Building products for a sustainable future

The Alumasc Group plc
Report and Accounts 2022

alumasc

Building products for a sustainable future

by delivering on our purpose to provide high-quality, low carbon, sustainable products and solutions

We are a UK-based supplier of sustainable building products, systems and solutions, the majority of which manage the scarce resources of water and energy within the built environment, and improve the quality of life for the owner/occupier using recyclable materials.

Strategic report

Governance

Financial Statements & Company Information

Highlights

Financial Highlights

Revenue*
£89.4m
2020/2021: £77.8m

Underlying* PBT
£12.7m
2020/2021: £10.0m

Reported PBT
£(5.0)m
2020/2021: £9.8m

Underlying* EPS
28.6p
2020/2021: 22.5p

Dividends per share
10.0p
2020/2021: 9.5p

Net bank debt
£4.7m
2020/2021: £0.9m

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

Operational Highlights

- Strong revenue and profit growth in core businesses
- Operating margin increased despite input cost increases
- Investment in sales and product management resource to improve capability
- Strategic decision to sell Levolux to focus on core businesses
- Actively looking for synergistic acquisitions
- Focused on investments in new products, manufacturing capability and automation
- Close alignment to the sustainability agenda – awarded London Stock Exchange Green Economy Mark
- Pensions deficit reduced further, resulting in agreement to reduce annual contributions to £1.2m from £2.3m

Highlights continued

Making a difference

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

Our values:
- Trustworthy
- Responsible
- Passionate about sustainability

Social

Creating a safe, healthy and empowering working environment

Our focus
- Health & Safety
- Diversity/equal opportunities
- Employee engagement
- Community engagement

Our goals
- Zero harm
- Diverse and empowering place to work
- Support local communities

Read more
Sustainability: Social – p36

Environment

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

Our focus
- Environmental solutions
- Sustainable materials
- Energy management
- Packaging/waste reduction

Our goals
- Provide environmental solutions for the built environment
- Promote circular economy
- Minimise GHG emissions
- Reduce and recycle waste

Read more
Our environmental solutions – p27 and 28
Sustainability: Environmental – p26

Governance

Our values: Conducting ourselves in an open, ethical and responsible manner

Our focus
- Board oversight
- Meaningful governance
- Code of Conduct
- Anti-modern slavery/human trafficking
- Anti-bribery and corruption
- Responsible Tax policy
- Supplier treatment policies
- Risk management

Our goals
- Developing long-term relationships with stakeholders
- Meet or exceed all applicable regulations
- Ethical supply chain
- Understand and manage our risks

Read more
Sustainability: Governance – p38

Alignment with United Nations Sustainable Development Goals (UN SDGs).

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)

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
- Sustainable products

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
- Insulation and ventilation products improve energy performance contributing towards zero carbon buildings
- Drainage products and green and blue roofs assist stormwater management

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
- Use of recycled packaging
- Waste reduction

Other UN SDGs supported

- Shareholder engagement
- Customer engagement
- Banker engagement

- Employee diversity

- Community and environmental engagement

- Employee health and safety
- Employee engagement
- Health & Safety

- Supplier engagement

Highlights continued

Sustainability at heart

Water Management

See page 12
for more on our
Water Management division

Building Envelope

See page 14
for more on our
Building Envelope division

Housebuilding Products

> At Alumasc sustainability is at the heart of what we do."

Paul Hooper
Chief Executive

See page 16
for more on our Housebuilding Products division

Chair's Statement

Strong performance

> Alumasc's business has demonstrated strong momentum and resilience, delivering underlying profits from continuing operations substantially ahead of a successful prior year."

I am pleased to present my first report as Chair, following the retirement of John McCall on 31 December 2021. On behalf of Alumasc's stakeholders, I would like to once again record my sincere thanks to John for his leadership, contribution and unwavering support to Alumasc over many years.

In another year of unprecedented challenges, including continued Covid disruption, the war in Ukraine, cost inflation not seen for a generation and labour shortages, Alumasc's business has demonstrated strong momentum and resilience, delivering underlying profits from continuing operations substantially ahead of a successful prior year.

Performance

Revenues grew by 15% from £77.8 million to £89.4 million* and underlying pre tax profits from £10.0 million to £12.7 million*.

Alumasc's Net Debt increased to £4.7 million, compared to £0.9 million to last year. This reflects higher inventory levels to protect against material shortages as well as Capex of £2.6 million, repaying pandemic related government support of £0.7 million, dividend payments of £3.4 million and pension contributions of ££2.6 million. Our bank credit facilities have recently been increased to £29.0 million, to allow Alumasc to invest both for organic and inorganic growth.

Strategy – organic growth

Alumasc's divisions have been encouraged to reset their plans to deliver faster and more ambitious growth. As a result, the divisions have invested in additional high-quality people to accelerate product development and sales and we expect to reap the benefits in the coming years. In addition, following the successful cost reductions achieved from streamlining our operations in 2020, Alumasc is examining the potential to drive further efficiencies across the Group.

Strategy – corporate transactions

Following a strategic review, the Alumasc Board agreed that Levolux, with its focus on installation, was non-core and it would be better positioned under new ownership. Levolux was sold on 26 August 2022 to Talrus Limited, a company associated with leading private investors, Rcapital. They are well placed to support the Levolux business and management team, and we wish the Levolux team and Talrus well.

Alumasc is also actively looking for synergistic acquisitions to supplement its organic growth.

ESG

Our contribution to environmental sustainability through the energy and water efficient products that we develop and sell was recognised by the London Stock Exchange awarding Alumasc its Green Economy Mark in the year. This is awarded to companies that derive the majority of their revenues from environmentally friendly solutions and is appropriate recognition of the many Alumasc colleagues who strive daily to produce solutions to combat climate change for our customers and planet.

In the rest of this report are examples of some of our climate friendly products, as well as the social/community contributions made by Alumasc's people and the Board's commitment to high standards of corporate governance.

Pension scheme

As shown in Note 22, the defined benefit pension scheme deficit has further reduced in the year from £4.6 million to £2.1 million. I would like to thank both our Management Team and the Pension Scheme Trustees for the collaborative approach they have adopted to make further inroads to the deficit for the benefit of Scheme Members, through a combination of Company pension contributions, sensible asset investment decisions and the impact of gilt yields on liability calculations. Agreement has also been reached with the Trustees to reduce the Company's pension contributions to £1.2 million pa (previously £2.3 million) until the next triennial valuation in 2025, in recognition of the reduced scheme deficit.

Dividends

I am pleased to confirm that the Board continues to pursue a progressive dividend policy. An interim dividend of 3.35p per share was paid in April 2022 and our proposed final dividend, if approved by shareholders, is 6.65p, making a total distribution for the year of 10.0p per share (2020/21: 9.5p per share).

Board

As mentioned elsewhere, John McCall and Jon Pither, having given a combined nearly 70 years of loyal service to Alumasc, retired during the year. On behalf of all our stakeholders, I thank them for their immense contribution and wish them long and happy retirements.

* From continuing operations. See Note 5 to the Group Financial Statements for reconciliation to statutory profits.

Stephen Beechey took on the role of Remuneration Committee Chair following Jon's retirement. The Board was very pleased to welcome Karen McInerney to the Board as a Non-executive Director and Chair of the Audit Committee in the year. Karen brings a wealth of financial, treasury and risk management experience from having worked in a small listed company which is now a FTSE 250 group and we are already benefitting from her insights.

Looking ahead and Alumasc's people

Whilst economic and geopolitical conditions continue to be unpredictable and will doubtless lead to some volatility, Alumasc has a clear long-term strategy of organic and inorganic growth focused on sustainable building products.

Our people have demonstrated remarkable resilience and adaptability in the past two and a half years, and I am sure they will continue to do so in the times ahead to deliver a strong performance for our various stakeholders. The Board and I thank our staff colleagues for their continued hard work and commitment.

Vijay Thakrar
Chair
6 September 2022

Case for investing in Alumasc

Re-shaped portfolio provides a platform for strategic acceleration

- All divisions capable of delivering sustained and profitable organic growth
- Focussed group of niche businesses supplying high quality construction products
- Scope to accelerate growth through people and product investment and value accretive acquisitions

Business set to benefit from long term structural growth drivers

- 80% of Alumasc products specified to deliver environmental benefits
- Commitment to sustainability in construction recognised by the LSE Green Economy mark
- Sustainability focus underpins potential for growth ahead of underlying markets

Premium products and brands, with strong market positions

- High margin, premium products typically specified by customers and regulations
- Trusted brands across commercial, new build residential and RMI markets
- Leading niche market positions with a growing digital presence
- Increasing recognition in overseas export markets

Entrepreneurial, de-centralised model to optimise efficiency and agility

- Divisional structure with underlying brands given freedom to exploit market opportunities
- Customer-centric culture focussed on delivering excellent service
- Well invested and efficient manufacturing facilities alongside robust supply chains

Strengthened financial position provides capacity to invest for growth

- Very low levels of indebtedness, with leverage below 0.5x EBITDA
- Pension position further strengthened with reduced deficit of c.£2m and annual contributions reducing by c.50%
- Ability to invest for growth, whilst driving improved returns on capital

Potential to deliver significant shareholder value

- Targeting further improvement in Group margins and cash generation
- Acquisition activity expected to accelerate, with a strong pipeline of opportunities
- Delivering a progressive dividend policy

Our strategy – sustainability at its heart

Our strategic objectives

Revenue growth
- Attractive positions in niche markets, supported by long term growth drivers
- Differentiation through premium brands service/support, sustainable products, materials
- New channels, new geographies, adjacent markets and cross-selling
- M&A used to accelerate progress

Margin improvement
- Brand strength, supported by quality know-how and customer service
- Develop higher value – continue adding green products and solutions
- Manufacturing efficiency
- New Product Development

Efficiency
- Efficient centre, day-to-day responsibility devolved to agile and customer-focused operating companies
- Investment in people, capacity and capability
- Working capital managed to maximise efficiency while ensuring adequate inventory levels

Responsible business with focus on sustainability
- Capability investment to increase use of recycled material
- Collaboration with raw material suppliers to improve recycled content
- Electricity from renewable sources
- Continued investment in energy-efficient plant and machinery
- Transition to electric vehicles
- Number of days lost annually due to accidents at our sites

Cash generative growth which supports
- Capital and people investment to support organic growth
- Working capital
- Bolt-on M&A
- Progressive dividend

FY22* progress

Revenue
£89.4m
2020/2021: £77.8m

Return on sales
14.9%
2020/2021: 13.5%

Cash conversion as a % of operating profit
85%
2020/2021: 121%

Return on Invested Capital
25.8%
2020/21: 18.4%

Use of recycled materials
75%
2020/2021: 75%

Intensity ratio (scopes 1&2) per £m of revenue
23.36%
Intensity ratio reduction since baseline year 2016/2017: 52.46%

Capital expenditure
£2.6m
2020/2021: £2.0m

Dividend
10.0p
2020/2021: 9.5p

* From continuing operations

Building products for a sustainable future

by delivering on our purpose to provide high-quality, low carbon, sustainable products and solutions.

Our measures	Ambition
• Growth in revenue from continuing operations • Increase in market share • Growth of export markets • Customer satisfaction	**Future goals** • Increased market share • Market known Brands • Develop new markets
• Underlying operating profit as a percentage of revenue • Investment in efficiencies, including new technology • Growth in margin • New products	**Future goals** • Increase in sales and profits • Sustainable solutions • Develop new markets • Manufacturing efficiency
• Underlying operating profit as a percentage of shareholders' funds, including historic goodwill and excluding cash/debt, pension deficit (net of tax) and lease liabilities	**Future goals** • Optimal inventory levels to maximise working capital efficiency • Increase return of profit per head • Increased digitalisation to reduce costs
• Proportion of our raw material consumption satisfied by recycled materials • Scope 1 & 2 market-based emissions as a percentage of turnover • Number of days lost annually due to accidents at our sites	**Future goals** • Continual increase in proportion of recycled/recyclable products • Staff wellbeing • 0% of waste to landfill • Transition of fleet to electric vehicles
• Organic and inorganic growth • Training • Progressive dividend	**Future goals** • Targeted investment in capacity, capability and efficiency • M&A in value-accretive areas

Our Business Model

Living our Purpose of Building Products for a Sustainable Future

We provide high-quality, low carbon, sustainable products, systems, and solutions. We behave with integrity, building strong relationships and trust with our customers and colleagues, and deliver on our promises.

What we rely on

Resources

Management style and people
We have an inclusive management style that helps empower our employees

We value our staff and have de-centralised operating units

Our people bring technical knowledge about our products and systems and passion for customer service

Efficient central support

Technical know-how
We are experts in what we do

Creating new products to support sustainability in the building environment

IP/Brands
We have registered patents and patents for our innovative products to protect our IP and have premium brands

Capital Investment in new technology
Use of new technology to support operations

Providing cleaner and energy efficient manufacturing

What we do and how we do it

Business Segments

Water Management

See page 12 for more on our Water Management

Building Envelope

See page 14 for more on our Building Envelope

Housebuilding Products

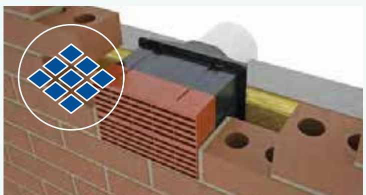
See page 16 for more on our Housebuilding Products

Drivers


Water Management


Energy Management

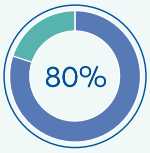

Specified roofing solutions


Ease of construction

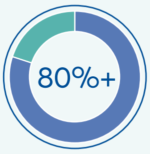
Underpinned by Sustainability and supporting the SDGs

Low carbon products | Durable and recyclable products | Sustainable Solutions for the Built environment

Sustainable building products backed by strong brands



Specified Products
80% of Group revenues are linked to specification and regulation



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

International market development
Export revenues, currently 15% of Group sales, are being targeted in selected markets

Customers/channels to market

Customers

Housebuilders

Contractors

Merchants and distributors

Online digital platforms

The value we create

Repeat customers
We establish excellent relationships with our customers

Motivated employees
Our staff are motivated, are trained and incentivised to provide exceptional customer service

Sustainable growth
Long-term customers, excellent products and processes

Aim to grow the business with firm foundations and good brand reputation

Margin improvement/ Superior returns
By using new technology and having efficient operations, we can maintain and improve margin

Combating climate change
By providing sustainable and long-lasting products

Zero carbon manufacturing by the Housebuilding Products division

Communities
Supporting our communities

Providing apprenticeships and local jobs

Operating Segments

Water Management

Alumasc Water Management Solutions ('AWMS') 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 origination source to water course, sewer or ground.

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
- Worldwide supply chain including suppliers in Europe and North America

Routes to market

- Merchants and distributors (some via preferred installers)
- Direct to customer via online digital platforms

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
- 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
- Selective bolt-on acquisitions that provide synergies, new products and access to new channels

Financial Highlights 2021/2022

Revenue
£47.6m
2020/2021: £38.4m

Underlying operating margin*
18.4%
2020/2021: 15.9%

Underlying operating profit*
£8.8m
2020/2021: £6.1m

Operating profit
£8.7m
2020/2021: £6.0m

* Prior to brand amortisation charges of £0.1 million in both years.

Alumasc in action: Fulham Football Club case study

A bespoke Gatic CastSlot system was installed as part of the redevelopment of the riverside stand for Craven Cottage, home to Fulham FC. The project incorporates Gatic CastSlot Treadsafe, which was chosen to drain away any excess surface water from the seating/standing areas along the deck of the stand.

The unobtrusive profile of CastSlot sits neatly within concrete, asphalt, and block surface finishes and features an electro painted ductile iron throat section. This is securely fixed to the galvanised steel channel body to provide an exceptionally robust yet discreet drainage system.

The treadsafe option was chosen for this project. Treadsafe is available for areas where there is regular foot traffic and is available with a 10mm or 30mm opening – ideal for stadium standing and seating areas.

Bespoke access boxes were also created for the new stand, and channel throat depths were also extended for level changes, allowing a constant invert within the channel.

The major challenge for the project was to extend the throat of the slot, which is something that other similar products manufactured by our competitors are unable to do. With Gatic's method of manufacture, this was not a problem.

Specifiers and designers often incorporate Gatic systems in their designs due to the previous successes, the performance of the product, the service and continual technical support.

Established since 1928, the Gatic range is renowned for innovation, quality and performance across many prestigious projects in the construction, transport and utility markets.

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

Paul Hooper
Chief Executive and Water Management Divisional Managing Director

Operating Segments continued

Building Envelope

We work with our 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.

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

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

Routes to market
- Direct to main building contractors in the UK
- Through general contractors

Opportunities and potential
- Business development opportunities arising from the Alumasc Building Envelope specification sales approach
- Market share gains through product leadership and outstanding customer service

"The Building Envelope Division continued its pursuit to face the everyday challenges of climate change and the drive from clients and building users to provide systems and solutions that reduce carbon from the atmosphere, are safe to install and are comprised of the highest levels of recycled raw materials attainable."

Gilbert Jackson
Executive Director and Building Envelope Divisional Managing Director

Financial Highlights 2021/2022

Revenue
£29.4m
2020/2021: £28.4m

Underlying operating margin*
12.2%
2020/2021: 13.2%

Underlying operating profit*
£3.6m
2020/2021: £3.8m

Operating profit
£3.1m
2020/2021: £3.8m

* From continuing operations. Underlying figures presented prior to restructuring costs of £0.5 million in 2021/22.

One Chamberlain Square Paradise Project

Creating Paradise: Alumasc Delivers for the Complete Building Envelope for One Chamberlain Square Paradise Project

One Chamberlain Square is the lead project in a wider vision to create Paradise in Birmingham — the most important development the city has seen in a generation.

With the help of Alumasc offering solutions for the entire building envelope, One Chamberlain Square is set to be a vibrant mixed-use development that will also be the new home of professional services firm PwC, but will endeavour to maintain a balance between busy urban hub and the natural world.

In order to do this, Alumasc provided a range of products and services encompassing the entire building envelope, specified by Weedon Architects. This included a Blackdown Extensive Brown Roof, applied over Hydrotech Hot Melt Waterproofing, alongside Harmer Roof Outlets and bespoke solutions from Roof-Pro, for building D: an eight-story commercial building over a podium car park.

On the roof of Paradise

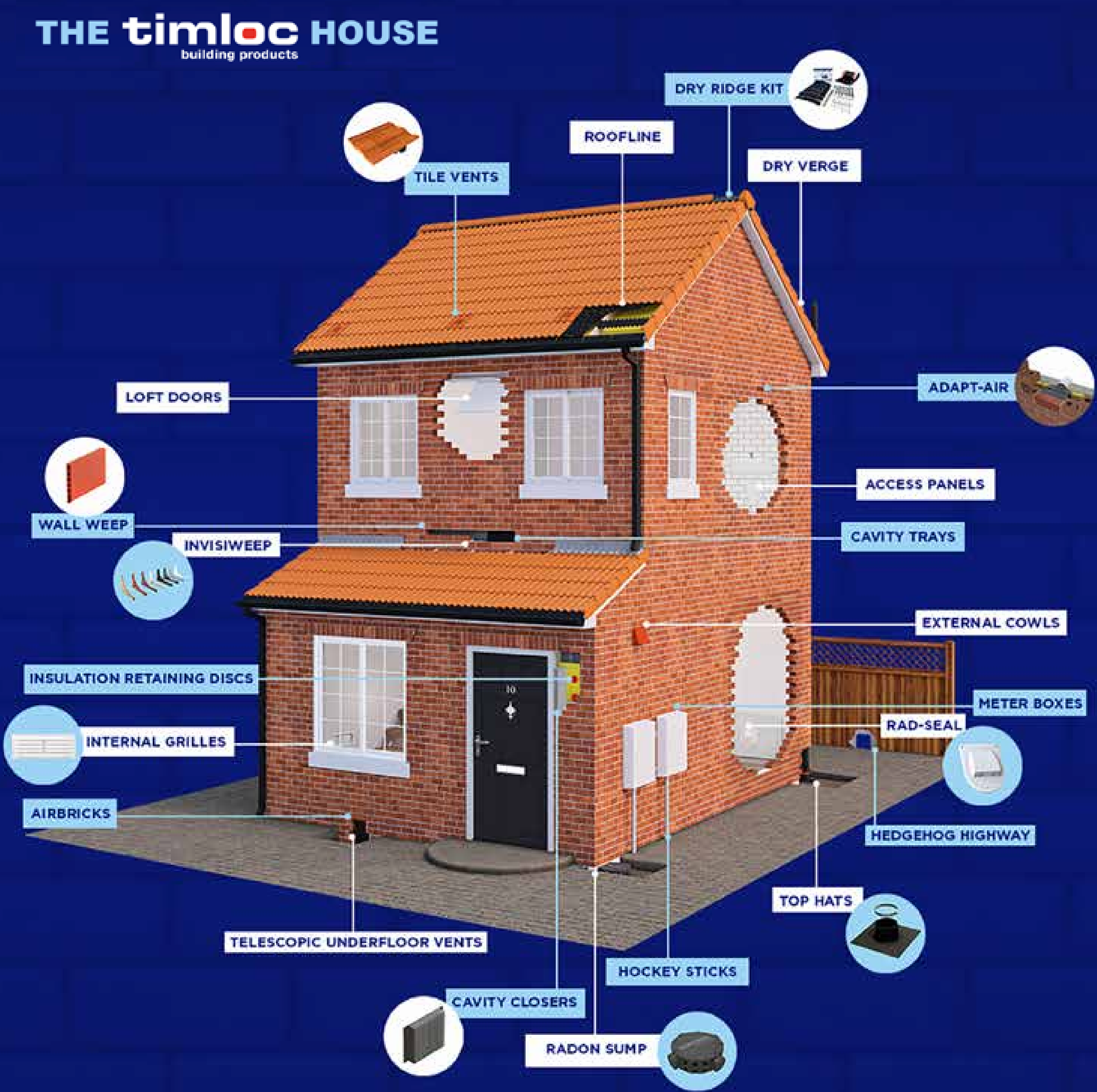
Blackdown's Extensive Brown Roof is a green roof in the making. A Brown Roof was applied over approximately 4000m^2 of roof space for this project, One Chamberlain's 'brown' roof is installed without plant life and will naturally seed from plant material that either blows in from the local environment or that is introduced by birds. In this way, it literally replaces the green space that has been taken up by the construction of the building it lies on, encouraging biodiversity by providing and strengthening habitats for wildlife local to the area, with truly local plant life.

> “This is an extremely high-profile development, which demanded trusted, standard setting products. All systems decided on were chosen on quality, durability and enhanced design life compared to competition.”

Owen Doherty
Director at Weedon Architects and Project Architect

Operating Segments continued

Housebuilding Products



Our brands

WE ARE A CO_2 NEUTRAL MANUFACTURER

Timloc Building Products' ability to deliver products next day with low carriage paid order values is what sets them apart from competitors and has enabled them to become market leaders within their sector. Timloc is also at the forefront of sustainability within their industry, manufacturing multiple-use products that are designed for the lifespan of a building and are recyclable at the end of the building life. Currently 75% of Timloc products are manufactured from recycled materials.

Timloc Building Products is the first building products manufacturer in the UK to achieve a carbon neutral status after implementing various 'green' initiatives to reduce and offset their carbon emissions to zero. In addition, Timloc became the first building products manufacturer in the UK to use electricity generated from 100% renewable sources.

Timloc's continued innovation and product development has seen the introduction of further new products and product ranges to market over the last 12 months. This includes the Fire Rated cavity stop sock range and expansion of its roofline offering.

Financial Highlights 2021/2022

Revenue
£12.4m
2020/2021: £11.1m

Underlying operating margin*
19.7%
2020/2021: 23.0%

Underlying operating profit*
£2.4m
2020/2021: £2.6m

Operating profit
£2.4m
2020/2021: £2.5m

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

Growth drivers

- Growth in UK housebuilding 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 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

"Wider industry cost pressures, including rising energy costs and increasing wages, resulted in higher costs for many materials. Our focused commercial controls and strong customer relationships have enabled us to effectively manage these input-cost pressures and largely mitigate the impact."

Michael Leaf
Executive Director and Housebuilding Products Divisional Managing Director

Chief Executive's Review

	2021/22	2020/21	% change
Group performance from continuing operations:			
Revenue (£m)	**89.4**	77.8	+15%
Underlying profit before tax (£m)*	**12.7**	10.0	+27%
Statutory profit before tax (£m)	**12.0**	9.5	+27%
Underlying earnings per share (pence)*	**28.6**	22.5	+27%
Basic earnings per share (pence)	**26.8**	20.6	+30%
Dividends per share (pence)	**10.0**	9.5	+5%

* 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. Our number one priority is always the health, safety and wellbeing of our people and visitors to sites. We have complied with, as a minimum, government regulations. Unannounced HSE visits have confirmed this with very positive feedback being received. Our new norm allowed us to adapt our working practices to have more people working from home while maintaining a good premium customer service. I am very proud of our incredible people and all that they have achieved.

Overview of performance

Despite the prior year delivering a record result assisted by circa £2.5 million of pent up revenue demand from the Covid affected lockdown year of 19/20, I am pleased to report a further record year driven by record revenue (since the focus on only premium Building Products began in 2016) which increased by 15% over the prior year.

The year was particularly affected by significant raw material and freight cost increases, in many cases well ahead of inflation. These were successfully recovered through sales price increases.

The star performer of the year was undoubtedly the Water Management Division. Following its prior year record 27% profit growth to £6.1 million it grew a further 43% to £8.8 million, increasing its operating margin to 18.4% from 15.9%. This was an outstanding performance and was driven by a 24% revenue increase to £47.6 million.

The remaining two divisions had credible performances against a difficult background of increasing global supply chain challenges, almost achieving the same results as the previous financial year. Both the divisions grew their sales albeit with margins down slightly against the prior year. New products again played a major role, particularly at the Housebuilding Products Division which in the past 18 months launched a record number of products. This was again supported by its industry leading next day service, both of which have significantly contributed to its performance.

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

UK revenue growth from continuing operations was 9% which we believe was at a faster growth rate than the UK construction market. For instance, there is no doubt that market share was taken both in the UK Roofing market and the UK market in which Gatic Slotdrain operates.

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

Compared to the prior year in which export revenues from continuing operations were 10% of Group revenues, this year export revenues from continuing operations reached 15% and grew by just over £6.0 million (80%) assisted by Gatic Cover work on the Chek Lap Kok Airport third runway in Hong Kong.

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

The Group's operating profit from continuing operations grew by £2.8 million (27%) to £13.3 million.

Executing our priorities in FY21/22

Management accelerated the pace of strategic development during its 2022 financial year:

1. Levolux divestment

Following a strategic review it became clear that Levolux was no longer core to the development of the Group. Its business model is different to the rest of the Group's. Its focus is on design and installation, despite management's best efforts to be a supply only company which is not what the customers want.

Levolux was sold on 26 August 2022 to Talrus Limited who are well placed to support the Levolux business and management team to return the business to sustainable profit.

2. Implementation of a more cost-efficient operating structure

The Group's relentless focus on cost efficiency has supported the improvement in underlying operating margin from 8.4% in the 2018 financial year to 14.9% in 2022. Further efficiencies across the facilities will continue to be sought.

3. Prioritising and focusing investment to drive profitable growth

Capital expenditure was £2.6 million, very slightly ahead of depreciation.

Once again investment has been focused on our businesses with the greatest manufacturing activity: our Water Management business and our Housebuilding Products business. We continue to invest 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 our Housebuilding Products Division, including to support new product launches. The benefit of the investments is evident in the relatively strong performances of these businesses. There has also been a further reduction in our carbon emissions brought about by the additional investment in more efficient machinery at Timloc along with the Group's recent introduction of electric vehicles to the company fleet.

4. Proactive management of our portfolio of businesses

The Group continues to seek to grow through bolt-on acquisitions. With the Group's platform simplified and focused following the disposal of Levolux, we are well placed to leverage our strong financial position and capitalise on the opportunities presented by our growing pipeline of acquisition targets.

5. 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 who target these criteria. An example of this is its 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 significantly contributed to the energy conservation and air tightness within new build housing with its ventilation products, cavity closers, cavity stop socks and radiator seal. It is constantly innovating and launching new products that meet or exceed the latest legislation including the latest uplift in Building Regulations (Part F and Part L). A recent example of this is the new InVentive Roof Tile Vent Range, a significant product launch for 2022/23 which opens a new channel with Roofing Merchants.

The division is well placed to assist housebuilders with the introduction of housing to the Future Homes Standard in 2025 and further changes in legislation.

All divisions are totally committed to, and insist on, the use of recycled and recyclable material where appropriate. Alumasc is very proud to be able to state that 75% of the Group's products are made from readily recyclable material and 26% of the Group's raw materials are sourced from recycled material.

The Housebuilding Products Division is already operating at a carbon neutral level and there are plans in place for the rest of the Group to follow suit over time.

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.

Chief Executive's Review continued

Overview of performance

Continuing operations

Revenue analysis

Revenue from continuing operations grew by £11.6 million (15%) compared to the prior year. This was the resultant benefit of investing in high-quality Roofing salespeople, launching new products, winning market share, growing Gatic SlotDrain sales and winning the Gatic Covers project at Chek Lap Kok Airport in Hong Kong.

Gross margin

Alumasc's Gross Margin fell by 0.5 percentage points, to 37.3%, following a successful pass through of raw material price increases.

Net fixed and operating expenses

Net fixed and operating expenses increased by £1.5 million during the year mainly due to increased sales resource, marketing, product managers and inflationary pay increases.

Underlying operating profit

Underlying operating profit was £13.3 million compared with £10.5 million in the prior year.

Underlying profit before tax

Underlying profit before tax was £12.7 million (2020/21: £10.0 million).

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 £0.5 million net cost in the prior year. Further details are given in the Financial Review.

Discontinued operations

The Levolux trading loss, and the £14.9 million non-cash write down of the associated assets held for sale resulted in a loss after tax from discontinued operations of £16.7 million (2020/21: £0.2 million profit).

Levolux – discontinued/divested/held for sale

Following its substantial turnaround in the prior year Levolux fell back with a loss which was very disappointing. This was principally linked to the reduction in commercial activity in the UK and USA, in some cases the result of main contractors delaying the placing of orders to try to obtain lower prices during the above mentioned period of significant cost increases.
This was all against a background in which Covid-19 affected activity and, in particular, during further lockdowns in North America.

A strategic review has determined that Levolux should be divested. Therefore, following a sales process Levolux was sold on 26 August 2022 for a nominal initial consideration of £1 together with £1 million of deferred consideration which is repayable from proceeds in excess of £1 million arising from any subsequent disposal.

Profit after tax for the year

The Group's resulting overall statutory loss after tax for the year was £7.0 million (2020/21: £7.6 million profit).

Divisional review

Water Management

Revenue	£47.6 million (2020/21: £38.4 million)
Underlying operating profit*	£8.8 million (2020/21: £6.1 million)
Underlying operating margin*	18.4% (2020/21: 15.9%)
Operating profit	£8.7 million (2020/21: £6.0 million)

* Prior to brand amortisation charges of £0.1 million in both years.

Water Management produced a record profit of £8.8 million which was £2.7 million (43%) higher than the previous year. This followed the prior year record growth of £1.3 million (27%) versus the 19/20 year.

The drivers of the improvement were revenue related (which increased by £9.2 million (24%)) and product portfolio management, including new product launches, general efficiency improvement and tight cost control.

Significant material cost increases were passed on in the year. The performance in this division was assisted by the winning of the contract to supply the third runway with Gatic Covers at Chek Lap Kok Airport in Hong Kong.

Water Management's operating profit return on sales increased to 18.4% from a prior year of 15.9%. This was a very encouraging performance.

Divisional review

Building Envelope

Revenue	£29.4 million (2020/21: £28.4 million)
Underlying operating profit*	£3.6 million (2020/21: £3.8 million)
Underlying operating margin*	12.2% (2020/21: 13.2%)
Operating profit	£3.1 million (2020.21: £3.8 million)

* From continuing operations. Underlying figures presented prior to restructuring costs of £0.5 million in 2021/22.

The Building Envelope Division sells principally into the high end UK commercial and residential new build construction market.

Alumasc Roofing's performance was strong and in particular within the Refurbishment sector. The five new salespeople recruited in the prior year significantly strengthened some of the more weak areas of sales in the UK whilst technical services staffing was increased across the country.

It went from strength to strength and increased its revenue stream whilst also securing additional market share. This business now has a very strong and capable sales force. Significant cost increases were passed on in the year.

Divisional review
Housebuilding Products

Revenue	£12.4 million (2020/21: £11.1 million)
Underlying operating profit*	£2.4 million (2020/21: £2.6 million)
Underlying operating margin*	19.7% (2020/21: 23.0%)
Operating profit	£2.4 million (2020/21: £2.5 million)

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

Timloc, our Housebuilding Products Division, had another strong 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 saw continued growth of recently launched new products and launched further new products including FrStop cavity stop socks, Non-combustible products and a number of Roofline Products. A very exciting full launch of its new Tile Vent Range will take place in Q1 of the new financial year, with early indications of success encouraging.

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 is well positioned to benefit from the long term growth drivers in its 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.

The Board believes that Alumasc's strong strategic and market positions underpin its established track record over many years of outperforming the UK construction market, together with:

- the outstanding Water Management Division's performance which is really benefiting from both its UK and export re-focused strategy, as well as its extensive online offering;
- the strong Roofing performance where it enters the new year with a very healthy order book;
- the strong performance of the Housebuilding Products Division against a structural market shortage of housing in the UK;
- focused investments in new products, manufacturing capability and automation;
- investments in sales resources and product managers to grow the business both in the UK and internationally;
- actions taken to deliver operational efficiencies across the Group; and
- close alignment to the sustainability agenda.

Demand remains strong entering the new financial year, which has started in line with management's expectations.

Notwithstanding uncertainty over the current macro-economic outlook, a strong platform is now in place which provides the Board with confidence for another strong year.

Paul Hooper
Chief Executive
6 September 2022

Financial Review

Reconciliation of underlying to statutory profit before tax from continuing operations

The underlying profit before tax from continuing operations for the 2021/22 financial year of £12.7 million reconciles to the statutory profit before tax from continuing operations of £12.0 million as follows:

	2021/22 £m	2020/21 £m
Underlying profit before tax	**12.7**	10.0
Brand amortisation	**(0.1)**	(0.1)
Net IAS 19 defined benefit pension scheme costs	**(0.1)**	(0.2)
Restructuring costs	**(0.5)**	(0.1)
IAS 19 past service cost in respect of GMP equalisation	**–**	(0.1)
Statutory profit before tax	**12.0**	9.5

The reconciling items were:

- Amortisation of acquired brands of £0.1 million (2020/21: £0.1 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 £0.1 million (2020/21: £0.2 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.
- One-off restructuring costs of £0.5 million (2020/21: £0.1 million), reflecting the cost of exiting the Group's remaining roofing installation business and following changes in the estimated cost of several reorganisation projects, which were announced during the 2019/20 financial year.
- A one-off IAS 19 past service cost in the prior year of £0.1 million, representing an increase in the estimated cost of guaranteed minimum pension equalisation between men and women, following a High Court ruling in November 2020.

Taxation

The Group's underlying effective tax rate on continuing operations was 19.4% (2020/21: 19.5%), slightly above the UK statutory corporation tax rate of 19% due to certain costs that are disallowable for tax purposes. We expect the Group's underlying tax rate to be approximately 21% in the 2022/23 financial year, due to the planned increase in the main UK corporation tax rate from 19% to 25% from 1 April 2023.

The Group's effective tax rate on statutory profit before tax was 20.6% (2020/21: 22.6%). Reconciliations from the actual to statutory rates of tax are provided in note 10. The reconciling items mainly relate to the tax treatment of the one-off items in the Group's income statement and the deferred tax impact of the planned increase in the corporation tax rate to 25% from 1 April 2023.

Earnings per share

Underlying earnings per share from continuing operations for the year was 28.6 pence (2020/21: 22.5 pence). This increase is consistent with the increased underlying profit before tax for the year.

Basic earnings per share from continuing operations of 26.8 pence (2020/21: 20.6 pence) reflected the increase in underlying profit before tax for the year.

Dividends

The Board have recommended to shareholders a final dividend of 6.65 pence per share (2020/21: 6.25 pence), which will absorb an estimated £2.4 million 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 4 November 2022 to members on the share register on 30 September 2022.

Together with the interim dividend of 3.35p (2020/21: 3.25p) paid to shareholders on 6 April 2022, this will bring the total distribution for the year to 10.0 pence per share (2020/21: 9.5 pence), which is covered 2.9 times (2020/21: 2.4 times) by underlying earnings per share from continuing operations.

The Board continues to follow a progressive distribution policy, where dividends rise broadly in line with earnings, while maintaining a prudent level of cover.

Summarised Cash Flow Statement

	2021/22 £m	2020/21 £m
Underlying operating profit from continuing operations	**13.3**	10.5
Underlying depreciation/amortisation	**2.7**	2.7
Underlying EBITDA	**16.0**	13.2
Change in working capital	**(4.0)**	0.6
Deferred VAT repaid	**(0.7)**	(1.1)
Operating cash flow from continuing operations	**11.3**	12.7
Discontinued operation	**(2.3)**	(1.0)
Operating cash flow from continuing and discontinued operations	**9.0**	11.7
Capital expenditure	**(2.6)**	(2.0)
Interest	**(0.4)**	(0.2)
Tax	**(1.6)**	(0.2)
Pension deficit funding	**(2.6)**	(2.6)
Lease payments	**(0.9)**	(0.9)
Purchase of own shares	**(0.5)**	–
Dividend payments	**(3.4)**	(1.9)
Sub total	**(3.0)**	3.9
Non-underlying payments	**(0.8)**	(0.5)
Movement in net bank debt	**(3.8)**	3.4
Net bank debt at the year end	**4.7**	0.9

Cashflows and net debt

The Group's cash management activities during the year were focused on repayment of the final tranches of Covid-related VAT and pension deferrals, and the management of working capital during a period of strong demand coupled with significant price inflation and continued supply chain disruption.

The Group's operating cashflow from continuing operations was £11.3 million (2020/21: £12.7 million), after a cash outflow into working capital of £4.7 million, which includes payment of £0.7 million of VAT deferred from 2019/20 (2020/21: £0.5 million outflow, including £1.1 million of deferred VAT payments). Operating cashflow from continuing operations as a percentage of underlying operating profit was 85% (2020/21: 121%), reflecting selective investment in inventory to maintain customer service and manage cost price increases, coupled with the cost price inflation and strong revenue growth in the period. As a consequence, average trade working capital as a percentage of revenue was 18.1% over 2021/2022 (2020/21: 13.9%). After a £2.3 million cash outflow from discontinuing operations (2020/21: £1.0 million outflow), the total operating cash inflow from continuing and discontinued operations was £9.0 million (2020/21: £11.7 million).

Capital expenditure was £2.6 million (2020/21: £2.0 million), representing 104% of depreciation (2020/21: 86%). The main investments were on capacity and efficiency improvements at our Housebuilding Products facility in Howden, East Yorkshire, and at Water Management. The Board see further opportunities for targeted investments to deliver organic growth, and expect capital expenditure to remain above depreciation for the medium term.

Tax payments of £1.6 million were made in the year (2020/21: £0.2 million). The prior year included a £0.4 million receipt of tax overpayments from 2018/19.

The Group recorded a net cash outflow for the year of £3.8 million (2020/21: £3.4 million inflow), increasing net debt at 30 June 2022 to £4.7 million (30 June 2021: £0.9 million).

Statement of financial position and return on investment

Group net assets decreased by £10.4 million in the year to £25.7 million at 30 June 2022, a consequence of the write down of assets held for sale in relation to the Levolux business, partially offset by 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 from continuing operations divided by capital invested) was 25.8% (2020/21: 18.4%), reflecting the improved operating performance.

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. Mortality and inflation assumptions have been aligned to updated actuarial information. The IAS 19 defined benefit pension scheme deficit at 30 June 2022, before deferred taxes, was £2.1 million (30 June 2021: £4.6 million). Scheme assets decreased in the year by £25.4 million to £87.2 million. Scheme liabilities decreased by £27.9 million to £89.3 million, due to an increase in the discount rate.

Financial Review continued

Payments into the scheme in the year were £2.6 million (2020/21 £2.6 million), including £0.2 million (2020/21 £0.4 million) of payments deferred from 2019/20 under a Covid-19 cash conservation scheme agreed with the trustees.

Future contributions are agreed with the scheme's trustees, based on actuarial valuations rather than the IAS 19 deficit. Following the triennial review in March 2022, the Group has agreed reduced annual payments of £1.2 million from 1 October 2022. These payments are designed to enable the scheme to reach a fully funded position, using prudent assumptions about the future, over a reasonable timescale.

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 Group entered into a £25.0 million committed revolving credit facility which expires in August 2025 and two further single-year extension periods to August 2026 and August 2027. A further £20.0 million is available through an uncommitted accordion facility.

Alumasc's current banking facilities comprise:

- An unsecured committed three-year revolving credit facility of £25.0 million, with an expiry date of August 2025 and a further two one-year extension periods; and
- 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 2022 and 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 including stress test scenarios modelled on both a resumption of Government lockdowns and a 20% reduction in revenue.

Under the stress test scenarios, there remained adequate headroom in banking facilities and no breach of banking covenants over the 13-month period to September 2023. 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

	Covenant	30 June 2022	30 June 2021
Net debt: EBITDA	<2.5	**0.4**	0.1
Interest cover	>3.5	**31.7**	42.1

Environmental

Sustainability is at the heart of our business model. The majority of our products are sustainable and are designed to combat climate change in the built environment. We have a sustainability framework and roadmap that covers our supply chain, businesses, energy, and our conduct. Our sustainability approach allows us to map the areas of our business and the activities we undertake. We have also developed key metrics to help us monitor our ESG journey.

Environmental Highlights

Scope 1 and 2 reductions this year

23.36%

Reduction since the baseline year 2016/2017: 55.90%

Intensity ratio (scopes 1 and 2) per £m of revenue this year

28.96%

Reduction since the baseline year in 2016/2017: 52.46%

Renewable energy

100%

electricity from renewable sources

Environmental

Our products help to build a better future, and help our customers have solutions to adapt their environment to help reduce the impact of climate change. Alumasc has made a commitment to reduce the impact of our own activities and operations. In 2020, we targeted a 10% reduction in our GHG emission intensity by 2022. The actual reduction over this period was 32%. We are targeting a further reduction in our GHG emissions intensity of 10% by 2025.

By 2030

Our GHG target reduction to be >10.00 for the intensity ratio tCO_2e per £1m of revenue.

Our Greenhouse Gas (GHG) emission management

Last year all our electricity sources were switched from renewable-only sources. We continue to work with Carbon Footprint Limited to monitor and report on our GHG emissions and to review opportunities to reduce our emissions. This year we have worked with them to produce a plan for our carbon reduction journey. Each of our businesses have been encouraged to reduce their emissions and to come up with innovative ways to protect our environment. Our stories of achievements made in the year can be found on page 29.

Our subsidiaries are encouraged to improve their energy efficiency and progress is monitored at monthly Board meetings.

Significant emissions come from our own vehicle fleet and from our manufacturing operations (Scopes 1 and 2). We are working to reduce our vehicle emissions, through our travel policy and the adoption of videoconferencing. We encourage the increased use of electric vehicles and aim to have 100% electric forklift trucks as part of our programme. Electric vehicle charging points have been installed at our St Helen's site. Operational and manufacturing efficiency is promoted by capital expenditure investments in new technology, this in turn reduces energy consumption and emissions. We are looking to introduce the recommendations received from our Energy Saving Opportunity Scheme. During the year Carbon Footprint Ltd completed audits at a number of sites and their recommendations are being followed up and implemented to improve energy efficiency.

All sites except one site have adopted ISO14001:2015 and have been audited as part of the process to confirm that they have accredited Environmental Management Systems and the final site is expected to be accredited before the end of 2023.

External ISO consultants provide assurance on our environmental systems, and these are maintained and reviewed by our colleagues. All observations following an ISO audit are communicated with the management teams.

Carbon Footprint was appointed to independently assess our Greenhouse Gas emissions in accordance with the UK Government's 'Environmental reporting guidelines: Including streamlined Energy and Carbon Reporting Requirements.'

The assessment has used the 2022 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 on page 29 summarises the GHG emissions for the reporting year: 1 July 2021 to 30 June 2022. Alumasc has been assessing emissions since 2017 using Carbon Footprints's Sustrax II. The emissions assessed reflect the move to 100% renewable energy tariff.

Environmental continued

ESG targets – Roadmap to 2050

	Roadmap measure	2021 data	2022 data	2030 target	2050 target
Sustainable products	Turnover derived from environmental solutions	77%	77%	>80%	>80%
	Product recycled content	27%	27%	>40%	>50%
	Product recyclability	74%	>75%	>80%	>90%
GHG emissions	GHG emission intensity ration tCO_2e per £1m of revenue	23.21	17.78	>10.00	Net zero
Waste reduction	Waste to landfill	–	99%	100%	100%
Plastic packaging	Reduction of preventable plastic packaging	–	50%	100%	100%
Health & Safety	Lost days due to accidents	83	89[1]	0	0
Diversity & Inclusion	Gender diversity[2]	3:1[3]	3:1[3]	2:1	1:1

1 51 days lost related to one accident.

2 Male: Female.

3 Rounded figures.

Our sustainable products

Colour Coated Galvanised Steel Rain Collector

Galvanised Steel Guttering

As a society we have become ever more eco-conscious, we are making decisions based on the long-term rather than the short-term. Galvanised steel guttering can be infinitely recycled and is always likely to be recycled. Not only is it a simple process to recycle, but as scrap metal, steel will always have a value, because of this, in the UK, 87% of constructional steel is recycled, 10% is reused and only 3% goes to landfill.

Collecting rainwater made easy

With climate change appearing to be a reality that we are all having to face and although any change here in the UK is not as dramatic as being witnessed in many countries across the globe, we do seem to be experiencing warmer temperatures and more erratic weather patterns. Because of this, increasingly, the collecting and conserving of rainwater is becoming a priority for many property owners.

So, Rainclear Systems chose to stock a rain-collector made from galvanised steel.

Anthony Hitchman, Managing Director of Rainclear Systems explained:

"There are many respected studies on climate change that indicate that here in the UK we're most probably due for warmer wetter winters, an increase in heavy summer downpours along with intermittent periods of the prolonged drought and water shortage. At Rainclear, we have always stocked products that help people cope with our unpredictable weather.

When it's wet our metal guttering helps ensure efficient rainwater drainage and now, we want to help people conserve as much of that water as possible rather than allow it to disappear down the drains. To help collect and save this water, we've chosen to stock efficient, stylish and sustainable rainwater diverter products. These products are a great way of harnessing rainfall when it's plentiful and using it when it's not. When water is scarce, it's ideal to be able to access free, collected rainwater to use to keep our gardens thriving and wash our cars for example."

Accessed 2021 – www.futurelearn.com/courses/sustainable-construction-development

Environmental continued

Re-use of packaging: Rainclear

Rainclear, part of Water Management Solutions, uses packaging made from 100% recycled paper for shipping. This reuse saves:

- approximately 15 trees per year
- 60% reduction of water and energy consumption
- 50% reduction of CO_2

when compared to using virgin fibre paper.


CERTIFICATE

Rainclear System Ltd

Galvanised steel guttering

Our sustainable products include Galvanised steel guttering that does not crack or warp as is the case with plastic guttering. The galvanising process (the application of a protective zinc coating) means that galvanised steel guttering is rust-resistant for up to 15 years, and longer if maintained.

Galvanised steel guttering provides a durable and elegant finishing touch to a home renovation or self-build project, with its sustainable design and a low carbon footprint that respects the environment. Galvanised steel guttering can be infinitely recycled. Not only is it a simple process to recycle, but as scrap metal, steel will always have a value.

Accessed 2022 – Steel recycling – Galvanizers Association – https://www.industrytransition.org/insights/g7-green-steel-production/.

Green Economy Mark

- Alumasc has been recognised by the London Stock Exchange as a contributor to the global green economy
- The Mark is awarded to companies and funds that derive more than 50% of revenues from environmental solutions
- The Alumasc Group plc provided high-quality, low carbon, sustainable building products, systems and solutions which help manage the scarce resources of energy and water in the built environment and improve the quality of life for the owner/occupier

The classification, first introduced in 2019, was created to highlight companies and investment funds listed on all segments of the London Stock Exchange's main market and AIM that are driving the global green economy.

Greenhouse Gas Report (GHG) emission management

Alumasc appointed Carbon Footprint Ltd, a leading carbon and energy management company, 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 2022 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 2021 to 30 June 2022**. 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 used across the Group.

Activity	Baseline Year 2016/17	Previous Year 2020/21	Current year 2021/22
Total energy consumed (kWh)[1]	n/a	11,231,556	**8,276,380**
Location based Scope 1	1,900.99	1,426.64	**1,363.62**
Location based Scope 2	1,749.33	673.99	**246.31**
Location based Scope 3	465.07	237.05	**168.03**
Scope 1 & 2 Location-based Gross Emissions (tCO_2e)	**3,650.32**	**2,100.63**	**1,609.93**
Total Location-based Gross Emissions (tCO_2e)	**4,115.39**	**2,337.68**	**1,777.96**
Total Market-based Gross Emissions (tCO_2e)	**–**	**1,804.06**	**1,518.93**
Carbon offsets (tCO_2e)	0.00	0.00	**24.00**
Total Net Location-based Emissions (tCO_2e)	**4,115.00**	**2,337.68**	**1,777.96**
Intensity ratio: tCO_2e (gross Scope 1 & 2) per employee[2]	**7.14**	**4.68**	**3.51**
Intensity ratio: tCO_2e (gross Scope 1 & 2) per £M revenue[2]	**34.84**	**23.21**	**16.56**

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.

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 agreed an audit schedule for 2021/2022 with Carbon Footprint and they have visited a number of sites. This supports Alumasc's drive to reduce emissions.

Energy and carbon saving measures have been implemented during the 2021/22 assessment period, including:

- Adoption of new energy efficient technology
- Start of migration of the vehicle fleet to electric vehicles
- Continued reduction in travel by use of videoconferencing

Environmental continued

ESG achievements at Building Envelope

During the year Building Envelope achieved the following targets:

- 100% of marketing promotional materials for Roofing are now paper-free. Business cards are also now digital, to accompany all e-brochures.

North Tees and Hartlepool

NHS Foundation Trust Undergoes Sustainable Refurbishment

We overhauled the existing roof delivering 3,500m^2 of flat roofing refurbishments for the hospital.

The product used was Alumasc Self-Adhesive Olivine and Caltech Alpha systems.

The roof has CO_2 neutralising benefits along with the sensitively managed flame-free installation using low odour liquid.

Performance

The Olivine felt 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.

1m^2 of olivine has the capacity to capture approximately 1.75kg of CO_2.

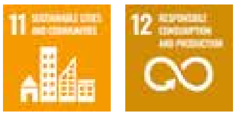
How this aligns with our Sustainable Development Goals

CO_2nstruct Zero Business Champion

On 4 April 2022 Housebuilding Products (Timloc Building Products) signed up to become a CO_2nstruct Zero Business Champion. CO_2nstruct Zero was launched last year to unify industry efforts to cut carbon.

See 17 for more

How this aligns with our Sustainable Development Goals



Renewable Electricity

We have procured 100% renewable electricity across the Group in 2022, consequently reducing our carbon emissions by 246 tonnes.

See 29 for more

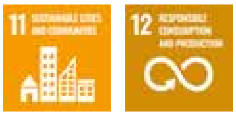
How this aligns with our Sustainable Development Goals

Reduction of waste to landfill

Most of our sites have already achieved 100% of waste going to landfill.

See 26 for more

How this aligns with our Sustainable Development Goals



Environmental continued

Electric Vehicle (EV) charging points

Our St Helens site has installed EV charging points to encourage greater use of electric motor vehicles either selected from our fleet provider or personally purchased by staff.

See 26 to 31 for more on environmental highlights

How this aligns with our Sustainable Development Goals

Cycle to work scheme

We operate the cycle to work scheme at all our sites. Two have new cycle shelters, Burton Latimer and Halstead. This is a great programme that helps with fitness and removes vehicle emissions.

How this aligns with our Sustainable Development Goals

"I like to cycle to work as the business provides the benefit of the Cycle 2 Work Scheme. I live locally and benefit from this."

Shaun
Burton Latimer

Staff health, safety & wellbeing

The protection of staff health, safety, & wellbeing are at the core of everything we do. We have set targets for a reduction in lost days due to injury. (see page 39).

We have an app that has the provision of services to help with mental wellbeing, it offers up to ten counselling sessions for any member of staff or their family and an online GP 24/7 for all staff.

See 38 to 39 for more

How this aligns with our Sustainable Development Goals

3 GOOD HEALTH AND WELL-BEING

Diversity & Inclusion (D&I)

Our current gender balance is representative of the wider industry demographics and will take some time to address. However the Board recognises the benefits that a diverse and inclusive workplace brings and our businesses are taking steps to improve it.

See 38 for more

How this aligns with our Sustainable Development Goals

5 GENDER EQUALITY

Talent, training and development

Alumasc's Board reviewed its Group-wide talent pipeline and the programme of courses available to develop our people. This forms part of Alumasc's career development and succession planning for key roles. We are hiring apprentices to help with long-term career development in the business.

See 39, 42 to 43 for more

How this aligns with our Sustainable Development Goals

8 DECENT WORK AND ECONOMIC GROWTH

Social

Fundraising

Ball of Funk

Alumasc Roofing, and Frank Besant along with friends, organised a Charity Ball – 'Ball of Funk' evening featuring DJs, live music, bubbles, and glamour. All of the £1,625 of profits have been donated to **Sam's Diamonds Cancer Support**.

“I wanted to donate the clear profits to a cause like Sam's Diamonds that really means something to so many people. With the way the world has been for the last nearly two years it was great to let loose, smile and party together again.”

Frank Besant

Half-Marathon Hero

We are inspired by our Area Technical Manager Donna Lynne Owen from Alumasc Roofing, who recently ran the Swansea half marathon. Everyone has a cause close to their heart and Donna supported Cancer Research UK and Maggie's Centres who provide vital support for anyone affected by cancer.

Importance of social / culture

The Board sets the culture and the tone from the top. The right culture is embedded into our business and adopted by our employees. It is also reflected in our processes and operations and in all our dealings with our stakeholders. Our purpose is to be the leading provider of sustainable building products and systems. This green ethos is both motivational and necessary to combat climate change.

It is important for us to engage with our local communities, and we do this with our charitable activities that deliver a range of benefits, enabling us to support local groups that provide benefits to the community, and to build local relationships. Further information can be found on pages 35 to 36.

Halstead in bloom

As part of supporting our local communities our Wade business sponsored Halstead in Bloom. We are supporting our local community by enhancing the environment with shrubs and flowers.

Kirsty, Heather and Chris from #Team Timloc took part in the Hull4Heroes skydive on Sunday 29 May 2022. The Team jumped 15,000 ft to raise £1,000 bringing it to a donation of £2,500 overall.

Charity Skydive

In May 2022, three members of team Timloc completed a 15,000ft charity skydive in aid of Timloc's charity partner Hull4Heroes. The trio collectively raised an amazing £1,000 for the charity organisation that provides veterans and their families with support, including, mental wellbeing, mentoring, employment, and housing, to help make the transition back into civilian life as smooth as possible.

Colchester Pride story

This June we celebrated Pride Month and to help our surrounding communities, we chose to hold a number of events for charities local to our AWMS offices who specifically support the LGBTQ+ community. We are proud to have fundraised for Youth Works Northamptonshire and Colchester Pride.

At AWMS Halstead funds were raised for Colchester Pride (https://www.colchesterpride.org/). The two sites raised more than £250 for these good causes.

Social continued

Other Stories

Hull 4 Ukraine

Hull 4 Heroes recently set up the Hull 4 Ukraine appeal to coordinate relief aid for refugees currently fleeing the conflict in Ukraine. The Timloc team contributed donations including blankets, clothing, toiletries and food for the cause along with a pallet of over 200 boxes for packaging the donations.

Loft Doors

Timloc donated loft doors to be used in rehabilitation bungalows as part of the Matt Hampson Foundation, a charity founded by its namesake to provide treatment and support to young people seriously injured through sport.

Archi Velo

Craig Begg was raising money for charity throughout August by entering the Archi Velo 170km. Instead of cycling the 170km he has upped the ante to 1000km! Craig said, "I'm supporting this charity as I have met some great clients and friends during most of my working life and enjoyed being involved in design elements of some of the UK's most prominent construction projects."

All net proceeds have gone to the Architects Benevolent Society.

Sparkling Twenties Ball

Alumasc Roofing sponsored Sam's Diamonds Sparkling Twenties Charity Ball in November 2021. The award which we sponsored was the 'Partner Award' and the ball raised just over £3,500.

Prickles and Paws

The Hedgehog Highway by Timloc plays a big part for charities. From every sale of the Hedgehog Highway a donation is made to hedgehog organisations to help continue their extensive work in rescuing, rehabilitating and rehoming sick or injured hedgehogs. Timloc Building Products has donated over £1,750 to various hedgehog charities across the UK so far.

Women in Construction

Alumasc supported Women in Construction week (#WomenConstruction Week and #BreaktheBias) on social media, posting on LinkedIn and Twitter. The programme is to encourage a stronger more diverse workforce in the sector. Housebuilding Products encouraged people to be tagged offering a hamper as a prize. We used quotes, profiles, and insights to encourage support for the campaign. Karen McInerney our Non-executive Director also posted in support of female talent at Alumasc. Some of the following profiles are from this campaign.

"Working within the construction industry is great fun."

Gemma Lewis
Area Technical Manager

"I first started at Keyline doing an admin role. From there with the support of the branch manager my development in building and construction grew. I enjoy the variety of people I meet and support every day. I love driving by a project – be it a school, a heritage site or even just a house – knowing I have had a hand in it coming to life and completion. I have had the opportunity to work on some great buildings. I am the only female in the Northern Alumasc Team but my colleagues are brilliant and we are an Alumasc family – all there for each other."

Nicola McGowan
Area Sales Manager, Scotland

"I have worked at Alumasc for two years, initially starting as an agency working with a busy paint shop department. I started packing and progressed through product knowledge. Within the team I have recently progressed further to run the powder centre and also assist in the wet spray line. I have been a Fire Marshal for the business for a year and have recently put my name forward to complete the First Aid and Spill Kit training. I am very happy and enjoy my current role and look forward to future opportunities within the business."

Marta Barczak
Production Operative – Paint Shop, Burton Latimer

Governance

Our Governance framework is built by our internal policies and regulations, and our key policies include: diversity and equal opportunities; IT Security; Health & Safety; Anti-bribery, Gifts & Hospitality; and Tax. Our governance framework reflects our listed status (see pages 55 to 58), and we follow the QCA Code (see page 54). We ensure our training programmes are delivered either face-to-face by professionals and internal staff or online, and are regularly updated to ensure staff are aware of our policies and requirements.

Code of conduct

Our Governance is built on the expected ethical standards and behaviours of our employees as outlined in our Code of Conduct. We expect employees to have a high degree of integrity and to be honest, responsible, and trustworthy in what they say and do. Upon joining all employees are provided with the Employee Handbook that incorporates our Code of Conduct. We remind staff of this requirement through training and briefings.

Site visit at Wade. The June Board Meeting was held at Wade in Halstead, and there was an opportunity for the Board members to have a site tour and to meet staff.

Diversity and Inclusion

Alumasc is an equal opportunities employer. Recruitment, training and development are based on the aptitude and abilities of employees regardless of religion, ethnicity, gender and sexual orientation. Employees with disabilities are given equality of opportunity with respect to entering and continuing employment with Alumasc. We have examples in the year where adaptions of the workplace or working environment have facilitated opportunities for disabled staff. 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 Board and applies to all our businesses.

We are committed to promoting diversity, inclusion, and equal opportunities from recruitment, employment and career progression to learning and development. We are proud to support staff having training and undertaking studies for qualifications to progress their careers.

Alumasc recognises the benefit of having the widest range of experience, knowledge, and skills. Management undertakes reviews of staff performance and recognise their achievements. Career progression is extremely important to us for succession planning. Promotions are usually announced at the end of the financial year.

Anti-modern Slavery and Human Trafficking

Alumasc has an Anti-modern Slavery and Human Trafficking Policy (see – www.alumasc.co.uk/wp-content/uploads/2021/05/Anti-Modern-Slavery-and-Human-Trafficking-Policy.pdf) and an annual statement for the Group on Anti-modern Slavery is published on the UK government site and on our website www.alumasc.co.uk in line with Home Office guidance, along with our previous disclosures. Our Statement for this year will be published in compliance with government requirements before the deadline. Last year the Anti-modern Slavery and Human Trafficking Policy was enhanced by the addition of the International Labour Organization's signs of forced labour and our training also reflects this. Employees can report anything observed to their line manager if it does not look right or to contact on the Speak Up hotline.

Alumasc expects its suppliers and those in the supply chain, where possible, to confirm that they have the same or very similar policies in place for Anti-modern slavery.

Anti-Bribery and Corruption

Alumasc has a zero-tolerance approach towards bribery and corruption. Our Groups Anti-Bribery Policy gives straightforward and clear advice on the ethical standards and the compliance required. We have long-term relationships with our suppliers that are built on trust and reliability. During the year Alumasc refreshed its Gifts & Hospitality Policy and this was reviewed and approved by the Board. A report this year was made on our Anti-bribery programme to the Audit Committee, please see page 63 for further information.

Confidential Helpline

We have a Speak Up helpline that is available to all staff, where matters can be reported in confidence in accordance with our policy. Even if the report after investigation does not reveal any matter, our culture is that there will be no negativity as a result. We have also set up a confidential email: speakup@alumasc.co.uk, that can be used by staff and suppliers. Training is provided to staff to employees via face-to-face training or via online modules. We have advertised the helpline to our staff, and we will investigate any matter raised.

Tax and other laws and regulations

Alumasc's aim is to create long-term sustainable value, and this means complying with our Code of Conduct and all applicable laws. In line with our Group's Tax Policy, we pay tax in full and in a timely manner when it is due. Our dealings with the tax authorities are open and transparent, we undertake commercial transaction in a tax efficient manner, and we take advantage of allowances and reliefs when they are available. We have a zero-tolerance policy towards tax evasion and its facilitation. The Group Finance Director is responsible for the policy's implementation, and this is supported by advice and training from our external tax advisers.

Headcount by gender

	Male	Female	Total
Non-executive Directors	2	1	3
Executive Directors	4	0	4
Senior managers	37	9	46
Employees	292	114	406
Total	335	124	459

We are committed to protect the Health & Safety of our people, to improve the quality of the working environment and make a positive contribution to our local communities.

Health & Safety

Alumasc has a clear primary focus to ensure the Health & Safety of our employees, and this is always the first item at our plc Board and subsidiary meetings. Our CEO is responsible for Health & Safety. All significant incidents are discussed weekly and are reviewed. This ensures that Health & Safety policy implementation and near miss reporting is discussed. We have a target of zero harm and as part of our targets we report on lost days and the learning from any incident. We recognise the importance of understanding and continually strive to improve our Health & safety culture. Health & Safety training programmes are delivered to our staff to build on our compliance with Industry best practice and to ensure that focus is on continuous improvement.

The culture is to ensure that all employees understand the importance and take shared ownership to enhance our Health & Safety performance. Engaged and informed employees help us improve our Health & Safety and environmental performance.

We use targeted role related training, e-learning to promote employee awareness of their responsibilities, hazards associated with operations and safe ways of working. We operate a formal method of reporting of recording near misses, hazards, and lost days. Near miss reporting is encouraged across the business at all levels. Near miss reporting has remained at a high level. Reporting assists with continual improvements and provides information to management on how to improve processes and to ensure safe ways of working. The number of incidents where there were days lost during the year was 89, in 2021 this was 83 days. The cumulative PRI score was 5.03 compared to 4.94 in 2021/22.

Our main Health & Safety KPI, the performance rate index (a relative measure capturing the total amount of lost time and other safety incidents, relating the result to the overall number of hours worked). This is used to measure improvements in our Health & Safety performance.

Our sites and operations have Health & Safety Committees. We are audited by specialist external Health & Safety consultants and the results of these audits are provided to the plc Board. Any resulting action plans are also discussed at management meetings.

There has been an overall trend of Health & Safety improvements, due to the focus on our zero-harm target and to continuous improvement by employees and management. The risks encountered arise due to working with machinery, materials handling, operating forklift trucks, and car and lorry use. The business carries out robust Health & Safety risk assessments and oversight ensures that recommendations are implemented.

ESG Report continued

Task Force on Climate-related Financial Disclosures (TCFD)

We recognise that as a responsible business we need to understand the environmental, social and governance (ESG) issues that are relevant to our business. Each of these requirements are balanced and managed effectively to allow us to create long-term value for our stakeholders.

Acute physical risks

- Flooding/draining and water attenuation
- Extreme storms/rainwater systems

Chronic physical risks

- Rainfall patterns
- Heat stress/temperature extremes
- Infrastructure failures

Transitional risks

- Policy & Legal
- Technology
- New products
- Cost of raw materials
- Create new innovative low carbon products to add to our products portfolio

TCFD

Our overall approach to sustainability is driven by our purpose to become the leading supplier of sustainable building products, systems, and solutions in our chosen markets. We are building on our sustainability strategy by our implementation of the recommendations of TCFD and through our core business strategy and purpose. We have a clear role to provide sustainable products to further assist the reduction of carbon in the built environment. We anticipate that our disclosures will develop over time and our journey has already achieved carbon reduction. The following table provides an overview of our TCFD steps taken during the year and our next steps:

Strategy

Our business strategy is designed to provide sustainable and environmentally friendly solutions for our customers. We use innovation to identify market opportunities to identify new solutions that help companies comply with regulations.

Internally, we aim to manufacture and supply goods in an efficient manner through the use of new technologies and machinery, reducing the energy used to make products. Our strategy covering short, medium, and longer-term objectives is outlined on pages 2 to 36 of this report.

As part of our strategy each division was asked to consider how new product development could address market opportunities resulting from Climate Change.

Risk Management/opportunities

This year we have added climate change as a risk on the Group risk register and climate change risks were also considered and reported using a questionnaire. All divisions were asked to consider the impact of Climate Change on their divisions and to incorporate this into our risk management process.

A full description of the risk process is on page 50. There are also key market opportunities for our business through innovative Climate Change combating products, such as Olivine roofing (see page 30), air sealant housebuilding products, fully recyclable and durable metal systems, and through sustainable rainwater products (see page 27).

Governance of sustainability

The Governance is as follows:

Board of Directors: The Board can challenge the Executive Directors and leadership on the approach and performance considering sustainability/Climate Change risks. The Board is involved in approving metrics and targets and sustainability is discussed at every Board meeting. Key Board activities during the year are disclosed on pages 55 to 58. The Board has set the culture for sustainability and cross divisional teams are managing the implementation. The Board has sustainability knowledge from Industry and access to ESG advisers and had a presentation during the year.

Our Executive directors and senior management are critical to our development of new and innovative products for our customers that will help have a low or zero carbon in the built environment. Internally we seek to ensure they have efficient manufacturing processes.

Executive Committee: The Group's Managing Directors have been critical to the process as they share the responsibility on our sustainable business approach.

Remuneration Committee: During the year, the Remuneration Committee considered ESG targets, and how these could be linked to climate change related targets (see pages 64 and 65).

Metrics and targets

We report on our business unit targets on a monthly basis and internally on a six monthly basis. Data is provided from our business units to our external partners, Valpak assists us with our collection of data and reporting for packaging and waste and Carbon Footprint, assist with the collation of our emissions under Scope 1, 2 and 3 (disclosed on page 29). Our intention is to report upon our key metrics in 2023. Key metrics used are:

- Zero waste to landfill
- Energy efficiency
- Our electricity supply is procured from renewable sources (see page 25)
- We keep our property portfolio under review and seek to have energy saving and Climate Change resilience in place through our business continuity planning. Audits of our buildings for energy saving opportunities have been carried out in 2021/22 (see page 29)
- Some divisions have developed KPIs for using recycled and recyclable materials for packaging

As part of our TCFD programme this year we considered the risks below and asked two business units to provide a response on their approach. As part of our risk programme, we will include more risk scenarios for each division to consider in 2022/23.

The risks identified are being managed by each business division with central oversight by the subsidiary Boards, who report consolidated risk registers to the main Board of Directors.

Please see our Principal Risks and Uncertainties section for more information on how we manage risks (pages 46 to 50).

Supply chain

We have engaged with suppliers and in particular the supply chain, for example at packaging to have more environmentally friendly packaging, where possible. Inbound cardboard can be re-used as outbound void packaging. For plastic products manufactured by Housebuilding Products 75% of our products are made from recycled plastics and Rainclear seeks to sell products (where available) that use recycled metals to reduce the embodied carbon significantly. When products are not manufactured by us, Rainclear asks the supplier for data to confirm the recycled material content.

Our operations

We are already acting on climate related risks and have achieved the following by:

- Improving the use of recycled materials across our businesses
- 100% renewal energy
- Zero waste to landfill
- Looking to re-use packaging where possible at Rainclear
- Energy saving audits of our buildings
- Net Zero planned by 2050

We are looking to reduce our carbon emissions through using new technology and through manufacturing and we have a science-based target to cut our carbon-based emissions by a further 10% by 2025 and by 2050 we aim to be a net zero carbon emission business – see our journey to Net Zero on page 26.

Decarbonise our buildings: We have had an energy saving audit of our buildings in 2021/22 and at our Wade site in Halstead, we generate c.35% of energy via our PV cells on the factory roof. Further at Wade by using new technology and moving the slot drain manufacturing there was a further saving of 35% of electricity usages by moving to use one building rather than three and by using new laser technology.

Starting a low-carbon fleet: We are committed to transitioning our fleet over time to electric vehicles. EV options are now available for cars and there has been strong support from employees.

Supply chain: We have looked at sourcing in the UK and EU for parts and are making on-shoring or near shoring decisions where environmental and cost benefits coexist for example, at our Wade business we are considering some near shoring options.

Helping customers to cut carbon: We have used teams and zoom to interact with customers reducing carbon and we have low or zero carbon products for the built environment.

Other environmental aspects: Recycling and use of recycled materials has been a strong driver for our businesses. We keep under review our plastics use and are in the process of making our packaging recyclable, where possible. See page 17 for information about Housebuilding Products a CO_2nstruct Zero Business Champion.

Section 172 Statement

Our section 172 statement for the year ended 30 June 2022, gives insight into how our stakeholders have influenced decisions during the financial year.

A key focus for the Board is to understand the impact its decisions or actions could have on stakeholders under s 172 of the Companies Act 2006. The Board looks to promote the success of the Company for the benefit of its members as a whole, and the Board confirms that during the financial year it has given consideration to the following (in addition to other matters):

- the likely consequence 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 members of the Company.

Stakeholders	Engagement/activity
Shareholders	
Drivers • Return on investment • ESG programme, sustainability at the core • Clear strategy • Transparent risk management	Alumasc is keen to know its investors' views. We hold Analysts' presentations and investor briefings at year end and half-year for existing and potential investors. Our Annual General Meeting also has a dial in number as well as an opportunity to meet the Board in person. We also offer one-to-one meetings in person or via Zoom/Teams as required. Our Investor section of our website is updated with news, and we also provide information via LinkedIn, Facebook, Twitter, and Instagram. We are registered for the green economy mark at the LSE that has recognised our sustainability programme (see page 28). Contact can be made with us via our contact email – alumasc@camarco.co.uk We also engage with shareholders in respect of remuneration via our Remuneration Committee Chair or the Chair (see page 64).
Employees	
Drivers • Safe working environment • Good working culture and appropriate reward/incentivisation • Training and development, an opportunity to progress • Retention • Communications • Sponsoring diversity and inclusion	We engage with our employees and provide communications about results and Board changes. Local divisions hold meetings with staff to ensure they are aware of any activities and to receive feedback. We work to protect our employees Health & Safety, and wellbeing. As well as this we provide courses and training to aid understanding and development, with health & safety being the first item on parent and subsidiary company Board meetings. We regularly review remuneration at all levels in the Group and some of our colleagues participate in incentive arrangements to share rewards and align shareholder and staff interests.
Pension Trustees	
Drivers • Reducing the deficit through outperforming investments • Need to de-risk and lock-in investment gains • Regular dialogue/communications with the Trustees • Protecting the pensioner members and deferred members	The Trustees of the Alumasc Group Pension Scheme have a collaborative relationship with the Company. Alumasc makes sure that the Trustees are advised and consulted on in respect of any significant changes in the Company. We work with the Trustees and have Company representatives on the Investment Sub-Committee.

Matters considered/actions	Value created	Actions taken
• Investment opportunities • New innovations and products • Sustainability and ESG • Support for M&A activity • Short-term need for higher stocking, due to supply chain concerns, and the need to have stock to hand to meet customer orders, in turn leading to high net debt	• Progressive dividend policy, reinstated with dividends of 10.0p for 2022 (9.5p for 2021) • Increased the number of Fund manager investors on our register • Provided more information on our ESG metrics and targets	• Following the pandemic payment of a dividend has been a sensitive issue. Following the high performance and selected discussions with shareholders and pension trustees, the Board agreed to the payment of the final dividend in 2021 and interim dividend in 2022. Total 2022 (and 2021 comparative) • On 26 August 2022 Levolux Ltd, as it was non-core, was sold to Talrus Ltd, a company associated with leading private investors Rcapital
• Extra investment into Health & Safety training, supervisor courses, and qualifications • Communicated our vision for the strategy of Alumasc with colleagues • Regular training and development for staff • Providing appraisals, career planning, and opportunities for career progression • Enhancing working conditions • Improving processes and initiatives • Supporting staff with our wellbeing app	• Health & Wellbeing improvements helping to reduced sickness and absences, and dissatisfaction • Motivated workforce • Foster expertise and knowledge to enlarge the talent pool for the future • Positive culture of honesty and trust and teamwork • Retain colleagues due to increased engagement and satisfaction and we have awarded a 4.5% pay rise across the business • Promoting further diversity and inclusion and a list of steps either being taken or commenced was advised to the Board	• Board agreed to recruit more new apprenticeships and to hire graduates (where possible) to fill vacancies. Steps to improve the diversity of the workforce were also considered • Statistics on gender ratios are now presented to each subsidiary Board
• Following the triennial valuation Alumasc has had an early dialogue with the Pension Trustees in connection with contributions and other matters. We have achieved an early resolution of the Contributions Schedule following good engagement with the Trustees	• Liability reduction helping the members of the pension scheme (both current and deferred) and all other stakeholders • Lock-in profits and de-risk investments for the longer-term and lower the risk for investment returns	• The Group has had a collaborative relationship with the pension Trustees and been involved in the investment strategy. The deficit has fallen and the contributions have been reduced to £1.2m starting on 1 October 2022 and will run to 31 March 2028 in line with the Company's proposal to achieve funding on a low dependancy basis

Section 172 Statement continued

> The Board considers as part of its decision-making process its impact on stakeholders."

Vijay Thakrar
Chair

Stakeholders	Engagement/activity
Customers	
Drivers • Seek to address climate change in the built environment – new solutions • Durable and long-lasting products providing quality and a fair price • First class customer service	• We have good relationships with our customers and have dedicated account managers in place. We collaborate with customers and provide training and events for customers, and develop products/services tailored to their wishes • We are present at trade events and can provide information and expertise to assist customers • We are interested in customers' requirements for building products to manage waste water, drainage, housebuilding and roofing requirements
Suppliers	
Drivers • Supply chain resilience and excellent logistics for supply chain management • Quality products/raw materials • Sustainability • Environmental and ethical sourcing	• We form long-term supplier relationships, often seeking solutions and partnering for new ideas • We ask our key suppliers to confirm compliance with our code of ethics, including providing environmental data
Local communities and the environment	
Drivers • Sustainable business operation, with low environmental impact • Charitable giving • Sports sponsorship • Future employment opportunities	• Engagement with football and cricket teams, and nearby businesses. We look to reduce our environmental impact year-on-year. We also seek to help with biodiversity where possible • Sponsorship of local matters that improve the environment (e.g. Halstead in Bloom – see pages 34 to 36)

Matters considered/actions	Value created	Actions taken
• Customers provide feedback on products, their use and we in turn consult with customers when we develop new products. New products are often launched after customer requests and feedback • We seek to collaborate with customers on significant projects • We continue to prioritise customer service and look to make continuous improvements, with targets to increase order fulfilment on time and in full	• Increased revenue and profit growth • Greater understanding our clients' needs with regard to sustainability • Helping to improve the built environment • Our relationships and excellent service give us a competitive advantage	• Listened to feedback and created new products such as tile vents following requests. • Designing new sustainable products to meet requests and demand
• Reliable sourcing of products • Reduction in waste and landfill from packaging changes and other initiatives to protect the environment • Stable and reliable production and supply of goods from vendors • Quality assurance and confirmation that on a risk basis suppliers comply with our ethical and environmental requirements	• Key supplier data, particularly sustainability assists with disclosures to end customers and investors • Strong supply chain logistics, quality and timely delivery services • Innovation and new products • Ethical and sustainable supply chain	• We engage with suppliers in connection with their carbon footprint and sustainable materials
• Make donations to local charities and not for profit organisations (see pages 34 to 36) • Long-standing supporter of local sports clubs and charitable events • Fundraising takes place for staff nominated local charities and not for profit organisations • Increasing awareness for recycling and the need for staff in UK manufacturing • Creating apprenticeships to employ local people	• Creating awareness of Alumasc in local communities and creating job opportunities • Brand awareness • Creating jobs for low-socio-economic families • Improving the environment • Supporting the creation of apprenticeships	• We have supported local community organisations and further information about this can be found on pages 33 to 36

Principal Risks and Uncertainties

Key for change since last year

∆ Increase ∇ Decrease ◁▷ No change

Risks and Uncertainties	Mitigating actions taken	Change
Climate Change **Risk/Impact** Potential to impact our supply chain and increase volatility in the prices of raw materials, and other supplies. Sudden climate changes events, such as increased severe weather conditions and storms could impact our supply chains and shipments. Regulations increasing costs could be imposed on manufacturing, certain processes, fuels/goods used, impacting prices for products that customers require.	• Improving partnerships and relationships in our supply chain to combat disruption and potential price increases • Greater resilience by using suppliers from different geographical locations • Ensuring suppliers and logistics partners understand the risks of climate change • Strategic buying of core products and careful stocking • Development of targets for our Scope 1, 2 and 3 emissions • Investment in new technology to manufacture new products to address the needs of climate change, with improved energy efficiency • Strategy includes helping customers address climate change, by selling and creating innovative new products with sustainable qualities and eco-friendly credentials	◁▷ No change
Geo-political uncertainty/Inflation **Risk/Impact** Macroeconomic uncertainty on a global basis due to the pandemic in countries following a zero covid policy in China and other countries, and following the Russian invasion of Ukraine and subsequent war in Ukraine. Markets are not settled post Brexit and ongoing logistics delays continue. Inflation and interest rates resulting in increased prices for raw material, energy supplies and services, also impacting pay and other costs.	• Strategic positioning in export markets/sectors anticipated to grow faster than the UK construction market • Revenues are derived from a variety of end-use construction markets – this provides resilience • Development of added value systems and solutions that are 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 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 • Robust management has ensured cost increases are passed on to customers	∆ Increase
Supply chain/Inflation **Risk/Impact** International supply chain risks have increased through local lockdowns due to the Covid-19 pandemic, skilled staff shortages, increased tariffs/duties, Brexit risks in Europe and together political/global volatility, and shortages of skilled logistics staff.	• 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 driver shortages have been managed and delivery times agreed/managed with customers. Shortages of ships for cargo transportation also impact delivery times. Delays in logistics are due to shortage of transportation/staff and a steep rise in demand post Covid • Regular supplier quality, value for money and risk reviews • Avoidance of strategic dependence on single sources of supply • Contingency plans in place 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 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	∆ Increase

Key for change since last year

∆ Increase ∇ Decrease ⊲⊳ No change

Risks and Uncertainties	Mitigating actions taken	Change
Cyber security and Business Interruption **Risk/Impact** Cyber security risks and Business Interruption risks are increasing globally and have increased during the Covid-19 pandemic and following the Russian invasion of Ukraine.	• IT disaster recovery plans are in place for all businesses and tested regularly – reviews are being held with each business to ensure that the Recovery Time Objective (RTO) is adequate for the business • 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	∆ Increase
Credit risk **Risk/Impact** The risk is that credit is extended and customers are unable to settle invoices. The Group manages 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, where possible • Due to Covid-19 and related uncertainties credit risks have increased, which has also been an area impacted by local lockdowns due to the pandemic • 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	⊲⊳ No change
Covid-19 pandemic **Risk/Impact** The pandemic is still impacting our customers' and suppliers' businesses and the supply chain. Impact in countries overseas impacting customer and suppliers – with lockdowns. There is an established approach for our divisions and processes incorporated into business as usual. Adverse impact on the welfare of staff.	• The primary focus has been 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 have moved to a hybrid working model where appropriate. All manufacturing sites have been operational with additional Covid-19 protocols in place • Exports and internet sales have been buoyant and helped us to connect with new customers/market share • Some business opportunities and mitigations used during the pandemic (including use of video conferencing) continue to provide ways to trade efficiently and improve margin/revenue due to cost reduction/efficiencies. Best practices and new ways of working that proved to be effective will be adopted going forward • With new ways of working the business is very agile and can quickly implement any new 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	∇ Decrease

Principal Risks and Uncertainties continued

Key for change since last year

∆ Increase ∇ Decrease ⊲⊳ No change

Risks and Uncertainties	Mitigating actions taken	Change
Health & safety risks **Risk/Impact** Health & safety incident could occur despite a strong culture and previous management performance.	• Health & safety and the wellbeing of staff is the main 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 & safety best practice days are held twice a year, chaired by the Chief Executive • Annual audits of health & safety are conducted in all Group businesses by independent consultants and other specialist advisers • Health & Safety training is provided, and implementation is monitored • Specific focus on improving safety of higher risk operations, with external consultancy support as needed • Very serious near misses are reported to the Board	⊲⊳ No change
Staff recruitment and retention risks **Risk/Impact** Potential lack of skilled employees being available for recruitment and risk of loss due to inflation in the jobs market. Risk of not being able to take-on/retain key skilled staff.	• Remuneration packages are appropriate to the position: staff are encouraged and supported to grow their careers through training and development • Board and Executive Committee focus on staff retention and reward, supported by HR and external advice • Employee numbers and changes monitored in monthly subsidiary Board meetings • Retention plans for key, high performing, and high-potential employees • The Remuneration Committee considers retention and motivation when considering the remuneration framework • Succession planning	∆ Increase
Product/service differentiation relative to competition not developed or maintained legislative and media risks **Risk/Impact** Failure to innovate and have an agile and entrepreneurial but compliant business behaviour. Increasing regulation and media focus in products/service have impacted the risk profile.	• 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 is planned at Group level and carried out 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 • Devolved structure allows an agile approach to business and an ability to meet increasing demand for products • Employed new product managers to help identify gaps in the market and to ensure we have a leading edge portfolio of products and services	⊲⊳ No change

Key for change since last year

∆ Increase ∇ Decrease ⊲⊳ No change

Risks and Uncertainties	Mitigating actions taken	Change
Loss of key customers **Risk/Impact** The risk is the loss of markets or customers. The Group operates credit insurance (see credit risk) to cover the potential impact of loss of revenue. Service and client relationship need to be maintained to retain and grow the business.	• 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 understand and adapt to changing and emerging customer needs	⊲⊳ No change
Legacy defined benefit pension obligations **Risk/Impact** The long-term funding of the pension scheme removes funds that need to be re-invested into new technology to grow the business. The pension scheme's obligations need to reduce by investments and by the maturity of the Scheme to prevent it holding back the business.	• Continue to grow the business so that 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 that receives specialist investment advice • The Trustees are pursuing a lower risk investment strategy to match liability risks and reduce future volatility	∇ Decrease
Product warranty/ recall risks **Risk/Impact** Risk is one of product recall with subsequent cost and reputational risks, however the Group does not have a history of significant warranty claims or product recalls.	• 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	⊲⊳ No change

Risk Management Process

Alumasc's Risk Management Process

The Group's risk management process is designed to ensure that material risks to the business are identified, considered, analysed, and managed as part of our strategy and business decisions. The Board has overall responsibility for Alumasc's risk management. Day-to-day risk management is delegated to the appropriate personnel throughout the organisation and they are responsible for monitoring risk and mitigation strategies.

Risk Appetite

Some risk is inherent in doing business. Alumasc's risk appetite reflects the amount of risk that the Board is prepared to accept to achieve our strategic goals. The business recognises, discusses, and agrees the amount of strategic risk that it is prepared to take to achieve its strategic goals. Risk mitigation and avoidance strategies are put in place to minimise any impacts from those risks should they arise. Where possible and cost effective, insurance is maintained to pass risk on to third parties. The recognition of risk and its impact is part of the decision-making process.

Identification of risks

Risk identification is part of day-to-day operations and business activity. Business leaders and line managers are empowered to manage risk on a day-to-day basis, and it forms part of business team meetings. Identified risks are assigned business owners who are responsible for ensuring that the risk mitigation strategies are in place. Significant projects, including property moves, installation of new manufacturing equipment, or new product launches specific registers relating to these matters are established.

The Board formally reviews the risk register and considers any material changes and the related changes to mitigations or controls. In addition, any accidents, or significant commercial, financial or regulatory matters are reported to the Board as they arise.

As part of the process the operational risks are determined by the trading business units in consultation with their local teams. The Strategic Risks are managed by the Leadership Teams and the Executive Directors, and those risks are discussed at the plc Board.

Emerging Risks

These are considered by the Executive Directors and the subsidiary boards, and local management teams, and with professionals on the leadership teams who can consider emerging risks that could potentially adversely impact the business or its stakeholders; steps are taken to mitigate these emerging risks as appropriate. As part of the process the leadership and management have contact with customers and suppliers.

Our risk process is as follows:

1. Identification (by the local management teams)
- Each risk from the prior year is reviewed to see if it is still valid or requires updating
- Emerging risks analysed
- Major regulatory changes – new plans and initiatives
- Complex processes considered
- The external environment

2. Discussion at Subsidiary and Group Boards
- Registers reviewed with Management and Leadership teams

3. Prioritisation
- Rank and priorities risks-based Impact/Likelihood
- Likelihood: the chance of the risk occurring
- The impact of a risk (should it arise) on the division's financial targets

4. Mitigation process
- Creation of an action plan for high and medium level risks
  - Noting what actions are needed
  - Risk ownership noted
  - What new activity needs to be implemented

5. Mitigation actions
- Subsidiary companies/divisions develop what activity needs to be carried out
- Determination of ownership of the mitigation process
- Recording of what needs to happen and the frequency

Climate Change

As part of our approach to manage Climate Change risk Alumasc is using the framework in order to shape its environmental response internally and to consider market impacts that has implication for new product development. Alumasc has as part of its approach already used its disclosures and data collection to help shape its policy as part of TCFD. We use the following information and report further on pages 25 to 32.

- For Greenhouse gas emissions on Scope 1, 2 and 3, the data reported has been verified by Carbon Footprint, this information has to date informed our policy of using 100% renewable energy and helped us to consider future policies for our motor fleet
- Senior leadership including Executive Directors have considered climate change and governance is in place via our subsidiaries and divisional management and The Alumasc Group plc Board
- Scenarios will be are being developed using workshops in 2022/23, to cover buildings, weather and other implications resulting from climate change

As a result of our work on risk assessment Climate Change has been added as a principal risk as part of the businesses internal and product development activity to reduce the impact of GHG emissions.

See risk on page 46 for more detail on our approach.

G Paul Hooper

This Strategic Report was approved by the Board on 6 September 2022.

Non-financial Information Statement

The table below provides the non-financial information required by Section 414CB of the Companies Act 2006 and highlights where the references can be found:

Non-financial information Reporting requirement	Development and actions	Page no.s
Business Model	Incorporating how sustainability is part of our model and focus for our products to tackle these challenges in the built environment.	9 and 10
Description of management of principal risks and impact of business activity	Full description of key risks and our risk assessment processes.	46 to 49
Environmental matters • Climate change principal risk • Providing sustainable solutions for the built environment	Clear focus on providing solutions to help solve environmental challenges of our customers resulting from climate change. Seeking to reduce emission with targets for year-on-year reductions. Reductions in material to landfill and demonstrating that already Housebuilding Products is a net zero manufacturer. This year a new principal risk – Climate Change has been included.	26 to 30, 39 to 41, 46
Employees • Health & Safety • Engaged, motivated, and diverse workforce • Training and development • Apprenticeships	Focused on the Health & Safety and Wellbeing of staff, motivation, and retention in difficult economic times. Making employees feel engaged and promoting a transparent and open culture. Recruiting and retaining a diverse workforce is critical for the Group.	42 to 43, 38 to 39
Social and Community • Developing sustainable long-term actions • Brand awareness	We are committed to be a responsible business, promoting sustainable operations and ensuring our operations respect the environment. We encourage employees to raise funds for local groups and charities.	34 to 36
Respect for Human Rights	The Group does not have a Human Rights policy; however, we do have an Anti-slavery and Human Trafficking Policy and this can be found on our website. The Group has a zero-tolerance policy to modern slavery and human trafficking.	38
Anti-bribery and anti-corruption	The Group has a zero-tolerance policy for any form of bribery or corruption. The Gifts and Hospitality policy was updated this year.	39 and 63

Board of Directors

Committed and experienced leadership

Vijay Thakrar A N R
BSc, FCA

Chair

Appointed: 2019
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, RSM Group and Treatt plc, where he is Chair Designate. He is also a member of the Audit & Risk Committee of the John Lewis Partnership, a role which he will step down from by the end of January 2023.

Paul Hooper
BSc, MBA, DipM

Chief Executive

Appointed: 2001
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. Paul is also a non-executive director on the Board of Titon Holdings plc.

A Audit Committee

N Nomination Committee

R Remuneration Committee

▬ Chair of Committee

Simon Dray
BSc, FCA

Group Finance Director

Appointed: 2021
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.

Stephen Beechey A N R
BSc, MA, MRICS, MCIOB, MAPM

Non-executive Director

Appointed: 2019
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, he is a director of the Construction Skills Certification Scheme Ltd. Stephen chairs the Alumasc Remuneration Committee and is a member of the Audit and Nomination Committees.

Karen McInerney A N R
BA Hons, FCA

Non-executive Director

Appointed: 2022
Karen McInerney is a qualified chartered accountant with 27 years' experience at Computacenter plc, where she currently leads financial operations as Group Financial Controller. Karen has a wealth of experience in accounting, financial reporting, acquisitions, as a pension trustee, tax and treasury management, Audit Committee/governance matters, and is also a member of the Risk Committee at Computacenter plc. Karen holds the position of Chair of The Alumasc Audit Committee and is a member of the Remuneration and Nomination Committees.

Board Tenure

>15 Years: 1
<5 Years: 6

Gilbert Jackson
Executive Director

Appointed: 2019
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
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.

Corporate Governance Statement

"The Board views good corporate governance as the key to providing a clear framework for long-term sustainable growth."

Vijay Thakrar
Chair

Our governance framework

Our Corporate governance framework is designed to promote decision-making to support our strategy to be a leading sustainable building products business for the benefit of our stakeholders.

The composition of the Board and its Committees as at 6 September 2022, is as follows:

The Alumasc Group Plc Board Of Directors
(Biographical details can be found on pages 52 and 53)

Audit Committee
Membership as at 6 September 2022
Karen McInerney (Chair)
Stephen Beechey
Vijay Thakrar
see pages **60-63**

Remuneration Committee
Membership as at 6 September 2022
Stephen Beechey (Chair)
Karen McInerney
Vijay Thakrar
see pages 64-72

Nomination Committee
Membership as at 6 September 2022
Vijay Thakrar (Chair)
Stephen Beechey
Karen McInerney
see page 59

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, Mrs Karen McInerney was provided with:

- Meetings with the Group Company Secretary, all Board Members and Key Management Team members
- A tailored induction appropriate to her position
- A briefing from the Nomad

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 56 to 58. The following section outlines how the Group fully complies with the QCA Code and how the Board and Committees operate.

Deliver growth	
Principle 1: Establish a strategy and business model which promotes long-term value for shareholders.	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; trustees of its pensions schemes; customers; suppliers; and bankers. The Board reviews management's recommendations, challenges them and approves the strategic approach. In the year we reviewed our strategic alignment with environmental sustainability products and considered how Alumasc could accelerate organic and non-organic growth. The Executive Committee and the management teams of the Group's divisions are focused on delivering the agreed plans. Further details of the Company's business model and strategy are set out on pages 9 to 10.
Principle 2: Seek to understand and meet shareholder needs and expectations.	Alumasc has regular dialogue with existing and potential investors. Meetings are organised at least twice a year providing investors with a forum to understand the business and our risks/opportunities. During the financial year we had an increased level of contact with investors and analysts via Zoom and Teams calls as a result of the pandemic. We plan to hold a Capital Markets Day for Investors in October 2022 to build further engagement with investors, to coincide with our Annual General Meeting.
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; 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 is always the first agenda item for all subsidiary and plc board meetings. Our s.172 Statement on pages 42 to 45 provides more information on how we take into account our responsibilities to our various stakeholders.
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 key risks the Group decides to take in achieving its strategic objectives and the Board maintains a robust risk register 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 monitoring of principal risks as critical for business. Our principal risks and risk management approach is outlined on pages 46 to 50. 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 Board. Please see page 39 on compliance with Group policies.

Corporate Governance Statement continued

Deliver growth

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair.	The Board consists of three Independent Non-executive Directors (one of whom is Chair), Chief Executive, Group Finance Director and two Executive Directors (each of whom is the Managing Director of a Division). This combination provides the Board as a whole with appropriate understanding of the Company's business balanced by independent challenge/perspectives from Non-executives. Clear separation of roles between the Chair and the Chief Executive Officer is in place. The Chair takes responsibility for the running of the Board; no individual or group dominates the Board's decision-making, and the Chair ensures that all Board members are properly briefed on all key matters. The Chair has overall responsibility for corporate governance matters. Board agendas are approved by the Chair. Directors are provided with regular, timely information on the performance of the divisions within the Group. The Chair facilitates the meetings and ensures there is time for each Director to contribute. Directors contribute their independent judgement and experience to challenge and explore key matters. The Board is provided with Health & Safety reports, finance and management reports and other information on a regular basis. The Chief Executive Officer, with the other Executive Directors, 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 Chair 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 has delegated authority to the Audit, Remuneration and Nomination Committees to support the work of the Board in the performance of its duties. Their reports are on pages 59 and 64 to 72, and their terms of reference can be found at 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. 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 Non-executive Director who was appointed during the year, Mrs Karen McInerney, is required to offer herself 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. Standing for re-election are Vijay Thakrar, Paul Hooper and Stephen Beechey. 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.

Deliver growth

Principle 5:
Continued

Scheduled Board meeting attendance

Directors	Position	(Attended/eligible to attend)
V Thakrar	Chair	7/7
S Beechey	Non-executive Director	6/7[1]
K McInerney	Non-executive Director	4/4[2]
P Hooper	Chief Executive	7/7
S Dray	Group Finance Director	7/7
G Jackson	Executive Director	7/7
M Leaf	Executive Director	7/7
J S McCall	Former Chair and Non-executive Director	3/3[3]
J P Pither	Former Non-executive Director	1/1[4]

1 Mr Stephen Beechey was unable to attend one Board meeting due to a conflict of meetings.
2 Mrs Karen McInerney was appointed on 1 January 2022.
3 Mr John McCall retired on 31 December 2021.
4 Mr Jon Pither retired on 21 October 2021.

Profiles of the Board members appear on pages 52 and 53 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.

Principle 6:
Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.

During the year, the Board undertook a formal review of the Directors' skills and experience, covering a range of areas considered necessary for the Directors, as a group, to be able to provide appropriate leadership to the Company.

It was felt that, while there are areas where collectively the Board has areas of strength (such as strategic and management/leadership experience), there are also areas in which the Board needs to develop its capabilities. Two particular such areas identified are:

Digitalisation – using this both to drive growth/efficiency and managing its risks. Following the review, the Board has asked the Group's Head of IT to provide regular updates to the Board on emerging IT issues, and how the risks for Alumasc, including cyber security and Group-wide IT processes, are being managed and what further enhancements/training are needed. On digital growth opportunities, some business units have high levels of expertise and success.

The Board has scheduled time to engage with the leaders of those units to increase the Board's understanding of the digital growth and efficiency opportunities and how they could be rolled out across the Group. Areas of potential efficiency include greater digitalisation of our processes.

Marketing and social media – how social media can be used more extensively in our marketing. There are examples of some really successful social media activities in various business units. The Group is considering how it can best coordinate these activities (including with our Group Financial PR advisors) and share best practice across the Group, with periodic updates being provided to the Board. We have also recently further strengthened our in-house knowledge and recruited Product Managers with expertise in this area.

Corporate Governance Statement continued

Deliver growth	
Principle 7: Evaluate Board performance based on clear and relevant objectives seeking continuous improvement.	The Board also undertook a formal evaluation of its effectiveness during the year. While many areas of how the Board operates are felt to be strong (such as review/oversight of strategy and understanding of the Board's responsibilities to a wide range of stakeholders), there are some areas where the Board felt it could improve: Staff engagement – divisional management engage extensively with staff colleagues and it was felt that Board visibility could be improved, especially following the easing of restrictions that arose during the Covid pandemic. The Board has therefore scheduled its future meetings such that each of our divisions is visited at least annually. There will be sufficient time allocated at each visit to view and understand the operations and engage with staff colleagues. In addition, all colleagues across the Group now receive a bi-annual Group update from the Chair and CEO, covering financial performance as well as ESG matters, which has been positively welcomed. This augments the divisional communications that are already in place. Internal governance and reporting – it was felt that we should review opportunities to maximise the value derived from our existing internal governance processes. The Board will consider this more closely in coming months. One enhancement made recently is the introduction of an electronic Board portal for sharing papers both for Group/plc and Divisional Board and Committee meetings. This is already leading to greater streamlining and efficiency in our internal governance and reporting, as well as reduction in use of paper.
Principle 8: Promote corporate culture that is based on ethical values and behaviours.	Our Chair and Chief Executive Officer lead on corporate culture and encourage the values embodied in the Code of Conduct. All employees are expected to maintain an appropriate standard of conduct in all business dealings and the Directors set the tone at the top. Alumasc Group personnel are asked to maintain appropriate standards and to comply with Health & Safety regulations and deal ethically with customers and suppliers. 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 Chair or to the Chair of our Audit Committee, as appropriate.
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 overall governance of the Company. Its responsibilities include setting the strategic direction of the Company, ensuring there is appropriate leadership to put the strategy into action and to supervise the management of the business. 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, material contract approvals, large capital expenditure requests, trading announcements, acquisitions/disposals and senior appointments. Governance for Alumasc goes beyond basic compliance, and it has effective governance and transparent decision-making, at divisional and Group level, that link to Group strategy.
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. On our website (www.alumasc.co.uk) the 'Investors' section is regularly updated. We communicate with our shareholders and analysts 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. Information on engaging with wider stakeholders is provided in the s.172 Statement on pages 42 to 43.

Nomination Committee Report

Meeting attendance

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

Meeting attendance	Attended/ eligible to attend
Mr Vijay Thakrar (Chair)[1]	3/3
Mr John McCall[2]	2/2
Mr Jon Pither[3]	0/0
Mr Stephen Beechey	3/3
Mrs Karen McInerney[4]	1/1

Notes:

1. Vijay Thakrar was appointed as Committee Chair on 1 January 2022
2. John McCall retired as Chair on 31 December 2021
3. Jon Pither retired as a Non-executive Director on 21 October 2021
4. Karen McInerney was appointed as a Non-executive Director and Committee member on 1 January 2022

"I thank John McCall and Jon Pither for their leadership, contribution and unwavering support of the business over many years."

Vijay Thakrar
Chair of the Nomination Committee

Dear shareholder

I am pleased to present the Committee's report on its work for the year ended 30 June 2022, as well additional information about its ongoing objectives and responsibilities.

As reported in the Chair's Statement, two long standing Board members retired during the year, Jon Pither on 21 October 2021 and John McCall on 31 December 2021. Between them, they served Alumasc loyally for nearly 70 years and, on behalf of all our stakeholders, I thank John McCall and Jon Pither for their leadership, contribution and unwavering support of the business over many years. Their wise counsel will be sorely missed and I wish them both a happy and long retirement.

I was appointed Chair in succession to John McCall and would like to thank the Board for their support and confidence. I stepped down as Audit Committee Chair and the Committee undertook a thorough process to recruit my successor. The Committee was delighted to appoint Karen McInerney as a Non-executive Director and Chair of the Audit Committee as well as a member of the Remuneration and Nomination Committees. Karen has significant financial, treasury and risk management experience and has already demonstrated the benefit of her diverse thinking in Board discussions.

Also, following Jon Pither's retirement, Stephen Beechey became Chair of the Remuneration Committee. Stephen has significant experience of remuneration matters in the Construction and Building Industry and is already bringing that to bear.

Our Chief Executive, Paul Hooper, was invited to become a Non-executive director of Titon Holdings plc in the year. The Committee reviewed this and was pleased to support the appointment, as it helps broaden Paul's skills and experience from which Alumasc will also benefit.

During the Spring, the Committee and Board conducted a review of the Board's skills and experience together with a formal evaluation. The results and focus areas from this are summarised in our Corporate Governance Report on pages 55 to 58.

The Committee also reviewed and updated its Terms of Reference. The Committee's focus in the period ahead will be on:

- Ensuring that the Board has an appropriate and diverse mix of skills and experience to drive Alumasc forward
- Succession and resilience planning across our senior leadership teams in the business
- Supporting the development across the business of our next generation of leaders

During the year there were three formal scheduled Committee meetings. In addition, several unscheduled meetings were held, attendance at the scheduled meetings is shown in the table. The Group Company secretary attends all formal meetings of the Committee, and the Committee may also ask other executives to attend, as necessary.

Board re-appointments

Having been appointed in the year Mrs Karen McInerney will offer herself for election at the forthcoming AGM. Those who have come to the end of their three-year term and will seek re-election are referenced on page 56 of our Governance report and in the Notice of AGM on page 135.

Vijay Thakrar
Chair of the Nomination Committee
6 September 2022

Audit Committee Report

Meeting attendance

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

Members	Attended/ eligible to attend
Karen McInerney (Chair)[1]	3/3
Vijay Thakrar	4/4
Stephen Beechey	4/4
John Pither[2]	1/1

1 Karen McInerney was appointed as a Non-executive Director and Chair on 1 January 2022

2 Jon Pither retired on 21 October 2021

The members of the Committee are as follows:

- Karen McInerney (Chair)
- Vijay Thakrar
- Stephen Beechey

The Group Chief Executive, Group Finance Director, Group Financial Controller and the external auditors usually attend the meetings of the Committee by invitation. The Committee met four 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 above. Following each Audit Committee meeting that the external auditors attend, the Committee meets with the auditors without members of the management team being present.

"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."

Karen McInerney
Chair of the Audit Committee

Statement from the Chair of the Audit Committee

Dear Shareholders

I am pleased to present the Audit Committee's report for the year ended 30 June 2022. This is my first report since succeeding Vijay Thakrar as Chair of the Committee on 1 January 2022. I would like, on behalf of the Committee, to express our gratitude for Vijay's contribution to the leadership of this Committee over the last three years, and to Jon Pither, who retired from the Committee and the Board on 21 October 2021.

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.

Activities of the Committee in the 2021/22 Financial Year

The main activities of the Committee during the year were:

- overseeing the tender process for the Group's external audit, making recommendations to the Board with regard to the choice of the Group's external auditors, as described further below, and overseeing the induction of the new external auditor;
- 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;

- 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, and assessing their independence;
- evaluating the effectiveness of the external audit;
- reviewing the treatment of the disposal of the Levolux business as a discontinued operation in the 2021/22 financial statements;
- 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
- assisting with the induction of the new Group Finance Director.

Activities of the Committee in the 2022/23 Financial Year

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

- reviewing the scope of the internal audit work programme and its resourcing; 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) 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 90. 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.

(ii) Defined benefit pension scheme valuation

As described in the risk review on page 49, 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.

(iii) 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.

(iv) Going concern

The Committee has reviewed and challenged management base case trading and cashflow scenarios covering the period to September 2023, including stress tested and reverse stress tested scenarios as set out on page 85. 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 85, the Committee considers that the disclosure of the Board's assessment of Going concern is complete and understandable.

Audit Committee Report continued

Appointment of Crowe UK LLP (Crowe) as the Group's external auditors

At the request of the Board, in February 2022 the Committee led a tender process for the future appointment of the Group's external auditors. BDO and five other firms were invited to participate in this process. The principal criteria by which the tendering firms were assessed were:

- the quality and robustness of the proposed audit process and approach, as evidenced by presentations to the Committee and information gathered as part of the tender process, together with independent information in the public domain on the track record of the tendering firms with regard to audit quality;
- the degree of alignment between the tendering audit firms and Alumasc with regard to understanding of the business, past experience of auditing building products, construction and manufacturing companies, the identification of key audit risks and the proposed approach to auditing those risks;
- the quality of leadership of the audit team and key audit team members and the degree of challenge to management that the audit team would bring;
- the perceived ability for the auditors to add value to Alumasc as part of the audit through their observations of the business and making recommendations for improvement; and
- the efficiency and value for money of the audit relative to the scope of work required.

The conclusion of the audit tender process was a recommendation from the Committee to the Board to appoint Crowe as the Group's auditors for the 2021/22 financial year onwards, which the Board accepted. The Committee would like to thank BDO for their service as the Group's auditors and the professionalism with which they approached the tender process and handover to Crowe.

Assessment of the effectiveness of external audit

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

Having considered this information, the Committee concluded that Crowe's first external audit of Alumasc was 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.

As described above, the Group changed its external auditors during the year from BDO to Crowe. The Committee assessed Crowe's effectiveness and independence on their appointment and will re-assess them annually in future.

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 and following their appointment as auditors Crowe did not carry out any non-audit work.

Crowe 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

As described above, the audit for Alumasc's financial year ended 30 June 2022 was Crowe's first following their appointment in April 2022. As this appointment was made by the Board after the Group's AGM in October 2021, resolutions are being put to the AGM to be held in October 2022 both to confirm Crowe's initial appointment and to recommend their appointment for the 2022/23 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 to 49. Each operating company has implemented procedures for controlling the risks relevant to 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 Health & 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. Speakup posters are being designed for distribution around the Group.

Anti-bribery and corruption policy

The Group has in place a policy with regards to compliance with the Bribery Act 2010 and this has been refreshed in the year along with the training materials together with the Gifts and Hospitality Policy. The Group's Anti-bribery and Corruption Policy reflects the Board's 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, are raised and discussed at monthly operating company board meetings. An annual update on the Anti-Bribery programme is provided to the Committee.

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 honest and transparent 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

Karen McInerney
Chair of the Audit Committee
6 September 2022

Directors' Remuneration Report

Meeting attendance

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

Members	Attended/ eligible to attend
Stephen Beechey (Chair)[1]	3/3
Jon Pither[2]	1/1
Karen McInerney[3]	2/2
Vijay Thakrar	3/3

1 Stephen Beechey was appointed Committee Chair on 25 November 2021

2 Jon Pither retired on 21 October 2021

3 Karen McInerney was appointed as a Non-executive Director on 1 January 2022

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 Chief Executive, the Group Finance Director and Company Secretary; they take no part in discussions relating to their own remuneration.

"Our incentives are aligned to our business growth strategy and protecting the interests of our stakeholders. The incentive outcomes for the year reflect the performance of the business during this challenging period."

Stephen Beechey
Remuneration Committee Chair

Statement from the Chair of the Remuneration Committee

Dear Shareholders

Having been appointed as Committee Chair on 25 November 2021 I am pleased to present my first Report of the Remuneration Committee (the Committee) for the financial year ended 30 June 2022.

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 re-listed on AIM.

This Remuneration Report sets out the remuneration paid to the Directors during the period. The performance of The Alumasc Group plc has seen growth and improvement during the year and has managed to keep up momentum after the step-change in performance in 2021. The focus of health, safety and wellbeing of our workforce, our customers and our communities was a key driver in the year.

Market share increased in the year and sales growth was strong in the UK and exports accounted for 15% of sales. The business performed well and improved UPBT (Underlying Profit Before Tax) to £12.7m from continuing operations.

Pandemic

Remuneration continued to be considered against the backdrop of Covid-19. The health safety and wellbeing of staff needed to be maintained whilst offering a competitive service and developing product ranges.

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.

Performance and remuneration outcomes for the year ended 30 June 2022

The financial and operating performance for the Group in 2022 is set out on pages 81 to 129.

2022 was a challenging year with the second half particularly impacted following the approach to zero-Covid-19 in China and the geo-political crisis following the invasion of Ukraine by Russia. In addition, markets were volatile with continued supply chain challenges, together with increasing raw material prices.

We discussed rewards in view of the impact of Covid-19, the geo-political situation and inflation. The rewards for the workforce were also considered.

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 £89.4m, growth of 15%
- Underlying profit before tax from continuing operations of £12.7m, up 27%
- Underlying earnings per share from continuing operations of 28.6p, also up 27%
- Significant work on the disposal of Levolux Ltd, which completed on 26 August 2022

The 2021/22 annual bonus was based on Group Underlying PBT targets. The business delivered total UPBT of £10.8m in 2022 and this resulted in bonuses from all operations, a reconciliation of statutory profit before tax is provided in Note 5 to the Group financial statements.

In October 2019, awards were granted under the LTIP to senior executives based on EPS and TSR performance for the three-year period ending October 2022. The total UPBT was £10.8m and this resulted in 99.4% of the award vesting and the TSR measure will be known when assessed in October 2022. If on target, 99.4% of the 2019 LTIP will vest. Full details of the performance targets and outcome is reported on page 71 and 72.

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.

2022/23 Policy implementation

Salaries of the general workforce have been increased by 4.5% with effect from 1 July 2022 and Directors' base salaries have also been increased by 4.5%.

The metrics selected for the 2022/23 annual bonus are 90% in relation to underlying profit before tax (UPBT) and 10% for ESG metrics specifically relating to reducing greenhouse gas emissions and for reducing/eliminating lost days due to accidents. This is consistent with Alumasc's commitment to the health of our plant and our people.

It has also been decided to base 25% of the bonuses of our two Divisional Executive Directors on the delivery of Group-wide UPBT targets as opposed to using solely divisional targets, as previously. This is considered to achieve a better balance between their responsibilities as Group Directors and as Divisional Managing Directors.

An LTIP award will be granted in 2022 and this award will vest after three years subject to UPBT and TSR performance metrics. Details of the measures and targets are 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. It is also focused on our long-term growth strategy.

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;
- variable pay, in particular long-term incentive plan (LTIP) targets for the current year;
- Gender Pay gap;
- consideration of a Group-wide salary increase;
- the review of performance criteria for the current LTIP;
- the Committee's Terms of Reference were reviewed and updated;
- ESG metrics for bonus targets were considered and agreed;
- pension arrangements for the Chief Executive were discussed and a way forward was agreed; and
- the 2022/2023 bonus scheme and future operation of this to encourage growth and to implement the stretch targets.

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.

Stephen Beechey
Remuneration Committee Chair
6 September 2022

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 2022.

Single total figure of remuneration

The remuneration of the Non-executive Directors for the years 2021/22 is as follows:

	Base salaries/fees		Benefits in kind		Single figure of total	Remuneration
Director	**2021/22 £'000**	2020/21 £'000	**2021/22 £'000**	2020/21 £'000	**2021/22 £'000**	2020/21 £'000
Vijay Thakrar[1]	**73**	40	**2**	–	**75**	40
John McCall[2]	**50**	100	**3**	6	**53**	106
Jon Pither[3]	**38**	40	**–**	–	**38**	40
Stephen Beechey	**43**	35	**–**	–	**43**	35
Karen McInerney	**23**	–	**–**	–	**23**	–
Total	**227**	215	**5**	6	**232**	221

1 Upon appointment as Chair on 1 January 2022, Mr Vijay Thakrar was awarded salary/fees of £100,000 p.a., plus medical and car insurance cover.

2 John McCall retired on 31 December 2021.

3 Jon Pither retired on 21 October 2021.

Mrs Karen McInerney was appointed as a Non-executive Director and Chair of the Audit Committee on a fee of £45,000 p.a.

Mr Jon Pither retired from the Company as a Non-executive Director on 21 October 2021, and was paid for consultancy work until April 2022.

A pay increase of 4.5% was awarded to Executive and Non-executive Directors with effect from 1 July 2022, consistent with all staff across the Group.

Information on Directors' service contracts can be found on our website at www.alumasc.co.uk. The remuneration of the Executive Directors for the years 2021/22 and 2020/21 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	**2021/22 £'000**	2020/21 £'000	**2021/22 £'000**	2020/21 £'000	**2021/22 £'000**	2020/21 £'000	**2021/22 £'000**	2020/21 £'000	**2021/22 £'000**	2020/21 £'000	**2021/22 £'000**	2020/21 £'000
Paul Hooper	**282**	274	**96**	218	**19**	19	**56**	54	**251**	–	**704**	565
Gilbert Jackson	**204**	187	**-**	123	**8**	12	**18**	19	**97**	–	**327**	341
Michael Leaf	**192**	172	**96**	113	**11**	10	**20**	17	**87**	–	**406**	312
Simon Dray	**173**	55	**60**	24	**12**	4	**15**	5	**–**	–	**260**	88
Total	**851**	688	**252**	478	**50**	45	**109**	95	**435**	–	**1,697**	1,306

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. A salary increase of 4.5% was awarded to Executive Directors with effect from 1 July 2022 and, as disclosed in last year's report, the salaries of Mr Gilbert Jackson and Mr Michael Leaf were increased by £15,000p.a. each from 1 September 2021 to reflect their increased responsibilities in joining the Group Board together with a 2021 general pay increase in line with the workforce.

2 Benefits in kind includes car allowance, health benefits, life cover and a disability insurance policy.

Mr Paul Hooper is a director of Titon Holdings plc and he was appointed on 1 April 2022. Subject to Nomination Committee approval, Executive Directors are permitted to accept external board or committee appointments provided they do not interfere with their obligations to the Company.

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 outcome for 2021/22

For the year to 30 June 2022 the level at which any annual bonus to Executive Directors would become payable is outlined in the table below. The Executive Directors had a maximum bonus opportunity of 50% of their salaries.

	Threshold	On Target	Maximum	Actual	Resulting bonus
Targets 2021/2022[1]	£9m UPBT	£10.5m UPBT	£11.8m UPBT	£10.8m UPBT[2]	68% of maximum

1 Divisional targets for bonus payments were in place for Mr Gilbert Jackson and Mr Michael Leaf. The Building Envelope division did not meet its threshold target. Housebuilding Products met its target required to have a bonus payout.

2 From all operations, a reconciliation of underlying statutory profit before tax is provided in Note 5 to the Group financial statements.

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

- Paul Hooper – 34% of salary
- Gilbert Jackson – 0% of salary
- Michael Leaf – 50% of salary
- Simon Dray – 34% of salary

2019 LTIP outturn

Awards were made to Paul Hooper under the LTIP on 17 October 2019. 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 UPBT figure. This target was met (subject to TSR confirmation), and awards are expected to vest at 99.4% of the award as per the table on page 71.

In lieu of an LTIP Gilbert Jackson and Michael Leaf were awarded a cash-equivalent divisional based award in 2019. The divisional target was not met for Gilbert Jackson and there would be no payment. Michael Leaf met his divisional target and will be awarded £42,000 as a result.

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

During the year, 2018 LTIPs were exercised and the information is included in the table on page 70.

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[1]	20%[1]
Gilbert Jackson	10%
Michael Leaf	10%
Simon Dray	10%

1 It has been agreed with Paul Hooper that his pension contribution will be adjusted to align with the workforce rate of 10% for pensions with effect from 1 January 2023.

Directors' Remuneration Report continued

Payments in compensation to past Directors for loss of office

As set out in last year's report, Mr Andrew Magson resigned as a Director and left the business on 30 September 2020. As a good leaver, he continued to have an interest in unvested LTIP awards, and approximately 22,175 LTIPs are due to vest subject to TSR confirmation on 18 October 2022, and the award will depend on the TSR outturn.

Scheme interests awarded during the year

LTIP awards were granted on 19 October 2021 as detailed in the table below.

	Scheme	Basis of award granted	No. of shares awarded	Face value of award[1]	% vesting for threshold performance	Vesting and performance period
Paul Hooper	2021 LTIP	75% of base salary at a price of 240p	90,823	£217,975	25%	3 years
Simon Dray	2021 LTIP	40% of base salary at a price of 240p	37,538	£90,091	25%	3 years
Gilbert Jackson	2021 LTIP	40% of base salary at a price of 240p	44,503	£106,807	25%	3 years
Michael Leaf	2021 LTIP	40% of base salary at a price of 240p	41,156	£98,774	25%	3 years

1 Based on share price of 240p on the day of grant.

These awards will vest on 15 October 2024 and are subject to two measures and an underpin. The underpin requires UPBT of at least £9.0 million to be delivered (in the year ending 30 June 2024) below which no award would vest. However, if this is achieved, 65% out of the 75% of salary award granted to the Chief Executive and for the Group Finance Director 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. For the Executive Directors, they were given the same underpin with divisional targets.

Statement of Directors' shareholdings and share interests

Directors' shareholdings

	At the date of this report	At 30 June 2021
Vijay Thakrar	50,000	36,496
John McCall[1]	N/a	4,359,668
Jon Pither[2]	N/a	432,586
Paul Hooper	891,286	769,956
Simon Dray	20,000	Nil
Gilbert Jackson	22,950	Nil
Michael Leaf[3]	50,621	16,375
Stephen Beechey	27,418	27,418
Karen McInerney	Nil	Nil

1 John McCall retired on 31 December 2021.

2 Jon Pither retired on 21 October 2021.

3 Michael Leaf holds shares in part via his PCA.

The Directors' shareholdings are beneficial with the exception of 434,000 shares in which Mr McCall had 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 327,493 ordinary shares. The market value of the shares held in trust as at 30 June 2022 was £519,076.

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 2021	of which vested in year	of which exercised in year	of which were granted in year	of which lapsed in year	Interest as at 30 June 2022
Paul Hooper	Oct 2018	130.5p	Oct 2021	149,081	111,810	(111,810)	–	(37,271)	–
	Oct 2019	83.5p	Oct 2022	149,081	–	–	–	–	149,081
	Oct 2020	79.0p	Oct 2023	156,529	–	–	-	–	156,529
	Oct 2021	240.0p	Oct 2024	–	–	–	90,823	–	90,823
Total				454,691	111,810	(111,810)	90,823	(37,271)	396,433
Gilbert Jackson	Oct 2018	130.5p	Oct 2021	43,303	43,303	(43,303)	–	–	–
	Oct 2020	79.0p	Oct 2023	56,923	–	–	–	–	56,923
	Oct 2021	240.0p	Oct 2024	–	–	–	44,503	–	44,503
Total				100,226	43,303	(43,303)	44,503	–	101,426
Michael Leaf	Oct 2018	130.5p	Oct 2021	38,798	38,798	(38,798)	–	–	–
	Oct 2020[1]	79.0p	Oct 2023	52,308	–	–	–	–	52,308
	Oct 2021	240.0p	Oct 2024	–	–	–	41,156	–	41,156
Total				91,106	38,798	(38,798)	41,156	–	93,464
Simon Dray	Oct 2021	240.0p	Oct 2024	nil	–	–	37,538	–	37,538
Total				nil	–	–	37,538		37,538

* 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.

Directors' Remuneration Report continued

2019 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 2022[2]
Paul Hooper	18 October 2022	99.4%	148,186

1 The outturn of the 2019 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.
2 Based on a 99.4% vest.

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.

The Chair 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 %
2021/22	704	68%	99.4%[2]
2020/21	565	100%	75%
2019/20	352	3.7%[1]	0%
2018/19	343	3.8%	0%
2017/18	332	0%	0%
2016/17	510	22%	72%[3]
2015/16	493	20%	50%
2014/15	633	71%	50%
2013/14	323	13%	0%
2012/13	355	63%	0%

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 2022.
3 Adjusted to reflect actual figures following the vesting of the 2015 LTIP award in March 2018.

Percentage change in Chief Executive's remuneration

The table below shows the percentage change in remuneration (excluding LTIPs) between the years ended 30 June 2021 and 30 June 2022 for the Chief Executive and all Group employees. All employees in general received 4.5% on 1 July 2022.

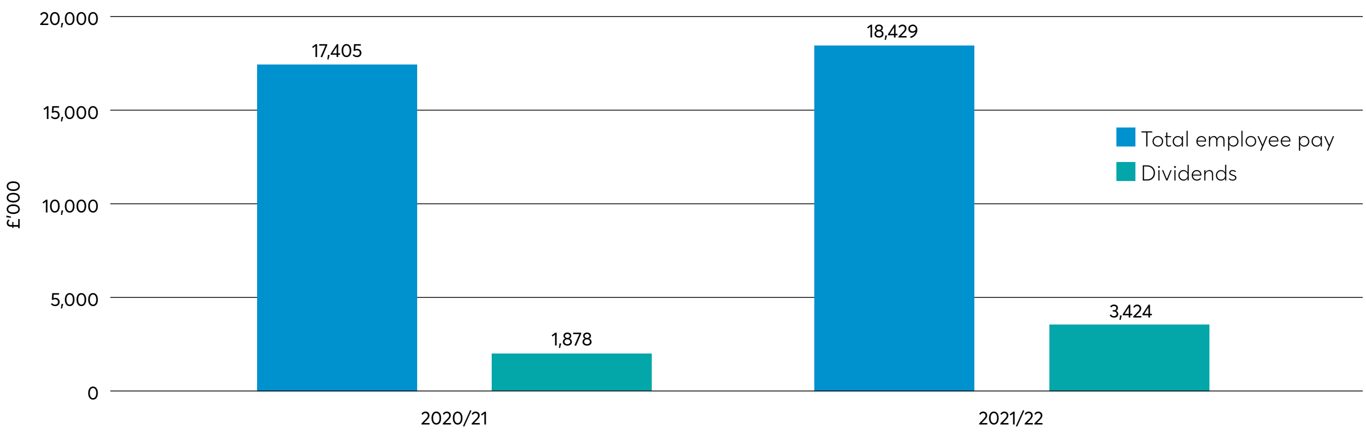
	CEO	Employees[1]
Salary	3%	2.5%
Benefits	0%	2.7%
Bonus	(56%)	(9.9)%
Total	(22%)	0.5%

1 This reflects the fact that there were 391 employees at 30 June 2021 and 404 at 30 June 2022.

Relative importance of spend on pay

	Total employee pay £'000	Dividends £'000
2020/21	17,405	1,878
2021/22	18,429	3,434
Percentage increase	5.9%	82.9%

Relative importance of spend on pay



Implementation of the Directors' Remuneration Policy for the Financial Year 2022/23

The information below sets out how the Company intends to implement the Directors' Remuneration Policy for the year in 2022/23.

Base salary

The salaries of the Executive Directors have been reviewed and increased in line with the workforce from 1 July 2022 at the rate of 4.5%. 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. Fees for Non-executive Directors were increased by 4.5% with effect from 1 July 2022, in line with the Executive Directors and the workforce.

2022/23 Bonus

Targets for the annual 2022/23 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 and ESG targets related to GHG emissions and Health & Safety/accident improvements.

We have introduced stretch targets to drive ambitious organic growth. Currently, the maximum bonus potential for Executive Directors is set at 50% of their salaries. The proposal is to award 30% of salaries for delivery of budgeted underlying profit before tax (UPBT) rising to 50% for delivery of UPBT targets above budget and up to 100% maximum for achieving stretch UPBT targets. Similar increases in ambitious stretch targets and potential bonus rewards will also be implemented for the wider senior management team, which will help to align the interest of shareholders, the Executive Directors and the wider senior management team who are responsible for the day-to-day operations of Alumasc.

The targets themselves are commercially sensitive and will be disclosed in next year's annual report when reporting on the actual bonus outcomes.

Long-term Incentive Plan

It is intended that the awards under the 2022 LTIP will be made to the Executive Directors in October 2022.

For any of the 2022 LTIP awards to vest, a UPBT underpin will need to be met. That UPBT underpin will be a base of £10.5m plus RPI + 2.5% p.a. in the 3 years to 30 June 2025.

Subject to achieving the UPBT growth underpin, the awards will vest depending on growth in UPBT and TSR.

Directors' Remuneration Report continued

Underlying PBT

65% out of the 75% of salary award for the Chief Executive and 30% out of the 40% of salary awards for the other Executive Directors will be dependent on UPBT growth.

Awards will vest depending on growth achieved using a notional base UPBT figure of £10.5 million. Performance is based on the third year of the performance period, being the financial year ending 30 June 2025.

Awards will vest according to the following targets:

UPBT growth (from a base of £10.5 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

10% out of the 75% of salary award for the Chief Executive and 10% out of the 40% for the other Executive Directors 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.

Statement of voting – 2021 AGM

At the 2021 AGM the Directors' Remuneration Report received the following vote from shareholders:

	Total number of votes cast	% of votes cast
For	16,383,262	99.85%
Against	20,011	0.12%
Total votes cast (for and against)	16,403,273	99.97%
Voted withheld*	4,245	0.03%
Total votes cast (including withheld votes)	16,407,527	100%

* 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.

This Report was approved by the Board of Directors on 6 September 2022 and signed on its behalf by the Remuneration Committee Chair.

Stephen Beechey
Chair of the Remuneration Committee
6 September 2022

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 2022. The report also includes the Corporate Governance Report on pages 54 to 58 for the purposes of s 463 of the Companies Act 2006 (CA2006).

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 2022 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 pages 130 to 131. The Strategic report can be found on pages 2 to 50. Our principal risks and uncertainties are set out on pages 46 to 50 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 55 to 58 and is incorporated into the Directors' Report by reference.

Management report

For the purposes of compliance with Accounts regulations Schedule 7 paragraph 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 and up to the date of approval of these financial statements, unless otherwise stated, were:

John McCall (retired 31 December 2021)

Jon Pither (retired 21 October 2021)

Vijay Thakrar (appointed Chair 1 January 2022)

Paul Hooper

Stephen Beechey

Karen McInerney (appointed 1 January 2022)

Simon Dray

Gilbert Jackson

Michael Leaf

The biographies of the Directors can be found on pages 52 to 53. 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, standing for election at the AGM will be Karen McInerney as she was appointed during the year and Mr Vijay Thakrar, Mr Paul Hooper, and Mr Stephen Beechey will be standing for re-election in accordance with the Articles of Association that requires 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, 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 6.65 pence per ordinary share (2020/21: 6.25 pence) which will, if approved at the AGM, will be paid on 4 November 2022 to shareholders on the register at the close of business on 30 September 2022, being a total of 10 pence for the year. The interim dividend of 3.35 pence was paid on 6 April 2022.

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 2006 are discussed in the Strategic report (on pages 42 to 45).

Covid-19

Alumasc has closely monitored Covid-19 and the impact on our operations, although this has declined in 2022. 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 hybrid working or 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, sexual orientation, and educational and/or professional backgrounds. An analysis of our employees by gender at 30 June 2022 can be found on page 39. Information about Employees can be found on pages 34 to 39.

In the Corporate Governance Report and Strategic report section, 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 42, 55 and 58).

Global Greenhouse Gas emissions

Information about the Group's Greenhouse Gas emissions is given in our ESG (Environmental, Social and Governance) Report on pages 25 to 39.

Political donations

No political donations were made during the year by the Company and its subsidiaries (2020/2021: 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 (2020/2021: £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; 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	130	Additional information for shareholders
Directors' interests	68	Directors' Remuneration Report
Long-term incentive plans	69-72	Directors' Remuneration Report
Financial risk management		Note 12 and the significant accounting policies sections, Financial Statements
Future developments	2, 7, 9, 21	Strategic report[1]
Health & Safety and employee related policies	10, 38 & 39	Strategic report: Environmental Social & Governance Report[1]
Major shareholdings	131	Additional information for shareholders
Movements in share capital	110 & 111	Notes 16 and 17, Financial statements
Purchase of own shares	130	Additional information for shareholders
Share capital – structure, voting, restrictions and other rights	130, 131	Additional information for shareholders and in Note 15 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 2022 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

A resolution to appoint Crowe UK 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 27 October 2022 at 10.00am at Timloc Building Products, Timloc House, Ozone Park, Howden, East Riding of Yorkshire DN14 7SD 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 6 September 2022.

On behalf of the Board

Helen Ashton

Helen Ashton
Group Company Secretary
6 September 2022

Statement of Directors' Responsibility

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 financial statements in accordance with UK adopted international accounting standards and the Company financial statements in accordance with UK Adopted International Accounting Standards and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on A.I.M.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK Adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors confirm that:

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

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

On behalf of the Board

G Paul Hooper

Paul Hooper
Chief Executive
6 September 2022

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

Opinion

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 2022, which comprise:

- the consolidated statement of comprehensive income for the year ended 30 June 2022;
- the Group and Parent Company statements of financial position as at 30 June 2022;
- the Group and Parent Company statements of cash flows for the year then ended;
- the Group and Parent Company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is to UK adopted international accounting standards.

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 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been properly prepared in accordance with the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 Groups and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining managements forecasts covering the period 1 July 2022 to 30 September 2023. We have assessed how these forecasts have been prepared, including the appropriateness of management's forecasts and sensitivities to the underlying assumptions, as well as verifying the numerical inputs and accuracy of calculations;
- Challenge the key assumptions used in the forecasts, including the increase in sales material prices and the access to funding for the period under review;
- Challenged management on the stress test scenarios to understand the impact on revenue, funding requirements and profitability; and
- Reviewing the disclosures made in the financial statements relating to going concern and agreeing it is consistent with management's assessment.

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

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

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

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £500,000, based at planning on approximately 5% of profit before tax including the trading results of the discontinued operation. The Parent Company materiality was determined as £350,000 based on a percentage of net assets, subject to a cap to restrict the amount to no more than Group performance materiality.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment and is approximately £350,000. The Parent Company performance materiality is approximately £250,000.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £25,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The Group and its subsidiaries are accounted for at one location, being the Parent Company's registered office. We performed full scope audits of the complete financial information of The Alumasc Group plc and the five components, Alumasc Building Products Limited, Levolux Limited, Benjamin Priest Limited, Alumasc Precision Limited and Alumasc Limited. The work was performed directly by the Group audit team. The operations that were subject to full-scope audit made up 100% of the consolidated revenues, total profit before tax on continuing operations and total assets and liabilities. The Groups other subsidiary, Elkington China Limited, was subject to a desktop review as it 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. These matters included 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.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of defined benefit pension scheme net liabilities (Note 22) The Group operates a defined benefit pension scheme that provides benefits to a number of current and former employees. At 30 June 2022, the defined benefit pension schemes' net liabilities were £2.1 million. The gross value of pension scheme assets amounted to £87.2 million, with gross liabilities £89.3 million. The valuation of the defined benefit pension scheme net liabilities in accordance with IAS 19 'Employee Benefits' involves significant judgement and is subject to complex actuarial assumptions. Small variations in those actuarial assumptions can lead to a materially different defined benefit pension scheme asset or liability being recognised within the Group financial statements. Therefore, we identified the valuation of the defined benefit pension scheme as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit procedures included: • Documenting our understanding of management's processes for evaluating the defined benefit scheme and assessing the design effectiveness of related key controls; • Evaluating the independence and competence of management's actuary; • Benchmarking the key assumptions used by management in the Group's valuation using an independent auditor expert actuary, comparing the data used to external market data; • Corroborating the valuation and existence of pension scheme assets to third party statements; • Assessing disclosures made in the financial statements to determine compliance with IAS 19;

Key audit matter	How the scope of our audit addressed the key audit matter
Recognition of revenue and attributable profit (or losses) on contracts (Note 2 and 3) 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 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.	Our audit procedures included: • Documenting our understanding and evaluated management's processes for evaluating the costs incurred on a contract to date and stage of completion of contract; • Obtained a breakdown of contracts consisting of the revenue and costs in the year; • Selected a sample of both contracts completed and contracts open at the year-end date based on criteria including contract value and loss making contracts; • Obtained copies of contracts to corroborate the total transaction price and the terms of the contract; • Tested a sample of invoices raised during the year through to cash collected; • Challenged management over the recognition of income and whether performance obligations had been met in line with requirements of IFRS 15; • Tested a sample of costs to third party documentation and ensured the costs had been allocated to the correct contract; • Meetings with contract managers on the performance of each contract sampled and discussions on final account negotiations, margin and costs to complete; • We assessed management's ability to accurately forecast by reviewing a sample of open contracts from the prior period and agreeing to final completed costs and performance of contract.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, 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 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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.

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

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 76, 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 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.

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 within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were relevant company law and taxation legislation in the UK being the principal jurisdiction in which the Group operates.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases in particular where significant judgements are involved (see Key Audit Matters above).

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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

Mark Evans (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
B69 2DG

6 September 2022

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

		Year ended 30 June 2022			Year ended 30 June 2021 (restated)*		
	Notes	Underlying £'000	Non-underlying £'000	Total £'000	Underlying £'000	Non-underlying £'000	Total £'000
Continuing operations:							
Revenue	3, 4	**89,381**	**–**	**89,381**	77,805	–	77,805
Cost of sales		**(56,015)**	**–**	**(56,015)**	(48,364)	–	(48,364)
Gross profit		**33,366**	**–**	**33,366**	29,441	–	29,441
Net operating expenses							
Net operating expenses before non-underlying items		**(20,033)**	**–**	**(20,033)**	(18,935)	–	(18,935)
IAS 19 past service pension cost	5	**–**	**–**	**–**	–	(150)	(150)
Other non-underlying items	5	**–**	**(634)**	**(634)**	–	(128)	(128)
Net operating expenses		**(20,033)**	**(634)**	**(20,667)**	(18,935)	(278)	(19,213)
Operating profit	4, 5	**13,333**	**(634)**	**12,699**	10,506	(278)	10,228
Net finance costs	9	**(608)**	**(60)**	**(668)**	(489)	(268)	(757)
Profit before taxation	5	**12,725**	**(694)**	**12,031**	10,017	(546)	9,471
Tax expense	10, 12	**(2,469)**	**48**	**(2,421)**	(1,953)	(165)	(2,118)
Profit for the year from continuing operations		**10,256**	**(646)**	**9,610**	8,064	(711)	7,353
Discontinued operations:							
(Loss)/profit after taxation for the period from discontinued operations	6	**(1,577)**	**(15,080)**	**(16,657)**	401	(168)	233
Profit/(loss) for the year		**8,679**	**(15,726)**	**(7,047)**	8,465	(879)	7,586
Other comprehensive income:							
Items that will not be reclassified to profit or loss:							
Actuarial (loss)/gain on defined benefit pensions, net of tax				**(25)**			10,393
Items that are or may be reclassified subsequently to profit or loss:							
Effective portion of changes in fair value of cash flow hedges, net of tax				**480**			(385)
Exchange differences on retranslation of foreign operations				**161**			(46)
				641			(431)
Other comprehensive gain for the year, net of tax				**616**			9,962
Total comprehensive (loss)/profit for the year, net of tax				**(6,431)**			17,548
Earnings per share				**Pence**			**Pence**
Basic earnings per share							
– Continuing operations				**26.8**			20.6
– Discontinued operations				**(46.5)**			0.6
	12			**(19.7)**			21.2
Diluted earnings per share							
– Continuing operations				**26.4**			20.2
– Discontinued operations				**(46.5)**			0.6
	12			**(20.1)**			20.8

* The results for the year to 30 June 2021 have been re-presented to show the Levolux business as a discontinued operation. See note 6 for details.

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 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Assets					
Non-current assets					
Property, plant and equipment – owned assets	13	**12,573**		11,734	
Property, plant and equipment – right-of-use assets	13	**4,926**		5,469	
Goodwill	14	**8,526**		18,705	
Other intangible assets	15	**2,126**		3,321	
Deferred tax assets	10	**529**		1,145	
			28,680		40,374
Current assets					
Inventories	16	**13,394**		10,871	
Trade and other receivables	17	**18,786**		21,389	
Derivative financial assets	21	**325**		–	
Cash at bank	27	**8,284**		4,999	
			40,789		37,259
Total assets			**69,469**		77,633
Liabilities					
Non-current liabilities					
Interest bearing loans and borrowings	19, 27	**(13,000)**		(5,936)	
Lease liability	20	**(4,251)**		(4,811)	
Employee benefits payable	22	**(2,114)**		(4,581)	
Provisions	23	**(1,061)**		(1,267)	
Deferred tax liabilities	10	**(1,730)**		(966)	
			(22,156)		(17,561)
Current liabilities					
Trade and other payables	18	**(19,031)**		(21,011)	
Lease liability	20	**(881)**		(795)	
Provisions	23	**(1,360)**		(834)	
Corporation tax payable		**(309)**		(1,019)	
Derivative financial liabilities	21	**–**		(268)	
			(21,581)		(23,927)
Total liabilities			**(43,737)**		(41,488)
Net assets			**25,732**		36,145
Equity					
Share capital	24	**4,517**		4,517	
Share premium	25	**445**		445	
Capital reserve – own shares	25	**(601)**		(406)	
Hedging reserve	25	**263**		(217)	
Foreign currency reserve	25	**216**		55	
Profit and loss account reserve		**20,892**		31,751	
Total equity			**25,732**		36,145

The financial statements were approved by the Board of Directors and authorised for issue on 6 September 2022.

G Paul Hooper

Paul Hooper
Director

Simon Dray
Director

6 September 2022
Company number 1767387

Consolidated Statement of Cash Flows
For the year ended 30 June 2022

	Notes	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Operating activities			
Operating profit from continuing operations		**12,699**	10,228
Adjustments for:			
Depreciation	7, 13	**2,459**	2,098
Amortisation	7, 15	**257**	193
Gain on disposal of property, plant and equipment		**(18)**	(16)
IAS 19 past service pension cost	5	**–**	150
Increase in inventories		**(2,573)**	(2,546)
Increase in receivables		**(2,536)**	(4,570)
Increase in trade and other payables		**279**	6,557
Movement in provisions		**(298)**	(310)
Cash contributions to retirement benefit schemes	22	**(2,561)**	(2,614)
Share based payments	26	**118**	397
Cash generated by operating activities of continuing operations		**7,826**	9,567
Operating profit from discontinued operations		**(2,125)**	330
Depreciation/amortisation		**224**	216
Movement in working capital from discontinued operations		**(438)**	(1,513)
Cash utilised by operating activities of discontinued operations	6	**(2,339)**	(967)
Tax paid		**(1,615)**	(161)
Net cash inflow from operating activities		**3,872**	8,439
Investing activities			
Purchase of property, plant and equipment		**(2,449)**	(1,666)
Payments to acquire intangible fixed assets		**(123)**	(330)
Proceeds from sales of property, plant and equipment		**22**	46
Net cash outflow from investing activities		**(2,550)**	(1,950)
Financing activities			
Bank interest paid		**(356)**	(207)
Equity dividends paid	11	**(3,434)**	(1,878)
Draw down/(repayment) of amounts borrowed	27	**7,000**	(14,000)
Principal paid on lease liabilities		**(713)**	(692)
Interest paid on lease liabilities		**(169)**	(178)
Purchase of own shares		**(526)**	–
Refinancing costs		**–**	(65)
Net cash inflow/(outflow) from financing activities		**1,802**	(17,020)
Net increase/(decrease) in cash at bank and bank overdraft	27	**3,124**	(10,531)
Net cash at bank and bank overdraft brought forward		**4,999**	15,576
Net increase/(decrease) in cash at bank and bank overdraft		**3,124**	(10,531)
Effect of foreign exchange rate changes		**161**	(46)
Net cash at bank and bank overdraft carried forward	27	**8,284**	4,999

Consolidated Statement Of Changes In Equity

For the year ended 30 June 2022

	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 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 1 July 2021		4,517	445	(406)	(217)	55	31,751	36,145
Loss for the period		**–**	**–**	**–**	**–**	**–**	**(7,047)**	**(7,047)**
Exchange differences on retranslation of foreign operations		**–**	**–**	**–**	**–**	**161**	**–**	**161**
Net gain on cash flow hedges		**–**	**–**	**–**	**593**	**–**	**–**	**593**
Tax on derivative financial asset		**–**	**–**	**–**	**(113)**	**–**	**–**	**(113)**
Actuarial loss on defined benefit pensions, net of tax		**–**	**–**	**–**	**–**	**–**	**(25)**	**(25)**
Tax on share options		**–**	**–**	**–**	**–**	**–**	**(140)**	**(140)**
Acquisition of own shares		**–**	**–**	**(597)**	**–**	**–**	**–**	**(597)**
Own shares used to satisfy exercise of share awards		**–**	**–**	**402**	**–**	**–**	**–**	**402**
Share based payments		**–**	**–**	**–**	**–**	**–**	**118**	**118**
Dividends	11	**–**	**–**	**–**	**–**	**–**	**(3,434)**	**(3,434)**
Exercise of share based incentives		**–**	**–**	**–**	**–**	**–**	**(331)**	**(331)**
At 30 June 2022		**4,517**	**445**	**(601)**	**263**	**216**	**20,892**	**25,732**

Notes to the Financial Statements

For the year ended 30 June 2022

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 UK adopted international accounting standards.

Going concern

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 2022 the Group had cash and cash equivalents of £8.3 million and had utilised £13.0 million of its committed £20.0 million revolving credit facility. This provided total headroom of some £15.3 million against committed facilities and, together with £4.0 million overdraft facilities, there is headroom of some £19.3 million against total facilities at 30 June 2022. On 25 August 2022 the Group entered into a £25.0 million committed revolving credit facility which expires in August 2025 with two further single year extension periods to August 2026 and August 2027.

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 the end of September 2023, 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 2021 and have been adopted for the Group financial statements where appropriate with no material impact on the disclosures and results made by the Group:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16); and
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41).

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.

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 2022 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.

Notes to the Financial Statements continued
For the year ended 30 June 2022

2 Summary of significant accounting policies continued

Judgements and estimates continued

Revenue and associated margin recognised over time on contracts with customers is recognised using the input method under IFRS 15 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 fair value. 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
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.

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.

2 Summary of significant accounting policies continued

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 contact 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.

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 or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements continued
For the year ended 30 June 2022

2 Summary of significant accounting policies continued

Impairment of fixed assets continued

(iii) As a lessor

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).

Financial assets

When financial assets are recognised initially under IFRS 9, 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.

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.

2 Summary of significant accounting policies continued

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.

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 other comprehensive income, while the ineffective portion is recognised in the statement of comprehensive income.

Notes to the Financial Statements continued
For the year ended 30 June 2022

2 Summary of significant accounting policies continued

Derivative financial instruments and hedging continued

Amounts taken to other comprehensive income 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.

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 reporting 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.

2 Summary of significant accounting policies continued

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 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

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.

3 Revenue

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

	2021/22 £'000	2020/21 £'000
Revenue arising from:		
Goods transferred to customers, recognised at a point in time	**88,558**	75,623
Contracts recognised over time	**823**	2,182
Revenue (per statement of comprehensive income)	**89,381**	77,805
Rental income	**40**	40
Total income	**89,421**	77,845

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 types of contract 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.

Notes to the Financial Statements continued

For the year ended 30 June 2022

4 Segmental analysis continued

	Revenue £'000	Segmental operating result £'000
Year to 30 June 2022		
Water Management	47,564	8,753
Building Envelope	29,389	3,580
Housebuilding Products	12,428	2,447
Trading	89,381	14,780
Unallocated costs		(1,447)
Total from continuing operations	89,381	13,333

	£'000
Segmental operating result	13,333
Brand amortisation (see note 5)	(70)
Restructuring costs (see note 5)	(564)
Total operating profit from continuing operations	12,699

			Capital expenditure			
	Segment assets £'000	Segment liabilities £'000	Property, plant & equipment £'000	Other intangible assets £'000	Depreciation £'000	Amortisation £'000
Water Management	35,084	(11,236)	1,427	70	1,207	190
Building Envelope	9,990	(8,625)	141	12	360	187
Housebuilding Products	15,851	(7,346)	1,310	41	866	48
Trading	60,925	(27,207)	2,878	123	2,433	425
Unallocated	8,544	(16,530)	5	–	82	–
Total	69,469	(43,737)	2,883	123	2,515	425

	Revenue £'000	Segmental operating result £'000
Year to 30 June 2021		
Water Management	38,370	6,115
Building Envelope	28,362	3,757
Housebuilding Products	11,073	2,552
Trading	77,805	12,424
Unallocated costs		(1,918)
Total from continuing operations	77,805	10,506

	£'000
Segmental operating result	10,506
Brand amortisation (see note 5)	(70)
Past service cost in respect of GMP equalisation (see note 5)	(150)
Restructuring costs (see note 5)	(58)
Total operating profit from continuing operations	10,228

4 Segmental analysis continued

	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**

Analysis by geographical segment 2021/22

	United Kingdom £'000	Europe £'000	North America £'000	Middle East £'000	Far East £'000	Rest of World £'000	Total £'000
Sales to external customers	**75,714**	**2,983**	**21**	**2,006**	**8,071**	**586**	**89,381**
Segment non-current assets	**28,150**	**–**	**–**	**–**	**1**	**–**	**28,151**

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	70,205	3,004	57	1,286	2,663	590	77,805
Segment non-current assets	39,225	–	–	–	4	–	39,229

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.

5 Underlying to statutory profit before tax reconciliation

	2021/22		2020/21	
	Operating profit £'000	Profit before tax £'000	Operating profit £'000	Profit before tax £'000
Underlying operating profit/profit before tax from continuing operations	**13,333**	**12,725**	10,506	10,017
Brand amortisation	**(70)**	**(70)**	(70)	(70)
IAS 19 net pension scheme finance costs (note 9)	**–**	**(60)**	–	(268)
IAS 19 past service cost in respect of GMP equalisation	**–**	**–**	(150)	(150)
Restructuring costs	**(564)**	**(564)**	(58)	(58)
Profit before tax from continuing operations	**12,699**	**12,031**	10,228	9,471
Underlying operating (loss)/profit of Levolux (note 6)	**(1,957)**	**(1,957)**	498	498
Brand amortisation Levolux (note 6)	**(168)**	**(168)**	(168)	(168)
Write down of assets held for sale (note 6)	**–**	**(14,912)**	–	–
Statutory operating profit/(loss)/profit before tax	**10,574**	**(5,006)**	10,558	9,801

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.

Notes to the Financial Statements continued

For the year ended 30 June 2022

5 Underlying to statutory profit before tax reconciliation continued

In addition, management has presented the following specific items that arose in 2021/22 and 2020/21 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 of separate businesses within the Group in both 2021/22 and 2020/21;
- the one off IAS 19 past service pension cost relating to Guaranteed Minimum Pension ("GMP") equalisation between men and women, in the prior financial year; and
- 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% in the prior financial year.

6 Discontinued operations

Discontinued operations relate to the Levolux business which was divested by the Group on 26 August 2022 and therefore disclosed as held for sale at 30 June 2022. At the year end the discontinued operation had liabilities of £3,859,000. The assets held for resale were written down to a value equivalent to the liabilities to reflect the sales proceeds of £1 received on 26 August 2022.

The results of Levolux included in the consolidated statement of comprehensive income are as follows:

	Year to 30 June 2022 £'000	Year to 30 June 2021 £'000
Revenue	**7,820**	12,660
Underlying operating (loss)/profit	**(1,957)**	498
Brand amortisation	**(168)**	(168)
Write down of goodwill	**(10,179)**	–
Write down of brand	**(874)**	–
Write down of Assets held for sale	**(3,859)**	–
(Loss)/profit before taxation	**(17,037)**	330
Tax credit/(charge) (see note 10)	**380**	(97)
(Loss)/profit after taxation	**(16,657)**	233

7 Expenses by nature

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

	2021/22 £'000	2020/21 £'000
Raw materials and consumables	**48,291**	37,814
Depreciation of property, plant & equipment	**2,515**	2,146
Amortisation of intangible assets	**187**	123
Brand amortisation	**70**	70
Gain on disposal of property, plant and equipment	**(18)**	(16)
Unsettled foreign exchange (gains)/losses	**(3)**	66
Employee benefit expense	**20,144**	18,978
Restructuring & relocation costs	**564**	58
IAS 19 Past service cost in respect of GMP equalisation	**–**	150
Short term and low value lease payments	**544**	533
Research and development	**242**	114
Auditor's remuneration:		
Audit of these financial statements	**73**	67
Audit of financial statements of subsidiaries pursuant to legislation	**47**	43
Non-audit services	**–**	35
Other operating charges	**4,026**	7,396
	76,682	67,577

8 Employee costs and numbers

	2021/22 £'000	2020/21 £'000
Employee benefit expense from continuing operations:		
Wages and salaries	**17,463**	16,816
Social security	**1,715**	1,573
Defined contribution pension costs (note 22)	**966**	589
	20,144	18,978
IAS 19 net defined benefit pension scheme finance costs	**60**	268
Total	**20,204**	19,246

	2021/22 Number	2020/21 Number
Average number of employees:		
Operational	**210**	196
Administrative, support and management	**194**	195
	404	391

9 Net finance costs

		2021/22 £'000	2020/21 £'000
Finance costs	– Bank overdrafts	**48**	24
	– Revolving credit facility	**391**	287
	– Interest on lease liabilities	**169**	178
		608	489
	– IAS 19 net pension scheme finance costs	**60**	268
		668	757

Notes to the Financial Statements continued

For the year ended 30 June 2022

10 Tax expense

(a) Tax on profit

Tax charged in the statement of comprehensive income

	2021/22 £'000	2020/21 £'000
Current tax:		
UK corporation tax – continuing operations	**1,094**	1,346
– discontinued operations	**(380)**	97
Overseas tax	**207**	46
Amounts (over)/under provided in previous years	**(16)**	23
Total current tax	**905**	1,512
Deferred tax:		
Origination and reversal of temporary differences	**833**	405
Amounts under/(over) provided in previous years	**78**	(21)
Rate change adjustment	**225**	319
Total deferred tax	**1,136**	703
Total tax expense	**2,041**	2,215
Tax charge on continuing operations	**2,421**	2,118
Tax (credit)/charge on discontinued operations	**(380)**	97
Total tax expense	**2,041**	2,215
Tax recognised in other comprehensive income		
Deferred tax:		
Actuarial (losses)/gains on pension schemes	**(9)**	2,099
Cash flow hedge	**113**	(90)
Tax charged to other comprehensive income	**104**	2,009
Total tax charge in the statement of comprehensive income	**2,145**	4,224

(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 20.6% is higher than (2020/21: 22.6% was higher than) the standard rate of corporation tax in the UK of 19.0% (2020/21: 19.0%).

The differences are reconciled below:

	2021/22 £'000	2020/21 £'000
Profit before tax from continuing operations	**12,031**	9,471
(Loss)/profit before tax from discontinued operations	**(2,125)**	330
Accounting profit before tax	**9,906**	9,801
Current tax at the UK standard rate of 19.0% (2020/21: 19.0%)	**1,882**	1,862
Expenses not deductible for tax purposes	**42**	32
Income not taxable	**(170)**	–
Rate change adjustment	**225**	319
Tax (over)/under provided in previous years – current tax	**(16)**	23
Tax under/(over) provided in previous years – deferred tax	**78**	(21)
	2,041	2,215

10 Tax expense continued

(c) Unrecognised tax losses

The Group has agreed tax capital losses in the UK amounting to £16.3 million (2021: £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 £1.0 million (2021: £1.0 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 (2021: £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 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)	–
(Credited)/charged to equity	–	–	–	(90)	(237)	(327)	2,099
At 30 June 2021	904	(156)	589	(51)	(320)	966	(1,145)
Charged/(credited) to the statement of comprehensive income – current year	**463**	**22**	**(60)**	**–**	**8**	**433**	**625**
Charged/(credited) to the statement of comprehensive income – prior year	**79**	**(1)**	**–**	**–**	**–**	**78**	**–**
(Credited)/charged to equity	**–**	**–**	**–**	**113**	**140**	**253**	**(9)**
At 30 June 2022	**1,446**	**(135)**	**529**	**62**	**(172)**	**1,730**	**(529)**

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 (2021: £3.8 million) in respect of net capital losses of £15.3 million (2021: £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 2022 balance sheet date, deferred tax assets and liabilities have been calculated to reflect the expected timing of reversal of the related temporary difference.

11 Dividends

	2021/22 £'000	2020/21 £'000
Interim dividend for 2022 of 3.35p paid on 6 April 2022	**1,201**	–
Final dividend for 2021 of 6.25p paid on 29 October 2021	**2,233**	–
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
	3,434	1,878

A final dividend of 6.65 pence per equity share, at a cash cost of £2,381,000, has been proposed for the year ended 30 June 2022, payable on 4 November 2022. In accordance with IFRS accounting requirements this dividend has not been accrued in these consolidated financial statements.

Notes to the Financial Statements continued

For the year ended 30 June 2022

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:

	2021/22 £'000	2020/21 £'000
Net profit attributable to equity holders of the parent – continuing operations	**9,610**	7,353
Net profit attributable to equity holders of the parent – discontinued operations	**(16,657)**	233
	(7,047)	7,586

	000s	000s
Weighted average number of shares	**35,825**	35,766
Dilutive potential ordinary shares – employee share options	**586**	637
	36,411	36,403

Basic earnings per share:	Pence	Pence
Continuing operations	**26.8**	20.6
Discontinued operations	**(46.5)**	0.6
	(19.7)	21.2

Diluted earnings per share:	2021/22 Pence	2020/21 Pence
Continuing operations	**26.4**	20.2
Discontinued operations	**(46.5)**	0.6
	(20.1)	20.8

Calculation of underlying earnings per share:

	2021/22 £'000	2020/21 £'000
Reported profit before taxation from continuing operations	**12,031**	9,471
Brand amortisation	**70**	70
IAS 19 net pension scheme finance costs	**60**	268
Pension GMP equalisation	**–**	150
Restructuring & relocation costs	**564**	58
Underlying profit before taxation from continuing operations	**12,725**	10,017
Tax at underlying Group tax rate of 19.4% (2020/21: 19.5%)	**(2,469)**	(1,953)
Underlying earnings from continuing operations	**10,256**	8,064
Weighted average number of shares	**35,825**	35,766
Underlying earnings per share from continuing operations	**28.6p**	22.5p

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 2020	6,270	5,899	1,232	310	15,089	28,800
Additions	374	–	–	–	2,065	2,439
Disposals	–	–	–	–	(1,232)	(1,232)
At 1 July 2021	6,644	5,899	1,232	310	15,922	30,007
Additions	**420**	**–**	**–**	**24**	**2,439**	**2,883**
Disposals	**(155)**	**–**	**–**	**(179)**	**(743)**	**(1,077)**
At 30 June 2022	**6,909**	**5,899**	**1,232**	**155**	**17,618**	**31,813**
Accumulated depreciation and impairment losses						
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 1 July 2021	1,175	1,460	468	255	9,446	12,804
Depreciation charge for year	**963**	**131**	**54**	**21**	**1,346**	**2,515**
Write down of Assets held for sale	**–**	**–**	**–**	**–**	**45**	**45**
On disposals	**(155)**	**–**	**–**	**(179)**	**(716)**	**(1,050)**
At 30 June 2022	**1,983**	**1,591**	**522**	**97**	**10,121**	**14,314**
Net book value at 30 June 2022	**4,926**	**4,308**	**710**	**58**	**7,497**	**17,499**
Net book value at 30 June 2021	5,469	4,439	764	55	6,476	17,203
Net book value at 1 July 2020	5,856	4,579	843	71	5,596	16,945

14 Goodwill

	2022 £'000	2021 £'000
Cost:		
At 1 July and 30 June	**19,428**	19,428
Impairment:		
At 1 July	**723**	723
Write down of Assets held for sale	**10,179**	–
At 30 June	**10,902**	723
Net book value at 30 June	**8,526**	18,705

Notes to the Financial Statements continued

For the year ended 30 June 2022

14 Goodwill continued

Goodwill acquired through acquisitions has been allocated to cash generating units for impairment testing as set out below:

	2022 £'000	2021 £'000
Alumasc Roofing	**3,820**	3,820
Timloc	**2,264**	2,264
Levolux	**–**	10,179
Rainclear	**225**	225
Wade	**2,217**	2,217
At 30 June	**8,526**	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% (2021: 1%) for each CGU.

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 12% (2021: 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 2022 was similar to the rate used in 2021.

The surplus headroom above the carrying value of goodwill at 30 June 2022 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 carrying value of goodwill at 30 June 2022 for Levolux was written down to £nil to reflect the sale of the business on 26 August 2022.

15 Other intangible assets

	Brands £'000	Computer software £'000	Total £'000
Cost:			
At 1 July 2020	5,843	2,644	8,487
Additions	–	330	330
Disposals	–	(7)	(7)
At 1 July 2021	**5,843**	**2,967**	**8,810**
Additions	**–**	**123**	**123**
Disposals	**–**	**(9)**	**(9)**
At 30 June 2022	**5,843**	**3,081**	**8,924**
Accumulated amortisation:			
At 1 July 2020	3,248	1,887	5,135
Amortisation for the year	238	123	361
On disposals	–	(7)	(7)
At 1 July 2021	3,486	2,003	5,489
Amortisation for the year	**238**	**187**	**425**
Write down of Assets held for sale	**874**	**19**	**893**
On disposals	**–**	**(9)**	**(9)**
At 30 June 2022	**4,598**	**2,200**	**6,798**
Net book value at 30 June 2022	**1,245**	**881**	**2,126**
Net book value at 30 June 2021	2,357	964	3,321
Net book value at 1 July 2020	2,595	757	3,352

The Wade brand is being amortised over a life of 25 years from February 2018.

The Levolux brand was written down to £nil at 30 June 2022 to reflect the sale of the business on 26 August 2022.

16 Inventories

	2022 £'000	2021 £'000
Raw materials	**4,067**	2,724
Work in progress	**280**	195
Finished goods	**9,047**	7,952
	13,394	10,871

During the year the Group's inventory provision increased by £9,000 (2021: decreased by £58,000). At 30 June 2022 the Group's inventory provision was £1,166,000 (2021: £1,157,000).

17 Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	**16,801**	15,945
Contract assets	**–**	2,772
Other receivables	**543**	384
Prepayments	**1,442**	2,288
	18,786	21,389

Notes to the Financial Statements continued

For the year ended 30 June 2022

17 Trade and other receivables continued

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 2022, trade receivables and other receivables at nominal value of £410,000 (2021: £750,000) were impaired and provided for. Movements in the provision for impairment of receivables were as follows:

	2022 £'000	2021 £'000
At 1 July	**750**	469
(Credit)/charge for the year	**(156)**	336
Amounts written off	**(44)**	(55)
Write down of Assets held for sale	**(140)**	–
At 30 June	**410**	750

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:

	2022		2021	
	Gross receivable £'000	Loss provision £'000	Gross receivable £'000	Loss provision £'000
Current	**14,402**	**130**	16,874	656
Less than 30 days past due	**2,363**	**135**	1,566	27
Less than 60 days past due	**277**	**46**	434	18
Less than 90 days past due	**30**	**16**	180	12
Greater than 90 days past due	**139**	**83**	413	37
	17,211	**410**	19,467	750

18 Trade and other payables

	2022 £'000	2021 £'000
Trade payables	**14,257**	14,827
Other taxation and social security	**1,916**	2,326
Other payables	**724**	666
Contract liabilities	**–**	745
Accruals	**2,134**	2,447
	19,031	21,011

Contract liabilities arise from the Group's Business Envelope division and represent payments in advance of revenue recognised under IFRS 15.

19 Borrowings

	2022 £'000	2021 £'000
Non-current liabilities:		
Non-current instalments due on bank debt	**13,000**	5,936

At 30 June 2022 the Group had a £20.0 million committed revolving credit facility which had an expiry date of April 2023. On 25 August 2022 the Group entered into a £25.0 million committed revolving credit facility which expires in August 2025 and two further single year extension periods to August 2026 and August 2027. 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.

The following financial covenants apply to the new facility: Group interest cover, based on underlying EBITDA (i.e. from continuing operations and before non-recurring items), to be at least three and a half 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, with an acquisition spike to be below two and three quarter times.

At 30 June 2022 the Group also had £4.0 million (2021: £4.0 million) of bank overdraft facilities, renewed until August 2023 and repayable on demand. The Group has an offset arrangement in place against uncommitted overdraft facilities.

20 Lease liabilities

	2022 £'000	2021 £'000
Non-current lease liabilities	**4,251**	4,811
Current lease liabilities	**881**	795
Total lease liabilities	**5,132**	5,606

Lease liabilities are initially measured at the present value of future lease payments, discounted using the Group's incremental borrowing rate.

	2022 £'000	2021 £'000
At 1 July	**5,606**	5,924
Additions	**420**	374
Disposals	**(181)**	–
Interest on lease liabilities	**169**	178
Amounts paid on lease liabilities	**(882)**	(870)
At 30 June	**5,132**	5,606

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.

Notes to the Financial Statements continued

For the year ended 30 June 2022

21 Financial instruments continued

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 2022		30 June 2021	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial assets:				
Cash at bank	**8,284**	**8,284**	4,999	4,999
Trade receivables	**16,801**	**16,801**	15,945	15,945
Contract assets	**–**	**–**	2,772	2,772
Other receivables	**543**	**543**	384	384
Derivative financial asset	**325**	**325**	–	–
	25,953	**25,953**	24,100	24,100
Financial liabilities:				
Bank loans	**13,000**	**13,000**	5,936	5,936
Lease liabilities	**5,132**	**5,132**	5,606	5,606
Trade and other payables	**17,115**	**17,115**	17,940	17,940
Derivative financial liabilities	**–**	**–**	268	268
	35,247	**35,247**	29,750	29,750

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 2022 and 2021 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 2022					
Interest bearing loans and borrowings	**–**	**90**	**270**	**13,300**	**13,660**
Lease liabilities	**–**	**264**	**794**	**5,560**	**6,618**
Trade and other payables	**4,964**	**11,210**	**941**	**–**	**17,115**
	4,964	**11,564**	**2,005**	**18,860**	**37,393**
At 30 June 2021					
Interest bearing loans and borrowings	–	79	237	6,237	6,553
Lease liabilities	–	246	738	6,486	7,470
Trade and other payables	6,698	10,384	858	–	17,940
	6,698	10,709	1,833	12,723	31,963

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 2022 was £4.7 million (2021: £0.9 million).

21 Financial instruments continued

Liquidity risk management continued

Details of the Group's approach to capital structure are given within the Financial Review on page 23. The maturity profile of the Group's interest bearing financial liabilities is as follows:

	2022 £'000	2021 £'000
Floating rate interest bearing financial liabilities:		
In one to five years	**13,000**	5,936
	13,000	5,936

Interest rate risk

The Group's marginal pre-tax cost of debt finance at interest rates in place at 30 June 2022 under the banking facilities in existence at that time was approximately 2.2% (2021: 1.3%).

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	(34)
Decrease	–50	34

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 2022 or 30 June 2021 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:

	2022 Receivable ccy' 000	2022 Payable ccy' 000	2022 Cash ccy' 000	2022 Net total ccy' 000	2021 Receivable ccy' 000	2021 Payable ccy' 000	2021 Cash ccy' 000	2021 Net total ccy' 000
Euros	**183**	**(168)**	**54**	**69**	350	(91)	96	355
US Dollars	**607**	**(946)**	**475**	**136**	852	(980)	66	(62)
Hong Kong Dollars	**30,096**	**(144)**	**20,929**	**50,881**	6,249	(119)	4,181	10,311

Notes to the Financial Statements continued

For the year ended 30 June 2022

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
2022	**Increase**	**+10%**	**13**	**3**	**101**
	Decrease	**–10%**	**(16)**	**(4)**	**(124)**
2021	Increase	+10%	46	28	89
	Decrease	–10%	(56)	(34)	(109)

Hedging activities

The net fair values of the Group's derivative financial instruments at 30 June designated as hedging instruments are set out below:

	2022 £'000	2021 £'000
Forward foreign exchange contracts	**325**	(268)

At 30 June 2022 the Group had forward foreign exchange contracts with principal amounts equivalent to £9,278,000 (2021: £7,997,000). 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, £1,090,000 (2021: £666,000) was in respect of defined contribution schemes. At 30 June 2022 there was an accrual of £110,000 payable in respect of defined contribution scheme contributions (2021: £98,000).

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 £1.2 million per annum, to include deficit reduction contributions and scheme running expenses, over a 7-8 year period from October 2022. These contribution levels are reviewed every three years with the next review due in June 2025. 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 was fully settled during the financial year.

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.

22 Retirement benefit obligations continued

Defined benefit schemes continued

The principal assumptions used for the purpose of the IAS 19 valuations are set out below:

	The Alumasc Group Scheme 2022 %	The Alumasc Group Scheme 2021 %
Discount rate	**3.75**	1.80
Expected rate of deferred pension increases	**2.50**	2.50
Future pension increases	**3.05–3.60**	3.10–3.65
Retail Price Index inflation rate	**3.15**	3.20
Consumer Price Index inflation rate	**2.50**	2.50

	Years	Years
Post retirement mortality		
Current pensioners at 65 – male	**21.5**	21.5
Current pensioners at 65 – female	**23.5**	23.4
Future pensioners at 65 in 2042 – male	**22.8**	22.8
Future pensioners at 65 in 2042 – female	**24.9**	24.9

A discount rate of 3.75% has been used in calculating the present value of liabilities of the pension scheme at 30 June 2022. A 0.1% change to this rate would have changed the present value of the pension fund liabilities at that date by approximately £1,099,000 before tax.

A Retail Price Index inflation rate of 3.15% 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 2022. A 0.1% change to these rates would have changed the present value of the pension fund liabilities at that date by approximately £381,000 before tax.

In valuing the liabilities of the pension scheme at 30 June 2022, 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 2022 would have increased by approximately £4,417,000 before tax.

The combined assets and liabilities of the scheme at 30 June are:

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Scheme assets at fair value:					
Equities	**30,160**	50,653	44,222	43,758	40,966
Liability Driven Investment Funds	**10,425**	14,277	17,922	16,194	–
Government bonds	**–**	–	–	–	13,681
Corporate bonds and insured annuities	**17,347**	13,021	13,135	12,483	12,041
Multi-asset fund	**18,945**	23,142	19,576	19,692	23,853
Property	**7,696**	7,217	7,019	6,123	6,783
Cash	**2,659**	4,319	1,594	2,217	1,387
	87,232	112,629	103,468	100,467	98,711
Present value of scheme liabilities	**(89,346)**	(117,210)	(122,737)	(113,418)	(113,851)
Defined benefit pension deficit	**(2,114)**	(4,581)	(19,269)	(12,951)	(15,140)

Of the above assets, all have a quoted market price with the exception of £1,194,000 of insured annuities (2021: £1,484,000) and £845,000 of property (2021: £886,000).

Notes to the Financial Statements continued
For the year ended 30 June 2022

22 Retirement benefit obligations continued
Defined benefit schemes continued
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:

	2021/22 £'000	2020/21 £'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	**(60)**	(268)
Included in other comprehensive income:		
Actuarial (loss)/gain on plan assets	**(24,731)**	10,054
Actuarial gain on retirement benefit obligations	**24,697**	2,438
Net actuarial (loss)/gain (pre-tax)	**(34)**	12,492
Total recognised in the statement of comprehensive income (pre-tax)	**(94)**	12,074

The actual return on plan assets for 2021/22 was a loss of £22,728,000 (2020/21: gain of £11,537,000).

Changes in the present value of the defined benefit obligation before taxation are as follows:

	2022 £'000	2021 £'000
At 1 July	**(117,210)**	(122,737)
Interest cost	**(2,063)**	(1,751)
Past service cost – GMP equalisation	–	(150)
Benefits paid	**5,230**	4,990
Actuarial gain	**24,697**	2,438
At 30 June	**(89,346)**	(117,210)

Changes in the fair value of plan assets before taxation are as follows:

	2022 £'000	2021 £'000
At 1 July	**112,629**	103,468
Expected return on plan assets	**2,003**	1,483
Actuarial (loss)/gain	**(24,731)**	10,054
Contributions by employer	**2,561**	2,614
Benefits paid	**(5,230)**	(4,990)
At 30 June	**87,232**	112,629

The cumulative amount of actuarial losses recognised since 1 July 2004 in the Group statement of comprehensive income is £11,602,000 (2020/21: losses of £11,568,000).

23 Provisions

	Dilapidations £'000 Note (i)	Warranty £'000 Note (ii)	Restructuring £'000 Note (iii)	Total £'000
At 1 July 2020	971	287	1,118	2,376
Charge for the year	225	255	67	547
Utilised	–	(102)	(720)	(822)
At 1 July 2021	1,196	440	465	2,101
Charge/(credit) for the year	**271**	**(116)**	**620**	**775**
Utilised	**(6)**	**(121)**	**(328)**	**(455)**
At 30 June 2022	**1,461**	**203**	**757**	**2,421**
At 30 June 2022				
Current liabilities	**527**	**76**	**757**	**1,360**
Non-current liabilities	**934**	**127**	**–**	**1,061**
	1,461	**203**	**757**	**2,421**
At 30 June 2021				
Current liabilities	206	163	465	834
Non-current liabilities	990	277	–	1,267
	1,196	440	465	2,101

(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

	2022 £'000	2021 £'000
Allotted, called up and fully paid:		
36,133,558 (2021: 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 327,493 (2021: 360,017) ordinary own shares held by the Company. The market value of shares at 30 June 2022 was £519,076 (2021: £954,045). These are held to help satisfy the exercise of awards under the Company's Long Term Incentive Plans. During the year 297,021 (2021: 9,228) shares with an original cost of £402,000 (2021: £10,000) were used to satisfy the exercise of awards. 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.

Notes to the Financial Statements continued

For the year ended 30 June 2022

25 Movements in equity continued

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 72.

	As at 1 July 2021	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 2022	Weighted average exercise price (pence)
LTIP(i)	823,062	**n/a**	**214,020**	**n/a**	**(228,511)**	**n/a**	**(109,713)**	**n/a**	**698,858**	**n/a**
ESOS(ii)	420,000	**0.91**	**160,000**	**2.26**	**(78,810)**	**1.22**	**(41,190)**	**1.16**	**460,000**	**1.30**

	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

(i) Long term incentive plan.

(ii) Executive share option scheme.

ESOS

For the share options outstanding at 30 June 2022 the weighted average remaining contractual life is 8.0 years (30 June 2021: 8.1 years). The exercise price of the options outstanding ranges between 79 pence and 226 pence. 30,000 share options are exercisable at 30 June 2022 (30 June 2021: 40,000).

LTIP

The October 2019 LTIP awards are expected to vest in October 2022.

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	
	2022	2021	**2022**	2021
Share price at grant date	**226p**	79p	**226p**	79p
Exercise price	**226p**	79p	**nil**	nil
Expected volatility	**30%**	30%	**30%**	30%
Expected life (years)	**3**	3	**3**	3
Risk free rate	**1.0%**	1.0%	**1.0%**	1.0%
Dividend yield at date of grant	**4.3%**	2.5%	**4.3%**	2.5%
Fair value per option	**33p**	14p	**211p**	73p

26 Share based payments continued

Fair value of awards continued

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 2022 was £118,000 (2020/21: £397,000). Of this, £98,000 (2020/21: £383,000) 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 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 1 July 2021	4,999	(5,936)	(937)	(5,606)	(6,543)
Cash flow movements	**3,124**	**(7,000)**	**(3,876)**	**713**	**(3,163)**
Non-cash movements	**–**	**(64)**	**(64)**	**(239)**	**(303)**
Effect of foreign exchange rates	**161**	**–**	**161**	**–**	**161**
At 30 June 2022	**8,284**	**(13,000)**	**(4,716)**	**(5,132)**	**(9,848)**

28 Financial commitments

(i) Capital commitments

At 30 June 2022 £121,000 (2021: £421,000) 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 (2021: £nil).

(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 2022 are listed below:

			% of equity interest and votes held	
Principal subsidiaries	Principal activity	Country of incorporation	2022	2021
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 132.

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 72.

30 Contingent liabilities

At the balance sheet date there existed contingent liabilities amounting to £533,000 (2021: £529,000) in relation to outstanding Guarantees and £129,000 (2021: £197,000) in relation to outstanding Performance Bonds.

Company Statement of Financial Position

At 30 June 2022

	Notes	2022 £'000	2021 £'000
Assets			
Non-current assets			
Property, plant & equipment – owned assets	5	**442**	507
Property, plant & equipment – right-of-use assets	5	**456**	468
Investments in Group companies	6	**55,571**	69,994
Deferred tax assets	9	**222**	401
		56,691	71,370
Current assets			
Trade and other receivables	7	**805**	393
Cash and cash equivalents	19	**2,627**	875
		3,432	1,268
Total assets		**60,123**	72,638
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	10, 19	**(13,000)**	(5,936)
Lease liability	11	**(473)**	(476)
Amounts due to subsidiary undertakings	20	**(9,823)**	(20,266)
Employee benefits payable	13	**(110)**	(246)
Provisions	14	**(196)**	(250)
Deferred tax liabilities	9	**(24)**	(34)
		(23,626)	(27,208)
Current liabilities			
Lease liability	11	**(3)**	(3)
Trade and other payables	8	**(1,436)**	(1,587)
Derivative financial liabilities	12	**–**	–
		(1,439)	(1,590)
Total liabilities		**(25,065)**	(28,798)
Net assets		**35,058**	43,840
Equity			
Share capital	15	**4,517**	4,517
Share premium	16	**445**	445
Capital reserve – own shares	16	**(601)**	(406)
Profit and loss account reserve	16	**30,697**	39,284
Total equity		**35,058**	43,840

As permitted by Section 408 of the Companies Act 2006, the Company profit and loss account is not presented. The loss for the year after tax was £4,798,000 (2021: £5,423,000 profit). The financial statements were approved by the Board of Directors and authorised for issue on 6 September 2022.

G Paul Hooper

Paul Hooper
Director
6 September 2022

Simon Dray
Director

Company number 1767387

Company Statement of Cash Flows
For the year ended 30 June 2022

	Notes	2021/22 £'000	2020/21 £'000
Operating activities			
Operating profit		**9,195**	5,612
Adjustments for:			
Depreciation	5	**82**	91
(Increase)/decrease in receivables		**(412)**	76
Decrease in trade and other payables		**(170)**	(494)
Movement in provisions		**(54)**	150
Cash contributions to retirement benefit schemes	13	**(141)**	(143)
Share based payments		**118**	397
Net cash inflow from operating activities		**8,618**	5,689
Investing activities			
Purchase of property, plant and equipment		**(5)**	–
Net cash outflow from investing activities		**(5)**	–
Financing activities			
Bank interest paid		**(157)**	(186)
Equity dividends paid	4	**(3,434)**	(1,878)
Draw down/(repayment) of amounts borrowed	19	**7,000**	(14,000)
(Repayment)/draw down of amounts borrowed from subsidiaries		**(9,724)**	5,438
Refinancing costs		**–**	(65)
Purchase of own shares		**(526)**	–
Payment of lease liabilities		**(20)**	(20)
Net cash outflow from financing activities		**(6,861)**	(10,711)
Net increase/(decrease) in cash at bank and bank overdraft	19	**1,752**	(5,022)
Net cash at bank and bank overdraft brought forward		**875**	5,897
Net increase/(decrease) in cash at bank and bank overdraft		**1,752**	(5,022)
Net cash at bank and bank overdraft carried forward	19	**2,627**	875

Company Statement of Changes in Equity

For the year ended 30 June 2022

	Share capital £'000	Share premium £'000	Capital reserve – own shares £'000	Hedging reserve £'000	Profit and loss account reserve £'000	Total equity £'000
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 1 July 2021	4,517	445	(406)	–	39,284	43,840
Loss for the period	**–**	**–**	**–**	**–**	**(4,798)**	**(4,798)**
Actuarial loss on defined benefit pensions, net of tax	**–**	**–**	**–**	**–**	**(2)**	**(2)**
Dividends	**–**	**–**	**–**	**–**	**(3,434)**	**(3,434)**
Share based payments	**–**	**–**	**–**	**–**	**118**	**118**
Acquisition of own shares	**–**	**–**	**(597)**	**–**	**–**	**(597)**
Own shares used to satisfy exercise of share awards	**–**	**–**	**402**	**–**	**–**	**402**
Tax on share options	**–**	**–**	**–**	**–**	**(140)**	**(140)**
Exercise of share based incentives	**–**	**–**	**–**	**–**	**(331)**	**(331)**
At 30 June 2022	**4,517**	**445**	**(601)**	**–**	**30,697**	**35,058**

Notes to the Company Financial Statements
For the year ended 30 June 2022

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 UK adopted international accounting standards.

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
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 85.

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 1 to 51. 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.

On 25 August 2022 the Group entered into a £25.0 million committed revolving credit facility which expires in August 2025 and two further single year extension periods to August 2026 and August 2027. 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 2022 the Group's net debt was £4.7 million (2021: £0.9 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 2022 and have been adopted for the Company financial statements where appropriate:

- 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.

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.

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.

Notes to the Company Financial Statements continued

For the year ended 30 June 2022

2 Summary of significant accounting policies continued

Property, plant and equipment continued

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.

(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.

2 Summary of significant accounting policies continued

Leases continued

(ii) As a lessee continued

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.

Financial assets

When financial assets are recognised initially under IFRS 9, 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.

Notes to the Company Financial Statements continued
For the year ended 30 June 2022

2 Summary of significant accounting policies continued

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.

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.

2 Summary of significant accounting policies continued

Derivative financial instruments and hedging continued

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.

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 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

3 Expenses by nature

The following item has been charged in arriving at operating profit:

	2021/22 £'000	2020/21 £'000
Auditor's remuneration – audit of the financial statements of the Company	**18**	18

Notes to the Company Financial Statements continued
For the year ended 30 June 2022

4 Dividends

	2021/22 £'000	2020/21 £'000
Interim dividend for 2022 of 3.35p paid on 6 April 2022	**1,201**	–
Final dividend for 2021 of 6.25p paid on 29 October 2021	**2,233**	–
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
	3,434	1,878

A final dividend of 6.65 pence per equity share, at a cash cost of £2,381,000, has been proposed for the year ended 30 June 2022, payable on 4 November 2022. In accordance with IFRS accounting requirements this dividend has not been accrued in these consolidated financial statements.

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 2020	485	749	235	738	2,207
Disposals	–	–	–	(130)	(130)
At 30 June 2021	485	749	235	608	2,077
Additions	–	–	–	5	5
Disposals	–	–	–	(24)	(24)
At 30 June 2022	**485**	**749**	**235**	**589**	**2,058**
Depreciation:					
At 1 July 2020	8	322	235	446	1,011
Charge for the year	9	11	–	71	91
At 1 July 2021	17	333	235	517	1,102
Charge for the year	12	8	–	62	82
Disposals	–	–	–	(24)	(24)
At 30 June 2022	**29**	**341**	**235**	**555**	**1,160**
Net book value:					
At 30 June 2022	**456**	**408**	**–**	**34**	**898**
At 30 June 2021	468	416	–	91	975
At 1 July 2020	477	427	–	292	1,196

Included within freehold land and buildings is land of £336,000 (2021: £336,000) which is not depreciated.

6 Investments in Group companies

	£'000
Cost:	
At 1 July 2020, 1 July 2021 and 30 June 2022	89,911
Provisions:	
At 1 July 2020	19,917
Provided in year	–
At 30 June 2021	19,917
Provided in year	14,423
At 30 June 2022	**34,340**
Net book value:	
At 30 June 2022	**55,571**
At 1 July 2021	69,994
At 1 July 2020	69,994

At close of business on 30 June 2022 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). During the year the investment in Levolux Limited was fully written down to £nil to reflect the sale of the business on 26 August 2022.

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.

7 Trade and other receivables

	2022 £'000	2021 £'000
Other receivables	**598**	107
Prepayments	**207**	286
	805	393

8 Trade and other payables

	2022 £'000	2021 £'000
Other payables	**671**	622
Other taxation and social security	**176**	336
Accruals	**589**	629
	1,436	1,587

Notes to the Company Financial Statements continued

For the year ended 30 June 2022

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 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)
(Charged)/credited to the statement of comprehensive income	(34)	3	–	(8)	(39)	10
(Charged)/credited to equity	–	–	–	(140)	(140)	–
At 30 June 2022	**28**	**22**	**–**	**172**	**222**	**(24)**

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

	2022 £'000	2021 £'000
Non-current liabilities:		
Non-current instalments due on bank loan	**13,000**	5,936

At 30 June 2022 the Group had a £20.0 million committed revolving credit facility which had an expiry date of April 2023. On 25 August 2022 the Group entered into a £25.0 million committed revolving credit facility which expires in August 2025 and two further single year extension periods to August 2026 and August 2027. 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.

The following financial covenants apply to the new facility: Group interest cover, based on underlying EBITDA (i.e. from continuing operations and before non-recurring items), to be at least three and a half 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, with an acquisition spike to be below two and three quarter times.

At 30 June 2022 the Company and Group also had £4.0 million (2021: £4.0 million) of bank overdraft facilities, renewed until August 2023 and repayable on demand. The Group has an offset arrangement in place against uncommitted overdraft facilities.

11 Lease liabilities

	2022 £'000	2021 £'000
Non-current lease liabilities	**473**	476
Current lease liabilities	**3**	3
Total lease liabilities	**476**	479

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 2022		30 June 2021	
	Carrying amount £'000	**Fair value £'000**	Carrying amount £'000	Fair value £'000
Financial assets:				
Trade and other receivables	**598**	**598**	107	107
Cash at bank	**2,627**	**2,627**	875	875
	3,225	**3,225**	982	982
Financial liabilities:				
Bank loans	**13,000**	**13,000**	5,936	5,936
Lease liabilities	**476**	**476**	479	479
Trade, intercompany and other payables	**11,881**	**11,881**	21,853	21,853
	25,357	**25,357**	28,268	28,268

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 2022 and 2021 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 2022					
Interest bearing loans and borrowings	**–**	**–**	**–**	**13,000**	**13,000**
Lease liabilities	**–**	**–**	**3**	**473**	**476**
Trade, intercompany and other payables	**–**	**1,123**	**305**	**10,453**	**11,881**
	–	**1,123**	**308**	**23,926**	**25,357**
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

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 2022 was £10.4 million (2021: £5.1 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 bank debt at 30 June 2022 of £4.7 million (2021: £0.9 million).

Notes to the Company Financial Statements continued
For the year ended 30 June 2022

12 Financial instruments continued
Liquidity risk management
The maturity profile of the Company's interest bearing financial liabilities is as follows:

	2022 £'000	2021 £'000
Floating rate interest bearing financial liabilities:		
In less than one year	–	–
In two to five years	**13,000**	5,936
	13,000	5,936

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 2022 or 30 June 2021 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.

13 Retirement benefit obligations
Defined contribution schemes
£130,000 (2021: £94,000) was charged to operating profit in the statement of comprehensive income for defined contribution pension scheme contributions. At 30 June 2022 there was an accrual of £108,000 payable in respect of the defined contribution scheme (2021: £94,000).

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 2022 triennial actuarial review in the 2022/23 financial year, the Company's deficit reduction contributions decreased from £124,000 to £66,000 per year, with effect from 1 October 2022.

The principal assumptions used by the actuary in valuing the assets and liabilities of the scheme for IAS 19 purposes were:

	2022 %	2021 %
Discount rate	**3.75**	1.80
Expected rate of deferred pension increases	**2.50**	2.50
Future pension increases	**3.05 – 3.60**	3.10 – 3.65
Retail Price Index inflation rate	**3.15**	3.20
Consumer Price Index inflation rate	**2.50**	2.50
	Years	Years
Post retirement mortality:		
Current pensioners at 65 – male	**21.5**	21.5
Current pensioners at 65 – female	**23.5**	23.4
Future pensioners at 65 in 2042 – male	**22.8**	22.8
Future pensioners at 65 in 2042 – female	**24.9**	24.9

13 Retirement benefit obligations continued

Defined benefit scheme continued

A discount rate of 3.75% has been used in calculating the present value of liabilities of the pension scheme at 30 June 2022. A 0.1% change to this rate would have changed the present value of the pension fund liabilities at that date by approximately £48,000 before tax.

A Retail Price Index inflation rate of 3.15% 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 2022. A 0.1% change to these rates would have changed the present value of the pension fund liabilities at that date by approximately £17,000 before tax.

In valuing the liabilities of the pension scheme at 30 June 2022, 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 2022 would have increased by approximately £194,000 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:

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Equities	**1,318**	2,344	2,012	1,982	1,730
Gilts	**–**	–	–	–	620
Liability Driven Investment Funds	**458**	661	815	731	–
Bonds and insured annuities	**758**	602	598	564	503
Multi-asset fund	**827**	1,071	891	889	1,024
Property and cash	**452**	533	391	376	332
Total market value of assets	**3,813**	5,211	4,707	4,542	4,209
Actuarial value of liability	**(3,923)**	(5,457)	(5,761)	(5,249)	(5,052)
Defined benefit pension deficit	**(110)**	(246)	(1,054)	(707)	(843)

Of the above assets, all have a quoted market price with the exception of £52,000 of insured annuities (2020/21: £69,000) and £37,000 of property (2020/21: £41,000).

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 pension plan, before taxation, are as follows:

	2021/22 £'000	2020/21 £'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	**(3)**	(14)
Included in other comprehensive income:		
Actuarial (loss)/gain on plan assets	**(1,361)**	553
Actuarial gain on retirement benefit obligations	**1,359**	134
	(2)	687
Total recognised in the statement of comprehensive income	**(5)**	665

The actual return on plan assets for 2021/22 was a loss of £1,251,000 (2020/21: gain of £635,000).

Notes to the Company Financial Statements continued

For the year ended 30 June 2022

13 Retirement benefit obligations continued

Defined benefit scheme continued

Changes in the present value of the defined benefit obligation before taxation are as follows:

	2022 £'000	2021 £'000
At 1 July	**(5,457)**	(5,761)
Interest cost	**(113)**	(96)
Past service pension cost – Guaranteed minimum pension equalisation	**–**	(8)
Benefits paid	**288**	274
Actuarial gain	**1,359**	134
At 30 June	**(3,923)**	(5,457)

Changes in the fair value of plan assets before taxation are as follows:

	2022 £'000	2021 £'000
At 1 July	**5,211**	4,707
Expected return on plan assets	**110**	82
Actuarial (loss)/gain	**(1,361)**	553
Contributions by employer	**141**	143
Benefits paid	**(288)**	(274)
At 30 June	**3,813**	5,211

The cumulative amount of net actuarial losses recognised in the statement of comprehensive income is £734,000 (2020/21: losses of £732,000).

14 Provisions

	£'000
At 1 July 2020	100
Charged	150
At 30 June 2021	250
Utilised	(54)
At 30 June 2022	**196**

The Company has provided £196,000 (2021: £250,000) in relation to the anticipated cost of dilapidations and required restoration to its leasehold properties.

15 Share capital

	2022 £'000	2021 £'000
Allotted, called up and fully paid:		
36,133,558 (2021: 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 327,493 (2021: 360,017) ordinary own shares held by the Company. The market value of shares at 30 June 2022 was £519,076 (2021: £954,045). These are held to help satisfy the exercise of awards under the Company's Long Term Incentive Plans. During the year 297,021 (2021: 9,228) shares with an original cost of £402,000 (2021: £10,000) were used to satisfy the exercise of awards. 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.

16 Movements in equity continued

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.

Distributable reserves

The Company's profit and loss account reserve shown on the balance sheet is £30,697,000 (2021: £39,284,000).

Cumulative actuarial losses relating to defined benefit pension schemes of £734,000 (2021: losses of £732,000) have been deducted in calculating the distributable reserves figure above.

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 72.

	As at 1 July 2021	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 2022	Weighted average exercise price (pence)
LTIP(i)	**594,685**	**n/a**	**128,361**	**n/a**	**(146,410)**	**–**	**(72,668)**	**n/a**	**503,968**	**n/a**
ESOS(ii)	**70,000**	**1.01**	**20,000**	**2.26**	**(20,000)**	**1.29**	**–**	**–**	**70,000**	**1.29**

	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

(i) Long term incentive plan.

(ii) Executive share option scheme.

ESOS

For the share options outstanding at 30 June 2022 the weighted average remaining contractual life is 8.0 years (30 June 2021: 6.9 years). The exercise price of the options outstanding ranges between 79 pence and 226 pence. 10,000 share options are exercisable at 30 June 2022 (30 June 2021: 20,000).

LTIP

The October 2019 LTIP awards are expected to vest in October 2022.

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	
	2022	2021	**2022**	2021
Share price at grant date	**226p**	79p	**226p**	79p
Exercise price	**226p**	79p	**nil**	nil
Expected volatility	**30%**	30%	**30%**	30%
Expected life (years)	**3**	3	**3**	3
Risk free rate	**1.0%**	1.0%	**1.0%**	1.0%
Dividend yield at date of grant	**4.3%**	2.5%	**4.3%**	2.5%
Fair value per option	**33p**	14p	**211p**	73p

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 2022 is £118,000 (2020/21: £397,000).

Notes to the Company Financial Statements continued

For the year ended 30 June 2022

18 Financial commitments

(i) Capital commitments

The Company had no capital commitments at the year end (2021: £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 2022 £'000	Property 2021 £'000
Less than one year	**40**	40
Between one and five years	**160**	160
After five years	**400**	440
	600	640

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 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 1 July 2021	875	(5,936)	(5,061)	(479)	(5,540)
Cash flow movements	1,752	(7,000)	(5,248)	3	(5,245)
Non-cash movements	–	(64)	(64)	–	(64)
At 30 June 2022	**2,627**	**(13,000)**	**(10,373)**	**(476)**	**(10,849)**

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 132.

The total non-current position with regards to amounts owed to subsidiary undertakings at 30 June 2022 was a £9,823,000 liability (2021: £20,266,000 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 72.

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

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Income Statement Summary							
Continuing operations:							
Revenue	55,646	63,969	65,091	71,315	60,299	77,805	**89,381**
Gross profit	21,629	22,880	22,353	24,184	20,432	29,441	**33,366**
Gross margin	*38.9%*	*35.8%*	*34.3%*	*33.9%*	*33.9%*	*37.8%*	***37.3%***
Underlying operating profit	6,056	6,714	5,438	6,973	5,053	10,506	**13,333**
Underlying operating margin	*10.9%*	*10.5%*	*8.4%*	*9.8%*	*8.4%*	*13.5%*	***14.9%***
Net interest cost on borrowings	(215)	(132)	(212)	(281)	(343)	(311)	**(439)**
Interest on lease liabilities	–	–	–	–	(153)	(178)	**(169)**
Underlying profit before tax	5,841	6,582	5,226	6,692	4,557	10,017	**12,725**
Non-underlying items*	(1,334)	(720)	(914)	(4,431)	(1,138)	(546)	**(694)**
Profit before taxation	4,507	5,862	4,312	2,261	3,419	9,471	**12,031**
Taxation	(1,319)	(1,492)	(967)	(256)	(442)	(2,118)	**(2,421)**
Profit for the year from continuing operations	3,188	4,370	3,345	2,005	2,977	7,353	**9,610**
Discontinued operations - Profit/(loss) after tax	3,296	2,170	972	1,636	(721)	233	**(16,657)**
Profit/(loss) for the year	6,484	6,540	4,317	3,641	2,256	7,586	**(7,047)**
Underlying earnings per share from continuing operations (pence)	13.0	14.7	11.6	14.8	10.2	22.5	**28.7**
Basic earnings per share (pence)	18.2	18.3	12.0	10.1	6.3	21.2	**(19.7)**
Dividends per share (pence)	6.5	7.15	7.35	7.35	2.0	9.5	**10.0**
Balance Sheet Summary at 30 June							
Shareholders' funds	16,580	20,437	24,421	25,445	19,841	36,145	**25,732**
Net debt/(cash)	(8,632)	(6,076)	4,812	5,095	4,333	937	**4,716**
Lease liabilities	–	–	–	–	5,924	5,606	**5,132**
Pension deficit (net of tax)	18,588	17,095	12,566	10,749	15,608	3,436	**1,585**
Discontinued operations	(479)	(334)	(714)	359	–	–	**–**
Capital Invested - continuing operations	26,057	31,122	41,085	41,648	45,706	46,124	**37,165**
Underlying return on capital invested (post-tax)**	17.7%	18.6%	12.0%	13.4%	9.2%	18.4%	**25.8%**
Underlying tax rate	20.8%	20.6%	20.2%	20.4%	20.3%	19.5%	**19.4%**

* Non-underlying items comprise brand amortisation and IAS 19 pension costs in all years. Further details of the 2020/21 and 2021/22 non underlying items can be found in note 5 of the Report and Accounts 2022.

** 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 52 and 53.

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, and 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 68 and 69.

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 327,495 shares held by the Alumasc Group Employee Share Ownership Trust (Trust) as of 30 June 2022. 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 2021 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 21 October 2022. 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 ten-year period under the relevant share plan rules. The Company currently holds no shares in treasury.

Significant agreements – change of control

The Group has agreements in place 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 nor its 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 2022 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 2022. This information was also checked on 15 August 2022 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	1,825,088	5.05
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 Report (Environmental, Social and Governance), the Section 172 Statement, and the Directors' report on pages 25 to 45, and 73 to 75.

Greenhouse gas emissions (GHG)

Information about the Group's Greenhouse Gas emissions is given in the ESG Report on pages 25 to 29.

Annual General Meeting

The Notice of the AGM, to be held on 27 October 2022 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.

List of Subsidiaries

The Group's subsidiary undertakings as at 30 June 2022 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	UK
Elkington China Limited	Building products	Hong Kong
Alumasc Limited	Building products	UK
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	
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 and Operating Locations

Water Management

Skyline, Alumasc 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)
Third Avenue
Halstead
Essex CO9 2SX
Tel: **+44 (0)1787 475151**
Email: **info@alumascwms.co.uk**
Web: **www.alumascwms.co.uk**

Gatic (Covers)
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

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 Petherton
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**

Company Information and Advisers

Registered Office

The Alumasc Group plc
Burton Latimer
Kettering
Northamptonshire
NN15 5JP
Tel: +44 (0)1536 383844
www.alumasc.co.uk
info@alumasc.co.uk
Registered No: 1767387

Company Advisers

Registrars
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Auditors
Crowe U.K. LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Investment Bankers
Rothschild & Co
3 Lombard Street
London
EC3V 9AA

Bankers
HSBC Bank plc
4th Floor
120 Edmund Street
Birmingham
B3 2QZ

Barclays Bank PLC
Ashton House
497 Silbury Boulevard
Milton Keynes
MK9 2LD

Solicitors
Freeths LLP
The Colmore Building
20 Colmore Circus
Queensway
Birmingham
B4 6AT

DLA Piper UK LLP
160 Aldersgate Street
London
EC1A 4HT

Brokers
Peel Hunt LLP
100 Liverpool Street
London
EC2M 1JJ

NOMAD
finnCap
One Bartholomew Close
London
EC1A 7BL

Notice of Annual General Meeting

Notice is given that the 2022 Annual General Meeting (AGM) of The Alumasc Group plc (the Company) will be held at Timloc Building Products, Timloc House, Ozone Park, Howden, East Riding of Yorkshire DN14 7SD at 10am on Thursday 27 October 2022 to consider the following:

Ordinary business

Resolutions 1 to 9 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 2022**

2 **To receive the report of the Remuneration Committee for the year ended 30 June 2022**

3 **To declare a final dividend of 6.65 pence per share**

4 **To re-elect Vijay Thakrar as a Director**

5 **To re-elect Paul Hooper as a Director**

6 **To re-elect Stephen Beechey as a Director**

7 **To elect Karen McInerney as a Director**

8 **To re-appoint Crowe U.K. 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**

9 **That the Audit Committee be authorised to determine the Auditor's remuneration**

Special business

The following resolution will be proposed as an ordinary resolution.

10 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. All unexercised authorities previously granted to the Directors are hereby revoked.

The following three resolutions will be proposed as special resolutions.

11 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 10 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:

a. allotments for rights issues and other pre-emptive issues; and

b. 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% 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 26 October 2023).

12 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% 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.

13 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% 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 26 October 2023, 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; and

(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
6 September 2022

Burton Latimer
Kettering
Northamptonshire
NN15 5JP

Registered No:
01767387

Explanatory Notes
to the Notice of Annual General Meeting

Covid-19:
At the date of the approval of this Notice although Covid-19 is still affecting people, there are currently no public health measures in place and we will monitor any development. However, we will organise a conference call facility and the number will be published on our website. Please note that if you attend by conference call you will not be included in the quorum.

Resolutions 1 to 10 are being proposed as Ordinary resolutions and Resolutions 11 to 13 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 2022, 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 72. 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 2022.

Resolution 3 – To declare a dividend
Shareholders are being asked to approve a final dividend of 6.65 pence per ordinary share. If the recommended final dividend is approved it is expected to be paid on 4 November 2022 to all shareholders on the register on 30 September 2022.

Resolutions 4 to 7 – 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 52 and 53 of this 2022 Annual Report and Accounts.

Resolution 4 – Re-election of Vijay Thakrar
Your Board recommends that Vijay Thakrar be re-elected as a Director.

Resolution 5 – Re-election of Paul Hooper as a Director
Your Board recommends that Paul Hooper be re-elected as a Director.

Resolution 6 – Re-election of Stephen Beechey as a Director
Your Board recommends that Stephen Beechey be re-elected as a Director.

Resolution 7 – To elect Karen McInerney as a Director
Your Board recommends that Karen McInerney 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 8 and 9 – Re-appointment of Crowe U.K. LLP (Crowe) 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 appointed Crowe U.K. LLP in the year and are recommending that Crowe be re-appointed as Auditor. Resolution 9 authorises the Audit Committee of the Board to set the Auditor's remuneration. This resolution follows standard practice.

Resolution 10 – 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.

Explanatory Notes continued
to the Notice of Annual General Meeting

Resolutions 11 and 12 – Disapplication of statutory pre-emption rights

Special resolutions 11 and 12 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). 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 2022.

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 2023 Annual General Meeting of the Company or, if earlier, on 26 October 2023.

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 11 and 12.

Resolution 13 – 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 2022). The Directors will only exercise the authority granted by Resolution 13 (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 26 October 2023, unless renewed earlier.

Recommendation

Your Directors believe that the resolutions set out in Resolutions 1 to 13 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.

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 138 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.

Notes to the Notice of Annual General Meeting

(1) A member may appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their 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.

(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 25 October 2022 (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 27 October 2022 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.

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 2022 (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.

Explanatory Notes continued
to the Notice of Annual General 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.

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