020/21	565	100%	75%[2]
2019/20	352	3.7%[1]	0%
2018/19	343	3.8%	0%
2017/18	332	0%	0%
2016/17	510	22%	72%*
2015/16	493	20%	50%
2014/15	633	71%	50%
2013/14	323	13%	0%
2012/13	355	63%	0%

* Adjusted to reflect actual figures following the vesting of the 2015 LTIP award in March 2018.
† For the purposes of this table, percentages relate to the Remuneration Policy maximum bonus of 100% rather than the current practice maximum of 50% of salary.
1 This represents a bonus relating to 2019 in respect of the sales of the Facades business.
2 This is based on an assumption TSR will be achieved in October 2021.

Directors' Remuneration Report continued

Percentage change in Chief Executive's remuneration

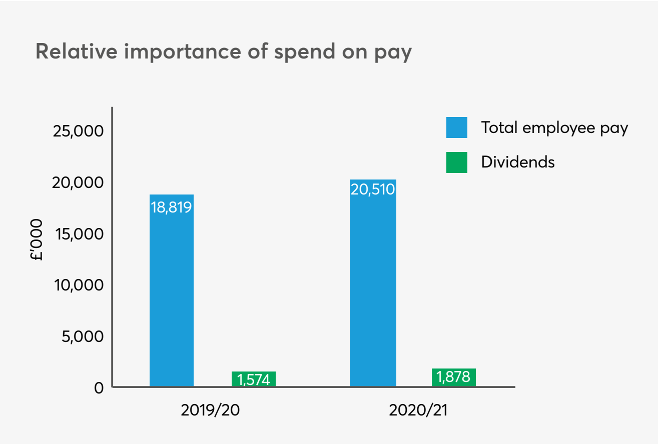
The table below shows the percentage change in remuneration between the years ended 30 June 2020 and 30 June 2021 for the CEO and all Group employees. All employees in general received a 2% cost of living pay rise in January 2021 and a further 2% on 1 July 2021.

	CEO	Employees[1]
Salary	1.1%	5.7%
Benefits	11.8%	22.9%
Bonus	2,080%	40%
Total	71.48%	9.6%

1 This reflects the fact that there were 449 employees at 30 June 2021 and 461 at 30 June 2020.

Relative importance of spend on pay

	Total employee pay (£000's)	Dividends (£000's)
2019/20	18,819	1,574
2020/21	20,510	1,878
Percentage increase	8.99%	19.31%



Implementation of the Directors' Remuneration Policy for the Financial Year 2021/22

The information below sets out how the Company intends to implement the Directors' Remuneration Policy for the year in 2021/22.

Base salary

The salaries of the Executive Directors have been reviewed and increased in line with the workforce from 1 July 2021 at the rate of 2%. The provision of benefits will remain unchanged.

Non-executive Directors

The Board's policy is that the remuneration of the Non-executive Directors should be consistent with the levels of remuneration paid by companies of a similar size and complexity. Non-executive Directors receive an annual fee and are reimbursed for expenses incurred in performing their duties.

The fee levels increased on 1 July 2021 as outlined on page 66.

Bonus

For 2021/22 the annual bonus for the Executive Directors will be determined by performance against a sliding scale of demanding Underlying Profit Before Tax targets set at the beginning of the financial year. The targets themselves are commercially sensitive and will be disclosed in next year's reports.

Long-term Incentive Plan

It is intended that the 2021 awards under the 2018 LTIP will be made in October 2021.

The awards will vest subject to profit growth targets, defined as Underlying Profit before Tax (UPBT). For the CEO, 65% (out of his 75% of salary award) will be based on this measure and the measure will apply to all of the awards granted to other Executive Directors. The remaining 10% of salary grant for the CEO will be based on a relative Total Shareholder Return (TSR) measure. Details of the two measures and targets are set out on the following page.

Underlying PBT

Awards will vest depending on growth achieved using a notional base UPBT figure of £9.0 million. Performance is based on the third year of the performance period, being the financial year ending 30 June 2024.

Awards will vest according to the following targets:

UPBT growth (from a base of £9.0 million)	Proportion of the award that vests
Less than RPI + 2.5%p.a.	0.0%
Between RPI +2.5%p.a. and RPI + 10%p.a.	25% to 100% on a straight-line basis
RPI + 10%p.a. or higher	100%

Total shareholder return

As mentioned above, 25% (out of the 75% of salary award) for the CEO and CFO is subject to a relative TSR measure.

If the Company's TSR is below the FTSE All Share index, no part of this award will vest. If performance is at median/index, then 25% will vest. For performance at upper quartile or higher, this part of the award will vest in full. For performance between median/index and upper quartile, vesting will be on a straight-line basis.

Mr Gilbert Jackson's and Mr Michael Leaf's LTIP awards are based on targets relating to the profit performance of their respective divisions: Building Envelope and Housebuilding Products. The base profit figures for each division are equivalent to the total Group base figure of £9.0 million used for the UPBT measure above. The base figures for each division are not disclosable at this stage due to commercial sensitivity but will be disclosed when they cease to be so.

The targets applying to each of the divisional profit measures are as follows:

Growth of base case (divisional strategic target)	Proportion of the award that vests
Less than RPI + 2.5%p.a.	0%
RPI + 2.5%p.a.	25%
Between RPI +2.5%p.a. and RPI +10%p.a.	25% to 100% on a straight-line basis
RPI + 10%p.a. or higher	100%

In addition, a Group profit underpin applies requiring the Group UPBT threshold of RPI + 2.5% p.a. (using a base profit of £9.0 million) to be met before any of these awards can vest.

Statement of voting – 2020 AGM

At the 2020 AGM the Directors' Remuneration Report received the following vote from shareholders:

	Total number of votes cast	% of votes cast
For	16,340,656	92.55%
Against	1,314,710	7.45%
Total votes cast (for and against)	17,655,366	
Voted withheld*	8,082	
Total votes cast (including withheld votes)	17,663,448	

* A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast "For" or "Against" a resolution.

At the 2020 AGM the voting for the Remuneration Policy was as follows from shareholders:

	Total number of votes cast	% of votes cast
For	17,602,650	99.72%
Against	49,716	0.28%
Total votes cast (for and against)	17,652,366	
Voted withheld*	11,082	
Total votes cast (including withheld votes)	17,663,448	

This Report was approved by the Board of Directors on 7 September 2021 and signed on its behalf by the Remuneration Committee Chairman.

Jon Pither
Chairman
Remuneration Committee

Nomination Committee Report

"Focus has been on the search and appointment of the new Group Finance Director and on long-term succession planning."

John McCall
Chairman
Nomination Committee

Statement from the Chairman of the Nomination Committee

Meeting attendance

Members	Attended/ eligible to attend
Mr J McCall	3/3
Mr J Pither	3/3
Mr S Beechey	3/3
Mr V Thakrar	3/3

- Evaluated the balance of skills, knowledge and experience of the Board
- Reviewed and nominated a candidate for Group Finance Director role
- Reviewed the results of the Board performance evaluation
- Succession planning for the Board and senior executives
- Reviewed the time and commitment required from the Non-executive Directors to discharge their responsibilities

A copy of the terms of reference for the Nomination Committee is available at **alumasc.co.uk/investors/corporate-governance**

As Committee Chairman, I am pleased to present the report of the Nomination Committee (the Committee) for the year ended 30 June 2021. During the year, the Committee had three scheduled meetings together with a number of unscheduled meetings. The Committee's focus has been on the search and appointment of the new Group Finance Director and on long-term succession planning.

Following the Committee's search and recommendation to the Board, Mr Simon Dray was appointed as Group Finance Director on 1 March 2021. The Committee welcomes Simon to the Board, where he has already had the opportunity to provide a valuable contribution.

2021 has been a busy year in reviewing the Board composition and despite this the Committee was able to consider the Board's longer-term objectives. Succession planning was one focus of the Committee. The pandemic and its impact has highlighted and shown the importance of Board resilience, flexibility and strength to lead the business during difficult times. Both the Board and the senior management team have demonstrated adaptability, excellent responsiveness and leadership during these unusual times and the Committee wished to extend its thanks to the executive team for their management of the business during the pandemic.

Directors' Report

The Directors present their Annual Report and the consolidated financial statements for The Alumasc Group plc for the financial year ended 30 June 2021. The report also includes the Corporate Governance Report on pages 50 to 72 for the purposes of s 463 of the Companies Act 2006 (2006 Act).

Strategic Report

The Companies Act 2006 (CA 2006) requires this Annual Report to present a fair, balanced and understandable view of Alumasc's business during the year ended 30 June 2021 and of the position of the Group at the end of the financial period, together with a description of the principal risks and uncertainties facing the business. The Company has taken advantage of section 414C (11) of the CA 2006 to include disclosures in the Strategic Report on these items and the further items listed in the 'Other information' section on page 134. The Strategic Report can be found on pages 2 to 44. Our principal risks and uncertainties are set out on pages 46 to 49 and include each risk and details on how we manage or mitigate these risks. The Directors carried out an assessment of how we manage these risks, including those that could threaten our business model, future performance, or liquidity.

Corporate governance statement

Certain information needs to be included in a corporate governance statement in the Directors' Report. Information that fulfils these requirements can be found in the Corporate Governance Statement on pages 50 to 75 and is incorporated into the Directors' Report by reference.

Management report

For the purposes of compliance with Accounts regulations Schedule 7 para 1A, the required content of the management report can be found in the Strategic Report and this Directors' Report, including the sections of the Annual Report incorporated by reference.

Directors

The Directors who served during the financial year were:

John McCall
Jon Pither
Paul Hooper
David Armfield (resigned 31 December 2020)
Vijay Thakrar
Stephen Beechey
Simon Dray (appointed 1 March 2021)
Michael Leaf
Gilbert Jackson

The biographies of the Directors can be found on pages 50 to 51. Details of the Directors' service agreements can be found on our website at **www.alumasc.co.uk**. Information about Directors' interests in the Company's shares are shown on page 68. In accordance with the Articles of Association Mr Simon Dray will stand for election at the AGM as he was appointed in the year. Mr Jon Pither will also be standing for re-election. The Articles of Association require Directors to be reappointed on their third AGM at which they were appointed or re-appointed.

Directors' & Officers' Insurance

The Company maintains a Directors' & Officers' Insurance Policy for the Directors and the Company Secretary, officers, and those in a position of management supervision of Alumasc and its subsidiaries. This insurance is to protect against legal actions brought against Directors & Officers in a personal capacity.

Dividend

The Directors are recommending a final dividend of 6.25 pence per ordinary share (2019/20: 2 pence) which will, if approved at the AGM, be paid on 29 October 2021 to shareholders on the register at the close of business on 24 September 2021, being a total of 9.5 pence for the year; the interim dividend of 3.25 pence was paid on 6 April 2021.

The Company operates a dividend re-investment plan; details are available from Equiniti Registrars.

The right to receive any dividend has been waived by the Trustees of the Company's Employee Benefit Trust over any shares that the Trustees may hold from time to time. Details of the Employee Trust's current holding can be found in the Directors' Remuneration Report on page 68.

Directors' Report continued

Companies Act s.172

The Directors are mindful of the requirements of s.172 of the Companies Act 2006 and take these into account when fulfilling their duties to promote the long-term success of the Group.

Information about how the Company considers its obligations under s.172 of the Companies Act are discussed in the Strategic Report (on pages 42 to 44).

Covid-19

Alumasc has closely monitored Covid-19 and the impact on our operations are referenced on pages 6, 18, 36, 43, 44, 46, 54, 57, 58, 62 and 64. Our main focus has been on the safety and wellbeing of our employees, customers, suppliers and other stakeholders. All our factories are fully operational and where presence at site is not required staff have been working from home.

Employees

The Group is an equal opportunities employer and its policies for recruitment, training, career development and promotion are based on the aptitude and abilities of the individual regardless of religion, gender and sexual orientation, educational or professional backgrounds. An analysis of our employees by gender at 30 June 2021 can be found on page 40.

Employees are kept informed of changes in the business and general financial and economic factors influencing the Group; this is done through briefing sessions and presentations. The Group values the views of its employees and consults with them on a regular basis about matters that may affect them.

In the Corporate Governance Report and Strategic Report section titled "Our ESG Journey", there are disclosures on how the Company provides information to employees, how the views of employees are taken into account in decision-making and how strategic information is shared (see pages 28 to 40).

Global Greenhouse Gas emissions

Information about the Group's Greenhouse Gas emissions is given in the Our ESG Journey section of this report on pages 31 to 33.

Political donations

No political donations were made during the year by the Company and its subsidiaries (2019/2020:£nil).

Research and development

The Group continues to devote effort and resources to the research and development of new products and solutions. Research and development expenditure during the year totalled £0.2 million (2019/2020: £0.2 million).

Disclosure of information to the auditor

As far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all reasonable steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Other information

Other information relevant to the Directors' Report can be found in the following sections of the Annual Report:

Information	Page/s	Location in Annual Report
Articles of Association	133	Additional information for shareholders
Directors' interests	68	Directors' Remuneration Report
Long-term incentive plans	67 to 69	Directors' Remuneration Report
Financial risk management	55, 62 to 63	Note 12 and the significant accounting policies sections, Financial Statements
Future developments	4, 6, 21 to 22	Strategic Report[1]
Health & Safety and employee related policies	36, 40	Strategic Report: Environmental Social & Governance Report[1]
Major shareholdings	134	Additional information for shareholders
Movements in share capital	129, 133	Notes 15 and 16, Financial statements
Purchase of own shares	133	Additional information for shareholders
Share capital – structure, voting, restrictions and other rights	133	Additional information for shareholders and in notes 15 and 16 to the Financial statements

1 The Board has taken advantage of section 414C(11) of the Companies Act 2006 to include disclosures in the Strategic report on these items.

Fair, Balanced and Understandable

The Board has concluded that the 2021 Annual Report is fair, balanced and understandable and provides the necessary information for shareholders and other readers of the Report and Accounts to assess the Group's position and performance, business model and strategy.

Auditor

BDO LLP has expressed willingness to continue in office. A resolution to reappoint BDO LLP as auditor will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting (AGM)

The notice convening the AGM, to be held on 21 October 2021 at 10.00am at Station Road, Burton Latimer, Kettering, Northamptonshire NN15 5JP, is included within this document on pages 135 to 140 together with an explanation of the business to be conducted at the meeting. The Notice of the AGM contains the information about the arrangements for the meeting.

The Directors believe that the proposals set out for approval at the AGM will promote the success of the Company. Accordingly, they recommend unanimously that members vote in favour of each resolution. Members who are in any doubt as to what action to take are advised to consult appropriate independent advisers.

The Directors' Report was approved by the Board on 7 September 2021.

On behalf of the Board

Helen Ashton
Group Company Secretary

7 September 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company 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 and Parent Company 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 judgments 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 Group and Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent 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 parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

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 Group'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 Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

On behalf of the Board

G. Paul Hooper

Paul Hooper
Chief Executive

Independent Auditor's Report to the Members of The Alumasc Group plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2021 and of the Group's profit 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements of The Alumasc Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the parent Company statement of financial position, the parent Company statement of cash flows, the 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 their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We assessed the trading and cash flow budgets and forecasts approved by the Directors, which cover the period to 30 September 2022. This included challenging the key estimates and judgements and the evidence underpinning them. In doing so, we specifically considered the principal trading and cash flow assumptions, and challenged management on revenue forecasts, margins, and the levels of capital expenditure required to support the forecast levels of activity and corroborated these to post year end trading results.
- We assessed the sensitivities undertaken against the level of available cash and contracted funding facilities, and tested compliance with banking covenants across this period.
- We considered the results of the reverse stress test undertaken by the Directors and assessed the reasonableness of the Directors' assessment that the scenario that could result in the Group facing a cash shortfall was remote in light of the historic trading results.
- We also reviewed the disclosures in the Annual report to ensure that they are in accordance with relevant requirements and provided meaningful and transparent information for the users of the financial statements.

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 or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Independent Auditor's Report to the Members of The Alumasc Group plc continued

Overview

Coverage*	96% (2020: 92%) of Group profit before tax 98% (2020: 98%) of Group revenue 99% (2020: 99%) of Group total assets		
Key audit matters		**2021**	2020
	Carrying value of goodwill in the Levolux cash generating unit (CGU) in the Group financial statements and carrying value of the investment in Levolux Limited in the Parent Company financial statements	✔	✔
	Recognition of revenue and attributable profit (or losses) on contracts	✔	✔
	Valuation of net defined benefit pension obligation.	✔	✔
	The Directors assessment of going concern and associated disclosure in the financial statements in light of Covid-19		✔
	When the previous year's results were announced there was significant levels of uncertainty relating to Covid-19. While there remains uncertainty the Directors' assessment of going concern and associated disclosure in the financial statements is no longer considered to be a key audit matter because of the continued cash reserves held by the Group and the additional headroom created by the positive trading results in the year.		
Materiality	Group financial statements as a whole £450,000 based on 5% of the adjusted profit before tax for the current year. (2020 – £280,000 based on 5% of the group profit before tax normalised to exclude certain none underlying costs, averaged over the last five years).		

* These are areas which have been subject to a full scope audit by the group engagement team.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographical areas which the Group operates, the accounting processes, systems and controls and the industry in which the Group operates 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. Of the Group's six reporting components, five were deemed to be significant and have been subject to full scope audits for Group purposes and one component (Elkington China) has been subject to a desktop review by the Group engagement team. Elkington China is not individually financially significant enough to require a full scope audit for Group purposes.

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying value of goodwill in the Levolux cash generating unit (CGU) in the Group financial statements and carrying value of the investment in Levolux Limited in the Parent Company financial statements Refer to page 61 Significant Audit Risks of the Audit Committee Report and notes 2 and 14 to the financial statements for the Directors' disclosures of the related accounting policies, critical judgements and estimates.	Under IAS 36, impairment of assets, management are required to review the carrying value of goodwill and test it at least annually for impairment. Management exercise judgement in determining the underlying assumptions used in the impairment reviews; the principal assumptions include the determination of the CGU's, the allocation of assets and central costs, the discount rates, operating margins, capital requirements and the forecast future trading performance, including growth rates. The value in use will also be used to assess the carrying value of the investment on the parent Company balance sheet. The risk that goodwill related to or investments in Levolux Limited may be impaired is considered significant because the Levolux CGU made a loss in prior year and the results for current year are behind the original forecast and due to the level of judgement involved in the impairment review and the opportunity for management bias within the impairment model assumptions. Based on the review carried out Management have concluded that no impairment was required.	We also audited the Levolux impairment model for both goodwill and investment in subsidiary undertakings prepared by Management and challenged the judgements adopted and estimates applied in the value in use calculation for each CGU including: • Audited the integrity of the value in use model and appropriateness of discount rate used with the assistance of our valuation specialists; • Challenged the assumptions in the forecasts of future trading performance and cash generation. This included challenging the robustness of the key assumptions such as the growth rate in light of past performance and comparison to reported industry trends and assessed the impact on headroom of downward sensitivity on the revenue growth assumption. Our audit procedures for the review of operating cash flows and forecast growth rates also included, amongst others, comparing the forecast to recent financial performance and budgets approved by the Board. Key observations We concur with management's view that no impairment is required in respect of the carrying value of goodwill in the Levolux CGU or in respect of the carrying value of the Company's investment in Levolux Limited.

Independent Auditor's Report to the Members of The Alumasc Group plc continued

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Recognition of revenue and attributable profit (or losses) on contracts

Refer to page 61 Significant Audit Risks of the Audit Committee Report and notes 2, 3 and 17 to the financial statements for the Directors' disclosures of the related accounting policies, critical judgements and estimates.</td><td>Revenue is recognised on the stage of completion of individual contracts. The stage of completion is calculated by assessing the contract costs incurred to date as a proportion of the total forecast costs of the contract, including contingencies where appropriate. If the contract is early stage, revenue and costs are matched until the contract is sufficiently progressed to reliably forecast the outcome.

The extent of revenue and profit (or loss) to recognise on a particular partially completed contract represents an area of significant judgement within the financial statements, which involves an assessment of both current and future contract performance.

The potential outcomes for contracts can have an individual or collectively material impact on the financial statements, whether through error or management bias and as such this was considered a significant audit risk.</td><td>We obtained a breakdown of contracts making up contract revenue and costs in the year.

From the breakdown we selected a sample of both complete and open contracts at the year end date for testing based on criteria that we considered increased the risk of material misstatement in the revenue recognised on the contract.

This included contracts that were significant to the Group or that had unusually high or low margins.

For each contract selected we obtained a copy of the contract documentation and via the audit testing listed below, critically assessed and challenged the recognition of revenue from a review of whether performance obligations were fulfilled as follows:

• We reconciled the revenue recognised in the year to the contracts. We agreed modifications to contracts to supporting evidence.
• We considered the appropriateness of the application of IFRS 15 and in particular the application of the input method in measuring the delivery of the performance obligation in light of the characteristics of the contract.
• We tested a sample of incurred costs to date to third party evidence and confirmed completeness of costs through substantiating a sample of supplier balances at the year end to supplier statements. We confirmed costs had been accurately allocated to relevant contracts.
• We held meetings with contract managers and enquired on current progress on open contracts and final account negotiations on completed contracts substantiating explanations to supporting correspondence.
• We confirmed the expected entries in the financial statements in respect of revenue, cost of sales and contract assets/liabilities were accurate.

We assessed the ability of management to accurately forecast contract cost outcomes by reviewing contract outturns against costs forecast historically.

Key observations
We consider the judgements taken by management in relation to revenue recognition to be robust. Nothing has come to our attention that would suggest that recognition of revenue is inappropriate.</td></tr>
</table>

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of net defined benefit pension obligation Refer to page 61 Significant Audit Risks of the Audit Committee Report and notes 2 and 22 to the financial statements for the Directors' disclosures of the related accounting policies, critical judgements and estimates.	Significant estimates are made in valuing the defined benefit pension obligation. Small changes in the key assumptions, being the discount rate, inflation and mortality rates, can have a significant effect on the group's results and financial position. Due to significant estimates management appointed an independent actuary to assist with the valuation of the defined benefit pension obligation. Because of the estimation involved in this area we considered this to be a key audit matter.	We benchmarked the key assumptions used by management in the group's valuation of the defined benefit pension obligation through engagement with an independent auditor expert actuary. This included assessing the key assumptions against those used in other comparable schemes and comparing those assumptions with externally derived market data. We substantiated the valuation and ownership of the pension scheme assets to third party documentation and control reports. We substantiated membership information to supporting evidence and performed a year on year movement review. We considered the independence and competence of the group's actuary by confirming the actuary's registration with the Institute and Faculty of Actuaries, obtaining confirmation of independence and noting large international consultancy, not dependent on any one client. In addition the auditor's expert reviewed workings and assumptions benchmarking these assumptions against industry standards. Key observations Based on the work undertaken we consider that estimates made in respect of the valuation of the net defined benefit pension obligation are reasonable.

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.

Independent Auditor's Report to the Members of The Alumasc Group plc continued

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

	Group financial statements		Parent Company financial statements	
	2021	2020	2021	2020
Materiality	£450,000	£280,000	£338,000	£210,000
Basis for determining materiality	5% of the profit before tax. Materiality set at planning on forecast results and no adjustment was made for final result as this would have increased materiality.	5% of the profit before tax adjusted for non-underlying items as defined by management. normalised over previous 5 years	1% total assets capped to group performance materiality	1% total assets capped to group performance materiality
Rationale for the benchmark applied	Earnings is a key measure of performance of the Group.	Earnings is a key measure of performance of the Group.	Total assets is considered an appropriate benchmark as the main purpose of the Parent Company is to hold the investments in subsidiaries.	
Performance materiality	£338,000	£210,000	£253,000	£157,000
Basis for determining performance materiality	75% of materiality, which is considered appropriate to mitigate potential aggregation risk across the various financial statement areas. These levels have been applied in determining the testing approach and sample sizes.			

Component materiality
Component materiality was set to 1% of revenue for all trading subsidiaries the component materiality ranged from £148,000 to £388,000 (2020 – £109,000 to £210,000) depending on the size of the component and was restricted as necessary to respond to the risk of aggregation risk.

Reporting threshold
An amount below which identified misstatements are not reported.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £15,000 (2020 – £10,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We evaluated all uncorrected misstatements against both quantitative measures of materiality discussed above and in light of other relevant qualitative considerations when forming our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the 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 Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group based on our understanding of the Group and sector experience and discussions with management. The most significant considerations for the Group are the Companies Act 2006, corporate taxes and VAT and employment tax legislation, customs duty, Bribery Act and the Health and Safety at Work Act.
- We enquired of management and obtained and reviewed supporting documentation, concerning the Group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Independent Auditor's Report to the Members of The Alumasc Group plc continued

Based on our understanding of the environment and assessment of the incentive and opportunity for fraud we carried out the following procedures:

- We reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations. We corroborated our enquiries of management through our review of board minutes.
- We used data assurance techniques to identify and analyse the complete population of all journals in the year to identify and substantively test any which we considered were indicative of management override. We also tested the consolidation journals and other adjustments made in the preparation of the financial statements
- We reviewed the Group's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.
- We critically assessed the appropriateness and tested the application of the revenue and profit recognition policies as summarised in the key audit matters section above for revenue recognised over time. For revenue recognised at a point in time we carried out specific substantive testing to ensure revenue had been recognised in the correct period in accordance with contract terms.

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

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

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

Use of our report

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

Gareth Singleton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK

7 September 2021

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2021

	Notes	Year ended 30 June 2021 Underlying £'000	Year ended 30 June 2021 Non-underlying £'000	Year ended 30 June 2021 Total £'000	Year ended 30 June 2020 Underlying £'000	Year ended 30 June 2020 Non-underlying £'000	Year ended 30 June 2020 Total £'000
Continuing operations:							
Revenue	3, 4	**90,465**	**–**	**90,465**	75,992	–	75,992
Cost of sales		**(57,950)**	**–**	**(57,950)**	(53,413)	–	(53,413)
Gross profit		**32,515**	**–**	**32,515**	22,579	–	22,579
Net operating expenses							
Net operating expenses before non-underlying items		**(21,511)**	**–**	**(21,511)**	(19,386)	–	(19,386)
Other operating income	5	**–**	**–**	**–**	968	–	968
IAS 19 past service pension cost	5	**–**	**(150)**	**(150)**	–	–	–
Other non-underlying items	5	**–**	**(296)**	**(296)**	–	(1,045)	(1,045)
Net operating expenses		**(21,511)**	**(446)**	**(21,957)**	(18,418)	(1,045)	(19,463)
Operating profit	4, 5	**11,004**	**(446)**	**10,558**	4,161	(1,045)	3,116
Net finance costs	9	**(489)**	**(268)**	**(757)**	(496)	(261)	(757)
Profit before taxation		**10,515**	**(714)**	**9,801**	3,665	(1,306)	2,359
Tax expense	10, 12	**(2,050)**	**(165)**	**(2,215)**	(744)	302	(442)
Profit for the year from continuing operations		**8,465**	**(879)**	**7,586**	2,921	(1,004)	1,917
Discontinued operations:							
Profit after taxation for the year from discontinued operations	6	**–**	**–**	**–**	–	339	339
Profit for the year		**8,465**	**(879)**	**7,586**	2,921	(665)	2,256

	Notes	2021	2020
Other comprehensive income:			
Items that will not be recycled to profit or loss:			
Actuarial gain/(loss) on defined benefit pensions, net of tax		**10,393**	(6,473)
Items that are or may be recycled subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges, net of tax		**(385)**	176
Exchange differences on retranslation of foreign operations		**(46)**	11
		(431)	187
Other comprehensive gain/(loss) for the year, net of tax		**9,962**	(6,286)
Total comprehensive profit/(loss) for the year, net of tax		**17,548**	(4,030)
Earnings per share		**Pence**	Pence
Basic earnings per share			
– Continuing operations		**21.2**	5.4
– Discontinued operations		**–**	0.9
	12	**21.2**	6.3
Diluted earnings per share			
– Continuing operations		**20.8**	5.4
– Discontinued operations		**–**	0.9
	12	**20.8**	6.3
Alternative Performance Measures:			
Underlying earnings per share (pence)		**23.7**	8.2

Reconciliations of underlying to statutory profit and earnings per share are provided in notes 5 and 12 respectively.

Consolidated Statement of Financial Position

At 30 June 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Assets					
Non-current assets					
Property, plant and equipment – owned assets	13	**11,734**		11,089	
Property, plant and equipment – right-of-use assets	13	**5,469**		5,856	
Goodwill	14	**18,705**		18,705	
Other intangible assets	15	**3,321**		3,352	
Deferred tax assets	10	**1,145**		3,661	
			40,374		42,663
Current assets					
Inventories	16	**10,871**		8,596	
Trade and other receivables	17	**21,389**		16,270	
Corporation tax receivable		**–**		325	
Derivative financial assets	21	**–**		207	
Cash at bank	27	**4,999**		16,143	
			37,259		41,541
Total assets			**77,633**		84,204
Liabilities					
Non-current liabilities					
Interest bearing loans and borrowings	19, 27	**(5,936)**		(19,909)	
Lease liability	20	**(4,811)**		(5,244)	
Employee benefits payable	22	**(4,581)**		(19,269)	
Provisions	23	**(1,267)**		(1,182)	
Deferred tax liabilities	10	**(966)**		(1,007)	
			(17,561)		(46,611)
Current liabilities					
Trade and other payables	18	**(21,011)**		(15,311)	
Lease liability	20	**(795)**		(680)	
Provisions	23	**(834)**		(1,194)	
Corporation tax payable		**(1,019)**		–	
Derivative financial liabilities	21	**(268)**		–	
Bank overdraft	19, 27	**–**		(567)	
			(23,927)		(17,752)
Total liabilities			**(41,488)**		(64,363)
Net assets			**36,145**		19,841
Equity					
Share capital	24	**4,517**		4,517	
Share premium	25	**445**		445	
Capital reserve – own shares	25	**(406)**		(416)	
Hedging reserve	25	**(217)**		168	
Foreign currency reserve	25	**55**		101	
Profit and loss account reserve		**31,751**		15,026	
Total equity			**36,145**		19,841

The financial statements were approved by the Board of Directors and authorised for issue on 7 September 2021.

G. Paul Hooper

Paul Hooper
Director

Simon Dray

Simon Dray
Director

7 September 2021

Company number 1767387

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Notes	**Year ended 30 June 2021 £'000**	Year ended 30 June 2020 £'000
Operating activities			
Operating profit		**10,558**	3,116
Adjustments for:			
Depreciation	7, 13	**2,146**	1,851
Amortisation	7, 15	**361**	313
Impairment of assets		**–**	300
(Gain)/loss on disposal of property, plant and equipment		**(16)**	4
IAS 19 past service pension cost	5	**150**	–
(Increase)/decrease in inventories		**(2,275)**	1,892
(Increase)/decrease in receivables		**(5,119)**	5,114
Increase/(decrease) in trade and other payables		**5,287**	(4,564)
Movement in provisions		**(275)**	(1,229)
Cash contributions to retirement benefit schemes	22	**(2,614)**	(2,254)
Share based payments		**397**	–
Cash generated by operating activities		**8,600**	4,543
Tax paid		**(161)**	(93)
Net cash inflow from operating activities		**8,439**	4,450
Investing activities			
Purchase of property, plant and equipment		**(1,666)**	(1,342)
Payments to acquire intangible fixed assets		**(330)**	(417)
Proceeds from sales of property, plant and equipment		**46**	143
Net proceeds from sale of business activity	6	**–**	339
Net cash outflow from investing activities		**(1,950)**	(1,277)
Financing activities			
Bank interest paid		**(207)**	(297)
Equity dividends paid		**(1,878)**	(1,574)
(Repayment)/draw down of amounts borrowed	27	**(14,000)**	12,000
Principal paid on lease liabilities		**(692)**	(346)
Interest paid on lease liabilities		**(178)**	(153)
Refinancing costs		**(65)**	–
Net cash (outflow)/inflow from financing activities		**(17,020)**	9,630
Net (decrease)/increase in cash at bank and bank overdraft	27	**(10,531)**	12,803
Net cash at bank and bank overdraft brought forward		**15,576**	2,762
Net (decrease)/increase in cash at bank and bank overdraft		**(10,531)**	12,803
Effect of foreign exchange rate changes		**(46)**	11
Net cash at bank and bank overdraft carried forward	27	**4,999**	15,576

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	Notes	Share capital £'000	Share premium £'000	Capital reserve – own shares £'000	Hedging reserve £'000	Foreign currency reserve £'000	Profit and loss account reserve £'000	Total equity £'000
At 1 July 2019		4,517	445	(416)	(8)	90	20,817	25,445
Profit for the period		–	–	–	–	–	2,256	2,256
Exchange differences on retranslation of foreign operations		–	–	–	–	11	–	11
Net gain on cash flow hedges		–	–	–	217	–	–	217
Tax on derivative financial asset		–	–	–	(41)	–	–	(41)
Actuarial loss on defined benefit pensions, net of tax		–	–	–	–	–	(6,473)	(6,473)
Dividends	11	–	–	–	–	–	(1,574)	(1,574)
At 1 July 2020		4,517	445	(416)	168	101	15,026	19,841
Profit for the period		**–**	**–**	**–**	**–**	**–**	**7,586**	**7,586**
Exchange differences on retranslation of foreign operations		**–**	**–**	**–**	**–**	**(46)**	**–**	**(46)**
Net loss on cash flow hedges		**–**	**–**	**–**	**(475)**	**–**	**–**	**(475)**
Tax on derivative financial liability		**–**	**–**	**–**	**90**	**–**	**–**	**90**
Actuarial gain on defined benefit pensions, net of tax		**–**	**–**	**–**	**–**	**–**	**10,393**	**10,393**
Tax on share options		**–**	**–**	**–**	**–**	**–**	**237**	**237**
Own shares used to satisfy exercise of share awards		**–**	**–**	**10**	**–**	**–**	**–**	**10**
Share based payments		**–**	**–**	**–**	**–**	**–**	**397**	**397**
Dividends	11	**–**	**–**	**–**	**–**	**–**	**(1,878)**	**(1,878)**
Exercise of share based incentives		**–**	**–**	**–**	**–**	**–**	**(10)**	**(10)**
At 30 June 2021		**4,517**	**445**	**(406)**	**(217)**	**55**	**31,751**	**36,145**

Notes to the Financial Statements

For the year ended 30 June 2021

1 Basis of preparation

The Alumasc Group plc is incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the Alternative Investment Market (AIM).

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

Going concern and Covid–19

Management continued to take actions to allow the business to trade effectively and manage the risks associated with the Covid-19 pandemic.

At 30 June 2021 the Group had cash and cash equivalents of £5.0 million and had utilised £5.9 million of the committed £20 million revolving credit facility. This provided total headroom of some £19.1 million against committed facilities and, together with £4 million overdraft facilities, there is headroom of some £23.1 million against total facilities at 30 June 2021. Management extended the expiry date of the committed £20 million revolving credit facility during the year to April 2023, and retain the option to extend it by a further year.

In assessing going concern to take account of the continued uncertainties caused by Covid-19, the Group has modelled a Base Case (BC) trading scenario on a "bottom up" basis. Given the continuing uncertainty regarding the impact of Covid-19 (including potential further waves of the pandemic) on the economy, customer behaviour and ultimately on the Group's performance, the Group has also modelled a stress test scenario which assumes a 20% reduction in revenue, with no cost reduction or cash conservation measures, and a Covid-19 model, which assumes a five-month disruption of trade consistent with that experienced during the first wave of the pandemic. Under the lowest point in these stress tested scenarios, the Group retains adequate headroom against its total banking facilities for the next 13 months to September 2022, with no breach of banking covenants across this period.

The Group has modelled an additional scenario (a reverse stress test) that would lead to a breach of its banking covenants. It is considered that the risk of such a scenario arising is remote. Management have also identified a number of mitigating actions that the Group would take to stay within its banking facilities and comply with the associated covenants throughout the period.

Having taken into account all of the aforementioned comments, actions and factors in relation to going concern and the potential impact of Covid-19, and in light of the bank facility headroom under various scenarios, the Directors consider that the Group has adequate resources to continue trading for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2 Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year. The following new standards, amendments and interpretations are effective for the period beginning on or after 1 July 2020 and have been adopted for the Group financial statements where appropriate with no material impact on the disclosures made by the Group:

- Definition of a Business (Amendments to IFRS 3);
- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7); and
- Covid-19-Related Rent Concessions (Amendments to IFRS 16).

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and each of its subsidiaries for the year to 30 June each year.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control in this context means the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights. The financial statements of subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated.

Notes to the Financial Statements continued

For the year ended 30 June 2021

2 Summary of significant accounting policies continued

Judgements and estimates

The main sources of estimation uncertainty that could have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities at 30 June 2021 within the next financial year are the valuation of defined benefit pension obligations, the valuation of the Group's acquired goodwill, the recognition of revenues and profit on contracts with customers where revenue is recognised over time.

Valuation of defined benefit pension obligations requires estimation of future changes in inflation, mortality rates and the selection of an appropriate discount rate (see note 22).

Goodwill is tested at least annually for impairment, with appropriate assumptions and estimates built into the value in use calculations to determine if an impairment of the carrying value is required. See note 14 for further disclosure of the assumptions and estimates applied.

Revenue and associated margin recognised over time on contracts with customers is recognised using the input method under IFRS15 and therefore progressively as costs are incurred, having regard to latest estimates of cost to complete and expected project margins. Contract revenue includes an assessment of contract variations when their recovery is considered highly probable. Judgement is therefore required in the application of the Group's policy regarding revenue and profit recognition relating to estimates of costs to complete contracts, the final profit margin on those contracts and the inclusion of potential contract variations prior to these being fully agreed.

Goodwill

Goodwill arises on the acquisition of subsidiaries. As part of its transition to IFRS, the Group elected to re-state only those business combinations that occurred on or after 1 July 2004. In respect of acquisitions prior to 1 July 2004, goodwill represents the amount recognised under the Group's previous accounting framework, UK GAAP. For acquisitions on or after 1 July 2004, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the income statement.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment at least annually, and whenever events or changes in circumstances indicate that the carrying value may be impaired. The carrying amount of goodwill allocated to a cash-generating unit is taken into account when determining the gain or loss on disposal of the unit, or of an operation within it.

Other intangible assets

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Expenditure on internally developed intangible assets, excluding development costs, is taken to the income statement in the year in which it is incurred.

Development expenditure is recognised as an intangible asset only after all the following criteria are met:

- the project's technical feasibility and commercial viability can be demonstrated;
- the availability of adequate technical and financial resources and an intention to complete the project have been confirmed; and
- the correlation between development costs and future revenues has been established.

Intangible assets with a finite life are amortised on a straight line basis over their expected useful lives, as follows:

Computer software	–	2 to 5 years
Development expenditure	–	up to 10 years
Brands	–	3 to 25 years

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. In addition, the carrying value of capitalised development expenditure is reviewed for impairment before being brought into use and annually thereafter.

2 Summary of significant accounting policies continued

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Under IFRS transitional provisions, the Group elected to bring in previous valuations of freehold and long leasehold land and buildings at a valuation frozen under FRS 15, and these amounts are carried forward at deemed cost.

Freehold land is not depreciated.

The cost of other property, plant and equipment is written off by equal monthly instalments over their estimated useful lives as follows:

Right-of-use assets	–	over the period of the lease
Freehold buildings	–	25 to 50 years
Long leasehold improvements	–	over the period of the lease
Short leasehold improvements	–	over the period of the lease
Plant and equipment	–	3 to 15 years
Motor vehicles	–	4 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, each part is accounted for as a separate item. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Impairment of fixed assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell, and its value in use. It is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management, usually at business segment level or business level as the case may be.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

Leases

i) Identification of a lease

At inception of a contract the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Group assesses whether:

- the contract involves the sole use of a specific identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

This policy is applied to contracts entered into, or amended, on or after 1 July 2019, as the Group has opted to apply the practical expedient to "grandfather" the assessment of which contracts are, or contain, leases.

ii) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments. The Group does not make other types of payment referred to in IFRS 16 for its leases.

Notes to the Financial Statements continued

For the year ended 30 June 2021

2 Summary of significant accounting policies continued

Leases continued

ii) As a lessee continued

Generally the lease liability represents the present value of contractual future lease payments including optional renewal periods where the Group is reasonably certain to exercise the extension option. The Group does not typically enter into purchase options or variable lease payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' and discloses the corresponding "Lease liability" in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets, which it defines as having a purchase cost of £5,000. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

iii) As a lessor

IFRS 16 lessor accounting requirements remain similar to requirements under IAS 17 with the change in accounting standard having no impact on the Group's financial statements.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies an exemption under IFRS 16 then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Rental income' (see note 3).

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the underlying asset.

Financial assets

When financial assets are recognised initially under IAS 39, they are measured at fair value, being the transaction price plus directly attributable transaction costs.

Inventories

Inventories are valued at the lower of cost and net realisable value on a first in first out basis after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads. The allocation of manufacturing overheads has regard to normal production.

The Group holds certain raw materials from suppliers on a consignment basis, which are accounted for when consumed. This inventory remains the property of the supplier until used.

2 Summary of significant accounting policies continued

Pension costs

The Group operates both defined benefit and defined contribution pension schemes as follows:

(i) Defined benefit pensions

The Group operates a principal defined benefit scheme, The Alumasc Group Pension Scheme ("AGPS"), which requires deficit reduction contributions to be made to a separately administered fund. The scheme was closed to future benefit accrual in 2010, which did not result in a curtailment gain or loss. Prior to this, benefits were accrued under the Career Average Revalued Earnings (CARE) basis.

Prior to the closure of the scheme to future benefit accrual, the cost of providing benefits under the defined benefit plan was determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and is based on actuarial advice.

The Group determines finance income/expense for the period relating to defined benefit pension scheme by applying the discount rate used for valuing the scheme's liabilities to the value of the net pension liability at the beginning of the year.

The net pension scheme finance costs are charged to finance costs within the statement of comprehensive income.

Actuarial gains and losses are recognised in full in the consolidated statement of comprehensive income. These comprise, for scheme assets, the difference between the expected and actual return on assets, and, for scheme liabilities, the difference between the actuarial assumptions and actual experience, and the effect of changes in actuarial assumptions.

The defined benefit pension asset or liability in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets from which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the sum of any unrecognised past service costs and the present value of any amount the Group expects to recover by way of refunds from the plan or reductions in the future contributions.

(ii) Defined contribution pensions

The pension cost charge to the statement of comprehensive income of the Group's defined contribution schemes represents the contributions payable by the Group to the funds. The assets of the schemes are held separately from those of the Group in independently administered funds.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, 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 and associates, 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 the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the consolidated statement of comprehensive income.

Foreign currencies

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Exchange differences resulting from the settlement of such transactions and from the translation at exchange rates ruling at the year end date of monetary assets and liabilities denominated in currencies other than the functional currency are recognised in the consolidated statement of comprehensive income.

Notes to the Financial Statements continued
For the year ended 30 June 2021

2 Summary of significant accounting policies continued

Own shares
The Alumasc Group plc shares held by the Group are classified in shareholders' equity as 'own shares' and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to reserves. No gain or loss is recognised in the performance statements on the purchase, sale, issue or cancellation of equity shares.

A Trust holds the shares in its name and shares are awarded to employees on request by the Group. The Group controls and bears the expenses of the Trust.

Equity settled share based payment transactions
The fair value of long-term incentive awards and share options granted to employees is recognised as an employee expense from the date of grant, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of shares for which the related service and non-market vesting conditions are met.

Derivative financial instruments and hedging
The Group uses derivative financial instruments to hedge its exposure to foreign exchange risk.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the statement of comprehensive income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such items are expected at inception to be highly effective.

For the purpose of hedge accounting, the hedges used by the Group are classified as cash flow hedges, as they hedge exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The portion of the gain or loss on a cash flow hedge that is determined to be an effective hedge is initially recognised directly in equity, while the ineffective portion is recognised in the statement of comprehensive income.

Amounts taken to equity are transferred to the income statement at the time when the underlying transaction being hedged affects profit or loss, such as when the forecast sale or purchase of the hedged item occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the statement of comprehensive income.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction being hedged occurs and are transferred to the income statement or to the initial carrying amount of a non-financial asset or liability as above. If the related transaction is not expected to occur, the amount is taken to the statement of comprehensive income.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the consolidated statement of comprehensive income.

Information regarding both the qualitative and quantitative characteristics of the Group's treasury activities is presented to enable the improved evaluation of the Group's exposure to risks arising from financial instruments.

2 Summary of significant accounting policies continued

Revenue recognition

Revenue represents the total amounts receivable by the Group for goods supplied and services provided, excluding VAT and rebates.

Building Envelope:

The performance obligations and transaction price are defined within signed contracts between the customer and Levolux. These contracts contain one performance obligation as the scope of work and pricing of the contract is to deliver an interrelated service. The revenue for the performance obligation is recognised on an input cost method over time, measured by reference to the stage of completion of the contract. Revenue and associated profit are therefore recognised progressively as costs are incurred and having regard to latest estimates of cost to complete and expected project margins.

Due to the nature of the services provided, instructed variations to contracts are usually accounted for as if it was part of the existing contract, as the variations do not result in a distinct good or service being delivered. Where the variation to the original contract is for extra goods or services which are distinct from the original performance obligations under the contract, this is accounted for as a separate contract. Claims for extra revenue for variations or extra work over and above the original contract are only recognised when management determines the revenue to be highly probable.

Other revenue streams:

The revenue for each performance obligation is generally recognised at a point in time upon despatch of goods, or receipt of goods by the customer, depending on the terms of trade of each operating entity.

See note 23 for disclosure of the Group's warranty provision held at the balance sheet date.

Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Impairment losses against financial assets carried at amortised cost are recognised by reference to any expected credit losses against those assets.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, net of bank overdrafts.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in finance revenue and finance costs. Borrowing costs are recognised as an expense over the period to maturity of the underlying instrument.

Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Other income

Government grant income is shown gross in other income to match the costs as incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated statement of comprehensive income or deducted from the cost of the asset purchased.

New standards and interpretations not applied

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 following amendments are effective for the period beginning 1 July 2021:

- 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
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current.

Management is currently assessing the impact of these new accounting standards and amendments but does not believe that the amendments will have a significant impact.

Notes to the Financial Statements continued
For the year ended 30 June 2021

3 Revenue
Revenue, as disclosed in the statement of comprehensive income and total income is analysed as follows:

	2020/21 £'000	2019/20 £'000
Revenue arising from:		
Goods transferred to customers, recognised at a point in time	**75,623**	59,264
Contracts recognised over time	**14,842**	16,728
Revenue (per statement of comprehensive income)	**90,465**	75,992
Rental income	**40**	40
Total income	**90,505**	76,032

The vast majority of the Group's contracts where revenue is recognised over time are for the design, delivery and installation of goods for which those contracts can span over more than one accounting period. Accordingly, at each reporting date there are likely to be several of these contracts which have commenced but for which the performance obligations are not yet fully satisfied.

4 Segmental analysis
In accordance with IFRS 8 "Operating Segments", the segmental analysis below follows the Group's internal management reporting structure.

The Chief Executive reviews internal management reports on a monthly basis, with performance being measured based on the segmental operating result as disclosed below. Performance is measured on this basis as management believe this information is the most relevant when evaluating the impact of strategic decisions because of similarities between the nature of products and services, routes to market and supply chains in each segment.

Inter-segment transactions are entered into applying normal commercial terms that would be available to third parties. Segment results, assets and liabilities include those items directly attributable to a segment. Unallocated assets comprise cash and cash equivalents, deferred tax assets, income tax recoverable and corporate assets that cannot be allocated on a reasonable basis to a reportable segment. Unallocated liabilities comprise borrowings, employee benefit obligations, deferred tax liabilities, income tax payable and corporate liabilities that cannot be allocated on a reasonable basis to a reportable segment.

	Revenue £'000	Segmental operating result £'000
Full Year to 30 June 2021		
Water Management	38,370	6,115
Building Envelope	41,022	4,255
Housebuilding Products	11,073	2,552
Trading	**90,465**	**12,922**
Unallocated costs		(1,918)
Total from continuing operations	**90,465**	**11,004**

	£'000
Segmental operating result	11,004
Brand amortisation	(238)
Past service cost in respect of GMP equalisation (see note 5)	(150)
Restructuring & relocation costs (see note 5)	(58)
Total operating profit from continuing operations	**10,558**

	Segment assets £'000	Segment liabilities £'000	Capital expenditure: Property, plant & equipment £'000	Capital expenditure: Other intangible assets £'000	Depreciation £'000	Amortisation £'000
Water Management	29,866	(9,635)	1,455	271	1,081	137
Building Envelope	25,500	(10,208)	215	36	175	180
Housebuilding Products	14,747	(7,114)	769	23	798	44
Trading	**70,113**	**(26,957)**	**2,439**	**330**	**2,054**	**361**
Unallocated	7,520	(14,531)	–	–	92	–
Total	**77,633**	**(41,488)**	**2,439**	**330**	**2,146**	**361**

4 Segmental analysis continued

	Revenue £'000	Segmental operating result £'000
Full Year to 30 June 2020		
Water Management	33,715	4,824
Building Envelope	33,209	(939)
Housebuilding Products	9,068	1,243
Trading	**75,992**	**5,128**
Unallocated costs		(967)
Total from continuing operations	**75,992**	**4,161**

	£'000
Segmental operating result	4,161
Brand amortisation	(238)
Restructuring & relocation costs (see note 5)	(807)
Total operating profit from continuing operations	**3,116**

			Capital expenditure			
	Segment assets £'000	Segment liabilities £'000	Property, plant & equipment £'000	Other intangible assets £'000	Depreciation £'000	Amortisation £'000
Water Management	26,645	(7,244)	1,813	264	785	100
Building Envelope	22,267	(8,346)	162	17	175	173
Housebuilding Products	13,051	(5,687)	361	29	798	39
Trading	**61,963**	**(21,277)**	**2,336**	**310**	**1,758**	**312**
Unallocated	22,241	(43,086)	19	131	93	1
Total	**84,204**	**(64,363)**	**2,355**	**441**	**1,851**	**313**

Analysis by geographical segment 2020/21

	United Kingdom £'000	Europe £'000	North America £'000	Middle East £'000	Far East £'000	Rest of World £'000	Total £'000
Sales to external customers	**78,194**	**4,133**	**3,599**	**1,286**	**2,663**	**590**	**90,465**
Segment non-current assets	**39,225**	**–**	**–**	**–**	**4**	**–**	**39,229**

Analysis by geographical segment 2019/20

	United Kingdom £'000	Europe £'000	North America £'000	Middle East £'000	Far East £'000	Rest of World £'000	Total £'000
Sales to external customers	64,816	4,147	3,184	1,485	1,587	773	75,992
Segment non-current assets	38,996	–	–	–	6	–	39,002

Segment revenue by geographical segment represents revenue from external customers based upon the geographical location of the customer. The analyses of segment non-current assets are based upon location of the assets and exclude discontinued operations.

Notes to the Financial Statements continued

For the year ended 30 June 2021

5 Underlying to statutory profit before tax reconciliation

	2020/21		2019/20	
	Operating profit £'000	**Profit before tax £'000**	Operating profit £'000	Profit before tax £'000
Underlying operating profit/profit before tax	**11,004**	**10,515**	4,161	3,665
Brand amortisation	**(238)**	**(238)**	(238)	(238)
IAS 19 net pension scheme finance costs (note 9)	**–**	**(268)**	–	(261)
IAS 19 past service cost in respect of GMP equalisation	**(150)**	**(150)**	–	–
Restructuring & relocation costs	**(58)**	**(58)**	(807)	(807)
Profit/profit before tax from continuing operations	**10,558**	**9,801**	3,116	2,359
Profits/gains relating to discontinued operations (note 6)	**–**	**–**	–	339
Statutory operating profit/profit before tax	**10,558**	**9,801**	3,116	2,698

In the presentation of underlying profits, management disclose the amortisation of acquired brands and IAS 19 pension costs consistently as non-underlying items because they are material non-cash and non-trading items that would typically be excluded in assessing the value of the business.

In addition, management has presented the following specific items that arose in 2020/21 and 2019/20 financial years as non-underlying as they are non-recurring items that are judged to be significant enough to affect the understanding of the year-on-year evolution of the underlying trading performance of the business:

- One-off costs of material restructuring and relocation of separate businesses within the Group in both 2020/21 and 2019/20, including costs associated with the departure and recruitment of a Group Finance Director during the prior financial year – see page 67 within the Remuneration Report for more detail; and
- The one off IAS 19 past service pension cost relating to Guaranteed Minimum Pension ("GMP") equalisation between men and women, following a High Court decision on 20 November 2020.
- The one-off deferred tax rate change adjustment charge of £319k relating to the increase in main rate of UK corporation tax from 19% to 25%.

6 Discontinued operations

The sales proceeds of £339,000 recognised in the prior financial year relate to the contingent consideration earned and received in cash in the year following the divestment of the Alumasc Facades business on 31 October 2018. The contingent consideration was based on the sales revenues of the business in its first twelve month period under new ownership, in accordance with the business sale agreement.

7 Expenses by nature

The following items have been charged/(credited) in arriving at operating profit from continuing operations:

	2020/21 £'000	2019/20 £'000
Raw materials and consumables	**44,159**	35,973
Depreciation of property, plant & equipment	**2,146**	1,851
Amortisation of intangible assets	**123**	75
Brand amortisation	**238**	238
Loss/(gain) on disposal of property, plant and equipment	**(16)**	4
Unsettled foreign exchange losses	**66**	3
Employee benefit expense	**22,409**	20,627
Restructuring & relocation costs	**58**	807
IAS 19 Past service cost in respect of GMP equalisation	**150**	–
Short term and low value lease payments	**557**	1,086
Income from property operating leases	**(40)**	(40)
Research and development	**114**	105
Auditor's remuneration:		
Audit of these financial statements	**67**	61
Audit of financial statements of subsidiaries pursuant to legislation	**43**	39
Non–audit services	**35**	–
Furlough repayment/(income)	**19**	(968)
Other operating charges	**9,779**	13,015
	79,907	72,876

8 Employee costs and numbers

	2020/21 £'000	2019/20 £'000
Employee benefit expense from continuing operations:		
Wages and salaries	**19,844**	18,161
Social security	**1,899**	1,807
Defined contribution pension costs (note 22)	**666**	659
	22,409	20,627
IAS 19 net defined benefit pension scheme finance costs	**268**	261
Total excluding restructuring	**22,677**	20,888
Restructuring costs	**58**	356
Total	**22,735**	21,244

	2020/21 Number	2019/20 Number
Average number of employees:		
Operational	**235**	234
Administrative, support and management	**210**	222
	445	456

9 Net finance costs

	2020/21 £'000	2019/20 £'000
Finance costs – Bank overdrafts	**24**	40
– Revolving credit facility	**287**	303
– Interest on lease liabilities	**178**	153
	489	496
– IAS 19 net pension scheme finance costs	**268**	261
	757	757

10 Tax expense

(a) Tax on profit on ordinary activities

Tax charged in the statement of comprehensive income

	2020/21 £'000	2019/20 £'000
Current tax:		
UK corporation tax	**1,443**	22
Overseas tax	**46**	48
Amounts under/(over) provided in previous years	**23**	(19)
Total current tax	**1,512**	51
Deferred tax:		
Origination and reversal of temporary differences	**405**	450
Amounts over provided in previous years	**(21)**	(157)
Rate change adjustment	**319**	98
Total deferred tax	**703**	391
Total tax expense	**2,215**	442
Tax recognised in other comprehensive income		
Deferred tax:		
Actuarial gains/(losses) on pension schemes	**2,099**	(1,838)
Cash flow hedge	**(90)**	41
Tax charged/(credited) to other comprehensive income	**2,009**	(1,797)
Total tax charge/(credit) in the statement of comprehensive income	**4,224**	(1,355)

Notes to the Financial Statements continued

For the year ended 30 June 2021

10 Tax expense continued

(b) Reconciliation of the total tax charge

The total tax rate applicable to the tax expense shown in the statement of total comprehensive income of 22.6% is higher than (2019/20: 16.4% was lower than) the standard rate of corporation tax in the UK of 19% (2019/20: 19.0%).

The differences are reconciled below:

	2020/21 £'000	2019/20 £'000
Profit before tax from continuing operations	**9,801**	2,359
Profit before tax from discontinued operations	**–**	339
Accounting profit before tax	**9,801**	2,698
Current tax at the UK standard rate of 19.0% (2019/20: 19.0%)	**1,862**	513
Expenses not deductible for tax purposes	**32**	71
Use of capital losses	**–**	(64)
Rate change adjustment	**319**	98
Tax under/(over) provided in previous years – current tax	**23**	(19)
Tax over provided in previous years – deferred tax	**(21)**	(157)
	2,215	442

(c) Unrecognised tax losses

The Group has agreed tax capital losses in the UK amounting to £16.3 million (2020: £16.3 million) that relate to prior years. Under current legislation these losses are available for offset against future chargeable gains. The capital losses are able to be carried forward indefinitely. Revaluation gains on land and buildings amount to £1 million (2020: £1 million). These have been offset in the prior year against the capital losses detailed above. A deferred tax asset has not been recognised in respect of the net capital losses carried forward of £15.3 million (2020: £15.3 million) as they do not meet the criteria for recognition.

(d) Deferred tax

A reconciliation of the movement in deferred tax during the year is as follows:

	Accelerated capital allowances £'000	Short term temporary differences £'000	Brands £'000	Hedging £'000	Share options £'000	Total deferred tax liability £'000	Pension deferred tax asset £'000
At 1 July 2019	540	(66)	482	(2)	–	954	(2,202)
Charged/(credited) to the statement of comprehensive income – current year	170	(12)	11	–	–	169	379
Credited to the statement of comprehensive income – prior year	(160)	3	–	–	–	(157)	–
Charged/(credited) to equity	–	–	–	41	–	41	(1,838)
At 30 June 2020	550	(75)	493	39	–	1,007	(3,661)
Charged/(credited) to the statement of comprehensive income – current year	**359**	**(65)**	**96**	**–**	**(83)**	**307**	**417**
Credited to the statement of comprehensive income – prior year	**(5)**	**(16)**	**–**	**–**	**–**	**(21)**	**–**
Charged/(credited) to equity	**–**	**–**	**–**	**(90)**	**(237)**	**(327)**	**2,099**
At 30 June 2021	**904**	**(156)**	**589**	**(51)**	**(320)**	**966**	**(1,145)**

Deferred tax assets and liabilities are presented as non-current in the consolidated statement of financial position.

Deferred tax assets have been recognised where it is probable that they will be recovered. Deferred tax assets of £3.8 million (2020: £2.9 million) in respect of net capital losses of £15.3 million (2020: £15.3 million) have not been recognised, see note 10 (c).

(e) Factors affecting the tax charge in future periods

In the Budget on 3 March 2021, the Government announced its intention to increase the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023. Existing temporary differences on which deferred tax has been provided may therefore unwind in future periods at this increased rate. Since the 25% tax rate change was substantively enacted at the 30 June 2021 balance sheet date, deferred tax assets and liabilities have been calculated to reflect the expected timing of reversal of the related temporary difference with an impact of £319k on the 2020/21 tax charge.

11 Dividends

	2020/21 £'000	2019/20 £'000
Interim dividend for 2021 of 3.25p paid on 6 April 2021	**1,163**	–
Final dividend for 2020 of 2.0p paid on 30 October 2020	**715**	–
Final dividend for 2019 of 4.4p paid on 31 October 2019	**–**	1,574
	1,878	1,574

A final dividend of 6.25 pence per equity share, at a cash cost of £2,236,000, has been proposed for the year ended 30 June 2021, payable on 29 October 2021. In accordance with IFRS accounting requirements this dividend has not been accrued in these consolidated financial statements. The 2020 interim dividend, which was due to be paid on 7 April 2020 at a cash cost of £1,055,000, was cancelled as part of the Group's Covid-19 cash conservation programme.

12 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period, after allowing for the exercise of outstanding share options. The following sets out the income and share data used in the basic and diluted earnings per share calculations:

	2020/21 £'000	2019/20 £'000
Net profit attributable to equity holders of the parent – continuing operations	**7,586**	1,917
Net profit attributable to equity holders of the parent – discontinued operations	**–**	339
	7,586	2,256

	000s	000s
Weighted average number of shares	**35,766**	35,764
Dilutive potential ordinary shares – employee share options	**637**	55
	36,403	35,819

Basic earnings per share:	2020/21 Pence	2019/20 Pence
Continuing operations	**21.2**	5.4
Discontinued operations	**–**	0.9
	21.2	6.3

Diluted earnings per share:	2020/21 Pence	2019/20 Pence
Continuing operations	**20.8**	5.4
Discontinued operations	**–**	0.9
	20.8	6.3

Calculation of underlying earnings per share:

	2020/21 £'000	2019/20 £'000
Reported profit before taxation from continuing operations	**9,801**	2,359
Brand amortisation	**238**	238
IAS 19 net pension scheme finance costs	**268**	261
Pension GMP equalisation	**150**	–
Restructuring & relocation costs	**58**	807
Underlying profit before taxation from continuing operations	**10,515**	3,665
Tax at underlying Group tax rate of 19.5% (2019/20: 20.3%)	**(2,050)**	(744)
Underlying earnings from continuing operations	**8,465**	2,921
Weighted average number of shares	**35,766**	35,764
Underlying earnings per share from continuing operations	**23.7p**	8.2p

Notes to the Financial Statements continued

For the year ended 30 June 2021

13 Property, plant and equipment

	Right-of-use assets £'000	Freehold land and buildings £'000	Long leasehold improvements £'000	Short leasehold improvements £'000	Plant & equipment £'000	Total £'000
Cost						
At 1 July 2019	5,027	5,904	1,227	304	14,850	27,312
Additions	1,243	6	5	23	1,078	2,355
Disposals	–	(11)	–	(17)	(839)	(867)
At 1 July 2020	6,270	5,899	1,232	310	15,089	28,800
Additions	**374**	**–**	**–**	**–**	**2,065**	**2,439**
Disposals	**–**	**–**	**–**	**–**	**(1,232)**	**(1,232)**
At 30 June 2021	**6,644**	**5,899**	**1,232**	**310**	**15,922**	**30,007**
Accumulated depreciation and impairment losses						
At 1 July 2019	–	1,185	323	228	8,856	10,592
Depreciation charge for year	414	146	66	17	1,208	1,851
On disposals	–	(11)	–	(17)	(692)	(720)
Impairment	–	–	–	11	121	132
At 1 July 2020	414	1,320	389	239	9,493	11,855
Depreciation charge for year	**761**	**140**	**79**	**16**	**1,150**	**2,146**
On disposals	**–**	**–**	**–**	**–**	**(1,197)**	**(1,197)**
At 30 June 2021	**1,175**	**1,460**	**468**	**255**	**9,446**	**12,804**
Net book value at 30 June 2021	**5,469**	**4,439**	**764**	**55**	**6,476**	**17,203**
Net book value at 30 June 2020	5,856	4,579	843	71	5,596	16,945
Net book value at 1 July 2019	–	4,719	904	76	5,994	11,693

14 Goodwill

	2021 £'000	2020 £'000
Cost:		
At 1 July and 30 June	**19,428**	19,428
Impairment:		
At 1 July and 30 June	**723**	723
Net book value at 30 June	**18,705**	18,705

Goodwill acquired through acquisitions has been allocated to cash generating units for impairment testing as set out below:

	2021 £'000	2020 £'000
Alumasc Roofing	**3,820**	3,820
Timloc	**2,264**	2,264
Levolux	**10,179**	10,179
Rainclear	**225**	225
Wade	**2,217**	2,217
At 30 June	**18,705**	18,705

Impairment testing of acquired goodwill

The Group considers each of the operating businesses that have goodwill allocated to them, which are those units for which a separate cashflow is computed, to be a cash generating unit (CGU). Each CGU is reviewed annually for indicators of impairment. In assessing whether an asset has been impaired, the carrying amount of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. In the absence of any information about the fair value of a CGU, the recoverable amount is deemed to be its value in use. Each of the CGUs are either operating segments as shown in note 4, or sub-sets of those operating segments.

For the purpose of impairment testing, the recoverable amount of CGUs is based on value in use calculations. The value in use is derived from discounted management cash flow forecasts for the businesses, based on budgets and plans covering a five year period.
The growth rate used to extrapolate the cash flows beyond this period was 1% (2020: 1%) for each CGU.

14 Goodwill continued

Impairment testing of acquired goodwill continued

Key assumptions included in the recoverable amount calculation are the discount rate applied and the cash flows generated by:

(i) Revenues
(ii) Gross margins
(iii) Overhead costs

Each assumption has been considered in conjunction with the local management of the relevant operating businesses who have used their past experience and expectations of future market and business developments, including Covid-19, in arriving at the figures used.

The range of pre-tax rates used to discount the cash flows of these cash generating units with on-balance sheet goodwill was between 11% and 12% (2020: between 11% and 12%). These rates were based on the Group's estimated weighted average cost of capital (W.A.C.C.), which was risk-adjusted for each CGU taking into account both external and internal risks. The Group's W.A.C.C. in 2021 was similar to the rate used in 2020.

The surplus headroom above the carrying value of goodwill at 30 June 2021 was significant in the case of Timloc, Rainclear, Wade and Alumasc Roofing, with no impairment arising from either a 2% increase in the discount rate; a growth rate of -1% used to extrapolate the cash flows; or a reduction of 25% in the cash flow generated in the terminal year.

The surplus headroom above the carrying value of goodwill at 30 June 2021 for Levolux was more sensitive and the following change to each of the key assumptions would lead to an impairment:

- a 3% increase in the discount rate;
- a growth rate of -1% used to extrapolate the cash flows;
- a 35% reduction in the cash flow generated in the terminal year.

15 Other intangible assets

	Brands £'000	Computer software £'000	Total £'000
Cost:			
At 1 July 2019	5,843	2,235	8,078
Additions	–	441	441
Disposals	–	(32)	(32)
At 1 July 2020	5,843	2,644	8,487
Additions	**–**	**330**	**330**
Disposals	**–**	**(7)**	**(7)**
At 30 June 2021	**5,843**	**2,967**	**8,810**
Accumulated amortisation:			
At 1 July 2019	3,010	1,652	4,662
Amortisation for the year	238	75	313
On disposals	–	(8)	(8)
At 1 July 2020	3,248	1,887	5,135
Amortisation for the year	**238**	**123**	**361**
On disposals	**–**	**(7)**	**(7)**
At 30 June 2021	**3,486**	**2,003**	**5,489**
Net book value at 30 June 2021	**2,357**	**964**	**3,321**
Net book value at 30 June 2020	2,595	757	3,352
Net book value at 1 July 2019	2,833	583	3,416

The Levolux brand is being amortised over a life of 20 years from May 2007.

The Wade brand is being amortised over a life of 25 years from February 2018.

Notes to the Financial Statements continued
For the year ended 30 June 2021

16 Inventories

	2021 £'000	2020 £'000
Raw materials	**2,724**	2,522
Work in progress	**195**	142
Finished goods	**7,952**	5,932
	10,871	8,596

During the year the Group's inventory provision decreased by £58,000 (2020: decreased by £112,000). At 30 June 2021 the Group's inventory provision was £1,157,000 (2020: £1,215,000).

17 Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	**15,945**	11,947
Contract assets	**2,772**	2,402
Other receivables	**384**	451
Prepayments	**2,288**	1,470
	21,389	16,270

Contract assets arise from the Group's Building Envelope division where revenue is recognised at the balance sheet date prior to the physical invoice being raised to the customer.

Trade receivables and contract assets are non-interest bearing, are generally on terms of 30-90 days and are shown net of provisions for lifetime expected credit losses.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables, other 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 Group calculates the rate of provision for each customer based on the risk score assigned by reputable credit management agencies. The risk score assigned is input into the Group's expected credit loss matrix with a higher risk customer attracting a higher level of provision. The Group's matrix is designed such that the level of provision increases as the receivable balance ages as overdue receivables are of inherently higher risk.

As at 30 June 2021, trade receivables and other receivables at nominal value of £750,000 (2020: £469,000) were impaired and provided for. Movements in the provision for impairment of receivables were as follows:

	2021 £'000	2020 £'000
At 1 July	**469**	411
Charge for the year	**336**	186
Amounts written off	**(55)**	(128)
At 30 June	**750**	469

The table below sets out the ageing of the gross trade receivable and contract asset balances against terms and the level of provision held against each ageing category:

		2021		2020
	Gross receivable £'000	**Loss provision £'000**	Gross receivable £'000	Loss provision £'000
Current	**16,874**	**656**	12,753	416
Less than 30 days past due	**1,566**	**27**	1,648	16
Less than 60 days past due	**434**	**18**	26	4
Less than 90 days past due	**180**	**12**	153	5
Greater than 90 days past due	**413**	**37**	238	28
	19,467	**750**	14,818	469

18 Trade and other payables

	2021 £'000	2020 £'000
Trade payables	**14,827**	8,635
Other taxation and social security	**2,326**	2,427
Other payables	**666**	839
Contract liabilities	**745**	898
Accruals	**2,447**	2,512
	21,011	15,311

Contract liabilities arise from the Group's Business Envelope division and represent payments in advance of revenue recognised under IFRS 15.

19 Borrowings

	2021 £'000	2020 £'000
Non-current liabilities:		
Non-current instalments due on bank debt	**5,936**	19,909
Current liabilities:		
Bank overdraft	**–**	567

During the year the Group exercised its option to extend the maturity of its committed £20 million revolving credit facility which has a revised expiry date of April 2023 and a further single year extension period to April 2024. The Group has the option to cancel and repay elements of the committed facility at short notice should it wish to do so. The extension period is subject to request by the Group and acceptance by the lender.

The following financial covenants apply to the facility: Group interest cover, based on underlying EBITDA (i.e. from continuing operations and before non-recurring items), to be at least four times; and net bank debt as a multiple of underlying EBITDA (i.e. from continuing operations and before non-recurring items) to be below two and a half times. Given the uncertainties caused by Covid-19, formal agreement was reached with the Group's main bankers HSBC during the prior year to relax the relevant covenant testing for the tests arising in June 2021 to the following; Group interest cover to be at least two and a half times and net bank debt as a multiple of underlying EBITDA to be below three and a half times. These covenants are unaffected by the implementation of IFRS 16. At 30 June 2021 the Group also had £4.0 million (2020: £4.0 million) of bank overdraft facilities, renewed until August 2022 and repayable on demand. The Group has an offset arrangement in place against uncommitted overdraft facilities.

20 Lease liabilities

	2021 £'000	2020 £'000
Non-current lease liabilities	**4,811**	5,244
Current lease liabilities	**795**	680
Total lease liabilities	**5,606**	5,924

Lease liabilities are initially measured at the present value of future lease payments, discounted using the Group's incremental borrowing rate.

	2021 £'000	2020 £'000
At 1 July	**5,924**	5,027
Additions	**374**	1,243
Interest on lease liabilities	**178**	153
Amounts paid on lease liabilities	**(870)**	(499)
At 30 June	**5,606**	5,924

Notes to the Financial Statements continued

For the year ended 30 June 2021

21 Financial instruments

Financial risk management

The Group's treasury activities are carried out in accordance with policies set by the Board and are managed on a centralised basis across the Group. The purpose of treasury activities is to ensure that adequate, cost effective funding is available to the Group at all times and that exposure to interest rate, foreign exchange and counterparty risks are managed within acceptable levels. The Group uses derivative financial instruments as economic hedges to manage foreign exchange and, where necessary, interest rate risks. It is the Group's policy that no trading in financial instruments is undertaken. Hedge accounting treatment has been applied to all of these hedging activities. All derivative financial instruments are measured at fair value at each balance sheet date.

Financial assets and liabilities

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial assets and liabilities:

	30 June 2021		30 June 2020	
	Carrying amount £'000	**Fair value £'000**	Carrying amount £'000	Fair value £'000
Financial assets:				
Cash at bank	**4,999**	**4,999**	16,143	16,143
Trade receivables	**15,945**	**15,945**	11,947	11,947
Contract assets	**2,772**	**2,772**	2,402	2,402
Other receivables	**384**	**384**	451	451
Derivative financial asset	**–**	**–**	207	207
	24,100	**24,100**	31,150	31,150
Financial liabilities:				
Bank loans	**5,936**	**5,936**	19,909	19,909
Bank overdraft	**–**	**–**	567	567
Lease liabilities	**5,606**	**5,606**	5,924	5,924
Trade and other payables	**17,940**	**17,940**	11,986	11,986
Derivative financial liabilities	**268**	**268**	–	–
	29,750	**29,750**	38,386	38,386

Derivative financial assets and liabilities are carried at fair value as a designated hedge instrument. The other financial assets and liabilities are measured at amortised cost.

Trade and other payables balances do not include other taxation and social security costs or contract liabilities.

The table below summarises the maturity profile of the Group's financial liabilities at 30 June 2021 and 2020 based on contractual undiscounted payments. The total interest bearing loans and borrowings value in the table below includes future unaccrued interest, whilst the bank overdraft and loans balance in the table above shows only the carrying amount at the year end date.

	On demand £'000	**Less than 3 months £'000**	**3 to 12 months £'000**	**More than 1 year £'000**	**Total £'000**
At 30 June 2021					
Interest bearing loans and borrowings	**–**	**79**	**237**	**6,237**	**6,553**
Lease liabilities	**–**	**326**	**851**	**6,293**	**7,470**
Trade and other payables	**6,698**	**10,384**	**858**	**–**	**17,940**
	6,698	**10,789**	**1,946**	**12,530**	**31,963**
At 30 June 2020					
Interest bearing loans and borrowings	–	65	195	20,582	20,842
Bank overdraft	567	–	–	–	567
Lease liabilities	–	217	652	7,096	7,965
Trade and other payables	2,809	8,716	461	–	11,986
	3,376	8,998	1,308	27,678	41,360

21 Financial instruments continued

Liquidity risk management

The Group manages liquidity risk by monitoring its net cash/debt position regularly and ensuring that committed and uncommitted banking facilities are in place to provide adequate headroom for anticipated future cash flows. Details of the facilities are given above. The Group's net bank debt position at 30 June 2021 was £0.9 million (2020: £4.3 million).

Details of the Group's approach to capital structure are given within the Financial Review on page 25. The maturity profile of the Group's interest bearing financial liabilities is as follows:

	2021 £'000	2020 £'000
Floating rate interest bearing financial liabilities:		
In one to five years	**5,936**	19,909
	5,936	19,909

Interest rate risk

The Group's marginal pre-tax cost of debt finance at interest rates in place at 30 June 2021 under the banking facilities in existence at that time was approximately 1.3% (2020: 0.8%).

The floating rate financial liabilities comprise the drawn down element of the revolving credit facility in existence at the balance sheet date that bears interest based on LIBOR. The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact of floating rate borrowings):

	Basis Points	Effect on profit before tax
Increase	+50	(15)
Decrease	–50	15

Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the Group provides goods and services on deferred payment terms. There are no concentrations of credit risk which amount to more than 10% of Group revenues. The maximum credit risk exposure relating to financial assets is represented by its carrying value less amounts recoverable from credit insurance contracts as at the balance sheet date. The Group's cash deposits and derivative transactions are only lodged with approved institutions that have strong credit ratings.

Group policies are aimed at minimising credit losses, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit terms to ensure that the Group's exposure to bad debts is minimised. Goods may be sold on a payment with order basis to mitigate credit risk. Most Group businesses purchase credit insurance and the Group has increased its overall levels of credit insurance in recent years.

The ageing of gross trade receivables and contract assets is set out in note 17.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating companies in currencies other than the companies' operating currency (mainly Pounds Sterling). Transactional currency risks are managed by offsetting as far as possible purchases and sales by Group companies in the same currency. A proportion of the residual risk is managed, where appropriate, through the use of forward currency contracts.

None of the derivative financial instruments held at 30 June 2021 or 30 June 2020 related to derivative trading activity. Where cash flow hedge accounting is applied, gains or losses on the financial instrument hedges are held in equity and only recognised in the consolidated statement of comprehensive income when the losses or gains on the hedged transactions are recognised in the consolidated statement of comprehensive income.

The following shows the amounts of foreign currency denominated receivables, payables and cash balances at 30 June stated in local currency:

	2021 Receivable ccy' 000	2021 Payable ccy' 000	2021 Cash ccy' 000	2021 Net total ccy' 000	2020 Receivable ccy' 000	2020 Payable ccy' 000	2020 Cash ccy' 000	2020 Net total ccy' 000
Euros	**350**	**(91)**	**96**	**355**	604	(231)	45	418
US Dollars	**852**	**(980)**	**66**	**(62)**	921	(1,122)	198	(3)
Hong Kong Dollars	**6,249**	**(119)**	**4,181**	**10,311**	1,635	(36)	4,615	6,214

Notes to the Financial Statements continued

For the year ended 30 June 2021

21 Financial instruments continued

Foreign currency risk continued

The following table demonstrates the impact on the Group's profit after tax and equity when the fair value of unhedged monetary assets and liabilities at 30 June are retranslated at exchange rates either 10% above or below the year end exchange rate:

			Effect on profit after tax and equity in Sterling		
		Exchange rate change	US $ £'000	Euro £'000	Hong Kong $ £'000
2021	**Increase**	**+10%**	**46**	**28**	**89**
	Decrease	**–10%**	**(56)**	**(34)**	**(109)**
2020	Increase	+10%	47	34	59
	Decrease	–10%	(57)	(42)	(72)

Hedging activities

The net fair values of the Group's derivative financial instruments at 30 June designated as hedging instruments are set out below:

	2021 £'000	2020 £'000
Forward foreign exchange contracts	**(268)**	207

At 30 June 2021 the Group had forward foreign exchange contracts with principal amounts equivalent to £7,997,000 (2020: £8,997,000). The forward foreign exchange contracts hedge foreign currency cost and price risks of various currency purchases and sales across the Group. The cash flows associated with the forward foreign exchange hedges are generally expected to occur within the next 18 months.

The derivative financial instruments carried at fair value have been valued using directly observable market inputs and therefore they are all considered to have been valued at Level 2, as described in the amendments to IFRS 7.

22 Retirement benefit obligations

The Group operates a number of defined contribution schemes and a defined benefit pension scheme, funded by the payment of contributions into separately administered funds. The defined benefit scheme, which has been closed to future accrual since 2010, provides defined benefits based on a career average revalued earnings (CARE) basis.

Defined contribution schemes

Of the amount charged to operating profit in the statement of comprehensive income for pension contributions, £666,000 (2020: £659,000) was in respect of defined contribution schemes. At 30 June 2021 there was an accrual of £98,000 payable in respect of defined contribution scheme contributions (2020: £81,000).

Defined benefit schemes

On 5 March 2019 the Group merged its two former defined benefit pension schemes and a bulk transfer of members from the Benjamin Priest Group Pension Scheme ("BPGPS") was made to the Alumasc Group Pension Scheme ("AGPS").

The level of Company cash contributions agreed with the Pension Trustees is £2.3 million per annum, to include deficit reduction contributions and scheme running expenses, over a 7-8 year period from April 2019. These contribution levels are reviewed every three years with the next review due in March 2022. In April 2020 management consulted with the Group's Pension Trustees and agreed to a deferral of three month's pension contributions to assist with the Group's Covid-19 cash conservation programme. The deferral amounted to £575k in aggregate, which would otherwise have been payable between April 2020 and June 2020. The deferred amount will be recovered between July 2020 and the next revaluation in March 2022.

Disclosures in accordance with IAS 19 are set out below in respect of the defined benefit scheme. Pension charges are determined with the advice of an independent qualified actuary on the basis of annual valuations using the projected unit credit method.

The principal assumptions used for the purpose of the IAS 19 valuations are set out below:

	The Alumasc Group Scheme 2021 %	The Alumasc Group Scheme 2020 %
Discount rate	**1.80**	1.45
Expected rate of deferred pension increases	**2.50**	2.10
Future pension increases	**3.10-3.65**	2.75-3.45
Retail Price Index inflation rate	**3.20**	2.80
Consumer Price Index inflation rate	**2.50**	2.10

22 Retirement benefit obligations continued

Defined benefit schemes continued

	Years	Years
Post retirement mortality		
Current pensioners at 65 – male	**21.5**	21.5
Current pensioners at 65 – female	**23.4**	23.4
Future pensioners at 65 in 2041 – male	**22.8**	22.8
Future pensioners at 65 in 2041 – female	**24.9**	24.8

A discount rate of 1.80% has been used in calculating the present value of liabilities of the pension scheme at 30 June 2021. A 0.1% change to this rate would have changed the present value of the pension fund liabilities at that date by approximately £1,708,000 before tax.

A Retail Price Index inflation rate of 3.20% and a Consumer Price Index inflation rate of 2.50% have been used in calculating the present value of liabilities of the pension scheme at 30 June 2021. A 0.1% change to these rates would have changed the present value of the pension fund liabilities at that date by approximately £714,000 before tax.

In valuing the liabilities of the pension scheme at 30 June 2021, mortality assumptions have been assumed as indicated above. If life expectancy had been changed to assume that all members of the scheme live for one year longer on average, the value of the reported liabilities at 30 June 2021 would have increased by approximately £6,440,000 before tax.

The combined assets and liabilities of the scheme at 30 June are:

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Scheme assets at fair value:					
Equities	**50,653**	44,222	43,758	40,966	40,190
Liability Driven Investment Funds	**14,277**	17,922	16,194	–	–
Government bonds	**–**	–	–	13,681	13,459
Corporate bonds and insured annuities	**13,021**	13,135	12,483	12,041	12,539
Multi-asset fund	**23,142**	19,576	19,692	23,853	24,676
Property	**7,217**	7,019	6,123	6,783	7,896
Cash	**4,319**	1,594	2,217	1,387	362
	112,629	103,468	100,467	98,711	99,122
Present value of scheme liabilities	**(117,210)**	(122,737)	(113,418)	(113,851)	(119,718)
Defined benefit pension deficit	**(4,581)**	(19,269)	(12,951)	(15,140)	(20,596)

Of the above assets, all have a quoted market price with the exception of £1,484,000 of insured annuities (2020: £1,762,000) and £886,000 of property (2020: £1,000,000).

The whole of the defined benefit pension deficit is shown as a non-current liability.

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

	2020/21 £'000	2019/20 £'000
Included in net operating expenses:		
Past service pension cost – Guaranteed minimum pension equalisation	**(150)**	–
	–	–
Included in net finance costs:		
Net pension scheme finance costs	**(268)**	(261)
Included in other comprehensive income:		
Actuarial gain on plan assets	**10,054**	4,230
Actuarial gain/(loss) on retirement benefit obligations	**2,438**	(12,541)
Net actuarial gain/(loss) (pre-tax)	**12,492**	(8,311)
Total recognised in the statement of comprehensive income (pre-tax)	**12,074**	(8,572)

The actual return on plan assets for 2020/21 was a gain of £11,537,000 (2019/20: gain of £6,452,000).

Notes to the Financial Statements continued

For the year ended 30 June 2021

22 Retirement benefit obligations continued

Defined benefit schemes continued

Changes in the present value of the defined benefit obligation before taxation are as follows:

	2021 £'000	2020 £'000
At 1 July	**(122,737)**	(113,418)
Interest cost	**(1,751)**	(2,483)
Past service cost – GMP equalisation	**(150)**	–
Benefits paid	**4,990**	5,705
Actuarial gain/(loss)	**2,438**	(12,541)
At 30 June	**(117,210)**	(122,737)

Changes in the fair value of plan assets before taxation are as follows:

	2021 £'000	2020 £'000
At 1 July	**103,468**	100,467
Expected return on plan assets	**1,483**	2,222
Actuarial gain	**10,054**	4,230
Contributions by employer	**2,614**	2,254
Benefits paid	**(4,990)**	(5,705)
At 30 June	**112,629**	103,468

The cumulative amount of actuarial losses recognised since 1 July 2004 in the Group statement of comprehensive income is £11,568,000 (2019/20: losses of £24,060,000).

23 Provisions

	Dilapidations £'000 Note (i)	Warranty £'000 Note (ii)	Restructuring £'000 Note (iii)	Total £'000
At 1 July 2019	1,093	279	2,233	3,605
Charge for the year	75	61	524	660
Utilised	(197)	(53)	(1,639)	(1,889)
At 1 July 2020	971	287	1,118	2,376
Charge for the year	**225**	**255**	**67**	**547**
Utilised	**–**	**(102)**	**(720)**	**(822)**
At 30 June 2021	**1,196**	**440**	**465**	**2,101**
At 30 June 2021				
Current liabilities	**206**	**163**	**465**	**834**
Non-current liabilities	**990**	**277**	**–**	**1,267**
	1,196	**440**	**465**	**2,101**
At 30 June 2020				
Current liabilities	–	76	1,118	1,194
Non-current liabilities	971	211	–	1,182
	971	287	1,118	2,376

(i) Dilapidations

The provision is in respect of a number of the Group's properties where the Group has obligations to make good dilapidations and required restoration. The non-current liabilities are estimated to be payable over periods from one to fifteen years.

(ii) Warranty

Warranty provisions are generally utilised within five years. Provisions are not discounted to present values since the impact of reflecting the time value of money on these balances is not considered to be material.

(iii) Restructuring

Restructuring provisions are held mainly in respect of the restructuring of the Levolux business and are expected to be utilised within 12 months.

24 Share capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid:		
36,133,558 (2020: 36,133,558) ordinary shares of 12.5p each	**4,517**	4,517

25 Movements in equity

Share capital and share premium
The balances classified as share capital and share premium are the proceeds of the nominal value and premium value respectively on issue of the Company's equity share capital net of issue costs.

Capital reserve – own shares
The capital reserve – own shares relates to 360,017 (2020: 369,245) ordinary own shares held by the Company. The market value of shares at 30 June 2021 was £954,045 (2020: £265,856). These are held to help satisfy the exercise of awards under the Company's Long Term Incentive Plans. During the year 9,228 shares with an original cost of £10,000 were used to satisfy the exercise of awards. No shares were exercised in the prior financial period. A Trust holds the shares in its name and shares are awarded to employees on request by the Group. The Group bears the expenses of the Trust.

Hedging reserve
This reserve records the post-tax portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Foreign currency reserve
This foreign currency reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

26 Share based payments
The Company operates two types of share based payment schemes, the main features of each scheme as detailed in the Directors' Remuneration Report on pages 64 to 71.

	As at 1 July 2020	Weighted average exercise price (pence)	Granted	Weighted average exercise price (pence)	Exercised	Weighted average exercise price (pence)	Lapsed	Weighted average exercise price (pence)	As at 30 June 2021	Weighted average exercise price (pence)
LTIP[(i)]	814,990	**n/a**	**265,760**	**n/a**	**–**	**n/a**	**(257,688)**	**n/a**	**823,062**	**n/a**
ESOS[(ii)]	430,000	**1.23**	**170,000**	**0.79**	**(30,000)**	**1.29**	**(150,000)**	**1.61**	**420,000**	**0.91**

	As at 1 July 2019	Weighted average exercise price (pence)	Granted	Weighted average exercise price (pence)	Exercised	Weighted average exercise price (pence)	Lapsed	Weighted average exercise price (pence)	As at 30 June 2020	Weighted average exercise price (pence)
LTIP[(i)]	849,120	n/a	219,078	n/a	–	n/a	(253,208)	n/a	814,990	n/a
ESOS[(ii)]	400,000	1.50	160,000	0.83	–	–	(130,000)	1.57	430,000	1.23

(i) Long term incentive plan.
(ii) Executive share option scheme.

ESOS
For the share options outstanding at 30 June 2021 the weighted average remaining contractual life is 8.1 years (30 June 2020: 7.7 years). The exercise price of the options outstanding ranges between 79 pence and 130 pence. 40,000 share options are exercisable at 30 June 2021 (30 June 2020: 70,000).

LTIP
The October 2018 LTIP awards are expected to vest in October 2021.

Notes to the Financial Statements continued

For the year ended 30 June 2021

26 Share based payments continued

Fair value of awards

The Black-Scholes option pricing model has been used to calculate the fair value of the options and the amount to be expensed in the statement of comprehensive income. The fair values of awards granted in the year, together with the assumptions used in the option pricing model are as follows:

	ESOS		LTIP	
	2021	2020	**2021**	2020
Share price at grant date	**79p**	83p	**79p**	83p
Exercise price	**79p**	83p	**nil**	nil
Expected volatility	**30%**	25%	**30%**	25%
Expected life (years)	**3**	3	**3**	3
Risk free rate	**1.0%**	1.0%	**1.0%**	1.0%
Dividend yield at date of grant	**2.5%**	7.7%	**2.5%**	7.7%
Fair value per option	**14p**	6p	**73p**	66p

The expected volatility is based on historical volatility over the last three years. The risk free rate of return is based on the yield on government bonds due to mature on the expected maturity of the award.

The net charge recognised for share based payments in respect of employee services rendered during the year to 30 June 2021 was £397,000 (2019/20: credit of £4,000). Of this, £383,000 (2019/20: £3,000) is in respect of key management personnel, which are the Directors of The Alumasc Group plc.

27 Movement in borrowings

	Cash at bank/bank overdrafts £'000	Bank loans £'000	Net bank (debt)/cash £'000	Lease liabilities £'000	Total borrowings £'000
At 1 July 2019	2,762	(7,857)	(5,095)	–	(5,095)
Impact of adoption of IFRS 16	–	–	–	(5,027)	(5,027)
Cash flow movements	12,803	(12,000)	803	346	1,149
Non-cash movements	–	(52)	(52)	(1,243)	(1,295)
Effect of foreign exchange rates	11	–	11	–	11
At 1 July 2020	15,576	(19,909)	(4,333)	(5,924)	(10,257)
Cash flow movements	**(10,531)**	**14,000**	**3,469**	**692**	**4,161**
Non-cash movements	**–**	**(27)**	**(27)**	**(374)**	**(401)**
Effect of foreign exchange rates	**(46)**	**–**	**(46)**	**–**	**(46)**
At 30 June 2021	**4,999**	**(5,936)**	**(937)**	**(5,606)**	**(6,543)**

28 Financial commitments

(i) Capital commitments

At 30 June 2021 £421,000 (2020: £420,000) of capital expenditure had been authorised but not contracted, and no capital expenditure had been authorised and contracted but not provided for by the Group (2020: £28,000).

(ii) Lease commitments

The Group has entered into commercial leases which predominantly relate to certain properties within the Group. The Group also leases a small number of motor vehicles and items of plant and equipment. The leases have varying terms and renewal rights.

29 Related party disclosure

The Group's principal actively trading subsidiaries at 30 June 2021 are listed below:

Principal subsidiaries	Principal activity	Country of incorporation	% of equity interest and votes held 2021	2020
Alumasc Building Products Limited	Building products	England	**100**	100
Levolux Limited	Building products	England	**100**	100

A full list of the Group's subsidiaries is shown on page 141.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made at arms-length market prices. Outstanding balances at the year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables.

Transactions with other related parties

Key management personnel are determined as the Directors of The Alumasc Group plc. Details of transactions with the Directors and their compensation are detailed in the Directors' Remuneration Report on pages 64 to 71.

30 Contingent liabilities

At the balance sheet date there existed contingent liabilities amounting to £529,000 (2020: £620,000) in relation to outstanding Guarantees and £197,000 (2020: £241,000) in relation to outstanding Performance Bonds.

Company Statement of Financial Position

At 30 June 2021

	Notes	2021 £'000	2020 £'000
Assets			
Non-current assets			
Property, plant & equipment – owned assets	5	**507**	719
Property, plant & equipment – right-of-use assets	5	**468**	477
Investments in Group companies	6	**69,994**	69,994
Deferred tax assets	9	**401**	214
		71,370	71,404
Current assets			
Trade and other receivables	7	**393**	469
Derivative financial assets	12	**–**	11
Cash and cash equivalents	19	**875**	6,464
		1,268	6,944
Total assets		**72,638**	78,348
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	10, 19	**(5,936)**	(19,909)
Lease liability	11	**(476)**	(479)
Amounts due to subsidiary undertakings	20	**(20,266)**	(14,828)
Employee benefits payable	13	**(246)**	(1,054)
Provisions	14	**(250)**	(100)
Deferred tax liabilities	9	**(34)**	(75)
		(27,208)	(36,445)
Current liabilities			
Bank overdraft	19	**–**	(567)
Lease liability	11	**(3)**	(3)
Trade and other payables	8	**(1,587)**	(2,235)
Derivative financial liabilities	12	**–**	–
		(1,590)	(2,805)
Total liabilities		**(28,798)**	(39,250)
Net assets		**43,840**	39,098
Equity			
Share capital	15	**4,517**	4,517
Share premium	16	**445**	445
Revaluation reserve	16	**–**	–
Merger reserve	16	**–**	–
Capital reserve – own shares	16	**(406)**	(416)
Hedging reserve	16	**–**	9
Profit and loss account reserve	16	**39,284**	34,543
Total equity		**43,840**	39,098

As permitted by Section 408 of the Companies Act 2006, the Company profit and loss account is not presented. The profit for the year after tax was £5,423,000 (2020: profit of £3,981,000). The financial statements were approved by the Board of Directors and authorised for issue on 7 September 2021.

G. Paul Hooper

SiMDray

Paul Hooper
Director

Simon Dray
Director

7 September 2021

Company number 1767387

Company Statement of Cash Flows
For the year ended 30 June 2021

	Notes	2020/21 £'000	2019/20 £'000
Operating activities			
Operating profit		**5,612**	4,442
Adjustments for:			
Depreciation	5	**91**	91
Decrease in receivables		**76**	801
(Decrease)/increase in trade and other payables		**(494)**	672
Movement in provisions		**150**	–
Cash contributions to retirement benefit schemes	13	**(143)**	(124)
Share based payments		**397**	–
		5,689	5,882
Tax paid		**–**	(2)
Net cash inflow from operating activities		**5,689**	5,880
Investing activities			
Purchase of property, plant and equipment		**–**	(147)
Net cash outflow from investing activities		**–**	(147)
Financing activities			
Bank interest paid		**(186)**	(409)
Equity dividends paid	4	**(1,878)**	(1,574)
(Repayment)/draw down of amounts borrowed	19	**(14,000)**	12,000
Draw down/(repayment) of amounts borrowed from subsidiaries		**5,438**	(4,596)
Refinancing costs		**(65)**	–
Payment of lease liabilities		**(20)**	(20)
Net cash (outflow)/inflow from financing activities		**(10,711)**	5,401
Net (decrease)/increase in cash at bank and bank overdraft	19	**(5,022)**	11,134
Net cash at bank and bank overdraft brought forward		**5,897**	(5,237)
Net (decrease)/increase in cash at bank and bank overdraft		**(5,022)**	11,134
Net cash at bank and bank overdraft carried forward	19	**875**	5,897

Company Statement of Changes in Equity

For the year ended 30 June 2021

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Merger reserve £'000	Capital reserve – own shares £'000	Hedging reserve £'000	Profit and loss account reserve £'000	Total equity £'000
At 1 July 2019	4,517	445	2,265	10,606	(416)	(105)	19,620	36,932
Profit for the period	–	–	–	–	–	–	3,981	3,981
Net gain on cash flow hedges	–	–	–	–	–	138	–	138
Tax on derivative financial liability	–	–	–	–	–	(24)	–	(24)
Actuarial loss on defined benefit pensions, net of tax	–	–	–	–	–	–	(355)	(355)
Dividends	–	–	–	–	–	–	(1,574)	(1,574)
Transfer of reserves	–	–	(2,265)	(10,606)	–	–	12,871	–
At 1 July 2020	4,517	445	–	–	(416)	9	34,543	39,098
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**5,423**	**5,423**
Net loss on cash flow hedges	**–**	**–**	**–**	**–**	**–**	**(11)**	**–**	**(11)**
Tax on derivative financial liability	**–**	**–**	**–**	**–**	**–**	**2**	**–**	**2**
Actuarial gain on defined benefit pensions, net of tax	**–**	**–**	**–**	**–**	**–**	**–**	**572**	**572**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(1,878)**	**(1,878)**
Share based payments	**–**	**–**	**–**	**–**	**–**	**–**	**397**	**397**
Own shares used to satisfy exercise of share awards	**–**	**–**	**–**	**–**	**10**	**–**	**–**	**10**
Tax on share options	**–**	**–**	**–**	**–**	**–**	**–**	**237**	**237**
Exercise of share based incentives	**–**	**–**	**–**	**–**	**–**	**–**	**(10)**	**(10)**
At 30 June 2021	**4,517**	**445**	**–**	**–**	**(406)**	**–**	**39,284**	**43,840**

Notes to the Company Financial Statements
For the year ended 30 June 2021

1 Basis of preparation
The Alumasc Group plc is incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the Alternative Investment Market ("AIM").

The Company financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

The financial statements are prepared on the historical cost basis except for derivative financial instruments and equity settled share based payments which are stated at their fair value.

The financial statements are prepared on a consistent basis with The Alumasc Group plc consolidated financial statements.

Going concern and Covid–19
As the Company acts as a holding Company for the Group's investments, its results and cashflows are based on the performance of the Group's operating companies. The Company is the principal of the Alumasc Group's overall borrowing facilities and treasury operations are managed on a centralised basis throughout the Group. The Company's borrowings are subject to cross-guarantees and offset arrangements with positive cash balances elsewhere in the Group.

The Group's Going Concern assessment, which also takes account of the uncertainties caused by Covid-19, is detailed on page 89.

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 2 to 49. The financial position of the Group, its cash flows and liquidity position are set out in these financial statements. Details of the Group's borrowing facilities are described within note 10.

The Group has a £20 million revolving credit facility which was extended during the year and now has an expiry date of April 2023 with an option to extend by a further year if required. The Group has the option to cancel and repay elements of the committed facility at short notice should it wish to do so. The extension periods are subject to request by the Group and acceptance by the lender. In addition, the Group has overdraft facilities totalling £4.0 million. At 30 June 2021 the Group's net debt was £0.9 million (2020: £4.3 million).

On the basis of the Group's financing facilities and current operating and financial plans and sensitivity analyses, the Board is satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly continues to adopt the going concern basis in preparing the financial statements.

2 Summary of significant accounting policies
The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The following new standards, amendments and interpretations are effective for the period beginning on or after 1 July 2020 and have been adopted for the Company financial statements where appropriate:

- Definition of a Business (Amendments to IFRS 3);
- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7); and
- Covid-19-Related Rent Concessions (Amendments to IFRS 16).

Judgements and estimates
The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement and valuation of defined benefit pension obligations and the valuation of the Company's investments in subsidiaries.

Measurement of defined benefit pension obligations requires estimation of future changes in inflation, mortality rates and the selection of a suitable discount rate (see note 13).

The valuation of the Company's investments is reviewed where impairment indicators are identified with key assumptions and estimates being applied by management in assessing whether any impairment is required. See note 6 for further details.

Notes to the Company Financial Statements continued
For the year ended 30 June 2021

2 Summary of significant accounting policies continued

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Under IFRS transitional provisions, the Company elected to bring in previous valuations of freehold and long leasehold land and buildings at a valuation frozen under FRS 15, and these amounts are carried forward at deemed cost.

Freehold land is not depreciated.

The cost of other property, plant and equipment is written off by equal monthly instalments over their estimated useful lives as follows:

Right-of-use assets	–	over the period of the lease
Freehold buildings	–	25 to 50 years
Long leasehold property	–	over the period of the lease
Plant and equipment	–	3 to 15 years

Where parts of an item of property, plant and equipment have different useful lives, each part is accounted for as a separate item. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Impairment of fixed assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell, and its value in use. It is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

Leases
i) Identification of a lease
At inception of a contact the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset the Company assesses whether:

- the contract involves the sole use of a specific identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

This policy is applied to contracts entered into, or amended, on or after 1 July 2019 as the Company has opted to apply the practical expedient to 'grandfather' the assessment of which contracts are, or contain, leases.

2 Summary of significant accounting policies continued

Leases continued

ii) As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments. The Company does not make other types of payment referred to in IFRS 16 for its leases.

Generally the lease liability represents the present value of contractual future lease payments including optional renewal periods where the Group is reasonably certain to exercise the extension option. The Company does not typically enter into purchase options or variable lease payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' and discloses the corresponding lease liability in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets, which it defines as having a purchase cost of £5,000. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

iii) As a lessor

IFRS 16 lessor accounting requirements remain similar to requirements under IAS 17 with the change in accounting standard having no impact on the Company's financial statements. When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies an exemption under IFRS 16 then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

Notes to the Company Financial Statements continued

For the year ended 30 June 2021

2 Summary of significant accounting policies continued

Financial assets

When financial assets are recognised initially under IAS 39, they are measured at fair value, being the transaction price plus directly attributable transaction costs.

Pension costs

The Company operates a defined benefit pension scheme, which is constituted as a separately administered fund and which is closed to future accrual. Deficit reduction contributions are agreed with the pension trustees on the basis of actuarial advice to fund this scheme. The Company also operates a defined contribution scheme where agreed contractual contributions are paid into a separately administered fund.

(i) Defined benefit pensions

Prior to the closure of the defined benefit scheme to future benefit accrual, the cost of providing benefits under the defined benefit plan was determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and is based on actuarial advice.

The Company determines finance income/expense for the period relating to the defined benefit pension scheme by applying the discount rate used for valuing the scheme's liabilities to the value of the net pension liability at the beginning of the year.

The net pension scheme finance costs are charged to finance costs within the statement of comprehensive income.

Actuarial gains and losses are recognised in full in the statement of comprehensive income. These comprise, for scheme assets, the difference between the expected and actual return on assets, and, for scheme liabilities, the difference between the actuarial assumptions and actual experience, and the effect of changes in actuarial assumptions.

The defined benefit pension asset or liability in the statement of financial position comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets from which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the sum of any unrecognised past service costs and the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions.

(ii) Defined contribution pensions

The pension cost charge to the statement of comprehensive income of the Company's defined contribution scheme represents the contributions payable by the Company to the fund. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition 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 and associates, 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 the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the statement of comprehensive income.

2 Summary of significant accounting policies continued

Foreign currencies

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Exchange differences resulting from the settlement of such transactions and from the translation at exchange rates ruling at the year end date of monetary assets and liabilities denominated in currencies other than the functional currency are recognised in the income statement.

Own shares

The Alumasc Group plc shares held by the Company are classified in shareholders' equity as 'own shares' and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to reserves. No gain or loss is recognised in the performance statements on the purchase, sale, issue or cancellation of equity shares.

A Trust holds the shares in its name and shares are awarded to employees on request by the Company. The Company controls and bears the expenses of the Trust.

Equity settled share based payment transactions

The fair value of long term incentive awards and share options granted to employees is recognised as an employee expense from the date of grant, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of shares for which the related service and non-market vesting conditions are met.

Investment in subsidiaries

Investments in subsidiaries are stated at cost, less provisions for impairment where appropriate.

Derivative financial instruments and hedging

The Company uses derivative financial instruments to hedge its, and the Group's exposure to interest rate and foreign exchange risk.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the statement of comprehensive income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such items are expected at inception to be highly effective.

For the purpose of hedge accounting, the hedges used by the Company are classified as cash flow hedges, as they hedge exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The portion of the gain or loss on a cash flow hedge that is determined to be an effective hedge is initially recognised directly in equity, while the ineffective portion is recognised in the statement of comprehensive income.

Amounts taken to equity are transferred to the income statement at the time when the underlying transaction being hedged affects profit or loss, such as when the forecast sale or purchase of the hedged item occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.
If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the statement of comprehensive income.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction being hedged occurs and are transferred to the income statement or to the initial carrying amount of a non-financial asset or liability as above. If the related transaction is not expected to occur, the amount is taken to the statement of comprehensive income.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the statement of comprehensive income.

Notes to the Company Financial Statements continued

For the year ended 30 June 2021

2 Summary of significant accounting policies continued

Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the Company will not be able to recover balances in full.

Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less, net of bank overdrafts.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in finance revenue and finance costs. Borrowing costs are recognised as an expense over the period to maturity of the underlying instrument.

Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

New standards and interpretations not applied

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 Company has decided not to adopt early. The following amendments are effective for the period beginning 1 July 2021:

- 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
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current.

3 Expenses by nature

The following item has been charged in arriving at operating profit:

	2020/21 £'000	2019/20 £'000
Auditor's remuneration – audit of the financial statements of the Company	**18**	16

4 Dividends

	2020/21 £'000	2019/20 £'000
Interim dividend for 2021 of 3.25p paid on 6 April 2021	**1,163**	–
Final dividend for 2020 of 2.0p paid on 30 October 2020	**715**	–
Final dividend for 2019 of 4.4p paid on 31 October 2019	**–**	1,574
	1,878	1,574

A final dividend of 6.25 pence per equity share, at a cash cost of £2,236,000, has been proposed for the year ended 30 June 2021, payable on 29 October 2021. In accordance with IFRS accounting requirements this dividend has not been accrued in these consolidated financial statements. The 2020 interim dividend, that was due to be paid on 7 April 2020 at a cash cost of £1,055,000, was cancelled as part of the Group's Covid-19 cash conservation programme.

5 Property, plant and equipment

	Right-of-use asset (property) £'000	Freehold land and buildings £'000	Long leasehold property £'000	Plant and equipment £'000	Total £'000
Cost:					
At 1 July 2019 as reported	–	749	235	591	1,575
Impact of adoption of IFRS 16	485	–	–	–	485
1 July 2019 as adjusted	485	749	235	591	2,060
Additions	–	–	–	147	147
At 30 June 2020	485	749	235	738	2,207
Disposals	**–**	**–**	**–**	**(130)**	**(130)**
At 30 June 2021	**485**	**749**	**235**	**608**	**2,077**
Depreciation:					
At 1 July 2019	–	310	235	375	920
Charge for the year	8	12	–	71	91
At 1 July 2020	8	322	235	446	1,011
Charge for the year	**9**	**11**	**–**	**71**	**91**
At 30 June 2021	**17**	**333**	**235**	**517**	**1,102**
Net book value:					
At 30 June 2021	**468**	**416**	**–**	**91**	**975**
At 30 June 2020	477	427	–	292	1,196
At 1 July 2019	–	439	–	216	655

Included within freehold land and buildings is land of £336,000 (2020: £336,000) which is not depreciated.

6 Investments in Group companies

	£'000
Cost:	
At 1 July 2019, 1 July 2020 and 30 June 2021	**89,911**
Provisions:	
At 1 July 2019	19,917
Provided in year	–
At 30 June 2020	**19,917**
Provided in year	**–**
At 30 June 2021	**19,917**
Net book value:	
At 30 June 2021	**69,994**
At 1 July 2020	69,994
At 1 July 2019	69,994

At close of business on 30 June 2021 the principal actively trading subsidiary undertakings and related classes of business are as follows: Alumasc Building Products Limited (building products) and Levolux Limited (building products).

All subsidiary companies are wholly owned and owned directly or indirectly by The Alumasc Group plc and have a registered office of Burton Latimer, Kettering, Northamptonshire, NN15 5JP.

Notes to the Company Financial Statements continued

For the year ended 30 June 2021

7 Trade and other receivables

	2021 £'000	2020 £'000
Other receivables	**107**	236
Prepayments	**286**	233
	393	469

8 Trade and other payables

	2021 £'000	2020 £'000
Other payables	**622**	758
Other taxation and social security	**336**	1,073
Accruals	**629**	404
	1,587	2,235

9 Deferred tax

A reconciliation of the movement in deferred tax during the year is as follows:

	Pension deferred tax asset £'000	Short term temporary differences £'000	Hedging £'000	Share options £'000	Total deferred tax asset £'000	Deferred tax liabilities £'000
At 1 July 2019	120	15	22	–	157	(123)
(Charged)/credited to the statement of comprehensive income	(21)	1	–	–	(20)	48
Credited/(charged) to equity	101	–	(24)	–	77	–
At 30 June 2020	200	16	(2)	–	214	(75)
(Charged)/credited to the statement of comprehensive income	**(23)**	**3**	**–**	**83**	**63**	**41**
(Charged)/credited to equity	**(115)**	**–**	**2**	**237**	**124**	**–**
At 30 June 2021	**62**	**19**	**–**	**320**	**401**	**(34)**

Deferred tax assets and liabilities are presented as non-current in the statement of financial position. Deferred tax assets have been recognised where it is probable that they will be recovered. Deferred tax liabilities relate to accelerated capital allowances.

10 Borrowings

	2021 £'000	2020 £'000
Non-current liabilities:		
Non-current instalments due on bank loan	**5,936**	19,909

During the year the Company and Group exercised its option to extend the maturity of its committed £20m revolving credit facility which has a revised expiry date of April 2023 and a single year extension period to April 2024. The Group has the option to cancel and repay elements of the committed facility at short notice should it wish to do so. The extension period is subject to request by the Group and acceptance by the lender.

The following financial covenants apply to the facility: Group interest cover, based on underlying EBITDA (i.e. from continuing operations and before non-recurring items), to be at least four times; and net bank debt as a multiple of underlying EBITDA (i.e. from continuing operations and before non-recurring items) to be below two and a half times. Given the uncertainties caused by Covid-19, formal agreement was reached with the Group's main bankers HSBC during the prior year to relax the relevant covenant testing for the tests arising in June 2021 to the following; Group interest cover to be at least two and a half times and net bank debt as a multiple of underlying EBITDA to be below three and a half times. These covenants are unaffected by the implementation of IFRS 16.

At 30 June 2021 the Company and Group also had £4.0 million (2020: £4.0 million) of bank overdraft facilities, renewed until August 2022 and repayable on demand. The Group has an offset arrangement in place against uncommitted overdraft facilities.

11 Lease liabilities

	2021 £'000	2020 £'000
Non-current lease liabilities	**476**	479
Current lease liabilities	**3**	3
Total lease liabilities	**479**	482

Lease liabilities are initially measured at the present value of future lease payments, discounted using the Company's incremental borrowing rate.

12 Financial instruments

Financial assets and liabilities

Set out below is a comparison by category of carrying amounts and fair values of all the Company's financial assets and liabilities:

	30 June 2021		30 June 2020	
	Carrying amount £'000	**Fair value £'000**	Carrying amount £'000	Fair value £'000
Financial assets:				
Trade and other receivables	**107**	**107**	236	236
Derivative financial assets	**–**	**–**	11	11
Cash at bank	**875**	**875**	6,464	6,464
	982	**982**	6,711	6,711
Financial liabilities:				
Bank overdraft	**–**	**–**	567	567
Bank loans	**5,936**	**5,936**	19,909	19,909
Lease liabilities	**479**	**479**	482	482
Trade, intercompany and other payables	**21,853**	**21,853**	17,063	17,063
Derivative financial liabilities	**–**	**–**	–	–
	28,268	**28,268**	38,021	38,021

Derivative financial assets and liabilities are carried at fair value as a designated hedge instrument. The other financial assets and liabilities are measured at amortised cost.

Trade and other receivables exclude prepayments and accrued income, which do not meet the definition of a financial asset. Market values have been used to determine the fair value of bank borrowings. The fair value of forward foreign exchange contracts has been determined by marking those contracts to market against prevailing forward foreign exchange rates.

The table below summarises the maturity profile of the Company's financial liabilities at 30 June 2021 and 2020 based on contractual undiscounted payments. The total interest bearing loans and borrowings value in the table below includes future unaccrued interest, whilst the bank overdraft and loans balance in the table above shows only the carrying amount at the year end date.

	On demand £'000	**Less than 3 months £'000**	**3 to 12 months £'000**	**More than 1 year £'000**	**Total £'000**
At 30 June 2021					
Interest bearing loans and borrowings	**–**	**79**	**237**	**6,237**	**6,553**
Lease liabilities	**–**	**–**	**3**	**476**	**479**
Trade, intercompany and other payables	**–**	**1,074**	**434**	**20,345**	**21,853**
	–	**1,153**	**674**	**27,058**	**28,885**
At 30 June 2020					
Interest bearing loans and borrowings	–	65	195	20,582	20,842
Bank overdraft	567	–	–	–	567
Lease liabilities	–	–	3	479	482
Trade, intercompany and other payables	25	1,182	1,020	14,836	17,063
	592	1,247	1,218	35,897	38,954

Notes to the Company Financial Statements continued
For the year ended 30 June 2021

12 Financial instruments continued

Liquidity risk management
The Company's liquidity risk management is consistent with that of the Group as outlined in the notes to the consolidated financial statements. The Company's net debt position at 30 June 2021 was £5.1 million (2020: £14.0 million).

The Company's overdraft and revolving credit banking facilities are part of the Group's overall credit facilities and are subject to cross guarantees from other Group companies. The Group as a whole had net debt at 30 June 2021 of £0.9 million (2020: £4.3 million).

The maturity profile of the Company's interest bearing financial liabilities is as follows:

	2021 £'000	2020 £'000
Floating rate interest bearing financial liabilities:		
In less than one year	**–**	–
In two to five years	**5,936**	19,909
	5,936	19,909

Interest rate risk management
The Company's interest rate risk management is consistent with that of the Group as outlined in the notes to the consolidated financial statements.

Credit risk
The Company's credit risk management is consistent with that of the Group as outlined in the notes to the consolidated financial statements.

Foreign currency risk
The Group has transactional currency exposures as disclosed within the notes to the consolidated financial statements. The Company manages this risk, in part, through the use of forward currency contracts. None of the derivative financial instruments held at 30 June 2021 or 30 June 2020 related to derivative trading activity. Where cash flow hedge accounting is applied, gains or losses on the financial instrument hedges are held in equity and only recognised in the income statement when the losses or gains on the hedged transactions are recognised in the income statement.

Hedging activities
The net fair values of the Company's derivative financial instruments at 30 June designated as hedging instruments are set out below:

	2021 £'000	2020 £'000
Forward foreign exchange contracts	**–**	11

At 30 June 2021 the Company had no forward foreign exchange contracts (2020: forward foreign exchange contracts with principal amounts equivalent to £978,000). The forward foreign exchange contracts hedge foreign currency price risks of sales across the Group. The cash flows associated with the forward foreign exchange hedges are generally expected to occur within the next 18 months.

The derivative financial instruments carried at fair value have been valued using directly observable market inputs and therefore they are all considered to have been valued at Level 2, as described in the amendments to IFRS 7.

13 Retirement benefit obligations

Defined contribution schemes

£94,000 (2020: £93,000) was charged to operating profit in the statement of comprehensive income for defined contribution pension scheme contributions. At 30 June 2021 there was an accrual of £94,000 payable in respect of the defined contribution scheme (2020: £82,000).

Defined benefit scheme

The Company participates in a defined benefit scheme, The Alumasc Group Pension Scheme, which has been closed to future accrual since 2010.

The defined benefit scheme maintained by the Company is a part of a plan that shares risks between various Group entities under common control. In determining the allocation of net defined benefit cost and contributions between the various sponsoring employers, the Directors have used as a basis the sponsoring employer at the date the scheme was closed to future accrual.

Following the conclusion of the 2019 triennial actuarial review in the 2019/20 financial year, the Company's deficit reduction contributions decreased from £141,000 to £124,000 per year, with effect from 1 January 2020.

The principal assumptions used by the actuary in valuing the assets and liabilities of the scheme for IAS 19 purposes were:

	2021 %	2020 %
Discount rate	**1.80**	1.45
Expected rate of deferred pension increases	**2.50**	2.10
Future pension increases	**3.10 – 3.65**	2.75 – 3.45
Retail Price Index inflation rate	**3.20**	2.80
Consumer Price Index inflation rate	**2.50**	2.10

	Years	Years
Post retirement mortality:		
Current pensioners at 65 – male	**21.5**	21.5
Current pensioners at 65 – female	**23.4**	23.4
Future pensioners at 65 in 2041 – male	**22.8**	22.8
Future pensioners at 65 in 2041 – female	**24.9**	24.8

A discount rate of 1.80% has been used in calculating the present value of liabilities of the pension scheme at 30 June 2021. A 0.1% change to this rate would have changed the present value of the pension fund liabilities at that date by approximately £77,000 before tax.

A Retail Price Index inflation rate of 3.20% and a Consumer Price Index inflation rate of 2.50% have been used in calculating the present value of liabilities of the pension scheme at 30 June 2021. A 0.1% change to these rates would have changed the present value of the pension fund liabilities at that date by approximately £32,000 before tax.

In valuing the liabilities of the pension scheme at 30 June 2021, mortality assumptions have been assumed as indicated above. If life expectancy had been changed to assume that all members of the scheme live for one year longer on average, the value of the reported liabilities at 30 June 2021 would have increased by approximately £289,000 before tax.

The following information relates to the Company's element of the assets and liabilities of the scheme.

The combined assets and liabilities of the scheme at 30 June are:

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Equities	**2,344**	2,012	1,982	1,730	1,701
Gilts	**–**	–	–	620	609
Liability Driven Investment Funds	**661**	815	731	–	–
Bonds and insured annuities	**602**	598	564	503	513
Multi-asset fund	**1,071**	891	889	1,024	1,048
Property and cash	**533**	391	376	332	345
Total market value of assets	**5,211**	4,707	4,542	4,209	4,216
Actuarial value of liability	**(5,457)**	(5,761)	(5,249)	(5,052)	(5,268)
Defined benefit pension deficit	**(246)**	(1,054)	(707)	(843)	(1,052)

Of the above assets, all have a quoted market price with the exception of £69,000 of insured annuities (2019/20: £80,000) and £41,000 of property (2019/20: £41,000).

The whole of the defined benefit pension deficit is shown as a non-current liability.

Notes to the Company Financial Statements continued

For the year ended 30 June 2021

13 Retirement benefit obligations continued

Defined benefit scheme continued

Amounts recognised in the statement of comprehensive income in respect of the defined benefit pension plan, before taxation,are as follows:

	2020/21 £'000	2019/20 £'000
Included in net operating expenses:		
Past service pension cost – Guaranteed minimum pension equalisation	**(8)**	–
Included in net finance costs:		
Net pension scheme finance costs	**(14)**	(14)
Included in other comprehensive income:		
Actuarial gain on plan assets	**553**	233
Actuarial gain/(loss) on retirement benefit obligations	**134**	(690)
	687	(457)
Total recognised in the statement of comprehensive income	**665**	(471)

The actual return on plan assets for 2020/21 was a gain of £635,000 (2019/20: gain of £356,000).

Changes in the present value of the defined benefit obligation before taxation are as follows:

	2021 £'000	2020 £'000
At 1 July	**(5,761)**	(5,249)
Interest cost	**(96)**	(137)
Past service pension cost – Guaranteed minimum pension equalisation	**(8)**	–
Benefits paid	**274**	315
Actuarial gain/(loss)	**134**	(690)
At 30 June	**(5,457)**	(5,761)

Changes in the fair value of plan assets before taxation are as follows:

	2021 £'000	2020 £'000
At 1 July	**4,707**	4,542
Expected return on plan assets	**82**	123
Actuarial gain	**553**	233
Contributions by employer	**143**	124
Benefits paid	**(274)**	(315)
At 30 June	**5,211**	4,707

The cumulative amount of net actuarial losses recognised in the statement of comprehensive income is £732,000 (2019/20: losses of £1,419,000).

14 Provisions

	£'000
At 1 July 2019	100
Utilised	–
At 30 June 2020	100
Charged	150
At 30 June 2021	**250**

The Company has provided £250,000 (2020: £100,000) in relation to the anticipated cost of dilapidations and required restoration to its leasehold properties.

15 Share capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid:		
36,133,558 (2020: 36,133,558) ordinary shares of 12.5p each	**4,517**	4,517

16 Movements in equity

Share capital and share premium

The balances classified as share capital and share premium are the proceeds of the nominal value and premium value respectively on issue of the Company's equity share capital net of issue costs.

Capital reserve – own shares

The capital reserve – own shares relates to 360,017 (2020: 369,245) ordinary own shares held by the Company. The market value of shares at 30 June 2021 was £954,045 (2020: £265,856). These are held to help satisfy the exercise of awards under the Company's Long Term Incentive Plans. During the year 9,228 shares with a cost of £10,000 were used to satisfy the exercise of awards. No shares were exercised in the prior financial period. A Trust holds the shares in its name and shares are awarded to employees on request by the Group. The Group bears the expenses of the Trust.

Hedging reserve

This reserve records the post-tax portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Merger & Revaluation reserves

During the year ended 30 June 2020 a capital reorganisation was performed to convert the non-distributable merger and revaluation reserves into distributable reserves.

Distributable reserves

The Company's profit and loss account reserve shown on the balance sheet is £39,284,000 (2020: £34,543,000).

In connection with a capital reorganisation performed in 2007, the Company reached agreement with the Pension Trustees that £14 million of the profit and loss account reserve would be retained as a non-distributable reserve until the Group's pension deficit reduced below £14 million (as determined by a full actuarial valuation). Therefore the Directors consider that £25,284,000 (2020: £20,543,000) of the Company profit and loss account reserve is distributable.

Cumulative actuarial losses relating to defined benefit pension schemes of £732,000 (2020: losses of £1,419,000) have been deducted in calculating the distributable reserves figure above.

Notes to the Company Financial Statements continued

For the year ended 30 June 2021

17 Share based payments

The Company operates two types of share based payment schemes, the main features of each scheme as detailed in the Directors' Remuneration Report on pages 64 to 71.

	As at 1 July 2020	Weighted average exercise price (pence)	Granted	Weighted average exercise price (pence)	Exercised	Weighted average exercise price (pence)	Lapsed	Weighted average exercise price (pence)	As at 30 June 2021	Weighted average exercise price (pence)
LTIP(i)	607,775	**n/a**	**156,529**	**n/a**	**–**	**–**	**(169,619)**	**n/a**	**594,685**	**n/a**
ESOS(ii)	60,000	**1.21**	**20,000**	**0.79**	**–**	**–**	**(10,000)**	**1.74**	**70,000**	**1.01**

	As at 1 July 2019	Weighted average exercise price (pence)	Granted	Weighted average exercise price (pence)	Exercised	Weighted average exercise price (pence)	Lapsed	Weighted average exercise price (pence)	As at 30 June 2020	Weighted average exercise price (pence)
LTIP(i)	568,728	n/a	219,078	n/a	–	–	(180,031)	n/a	607,775	n/a
ESOS(ii)	50,000	1.43	20,000	0.83	–	–	(10,000)	1.58	60,000	1.21

(i) Long term incentive plan.
(ii) Executive share option scheme.

ESOS

For the share options outstanding at 30 June 2021 the weighted average remaining contractual life is 6.9 years (30 June 2020: 7.0 years). The exercise price of the options outstanding ranges between 79 pence and 130 pence. 20,000 share options are exercisable at 30 June 2021 (30 June 2020: 20,000).

LTIP

The October 2018 LTIP awards are expected to vest in October 2021.

Fair value of awards

The Black-Scholes option pricing model has been used to calculate the fair value of the options and the amount to be expensed in the income statement. The fair values of awards granted in the year, together with the assumptions used in the option pricing model are as follows:

	ESOS		LTIP	
	2021	2020	**2021**	2020
Share price at grant date	**79p**	83p	**79p**	83p
Exercise price	**79p**	83p	**nil**	nil
Expected volatility	**30%**	25%	**30%**	25%
Expected life (years)	**3**	3	**3**	3
Risk free rate	**1.0%**	1.0%	**1.0%**	1.0%
Dividend yield at date of grant	**2.5%**	7.7%	**2.5%**	7.7%
Fair value per option	**14p**	6p	**73p**	66p

The expected volatility is based on historical volatility over the last three years. The risk free rate of return is based on the yield on government bonds due to mature on the expected maturity date of the award.

The net charge recognised for share based payments in respect of employee services rendered during the year to 30 June 2021 is £397,000 (2019/20: credit of £4,000).

18 Financial commitments

(i) Capital commitments

The Company had no capital commitments at the year end (2020: £nil).

(ii) Lease commitments

The Company has entered into commercial leases on certain properties and items of plant and equipment. The leases have varying terms and renewal rights.

The total future minimum sub-lease receipts under non-cancellable leases where the Company acts as a lessor are as follows:

	Property 2021 £'000	Property 2020 £'000
Less than one year	**40**	40
Between one and five years	**160**	160
After five years	**440**	480
	640	680

19 Movement in borrowings

	Bank overdrafts/ cash £'000	Bank loans £'000	Net bank (debt)/cash £'000	Lease liabilities £'000	Total borrowings £'000
At 1 July 2019	(5,237)	(7,857)	(13,094)	–	(13,094)
Impact of adoption of IFRS 16	–	–	–	(502)	(502)
Cash flow movements	11,134	(12,000)	(866)	20	(846)
Non-cash movements	–	(52)	(52)	–	(52)
At 1 July 2020	5,897	(19,909)	(14,012)	(482)	(14,494)
Cash flow movements	**(5,022)**	**14,000**	**8,978**	**3**	**8,981**
Non-cash movements	**–**	**(27)**	**(27)**	**–**	**(27)**
At 30 June 2021	**875**	**(5,936)**	**(5,061)**	**(479)**	**(5,540)**

The Company is part of a Group offset banking arrangement, together with its subsidiary undertakings.

20 Related party disclosure

Terms and conditions of transactions with related parties

A full list of the Company's subsidiaries is shown on page 141.

The total non-current position with regards to amounts owed to subsidiary undertakings at 30 June 2021 was a £20,266,000 liability (2020: £14,828,000 liability).

Amounts owed to subsidiary undertakings have no fixed repayment date and accrue interest at a rate equivalent to the Alumasc Group's effective rate of interest. The Directors believe that in substance these amounts are non-current.

Transactions with other related parties

Key management personnel are determined as the Directors of The Alumasc Group plc. Details of transactions with the Directors and their compensation are detailed in the Directors' Remuneration Report on pages 64 to 71.

21 Contingent liabilities

The Company is party to, together with subsidiary undertakings, cross guarantee banking arrangements in favour of the Group's relationship banks. At the year end, subsidiary undertakings had utilised none (2020: none) of the overdraft facilities guaranteed by the Company.

Financial Summary

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	**2020/21 £'000**
Income Statement Summary							
Continuing operations:							
Revenue	**69,950**	**73,005**	**88,368**	**87,048**	**90,104**	**75,992**	**90,465**
Underlying operating profit	**6,341**	**7,010**	**8,703**	**6,224**	**5,865**	**4,161**	**11,004**
Underlying operating margin	*9.1%*	*9.6%*	*9.8%*	*7.2%*	*6.5%*	*5.5%*	*12.2%*
Net interest cost on borrowings	(592)	(215)	(132)	(212)	(281)	(343)	(311)
Interest on lease liabilities	–	–	–	–	–	(153)	(178)
Underlying profit before tax	**5,749**	**6,795**	**8,571**	**6,012**	**5,584**	**3,665**	**10,515**
Non–underlying items*	(1,434)	(1,502)	(888)	(1,082)	(4,599)	(1,306)	(714)
Profit before taxation	**4,315**	**5,293**	**7,683**	**4,930**	**985**	**2,359**	**9,801**
Taxation	(1,120)	(1,319)	(1,492)	(967)	(256)	(442)	(2,215)
Profit for the year from continuing operations	**3,195**	**3,974**	**6,191**	**3,963**	**729**	**1,917**	**7,586**
Discontinued operations – Profit after tax	1,181	2,510	349	354	2,912	339	–
Profit for the year	**4,376**	**6,484**	**6,540**	**4,317**	**3,641**	**2,256**	**7,586**
Underlying earnings per share from continuing operations (pence)	**12.6**	**15.1**	**19.1**	**13.4**	**12.4**	**8.2**	**23.7**
Basic earnings per share (pence)	**12.3**	**18.2**	**18.3**	**12.0**	**10.1**	**6.3**	**21.2**
Dividends per share (pence)	**6.0**	**6.5**	**7.15**	**7.35**	**7.35**	**2.0**	**9.5**
Balance Sheet Summary at 30 June							
Shareholders' funds	15,929	16,580	20,437	24,421	25,445	19,841	36,145
Net debt/(cash)	(914)	(8,632)	(6,076)	4,812	5,095	4,333	937
Lease liabilities	–	–	–	–	–	5,924	5,606
Pension deficit (net of tax)	16,748	18,588	17,095	12,566	10,749	15,608	3,436
Discontinued operations	(3,708)	(479)	(334)	(714)	359	–	–
Capital Invested – continuing operations	28,055	26,057	31,122	41,085	41,648	45,706	46,124
Underlying return on capital invested (post–tax)**	17.9%	20.5%	24.2%	13.8%	10.2%	7.2%	19.8%
Underlying tax rate	22.0%	20.8%	20.6%	20.2%	20.4%	20.3%	19.5%

Notes

* Non–underlying items comprise brand amortisation and IAS 19 pension costs in all years. Further details of the 2019/20 and 2020/21 non underlying items can be found in note 5 of the Report and Accounts 2021.

** Underlying operating profit after tax from continuing operations calculated using the underlying tax rate, as a percentage of average capital invested from continuing operations.

Additional Shareholder Information

In accordance with the requirements of the Companies Act 2006 (Act) the following section describes the matters that are required for inclusion in the Directors' report. Further details of matters required to be included in the Directors' report that are incorporated by reference into this report are set out below.

Directors

The names of the members of the Board as at the date of this report and their biographical details are set out on pages 50 and 51.

Share capital

The issued share capital of the Company and the details of the movements in the Company's share capital during the year are shown in notes 15 and 16 to the financial statements.

The holders of ordinary shares are entitled to receive dividends when declared, to receive the Company's Annual Report and Accounts, to attend and speak at general meetings of the Company, to appoint proxies and exercise voting rights.

Articles of Association

The Articles of Association set out the internal regulation of the Company and cover such matters as the rights of shareholders, the appointment or removal of Directors and the conduct of the Board and general meetings. Copies are available upon request from the Group Company Secretary and are available at the Company's AGM. Further powers are granted by members in general meeting and those currently in place are set out in detail in the appropriate section of this report.

Directors' interests

Other than the Directors' service agreements or letters of appointment, none of the Directors of the Company had a personal interest in any business transactions of the Company or its subsidiaries. Directors' interests in shares and share awards of the Company, in respect of which transactions are notifiable to the Company and the FCA under Article 19 of the Market Abuse Regulation, are disclosed in the Remuneration Report on pages 64 to 71.

Directors' powers

The Directors are responsible for the strategic management of the Company and their powers to do so are determined by the provisions of the Act and the Company's Articles of Association.

Employee benefit trust

A waiver of dividend exists in respect of 360,017 shares held by the Alumasc Group Employee Share Ownership Trust (Trust) as at 30 June 2021. There are no restrictions on the transfer of ordinary shares in the Company.

The rights attached to shares in the Company are provided by the Articles of Association, which may be amended or replaced by means of a special resolution of the Company in a general meeting. The Directors' powers are conferred on them by UK legislation and by the Company's Articles of Association.

No ordinary shares carry any special rights about control of the Company and there are no restrictions on voting rights except that a shareholder has no right to vote in respect of a share unless all sums due in respect of that share are fully paid.

Shares are admitted to trading on the AIM market of London Stock Exchange and may be traded through the CREST system.

Allotment of shares

At the AGM in 2020 the Directors were empowered by the shareholders to allot equity securities, up to 5% of the Company's issued share capital, for cash under section 570 of the Act. It is intended that this authority be renewed at the forthcoming AGM.

It is the Board's intention, in line with guidance issued by the Pre-Emption Group, to also propose the renewal of the additional special resolution to allow the Company to allot equity securities up to a further 5% of the Company's issued share capital. This is applicable when the Board determines a transaction to be an acquisition or other capital investment, as defined by the Pre-Emption Group's Statement of Principles and is announced contemporaneously with the allotment or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

Purchase of own shares

Shareholders also approved the authority for the Company to buy-back up to 14.9% of its own ordinary shares by market purchase until the conclusion of the AGM to be held this year. The Directors will seek to renew this authority at the forthcoming AGM. This power will only be exercised if the Directors are satisfied that any purchase will increase the earnings per share of the Group as a result of the purchase and therefore, that the purchase is in the interests of shareholders. The Directors will also give careful consideration to the financial position of the Company and its general financial position. Any shares purchased in this way may be held in treasury which, the Directors believe, will provide the Company with flexibility in the management of its share capital.

Where treasury shares are used to satisfy share awards, they will be classed as new issue shares for the purpose of the 10% limit on the number of shares that may be issued over a 10-year period under the relevant share plan rules. The Company currently holds no shares in treasury.

Additional Shareholder Information continued

Significant agreements – change of control
The Group has in place agreements with its relationship banks, which contain certain termination rights that would have an effect on a change of control. The Directors believe these agreements to be commercially sensitive and consider that its disclosure would be prejudicial to the Group; accordingly, they do not intend to disclose specific details. In addition, the Group's share schemes contain provisions that, in the event of a change of control, would result in outstanding options and awards becoming exercisable, subject to the rules of the relevant schemes. There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

The total amount owing under the Group's credit facilities as at 30 June 2021 is shown in note 19 to the financial statements. These agreements contain clauses such that, in the event of a change of control, subject to the lender, the Company can offer to or must repay all such borrowings together with accrued interest, fees and other sums owing as required by the individual agreements.

The rules of the Company's incentive plans contain clauses relating to a change of control resulting from a takeover and in such an event awards would vest subject to the satisfaction of any associated performance criteria.

Major shareholders
The Company's share register recorded the following interests of 3% or more in the Company's issued ordinary share capital as at 30 June 2021. This information was also checked on 17 August 2021 being the latest practical date prior to the publication of this report.

Shareholder	Number of Ordinary Shares	% of issued share capital
John McCall	4,359,668	12.07
AXA Framlington Investment Managers	3,300,000	9.13
Mr Philip H R Gwyn	3,057,605	8.46
Hargreaves Lansdown	2,557,845	7.08
Charles Stanley	1,617,162	4.48
Chelverton Asset Management	1,400,000	3.87
Unicorn Asset Management	1,300,000	3.60

Employment
Information about the Group's employees, employment of disabled persons and employment practices is contained within Our ESG Journey chapter, the Section 172 Statement, and the Directors' report on pages 28 to 40, 43 to 44 and 73 to 75.

Greenhouse gas emissions (GHG)
Information about the Group's Greenhouse Gas emissions is given in the Sustainability report on pages 28 to 40.

Annual general meeting
The Notice of the AGM, to be held on 21 October 2021 is available in this Report and Accounts on pages 135 to 140 and copies are also available from the Company's website at **www.alumasc.co.uk/investors**. The Notice details the business to be conducted at the meeting and includes information concerning the deadlines for submitting proxy forms and in relation to voting rights.

Statement of disclosure of information to auditors
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director of the Company to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Notice of Annual General Meeting

Notice is given that the 2021 Annual General Meeting (**AGM**) of The Alumasc Group plc (the **Company**) will be held at The Alumasc Group plc, Station Road, Burton Latimer, Northamptonshire, NN15 5JP at 10am on Thursday 21 October 2021 to consider the following:

Ordinary business

Resolutions 1 to 7 will be proposed as ordinary resolutions.

1 **To receive the reports of the Directors and auditor and the accounts for the year ended 30 June 2021**

2 **To receive the report of the Remuneration Committee for the year ended 30 June 2021**

3 **To declare a final dividend of 6.25 pence per share**

4 **To re-elect Jon Pither as a Director**

5 **To elect Simon Dray as a Director**

6 **To re-appoint BDO LLP as auditor of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at which accounts are laid before the Company**

7 **That the Audit Committee be authorised to determine the auditor's remuneration**

Special business

The following resolution will be proposed as an ordinary resolution.

8 **Renewal of Directors' authorities to allot shares**

That the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £1,505,564 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company, save that the Directors shall be entitled to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or rights to be granted pursuant to any such offers or agreements after this authority had expired; and all unexercised authorities previously granted to the Directors are hereby revoked.

The following three resolutions will be proposed as special resolutions.

9 **Disapplication of statutory pre-emption rights: General**

That the Board be authorised to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by resolution 8 and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited to:

i) allotments for rights issues and other pre-emptive issues; and

ii) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (i) above) up to a nominal amount of £225,834. This amount to be not more than 5 per cent of the issued ordinary share capital (excluding treasury shares) of the Company as at the latest practicable date prior to publication of the notice of meeting,

such authority to expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 20 October 2022).

10 **Disapplication of statutory pre-emption rights: Acquisition or capital investment**

That if resolution 8 granting authority to allot shares is passed, the Board be authorised in addition to any authority granted under the first disapplication resolution to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be:

(i) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £225,834. This amount to be not more than 5 per cent of the issued ordinary share capital (excluding treasury shares) of the Company as at the latest practicable date prior to publication of the notice of meeting; and

(ii) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

Notice of Annual General Meeting continued

11 Company's authority to purchase its own shares

That the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares of 12.5 pence each in the Company provided that;

(i) the maximum number of ordinary shares hereby authorised to be acquired is 5,383,900 which represents 14.9 percent of the issued share capital of the Company at the date of this Notice;

(ii) the minimum price (exclusive of taxes and expenses) which may be paid for such ordinary shares is 12.5 pence per share;

(iii) the maximum price (exclusive of taxes and expenses) which may be paid for such ordinary shares is an amount equal to 105% of the average of the middle market quotations for ordinary shares (derived from the Daily Official List of the London Stock Exchange Plc) for the five dealing days immediately preceding the day on which such ordinary shares are contracted to be purchased;

(iv) the authority hereby conferred shall expire on 20 October 2022, or, if earlier, on the date of the next Annual General Meeting of the Company except that the expiry of such authority shall not exclude any purchase of ordinary shares made pursuant to a contract concluded before the authority expired and which would or might be executed wholly or partly after its expiration;

(v) this authority supersedes the Company's authority to make market purchases granted by Special Resolution passed at the last AGM.

By order of the Board

Helen Ashton
Group Company Secretary

7 September 2021

Burton Latimer
Kettering
Northamptonshire
NN15 5JP

Registered No
01767387

Explanatory notes to the Notice of the 2021 Annual General Meeting

Covid–19:

The Company has been closely monitoring developments relating to the Covid-19 pandemic, including public health guidance. Any changes to the arrangements for the AGM will be communicated via our website, **www.alumasc.co.uk**. At the date of the approval of the Notice the Covid-19 pandemic is continuing and we will monitor any development. We will organise a conference call facility and this will be published the day before the meeting on our website. Any questions can be emailed to **CompanySecretary@alumasc.co.uk** or raised on the day.

Resolutions 1 to 8 are being proposed as Ordinary resolutions and Resolutions 9 to 11 are being proposed as Special resolutions

Resolution 1 – Annual Report and Accounts for the year

The Directors will present to the shareholders the Annual Report and Accounts for the year ended 30 June 2021, together with the Directors' and Auditors' report on those accounts.

Resolution 2 – Directors' Remuneration Report

The Directors' Remuneration Report is set out on pages 64 to 71. Resolution 2 is an advisory vote and does not affect the future remuneration paid to any Director. It provides details of the remuneration paid for the year ended 30 June 2021.

Resolution 3 – To declare a dividend

Shareholders are being asked to approve a final dividend of 6.25 pence per ordinary share. If the recommended final dividend is approved it is expected to be paid on 29 October 2021 to all shareholders on the register on 24 September 2021.

Resolutions 4 to 5 – Re-election and Election of Directors

The Company's Articles of Association require that Directors must retire by rotation and seek re-election at the third Annual General Meeting after the general meeting at which the postholder was appointed or re-appointed. New Directors need to seek election in their first year of appointment. Biographical details of each Director can be found on pages 50 and 51 of this 2021 Annual Report and Accounts.

Resolution 4 – Re-election of Jon Pither

Your Board recommends that Jon Pither be re-elected as a Director.

Resolution 5 – Election of Simon Dray

Your Board recommends that Simon Dray be elected as a Director.

The Board has concluded that the Directors standing for election and re-election are effective, committed to their role, and subject to shareholder approval, should continue in office. The Director who was appointed during the year is standing for election as required by the Company Articles of Association.

Resolutions 6 and 7 – Re-appointment of BDO as Auditor and to authorise the Auditor's remuneration

At each general meeting at which the Company's accounts are presented the Company is required to appoint the auditor to serve until the next general meeting at which accounts are presented. The Directors are recommending that BDO be re-appointed as auditor. Resolution 7 authorises the Audit Committee of the Board to set the Auditor's remuneration. This resolution follows standard practice.

Resolution 8 – Renewal of Directors' authority to allot shares

By virtue of Section 551 of the Companies Act 2006 the Directors require the authority of shareholders of the Company to allot shares or other relevant securities of the Company. This authorises the Directors to make allotments of up to an additional 12,044,519 shares (being approximately one third of the issued share capital of the Company as at the date of this Notice). This authority will lapse at the conclusion of the next Annual General Meeting, unless renewed earlier. The Directors have no present intention to exercise the authority proposed to be conferred by this Resolution.

Notice of Annual General Meeting continued

Resolutions 1 to 8 are being proposed as Ordinary resolutions and Resolutions 9 to 11 are being proposed as Special resolutions continued

Resolutions 9 and 10 – Disapplication of statutory pre-emption rights

Special resolutions 9 and 10 will allow the Directors to allot equity securities for cash pursuant to the authority under ordinary resolution 8, or by way of a sale of treasury shares, without in the first instance offering them to existing shareholders in proportion to their holdings.

The authority sought will authorise the Directors to issue shares in connection with: (a) a rights issue or other pre-emptive offer and otherwise to issue shares for cash up to a nominal value of £225,834 which includes the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. This amount represents just under 5% of the total ordinary share capital in issue at the date of this Notice (being the latest practicable date prior to publication of this Notice); and in addition, (b) the financing (or re-financing, if the authority is to be used within six months after the original transaction) for an acquisition or other capital investment which the Board determines to be as contemplated by the Pre-Emption Group's Statement of Principles, to issue shares for cash up to a nominal value of £225,834 which includes the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. This amount also represents just under 5% of the total ordinary share capital in issue at 31 August 2021.

This disapplication authority is in line with guidance with the Pre-Emption Group's Statement of Principles. The authority will expire at the conclusion of the 2022 Annual General Meeting of the Company or, if earlier, on 20 October 2022.

The authority sought under this resolution provides the Company with greater flexibility in pursuing its strategy of building a focused premium building products company which should generate long-term growth for shareholders. It is the current intention to renew this authority annually.

The Directors have no present intention of exercising their authority under resolutions 10 and 11.

Resolution 11 – Company's authority to purchase its own shares

The Directors consider it desirable that the Company should have the authority to make market purchases of its own shares. This resolution renews the Company's general authority to buy its own shares on similar terms to previous years' authority. The purpose of this Resolution is to authorise the Directors generally to purchase up to 5,383,900 ordinary shares in the market (being 14.9% of the issued share capital of the Company as at 31 August 2021). The Directors will only exercise the authority granted by Resolution 11 (if passed) if to do so would result in an increase in earnings per share and is in the best interests of shareholders generally. This authority will lapse on 20 October 2022, unless renewed earlier.

Recommendation

Your Directors believe that the resolutions set out in Resolutions 1 to 11 are in the best interests of the shareholders as a whole and unanimously recommend that you vote in favour of these resolutions. They intend to do so in respect of their own beneficial holdings.

In light of the measures taken by the UK Government to reduce the spread of Covid-19, the notes below for this year's AGM will be subject to the measures in force at the time of the meeting . As the situation is evolving any change to these arrangements will be communicated via our website (**www.alumasc.co.uk**). A dial in facility will be made available. Shareholders are encouraged to vote by submitting a Form of Proxy.

Voting at the AGM

Your vote is important, and you are encouraged to complete and return the proxy form to the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, not less than 48 hours before the time fixed for holding the AGM. Please refer to the notes on pages 139 to 140 of this Notice for further details. Please consider appointing the Chairman of the AGM as your proxy with voting instructions, to ensure your vote is counted, as if the current restrictions on meetings persist, other named proxies (other than Board members attending), may not be able to attend the AGM.

Notes to the Notice of Annual General Meeting

1) A member may appoint a proxy to exercise all or any of his/her rights to attend and to speak and vote on his/her behalf at the meeting. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company but must attend the Annual General Meeting to represent you. If the UK Government's public health measures apply at the time of the AGM, members may not be entitled to attend in person. If this is the case and the public health measures apply and although the right to appoint a proxy does apply at this year's AGM, you could appoint the Chairman of the meeting as your proxy. A proxy could be the Chairman, another Director of the Company or another person who has agreed to represent you.

2) To be valid, any proxy form or other instrument appointing a proxy and power of attorney or other authority, if any, under which it is signed or a notarial certified or office copy of such power or authority must be received by post or (during normal business hours only) by hand by Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA not later than 48 hours before the time fixed for the meeting or any adjournment thereof. Completion and return of the form of proxy will not prevent a member from attending and voting at the meeting instead of the proxy if they so wish. Amended instructions must also be received by Equiniti by the deadline for receipt of proxy forms. A member must inform Equiniti in writing of any termination of the authority of a proxy.

3) As an alternative to completing and returning the printed form of proxy, a member may submit your proxy appointment electronically by accessing **www.sharevote.co.uk** where full details of the procedure are given. For security purposes, members will need their voting ID, task ID and shareholder reference number as printed on the form of proxy in order to validate the submission of their proxy appointment online. Any such proxy appointment must be received not later than 48 hours before the time fixed for the meeting or any adjournment thereof. To appoint more than one proxy electronically, please contact Equiniti on 0371 384 2030 (from overseas +44 121 415 7047. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales)).

4) If a member has more than one holding registered in his/her name he/she should receive no more than one copy of the Annual Report and one form of proxy which will be valid in respect of all his/her shareholdings. A form of proxy is enclosed. To request a form of proxy please contact Equiniti on 0371 384 2030 (from overseas +44 121 415 7047. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales)).

5) Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 (CA2006) to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have the right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

6) The statement of rights of shareholders in relation to the appointment of proxies in notes 1, 2 and 3 above to this Notice of Annual General Meeting does not apply to Nominated Persons. The rights described in these sections can only be exercised by the shareholders of the Company. Nominated Persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.

7) The Company specifies that only those shareholders registered in the register of members of the Company as at 6.30pm on 19 October 2021 (or, in the event of any adjournment, at 6.30pm on the date which is two days before the time of the adjourned meeting) shall be entitled to attend (in person or by proxy) or vote at the meeting or any adjourned meeting in respect of the number of shares registered in their name at that time.

   Changes to entries on the register of members made after the relevant deadline shall be disregarded in determining the rights of any person to attend or vote at the meeting. Please note that a proxy need not be a shareholder.

8) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 21 October 2021 and any adjournment(s) thereof by using the procedure described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions as described in the CREST manual (available at **www.euroclear.com**). The message, regardless of whether it constitutes the appointment of a proxy or relates to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt for proxy appointments specified in the Notice of Annual General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Notice of Annual General Meeting continued

Notes to the Notice of Annual General Meeting continued

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take, (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor(s) or voting service provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

9) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of the same powers as the corporation could exercise if it were an individual member provided that they do not do so in relation to the same shares.

10) As at 31 August 2021 (being the last practicable business day prior to the publication of this Notice) the Company's issued share capital consists of 36,133,558 ordinary shares, carrying one vote each.

11) Copies of the service contracts of Executive Directors, letters of appointment for Non-executive Directors, Directors' deeds of indemnity and a copy of the Company's Articles of Association are available for inspection at the Company's registered office on each business day during normal business hours and will also be available at the place of the Annual General Meeting from at least 15 minutes prior to the meeting and until the conclusion of the meeting.

12) It is possible that, pursuant to requests made by members of the Company under Section 527 of the CA2006, the Company may be required to publish on its website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the CA 2006.

    Where the Company is requested to place a statement on a website under Section 527 of the CA 2006 it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website.

    The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the CA 2006 to publish on its website.

13) A member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting in accordance with Section 319A of the CA 2006. The Company must cause to be answered any such question but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

14) A copy of this Notice of Annual General Meeting and other information required by Section 311A of the CA 2006 can be found at **www.alumasc.co.uk**.

15) Members who have general queries about the meeting should address such questions, in the first instance, to the Company's Registrars, Equiniti 0371 384 2030 (from overseas +44 121 415 7047. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales)). Members may not use any electronic address provided in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than those expressly stated.

16) Voting at the meeting on all resolutions will be conducted by way of a show of hands. As soon as practicable following the meeting, the results of the voting at the meeting and the number of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions proposed at the meeting will be announced via a Regulatory Information Service and also placed on the Company's website.

List of Subsidiaries

The Group's subsidiary undertakings as at 30 June 2021 are shown below. Unless otherwise shown below all subsidiary undertakings are incorporated in the UK. All subsidiaries are 100% owned. The UK registered offices are located at The Alumasc Group plc registered address.

Subsidiary	Principal activity	Country of incorporation
Alumasc Building Products Limited	Building products	
Levolux Limited	Building products	
Levolux Inc	Building products	USA
Elkington China Limited	Building products	Hong Kong
Alumasc Limited	Dormant	
Wade International Limited	Dormant	
Alumasc Precision Limited	Dormant	
A G Standard Company Limited	Dormant	
Access Floor Systems Limited	Dormant	
AEBP Walling Limited	Dormant	
AIBP 2 Limited	Dormant	
ALK Limited	Dormant	
Alumasc Exterior Building Products Limited	Dormant	
Alumasc Construction Products Limited	Dormant	
Alumasc D Developments Limited	Dormant	
Alumasc D D Limited	Dormant	
Alumasc-Grundy Limited	Dormant	
Alumasc Holdings Limited	Dormant	
Alumasc Interior Building Products Limited	Dormant	
Apex Gutter & Drainage Limited	Dormant	
Benion Limited	Dormant	
Benjamin Priest Group Limited	Dormant	
Benjamin Priest Limited	Dormant	
Blackdown Horticultural Consultants Ltd	Dormant	
BLK Limited	Dormant	
BLL Limited	Dormant	
Building Products Next Day Ltd	Dormant	
C C Realisations Limited	Dormant	
Cleomack (One) Limited	Dormant	
Cleomack (Three) Limited	Dormant	
Cleomack Limited	Dormant	
Condyle Limited	Dormant	
Copal Casting Limited	Dormant	
D E Limited	Dormant	
Doranda Limited	Dormant	
Drew Street Limited	Dormant	
Elkington Gatic Limited	Dormant	
Engird Limited	Dormant	
Euroroof Limited	Dormant	
Green Roof Solutions Limited	Dormant	
Harmer Holdings Limited	Dormant	
Harvey Reed Top Table Limited	Dormant	
Justcredit Limited	Dormant	
Kett Limited	Dormant	
Levolux AT Limited	Dormant	
Powke Limited	Dormant	
Rainclear Systems Limited	Dormant	
Roof-Pro Limited	Dormant	
Sillavan Anodes Limited	Dormant	
Sillavan Industries Limited	Dormant	
Sorrel 009 Limited	Dormant	
Sure-Foot Supports Limited	Dormant	
Technical Building Products Limited	Dormant	
The Green Building Products Company Limited	Dormant	
The Paint Factory Limited	Dormant	
Thermex AFC Limited	Dormant	
Thermex Industries Limited	Dormant	
Timloc Building Products Limited	Dormant	
Wade International (UK) Limited	Dormant	
Wade Drainage Products Limited	Dormant	
Wergs Limited	Dormant	
Yenots Limited	Dormant	

Business & Operating Locations

Water Management

Skyline, Rainwater & Harmer
Burton Latimer
Station Road
Burton Latimer
Kettering
Northamptonshire NN15 5JP
Tel: **+44 (0)1536 383810**
Email: **info@alumascwms.co.uk**
Web: **www.alumascwms.co.uk**

Rainclear Systems
Unit 34 A
Techno Trading Estate
Ganton Way
Swindon SN2 8ES
Tel: **+44 (0)800 644 4426**
Email: **sales@rainclear.co.uk**
Web: **www.rainclear.co.uk**

Wade & Gatic (Slotdrain)
Halstead
Third Avenue
Halstead
Essex CO9 2SX
Tel: **+44 (0)1787 475151**
Email: **info@alumascwms.co.uk**
Web: **www.alumascwms.co.uk**

Gatic (Covers)
Dover
Hammond House
Poulton Close
Dover
Kent CT17 0UF
Tel: **+44 (0)1304 203545**
Email: **info@alumascwms.co.uk**
Web: **www.alumascwms.co.uk**

Elkington China Ltd
Unit 2, 16/F, Cheung Tat Centre,
18 Cheung Lee Street
Chai Wan
Hong Kong
Tel: **+(852) 2305 0100**
Email: **ecl@biznetvigator.com**
Web: **www.alumascwms.co.uk**

Building Envelope

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White House Works
Bold Road
St Helens
Merseyside WA9 4JG
Tel: **+44 (0)1744 648 400**
+44 (0)208 863 9111 (London)
+44 (0)1452 500007 (Gloucester)
Email: **info@levolux.com**
Web: **www.levolux.com**

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United States of America
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Suite 209
Kansas City
MO 64116
United States of America
Tel: **+1 (913) 660 5039**

Waterproofing Systems
Alumasc Roofing
White House Works
Bold Road
St Helens
Merseyside WA9 4JG
Tel: **+44 (0)1744 648 400**
Email: **info@alumascroofing.co.uk**
Web: **www.alumascroofing.co.uk**

Green roofing
Blackdown Greenroofs
3 The Waggon Shed
Flax Drayton Farm
South Pertherton
Somerset TA13 5LR
Tel: **+44 (0)1460 234582**
Email: **enquiries@blackdown.co.uk**
Web: **www.blackdown.co.uk**

Rooftop management systems
Roof Pro Systems
Polwell Lane
Off Station Road
Burton Latimer
Kettering
Northants NN15 5PS
Tel: **+44 (0)1536 383865**
Email: **cad@roof-pro.co.uk**
Web: **www.roof-pro.co.uk**

Housebuilding Products

Ventilation products, access panels/doors cavity closers/dry roof verge products
Timloc Building Products
Timloc House
Ozone Park
Howden
East Riding of Yorkshire DN14 7SD
Tel: **+44 (0)1405 765567**
Email: **sales@timloc.co.uk**
Web: **www.timloc.co.uk**

Design and Production
www.carrkamasa.co.uk

ckd

MIX
Paper from
responsible sources
FSC® C022913
FSC
www.fsc.org

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Northamptonshire NN15 5JP
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