The Alumasc Group plc
Report and Accounts 2023

Building products for a sustainable future

Building products for a sustainable future

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

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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 in the built environment, and improve quality of life for the owner/occupier using recyclable materials.

Financial Highlights

Revenue*
£89.1m
2021/22: £89.4m

Dividends per share
10.3p
2021/22: 10.0p

Underlying* PBT
£11.2m
2021/22: £12.7m

Reported PBT
£8.8m
2021/22: £(5.0)m

Underlying* EPS
25.0p
2021/22: £28.6p

Net bank debt
£2.9m
2021/22: £4.7m

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

Operational Highlights

- Resilient performance in a challenging market, driven by execution of strategic priorities
- Innovative, sustainable products providing environmental solutions
- Investment in sales and R&D/NPD resource to drive future sales growth
- Continued focus on operational margin improvement
- Targets set for further reduction in greenhouse gas emissions
- Post-year-end acquisition of ARP Group expected to deliver synergistic benefits

At a Glance

We are driven by purpose

Alumasc is passionate about its purpose to provide high-quality, low carbon sustainable products and systems.

Who we are

The majority of our products manage the scarce resources of water and energy and improve the quality of life for the owner/occupier in the built environment.

What we do

We are very focused on making our business operations, manufacturing and supply as sustainable and resilient as possible.

We have clear ethical values, behave with integrity and build strong relationships with our customers and wider stakeholders and deliver on our promises. We take pride in our innovative products and our ability to respond to market demands with new products and solutions.

Our operating segments

Water Management

Alumasc Water Management deliver a 'rain to drain' solution for urban water management, supporting the efficient use, retention, recycling and disposal of water.

See page 16 to 17
for more on our Water Management

Building Envelope

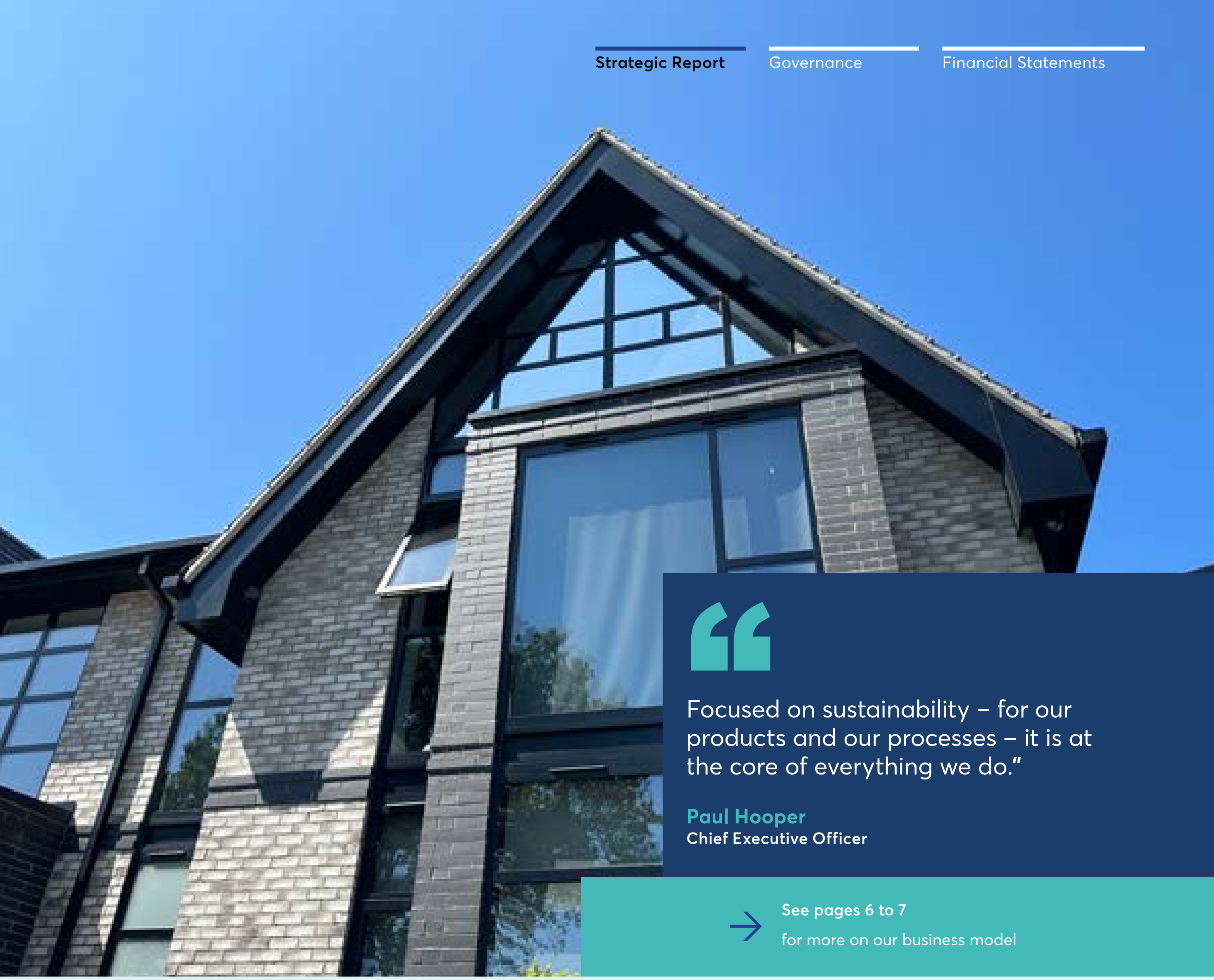
Offering a range of building envelope solutions including roofing solutions – flat to pitched roofs, waterproofing systems, green and landscaped garden roofing.

See page 18 to 19
for more on our Building Envelope

Housebuilding Products

Housebuilding Products are manufactured in the UK with carbon neutral status. Manufacturing using 100% renewable energy and providing new products and product ranges to the market.

See page 20 to 21
for more on our Housebuilding Products



"Focused on sustainability – for our products and our processes – it is at the core of everything we do."

Paul Hooper
Chief Executive Officer

See pages 6 to 7
for more on our business model

Our strategy: Delivering high-quality sustainable products and solutions

Accelerating organic revenue growth

Attractive positions in markets supported by long-term growth drivers

Driving margin improvement

Brand strength, supported by quality know-how and customer service

Championing sustainable building products

Durable, low-maintenance and environmentally efficient products which address challenges in the built environment

Investing in value-enhancing opportunities

Utilising our strong balance sheet and operating cash flows to invest in organic and inorganic growth

See page 22 to 23
for more on our strategy

Chair's Statement

Robust performance despite challenging backdrop

> The Group has once again shown its resilience and the benefits of its diversified portfolio."

Vijay Thakrar
Chair

I am pleased to report that Alumasc delivered a robust performance despite challenges for building products from rising interest rates, persistent inflation, labour shortages, political upheaval and weaker market confidence.

Performance

The Group has once again shown its resilience and the benefits of its diversified portfolio. Against a backdrop of challenging market conditions, Group revenues from continuing operations were maintained at around £89 million and underlying profit before tax of £11.2 million delivered in accordance with market expectations.

There was some dilution to operating margins from increased investment in capability as well as lower volumes in our Water Management division, which should recover in 2024.

Our operating cash flow of £12.2 million (2022: £7.8 million) enabled us to reduce our net bank debt by around £2 million during the year, after payments for capex, dividends and the Levolux business sold in the year.

Our strategy of organic growth with synergistic M&A

We remain focused on accelerating growth and I am delighted that our Building Envelope and Housebuilding Products divisions grew their revenues by 18% and 19% respectively. Our Water Management division's revenues declined by 16%, reflecting significant export orders in 2022 and the deferment of a new Chek Lap Kok airport project into 2024. Deliveries under this project commenced in July 2023.

In line with our strategic objectives, we acquired post year end (subject to regulatory clearance) ARP into our Water Management division. We believe that the business will enable us to deliver further growth and synergistic benefits, and it is expected to be immediately accretive to underlying earnings.

ESG

Around 80% of our products deliver environmental benefits in the built environment, especially through, for example, water and energy management. As the move towards a greener economy accelerates, our businesses are focused and well placed to support our customers to deliver on their sustainability needs.

We are also focused on making a tangible difference to the communities in which we operate and to our people, as well as maintaining high standards of governance.

Pension scheme

As previously reported, our annual defined benefit pension scheme contributions have reduced to £1.2 million (previously £2.3 million), reflecting an agreement with the Trustees until 2025. Along with many other schemes, Alumasc's defined benefit pension scheme felt the effects of the financial markets' turmoil following the September 2022 mini-budget.

The pension scheme deficit was £4.3 million at 30 June 2023 (2022: £2.1 million). The Company continues to work constructively with the Trustees to enable the scheme to have low dependency on the Company in the medium term.

Dividends

The Company remains committed to its progressive dividend policy. The interim dividend of 3.4p per share paid in April 2023 will be followed by a final dividend of 6.9p per share, if approved by shareholders, payable on 3 November 2023. This will be a total dividend per share of 10.3p per share (2022: 10.0p per share).

Outlook and Alumasc's people

While markets remain uncertain, Alumasc's strategy remains focused on organic and inorganic growth in sustainable building products. This places us well to capitalise on the many opportunities in our industry from environmental change. We continue to invest in people, product development and capacity to encourage our divisions to grow market share and enter adjacent product categories.

Our people are critical to delivering our strategy. They have once again shown admirable resilience and agility and, on behalf of our other stakeholders, the Board and I thank them for their ongoing hard work and commitment.

Vijay Thakrar.

Vijay Thakrar
Chair

Why invest in Alumasc?

Diversified portfolio provides a platform for strategic acceleration

- Focused group of niche businesses supplying high-quality construction products
- Positioned to accelerate organic growth through people and product investment
- ARP acquisition (subject to CMA approval) will demonstrate our ability to accelerate growth through synergistic M&A

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 Scope to accelerate growth in export markets

Entrepreneurial, decentralised model to optimise efficiency and agility

- Divisional structure with underlying brands given freedom to exploit market opportunities
- Customer-centric culture focused on delivering excellent service
- Efficient manufacturing facilities alongside robust supply chains

Financial position provides capacity to invest for growth

- Low levels of indebtedness, with significant headroom for investment
- Pension position under active management in cooperation with Trustees
- Ability to invest for growth, while driving improved returns on capital

Potential to deliver significant shareholder value

- Targeting further improvement in Group margins and cash generation
- Recovery of market sentiment in medium-term will enable Group to accelerate growth
- Delivering a progressive dividend policy

See page 23 to 26
for more details

Our Business Model

Living our Purpose, creating building products for a sustainable future

We continually evolve and innovate

Resources

Management style and people

We have an inclusive management style that helps empower our employees

We value our staff and have decentralised operating units

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

We have efficient central support

Technical know-how

We are experts in what we do; creating new products to support sustainability in the built environment

IP/Brands

We have registered patents and global protection for some of our innovative products to protect our IP and have premium brands

Capital investment in new technology

New technology to support operations

We provide cleaner and energy-efficient, cost-effective manufacturing

We provide innovative products

Operating Segments

Water Management

We manufacture leading sustainable rainwater goods, drainage products and Gas and Airtight Inspection Covers (known as Gatic).

See pages 16 to 17

Building Envelope

We are suppliers of a wide range of roofing products. We also provide leading technical advice, service and environmental credentials.

See pages 18 to 19

Housebuilding Products

We are manufacturing products for housebuilding made from recycled and recyclable materials.

See pages 20 to 21

Underpinned by Sustainability and supporting the SDGs

See page 40 for more information about our SDGs

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.

We make and sell building products

80%

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

80%+

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

International Market Development
Growth in export revenues, currently 6% of Group sales, are being targeted in selected markets

Customers/ channels to market

- Customers
- Housebuilders
- Contractors
- Merchants & distributors
- Online digital platforms

Value created

Repeat customers
We establish excellent relationships with our customers

Motivated employees
Our staff are motivated, 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

Climate change
By providing sustainable and long-lasting products

Zero-carbon manufacturing by the Housebuilding Products division

Communities
Supporting our communities by providing apprenticeships and local jobs

Shareholders
Overall strategic objective to deliver sustainable growth in shareholder value while making progressive returns to our investors

Environment
Our products are designed to be durable and sustainable. We have and are developing further low carbon products and solutions for the built environment

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

Chief Executive's Review

Business Highlights and Overview

"We have focused on the execution of our organic and inorganic growth strategy."

Paul Hooper
Chief Executive Officer

	2022/23	2021/22	% change
Group performance from continuing operations:			
Revenue (£m)	**89.1**	89.4	-%
Underlying profit before tax (£m)*	**11.2**	12.7	-12%
Statutory profit before tax (£m)	**10.5**	12.0	-12%
Underlying earnings per share (pence)*	**25.0**	28.6	-13%
Basic earnings per share (pence)	**23.3**	26.8	-13%
Dividends per share (pence)	**10.3**	10.0	+3%

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

Overview of performance

Group sales for the 12 months ending 30 June 2023 were £89.1 million, close to the prior year sales of £89.4 million. Group sales in the UK were strong, increasing by £8.4 million (11%) which was a reasonable achievement against a backdrop of a declining market, particularly for the UK housebuilding sector, which has seen the negative impact of inflation driving higher interest rates and lower demand for mortgages.

As previously reported, against a comparative which included significant sales to overseas projects, Gatic Covers experienced delays in the launch of its new £7 million project to Chek Lap Kok project in Hong Kong, which was scheduled for Q4. There was also a slowdown in activity in the Middle East, believed to be as a result of the focus on the FIFA World Cup. This led to a decline in Water Management export sales. We are pleased to report that shipments for the new Chek Lap Kok project have commenced in quarter one of the new financial year.

Raw material prices were broadly stable over the year, but general inflation remained high and further cost increases were recovered through price rises.

Despite the above challenges and a general slowdown in construction activity, the Group achieved its profit forecast and came in at the analysts' consensus for the year.

The divisional star performers of the year were Housebuilding Products (sales +£2.3 million (+19%) and underlying operating profit +£1.1 million (+44%)) and Building Envelope (sales +£5.2 million (+18%) and underlying operating profit +£0.5 million (+14%)).

Divisional review

(a) Water Management

Revenue: £39.8 million
(2021/22: £47.6 million)

Underlying operating profit*: £5.8 million
(2021/22: £8.8 million)

Underlying operating margin*: 14.5%
(2021/22: 18.4%)

Operating profit: £5.6 million
(2021/22: £8.7 million)

* Prior to restructuring costs of £0.1 million (2021/22: £nil) and brand amortisation charges of £0.1 million (2021/22: £0.1 million).

Following two successive years of record performance, and a doubling of its profit over three years, the Water Management Division fell back due to the delays of several significant export projects, including at Chek Lap Kok Airport in Hong Kong, which delivered £6.6 million sales in the prior period.

The delayed new circa £7.0 million Chek Lap Kok project is now underway, with shipments commencing in quarter one of our 2024 financial year.

UK sales remained strong and despite the challenging marketplace managed to move slightly ahead of the prior year. Several large projects for Gatic Slotdrain and Access Covers were delivered and another good performance was achieved by the Architectural Aluminium business, Skyline, which also benefitted from the successful introduction of a number of new products.

Of note was also the second half year launch of the new patented Slotdrain E, designed to require less concrete during installation while allowing faster installation. The first successful installation took place at the historic and large business jet facility at Farnborough Airport and we anticipate strong demand for this new product.

Rainclear, which has a certain reliance on self-build projects, had a slower performance than the prior period due to pressure on household income. However, it was successful in mitigating some of this shortfall through work with regional housebuilders plus the launches of its new canopy, veranda and skylight ranges, all which are showing early promise.

The Water Management Division commences the new financial year with an order book over twice the size of a year ago.

We should take the opportunity here to welcome, subject to The Competition Markets Authority's approval, our new colleagues from The ARP Group, a business with which we exchanged contracts on 24 July 2023.

(b) Building Envelope

Revenue: £34.6 million
(2021/22: £29.4 million)

Underlying operating profit*: £4.1 million
(2021/22: £3.6 million)

Underlying operating margin*: 11.8%
(2021/22: 12.2%)

Operating Profit: £4.1 million
(2021/22: £3.1 million)

* Prior to restructuring costs of £nil (2021/22: £0.5 million).

The Building Envelope Division had a strong revenue growth (+18%) in the year under review driven by pro-active management including the hiring of very experienced and effective sales managers. It has increased market share also aided by new product launches including a very successful flat to pitched roof system along with the successful promotion of its CO_2 reducing product, Olivine.

A good level of Academy work was won. Some reasonably significant cost increases were passed on through sales prices. The Roofing business continues to focus on high-end specification offers supported by the highest standards, and a customer service level which delivers low carbon systems combined with safety in installation, all supported by long-term warranties.

Long standing relationships with key clients, developers and contractors, along with the increasing influence in large scale projects (£1.0m+) is benefitting the Division. Work is ongoing to broaden and to continually improve the environmental performance of the product range.

(c) Housebuilding Products

Revenue: £14.7 million
(2021/22: £12.4 million)

Underlying operating profit*: £3.5 million
(2021/22: £2.4 million)

Underlying operating margin*: 23.9%
(2021/22: 19.7%)

Operating profit: £3.3 million
(2021/22: £2.4 million)

* Prior to restructuring costs of £0.2 million (2021/22: £nil).

Timloc, our Housebuilding Products business, had an outstanding year growing its revenue 19% and its underlying operating profit by 44%. This was achieved by the continuation of its industry-leading next day delivery service and the continued growth of its new products, which in 2022/23 accounted for approximately 25% of its revenue. This included the launch of the Inventive Tile Vent range, which has taken a significant market share during the year. This highlights Timloc's ability to identify commercial opportunities to launch innovative products that demonstrate its position as an efficient manufacturer, supported by a brand, endorsed by its reputation for outstanding service (100% OTIF in the year). The Inventive Tile Vents have also taken Timloc into a new distributor channel of specialist roofing merchants.

Despite the challenges of a weakening housing market and cost increases, which were largely recovered, the Housebuilding Products Division managed to deliver a strong operating margin of 24%. Improved efficiencies, outstanding next day service and rigorous cost controls contributed significantly, along with additional manufacturing throughput and continued investment in automation.

Chief Executive's Review continued

Timloc's continued focus on sustainability, including being the first UK building products manufacturer to become carbon neutral, leaves it well positioned to support the housebuilders' drive to build zero carbon homes. During the year, Timloc was the first of our businesses to transition fully to electric vehicles.

Further investments are planned in operational capacity (including automation), external sales representation and new product development capabilities to support continued growth.

Strategic Overview

The Group continued to progress its long-term growth strategy.

Accelerating sales growth by:

- *Servicing markets with long-term structural growth drivers.* Demand for our products is underpinned by building regulations and legislation;
- *Preserving and growing market share* with market-leading customer service and leveraging cross-selling opportunities across our businesses;
- *New product development* to grow share and access adjacent markets; and
- *Geographical sales expansion.*

Driving margin improvement by:

- *Maintaining flexible and agile production capacity;* and
- *Simplifying and streamlining* our businesses and reducing fixed overheads.

Championing sustainable business products:

- *Creating durable, low maintenance products* which reduce the whole-life energy and financial cost of building;
- *Addressing some of the environmental challenges facing the construction industry:* building decarbonisation, water management and occupant wellbeing/ urban biodiversity; and
- *Embracing the circular economy* by using recycled and recyclable materials.

Investing in value-enhancing opportunities, using our strong balance sheet and operating cash generation:

- *Organic growth through improving operational capability, R&D/NPD, sales and marketing resource;* and
- *Inorganic growth through bolt-on acquisitions in current or adjacent markets.*

Alumasc is in a very strong position to benefit from the move towards sustainable construction and green buildings, both in terms of its portfolio of products and in its championing of the circular economy.

Many internal initiatives have also been taken to act in an environmentally sustainable manner, including the sourcing of electricity from renewable sources for 100% of the Group's supply. We have achieved a 69% reduction in our greenhouse gas emission intensity since 2018, and targets have been to reduce 2023 levels by a further 42% reduction by 2030, supported by a Group policy to move to electric vehicles and to make our operations as carbon neutral as possible. Accreditation of this target by the Science-Based Target Initiative, and the Group's Net Zero planning is underway.

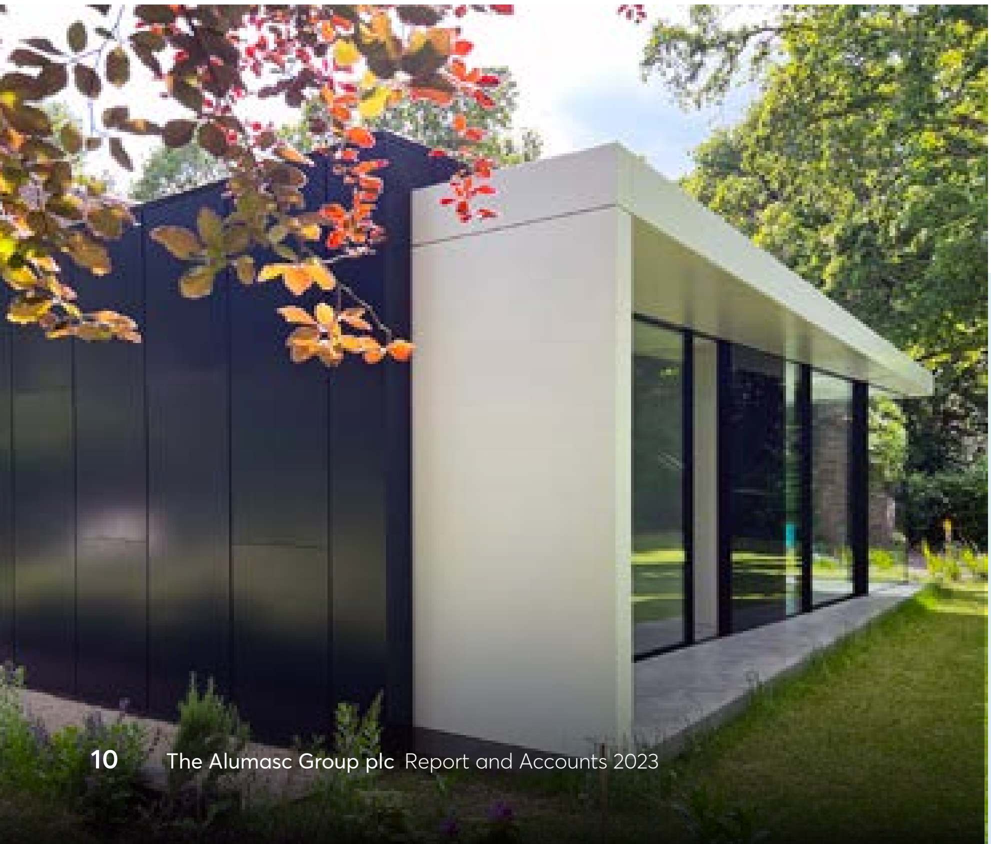
Outlook

Alumasc's cost savings programme, liquidity management, strong balance sheet and improved commercial positioning underpin a business 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.

Notwithstanding uncertainty over the short-term macroeconomic outlook, a robust platform is now in place which provides the Board with confidence for another strong year which has started in line with management's expectations.

G Paul Hooper

Paul Hooper
Chief Executive Officer
5 September 2023



Divisional review

Water Management

Revenue	£39.8 million (2021/22: £47.6 million)
Underlying operating profit*	£5.8 million (2021/22: £8.8 million)
Underlying operating margin*	14.5% (2021/22: 18.4%)
Operating profit	£5.6 million (2021/22: £8.7 million)

* Prior to restructuring costs of £0.1 million (2021/22: £nil) and brand amortisation charges of £0.1 million (2021/22: £0.1 million).

Building Envelope

Revenue	£34.6 million (2021/22: £29.4 million)
Underlying operating profit*	£4.1 million (2021/22: £3.6 million)
Underlying operating margin*	11.8% (2021/22: 12.2%)
Operating profit	£4.1 million (2021.22: £3.1 million)

* Prior to restructuring costs of £nil (2021/22: £0.5 million).

Housebuilding Products

Revenue	£14.7 million (2021/22: £12.4 million)
Underlying operating profit*	£3.5 million (2021/22: £2.4 million)
Underlying operating margin*	23.9% (2021/22: 19.7%)
Operating profit	£3.3 million (2021/22: £2.4 million)

* Prior to restructuring costs of £0.2 million (2021/22: £nil).

Financial Review

> The Group's solid financial platform has allowed investment in resilience and sustainable growth opportunities."
>
> **Simon Dray**
> Group Finance Director

Performance from continuing operations

	2022/23 £m	2021/22 £m
Continuing operations		
Revenue	**89.1**	89.4
Gross profit	**32.7**	33.4
Gross margin	**36.7%**	37.3%
Underlying operating expenses	**(20.6)**	(20.1)
Underlying operating profit	**12.1**	13.3
Underlying operating margin	**13.6%**	14.9%
Net finance costs	**(0.9)**	(0.6)
Underlying profit before tax	**11.2**	12.7
Non-underlying items	**(0.7)**	(0.7)
Statutory profit before tax	**10.5**	12.0

The Group produced a resilient performance against a challenging UK construction sector backdrop. Group revenue was £89.1 million (2021/22: £89.4 million), broadly in line with a strong comparative which included a £6.6 million contribution from significant export contracts. Call-offs expected in the year for the new £7 million Chek Lap Kok airport project were delayed, but commenced in 2023/24.

Gross margin was 36.7% (2021/22: 37.3%). While raw material prices stabilised over the year, general inflation remained high and the Group continued to work to recover cost increases through selling prices where they could not be mitigated or avoided.

Underlying operating expenses of £20.6 million (2021/22: £20.1 million) reflect wage inflation and investments made in sales and marketing capabilities, and are presented net of a £0.8 million (2021/22: £nil) research and development credit, against qualifying expenditure of £4.1 million (2021/22: £3.9 million).

Underlying operating profit was £12.1 million (2021/22: £13.3 million), representing a return on sales of 13.6% (2021/22: 14.9%).

Net finance costs were £0.9 million (2021/22: £0.6 million), the increase driven by higher interest rates in the year.

Underlying profit before tax was £11.2 million (2021/22: £12.7 million) and, after £0.7 million (2021/22: £0.7 million) of non-underlying charges, statutory profit before tax was £10.5 million (2021/22: £12.0 million).

Non-underlying items

The Board uses underlying profit and earnings as an alternative performance measure, to track and assess the Group's trading performance. This measure excludes certain non-underlying items, which include brand amortisation, pension scheme finance costs, acquisition expenses, and other items which are significant and one-off in nature. The non-underlying items in the current and prior financial year were:

Continuing operations	2022/23 £m	2021/22 £m
Brand amortisation	**0.1**	0.1
Restructuring and legal costs	**0.3**	0.5
Acquisition costs	**0.2**	–
Non-underlying operating expenses	**0.6**	0.6
IAS 19 net pension scheme finance costs	**0.1**	0.1
Non-underlying finance costs	**0.1**	0.1
Total non-underlying items	**0.7**	0.7

- Amortisation of acquired brands of £0.1 million (2021/22: £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;
- Restructuring and legal costs of £0.3 million (2021/22: £0.5 million), mainly representing one-off professional fees incurred to resolve a commercial dispute and, in the prior year, in exiting the Group's roofing installation business;
- Acquisition costs of £0.2 million (2021/22: £nil) which are professional fees incurred in the Group's acquisition activities, primarily in relation to the acquisition of ARP Group announced on 25 July 2023; and
- IAS 19 net pension scheme finance costs of £0.1 million (2021/22: £0.1 million). These non-cash charges relate to the Group's legacy defined benefit pension scheme, and are calculated by actuaries to reflect the notional financing cost of the Group's pension deficit.

Taxation

The Group's underlying effective tax rate on continuing operations was 20.0% (2021/22: 19.4%), compared to the UK corporation tax average rate for the year of 20.5% (2021/22: 19.0%). The tax rate varies in line with the UK rate and the balance of available reliefs, non-taxable income and expenses.

The Group's underlying effective tax rate for 2023/24 is expected to be around 25.5%, due to the full year effect of the increase in UK corporation tax rate to 25%.

The Group's effective tax rate on statutory profit from continuing operations was 24.9% (2021/22: 20.6%). A reconciliation of this rate to the average UK corporation tax rate is included in Note 10 to the financial statements.

Earnings per share

Basic earnings per share from continuing operations was 23.3p (2021/22: 26.8p), and underlying earnings per share from continuing operations was 25.0p (2021/22: 28.6p).

Dividends

The Board have recommended to shareholders a final dividend of 6.9 pence per share (2021/22: 6.65 pence), which will absorb an estimated £2.5m 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 on 26 October 2023, it will be paid on 3 November 2023 to members on the share register on 29 September 2023.

Together with the interim dividend of 3.40 pence (2021/22: 3.35 pence) paid to shareholders on 6 April 2023, this will bring the total distribution for the year to 10.3 pence per share (2021/22: 10.0 pence), which is covered 2.4 times (2021/22: 2.9 times) by underlying earnings per share from continuing operations.

Discontinued operations

The Group sold its Levolux business on 26 August 2022, and its trading results up to the date of disposal have been reported within discontinued operations in the current and prior year. Proceeds from the sale were £1, and further contingent consideration is unlikely to be paid. The prior year results include a charge of £14.9 million to write down the carrying value of Levolux's net held for sale assets to £1. A further £1.7 million loss on disposal was recorded in the current year, representing cash held by Levolux at the date of disposal, other related write-downs and transaction costs.

Financial Review continued

Cash flows and net debt

Underlying operating cash flow from continuing operations

Continuing operations	2022/23 £m	2021/22 £m
Underlying operating profit	**12.1**	13.3
Depreciation and underlying amortisation	**2.9**	2.7
Share-based payments	**0.2**	0.1
Working capital movements	**(1.0)**	(4.9)
Underlying operating cash flow	**14.2**	11.2
Operating cash conversion	**117%**	84%

The Group's underlying operating cashflow from continuing operations was £14.2 million (2021/22: £11.2 million), representing 117% (2021/22: 84%) of underlying operating profit, reflecting the partial unwind of investments in inventory made in the prior year, to maintain customer service during a period of supply chain disruption. Further reductions in working capital are expected over 2023/24 as inventory holdings continue to reduce. Average trade working capital as a percentage of revenue for the year was 19.1% (2021/22: 18.1%).

Movement in net bank debt

Continuing operations	2022/23 £m	2021/22 £m
Underlying operating cash flow from continuing operations	**14.2**	11.2
Pension deficit funding	**(1.6)**	(2.6)
Non-underlying cash flows	**(0.4)**	(0.8)
Cash generated by continuing operating activities	**12.2**	7.8
Capital expenditure	**(2.7)**	(2.6)
Interest	**(0.8)**	(0.6)
Tax	**(0.5)**	(1.6)
Lease principal repaid	**(0.8)**	(0.7)
Purchase of own shares	**(0.1)**	(0.5)
Dividend payment	**(3.6)**	(3.4)
Other	**(0.1)**	0.1
Net bank debt movement before discontinued operations	**3.6**	(1.5)
Net bank debt movement – discontinued operations	**(1.7)**	(2.3)
Decrease/(increase) in net bank debt	**1.9**	(3.8)

Cash generated from continuing operating activities was £4.4 million higher than the prior year at £12.2 million, largely due to the increase in underlying operating cash flows and the £1.0 million reduction in pension deficit funding, following the lower schedule of contributions agreed with the trustees. Cash outflows in respect of non-underlying items were £0.4 million (2021/22: £0.8 million).

Capital expenditure was £2.7 million (2021/22: £2.6 million), representing 101% of depreciation (2021/22: 104%). The main investments were capacity and efficiency investments at the Housebuilding Products site in Howden, and in process automation in the Water Management division. The Board see further opportunities to invest in organic growth across the Group, and expect capital expenditure to remain at or above the level of depreciation over the medium term.

Interest payments were £0.8 million (2021/22: £0.6 million) and tax payments £0.5 million (2021/22: £1.6 million).

After lease principal repayments of £0.8 million (2021/22: £0.7 million), own share purchases to fulfil the vesting of employee share options of £0.1 million (2021/22: £0.5 million), and dividend payments of £3.6 million (2021/22: £3.4 million), the reduction in net bank debt before discontinued operations was £3.6 million (2021/22: £1.5 million increase in debt).

The cash outflow in respect of discontinued operations was £1.7 million (2021/22: £2.3 million), leading to a reduction in net bank debt for the year of £1.9 million (2021/22: £3.8 million increase).

Net debt

	30 June 2023 £m	30 June 2022 £m
Net bank debt	**2.8**	4.7
Lease liabilities	**5.3**	5.1
Total (IFRS 16) net debt	**8.1**	9.8

Net bank debt at June 2023, on which the Group's banking covenants are based, was £2.8 million (June 2022: £4.7 million). Total net debt, including lease liabilities, was £8.1 million (2021/22: £9.8 million).

Financial position

Group net assets at 30 June 2023 were £25.7 million (2021/22: £25.7 million).

Pensions

The Group accounts for its defined benefit pension 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 pension scheme deficit at 30 June 2023, before deferred taxes, was £4.3 million (June 2022: £2.1 million). Lower valuations led to scheme assets decreasing in the year, by £15.8 million, to £71.5 million. Scheme liabilities decreased by £13.6 million to £75.8 million, due to an increase in the discount rate.

The contribution rate is agreed with the trustees based on actuarial valuations rather than the IAS 19 deficit. Following the triennial review in March 2022, the Group agreed to reduce annual contributions from £2.3 million to £1.2 million from 1 October 2022. These payments are designed to enable the scheme to reach a position of low dependency (where the scheme is expected to be able to meet its future liabilities using prudent investment assumptions and without further Group support), 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, taking into account the Group's expected performance and investment plans.

At 30 June 2023, the Group's banking facilities comprised:

- An unsecured committed £25.0 million revolving credit facility, which expires in August 2025 with two single year extension options to August 2026 and 2027. In July 2023, the Group exercised the first of these options, to extend the facility expiry to August 2026;
- An uncommitted £20.0 million accordion facility, which would allow the Group to increase its revolving credit facility to £45.0 million if exercised and approved; 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 2023 and 2022:

	Covenant	30 June 2023	30 June 2022
Net debt: EBITDA	<2.5	**0.2**	0.4
Interest cover	>3.5	**18.9**	31.7

Return on investment

The Group defines its invested capital as shareholders' funds, including historic goodwill but excluding net bank debt, pension deficit (net of tax) and lease liabilities. The Group's post tax return on invested capital (underlying operating profit from continuing operations after tax, divided by invested capital) was 26.1% (2021/22: 29.8%); lower than the prior year due to the lower operating profit and higher tax rate; but still substantially higher than the Group's weighted average cost of capital, which the Group estimates to be 11%.

Capital structure and capital allocation

The Group aims to deliver strong and sustainable financial returns well in excess of its cost of capital. It achieves this by investing the capital provided by its cash-generative operations and its strong balance sheet in a disciplined manner consistent with its long-term strategy, while maintaining debt at a prudent level. The Board's allocation priorities are:

- Investment in organic growth, principally through capital expenditure and investment in organisational capabilities, particularly in research and development, manufacturing capacity and efficiency, and sales and marketing resources;
- Providing regular returns to shareholders through a progressive dividend policy, which aims to increase dividends broadly in line with underlying earnings, while maintaining a prudent level of cover; and
- Investment in inorganic growth, identifying bolt-on acquisition targets in current or adjacent markets which complement the Group's existing business and deliver synergies.

The Group's solid financial platform has allowed it to continue to invest in opportunities to build resilience and generate sustainable growth. The acquisition of ARP Group, announced on 25 July 2023 and subject to CMA approval, is consistent with the Group's inorganic growth strategy and disciplined approach to capital allocation, and is expected to be immediately accretive to underlying earnings while further enhancing the Group's prospects over the medium term.

Going concern

As detailed in note 1 to the financial statements, 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 based on 10% and 20% reductions in sales volumes.

Under the severe but plausible stress test scenarios, there remained adequate headroom under the Group's banking facilities and no breach of banking facilities over the period to September 2024. The Board also took note of the Group's ability to reduce its cost base and/or conserve cash facilities if necessary.

A reverse stress test scenario, that would lead to a breach of the Group's banking covenants, was also modelled. The Board considers the risk of such a scenario to be remote, and the Board would take immediate mitigating actions were it to arise.

Having taken into account the scenario models above, and in light of the remaining headroom against banking covenants and total facilities under the various scenarios, the Board considers 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.

Simon Dray
Group Finance Director
5 September 2023

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. We are building on our methods, processes and delivery with the acquisition of ARP Group (subject to CMA approval). See page 40.

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

"We provide 'rain to drain' solutions for urban water management that meet the needs of the built environment."

Paul Hooper
Chief Executive Officer

Financial Highlights 2022/23

Revenue
£39.8m
2021/22: £47.6m

Underlying operating margin*
14.5%
2021/22: 18.4%

Underlying operating profit*
£5.8m
2021/22: £8.8m

Operating profit
£5.6m
2021/22: £8.7m

* Prior to restructuring costs of £0.1 million (2021/22: £nil) and brand amortisation charges of £0.1 million (2021/22: £0.1 million).

Alumasc in action:

Highwood Lodge: Realising a vision with Skyline Architectural Aluminium

Having successfully brought many commercial and residential building designs to life through his practice, Surface Architects, Richard Scott faced the challenge of a lifetime with his own property, Highwood Lodge.

Skyline fascias, soffits and vertical cladding panels were used to create the stunning minimalist modern-build attached to the charming Victorian cottage. Skyline offered the flexibility needed to meet the project's complex bespoke requirements.

Another significant consideration was that the design left no place to hide in terms of quality and finish. The clean lines and angular appearance presented a surfeit of elaborate detailing and junctions that demanded precision.

The objective of Skyline Architectural Aluminium, is to give designers the ultimate freedom to push their creativity to the limit and realise solutions of aesthetic merit. The product range is often referred to as 'a collection of ideas', based on unsurpassed technical design expertise. All elements are manufactured from superior polyester powder-coated aluminium which is 100% recyclable and available in a selection of standard bold generic shapes with bespoke designs available to order when unusual design elements are at play, such as those at Highwood Lodge.

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 which 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
- Efficient warehousing

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

"Roofing Operations have successfully completed a significant commercial cost-saving initiative, with the construction of a hard standing area on-site at St Helens for storage of products. Thus entirely removing the requirement for storage at an external partner."

Gilbert Jackson
Executive Director and Building Envelope Divisional Managing Director

Financial Highlights 2022/23

Revenue
£34.6m
2021/22: £29.4m

Underlying operating margin*
11.8%
2021/22: 12.2%

Underlying operating profit*
£4.1m
2021/22: £3.6m

Operating profit
£4.1m
2021/22: £3.1m

* Prior to restructuring costs of £nil (2021/22: £0.5 million).

Alumasc in action:

Pen-Y-Dre High School, Merthyr Tydfil

Pen-Y-Dre High School becomes first carbon neutral refurbishment school in Wales.

Renowned for its high standards and achievements, Pen-Y- Dre High School is Merthyr Tydfil's award-winning education centre. The school caters for the educational and development needs of 800 pupils aged 11-16.

Set in a beautiful green campus, Pen-Y-Dre is famous for its outstanding academic and sporting facilities. The school's extensive site can accommodate a variety of activities, including a full size swimming pool. Pen-Y-Dre High School is more than an educational building, it is at the heart of the local community, and is used by many groups outside the traditional school day.

Brief and design

After an initial survey of the roof, our team agreed that to meet the client's brief, Alumasc's Derbigum Olivine system was the best option. Not only would it meet the need for longevity and durability with its 35-year warranty, the system would substantially reduce CO_2, assisting in making Pen-Y-Dre the first net carbon high school in Wales.

The first of its kind

Calculations carried out by the team demonstrated there were several benefits to the Derbigum Olivine system compared to a traditional felt roof. This environmentally friendly roofing system neutralises CO_2 via an irreversible chemical reaction when it comes into contact with rainwater. Its proven performance means that 1m^2 of olivine has the capacity to capture approximately 1.75kg of CO_2.

The teams' calculations highlighted that installing the Derbigum Olivine system would improve the performance and increase the efficiency of the construction, keeping heat flow through the structure to a minimum, therefore reducing the school's energy costs.

The new refurbishments for Pen-Y-Dre High School would help the school deliver their vision to become carbon neutral.

Technical information

Alumasc's innovative roofing system comprise, a premium CO_2 neutralising reinforced APP polymer modified bituminous waterproofing membrane, underlays, insulation boards, with air and vapour control layers.

Surfaced with a naturally occurring mineral upper layer, this layer initiates a chemical reaction with CO_2 from rainwater, irreversibly neutralising the pollutant on contact.

The Olivine granules cause a chemical reaction in CO_2 in rainwater which converts it to silicon dioxide (sand) and magnesium carbonate, two products harmless to the environment.

Complete with BBA certification, Derbigum Olivine is a fully warranted system with a life expectancy of up to 50 years. Although the olivine grains decrease in size with each reaction, the grains are large enough to span an impressive 30 years before having completely reacted. Not only is the system durable, it is sustainable, as the membranes used are 100% recyclable.

Operating Segments continued

Housebuilding Products

Our brands

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. The carbon neutral status follows Timloc also becoming the first building products manufacturer in the UK to use electricity generated from 100% renewable sources.

Timloc's continued innovation and development has seen the introduction of various products to market over the last 12 months, including the expansion of the InVentive range of tile and slate vents.

WE ARE A CO_2 NEUTRAL MANUFACTURER

Opportunities and potential

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

Growth drivers

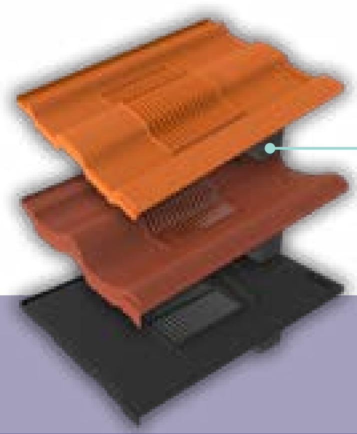
- Growth in UK housebuilding demand and current under-supply of houses
- Legislation and building regulations
- Ease of construction

Operations and supply chain

- Nearly all in-house manufacture

Routes to market

- Merchants and distributors
- House builder specification



Financial Highlights 2022/23

Revenue	Underlying operating margin*
£14.7m	23.9%
2021/22: £12.4m	2021/22: 19.7%

Underlying operating profit*	Operating profit
£3.5m	£3.3m
2021/22: £2.4m	2021/22: £2.4m

* Prior to restructuring costs of £0.2 million (2021/22: £nil).

"We continually expand our product range, manufactured at our carbon neutral facilities in East Yorkshire, to help our customers consolidate suppliers and enjoy our industry-leading next-day service. We offer sustainable building products from ground level right up to the roof ridge."

Michael Leaf
Executive Director and Housebuilding Products Divisional Managing Director

Strategy

Sustainability at the heart of our strategy

Our strategic objectives	Our measures	Ambition
Accelerating organic revenue growth • Attractive positions in markets, underpinned by building regulations/ legislation • Differentiation through market-leading customer service and support • New product development • Cross-selling and geographical sales expansion	• Revenue growth	• Faster growth than the UK construction sector
Driving margin improvement • Agile and flexible production capacity • Operational efficiency improvements	• Underlying operating margin	• Underlying operating margin maintained between 15-20%
Championing sustainable building products • Long-term environmental growth drivers • Durable and low maintenance products • Recycled and recyclable materials	• Revenue from environmental solutions • Materials from recycled sources • Recyclable materials	• >80% of revenue from environmental solutions • >50% of material from recycled sources • >80% of materials recyclable
Investing in value-enhancing opportunities • Capability and new product development • People development • Bolt-on synergistic M&A	• Investment to support organic growth • Vocational and leadership training activity • Level of M&A activity	• Organic growth in profits, supported by synergistic M&A

Building products for a sustainable future

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

FY23 progress

Revenue

£89.1m

2021/22: £89.4m

Compound annual growth FY18-23:

UK construction growth

4.4%

Alumasc revenue

6.5%

UK sales grew strongly in FY23, but Group sales declined due to delays in export projects. These are expected to resume and contribute to further progress in FY24.

Underlying operation margin

13.6%

2021/22: 14.9%

FY23 margins were impacted by inflation and lower export volumes, but remained strong and should progress towards the target range next year.

Revenue from environmental solutions

89%

2021/22: 77%

Materials from recycled sources

27%

2021/22: 27%

Recyclable materials

80%

2021/22: 77%

Revenues remain strongly aligned to the Group's strategic market drivers. Availability of certain materials remains limited, but 80% or more of our aluminium and polymers are recycled at the point we use them.

- **Investment supported the organic growth at Building Envelope and Housebuilding products**
- **Future leaders programme initiated**
- **Acquisition of ARP Group announced July 2023**

Our performance in a challenging market was supported by targeted investments in equipment and capabilities, particularly in sales and NPD.

Occupational training continued throughout the Group, and our future leaders programme started in the year, with the first two candidates attending external leadership training.

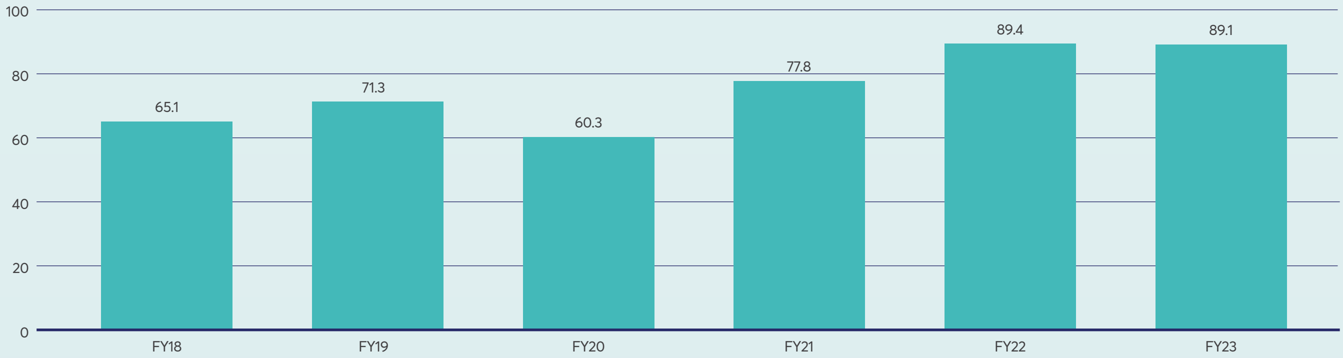
The planned acquisition of ARP Group (subject to CMA approval) should accelerate growth in the Water Management division.

Strategy in Action

Accelerating organic revenue growth

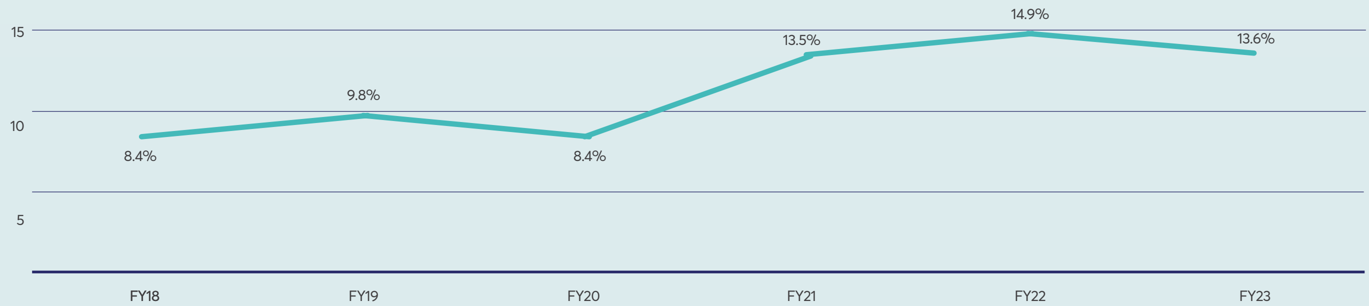
We service markets where demand is underpinned by building regulations and legislation. Within these markets we build share by delivering market-leading customer service, and leveraging cross-selling opportunities between our businesses to generate outperformance. We seek to continuously innovate; launching new and improved products, enhancing the environmental benefits from our products, and accessing adjacent markets. We target further penetration of the global markets for certain of our water management products with increased sales presence and marketing capabilities.

Group Revenue
Continuing operations



Driving Margin improvement

We operate a lean customer-focused business, and look to continually simplify and streamline our processes to reduce our fixed overhead base. We have agile and flexible production capacity across the Group, and use our process expertise to maintain efficient operations and reduce scrap and waste.



Investing in value-enhancing opportunities

Our strong balance sheet and operating cash generation allows us to invest for organic growth and through acquisitions, while maintaining adequate headroom on our financial facilities. We generate organic growth by investing in operational capability, research and development/new product development, sales and marketing resources and people development. We also look for bolt-on acquisition opportunities in our existing or adjacent markets, which offer strategic benefits such as extending our market presence or product range, providing consolidation or scaling potential, and/or bringing new technologies into the Group. Companies joining the Group enjoy a supportive environment which encourages autonomy and entrepreneurship, while benefiting from the Group's financial, IT and business resources.

Championing sustainable building products

We are passionate about manufacturing durable, low maintenance, environmentally efficient products, which help to address some of the environmental challenges facing the building industry: building decarbonisation, water management and providing urban green spaces which improve occupant wellbeing and urban biodiversity. We look to minimise our environmental impact by embracing the circular economy; maximising the use of recycled materials to create long-lasting products which are themselves recyclable at the end of their life. This helps to maximise resource efficiency and to reduce a building's whole-life carbon footprint from its material sourcing and construction, maintenance, repair and replacement, through to its eventual demolition, dismantling and recycling or disposal.

Strategy in Action continued

Sustainable Solutions and our Brands

- All Alumasc businesses have strong positions and brands in their individual specialist markets
- Over 80% of Group revenues are linked to specification and regulation
- Over 89% of Group revenues derive from environmental products, systems and solutions
- Long-term strategic environmental growth drivers:
  - Water management
  - Energy management
  - Occupant wellbeing/ urban biodiversity

Alumasc in action:

ESG Achievements at Building Envelope

Empowering the education sector

As the government reiterates its commitment to reaching net zero carbon emissions by 2050, extensive work is underway to decarbonise the UK.

UK local authorities have an increased focus on developing strategies and delivering ambitious targets for net zero, including the introduction of greenhouse gas removal technologies which will be key in achieving targets.

Working alongside Sycamore Square Group, Alumasc has delivered several successful projects across a number of high-profile universities and college campuses. One project included a 2,500m² roofing refurbishment for Bradford University.

Funding for the project was secured from a central government scheme provided incentives for the education sector to move away from non-sustainable fossil fuels and supports new technology to reduce its carbon footprint.

Reducing carbon footprint

The Derbigum Olivine system reduces CO_2 emissions associated with the university's locations. Due to the system's underlays and insulation, Alumasc could demonstrate that buildings would be increasing the thermal efficiency beyond the requirement of Part L, well in excess of the Department of Education's minimum quality standards.

By installing Derbigum Olivine we would provide the campus with maximum long-term performance and a low maintenance solution going forward.

Derbigum Olivine innovation

Alumasc's innovative roofing system comprises a CO_2 neutralising APP/TPO plastomer-modified bituminous waterproofing membrane, underlays, insulation boards, with air and vapour control layers.

The system was surfaced with a granulated, naturally occurring, mineral upper layer that initiates a chemical reaction with CO_2 dissolved in rainwater, irreversibly neutralising it on contact. This reaction leaves behind silicon dioxide (sand) and magnesium carbonate, two elements totally harmless to the environment.

Its high performance means that 1m² of olivine has the capacity to capture approximately 1.75kg of CO_2. In addition to its CO_2 neutralising capabilities, the underlays and insulation boards deliver impressive energy savings. After installation, Bradford University experienced increased thermal efficiencies, keeping heat flow through the structure to a minimum, therefore reducing their energy costs.

Derbigum Olivine, complete with its BBA certification, is a 25-year fully warranted system that requires minimal routine maintenance with a life expectancy of up to 50 years. The olivine grains decrease in size during their useful life, but are large enough to remain active for 30 years.

- Supporting our sustainability goals and our strategy

See pages 22 to 23 and 40

Strategy in Action continued

> The addition of a solar offering to the range of Roofing's solutions was integral to securing one of their flagship projects – £1.4 million Bonnington Road, Edinburgh. Other flagship projects that have continued Roofing's growth include Smugglers Way, Pen-Y-Dre school, Galileo Multi Academy Trust, Battersea Power Station, and Sony where the use of energy-saving and carbon-reducing systems proved influential in them being secured."

Gilbert Jackson
Executive Director and
Building Envelope Divisional
Managing Director

Galileo Multi Academy Trust

Enhanced environment for education

Galley Hill Primary School, Ings Farm Primary School, and Westgarth Primary School.
Alumasc Roofing were commissioned to survey five of the ten schools in the Trust and we identified solutions for each school. We provided a watertight roofing solution that was durable and enhanced the environment for the students and staff, by increasing access to natural light.

Alumasc used Derbigum Olivine built-up warm roof system, Alumasc Rooflights, ProDrain Outlets, together with Alumasc gutters.

Derbigum by Alumasc's most environmentally focused product is Derbigum Olivine. Olivine (magnesium iron silicate) granules cause a chemical reaction which removes atmospheric CO_2. One square metre of Derbigum Olivine will neutralise approx. 1.75kg of CO_2 over its lifetime.

Our technical experts were able to design a solution to meet the Trust's demanding warranty and quality expectations. The system provides a waterproofing solution and increases the thermal efficiency of all buildings.

With the addition of the rooflights we were able to flood the structures with natural light, creating a bright interior space for the pupils, teachers, and visitors.

Strength and aesthetics combined

John Emmerson Batty Primary School
Aesthetically pleasing Airtile systems are a versatile, simple, and elegant modern-day version of a traditional slate tile. Being 100% recyclable, the Airtile has all the characteristics of a traditional roof tile with authentic finish and riven edges. Due to its novel design, unlike a normal roof tile it will not crack, break, chip or delaminate.

Manufactured from Lightweight Aluzinc Steel (up to seven times lighter than a traditional tile), the product has excellent and long-lasting strength and performance.

The Lakes Primary School
The Trust required a quality, non-disruptive waterproofing solution. We were able to design a refurbishment plan using Caltech UV and our range of accessories to minimise disruption to the pupils.

Caltech UV is a single-component, cold applied membrane combining waterproofing, insulation, and air and vapour control layers. Applied in two layers with an embedded reinforcing glass fibre matt to form a seamless, durable, smooth waterproof finish, it will provide up to 20 years' protection.

Collaboration

Working together with the Trust and our approved contractors we have delivered a single source solution across several different projects. All projects came with their own specifications, objectives, and challenges. By utilising our expertise, and applying our market-leading product portfolio we delivered impressive performance and high-tech design, alongside exceptional customer service.

- Supporting our sustainability goals and our strategy

See pages 22 to 23 and 40

Alumasc in action:

Gatic drainage solution

Farnborough Airport development

Gatic Slotdrain from Alumasc Water Management Solutions (AWMS), has been successfully installed at Farnborough Airport's innovative new hangar facility. The sustainable £55 million development adds 175,000 square feet to the existing site, further supporting Farnborough Airport as the business gateway to Europe and beyond, and the UK's largest business aviation hub.

Farnborough is the latest addition to Gatic's long and successful track record in the aviation sector, which also includes installations at Manchester and Gatwick. Sustainability is key to Farnborough; in 2018 it became the first business aviation hub to attain carbon-neutral status, and five years later became the UK's first business aviation hub to achieve the highest level of carbon accreditation: Level 4+.

In accordance with the sustainable requirements of the project, water management on site was carefully considered. The installing contractor specified Gatic UltraSlot from the Slotdrain range, for the new runway slabs and taxiways.

UltraSlot is designed for use in external concrete areas subject to F900 loading, by ensuring sufficient depth of concrete over the main body of the system to withstand ultra heavy-duty loads. However, the Farnborough project presented a number of depth restraints which required a bespoke solution. The Gatic technical team developed a new patented design, enabling the efficient and more environmentally friendly installation of a 'suspension system' known as Slotdrain-e. This comprises a system of brackets running along the channel, to accommodate a change in the design of the reinforcement mesh cage. The new design allows a reduction of mesh which not only accommodated the restrictions posed by the project, but also saved excavation time and labour costs on site while reducing the amount of concrete required during installation. Slotdrain-e will provide users with an average cost saving of 25% per installation.

UltraSlot units are available from 100 to 600mm wide, the largest unit having a capacity of 405 l/m. Slotdrain can also be supplied in stainless steel.

The range can be installed in areas likely to experience extreme temperatures, and is designed to perform for the lifetime of the site.

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Supporting our sustainability goals and our strategy

See pages 22 to 23 and 40

ESG Report

Supporting our purpose and our people

Environmental

Sustainability is at the core of our business model. Most of our products are sustainable and are designed to combat environmental challenges facing 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 plan for the future, to set targets and metrics as part of our journey to net zero. We have also developed key metrics to help us monitor our ESG journey. Our strategy has three pillars:

Our Products

Environmental Applications

Material Sustainability

Proportion of revenue from environmental solutions

89%

2021/22: 77%

See pages 32 to 33
for more on our Sustainable products

Our Planet

Carbon Reduction

Waste & Packaging

GHG intensity

19.45 tCO_2e

2021/22: 20.62 tCO_2e

See pages 34 to 37
for more on our Environmental commitments

Our People

Health & Safety and Wellbeing

Equality, Diversity & Inclusion

Code of Conduct

Days lost to accidents

65

2021/22: 89

See pages 38 and 39
for more on our People

ESG targets – Roadmap to 2050

	Roadmap measure	2021 data	2022 data	2023 progress	2030 target	2050 target
Sustainable products	Turnover derived from environmental solutions	77%	77%	89%	>80%	>80%
	Product recycled content	27%	27%	27%	>40%	>50%
	Product recyclability	74%	77%	80%	>80%	>90%
GHG emissions	GHG emission[2]	1,804	1,843	1,734	763	Net zero
Waste reduction	Waste diverted from landfill	–	99%	99%	100%	100%
Plastic packaging	Reduction of preventable plastic packaging	–	50%	55%	100%	100%
Health & Safety	Lost days due to accidents	83	89[1]	65[1]	0	0
Diversity & Inclusion	Gender diversity[3]	3:1	3:1	3:1	2:1	1:1

1 51 days lost related to one accident in 2022, 64 days lost related to one accident in 2023.

2 Market-based emissions (scope 1, 2 & partial scope 3) expressed as tonnes of CO_2 equivalents.

3 Male : Female.

Solar panels

Wade have had solar panels in place for ten years, reducing our GHG emissions. Following our Energy Saving Opportunity scheme we are looking to replace gas boilers and roll out solar panels to other parts of our estate where we own the freehold.

How this aligns with our Sustainable Development Goals

See page 40
for more

ESG Report continued

Our Products

We create long lasting, low maintenance, environmentally efficient products which help tackle some of the largest challenges faced by the built environment: building decarbonisation, climate resilience, occupant wellbeing and improving biodiversity.

Environmental Applications

	Building Envelope	Water Management	Housebuilding Products
11 SUSTAINABLE CITIES AND COMMUNITIES Make cities and human settlements inclusive, safe, resilient and sustainable	**Environmental benefits:** Energy efficient buildings/ decarbonisation (improved insulation, carbon absorbing roofs) Green roofs (urban green spaces – occupant wellbeing and biodiversity) Stormwater management (blue roof water retention systems) Market-leading warranties and durability	**Environmental benefits:** Water management (urban and building drainage solutions) Stormwater management (attenuation valves) Typical service lives 20-50+ years	**Environmental benefits:** Energy efficient buildings/ decarbonisation (improved insulation/ventilation) Conservation/biodiversity
6 CLEAN WATER AND SANITATION Ensure availability and sustainable management of water	**Demand drivers:** Building legislation (UK building regulations, Future Homes Standard, fire/health & safety regulations) Sustainability standards (LEED, BREEAM) PassivHaus standard goals	**Demand drivers:** Sustainability standards (LEED, BREEAM) Climate change/resilience (flooding risk) National/regional drainage/ wastewater management plans	**Demand drivers:** Building legislation (UK building regulations, Future Homes Standard, fire safety regulations) Sustainability standards (LEED, BREEAM)

Material Sustainability

	Building Envelope	Water Management	Housebuilding Products
12 RESPONSIBLE CONSUMPTION AND PRODUCTION Ensure sustainable consumption and production partners	**Principal materials:** Membranes, insulation, steel, PVC	**Principal materials:** Aluminium, steel, iron	**Principal materials:** Polymers (PP, PVC), steel

We manufacture our products using materials which achieve the desired balance of environmental and operational performance, cost effectiveness, durability, aesthetics and weight.

Our principal materials are metals (primarily aluminium, steel and iron), polymers (polypropylene and PVC) and roofing membranes and insulation.

Using recycled materials is energy and resource efficient. We work with our supply partners to maximise the recycled content of our raw materials, and invest in equipment to allow our manufacturing processes to efficiently use recycled material. The longevity of our products means that products need replacing or repairing less frequently, further reducing the energy needed over a building's lifespan. The majority of our products are also fully recyclable at the end of their useful lives, contributing to responsible consumption patterns.

Metals

Metals tend to be energy intensive to extract and process, but their durability and almost infinite recyclability helps to offset this. Using recycled metals significantly reduces their carbon footprint – in the case of aluminium, recycled material takes up to 95% less energy to produce than primary aluminium. We therefore seek to maximise the proportion of recycled content in our products – as an example, 80% of our aluminium is derived from recycled sources. We use metals in demanding applications where their durability means lower ongoing maintenance and a significantly longer lifespan than competing/alternative products.

Plastics

Plastics products are cheaper and less energy intensive than alternative materials such as metals, although they are less durable, subject to environmental degradation, are derived from limited petrochemical resources, and many can only be recycled a number of times before performance deteriorates. Using recycled materials is resource-efficient; 80% of the polymers we use are recycled rather than virgin material. We use plastic where cost efficiency is paramount, and in applications where the products will typically last as long as the building they are attached to.

Roofing membranes and insulation

The membranes and insulation materials supplied by our Building Envelope division help to protect buildings under some of the industry's leading warranties while contributing significantly to their energy efficiency. We work with our suppliers to maximise the recycled content and lifespan of our products and systems. Cold-applied and self-adhesive installation methods reduce health and safety risks and the energy consumed during installation. We also supply olivine mineral membranes which absorb CO_2 from the atmosphere and helps to offset a building's greenhouse gas emissions. Alongside blue roof and green roofing technologies we strive to improve construction performance whilst considering the wellbeing of the people who inhabit and use these buildings. Increasingly we provide non-combustible materials which are being demanded by our client base to improve building safety.

LSE Green Economy Mark

Alumasc has been recognised by the London Stock Exchange as a contributor to the global green economy. This is awarded to companies and funds that derive more than 50% of revenues from environmental solutions. We provide 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.

How this aligns with our Sustainable Development Goals

ESG Report continued

Our Planet

Carbon reduction

Alumasc appointed Compare Your Footprint/Green Element, 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 the Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS) as well as supplier-specific embodied carbon of sold products complemented by average construction materials carbon intensities from the Compare Your Footprint database. The assessment follows the GHG Protocol Corporate Accounting and Reporting methodology specification for dual reporting for Scope 2 – this involves reporting both the location-based and market-based emissions from electricity usage.

GHG emissions and net zero

The table opposite summarises the GHG emissions for the reporting year 1 July 2022 to 30 June 2023. The figures cover our direct emissions (Scope 1 and 2) and those associated with our business travel (partial Scope 3), and are expressed both in absolute terms and per £ million of revenue, which is the most appropriate method to capture levels of business activity. Capturing full Scope 3 emissions, covering our entire value chain, is more challenging, and there is currently no regulatory requirement to publish these. We have however been working with Green Element to identify and quantify them, to aid our decision making processes and determine our journey to net zero, and will publish them in due course.

"We have reduced our GHG emission intensity by 69% since 2018."

Simon Dray
Group Finance Director

We have continued to focus on reducing our GHG emission intensity, and our location-based emissions (which recognise that 100% of our electricity is derived from renewable sources) have reduced by 57% in absolute terms, and 69% in intensity, since 2018. This has resulted from investments in more efficient plant and machinery, the installation of solar PV systems, rationalisation of our sites, a reduction in business travel and the gradual electrification of our vehicle fleet.

We have developed near-term targets, which aim to reduce our current level of GHG emissions by a further 42% by 2030, consistent with the Science Based Target Initiative (SBTi) targets for limiting global warming to below 1.5C. This will be achieved by further investment in low-carbon plant and machinery and the full conversion of our vehicle fleet (including forklift trucks) to electric, hydrogen or other low-carbon power.

In the coming year we will seek to verify these with the SBTi, while developing plans and targets to achieve company-level net zero by 2050 or earlier.

We are also in the process of preparing Environmental Product Declarations (EPDs) for the Group's product range. These reports detail a product's lifetime environmental impact, including its carbon footprint, ecotoxicity and contribution to ozone depletion, and allow customers to compare different suppliers and materials.

Streamlined energy carbon reporting (SECR 2023)

Mandatory reporting as follows:

Streamlined Energy & Carbon Reporting	2016/17	2021/22	2022/23	% Annual Change
Factor Year	–	2022	2023	(21/22 v 22/23)
Energy consumption (kWh)				
Electricity	–	3,381,655.60	3,066,029.73	-9%
Gas	–	6,198,885.75	6,303,347.24	2%
Transport fuels	–	1,331,086.03	1,057,180.11	-21%
Other stationary fuels	–	94,968.16	63,737.42	-33%
Total energy consumption (kWh)	**–**	**11,006,595.54**	**10,490,294.50**	**-5%**
Emissions (tCO_2e)	4,115.39	2,655.61	2,527.65	-5%
Scope 1				
Emissions from combustion of gas in buildings	–	1,131.54	1,153.06	2%
Emissions from combustion of fuel for transport purposes	–	166.56	141.29	-15%
Emissions from combustion of other stationary fuels	–	21.38	13.63	-36%
Total Scope 1	**1,900.99**	**1,319.48**	**1,307.99**	**-1%**
Scope 2				
Emissions from purchased electricity (location-based*)	1,749.33	658.99	641.74	-3%
Emissions from purchased electricity (market-based**)	–	22.50	6.85	-70%
Scope 1 & 2				
Total Scope 1 & 2 emissions (location-based*)	3,650.32	1,978.48	1,949.73	-1%
Total Scope 1 & 2 emissions (market-based**)	–	1,341.99	1,314.83	-2%
Scope 3				
Category 6: Emissions from business travel in rental cars (fuel purchased)	465.07	203.93	139.63	-32%
Category 3: Upstream emissions from purchased fuel and energy (location-based*)	–	473.20	439.12	-7%
Category 3: Upstream emissions from purchased fuel and energy (market-based**)	–	297.00	279.35	-6%
Total emissions tCO_2e (location-based*)	**4,115.39**	**2,655.61**	**2,528.47**	**-5%**
Total emissions tCO_2e (market-based)**	**–**	**1,842.92**	**1,733.82**	**-6%**
Intensity (Scope 1 & 2 only)				
Intensity ratio: tCO_2e / £ million turnover (location-based*)	34.84	20.35	21.87	7%
Intensity ratio: tCO_2e / £ million turnover (market-based**)		13.80	14.75	7%

Methodology — Greenhouse Gas Protocol Corporate Greenhouse Gas Accounting and Reporting Standard

The energy data for some activities at some of our sites was not accessible when calculating emissions totals for last year's SECR. Alumasc has since deployed a more detailed methodology and worked to fill the gaps in last year's data to present a like-for-like comparison with FY22/23 data collection methodology. Alumasc's new data collection process yielded a near-complete data set for this financial year. Estimations based on Alumasc's available data were made when activity data was absent in FY21/22 and FY22/23.

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.

ESG Report continued

Our Planet continued

Waste and packaging

Scrap and waste

Our manufacturing operations produce very little raw material waste, as it is typically collected, reprocessed and reused in our production processes. Timloc, our most intensive user of plastics, is a signatory to Operation Clean Sweep®, an industry-led programme to prevent plastic particulates from reaching the environment.

Substantially all of our waste streams are now diverted from landfill.

Packaging

The majority of waste we produce is in the form of packaging. We are a member of Valpak for compliance reporting and comply with our obligations under the Producer Responsibility Obligations (Packaging Waste) regulations.

We have targeted a reduction in single-use plastics and an increase in the proportion of recycled packaging we use. Our Housebuilding Products division and Wade and Rainclear, within the Water Management division, now exclusively use packaging made from 100% recycled paper for shipping, which is itself 100% recyclable.

We continue to implement measures to reduce the quantity of packaging used and to improve its recyclability.

Environmental highlights

GHG reduction this year

3%

Reduction in total market-based emission intensity

GHG reduction since 2017/18

69%

Reduction in total market-based emission intensity

Renewable energy

100%

Electricity from renewable sources

We will focus our attention on the following environmental and sustainability goals:

Area	Related risks	Alignment to SDGs
Carbon and energy reduction	Climate change Environmental harm Legal and regulatory	7, 13
Waste management and recycling	Environmental impact Sales costs Raw materials Legal and regulatory	11, 12
People and wellbeing	Legal and regulatory Climate change	3, 5, 8, 11

Kerbdrain

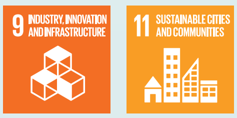
Kerbdrain is manufactured using 70% recycled polymers, with every 500mm unit deriving from 199 plastic bottles, caps, and closures. The result is a product offering exceptional strength (compliant with BS EN 1433:2002 Group 3 kerb side installations) and improved impact resistance provided it is installed in accordance with Gatic's (Gas and Airtight Inspection Covers) installation details. End-of-life units are 100% recyclable.

The carbon impact of each Kerbdrain product represents only 7.65 Kg CO_2eq throughout its life cycle: from raw material through to end of life. This equates to just 1.06 kg CO_2eq per kg of the product. Zero emissions are produced as a result of factory waste.

Electric Vehicle (EV) charging points

We have installed EV charging points at our Burton Latimer, Halstead, Howden and St Helens sites.

How this aligns with our Sustainable Development Goals



Hedgehog Highway

The Hedgehog Highway by Timloc helps to support hedgehog populations, both directly and indirectly. From every sale of the Hedgehog Highway a donation is made to hedgehog conservation organisations to help continue their work in rescuing, rehabilitating and releasing sick or injured hedgehogs. Timloc Building Products has donated over £1,750 to various hedgehog charities across the UK so far.

ESG Report continued

Our People

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.

Our 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.

Targeted role-related training includes, 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 and recording near-misses, hazards, and lost days. Near-miss reporting is encouraged across the business at all levels, and 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 days lost due to accidents during the year was 65 (FY2021/22: 89 days).

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. The cumulative PRI score in 2023 was 3.79 compared to 5.03 in 2021/22.

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 actions are also discussed at the Board and 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.

Wellbeing

We have continued to support hybrid and flexible working where appropriate. This has helped employees with flexibility and improves their work-life balance. We have an app to provide help and assistance with wellbeing – Help-at-hand. This app is available to all employees to download and join, it provides a 24/7 GP service, physiotherapy, counselling, and nutrition advice. Our divisions conduct staff surveys and a note about this in Building Envelope is on this page. The Alumasc benefits hub; also provides discount vouchers for a range of services and goods, it is an app that can be downloaded by all staff. We also offered a Mental Health first aider course (see page 39), that helps to identify and know what to say when people face anxiety, stress or other mental health challenges.

Equality, Diversity and Inclusion

Alumasc is an equal opportunities employer. We are committed to providing an inclusive workplace, encouraging and welcoming diversity, with zero tolerance of harassment or discrimination. Our culture is friendly and welcoming to all. We provide many training opportunities to encourage learning and development for all staff.

We are proud to support staff having training and undertaking studies for qualifications to progress their careers.

Recruitment, training, and development is 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.

Alumasc recognises the benefit of having the widest range of experience, knowledge, and skills. Management undertakes reviews of staff performance and recognises their achievements. Career progression is extremely important to us for succession planning. Promotions are usually announced at the end of the financial year. For further information see page 39.

Headcount by gender

	Male	Female	Total
Non-executive Directors	2	1	3
Executive Directors	4	0	4
Senior managers	31	11	42
Employees	272	99	371
Total	309	111	420

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.

Anti-modern Slavery and Human Trafficking

Our 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 annual statements 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.

Alumasc expects its suppliers and those in the supply chain 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 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 Anti-Fraud 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 75 for further information.

Talent, training and development

During the year, Alumasc sent 44 people on NEBOSH and ISOH training courses.

Noel James, QHSE Manager at Wade, successfully passed all elements and received his NEBOSH National General Certificate in Health & Safety. Noel said, "The quality of the instruction was superb. Although there was an immense quantity of information to digest and homework to complete every evening, I thoroughly enjoyed the course. The practical application of the course content was one of my favourite elements".

How this aligns with our Sustainable Development Goals

Staff health, safety & wellbeing

I am proud to be a Mental Health First Aider with the business, within my role in Human Resources I had a good understanding of wellbeing, but attending the MHFA training was a huge insight to all the different things to think about and how different everyone is. I do think this training is invaluable for businesses, which also shows a commitment to mental health and how we support employees. I have been able to bring the training into practice for many situations and I think employees appreciate having someone trained to point them in the right direction and to just listen to them.

Natasha Blades
HR, Alumasc Water Management Solutions

How this aligns with our Sustainable Development Goals

Colchester Pride

Last year we held a fundraiser – a cakes and sausage rolls sale - for Colchester Pride at our Wade site in Halstead. We are proud to support the LGBTQ+ community and we ran a campaign across our business during Pride month this year.

How this aligns with our Sustainable Development Goals

ESG Report continued

UN SDGs

Sustainability at the heart of everything we do

Our purpose is to make building products for a sustainable future.

Our Sustainability programme has made progress with the assistance of Green Element, our Environmental Social and Governance (ESG) consultants who are in the process of assessing Scope 3, understanding our products and helping us with our targets and metric setting.

Strategy link	Action in the year	UN Sustainable development goals	
Performance	Governance of sustainability		See pages 30 to 36
	Setting metrics and targets	3 Good health and well-being; 8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 10 Reduced inequalities; 11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action	
	Building ESG into our reward programme		
	Reviewing our supply chain as part of Scope 3		
	Improving reporting and disclosure		
	Housebuilding Products certified as a carbon-neutral manufacturer		
Protecting our environment and the planet	Collecting emission data for Scope 3	6 Clean water and sanitation; 9 Industry, innovation and infrastructure; 11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action; 15 Life on land	See pages 34 to 36
	Carrying out an Energy Saving Opportunities audit and actioning recommendations for energy savings		
	Transitioning to an electric motor fleet and installing EV charging points		
	Task Force on Climate-related Financial Disclosures (TCFD)		
	100% renewable electricity		
	Tree planting as offsets (Timloc)		
	Reviewing waste management and water consumption		
Efficiency and people	Focus on health & safety		See pages 38 to 39
	Sustainability is our purpose and a strong part of our culture		
	Agile and efficient operations		
	Focus on training and development, career progression		
	Strong connections to the local communities where we operate	3 Good health and well-being; 8 Decent work and economic growth; 12 Responsible consumption and production; 13 Climate action; 15 Life on land	

High level summary of climate-related material risks and opportunities

Through our climate change-related risk workshops we identified our risks and opportunities, that were part of our planning in 2023. At each stage we had input from our advisers, Green Element, about the potential climate-related risk impacts on our buildings, work force, supply chain, stakeholders, and customers.

We identified our risk horizon timeframes as: short term as one year; medium term as up to five years; and longer term as ten years.

TCFD		Climate-related risks and opportunities	Potential financial impact	Strategic response/ mitigations/opportunities	Short term	Medium term	Long term
Transitions risks							
Policy & Legal	Reporting obligations.	Enhanced reporting is required by government, regulators, investors, customers, sector associations and to align with our strategic framework.	Low risk: Increased compliance costs, but low impact.	Implementing robust and repeatable reporting systems with guidance from climate change and environmental reporting experts, who also alert us to future reporting requirements to enable strategic planning to fulfil all our mandatory reporting responsibilities.	Yes	Yes	Yes
	Mandates on and regulation of existing products and services.	Risk: Mandates must be factored into making our products meet legislative requirements. Opportunities: Our product sales are often a result of regulation and specifications.	Low risk: If not anticipated and factored into design and processes, these types of changes could impact our sales and order books.	We will continue to follow our building products regulations and any updates assiduously and to communicate upcoming legislation and guidance as soon as it becomes available to ensure future-proofing and to meet the market need of new product designs.	Yes	Yes	Yes
	Increased pricing of GHG emissions.	Carbon taxes are likely to increase and impact cost of production. Opportunity: To sell more energy-efficient systems (e.g. Roofing see pages 27 and 28).	Low risk: Due to rise of renewables and efficiency strategies.	Use of new technology to reduce energy use. Innovative sustainable building products coupled with a purpose to promote low carbon products ensuring any carbon taxes will be minimised.	Yes	Yes	Yes
	Carbon pricing mechanisms.	Risk that higher carbon pricing may increase the cost of production.	Low risk: We do not anticipate this will be a major risk due to our low usage of energy.	Our commitment to a low/zero carbon target minimises the future cost of carbon.	Yes	Yes	Yes

Low risk	Financial impact from nil to <£50,000, minor legal or regulatory matter, no risk to staff or business activity.
Medium risk	Financial impact from £50,000 to £250,000, potential regulatory, H&S requirements, single incident or one-off.
High Risk	Financial impact >£250,000, potential risk to the Company, employees, customers.

ESG Report continued

TCFD		Climate-related risks and opportunities	Potential financial impact	Strategic response/ mitigations/opportunities	Short term	Medium term	Long term
Technology	Costs to transition to lower emissions technology, for example, electric vehicles.	Risk: Cost to transition to new machinery. Opportunity: Newer machinery lowers carbon emissions and reduces production costs.	Medium risk: Potential of an impact on sales if costs rise and if new low energy using technology is not implemented quickly enough.	Energy-efficient newer machinery results in lower carbon, cheaper more efficient, production opportunities.	Yes	Yes	Yes
	Unsuccessful investment in new technology.	Risk: New technology does not perform as expected.	Low risk.	A strict QA process involved with procurement ensures that this would not occur. All prototypes and new machinery are tested. Capital expenditure requests require a return on investments and payback.	Yes	Yes	Yes
	IT transition/ pace.	Risk: Failure to act quickly for IT transitions. Opportunity: To gain a deeper knowledge about our customers, sales and markets to enable us to focus on these areas.	Low risk: Fast speed of change needed to reduce costs.	Experienced IT team enables the business to be nimble/agile in making changes. Need to be agile and act quickly in gathering data.	Yes	Yes	Yes
Markets	Increased costs of raw materials. Uncertainty in market signals.	Risk: Increase in demand for low carbon materials, coupled with volatility in raw material prices, could increase costs.	Low risk: Forecast material costs are priced into the business model and production costs.	Material costs are factored into our pricing model. Continue to follow our risk-related processes for horizon scanning and receiving alerts for any potential future materials pricing increases.	Yes	Yes	Yes
	Rise in risk-based pricing of insurance policies (beyond demand elasticity).	Insurance for Alumasc could be at risk of potential future premium increases (depending on location/design etc.) due to climate change.	Low risk: In the medium to longer term the risks of some increases in specific insurance premiums could be correlated with physical climate change risks to properties.	Unlikely to be a risk in the short term due to current and short-term future insurance premium pricing levels (which have recently dropped back). Alternative insurance offerings are available if needed.	Yes	Yes	Yes

See pages 57 to 60 for Principal risks and uncertainties.

TCFD		Climate-related risks and opportunities	Potential financial impact	Strategic response/ mitigations/opportunities	Short term	Medium term	Long term
Reputation	Increasing stakeholder/ employee pressure to meet higher and harder ESG targets.	Low risk as part of our purpose. Opportunity: Growing markets and demand.	Medium to high risk: Need to maintain market position and protect our reputation by meeting metrics and targets.	Continually seeking to improve products for sustainability and low carbon content. Need to meet targets to ensure we maintain our status of being an attractive employer. Work with our environmental partners to attain incrementally improving sustainability, social and governance scores.	No	Yes	Yes
	Changes in customer preferences.	Risk: Potential loss of market share to others. Opportunity: To innovate and provide more desirable products and solutions to combat climate change.	Low risk: Potential risk to market share.	Innovating and improving products to provide these to the market as needed.	No	Yes	Yes
	Negative press coverage related to support of any projects with negative impacts on the environment (e.g. deforestation) and then damage the brand.	Risk: Association or procurement for a project with negative press comment. Continue to be a top brand for sustainable and low carbon products to keep market share.	Low risk: Given our customer base due to the types of goods we sell from this is unlikely to be problematic.	Review and consideration of supply chain, and customers to avoid projects/partnerships that could result in negative media coverage. Training of staff on climate-related risk to remove this risk and establishing a risk culture. Ensure the right QA and certifications are offered on products. To mitigate this risk, the business will need to ensure the right accreditation for products and to ensure they are supplied to approved programmes/projects.	Yes	Yes	Yes
Physical Risks							
Acute	Increase of severity of weather events, droughts, heatwaves.	Risk: Impact on employees getting to work, impact on customers and power supply. Potential impact on the ability to operate, depending on location. Opportunities: To help our customers and communities to combat climate change with our products and solutions.	Medium risk.	Adaption needed and new ways of working with more self-sufficient technology to drive increased production. Backup systems to be created to deal with extreme weather events. Cooling systems in place in most of our properties. As part of our Energy Saving Opportunity Scheme (ESOS) and property audit, we consider the necessary changes.	Yes	Yes	Yes

ESG Report continued

TCFD		Climate-related risks and opportunities	Potential financial impact	Strategic response/ mitigations/opportunities	Short term	Medium term	Long term
	Heavy precipitation.	Logistics and possibly the ability of staff to travel for work may be affected by floods and landslides. Opportunities: We sell products to assist efficient drainage that are sustainable and durable.	Low risk: Unlikely to financially impact business operations in the UK, continuity plans are in place.	Buildings are reviewed for resilience and business continuity plans are in place for alternative transportation of goods. Most of our employees are located nearby our operations or, where possible, have the ability to work from home if needed.	Yes	Yes	Yes
	Landslip/ subsidence, increased risk of wildfires.	Risk to property and customer buildings. Logistics and staff travel. Opportunities: To have solution such as Bluroofs to assist with water storage.	Low risk: Property insurance inspections help us to mitigate risk/ potential impacts.	All areas of operation are reviewed as part of an annual exercise to review our business continuity plans as part of our insurance programme.	Yes	Yes	Yes
	Coldwaves/ frost.	Potential impact on logistics.	Low risk.	Plan to undertake more climate change risk studies and to enhance the future required adaptations and business continuity plans.	Yes	Yes	Yes
Chronic	Heat stress and permafrost thawing, water stress, rising sea levels.	Impact on transport networks, roads and harbours. Opportunity: To further develop products and solutions to meet customer requirements.	Medium risk.	Property and machinery are reviewed for resilience. A small amount of water is used in the manufacturing process. We could use grey water for some internal facilities, where possible. Some offices have water storage and zip taps. Ensure water meters are situated where they can be monitored and recorded.	No	No	Yes
	Changing wind and temperatures.	Potential impact on the supply chain. Potential risks to energy suppliers.	Medium risk: Potential impact on logistics.	Ensure continued innovation for production of weather-resistant and climate change adaptive products. Ensure continued long-term durability.	No	No	Yes
	Soil degradation.	Risk to some projects and customer concerns.	Low risk.	Ensure that plants used for green roofs are resilient against soil degradation.	No	No	Yes

Plans for 2023/24

- Enhance business continuity planning to cover in more detail plans for chronic risk, especially with respect to medium and long-term horizons;
- Focus on embedding climate change initiatives and risk management within the business so that management of climate change risks becomes part of the Group's culture;
- Hold another workshop on climate change risk analysis and include mitigation training;
- Create a climate change 'tool kit' of resources for use across the business;
- Share best practice planning across the business;
- Innovation to create more sustainable products; and
- Consider further opportunities to accelerate growth.

As a business we understand climate-related risk as we innovate and design products to help our customers combat this in the built environment. In view of the increase in demand that will occur to cope with, for example, increased precipitation, we aim to grow organically and inorganically. New business buildings will be energy efficient, and we will seek to mitigate any climate-related risks that emerge.

Employee Engagement

At Building Envelope we conducted a survey focused on six main areas to provide a rounded overview of participants' thoughts, namely: around the demands of their job role, how much control or autonomy individuals feel they have, how supported they feel when they are at work, relationships and forging positive working environments, an understanding of their role in the Company and how this fits within the wider Company.

Building Envelope is actively seeking feedback and expect the results to provide the division with a greater understanding of employee wellbeing, as well as areas where there may be opportunities for improvement.

Movember

James Cramp, Regional Manager at Building Envelope (Roofing), completed his 11th year of Movember. So far James has raised £3,500 in aid of men's prostate cancer research and men's mental health, two major killers of men in the UK.

How this aligns with our Sustainable Development Goals

3 GOOD HEALTH AND WELL-BEING

Kettering Rugby Football Club

Our Burton Latimer site has good connections with Kettering Rugby Football Club and are silver sponsors of the club.

How this aligns with our Sustainable Development Goals

11 SUSTAINABLE CITIES AND COMMUNITIES

Twinkling Stars

In support of a colleague, AWMS has supported the Twinkling Stars Appeal: It is based at Kettering General Hospital and supports families through bereavement.

ESG Report continued

Task Force on Climate-related Financial Disclosures (TCFD)

Our Boards and divisions recognise the substantial commitment required within the construction industry, as well as our own responsibility as a manufacturer, to produce an expanded range of climate-resilient building products. Alumasc has evolved to become a leading provider of water management and sustainable building products.

Our primary objective is to deliver the most environmentally friendly products possible to our customers and through our distribution channels. To support us in this endeavour, we have engaged the services of Green Element. We have agreed to utilise *OneClick*, a software system, to provide Environmental Product Declarations (EPDs) for our manufactured products. By adopting the climate reporting frameworks of both the TCFD (Task Force on Climate-related Financial Disclosures) and SBTi (Science Based Targets initiative), we aim to provide our stakeholders with deeper insights into the progress of our climate change mitigation strategy.

In the previous year, we voluntarily disclosed our approach through the TCFD, and this year we dedicated time to assess climate change risks and conduct workshops with our business partners to shape our approach. The workshops were instrumental in identifying key risks and evaluating corresponding opportunities ranked against the risks. We also ensured alignment of climate change risks with our Group's risk framework by incorporating them into our overall risk management approach. Furthermore, Alumasc has developed scenario analyses for specific risks.

Outlined below is a summary of our achievements during the 2022-23 period and our plans for the upcoming year.

TCFD element and disclosure

Governance	
(a) Describe the Board's oversight of climate-related risks and opportunities	**Current approach:** The Board oversees climate change-related risks and opportunities as part of its risks reviews and strategy meetings which encompass ESG considerations as well as innovation and ESG practices in the built environment. Each of the divisions has a lead for ESG or a designated head of sustainability, whose role is to focus on ESG targets and to ensure metrics are reported to the divisional boards. **Future plans:** Reportable metrics are to be discussed at the Board together with a reporting cycle as part of the rolling agenda. See pages 41 to 44, and 56
(b) Describe management's role in assessing and managing climate-related change risks and opportunities	**Current approach:** Climate-related matters are considered as part of our business continuity planning. Our progress on greenhouse gas (GHG) monitoring is already tracked as part of our Streamlined Energy and Carbon Reporting (SECR) reporting obligations. This ensures we have a systematic approach to measuring and reporting our GHG emissions annually. This year, we with our new partner Green Element, have adopted a more sophisticated approach and methodology for this reporting. **Future plans:** As part of our plans, reportable metrics related to climate risk will be presented and discussed at Board meetings. These reporting metrics will be part of our reporting cycle and part of our rolling agenda. We will have a regular structured consideration and consideration at Board and divisional Board meetings. Climate change-related risk is discussed as part of the risk management process together with transitional risks and regulatory policy and compliance risks are captured as part of the risk management process, non-financial disclosures, and annual reporting. See page 56

At Alumasc, we have a profound understanding of the climate risks that affect both people and our planet. We firmly recognise our responsibility to mitigate these risks by driving reductions in our business processes and practices. In addition, we are highly focused on fostering innovation and developing sustainable products that directly combat climate change.

Strategy	
(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	**Current approach:** As part of our comprehensive approach, we have conducted cross-departmental training and workshops involving business units and leadership. In these sessions we have successfully identified climate-related risk over our short, medium and long-term horizons (one, five and ten years). This assessment encompasses a detailed list of transitional, acute physical and chronic physical risks. We have identified climate-related opportunities that align with our core business model, which revolves around the design and provision of sustainable and climate-resilient building products. Our aim is to enable our customers and stakeholders to thrive in a changing climate and to support the transition to net-zero homes. The risks and opportunities are listed in the table on pages 41 to 44. **Future plans:** We will refine our business plans, continually revisit and improve the evaluation of the risks so far identified, and commence assessing the financial burden of each risk in more depth. We will implement further risk workshops to communicate these improvements and changes with each of the divisions with their sustainability leads to ensure that the Company's overarching climate-related risk strategy is known at all levels. **Progress:** During the year we developed our climate-related risk register with our divisional representatives and considered transitional, acute and chronic risks. See Strategic Report pages 3, 22 to 23, and 41 to 44
(b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning	**Current approach:** Following our workshops, we have begun to identify the potential impact of climate-related risks and opportunities. The pace of action needs to be swift to avoid any impact on our reputation and to reflect the speed of the development of new approaches in the built environment, the expectations of our customers, and stakeholders. The Board recognises the pace of change required to respond to climate change and requests of our shareholders, stakeholders and to be part of the transition to a low carbon future. Alumasc's business model is designed to provide products to enable our customers to have sustainable and low-carbon products that enable them to also make the transition. **Future plans:** The timescales of climate-related risk, the impact, and mitigating measures will need to be reviewed and scheduled as part of the Board's rolling agenda. See Strategic Report pages 22 to 44 See Risk Management page 56

ESG Report continued

Strategy *continued*

(c) Describe the organisation's strategy, taking into consideration different climate-related scenarios, including 2°C or lower	**Current approach:** We have identified various scenarios following workshops. To enhance our risk assessments, we have evaluated the resilience of climate risks identified under three plausible climate-related scenarios: 1.5°C, 2°C, and 3°C. This assessment was conducted with our partners, Green Element, to ensure a comprehensive analysis of our risk landscape. **Future plans:** Following our initial approach to TCFD, business continuity plans have been reviewed to ensure they consider these plausible risks, and that the climate change risk is reflected in each business plan. See Scenarios page 50

Risk Management

(a) Describe the organisation's approach for identifying and assessing climate-change related risks	**Current approach:** The Board is responsible for overseeing climate-related risk and opportunities. With our business sustainability partners, Green Element, we initiated a workshop and liaised with each business to identify climate change risk. As part of the overall risk management process this will be provided to the Board. Internally, senior management reviews climate-related risks and opportunities. **Future plans:** During the next year, the Group will implement ways to monitor and implement processes to accompany the overall risk management process. It will include reviews of short, medium and long-term risk and ensure that climate change risk is also included as part of any M&A opportunities. See ESG metrics and targets page 56
(b) Describe the organisation's processes for managing climate-related risks	**Current approach:** Following the identification of climate-related risks and opportunities in 2022, Alumasc has identified as part of the Energy Saving Opportunities Scheme, ways to reduce its emissions, either as part of manufacturing processes or in fleet initiatives with electric vehicles. The process involved the review and development of initiatives with individual business units. **Future plans:** Following the quantification of climate-related risk in 2022/23, the assessment of the risk of flooding and wildfires was considered. The focus will be on transition and short-term plans as this works alongside our business model. We will also consider our products and strategy in light of these changes. See climate-related material risks and opportunities pages 41 to 44, and 56
(c) Describe how processes for identifying and assessing, and managing climate-related risks are integrated into the organisation's overall risk-management	**Current approach:** Climate change risk is a principal risk and is evaluated as part of our risk-management framework, business continuity planning and our internal controls process. Risks are discussed by management teams, divisional boards and then provided to the main plc Board. Climate-related risks are managed in the same ways as other risks (e.g., cyber, people, etc). **Future plans:** We are planning to ensure that briefings and training accompanies information on climate change risk scenarios provided to our people. We will continue to seamlessly incorporate reporting on climate change risks into our current processes. See Risk Management page 56

Metrics and targets

(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in-line with its strategy and risk management process	**Current approach:** We have agreed to use science-based targets, and these will be as follows: Scopes 1 & 2 – a reduction of 42% in emissions by 2030. Our baseline year is 2016/17. **Future plans:** We will expand our targets to assess climate risks and opportunities. Once the work to assess Scope 3 has been complete there will be an opportunity to consider a science-based Scope 3 emissions reduction near-term target. See ESG targets page 31
(b) Disclose Scope 1, Scope 2 and if appropriate Scope 3 GHG and related risks	**Current approach:** We have disclosed Scopes 1, 2 (and limited Scope 3) in prior years in our SECR report (see pages 34 to 35). We are currently completing an assessment for a full Scope 3 emissions and a target for reduction will be set. Our climate-related risks are listed in our material risks and opportunities register on pages 41 to 44. **Future plans:** The methodology for calculating Scope 1, 2 and 3 emissions will be refined, and we will establish a faster way to track and report on this. See pages 34 to 35
(c) Describe the targets used by the organisation to manage climate-related risks and opportunities	**Current approach:** We will set a target to reduce our Scope 1 and 2 emissions by 42% by 2030; once we have established our total Scope 3 emissions we will also set a target for reduction. We expected to have gathered all our Scope 3 data later on this year. **Future plans:** Our Board and management teams will look for further actions that can be taken to add to our decarbonisation plans. See pages 34 to 35

Strategy

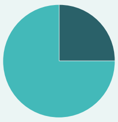
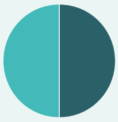
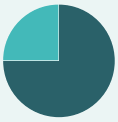
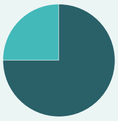
Alumasc is exposed to risks and opportunities from climate change. Our purpose – to create building products for a sustainable future – clarifies our position in terms of opportunities, as a provider of climate change adaptation solutions. Alumasc seeks to mitigate the physical and financial risks. Solutions/products to mitigate climate-related risk are part of our core business to help others manage their transitional risks. While Alumasc is focused primarily on the UK, the business also exports goods abroad and will plan to grow global markets for key products that help manage some of the built environment challenges from climate change.

Climate-related risk has been assessed over three different time horizons, and we have as a start focused on shorter-term mitigation strategies as everyone seeks to implement plans and mitigations to reduce climate-related risk in a move to keep climate change to 1.5° Celsius or below.

The assessment of risk was guided by risk scenarios discussed with the business and those risk scenarios available from outside agencies (Met Office UKCP18). We looked at three climate change scenarios, incorporating both physical and transitional risks, one from 1.5° to 3°C.

For the summary of climate-related material risks and opportunities see pages 41 to 44.

ESG Report continued

		Potential materiality			Strategic response and mitigations
		2023-30 (short term)	2031-40 (medium term)	2041-50 (long term)	
Scenario 1 - 1.5° C	Some changes have taken place and to achieve this goal there has been an unprecedented change in behaviour.	25% 	50% 	50% 	Strategic response developed in the roadmap and developing a data strategy for metric reporting. Data on water use being collected. Renewable energy in place together with a plan to reduce energy use being developed. Using machinery using lower energy use, understanding Scope 3 to develop reduction targets. Target of enhancing our sustainable product portfolio to be developed by 2024/25 and putting in place EDPs for product categories during 2024. Our adoption of *OneClick* will support this aim. Continued investment in new manufacturing machinery and processes, including a focus on reduction.
Scenario 1.5 - 2° C	Some challenges to mitigate.	0% 	50% 	75% 	Continued investment in R&D to develop new products and to research potential new materials for use in the built environment.
Scenario 2 - 3° C	High degree of challenges to mitigation.	0% 	50% 	75% 	Further development of new products and innovation to provide resilience to cope with the changing environment.

Consideration has been given to IEA scenarios and RCP2.5 and RCP 8.5, and the financial impacts are deemed to be the same.

easyHotel, Cardiff

Environmentally focused solution

Extreme weather events are now the new normal, says the World Meteorological Organisation. Our rainfall patterns are becoming increasingly unpredictable, and we must plan accordingly to adapt the built environment to help alleviate flood risk.

The solution used was an Alumasc BluRoof technical specification, project design, and support service for stormwater management. The products used were: 400m^2 Derbigum BluRoof built-up system with 150mm thermal insulation.

Priorities for 2023/24

Priorities for 2023	How these have been/will be delivered	References
Revisiting the list of perceived risks and opportunities: We will provide more data on these and integrate these concerns more with our strategic plans and financial analysis.	An initial workshop and review of the risks has taken place. We propose to have follow-up workshops and to integrate our climate-related risk process with the Group-wide risk registers process.	See pages 46, 56
Climate-related scenario risks: There will be a further review of these with the businesses with further focus on the acute and chronic risks and this will have further attention within the combined risk approach for our new product innovation plans.	We are planning further calls with our Sustainability leads across the business and we will be incorporating climate-related risk reporting into our risk management process.	See pages 41 to 44
Supply chain resilience: We are training and providing additional know-how on improving resilience and enhancing our supplier questionnaires to evaluate sector exposure and resilience.	Sustainability leads in the business and procurement personnel have joined the Supply chain School of Sustainability.	See pages 54 to 55
Impact assessments and scenario analysis: These will be further developed in 2023.	We are comfortable that the impact assessments reflect the climate-related risks, however, this will be refined in 2023/24 as part of our Sustainability and reporting plans.	See page 50

Priorities for 2024	Our plans
Horizon scanning for future risks and opportunities	We will ensure that our climate-related plans and risks are incorporated into the Board's rolling agenda, our divisional Board meetings and the information is shared top-down.
Metrics and targets	Once we have collected and analysed the full Scope 3 emissions data, we will set reduction targets for all our businesses.

Our suppliers

Our partnership with suppliers plays an important part in our business, and we expect them to act ethically and share in our sustainability journey. Given a proportion of our Scope 3 emissions will come from our suppliers, we have been collecting data from them to determine our Scope 3 baseline emissions inventory. We will continue to work with them to ensure that they use recognised Environmental, Social and Governance standards. We continue to ensure that our suppliers support our aim of recognition under the SDGs and support our ESG journey.

How this aligns with our Sustainable Development Goals

17 PARTNERSHIPS FOR THE GOALS

Section 172 Statement

Our Section 172 statement for the year ended 30 June 2023, helps us to understand the needs of our stakeholders, enabling Alumasc to create long-term value.

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;
  See pages 41 to 44, 67 to 70
- the interests of the Company's employees;
  See pages 38 to 39, 52, 53, 71
- the need to foster the Company's business relationships with suppliers, customers and others;
  See pages 54 to 55, 67 to 70
- the impact of the Company's operations on the community and the environment;
  See pages 6 to 7, 34 to 36, 54 to 55, 68
- maintaining a reputation for high standards of business conduct; and
  See pages 38, 67 to 70
- the need to act fairly between members of the Company.
  See pages 6 to 7, 52 to 53, 67 to 70

Shareholders

Why we engaged

- To explain our strategy, business model, new innovations and growth opportunities
- To give details about our ESG programme, and how sustainability is at the core of our business
- To explain the return on investment and our performance
- Transparent risk management and the addition of climate-related risk for TCFD
- To provide information about our leadership and division leadership
- Managing our reputation
- Statutory and legal duty to update the market

How we engaged

- 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 is also 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, X (formerly Twitter) and Instagram. Contact can be made with us via our contact email – alumasc@camarco.co.uk
- At our Capital Markets Day we had the opportunity to introduce the whole Board to our visitors and investors
- We also engaged with shareholders in respect of our new Remuneration Policy via our Remuneration Committee Chair (see pages 76 to 78)

Employees

Why we engaged

- To provide a safe working environment
- Good working culture and appropriate reward/incentivisation
- Newsletter communications
- Training and development, an opportunity to support development
- Wellbeing and mental illness
- Communications
- Sponsoring diversity and inclusion
- Workshops on sustainability
- Aim to make employees feel content and supported

How we engaged

- We engage with our employees and provide communications about results and Board changes. 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
- We provide a wellbeing app to staff and this was changed in the year to a new provider with wider services to staff

Pension Trustees

Why we engaged

- Triennial valuation
- Reducing the deficit through investment strategy and company contributions
- Long-term strategy and consider steps to move towards a low dependency basis
- Protecting the pensioner members and deferred members

How we engaged

- The Trustees of the Alumasc Group Pension Scheme have a collaborative relationship with the Company
- Alumasc makes sure that the Trustees are advised in respect of any significant changes in the Company
- We work with the Trustees and have Company representatives on the Investment Sub-Committee

What was discussed

- Financial results and performance
- Held strategy meetings to discuss organic opportunities
- Capital Markets Day held at our factory in Howden
- Investment opportunities
- New innovations and products, to support the built environment
- Sustainability and ESG
- Support for M&A activity
- Short-term need for higher stocking, due to supply chain matters

Value created

- Progressive dividend policy
- Provided more information on our ESG metrics and targets, and our core purpose to provide sustainable building products
- Engaged with a wider investment community and retail shareholders
- Received valuable feedback to inform our strategy

Actions/decisions taken

- Continued oversight of sites and longer-term strategy
- Including dividends proposed considered the policy, impact as cash and investment needs
- Included Investor Meet platform for retail shareholders and added a video of this presentation to our website and YouTube
- Provided more information on our products via LinkedIn, Facebook
- Provided information on X (formerly Twitter) to link to our results

What was discussed

- Extra investment into Health & Safety training, supervisor courses, and qualifications supporting our zero harm policy
- Communicated our vision for the strategy of Alumasc with colleagues
- Management training and development external courses for senior leadership
- Providing appraisals, career planning, and opportunities for career progression
- Enhancing working conditions
- Improving processes and initiatives
- Supporting staff with our wellbeing app
- Strategy
- Customer wins and results
- Mental and physical wellbeing
- EV charging points

Value created

- Health & Wellbeing improvements helping to reduce 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 6% pay rise in general. Additional benefits via hub, including discounts, 24/7 GP services and counselling services

Actions/decisions taken

- Board agreed to recruit more new apprentices and to hire graduates (where possible) to fill vacancies. Steps to improve the diversity of the workforce were also considered together with the steps being taken by the business to foster this
- Statistics on gender ratios are now presented to each subsidiary board
- Importance of culture was discussed
- New benefits from our Group Injury Policy provider

What was discussed

- Following the triennial valuation Alumasc engaged 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

Value created

- Liability reduction helping the members of the pension scheme (both current and deferred) and all other stakeholders
- Balance achieved between pensioner, shareholder and other stakeholder interests
- Providing a secure future for the pension scheme and the pensioners

Actions/decisions taken

- The Group has had a collaborative relationship with the pension Trustees
- The Company has worked with the Trustees on its investment strategy and long-term aims
- Company contributions have been reduced and this is in line with the improved scheme funding position

Section 172 Statement continued

Customers

Why we engaged

- Seek to address climate change in the built environment by innovating new solutions and by assessing the carbon content in our products
- Durable and long-lasting products providing quality and a fair price
- First class customer service
- To ensure we make and source the products our customers need

How we engaged

- We have good relationships with our customers and have dedicated account managers in place
- Collaborate with customers and provide training and events for customers, simultaneously developing products/services tailored to customer needs
- 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 wastewater, drainage, housebuilding, and roofing requirements, and products to manage new regulations
- By listening to our customers' needs through key account relationships, and attending trade events and liaison with industry bodies

Suppliers

Why we engaged

- Supply chain resilience and excellent logistics for supply chain management
- Sourcing quality products/raw materials and materials for new product lines
- Sustainability
- Environmental and ethical sourcing
- Quality assurance gained via accreditation and product certification

How we engaged

- We form long-term supplier relationships, often seeking solutions and partnering for new ideas and product accreditation e.g. solar panels
- We ask our key suppliers to confirm compliance with our code of ethics, including providing environmental data and sustainability assurance
- We have assurance to ensure our raw materials and products are of the highest quality and appropriately certified and assured
- Regular meetings, face-to-face or via virtual meetings

Local communities and the environment

Why we engaged

- Sustainable business operation, with low environmental impact
- Charitable giving
- Sports sponsorship
- Future local employment opportunities, for example by hiring new apprentices

How we engaged

- Engagement with Kettering Town Football Club, rugby, and cricket teams, and local clubs supporting diversity and inclusion such as Colchester Pride and Kettering Hospital. We look to reduce our environmental impact year-on-year. We also seek to help with biodiversity where possible and details about our hedgehog highway and support of World Nature Conservation Day
- Sponsorship of local matters that help improve the environment (e.g., Halstead in Bloom) and consideration of local amenities

Environment

Why we engaged

- This is important to our core purpose and to our industry
- We want to make a positive contribution to our environment and sustainability of our products

How we engaged

- We used industry bodies, our consultants, and other bodies such as The Supply Chain Sustainability School (via individual membership), our customers and employees
- Our customers and investors also engage on environmental matters and our ESG programme

Capital Markets Day

We held a Capital Markets Day at Timloc in October 2022. As part of our presentations we:

- Outlined Alumasc's market opportunity
- Reaffirmed our strategy to deliver growth
- Demonstrated and advised about our innovative and sustainable products
- Gave an insight into our business with a tour of the manufacturing site
- Provided an opportunity to meet the wider management team

What was discussed

- 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 services and look to make continuous improvements, with targets to increase order fulfilment
- Working with customers on sustainability or their ESG consultants and looking for innovative ways to be part of their zero-carbon journey

Value created

- Increased revenue and profit growth
- Greater understanding of our clients' needs regarding sustainability and product requirements
- Helping to improve the built environment
- Competitive advantage created through relationships and service
- Innovative new products

Actions/decisions taken

- Listened to feedback and created new products such as tile vents and other roofing products following requests from customers
- Designing new sustainable products to meet requests and demand
- Oversight of the level of inventory that needs to be held to meet demands
- New processes and machinery considered to meet market demand

What was discussed

- Reliable sourcing of products
- Reduction in waste and landfill from packaging changes and other initiatives to protect the environment
- Plastic reduction
- 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

Value created

- 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
- End Producer Declarations or low carbon information about products supplied

Actions/decisions taken

- We are engaged with suppliers in connection with their carbon footprint and sustainable materials
- Gathering carbon content data from suppliers as part of our sustainability programme
- Have in place targets for performance
- Quality and assurance criteria, including certification to UK standards

What was discussed

- Making donations to local charities and other not-for-profit organisations (see pages 37, 39, and 45)
- 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

Value created

- 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

Actions/decisions taken

- We have supported local community organisations and further information about this can be found on pages 37 to 39
- Focus on hiring apprentices and trainees from our nearby communities
- Cycle-to-work scheme

See Strategic Report pages 1 to 60

What was discussed

- Scope 3 emissions
- TCFD scenarios analysis and the impact of climate change
- Short and longer-term energy saving opportunities
- Expectations with the supply chain in respect of environmental performance
- Providing carbon content for our products and end-producer declarations

Value created

- We are working towards protecting our planet and combating climate change. We also care passionately about biodiversity (see pages 34 to 37)
- Improving lives through protection of the environment

Actions/decisions taken

- Approval of our TCFD reporting and ESG reports
- Gathering full specification Scope 3 data and will use this information to set targets
- Reviewing and adopting *OneClick* as part of the programme to increase the speed to provide EPDs

Risk Management

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

Although 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. 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. Risk registers are also used as part of project management.

Risk identification

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. During 2023, we enhanced our risk reporting process to include climate-related risk both in divisional risk registers and business continuity plans.

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 are 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 recorded
  - What new activity needs to be implemented

5. Mitigation actions
- Subsidiary companies/divisions plan the necessary mitigation
- Determination of ownership of the mitigation process
- Recording of what needs to happen and the frequency

Climate-related risk

As part of our approach to manage climate change risks, Alumasc is using our 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 41 to 44.

- During the year, we considered climate-related risk and have prepared a summary risk register on pages 41 to 44 We will during 2023/24 further develop our approach in order to assimilate our climate-related risk reporting as part of our risk management process
- For greenhouse gas emissions on Scope 1, 2 and 3, the data reported has been verified by Green Element; this information has to date informed our policy of using 100% renewable energy and helped us to consider future policies including our fleet moving to electric vehicles (see our ESG Report on pages 30 to 45 and our SECR report on page 35
- 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 are being developed using workshops in 2022/23, to cover buildings, weather and other implications resulting from climate change (see page 50 in the TCFD section)

See Principal Risks and Uncertainties on pages 57 to 60 and our Audit Committee Report on pages 72 to 75 for more detail on our approach.

Principal Risks and Uncertainties

Key for change since last year

∆ Increased ∇ Decreased ⊲⊳ 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 change events, such as increased severe weather conditions and storms, could impact our supply chains and shipments, and business processes. 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 reducing our Scope 1, 2 and 3 greenhouse gas emissions • Investment in new technology to manufacture new products to address the needs of climate change, with improved energy efficiency • Our strategy includes helping customers address climate change, by selling and creating innovative products with sustainable qualities and eco-friendly credentials • Providing environmental data for our customers, employees, investors and stakeholders	∆ Increased
Geopolitical and macroeconomic uncertainty **Risk/impact** Macroeconomic uncertainty on a global basis post pandemic, and global geopolitical uncertainty. Markets are not settled post Brexit and ongoing potential for delays due to strikes and disruption from other services. Continuing inflationary pressures on 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 proves resilience • Development of added value systems and solutions that are underpinned 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 • Increasing supply chain flexibility • 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 • Robust management has ensured cost increases are passed on to customers	⊲⊳ No change
Supply chain/inflation **Risk/impact** International supply chain risks had increased following the pandemic and geopolitical uncertainty. The residual issue is price inflation, skilled staff shortages, increased tariffs/duties, Brexit risks in Europe and geopolitical uncertainty following the war in Ukraine.	• Annual strategic reviews, including supplier, quality, reliability, and sustainability • Brand and product strength has allowed cost increases to be largely recovered through higher prices • Regular key supplier visits, good relationships maintained including quality control reviews and training • Supply chain flexibility to avoid strategic dependence on single sources of supply • Supplier questionnaires and export checks are completed to ensure compliance with Group policies, including anti-bribery, anti-modern slavery and ESG • Training provided on customs duties, particularly on managing evolving arrangements post Brexit	⊲⊳ No change

Principal Risks and Uncertainties continued

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 recent geopolitical events globally. The risk of a cyber threat from increased failure/and/or ICT cyber crime could cause interruption or loss.	• IT disaster plans are in place for all businesses and tested regularly • Business continuity plans are in place at each business, and are tested for ICT • 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 updated to mitigate evolving 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 • Employee awareness of potential risks are mitigated through cyber training • Further systems are being implemented to improve resilience, support growth plans and drive efficiency. Implementation risks are mitigated via the use of third-parties, qualified project managers, and increased user testing	Δ Increased
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 • Large export contracts are backed by letters of credit, performance bonds, guarantees or similar, where possible • Any risks taken above insured limits are subject to strict delegated authority limits • Credit checks performed when accepting new customers/new work • The Group employs experienced credit controllers and aged debt reports are reviewed at monthly subsidiary Board meetings	◁▷ No change
Health & safety risks **Risk/impact** Health & safety incident/injury could occur despite a strong culture and previous management performance. Consequential reputational risk and legal costs.	• Health & safety and the wellbeing of staff is a core value of management and the first Board agenda item • H&S commitment communicated to all levels of the business • 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, there has been a focus on increasing the number of staff being trained in H&S across the business • Specific focus on improving safety of higher risk operations, with external consultancy support as needed • Serious near misses are reported to the Board	◁▷ No change

Key for change since last year

∆ Increased ∇ Decreased ◁▷ No change

Risks and uncertainties	Mitigating actions taken	Change
Staff recruitment and retention risks **Risk/impact** Potential lack of skilled employees being available for recruitment and risk of loss due to wage 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 • We offer competitive wages, training and development • Retention plans for key, high-performing, and high-potential employees • The Remuneration Committee considers retention and motivation when considering the remuneration framework • Succession planning • New training and development courses have been added to the list of programmes available	◁▷ No change
Product/service differentiation relative to competition not developed or maintained **Risk/impact** Failure to innovate. New products are required to grow and maintain competitive advantage.	• 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
Loss of key customers **Risk/impact** The risk is the loss of markets or customers. Risk of loss of customers to competitors, project delays and reduced spending.	• 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 • Developing new products for new customers/markets • Outstanding service and innovative products protect and help to retain customers • The Group operates credit insurance to cover the potential impact of bad debts. Service and client relationships also need to be maintained to retain and grow the business	◁▷ No change

Principal Risks and Uncertainties continued

Risks and uncertainties	Mitigating actions taken	Change
Legacy defined benefit pension obligations **Risk/impact** The long-term funding of the pension scheme removes funds that need to be re-invested to grow the business. The pension scheme's obligations need to reduce by investments and by the maturity of the Scheme.	• Continue to grow the business so that the relative affordability of pension deficit contributions is improved over time • Continue to maintain constructive relationship with Pension Trustees to enable active management of scheme liabilities and assets to reduce deficit • Affordable pension funding commitments agreed to eliminate the deficit over a reasonable timeframe • 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	▽ Decreased
Product warranty/recall risks **Risk/impact** Risk is one of Product recall risks 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, meeting global standards • Group insurance programme to cover larger potential risks • Back-to-back warranties obtained from suppliers where possible	◁▷ No change

Key for change since last year

△ Increased ▽ Decreased ◁▷ No change

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	Sustainability is our focus, our model for products to tackle climate-related risk challenges in the built environment.	6 to 7
Description of management of principal risks and impact of business activity	Full description of key risks and our risk assessment processes. Climate-related risk register has been developed.	56 to 60 41 to 44
Environmental matters • Climate change principal risk • Providing sustainable solutions for the built environment	Solutions to help solve environmental challenges of our customers resulting from climate-related change. Seek to reduce emissions with targets for year-on-year reductions. Reductions in material to landfill.	30 to 37 36 to 37
Employees • Health & Safety, and wellbeing • Engaged, motivated, and diverse workforce • Training and development • Apprenticeships	Focused on the Health & Safety and wellbeing of staff, motivation, and retention. Motivating and making employees feel engaged and promoting a transparent and open culture. Recruiting and retaining a diverse workforce is critical for the Group's sustainability and innovation.	38 52 to 53
Social and community • Developing sustainable long-term actions • Brand awareness	As a responsible business, we promote sustainable operations and ensure our operations respect the environment. We encourage employees to raise funds for local groups and charities.	52 to 55
Respect for human rights • Ensuring compliance with legislation and protecting people	The Group does not have a separate Human Rights policy; however, we 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. We provide training to staff to help identify any incidence of forced labour.	See https://www.alumasc.co.uk
Anti-bribery and anti-corruption • Promoting ethical behaviour	The Group has a zero-tolerance policy for any form of bribery or corruption. The Group's Anti-Fraud Policy was reviewed and updated.	72 to 75

Statement of Directors' Responsibilities

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 safeguarding 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.

The Strategic Report was approved by the Board on 5 September 2023.

Signed on behalf of the Board.

G Paul Hooper

Paul Hooper
Chief Executive Officer
5 September 2023

Corporate Governance

Board of Directors

Committed and experienced leadership

Vijay Thakrar
BSc, FCA

A N R

Chair

Appointed: 2019

Experience: Vijay Thakrar is a chartered accountant who was a partner at Deloitte and EY before taking up a number of non-executive director (NED) roles. He has served as NED on various boards, including Quorn Foods and The Quoted Companies Alliance. He is currently on the boards of Alpha Group International plc, RSM Group and Treatt plc where he is Chair.

Paul Hooper
BSc, MBA, DipM

Chief Executive Officer

Appointed: 2001

Experience: Paul Hooper joined Alumasc as Group Managing Director in April 2001. His earlier career included a first Managing Director role with BTR plc in 1992. He subsequently joined Williams Holdings plc in Special Operations, implementing acquisitions in Europe and North America, prior to joining Rexam PLC as a Divisional Managing Director with responsibility for operations in Europe and South East Asia. Paul is also a non-executive director on the board of Titon Holdings plc.

Key

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

Simon Dray
BSc, FCA

Group Finance Director

Appointed: 2021

Experience: Simon Dray has a 30-year career in a range of senior finance functions with multinational 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
BSc, MA, MRICS, MCIOB, MAPM

A N R

Non-executive Director

Appointed: 2019

Experience: Steve has worked in the construction industry for over 35 years and he has a broad understanding of all aspects of business and corporate governance. 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 also a Director of Construction Skills Certification Scheme Ltd. He also works closely with Government as a member of the Construction Leadership Council and was a member of the taskforce that developed the Construction playbook.

Karen McInerney
BA Hons, FCA

A N R

Non-executive Director

Appointed: 2022

Experience: 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.

Board Tenure

Gilbert Jackson
Executive Director

Appointed: 2019

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

Michael Leaf
Executive Director

Appointed: 2019

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

Corporate Governance Statement

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

Vijay Thakrar
Chair

Our governance framework

The composition of the Board and its Committees as at 5 September 2023 is as follows:

The Alumasc Group Plc Board Of Directors
(Biographical details can be found on pages 64 and 65)

Audit Committee
Membership as at 5 September 2023:
Karen McInerney (Chair)
Stephen Beechey
Vijay Thakrar
see pages 72 to 75

Remuneration Committee
Membership as at 5 September 2023:
Stephen Beechey (Chair)
Karen McInerney
Vijay Thakrar
see pages 76 to 86

Nomination Committee
Membership as at 5 September 2023:
Vijay Thakrar (Chair)
Stephen Beechey
Karen McInerney
see page 71

Executive Committee

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

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 67 to 70. The following section outlines how the Group fully complies with the QCA Code and how the Board and Committees operate.

Summary of Board activity

Governance	People matters	Strategy	Financial
• Reviewed reporting changes as required • Conducted an annual Board Evaluation – feedback, considered the output and developed an action plan • Reviewed the Risk Register and climate change-related risk • Total carbon footprint disclosure reviewed • Updated existing Policies and adopted new policies • Considered and approved the 2022 Modern Slavery Statement	• Resilience and succession plan considered and action plans developed • Training and development of future leaders considered and action plans developed • Equality, diversity and inclusion plans discussed, and the steps that needed to be taken/considered • Gender Pay – the findings of the report were reviewed and actions to enhance discussed • Health & Safety training programmes monitored • Health & Safety performance discussed at every Board meeting with actions to continue enhancement	• Strategy days were held, with the senior management teams, reviewed progress against objectives • Review of management's proposal to purchase ARP Group Holdings Limited and decision agreed subject to CMA approval • Efficiency projects were discussed covering machinery, estate usage, opportunities and efficiency opportunities • Capex approvals for new IT software and manufacturing machinery • Approved investment in people and product development to accelerate organic growth	• Received regular business and financial updates • Approved the FY23/24 budgets and discussed the three-year plan • Reviewed and approved half-year and full-year announcements and the Annual Report • Approved incentive plans • Considered requests for Capital expenditure • Approved bank finance • Approved dividends

Deliver growth

Principle 1:

Establish a strategy and business model which promotes long-term value for shareholders.

Our approach

Our Strategy is designed to deliver long-term growth by providing sustainable building products. Our business model is outlined on pages 6 to 7 and is focused on bringing innovation, new products and inorganic growth to grow our business. The Executive team led by the Chief Executive recommends the strategy to the Board. Our strategic focus also reflects and considers views of the Group's key stakeholders: its shareholders; employees; Pension Scheme Trustees; customers; suppliers; bankers and our communities. The Board reviews, challenges and approves the strategic approach.

What we did in FY22/23

The Board held a strategy day with senior leaders in the business in November 2022 and time was also devoted to discussing the strategic actions arising and progress against targets in February and June 2023. Strategy for the Group is presented to the Board and the strategic discussions involve the leadership and representatives of those businesses. In the year, we reviewed our strategic alignment with environmentally sustainability products and considered how Alumasc could accelerate organic and non-organic growth, (the acquisition of ARP, subject to regulatory approval, being an example).

See pages 8 to 60 for more information.

Principle 2:

Seek to understand and meet shareholder needs and expectations.

Our approach

Communication with shareholders is given a high priority. Paul Hooper, Chief Executive, and Simon Dray, Group Finance Director, communicate and speak with institutional investors sell-side analysts via presentations, press releases and general presentations at the time of annual and interim results. There are also additional meetings held during the year and our Chair, Vijay Thakrar, is also available to engage with investors. Investor and analyst feedback is shared with the Board to enable a clear understanding of our investors' views. We welcome shareholders who wish to attend our AGM and the meeting will be held this year at our Alumasc Water Management Solutions – Wade site in Halstead.

What we did in FY22/23

After the full-year and half-year results, roadshows were held, including meetings or calls with investors and potential investors in the Group. Calls and presentations are made to major investors and to retail investors via *InvestorMeet*, which is available via our website or YouTube. We have regular dialogue with existing and potential investors.

We held a Capital Markets Day for Investors on 27 October 2022 immediately after our Annual General Meeting at our Timloc site, at Ozone Park, Howden. The visit included presentations and a tour of the Timloc factory – see page 55 for more information.

We have a dedicated email for contacting any member of the Board at alumasc@camarco.co.uk.

Corporate Governance Statement continued

Deliver growth

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success.	**Our approach** We take our wider stakeholder views seriously and have effective working relationships with our shareholders, customers, business partners, suppliers, bankers and Pension Trustees. We have a number of ethical codes in place that govern our relationships with our stakeholders (see pages 38 and 75). **What we did in FY22/23** The Board held site visits at Timloc and St Helens and at those meetings and events there has been an opportunity to meet employees as part of a site tour. There is also a rolling programme to invite staff to meet with the Board as part of our scheduled events. Staff surveys are conducted by division, and these are considered by the Executive Directors of those businesses. Additionally, a key network of staff are involved in Alumasc's ESG programme. Our Strategy Days allow the Board and the wider leadership team from our divisions to have valuable dialogue on business opportunities/risks as well as social and community issues in a formal and informal setting. Our s.172 Statement on pages 52 to 55 and our ESG report on pages 30 to 51 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.	**Our approach** 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. Our principal risks and risk management approach is outlined on page 56. 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. In addition, the Board regularly reviews in depth Alumasc's financial position. The Board actively challenges the annual budgeting process prior to approval. The Executive Directors regularly provide updates on financial performance and non-financial matters such as people, and Health & Safety issues. **What we did in FY22/23** The Board reviews and considers its risk register on an annual basis. Additionally, following our Task Force on Climate-related Financial Disclosures (TCFD) report, the risk registers have been expanded to include climate-related risk. This year we have included our climate-related risk registers on pages 41 to 44. Please see pages 56 to 60 for more information.
Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair.	**Our approach** 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, and the Chair ensures that all Board members are properly briefed on all key 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 a Health & Safety report, finance, management and people reports and other information on a regular basis. The balance of the Board is considered and reviewed by the Nomination Committee (see page 71), and this year our Resilience plan for leadership roles, was reviewed. The Chief Executive Officer, with the other Executive Directors, is responsible 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, Committees or shareholder meetings.

Deliver growth

Principle 5: continued

Our approach continued
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. The Committee Reports are on pages 71 to 92, 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 who served three years is required to retire and seek election by shareholders at the next Annual General Meeting (AGM). This year, Mr Gilbert Jackson and Mr Michael Leaf will retire by rotation and seek re-election.

What we did in FY22/23
During the year, the Nomination Committee considered the skills and balance on the Board together with a resilience plan. Further, the Board considered a resilience plan that covered, immediate, short-term and long-term cover and succession planning. Resilience is a regular item on the Board agenda.

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.

During the year, the Board had seven scheduled meetings and a number of unscheduled meetings. A summary of attendance is shown in the table below.

Scheduled Board meeting attendance

Directors	Position	(Attended/eligible to attend)
V Thakrar	Chair	7/7
S Beechey	Non-executive Director	7/7
K McInerney	Non-executive Director	7/7
P Hooper	Chief Executive Officer	7/7
S Dray	Group Finance Director	7/7
G Jackson	Executive Director	7/7
M Leaf	Executive Director	7/7

Profiles of the Board members appear on pages 64 and 65 of this report and on our website (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.

Our approach
The Board consists of three Independent Non-executive Directors (one of whom is Chair), along with the 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 the Non-executive Directors.

What we did in FY22/23
During the year, the Board carried out a 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 (see Principle 7).

The Board received briefings from relevant personnel in the business units to enhance its understanding of digital risks and opportunities, along with latest approaches to marketing and social media. These will continue going forward and the Board is also encouraging sharing of best practice across our divisions in these important areas.

Corporate Governance Statement continued

Deliver growth	
Principle 7: Evaluate Board performance based on clear and relevant objectives seeking continuous improvement.	**Our approach** The Board regularly reviews and evaluates its performance, to understand how it can be more effective. **What we did in FY22/23** Following the evaluation in 2021/22, the Board held its meetings at different sites and engaged with colleagues across our different divisions. This enabled dialogue on the Board's role as well as helping the Board to deepen its understanding of the business. Also, approaches to streamline internal governance (e.g. in relation to Health & Safety and environmental matters) were discussed to help share best practice and efficiencies. Following the Board evaluation in 2022/23, which suggested that the Board's performance is regarded as strong overall, the following areas for focus in 2023/24 have been identified which the Board will address: • Understanding alignment between our purpose and strategy across all our divisions, to help further develop our sustainability initiatives. • Achieving visibility on staff engagement processes and feedback across the different divisions, so the Board can support any enhancement to retain and develop our people.
Principle 8: Promote corporate culture that is based on ethical values and behaviours.	**Our approach** All 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, anti-fraud measures and supplier standards. The Company reviews compliance with these policies. Alumasc has a series of requirements for its suppliers, and these are reviewed by internal procurement professionals. **What we did in FY22/23** 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. In the year additional policies were approved to underpin our ethical standards. Any matters of concern can also be raised to the Chair or to the Chair of our Audit Committee, as appropriate, on a confidential basis. Posters advising about the SpeakUp Hotline are on the noticeboards at all of our sites. Please see page 38 for more information on our culture and ethics.
Principle 9: Maintain Governance structures and processes that are fit for purpose and support good decision-making by the Board.	**Our approach** 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 oversee the management of the business. Please see pages 66 and 67 for more information about our governance. Before each Board meeting an agenda is prepared and circulated to the Directors, together with papers in good time before each meeting. **What we did in FY22/23** There were seven scheduled Board meetings in the financial year, and this was supplemented by non-scheduled meetings to discuss key matters. The Board and its Committees were considered to be effective during the year and considered regular agenda items as well as ad hoc ones reflecting developments in our business environment.
Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant Stakeholders.	**Our approach** We have 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 financial PR advisers, brokers and Nominated adviser. Feedback from analysts, other advisers and investors is also reviewed. Information on engaging with wider stakeholders is provided in the s.172 Statement on pages 52 to 55. **What we did in FY22/23** We communicated with our shareholders and analysts through: the Annual Report, the half-year announcements, the AGM and roadshows/meetings with investors and at analysts' briefings, and via InvestorMeet. On our website (www.alumasc.co.uk) the 'Investors' section is regularly updated. Please see our s.172 statement on pages 52 to 55 for our engagement with other stakeholders.

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)	2/2
Mr Stephen Beechey	2/2
Mrs Karen McInerney	2/2

"Focus has been on the Board effectiveness review and long-term succession planning."

Vijay Thakrar
Chair of the Nomination Committee

Dear shareholders

I am pleased to present the Committee's report on its work for the year ended 30 June 2023, together with additional information about its ongoing objectives and responsibilities.

A key objective of the Committee is to ensure that the Board comprises individuals with the necessary skills and experience to ensure that the Board is effective and discharges its responsibilities. The terms of reference, as updated last year, were approved by the Board and these can be found on our website (www.alumasc.co.uk). The Committee's key responsibilities include reviewing Board composition, including skills and experience needed, as well as succession/ resilience planning for the Board and Senior leadership positions.

Attendance

During the year, there were two 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 can request executives to attend, as necessary.

Activities of the Committee

During the year, the Committee initiated a review of the resilience/ succession plan for all of our Senior leadership positions. As a result, there is now a plan in place to provide short and medium term resilience for each of those positions, together with a plan to develop next generation leaders. This includes external leadership training at Cambridge Judge Business School, which two of our next generation leaders attended, with a plan to extend this to others going forward.

The Committee also initiated a Board evaluation and the key themes arising from this are summarised in our Corporate Governance Report (Principle 7 on page 70).

Diversity

We recognise the importance of diversity and seek to reflect our communities and seek to have an inclusive culture that gives each person an opportunity to use their talent and abilities, experience and skills to help us grow as a business. We support diversity in its widest sense. This includes social background diversity, and many of our Board and Senior Management come from humble social backgrounds. For further information on diversity please see our ESG Report on pages 38 and 39.

Board re-appointments

Those Directors who have come to the end of their three-year term and will be seeking re-election are referenced on page 69 of our Governance report and in the Notice of AGM on page 159. The Board recommends the re-election of the Directors standing and information on their skills and experience can be found on pages 64 to 65.

Vijay Thakrar
Chair of the Nomination Committee
5 September 2023

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)	4/4
Vijay Thakrar	4/4
Stephen Beechey	4/4

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 Committee continues to review and challenge management's key estimates and judgements."

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 2023, which sets out the responsibilities and work carried out by the Committee during the year.

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 2022/23 Financial Year

The main activities of the Committee during the year were:

- reviewing and challenging management's forecasts and scenarios, its liquidity position and the appropriateness of adopting a going concern basis in these financial statements;
- monitoring the integrity of the interim and full-year results announcements and financial statements, trading statements and any other announcements containing financial information, and considering the application of key accounting policies and accounting standards and the key estimates and judgements taken by management in the preparation of those statements and the external auditor's comments in those areas;
- 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;

- 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;
- interaction with the Financial Reporting Council following their enquiries into the 2022 Annual Report and Accounts;
- reviewing and approving the revised anti-fraud policy; and
- reviewing the plan for the final stage of implementation of the Group's Enterprise Resource Planning (ERP) upgrade, to ensure continuity of accounting records and financial controls.

Activities of the Committee in the 2023/24 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
- receiving progress reports on the Group's Enterprise Resource Planning (ERP) upgrade, to ensure adequate financial controls remain in place.

Financial Reporting Council (FRC) review

In May 2023, the Alumasc Group received a number of queries from the Financial Reporting Council (FRC) concerning the disclosures relating to the discontinued operations in the Group's 2022 Annual Report and Accounts. As a result of the review, and as explained in the Accounting Policies, the Group's Consolidated Statement of Financial Position for 2022 has been restated to present the assets and liabilities of the discontinued operation as separate held for sale items within the Statement of Financial Position.

The Committee reviewed all correspondence between the Alumasc Group and the FRC and also discussed the matter with our external auditor. The FRC's enquiries, which were limited to a review of the Group's 2022 Annual Report and Accounts, are now complete. The FRC review does not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into, and, accordingly, the review provides no assurance that the Annual Report and Accounts are correct in all material respects.

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) Defined benefit pension scheme valuation

As described in the risk review on pages 57 and 60, 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 23 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 Statement of Financial Position reflects an estimated valuation of the Group's pension obligations that is consistent with IAS 19's valuation methodology.

(ii) 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 profit for the year. 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.

(iii) Going concern

The Committee has reviewed and challenged management's base case trading and cashflow scenarios covering the period to September 2024, including stress tested and reverse stress tested scenarios as set out on page 105. The Committee has also discussed these issues with the external auditors to seek their opinion. In light of these actions and taking into account the comments on page 105, the Committee did not uncover any material issues or concerns in connection with the above matters.

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 the external audit continues to be robust and effective.

Assessment of the independence of the external auditor

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

Crowe were appointed as the Group's external auditors in May 2022. The Committee assesses the effectiveness and independence of the external auditor every year.

Audit Committee Report continued

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

The audit for Alumasc's financial year ended 30 June 2023 was Crowe's second following their appointment in May 2022. Resolutions are being put to the AGM to be held in October 2023 to recommend their re-appointment for the 2023/24 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 56 and 60. 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 22 and 23. 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 higher risk areas that could have a material business or financial impact.

Code of Conduct

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

Whistleblowing policy

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

Anti-bribery policy

The Group has in place a policy with regards to compliance with the Bribery Act 2010. The Group's Anti-bribery policy and guidelines reflect the 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 as defined in the Bribery Act 2010, are raised and discussed at monthly operating company board meetings.

Fraud policy

During the year, the Group implemented a revised anti-fraud policy. This sets out the Group's expectations of its staff, to act in accordance with the Group's code of conduct and to remain vigilant and fraud-aware; its commitment to maintaining control procedures which aim to prevent, identify, mitigate and/or deter fraud, and its obligation to investigate and, if necessary, take action against individuals or organisations perpetrating fraud.

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
5 September 2023

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)	3/3
Karen McInerney	3/3
Vijay Thakrar	3/3

Notes
- Additional attendees by invitation include the Chief Executive, the Group Finance Director, and Company Secretary; they take no part in discussions relating to their own remuneration
- 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
- External advice can be sought as required and was provided this year by FIT Remuneration Consultants LLP. This year, an additional unscheduled meeting was also held to discuss the updated Remuneration Policy

"We have created a reward framework that will drive our ambitious growth strategy."

Stephen Beechey
Chair of the Remuneration Committee

Statement from the Chair of the Remuneration Committee

Dear Shareholders

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 30 June 2023.

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 relisted on AIM.

This Remuneration Report comprises three sections:

- This Annual Statement, which summarises the work of the Remuneration Committee (the Committee) in the year and sets out the context in which pay decisions were made;
- The Annual Report on Remuneration, which provides (i) details of the remuneration earned by Directors and the link between Company performance and pay for the year ended 30 June 2023 and (ii) how we intend to implement the Policy in 2024; and
- The Directors' Remuneration Policy (the Policy), which is subject to approval by shareholders at the 2023 AGM and sets the parameters within which Directors are remunerated. An updated policy is being put forward for shareholder approval as the previous policy, which was approved in 2020, has reached the end of its three-year life.

Communications with Investors

In September 2022, we wrote to our major shareholders to consult on proposed changes to the remuneration arrangements in the year, in order to:

- Align incentives with our growth strategy;
- Ensure that the incentives were appropriate for the Executive team; and
- Align our remuneration policies with best practice and governance requirements.

There were no changes to the Remuneration Policy structure; however, a small number of changes were proposed as follows:

- The CEO's pension provision was reduced from 20% to 10% of salary, in line with the other Directors and workforce generally. This change reflects shareholders' views and good practice in this area and took effect on 1 January 2023.
- The bonus opportunity for Executive Directors in 2022/23 would be 100% of salary, which is in line with our shareholder-approved Directors' Remuneration Policy. 90% of the bonus would be based on underlying PBIT and 10% on ESG objectives. It was further recommended that potential rewards would be implemented in the wider management team, who are responsible for day-to-day management.

- The ESG objectives were aligned to reducing greenhouse gas (GHG) emissions and reducing Health & Safety lost time incidents, in line with our commitment to people and our planet.
- The Executive Directors, Gilbert Jackson and Michael Leaf, had their bonus targets based 25% on Group-wide performance and 75% on divisional performance.
- The contribution of the Group Chief Executive in the performance during and after the pandemic was recognised. In order to remain competitive, align with market levels, to reflect his strong contribution to the business and his experience and calibre, his salary was increased by 13% to £318,000. The other Directors had a pay increase last year of 4.5%, in line with the workforce. In future years, it is anticipated that salary increases would be in line with the workforce unless there were changes in roles and responsibilities.

Following shareholder consultation and with support from all those who responded, the changes were implemented. I would like to thank shareholders for their engagement and input.

Performance and remuneration outcomes for the year ended 30 June 2023

The performance of The Alumasc Group plc has been resilient and momentum has been maintained, in spite of challenging trading conditions. The focus of health, safety and wellbeing of our workforce, our customers and our communities was a key driver in the year along with our drive to improve ESG performance and our net zero planning. Our incentives are designed to promote the delivery of the Group's strategic objectives and to promote long-term value and creation.

We discussed rewards in view of the impact of the geopolitical situation and inflation. The rewards for the workforce were also considered.

Despite the difficult trading environment, the Group achieved the following results for the financial year:

- Group revenues from continuing operations were maintained at £89.1m (2021/22: £89.4m) despite challenging conditions.
- Underlying profit before tax of £11.2m (2021/22: £12.7m), in accordance with market expectations.
- Building Envelope and Housebuilding Products grew their revenues by 18% and 19% respectively, but Water Management revenues declined by 16%, reflecting significant export orders in the prior year and deferment of a large order into 2024.
- Underlying earnings per share from continuing operations of 25.0p per share (2021/22: 28.6p).
- The Group's greenhouse gas emission intensity reduced to 19.4 tCO_2e / £m revenue (2021/22: 20.3 tCO_2e / £m), and the number of days lost to accidents reduced to 65 (2021/22: 89).

Annual bonus targets were based on UPBT (90% of award) and ESG targets (10% of award). The Group Chief Executive and Group Finance Director's targets were based on Group performance; targets for the Divisional Executive Directors (Gilbert Jackson and Michael Leaf) were based on both Group (25%) and divisional (75%) targets. The performance in the year merited the following bonus awards, expressed as a percentage of salary:

	Group		Divisional		
% of Salary	Profit	ESG	Profit	ESG	Total
Paul Hooper	17.0%	–	–	–	17.0%
Simon Dray	17.0%	–	–	–	17.0%
Gilbert Jackson	–	–	60.8%	7.5%	68.3%
Michael Leaf	–	–	67.5%	7.5%	75.0%

Group UPBT did not reach the level required for payment of a Group ESG bonus, or for payment of a Group profit bonus for the two Divisional Executive Directors (Gilbert Jackson and Michael Leaf).

Vesting of the LTIP awards made to the Group Chief Executive in October 2020 is subject to Group UPBT growth over the period to June 2023 (87% of the award), and TSR performance in the period to October 2023 (13% of the award). Vesting of the awards made to the two Divisional Executive Directors were based wholly on divisional profit growth. The percentage of the award expected to vest in October 2023 is as follows:

	Group		Divisional	
% of Award	UPBT	TSR	Profit	Total
Paul Hooper	69.9%	13.3%	–	83.2%
Gilbert Jackson	–	–	51.8%	51.8%
Michael Leaf	–	–	100.0%	100.0%

The TSR measure will be assessed in October 2023; anticipated vestings above are based on provisional estimates.

Further details of the bonus and LTIP performance targets and outcomes are given on pages 80 to 83.

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 Directors' remuneration.

2023 Directors' Remuneration Policy

An objective of the Remuneration Committee has been to put in place a clear set of arrangements that provide strong alignment with our shareholders and other stakeholders. As covered in our strategic report we are aiming to grow our business. Following consultation with our major shareholders, the updated Policy as set out in this report reflects both our strategy and commitment to the manufacture and sale of sustainable products and also reflects our ESG commitments.

Having reviewed our current policy, we believe the existing structure – comprising base salary, benefits, pension contribution, annual bonus and Long Term Incentive Plans (LTIPs) remains appropriate. The bonus and LTIP maximum limits contained in our 2020 policy remain appropriate and therefore are unchanged. We have, however, taken the opportunity to update our policy to include emerging and current good practice in the policy for the following:

- the introduction of shareholding guidelines for Executive Directors to further align our senior leaders with shareholders
- updating and strengthening the malus and clawback provisions attached to our annual bonus and LTIP schemes to align with good practice in this area; and
- alignment of Executive Director pension contribution rates with the workforce contribution rate (which was applied from 1 January 2023).

Directors' Remuneration Report continued

The current policy was reviewed with guidance from FIT Remuneration Consultants LLP, the Committee's executive remuneration advisers.

I would like to thank those shareholders who responded as part of the shareholder consultation exercise for their time and valuable input into the design of our new policy. I look forward to your support at the forthcoming AGM.

2023/24 implementation

Salaries of the general workforce have been increased by 6% with effect from 1 July 2023 and Executive and Non-executive Directors' base salaries and fees have also been increased by 6%.

A maximum bonus opportunity of 100% of salary will apply for Executive Directors. The metrics selected for the 2023/24 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 the incidence of, and days lost, due to accidents. This is consistent with Alumasc's commitment to our people and our planet.

Consistent with the prior year, our two Divisional Executive Directors will have 25% of their bonus opportunity based on Group performance and the remainder on divisional performance. This is still considered to achieve an appropriate balance between their responsibilities as both Group Directors and Divisional Managing Directors. As the Chief Executive, Paul Hooper, continues to be responsible for the Water Management division, 40% of his bonus opportunity will be based on divisional performance and 60% on Group performance.

An LTIP award will be granted in 2023 and this award will vest after three years subject to UPBT and TSR performance metrics. Details of the measures and targets are provided on pages 85 and 86.

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 one unscheduled meeting and the following topics were discussed:

- review of base salaries of the Group Executive Directors;
- review of the 2023 Remuneration Policy for adoption at the AGM;
- variable pay, in particular Long Term Incentive Plan (LTIP) targets for the award made during the year;
- gender pay gap and related actions;
- consideration of a Group-wide salary increase;
- the review of performance criteria for the current LTIP;
- the outcome of the shareholder consultations on proposed changes to remuneration arrangements in the year;
- ESG metrics for bonus targets were considered and 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 both the binding Directors' Remuneration Policy vote and the advisory vote for the Remuneration Report at the forthcoming AGM.

Stephen Beechey
Chair of the Remuneration Committee
5 September 2023

Annual Report on Remuneration

The following sections show how the Remuneration Policy approved in 2020 was applied in the year ending 30 June 2023.

Single total figure of remuneration

The remuneration of the Non-executive Directors for the years 2022/23 and preceding year is as follows:

	Base salaries/fees		Benefits in kind		Single figure of total	Remuneration
Director	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Vijay Thakrar	**104**	73	**4**[1]	2	**108**	75
Stephen Beechey	**47**	43	**–**	–	**47**	43
Karen McInerney	**47**	23	**–**	–	**47**	23
Total	**198**	139	**4**	2	**202**	141

1 Benefits in kind related to car insurance and medical insurance.

The remuneration of the Executive Directors for the years 2022/23 and 2021/22 was as follows:

	Base salaries/fees		Bonus		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	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Paul Hooper	**307**[1]	282	**50**	96	**7**	19	**39**[3]	56	**206**[4]	251	**609**	704
Gilbert Jackson	**216**	204	**147**	–	**4**	8	**19**	18	**47**	97	**433**	327
Michael Leaf	**201**	192	**150**	96	**1**	11	**20**	20	**83**	87	**455**	406
Simon Dray	**183**	173	**31**	60	**12**	12	**16**	15	**–**	–	**242**	260
Total	**907**	851	**378**	252	**24**	50	**94**	109	**336**	435	**1,739**	1,697

1 Mr Paul Hooper's salary was increased from £294,982 to £318,000 pa with effect from 1 January 2023.
2 Benefits in kind includes car allowance, health benefits, life cover and a disability insurance policy.
3 On 1 January 2023, Mr Paul Hooper's pension payment was reduced to 10% of salary in line with the workforce rate.
4 The three month average price of the shares to 30 June 2023 was 158.1p.

Mr Paul Hooper was appointed a director of Titon Holdings plc on 1 April 2022 and retains the fees from that appointment. 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.

Directors' Remuneration Report continued

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 2022/23

For the year ended 30 June 2023, the maximum bonus opportunity for Executive Directors was 100% of base salary.

Paul Hooper, Group Chief Executive, and Simon Dray, Group Finance Director

The Group Chief Executive and Group Finance Director were set targets based on Group underlying profit before taxation (UPBT) and ESG performance, based on reductions in the Group's greenhouse gas emission intensity (Scope 1, 2 and 3 market-based emissions, expressed as tonnes of CO_2e per £m of Group revenue), the number of lost time accidents (LTAs), and the number of days lost to LTAs. The ESG bonuses were only payable subject to achievement of a minimum Group profit hurdle. The individual targets and performance against them are set out in the tables below.

Performance measure	Proportion of bonus determined by measure	Threshold performance	Target performance	Maximum performance	Actual performance	% of bonus payable
Group UPBT	90.0%	£10.8m 0% earned	£11.4m 30% earned	£12.8m 90% earned	£11.2m	17.0%
ESG: GHG reduction	5.0%	<19.46t CO_2e/£m revenue 5% earned			19.45t CO_2e/£m	0.0%
ESG: number of LTAs	2.5%	<=2 LTAs 2.5% earned			2 LTAs	0.0%
ESG: LTA days lost	2.5%	<60d lost 2.5% earned			65 days lost	0.0%
Total	100.0%					17.0%

As the target profit level of £11.4m was not achieved, the ESG bonuses were not payable. Based on the above, Paul Hooper and Simon Dray were awarded bonuses of 17% of salary each.

Divisional Executive Directors

The two Divisional Executive Directors were set targets based on divisional UPBT and ESG performance, to a maximum of 75% of award, with the remaining 25% based on Group UPBT and ESG performance. Group and divisional ESG bonuses were also subject to minimum Group and divisional profit hurdles.

The performance against their targets is shown below, although the individual target and performance levels are considered commercially sensitive and have not been disclosed.

Gilbert Jackson, Building Envelope

Performance measure	Proportion of bonus determined by measure	Threshold performance	Target performance	Maximum performance	% of bonus payable
Divisional UPBT	67.5%	0% earned	30% earned	67.5% earned	60.8%
Divisional ESG	7.5%	7.5% earned			7.5%
Group UPBT	22.5%	0% earned	0% earned	22.5% earned	0.0%
Group ESG	2.5%	2.5% earned			0.0%
Total	100.0%				68.3%

Michael Leaf, Housebuilding Products

Performance measure	Proportion of bonus determined by measure	Threshold performance	Target performance	Maximum performance	% of bonus payable
Divisional UPBT	67.5%	0% earned	30% earned	67.5% earned	67.5%
Divisional ESG	7.5%	7.5% earned			7.5%
Group UPBT	22.5%	0% earned	0% earned	22.5% earned	0.0%
Group ESG	2.5%	2.5% earned			0.0%
Total	100.0%				75.0%

As the breakthrough Group profit level of £12.8m was not achieved, the Group ESG bonuses were not payable. Based on the above, Gilbert Jackson and Michael Leaf were awarded bonuses of 68.3% and 75.0% of salary respectively.

2020 LTIP outturn

Awards were made to Paul Hooper under the LTIP in October 2020. These were subject to UPBT and TSR performance criteria. The minimum UPBT 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 83.2% of the award as per the table below.

Awards were also made to Gilbert Jackson and Michael Leaf under the LTIP in October 2020. These were subject to divisional profit growth. The awards will vest at 51.8% of the award for Gilbert Jackson and 100.0% of the award for Michael Leaf as per the table on page 84.

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

2020 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 2023
Paul Hooper	Oct 2023	83.2%	130,251
Gilbert Jackson	Oct 2023	51.8%	29,510
Michael Leaf	Oct 2023	100%	52,308

1 The outturn of the 2020 LTIP has been provided in the table above. The vesting outturn for the CEO is subject to confirmation of TSR.

The 2019 LTIPs were exercised on 26 July 2023 and the information is included in the table on page 83.

Directors' Remuneration Report continued

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 as at 30 June 2023 (% of base salary)
Paul Hooper	10%[1]
Gilbert Jackson	10%
Michael Leaf	10%
Simon Dray	10%

1 As agreed Paul Hooper's pension contribution was adjusted to align with the workforce rate of 10% for pensions with effect from 1 January 2023. Prior to this date the contribution rate had been at 20%.

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 the 2019 LTIP awards, and the 22,175 LTIPs vested on 21 October 2022. He has no remaining interests.

Scheme interests awarded during the year

LTIP awards were granted on 31 October 2022 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	2022 LTIP	75% of base salary at a price of 150p	147,491	£207,962	25%	3 years
Simon Dray	2022 LTIP	40% of base salary at a price of 150p	48,767	£68,733	25%	3 years
Gilbert Jackson	2022 LTIP	40% of base salary at a price of 150p	57,541	£81,132	25%	3 years
Michael Leaf	2022 LTIP	40% of base salary at a price of 150p	53,467	£75,388	25%	3 years

1 Based on share price of 150p in accordance with the Scheme rules.

These awards will vest on 31 October 2025 and are subject to two measures and an underpin. The underpin requires UPBT of at least £10.5 million to be delivered (in the year ending 30 June 2025) 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 30% of the 40% salary award granted to the other Directors is based on UPBT growth targets (threshold of RPI+ 2.5% p.a. growth and maximum of RPI + 10% p.a.) and the remaining 10% for all Directors is based on relative Total Shareholder Return (TSR) performance against the constituents of the FTSE All Share Index.

Statement of Directors' shareholdings and share interests

Directors' shareholdings

	At the date of this report	At 30 June 2022
Vijay Thakrar	50,000	50,000
Paul Hooper	1,059,486	896,577
Simon Dray	20,000	20,000
Gilbert Jackson	22,950	22,950
Michael Leaf[1]	60,621	50,621
Stephen Beechey	27,418	27,418
Karen McInerney	Nil	Nil

1 Michael Leaf holds shares in part via his PCA.

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 2022	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 2023
Paul Hooper	Oct 2019	83.5p	Oct 2022	148,186	148,186	–	–	–	**148,186[2]**
	Oct 2020	79.0p	Oct 2023	156,529[1]	–	–	–	–	**156,529**
	Oct 2021	240.0p	Oct 2024	90,823	–	–	–	–	**90,823**
	Oct 2022	150.0p	Oct 2025	–	–	–	147,491	–	**147,491**
Total				395,538	148,186	–	147,491	–	**543,029**
Gilbert Jackson	Oct 2020	79.0p	Oct 2023	56,923[1]	–	–	–	–	**56,923**
	Oct 2021	240.0p	Oct 2024	44,503	–	–	–	–	**44,503**
	Oct 2022	150.0p	Oct 2025	–	–	–	57,541	–	**57,541**
Total				101,426	–	–	57,541	–	**158,967**
Michael Leaf	Oct 2020	79.0p	Oct 2023	52,308[1]	–	–	–	–	**52,308**
	Oct 2021	240.0p	Oct 2024	41,156	–	–	–	–	**41,156**
	Oct 2022	150.0p	Oct 2025	–	–	–	53,467	–	**53,467**
Total				93,464	–	–	53,467	–	**146,931**
Simon Dray	Oct 2021	240.0p	Oct 2024	37,538	–	–	–	–	**37,538**
	Oct 2022	150.0p	Oct 2025	–	–	–	48,767	–	**48,767**
Total				37,538	–	–	48,767	–	**86,305**

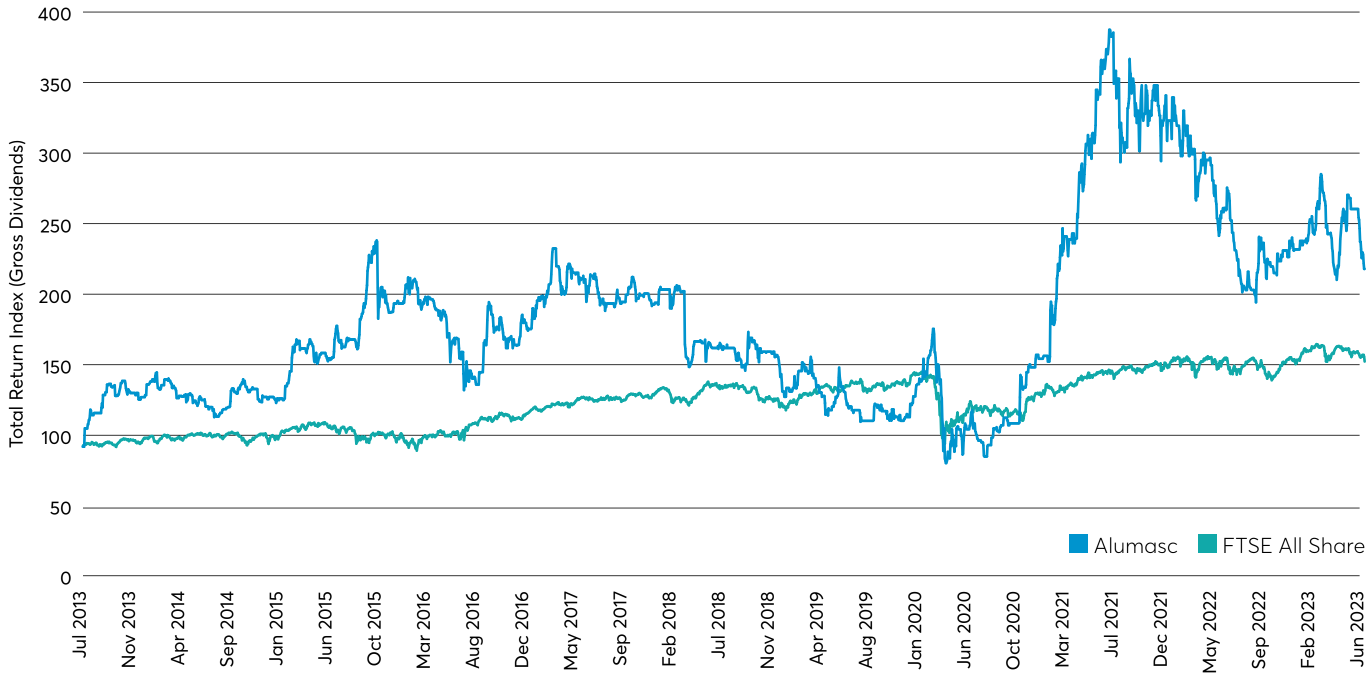
* The market price at the award date is based on the price on the day the Employee Trust or the Company granted the award. This price can differ from the market value at the date the Remuneration Committee recommended the award to the Trust or Company.

1 This award was based on a notional share price of 130p.

2 Exercised after year end on 26 July 2023.

Performance graph

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



Directors' Remuneration Report continued

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's 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 %
2022/2023	609	17%	83.2%[2]
2021/22	704	68%	99.4%
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 sale of the Façades business.
2 This is based on an assumption TSR will be achieved in October 2023.
3 Adjusted to reflect actual figures following the vesting of the 2015 LTIP award in March 2018.

Percentage change in Chief Executive's remuneration

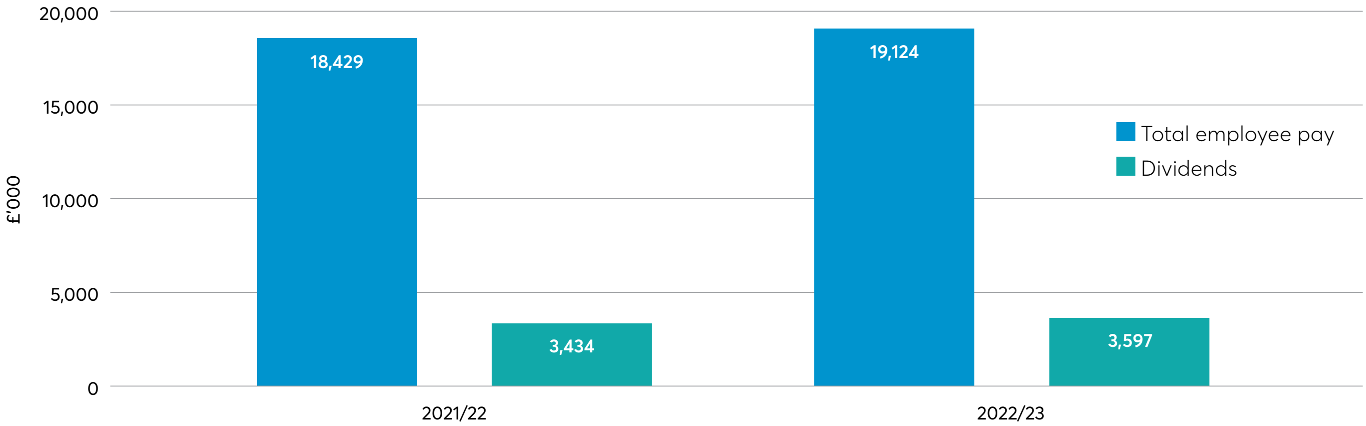
The table below shows the percentage change in remuneration (excluding LTIPs) between the years ended 30 June 2022 and 30 June 2023 for the Chief Executive and all Group employees. All employees in general received 6% on 1 July 2023.

	CEO	Employees
Salary	8.9%	(0.6)%[1]
Benefits	(63.2)%	1.1%
Bonus	(47.9)%	(2.9)%
Total	(8.3)%	1.1%

1 This reflects periodic role vacancies and some churn in higher paid roles.

Relative importance of spend on pay

	Total employee pay	Dividends
2021/22	18,429	3,434
2022/23	19,124	3,597
Percentage increase	3.77%	4.80%



Implementation of the Directors' Remuneration Policy for the financial year 2023/24

The information below sets out how the Company intends to implement the Directors' Remuneration Policy for the year in 2023/24.

Base salary

The salaries of the Executive Directors have been reviewed and increased in line with the workforce average from 1 July 2023 at the rate of 6%. 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. It was agreed that they would be awarded a 6% pay rise in line with the business as a whole.

2023/24 bonus

Targets for the annual 2023/24 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.

The targets themselves are commercially sensitive and will be disclosed for the Group Chief Executive and Group Finance Director in next year's Annual Report when reporting on the actual bonus outcomes.

Directors' Remuneration Report continued

Long Term Incentive Plan

It is intended that the awards under the 2023 LTIP will be made to the Executive Directors in October 2023.

For any of the 2023 LTIP awards to vest, a Group UPBT underpin will need to be met. That UPBT underpin will be a base of £11.2m, adjusted if necessary to include a contribution from the acquisition of ARP Group, plus RPI + 2.5% p.a. in the three years to 30 June 2026.

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

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 Group UPBT growth.

Awards will vest depending on growth achieved using a notional base UPBT figure of £11.2 million plus a contribution, as required, from the acquisition of ARP Group. Performance is based on the third year of the performance period, being the financial year ending 30 June 2026.

Awards will vest according to the following targets:

UPBT growth (from a base of £11.2 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 – 2022 AGM

At the 2022 AGM the Directors' Remuneration Report received the following vote from shareholders:

	Total number of votes cast	% of votes cast
For	18,951,013	99.40%
Against	113,154	0.59%
Total votes cast (for and against)	19,064,167	99.99%
Voted withheld	1,000	0.01%
Total votes cast (including withheld votes)	19,065,167	100%

At the year end, the Employee Benefit Trust, established to hold shares in relation to the ESOS and the LTIP, held 327,495 ordinary shares with a late transfer of 5,074 shares on 5 July 2023, making the balance. The market value of the shares held in trust as at 30 June 2023 was £483,055 and at 5 July 2023, was £475,571.

This Report was approved by the Board of Directors on 5 September 2023 and signed on its behalf by the Remuneration Committee Chair.

Stephen Beechey
Chair of the Remuneration Committee
5 September 2023

Directors' Remuneration Policy 2023

Our Directors' Remuneration Policy (Policy) was approved by shareholders at the Company's AGM on 22 October 2020. The Policy has a three-year life and a new Directors' Remuneration Policy is proposed. This Policy, subject to shareholder approval, shall take effect from the close of the Company's 2023 AGM.

The Remuneration Committee, having reviewed that policy, and taking into account shareholder comments since the last policy vote and good practice developments in the market, concluded that, in substance, it remains fit for purpose to support the implementation of the Group's strategy over the next three-year period.

The key changes in the 2023 policy from the 2020 policy are summarised below:

- Pension – the policy for current and future Executive Directors is to provide a pension contribution no higher than the workforce contribution rate
- Benefits – to include potential participation for Executive Directors in tax-approved all-employee share schemes
- Malus and clawback – additional triggers have been added to the recovery and withholding provisions applying to the annual bonus and LTIP schemes
- Incentive scheme override – consistent with good practice, the Committee retains discretion to adjust LTIP vesting levels in exceptional circumstances
- Judgement and discretions – inclusion of situations where the Committee may apply judgement and discretion in the operation of incentive schemes
- Shareholding guideline – introduction of a shareholding guideline for Executive Directors

Remuneration Policy table

Fixed remuneration			
Element	**Purpose and link to strategy**	**Operation**	**Maximum**
Fixed salary	Provides fixed remuneration for the Executive Directors, which reflects the individual's experience and the size and scope of the executive's responsibilities.	Set on appointment and normally reviewed annually in July. Salaries are determined by the Remuneration Committee, taking into account a range of factors, including, but not restricted to, remuneration practices and general salary ranges within the Group, changes in scope or responsibility, market rates and the experience of the relevant Director.	While there is no maximum salary, ordinarily salary increases will not exceed the range of salary increases (in percentage terms) awarded to other employees in the Group. However, salary increases may be above this level in certain circumstances, for example: • Increase in scope or responsibility; • Performance in role; • An Executive Director's remuneration being aligned with changing market rates; • An Executive Director being appointed on a below-market salary with a view to moving to the desired positioning over time.
Retirement benefits	To provide competitive post-retirement benefits and reward sustained contribution.	Generally, payment may be made into a pension plan or as a separate cash allowance in lieu. Group contributions are determined as a percentage of base salary; for new appointees as a percentage of pay aligned to the pension contributions of employees.	The maximum company contribution for current and new Executive Directors is aligned with the contribution rate applying to the wider workforce. The wider workforce rate is currently 10% of base salary.
Benefits	Ensures the overall package is competitive in order to help recruit and retain Executive Directors.	Executive Directors are entitled to a range of benefits, including, but not limited to, membership of the Group's healthcare scheme, disability and life insurance, and car (or car allowance) and other associated expenses. Other benefits may be provided depending on individual circumstances, for example relocation expenses. Executive Directors will be eligible to participate in any tax-approved all-employee share plan operated by the Company, on the same terms as other eligible employees.	While the Committee has not set a maximum on the level of benefits Executive Directors receive, it is based on the value of benefits, set at a level that the Remuneration Committee considers is appropriate, taking into account companies of a similar size (and complexity) in the relevant market. The maximum level of participation in all-employee share plans is subject to the limits imposed by the relevant tax authority from time to time.

Directors' Remuneration Report continued

Directors' Remuneration Policy 2023 continued

Variable performance-linked remuneration				
Element	**Purpose and link to strategy**	**Operation**	**Maximum**	**Performance conditions**
Annual bonus	Rewards the achievement of financial and/or strategic business objectives.	Performance conditions and targets are reviewed and set each year by the Remuneration Committee. These targets will be challenging and will reflect both short-term expectations and longer-term strategic goals. The bonus will be based on the achievement of financial and/or non-financial targets related to key business objectives. Other performance metrics that the Remuneration Committee considers appropriate from time to time, including personal objectives, may also be used. Bonus payout is determined by the Remuneration Committee after the relevant year end, following an assessment of performance against the targets. Bonuses are discretionary, including that the Committee retains discretion to amend the payout should any formulaic output not reflect the Committee's assessment of overall business performance. Malus and clawback provisions apply. Bonus may be recovered in cases of serious misconduct, corporate failure, reputational damage, error in calculation of a bonus and material misstatement of financial results.	The Policy allows for up to 100% of base salary to be earned.	Either all or the majority of, the available bonus will be based on achievement of pre-determined profit targets. In 2022/23, ESG bonus targets were introduced. It is intended that these will also be applied in future years, with targets designed to incentivise ongoing improvements in ESG. A straight-line bonus entitlement will usually apply between the minimum threshold and the maximum performance target. Typically, bonus will begin to accrue from 0% for achieving threshold performance. The Remuneration Committee retains flexibility to apply different performance measures and weightings for each year covered by the Remuneration Policy.
Long Term Incentive provision	Incentivises and rewards Executive Directors and other key executives to achieve higher returns for shareholders over a longer time frame. Encourages a long-term shareholding in the Company and strengthens alignment between the interests of Executive Directors, other key executives and those of shareholders.	Awards will be granted under the most recent Alumasc Group Long Term Incentive Plan (LTIP), or under any new Long Term Incentive Plan approved by shareholders in due course. The Remuneration Committee may grant awards in the form of conditional share awards, nil cost share options or such other form as has the same economic effect. Awards are typically granted annually, and vesting is subject to achievement of performance measures. The vesting and performance period will normally be at least three years. Malus and clawback provisions apply in the event of serious misconduct, corporate failure, reputational damage, error in calculation or material misstatement of financial result. The Committee retains discretion to adjust vesting levels in exceptional circumstances, including, but not limited to, regard of the overall performance of the Company or the grantee's personal performance.	The maximum level of award under the LTIP is up to 100% of base salary. This is in line with the LTIP approved by shareholders at the 2018 AGM.	Awards vest subject to the achievement of performance conditions which may be financial, non-financial (including Sustainability objectives) and/or market-based performance measures assessed over not less than three financial years. The performance conditions and targets for each set of awards are reviewed annually to ensure they remain relevant and aligned to the Group's strategy. The measures and their weightings are determined by the Committee in advance of each grant. Performance measures may be based on growth in earnings per share (EPS) or underlying profit before tax (UPBT) and total shareholder return (TSR). A minimum threshold of profit must be reached before any part of the award vests. Up to 25% of the maximum award opportunity will vest for achieving the threshold level of growth. Each element of the award will vest between threshold and maximum, usually on a straight-line basis.

Recovery provisions

LTIP

LTIP awards are subject to malus and clawback provisions such that, at the discretion of the Remuneration Committee, unvested awards may lapse in the event of serious misconduct, corporate failure, reputational damage, error in calculation or material misstatement of financial results.

Following the vesting of an LTIP award and up until the fifth anniversary of its grant, the Committee may reduce the award if not already satisfied or require repayment of some or all of the value delivered to the participant by means of a cash payment or the transfer of shares or the reduction of subsisting share awards in the event of serious misconduct, corporate failure, reputational damage, error in calculation or material misstatement of financial results.

Bonus

A malus provision exists which enables the Committee to cancel or reduce the bonus, before payment in the event of serious misconduct, corporate failure, reputational damage, error in calculation or material misstatement of financial results.

For up to two years following the payment of an annual bonus the Committee may require repayment of some or all of the bonus by means of a cash payment or the reduction of subsisting share awards in the event of serious misconduct, corporate failure, reputational damage, error in calculation or material misstatement of financial results.

Explanation of performance metrics

Performance metrics for the annual bonus and LTIP are selected to reflect the Group's strategic priorities. Stretching performance targets are set, taking into account a number of different factors.

The Committee retains the discretion to change the performance measures and targets and the weightings attached to the performance measures and targets part way through a performance period if there is a significant event which causes the Committee to believe the original measures, weightings and/or targets are no longer appropriate and/or if the Committee believes that the remuneration outcomes would otherwise not fairly reflect business performance. Any adjustments or discretion applied will be fully disclosed in the following year's Remuneration Report.

Flexibility, discretion and judgement

The Remuneration Committee operates the annual bonus and LTIP according to the rules of each respective plan which, consistent with market practice, include discretion in a number of respects in relation to the operation of each plan. Discretions include:

- who participates in the plan, the quantum of an award and/or payment and the timing of awards and/or payments;
- determining the extent of vesting;
- treatment of awards and/or payments on a change of control or restructuring of the Group;
- whether an Executive Director or a senior manager is a good/bad leaver for incentive plan purposes and whether the proportion of awards that vest do so at the time of leaving or at the normal vesting date(s);
- how and whether an award may be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring or special dividends);
- what the weighting, measures and targets should be for the annual bonus plan and LTIP awards from year to year;
- the Committee also retains the ability, within the policy, if events occur that cause it to determine that the conditions set in relation to an annual bonus plan or a granted LTIP award are no longer appropriate or unable to fulfil their original intended purpose, to adjust targets and/or set different measures or weightings for the applicable annual bonus plan and LTIP awards with, in the case of LTIP awards held by Executive Directors, adjusted performance conditions being not materially less difficult to satisfy than the original conditions would have been but for the relevant event(s); and
- the ability to override formulaic outcomes in line with policy.

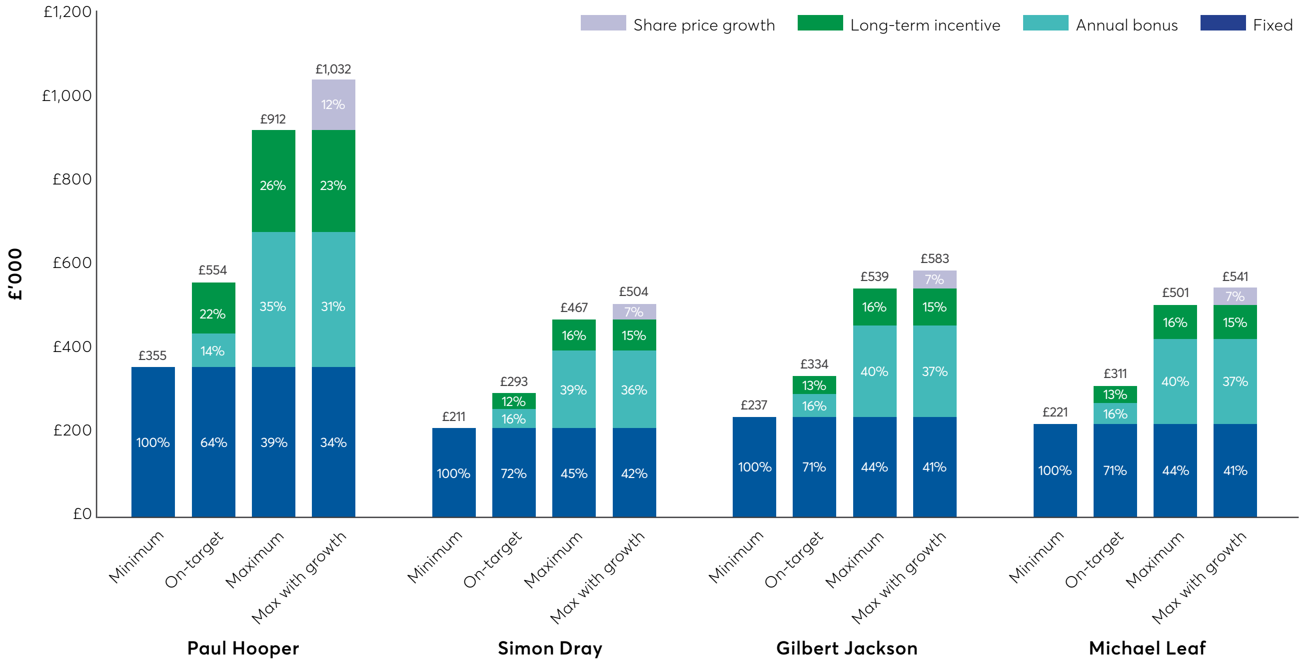
All assessments of performance are ultimately subject to the Committee's judgement and discretion is retained to adjust payments in appropriate circumstances as outlined in this Policy. Any discretion exercised (and the rationale) will be disclosed.

Directors' Remuneration Report continued

Directors' Remuneration Policy 2023 continued

Illustration of remuneration scenarios

The balance between fixed and variable 'at risk' elements of remuneration changes with performance. Our policy results in a significant proportion of remuneration received by Executive Directors being dependent on performance. The charts below illustrate how the Policy would function for minimum, on target and maximum performance in 2023/24.



Assumptions for the chart above:

- Minimum: comprises fixed pay for the year made up of base salary levels (applying from 1 July 2023, the value of pension at 10% of annual basic salary and the estimated value of benefits (using 2023 values))
- On-target: bonus achieved at 25% of the maximum opportunity, i.e. 25% of salary and with the on-target level of vesting under the LTIP taken to be 50% of the face value of the award at grant, i.e. 37.5% of salary for the CEO and 20% of salary for other Executive Directors
- Maximum: full bonus achieved and LTIP vesting in full, i.e. 100% of salary bonus payout and LTIP awards to the value of 75 % of salary for the CEO and 40% of salary for other Executive Directors
- Share price appreciation of 50% has been assumed for the LTIP awards under the final 'Max with growth' scenario

Shareholding requirement

Executive Directors should build up and maintain an in-employment shareholding worth 100% of salary over a reasonable period of time in accordance with the shareholding guidelines. Executive Directors should retain at least 50% of their net of tax vested awards until the shareholding guideline is met.

Nil cost options which have vested but are yet to be exercised may be considered to count towards the shareholding on a notional post-tax basis.

Change of control policy

LTIP

Awards may vest early on a change of control (or other relevant event) subject to the satisfaction of performance conditions at the change of control date and pro-rating for the proportion of the three financial years served, although the Remuneration Committee retains discretion to determine otherwise.

Bonus

Awards may vest only to the extent that performance conditions have been satisfied or are reasonably expected to be satisfied up to the change of control date and pro-rated for the proportion of the financial year served, although the Remuneration Committee retains discretion to determine otherwise.

Policy for Non-executive Chairman and Directors' fees

Element	Purpose and link to strategy	Operation	Maximum opportunity
Fees	The sole element of Non-executive Director remuneration is fees, set at a level that reflects market conditions and sufficient to attract individuals with appropriate knowledge and experience.	Fees are reviewed periodically and are determined by the Chairman and the Executive Directors in the case of the Non-executive Directors and the Remuneration Committee in respect of the Chairman. The Chairman is paid a single consolidated fee and receives reasonable benefits in kind as agreed by the Company. This includes private medical cover and participation in an electric vehicle scheme by 'salary sacrifice'. The Non-executive Directors are paid a basic fee plus additional fees for chairmanship of a Committee, or for any additional work undertaken on behalf of the Company. The Non-executive Directors do not participate in any of the Group's share incentive plans nor do they receive any pension contributions. Non-executive Directors may be eligible to benefits/expenses such as the use of secretarial support, travel costs or other benefits that may be appropriate.	Fees are subject to an overall cap as set out in the Company's articles of association from time to time. Fees are appropriately positioned against comparable roles in companies of a similar size and complexity in the relevant market.

How the Executive Directors' remuneration policy relates to the wider Group

Both executives, and employees below executive level, have their base pay reviewed each year taking into account wage and general inflation, affordability to the Group/relevant operating company, performance/development of the individual in their role and general market rates for specific skills. Employees below executive level have lower proportions of their total remuneration subject to incentive-based rewards. Long term incentives are reserved for those judged as having the greatest potential to influence the Group's earnings growth and share price performance.

Recruitment policy for Directors

The remuneration package for a new Executive Director would be set in accordance with the terms of the Company's prevailing approved Remuneration Policy at the time of appointment and taking into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Salary would be set at the level required to attract the most appropriate candidate. It may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance has been proven and sustained. Under the terms of this policy, the annual bonus potential for executives is limited to 100% of salary, and the maximum value of awards under a long-term incentive scheme is limited to 100% of salary. In addition, the Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an executive leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions. Other elements of remuneration may be included in the following circumstances:

- an interim appointment being made to fill an executive role on a short-term basis;
- if exceptional circumstances require that the Chairman or a Non-executive Director takes on an executive function on a short-term basis;
- if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out above, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis.

The Committee may also alter the performance measures, performance period and vesting period of the annual bonus or LTIP, subject to the rules of the LTIP, if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained in the next Directors' Remuneration Report.

Directors' Remuneration Report continued

Directors' Remuneration Policy 2023 continued

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to consider the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue. For external and internal appointments, the Committee may agree that the Company will meet certain relocation and other incidental expenses as appropriate.

The fees for a new Chairman or Non-executive Director will be reflective of experience, time commitment, responsibility and scope of the role, and will be consistent with the approved Remuneration Policy at the time.

Policy on payment for loss of office

The Committee's policy on service contracts for Executive Directors is that they should provide for termination of employment by either side giving 12 months' notice. The Group's policy going forward will be that no Executive Director should be entitled to a notice period or payments in excess of their contractual arrangements.

Provision	Terms
Notice period	12 months
Termination payment	Base salary plus pension contributions and benefits accrued to date of cessation. A payment in respect of bonus may also be made at the discretion of the Committee, taking into account the circumstances of the departure, the extent to which performance conditions are satisfied and the contribution of the Executive to the business during the bonus period in question. Any bonus would typically be pro-rated for time in service to termination and paid at the usual time, although the Committee retains discretion to pay the bonus earlier in appropriate circumstances.
LTIP	If a participant ceases employment due to death, redundancy, retirement, injury, disability or any other reason at the discretion of the Committee any unvested award the participant holds shall continue and be released at the normal release date to the extent the performance condition is satisfied and, unless the Committee determines otherwise, reduced to reflect the proportion of the performance period for which the participant was in service, although the Committee will retain discretion to release the award sooner. If a participant ceases employment for any other reason, any unvested award they hold will lapse on cessation. If a participant ceases employment for any other reason, any award they hold under the Company's current LTIP shall lapse on cessation.
Other payments	In appropriate circumstances, payments may also be made in respect of accrued holiday and outplacement and legal fees. The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.
Payments in lieu of notice	The Committee reserves the right to make a payment in lieu of some or all of the notice period. Such a payment would consist of salary for the notice period (or remaining portion of the notice period) and may also include a payment in respect of benefits (including pension contributions or cash allowance) for the applicable period.

How employees' pay is taken into account

Pay and employment conditions elsewhere in the Group continue to be considered in relation to the implementation of this policy.

How shareholders' views are taken into account

The Committee considers shareholder feedback received in relation to the AGM each year. This, plus other feedback received during the year, is then considered as part of the Group's annual review of remuneration policy. The Committee will continue to review the Remuneration Policy to ensure it takes due account of best remuneration practice and that it remains aligned with the interests of shareholders.

Legacy remuneration arrangements

The Committee reserves the right to make remuneration payments and payments for loss of office notwithstanding that they are not in line with the Policy set out above where the terms of payments were agreed:

(i) before the 2023 Policy came into effect; or
(ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes, 'payments' includes the satisfaction of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' no later than the time the award is granted.

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 2023. The report also includes the Corporate Governance Report on pages 64 to 95 and the Audit Committee Report forms part of the Directors' Report and is incorporated by reference.

Results and dividend

The results of the Group for the year ended 30 June 2023 are set out on pages 101 to 153.

The Directors are recommending a final dividend of 6.9 pence per ordinary share (2022/23: 6.65 pence) which will, if approved at the AGM, be paid to shareholders on the register at the close of business on 29 September 2023, being a total of 10.3 pence for the year. The interim dividend of 3.4 pence was paid on 6 April 2023.

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 86.

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 2023 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 'Additional Shareholder information' section on pages 154 to 155. The Strategic Report can be found on pages 1 to 62. Our principal risks and uncertainties are set out on pages 57 to 60 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 64 to 95 and is incorporated into the Directors' Report by reference.

Management report

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

Directors

The Directors who served during the financial year were:

Vijay Thakrar (Chair)
Paul Hooper
Stephen Beechey
Karen McInerney
Simon Dray
Gilbert Jackson
Michael Leaf

The biographies of the Directors can be found on pages 64 to 65. 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 82. In accordance with the articles of association, standing for election at the AGM will be Mr Gilbert Jackson and Mr Michael Leaf. The articles of association require Directors to be reappointed on the third anniversary of the AGM which they were appointed or re-appointed.

Directors' & Officers' Insurance

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

Directors' Report continued

Companies Act s.172

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

Information about how the Company considers its obligations under s.172 of the Companies Act are discussed in the Strategic Report (on pages 52 to 55).

Conflicts of Interest

No Director had any interest in any contract of significance in the year. The Group has procedures for managing Conflicts of Interest, which are set out on page 154.

Employees

The Group is an equal opportunities employer and its policies for recruitment, training, career development and promotion are based on the aptitude and abilities of the individual regardless of religion, gender, and sexual orientation, educational or professional backgrounds. An analysis of our employees by gender at 30 June 2023 can be found on page 38. Information about employees can be found on pages 38 to 39.

In the Corporate Governance Report and Strategic Report, 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 52 to 53). Information on the Group's policies on recruitment and the employment of disabled persons can be found on page 38.

Energy and carbon emissions reporting

In accordance with the Streamlined Energy & Carbon Reporting guidelines we are required to disclose the annual quantity of emissions in tonnes of carbon dioxide equivalents. Our data covers Scope 1 & 2 energy usage and Scope 3 (defined scope). Details of our emissions are on page 35 of our ESG report.

Streamlined Energy and Carbon Reporting (SECR) Compliance

In compliance with the SECR requirements, energy consumption and reduction initiatives are reported in the Sustainability section of this Report on pages 30 to 35.

Political donations

The Group has a policy to not make any political donations. No political donations were made during the year by the Company and its subsidiaries (2021/22: £nil).

Research and development

The Group continues to devote effort and resources to the research and development of new products and solutions. The Group uses strong technical capabilities to design and make new products for housebuilding and rainwater solutions. This area is essential for future growth and to maintain our market position. Please see note 7 to the financial statements for details of our research and development expenditure.

Disclosure of information to the auditor

As far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all reasonable steps that they ought to have taken as a Director to make themselves 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 no.s	Location in Annual Report
Articles of association	154	Additional information for shareholders
Directors' interests	82	Directors' Remuneration Report
Long Term Incentive Plans	82 to 83 and 86	Directors' Remuneration Report
Financial risk management	56 and 72 to 74	Note 22 and the significant accounting policies sections, Financial Statements
Future developments	2 to 62	Strategic Report[1]
Health & Safety and employee-related policies	38	Strategic Report: Environmental Social & Governance Report[1]
Major shareholdings	155	Additional information for shareholders
Movements in share capital	154 to 155	Notes 26 and 27, Financial statements
Purchase of own shares	154 to 155	Additional information for shareholders
Share capital – structure, voting, restrictions and other rights	154	Additional information for shareholders and in notes 25, 26 and 27 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.

Auditor

Crowe U.K. LLP has indicated its willingness to continue in office. On the recommendation of the Audit Committee, as set out on page 74, resolutions are to be proposed at the Annual General Meeting for the re-appointment of Crowe U.K. LLP as Auditor of The Alumasc Group plc and its subsidiaries, and to authorise the Board to fix their remuneration.

Annual General Meeting (AGM)

The notice convening the AGM, to be held on 26 October 2023 at 10.00am at Wade, Third Avenue, Halstead, Essex C09 2SX, is included within this document at the end of the Annual Report on pages 159 to 164 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 notice of the Annual General Meeting specifies the deadline for exercising voting rights.

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 5 September 2023.

Signed on behalf of the Board.

Helen Ashton
Group Company Secretary
5 September 2023

Financial Statements

& Company Information

Independent Auditor's Report

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 2023, which comprise:

- the Consolidated statement of comprehensive income for the year ended 30 June 2023;
- the Consolidated and Parent Company statements of financial position as at 30 June 2023;
- the Consolidated and Parent Company statements of cash flows for the year then ended;
- the Consolidated 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 2023 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards; 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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's financial projections for the Group and Parent Company for the period 1 July 2023 to 30 September 2024;
- Checking the numerical accuracy of management's financial projections;
- Challenging the key assumptions used in the forecasts, including downside sensitivities of reduced sales volumes and the impact of any potential acquisition;
- Reviewed the availability of facilities and cash reserves in the context of both the financial projections and downside scenarios, including an assessment of compliance with applicable covenants;
- Procedures to review and evaluate the historical accuracy of management's past projections;
- 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 12 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

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 on approximately 5% of profit before tax (2022: £500,000). The Parent Company materiality was determined as £350,000 (2022: £350,000) based on 1% of net assets.

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 (2022: £350,000). The Parent Company performance materiality is approximately £250,000 (2022: £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 (2022: £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 four components, Alumasc Building Products 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 procedures made up 99% of the consolidated revenues, total profit before tax on continuing operations and total assets and liabilities. The Group's other subsidiary, Elkington China Limited, was subject to a desktop review as it is not a significant component. Specific procedures were performed over Levolux Limited, the Group's discontinued operation.

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 23) The Group operates a defined benefit pension scheme that provides benefits to a number of current and former employees. At 30 June 2023, the defined benefit pension schemes' net liabilities were £4.3 million. The gross value of pension scheme assets amounted to £71.4 million, with net liabilities £75.7 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 the processes surrounding the valuation of pension scheme assets and defined benefit obligations; • Evaluating the independence and competence of management's actuary; • Using an actuarial expert to inform our challenge of the assumptions used, including discount rates, growth rates, mortality rates and the calculation methods employed in the calculation of the pension liability; • Testing a sample of the pension scheme assets to underlying documentation to confirm ownership and valuation at the reporting date; • Assessing disclosures made in the financial statements to determine compliance with IAS 19.

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 matters 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.

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 62, 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.

Independent Auditor's Report continued

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, and QCA Corporate governance code.

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 and those charged with governance about their own identification and assessment of the risks of irregularities, used data analytics techniques to identify any unusual transactions and reviewing accounting estimates for biases 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

5 September 2023

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2023

	Notes	Year ended 30 June 2023 Underlying £'000	Year ended 30 June 2023 Non-underlying £'000	Year ended 30 June 2023 Total £'000	Year ended 30 June 2022 Underlying £'000	Year ended 30 June 2022 Non-underlying £'000	Year ended 30 June 2022 Total £'000
Continuing operations:							
Revenue	3, 4	**89,135**	**–**	**89,135**	89,381	–	89,381
Cost of sales		**(56,406)**	**–**	**(56,406)**	(56,015)	–	(56,015)
Gross profit		**32,729**	**–**	**32,729**	33,366	–	33,366
Net operating expenses							
Net operating expenses before non-underlying items		**(20,620)**	**–**	**(20,620)**	(20,033)	–	(20,033)
Other non-underlying items	5	**–**	**(585)**	**(585)**	–	(634)	(634)
Net operating expenses		**(20,620)**	**(585)**	**(21,205)**	(20,033)	(634)	(20,667)
Operating profit	4, 5	**12,109**	**(585)**	**11,524**	13,333	(634)	12,699
Net finance costs	9	**(937)**	**(48)**	**(985)**	(608)	(60)	(668)
Profit before taxation	5	**11,172**	**(633)**	**10,539**	12,725	(694)	12,031
Tax expense	10, 12	**(2,234)**	**48**	**(2,186)**	(2,469)	48	(2,421)
Profit for the year from continuing operations		**8,938**	**(585)**	**8,353**	10,256	(646)	9,610
Discontinued operations:							
Loss after taxation for the year from discontinued operations	6	–	**(1,750)**	**(1,750)**	(1,577)	(15,080)	(16,657)
Profit/(loss) for the year		**8,938**	**(2,335)**	**6,603**	8,679	(15,726)	(7,047)
Other comprehensive income:							
Items that will not be reclassified to profit or loss:							
Actuarial loss on defined benefit pensions, net of tax				**(2,796)**			(25)
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				**(285)**			480
Exchange differences on retranslation of foreign operations				**(18)**			161
				(303)			641
Other comprehensive (loss)/profit for the year, net of tax				**(3,099)**			616
Total comprehensive profit/(loss) for the year, net of tax				**3,504**			(6,431)
Earnings per share				Pence			Pence
Basic earnings per share							
– Continuing operations				**23.3**			26.8
– Discontinued operations				**(4.9)**			(46.5)
	12			**18.4**			(19.7)
Diluted earnings per share							
– Continuing operations				**23.1**			26.4
– Discontinued operations				**(4.9)**			(45.7)
	12			**18.2**			(19.3)

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 2023

	Notes	2023 £'000	2023 £'000	2022 (restated)* £'000	2022 (restated)* £'000
Assets					
Non-current assets					
Property, plant and equipment – owned assets	13	**13,227**		12,573	
Property, plant and equipment – right-of-use assets	13	**5,007**		4,926	
Goodwill	14	**8,526**		8,526	
Other intangible assets	15	**2,073**		2,126	
Deferred tax assets	10	**1,081**		529	
			29,914		28,680
Current assets					
Inventories	16	**11,561**		13,394	
Trade and other receivables	17	**20,748**		18,786	
Assets classified as held for sale	18	**–**		3,859	
Derivative financial assets	22	**–**		325	
Cash at bank	28	**5,995**		8,284	
			38,304		44,648
Total assets			**68,218**		73,328
Liabilities					
Non-current liabilities					
Interest bearing loans and borrowings	20, 28	**(8,848)**		(13,000)	
Lease liability	21	**(4,366)**		(4,251)	
Employee benefits payable	23	**(4,323)**		(2,114)	
Provisions	24	**(1,185)**		(1,061)	
Deferred tax liabilities	10	**(1,614)**		(1,730)	
			(20,336)		(22,156)
Current liabilities					
Trade and other payables	19	**(19,120)**		(19,031)	
Lease liability	21	**(868)**		(881)	
Provisions	24	**(612)**		(1,360)	
Liabilities classified as held for sale	18	**–**		(3,859)	
Derivative financial liabilities	22	**(30)**		–	
Corporation tax payable		**(1,505)**		(309)	
			(22,135)		(25,440)
Total liabilities			**(42,471)**		(47,596)
Net assets			**25,747**		25,732
Equity					
Share capital	25	**4,517**		4,517	
Share premium	26	**445**		445	
Capital reserve – own shares	26	**(577)**		(601)	
Hedging reserve	26	**(22)**		263	
Foreign currency reserve	26	**198**		216	
Profit and loss account reserve		**21,186**		20,892	
Total equity			**25,747**		25,732

* The financial position at 30 June 2022 has been restated to separately present the gross held for sale assets and liabilities of the Levolux business. See note 1.

The financial statements were approved by the Board of Directors and authorised for issue on 5 September 2023.

Paul Hooper
Director
5 September 2023
Company number 1767387

Simon Dray
Director

Consolidated Statement of Cash Flows
For the year ended 30 June 2023

	Notes	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Operating activities			
Operating profit		**11,524**	12,699
Adjustments for:			
Depreciation	7, 13	**2,681**	2,459
Amortisation	7, 15	**247**	257
Loss/(gain) on disposal of property, plant and equipment		**1**	(18)
Decrease/(increase) in inventories		**1,833**	(2,573)
Decrease/(increase) in receivables		**1,897**	(2,536)
(Decrease)/increase in trade and other payables		**(3,948)**	279
Movement in provisions		**(624)**	(298)
Cash contributions to retirement benefit schemes	23	**(1,567)**	(2,561)
Share-based payments	27	**182**	118
Cash generated by operating activities of continuing operations		**12,226**	7,826
Operating loss from discontinued operations		**–**	(2,125)
Depreciation		**–**	224
Movement in working capital from discontinued operations		**–**	(438)
Cash utilised by operating activities of discontinued operations	6	**–**	(2,339)
Tax paid		**(530)**	(1,615)
Net cash inflow from operating activities		**11,696**	3,872
Investing activities			
Purchase of property, plant and equipment		**(2,545)**	(2,449)
Payments to acquire intangible fixed assets		**(194)**	(123)
Proceeds from sales of property, plant and equipment		**24**	22
Loss on disposal of subsidiary		**(1,750)**	–
Net cash outflow from investing activities		**(4,465)**	(2,550)
Financing activities			
Bank interest paid		**(671)**	(356)
Equity dividends paid	11	**(3,599)**	(3,434)
(Repayment)/draw down of amounts borrowed	28	**(4,000)**	7,000
Principal paid on lease liabilities		**(765)**	(713)
Interest paid on lease liabilities		**(154)**	(169)
Purchase of own shares		**(51)**	(526)
Refinancing costs	28	**(262)**	–
Net cash (outflow)/inflow from financing activities		**(9,502)**	1,802
Net (decrease)/increase in cash at bank and bank overdraft	28	**(2,271)**	3,124
Net cash at bank and bank overdraft brought forward		**8,284**	4,999
Net (decrease)/increase in cash at bank and bank overdraft		**(2,271)**	3,124
Effect of foreign exchange rate changes		**(18)**	161
Net cash at bank and bank overdraft carried forward	28	**5,995**	8,284

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	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 2021		4,517	445	(406)	(217)	55	31,751	36,145
Loss for the year		–	–	–	–	–	(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 1 July 2022		4,517	445	(601)	263	216	20,892	25,732
Profit for the year		**–**	**–**	**–**	**–**	**–**	**6,603**	**6,603**
Exchange differences on retranslation of foreign operations		**–**	**–**	**–**	**–**	**(18)**	**–**	**(18)**
Net loss on cash flow hedges		**–**	**–**	**–**	**(355)**	**–**	**–**	**(355)**
Tax on derivative financial liability		**–**	**–**	**–**	**70**	**–**	**–**	**70**
Actuarial loss on defined benefit pensions, net of tax		**–**	**–**	**–**	**–**	**–**	**(2,796)**	**(2,796)**
Tax on share options		**–**	**–**	**–**	**–**	**–**	**(21)**	**(21)**
Acquisition of own shares		**–**	**–**	**(72)**	**–**	**–**	**–**	**(72)**
Own shares used to satisfy exercise of share awards		**–**	**–**	**96**	**–**	**–**	**–**	**96**
Share-based payments		**–**	**–**	**–**	**–**	**–**	**182**	**182**
Dividends	11	**–**	**–**	**–**	**–**	**–**	**(3,599)**	**(3,599)**
Exercise of share-based incentives		**–**	**–**	**–**	**–**	**–**	**(75)**	**(75)**
At 30 June 2023		**4,517**	**445**	**(577)**	**(22)**	**198**	**21,186**	**25,747**

Notes to the Financial Statements
For the year ended 30 June 2023

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 consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2023. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group's financial statements have been prepared in accordance with UK adopted international accounting standards.

Going concern

At 30 June 2023 the Group had cash and cash equivalents of £6.0 million and had utilised £8.9 million of the committed £25.0 million revolving credit facility. This provided total headroom of some £22.1 million against committed facilities and, together with £4.0 million overdraft facilities, there is headroom of some £26.1 million against total facilities at 30 June 2023. On 24 July 2023 the Group triggered the first of the two single year extension periods, which extends the £25.0 million committed revolving credit facility expiry date to August 2026. One further single year extension period to August 2027 is still in place.

In assessing going concern to take account of the continued uncertainties caused by continued increasing inflation and interest rates, the Group has modelled a Base Case (BC) trading scenario on a 'bottom up' basis. The Group has also modelled stress test scenarios which assume a 10% reduction in revenue and a 20% reduction in revenue, with no cost reduction or cash conservation measures. 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 2024, with no breach of banking covenants across this period.

For the same 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 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.

Prior year restatement

During 2023, the Financial Reporting Council (FRC) submitted a request for further information on the Group's Annual Report and Accounts for the year ended 30 June 2022. The FRC's review was based solely on the Group's published Annual Report and Accounts and does not provide assurance that the Annual Report and Accounts are correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

As a result of this review, the Directors have agreed that the gross assets and gross liabilities held for sale at 30 June 2022 relating to the Levolux business, which were originally presented as a net receivable of £1, should have been separately presented gross in the consolidated statement of financial position.

As a consequence, the comparative information for 30 June 2022 in the consolidated statement of financial position has been restated to include £3,859,001 of assets and £3,859,000 of liabilities classified as held for sale.

This restatement does not have an impact on the Group's profit, earnings per share, net assets or cash flows reported in the 2022 Annual Report and Accounts.

Notes to the Financial Statements continued
For the year ended 30 June 2023

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 2022 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);
- Business Combinations – Reference to the conceptual framework (IFRS 3);
- 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 and IAS 41).

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 2023 within the next financial year are the valuation of defined benefit pension obligations and the valuation of the Group's acquired goodwill.

The assumptions applied in determining the defined benefit pension obligation are particularly sensitive. Advice is taken from a qualified actuary to determine appropriate assumptions at each reporting date. The actuarial valuation involves making assumptions about discount rate, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. A sensitivity analysis is shown in note 23.

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.

Goodwill
Goodwill arises on the acquisition of subsidiaries. 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.

2 Summary of significant accounting policies continued

Other intangible assets continued

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.

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

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

Impairment of fixed assets

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

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

Leases

(i) Identification of a lease

At inception of a 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.

Notes to the Financial Statements continued

For the year ended 30 June 2023

2 Summary of significant accounting policies continued

Leases continued

(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.

(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).

2 Summary of significant accounting policies continued

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 present value of any amount the Group expects to recover by way of refunds from the plan.

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

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

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

Notes to the Financial Statements continued

For the year ended 30 June 2023

2 Summary of significant accounting policies continued

Income taxes continued

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.

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.

2 Summary of significant accounting policies continued

Derivative financial instruments and hedging continued

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 Blackdown Green Roofs. 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. The installation offering ceased during the financial year, with the supply of all Blackdown Greenroofs now being recognised at a point in time upon despatch of goods.

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.

The Group's pricing structure involves rebate arrangements with several customers. These can be complex in nature and involve estimation in determining the required level of provision for rebate liabilities.

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.

See note 24 for disclosure of the Group's provisions held at the reporting date.

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. Research and development expenditure income is shown net against costs incurred.

Notes to the Financial Statements continued

For the year ended 30 June 2023

2 Summary of significant accounting policies continued

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 1 July 2023 onwards:

- 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:

	2022/23 £'000	2021/22 £'000
Revenue from continuing operations arising from:		
Goods transferred to customers, recognised at a point in time	**88,773**	88,558
Contracts recognised over time	**362**	823
Revenue (per statement of comprehensive income)	**89,135**	89,381
Rental income	**40**	40
Total income	**89,175**	89,421

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. The installation offering ceased during the financial year, with the supply of all Blackdown Greenroofs now being recognised at a point in time upon despatch of goods.

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.

4 Segmental analysis continued

	2022/23		2021/22	
	Revenue £'000	Segmental operating result £'000	Revenue £'000	Segmental operating result £'000
Water Management	**39,841**	**5,765**	47,564	8,753
Building Envelope	**34,559**	**4,084**	29,389	3,580
Housebuilding Products	**14,735**	**3,518**	12,428	2,447
Trading	**89,135**	**13,367**	89,381	14,780
Unallocated costs		**(1,258)**		(1,447)
Total from continuing operations	**89,135**	**12,109**	89,381	13,333

	£'000	£'000
Segmental operating result	**12,109**	13,333
Brand amortisation (see note 5)	**(70)**	(70)
Restructuring & legal costs (see note 5)	**(262)**	(564)
Acquisition costs (see note 5)	**(253)**	–
Total operating profit from continuing operations	**11,524**	12,699

			Capital expenditure			
Year to 30 June 2023	Segment Assets £'000	Segment Liabilities £'000	Property, Plant & Equipment £'000	Other Intangible Assets £'00	Depreciation £'000	Amortisation £'000
Water Management	**31,118**	**(8,261)**	**1,774**	**70**	**1,285**	**200**
Building Envelope	**11,258**	**(8,958)**	**301**	**30**	**331**	**5**
Housebuilding Products	**16,489**	**(7,549)**	**1,381**	**94**	**1,025**	**42**
Trading	**58,865**	**(24,768)**	**3,456**	**194**	**2,641**	**247**
Unallocated costs	**9,353**	**(17,703)**	**8**	**–**	**40**	**–**
Total	**68,218**	**(42,471)**	**3,464**	**194**	**2,681**	**247**

			Capital expenditure			
Year to 30 June 2022	Segment Assets £'000	Segment Liabilities £'000	Property, Plant & Equipment £'000	Other Intangible Assets £'00	Depreciation £'000	Amortisation £'000
Water Management	35,084	(11,236)	1,427	70	1,207	190
Building Envelope	13,849	(12,484)	141	12	360	187
Housebuilding Products	15,851	(7,346)	1,310	41	866	48
Trading	**64,784**	**(31,066)**	**2,878**	**123**	**2,433**	**425**
Unallocated costs	8,544	(16,530)	5	–	82	–
Total	**73,328**	**(47,596)**	**2,883**	**123**	**2,515**	**425**

Included in the Building Envelope analysis are Segment assets of £3,859,001 and Segment liabilities of £3,859,000 in relation to discontinued operations.

Notes to the Financial Statements continued

For the year ended 30 June 2023

4 Segmental Analysis continued

Sales to external customers by geographical segment

	United Kingdom £'000	Europe £'000	North America £'000	Middle East £'000	Far East £'000	Rest of World £'000	Total £'000
Year to 30 June 2023	**84,079**	**2,515**	**126**	**769**	**944**	**702**	**89,135**
Year to 30 June 2022	75,714	2,983	21	2,006	8,071	586	89,381

Segment revenue by geographical segment represents revenue from external customers based upon the geographical location of the customer.

All non-current assets are held within the United Kingdom.

5 Underlying to profit before tax reconciliation

	2022/23		2021/22	
	Operating profit £'000	Profit before tax £'000	Operating profit £'000	Profit before tax £'000
Underlying operating profit & profit before tax from continuing operations	**12,109**	**11,172**	13,333	12,725
Brand amortisation	**(70)**	**(70)**	(70)	(70)
IAS 19 net pension scheme finance costs (note 9)	**–**	**(48)**	–	(60)
Restructuring & legal costs	**(262)**	**(262)**	(564)	(564)
Acquisition costs	**(253)**	**(253)**	–	–
Profit before tax from continuing operations	**11,524**	**10,539**	12,699	12,031
Underlying operating loss of Levolux (note 6)	**(350)**	**(350)**	(1,957)	(1,957)
Brand amortisation Levolux (note 6)	**–**	**–**	(168)	(168)
Write back/(down) of assets held for sale (note 6)	**350**	**350**	–	(14,912)
Loss on disposal of Levolux (note 6)	**–**	**(1,750)**	–	–
Operating profit & profit/(loss) before tax	**11,524**	**8,789**	10,574	(5,006)

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

In addition, management has presented the following specific items that arose in 2022/23 and 2021/22 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 restructuring and legal costs incurred to resolve a commercial dispute and, in the prior year, to exit the Blackdown Roofing installation business; and
- Acquisition costs relating to professional fees incurred in the Group's acquisition activities, primarily in connection with the acquisition of ARP Group announced on 25 July 2023 (see note 32).

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. The liabilities held for resale at 30 June 2022 were £3,859,000, and the assets held for resale were written down to £3,859,001 to reflect the sales proceeds of £1 received on 26 August 2022. In the year to 30 June 2023, a further loss on disposal of £1,750,000 was recorded, representing cash held by Levolux at the date of disposal, other related write downs and transaction costs.

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

	Year to 30 June 2023 £'000	Year to 30 June 2022 £'000
Revenue	**436**	7,820
Underlying operating loss	**(350)**	(1,957)
Brand amortisation	**–**	(168)
Write down of goodwill	**–**	(10,179)
Write down of brand	**–**	(874)
Write back/(down) of Assets held for sale	**350**	(3,859)
Loss on disposal	**(1,750)**	–
Loss before taxation	**(1,750)**	(17,037)
Tax credit (see note 10)	**–**	380
Loss after taxation	**(1,750)**	(16,657)

7 Expenses by nature

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

	2022/23 £'000	2021/22 £'000
Raw materials and consumables	**48,660**	48,291
Depreciation of property, plant & equipment	**2,681**	2,515
Amortisation of intangible assets	**177**	187
Brand amortisation	**70**	70
Loss/(gain) on disposal of property, plant and equipment	**1**	(18)
Unsettled foreign exchange losses/(gains)	**4**	(3)
Employee benefit expense	**20,846**	20,144
Restructuring & legal costs	**262**	564
Acquisition costs	**253**	–
Short-term and low-value lease payments	**717**	544
Research & development	**258**	242
Research & development expenditure credit	**(852)**	–
Auditor's remuneration:		
Audit of these financial statements	**73**	73
Audit of the subsidiary financial statements	**37**	47
Other operating charges	**4,424**	4,026
	77,611	76,682

The research and development expenditure credit was claimed against spend of £4,064,000 (2021/22: £3,889,000), representing qualifying items included within research and development costs, cost of sales and employee benefit expenses.

Notes to the Financial Statements continued

For the year ended 30 June 2023

8 Employee costs and numbers

	2022/23 £'000	2021/22 £'000
Employee benefit expense from continuing operations:		
Wages and salaries	**17,765**	17,463
Social security	**1,722**	1,715
Defined contribution pension costs (note 23)	**1,359**	966
	20,846	20,144
IAS 19 net defined benefit pension scheme finance costs	**48**	60
Total	**20,894**	20,204

	2022/23 Number	2021/22 Number
Average number of employees in continuing operations:		
Operational	**222**	210
Administrative, support and management	**194**	194
	416	404

9 Net finance costs

		2022/23 £'000	2021/22 £'000
Finance costs	– Bank overdrafts	**29**	48
	– Revolving credit facility	**754**	391
	– Interest on lease liabilities	**154**	169
		937	608
	– IAS 19 net pension scheme finance costs	**48**	60
		985	668

10 Tax expense

(a) Tax on profit

Tax charged in the statement of comprehensive income

	2022/23 £'000	2021/22 £'000
Current tax:		
UK corporation tax – continuing operations	**1,704**	1,094
– discontinued operations	**–**	(380)
Overseas tax	**(6)**	207
Amounts under/(over) provided in previous years	**175**	(16)
Total current tax	**1,873**	905
Deferred tax:		
Origination and reversal of temporary differences	**404**	833
Amounts (over)/under provided in previous years	**(206)**	78
Rate change adjustment	**115**	225
Total deferred tax	**313**	1,136
Total tax expense	**2,186**	2,041
Tax charge on continuing operations	**2,186**	2,421
Tax credit on discontinued operations	**–**	(380)
Total tax expense	**2,186**	2,041
Tax recognised in other comprehensive income		
Deferred tax:		
Actuarial losses on pension schemes	**(932)**	(9)
Cash flow hedge	**(70)**	113
Tax (credited)/charged to other comprehensive income	**(1,002)**	104
Total tax charge in the statement of comprehensive income	**1,184**	2,145

(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 24.9% is higher than (2021/22: 20.6% was higher than) the standard rate of corporation tax in the UK of 20.5% (2021/22: 19.0%).

Notes to the Financial Statements continued

For the year ended 30 June 2023

10 Tax expense continued

(b) Reconciliation of the total tax charge continued

The differences are reconciled below:

	2022/23 £'000	2021/22 £'000
Profit before tax from continuing operations	**10,539**	12,031
Loss before tax from discontinued operations	**(1,750)**	(2,125)
Accounting profit before tax	**8,789**	9,906
Current tax at the UK standard rate of 20.5% (2021/22: 19.0%)	**1,802**	1,882
Expenses not deductible for tax purposes	**486**	42
Income not taxable	**(186)**	(170)
Rate change adjustment	**115**	225
Tax under/(over) provided in previous years – current tax	**175**	(16)
Tax (over)/under provided in previous years – deferred tax	**(206)**	78
	2,186	2,041

(c) Unrecognised tax losses

The Group has tax capital losses in the UK amounting to £16.3 million (2022: £16.3 million) that relate to prior years. Under current legislation these losses are available for offset against future chargeable gains. The capital losses are able to be carried forward indefinitely. Revaluation gains on land and buildings amount to £1 million (2022: £1 million). These have been offset in the prior year against the capital losses detailed above. A deferred tax asset has not been recognised in respect of the net capital losses carried forward of £15.3 million (2022: £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 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	–
Charged/(credited) to equity	–	–	–	113	140	253	(9)
At 30 June 2022	1,446	(135)	529	62	(172)	1,730	529
Charged/(credited) to the statement of comprehensive income – current year	**216**	**(36)**	**(18)**	**–**	**(23)**	**139**	**380**
(Credited)/charged to the statement of comprehensive income – prior year	**(14)**	**25**	**(217)**	**–**	**–**	**(206)**	**–**
(Credited)/charged to equity	**–**	**–**	**–**	**(70)**	**21**	**(49)**	**(932)**
At 30 June 2023	**1,648**	**(146)**	**294**	**(8)**	**(174)**	**1,614**	**(1,081)**

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 (2022: £3.8 million) in respect of net capital losses of £15.3 million (2022: £15.3 million) have not been recognised, see note 10 (c).

10 Tax expense continued

(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. Since the 25% tax rate change was enacted at the 30 June 2023 reporting date, deferred tax assets and liabilities have been calculated to reflect the expected timing of reversal of the related temporary difference.

11 Dividends

	2022/23 £'000	2021/22 £'000
Interim dividend for 2023 of 3.40p paid on 6 April 2023	**1,217**	–
Final dividend for 2022 of 6.65p paid on 4 November 2022	**2,382**	–
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
	3,599	3,434

A final dividend of 6.90 pence per equity share, at a cash cost of £2,471,000, has been proposed for the year ended 30 June 2023, payable on 3 November 2023. This dividend has not been accrued in these consolidated financial statements, as it was proposed after the year end.

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:

	2022/23 £'000	2021/22 £'000
Net profit attributable to equity holders of the parent – continuing operations	**8,353**	9,610
Net loss attributable to equity holders of the parent – discontinued operations	**(1,750)**	(16,657)
	6,603	(7,047)

	000s	000s
Weighted average number of shares	**35,806**	35,825
Dilutive potential ordinary shares – employee share options	**386**	586
	36,192	36,411

Basic earnings per share:	2022/23 Pence	2021/22 Pence
Continuing operations	**23.3**	26.8
Discontinued operations	**(4.9)**	(46.5)
	18.4	(19.7)

Diluted earnings per share:	2022/23 Pence	2021/22 Pence
Continuing operations	**23.1**	26.4
Discontinued operations	**(4.9)**	(45.7)
	18.2	(19.3)

Notes to the Financial Statements continued

For the year ended 30 June 2023

12 Earnings per share continued

Calculation of underlying earnings per share:

	2022/23 £'000	2021/22 £'000
Reported profit before taxation from continuing operations	**10,539**	12,031
Brand amortisation	**70**	70
IAS 19 net pension scheme finance costs	**48**	60
Restructuring & legal costs	**262**	564
Acquisition costs	**253**	–
Underlying profit before taxation from continuing operations	**11,172**	12,725
Tax at underlying Group tax rate of 20.0% (2021/22: 19.4%)	**(2,234)**	(2,469)
Underlying earnings from continuing operations	**8,938**	10,256
Weighted average number of shares	**35,806**	35,825
Basic underlying earnings per share from continuing operations	**25.0p**	28.6p
Diluted underlying earnings per share from continuing operations	**24.7p**	28.2p

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 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 1 July 2022	6,909	5,899	1,232	155	17,618	31,813
Additions	**1,060**	**291**	**–**	**10**	**2,103**	**3,464**
Disposals	**–**	**(35)**	**–**	**–**	**(411)**	**(446)**
At 30 June 2023	**7,969**	**6,155**	**1,232**	**165**	**19,310**	**34,831**
Accumulated depreciation and impairment losses						
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 1 July 2022	1,983	1,591	522	97	10,121	14,314
Depreciation charge for year	**979**	**129**	**67**	**25**	**1,481**	**2,681**
On disposals	**–**	**(31)**	**–**	**–**	**(367)**	**(398)**
At 30 June 2023	**2,962**	**1,689**	**589**	**122**	**11,235**	**16,597**
Net book value at 30 June 2023	**5,007**	**4,466**	**643**	**43**	**8,075**	**18,234**
Net book value at 30 June 2022	4,926	4,308	710	58	7,497	17,499
Net book value at 1 July 2021	5,469	4,439	764	55	6,476	17,203

14 Goodwill

	2023 £'000	2022 £'000
Cost:		
At 1 July	**19,428**	19,428
Disposals	**(10,179)**	–
At 30 June	**9,249**	19,428
Impairment:		
At 1 July	**10,902**	723
Disposals	**(10,179)**	–
Write down of Assets held for sale	**–**	10,179
At 30 June	**723**	10,902
Net book value at 30 June	**8,526**	8,526

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

	2023 £'000	2022 £'000
Alumasc Roofing (Building Envelope)	**3,820**	3,820
Timloc (Housebuilding Products)	**2,264**	2,264
Rainclear (Water Management)	**225**	225
Wade (Water Management)	**2,217**	2,217
At 30 June	**8,526**	8,526

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 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% (2022: 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 in arriving at the figures used.

The pre-tax rate used to discount the cash flows of these cash-generating units with on-balance sheet goodwill was 15% (2022: 12%). This rate was based on the Group's estimated weighted average cost of capital (WACC) of 11% (2022: 7%), which was risk-adjusted for each CGU taking into account both external and internal risks. The Group's WACC in 2023 was higher than the rate used in 2022, reflecting an increase in interest costs and the equity market risk premium.

The surplus headroom above the carrying value of goodwill at 30 June 2023 was significant for all CGUs, 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.

Notes to the Financial Statements continued

For the year ended 30 June 2023

15 Other intangible assets

	Brands £'000	Computer software £'000	Total £'000
Cost:			
At 1 July 2021	5,843	2,967	8,810
Additions	–	123	123
Disposals	–	(9)	(9)
At 1 July 2022	5,843	3,081	8,924
Additions	**–**	**194**	**194**
Disposals	**(4,289)**	**(549)**	**(4,838)**
At 30 June 2023	**1,554**	**2,726**	**4,280**
Accumulated amortisation:			
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 1 July 2022	4,598	2,200	6,798
Amortisation for the year	**70**	**177**	**247**
On disposals	**(4,289)**	**(549)**	**(4,838)**
At 30 June 2023	**379**	**1,828**	**2,207**
Net book value at 30 June 2023	**1,175**	**898**	**2,073**
Net book value at 30 June 2022	1,245	881	2,126
Net book value at 1 July 2021	2,357	964	3,321

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

	2023 £'000	2022 £'000
Raw materials	**3,213**	4,067
Work in progress	**275**	280
Finished goods	**8,073**	9,047
	11,561	13,394

During the year the Group's inventory provision increased by £285,000 (2022: increased by £9,000). At 30 June 2023 the Group's inventory provision was £1,451,000 (2022: £1,166,000).

17 Trade and other receivables

	2023 £'000	2022 £'000
Trade receivables	**17,400**	16,801
Other receivables	**1,474**	543
Prepayments	**1,874**	1,442
	20,748	18,786

17 Trade and other receivables continued

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 2023, trade receivables and other receivables of £356,000 (2022: £410,000) were impaired and provided for. Movements in the provision for impairment of receivables were as follows:

	2023 £'000	2022 £'000
At 1 July	**410**	750
Credit for the year	**(26)**	(156)
Amounts written off	**(28)**	(44)
Write down of Assets held for sale	**–**	(140)
At 30 June	**356**	410

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:

	2023		2022	
	Gross receivable £'000	Loss provision £'000	Gross receivable £'000	Loss provision £'000
Current	**15,133**	**255**	14,402	130
Less than 30 days past due	**1,653**	**13**	2,363	135
Less than 60 days past due	**565**	**33**	277	46
Less than 90 days past due	**64**	**27**	30	16
Greater than 90 days past due	**341**	**28**	139	83
	17,756	**356**	17,211	410

18 Assets and liabilities classified as held for sale

	2023 £'000	2022 £'000
Assets classified as held for sale:		
Trade and other receivables	–	3,859

	2023 £'000	2022 £'000
Liabilities classified as held for sale:		
Trade and other payables	–	3,859

Notes to the Financial Statements continued
For the year ended 30 June 2023

19 Trade and other payables

	2023 £'000	2022 £'000
Trade payables	**13,305**	14,257
Other taxation and social security	**2,343**	1,916
Other payables	**1,463**	724
Accruals	**2,009**	2,134
	19,120	19,031

20 Borrowings

	2023 £'000	2022 £'000
Non-current liabilities:		
Non-current instalments due on bank debt	**8,848**	13,000

At 30 June 2023 the Group had a £25.0 million committed revolving credit facility which has an expiry date of August 2025 and two further single year extension periods to August 2026 and August 2027. On 24 July 2023 the Group triggered the first of the two single year extension periods, which extends the £25.0 million committed revolving credit facility expiry date to August 2026. One further single year extension period to August 2027 is still in place. 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 2023 the Group also had £4.0 million (2022: £4.0 million) of bank overdraft facilities, renewed until August 2024 and repayable on demand. The Group has an offset arrangement in place against uncommitted overdraft facilities.

21 Lease liabilities

	2023 £'000	2022 £'000
Non-current lease liabilities	**4,366**	4,251
Current lease liabilities	**868**	881
Total lease liabilities	**5,234**	5,132

	2023 £'000	2022 £'000
At 1 July	**5,132**	5,606
Additions	**1,060**	420
Disposals	**(194)**	(181)
Interest on lease liabilities	**154**	169
Amounts paid on lease liabilities	**(918)**	(882)
At 30 June	**5,234**	5,132

22 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 reporting date.

Financial assets and liabilities

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial assets and liabilities:

	30 June 2023		30 June 2022	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial assets:				
Cash at bank	**5,995**	**5,995**	8,284	8,284
Trade receivables	**17,400**	**17,400**	16,801	16,801
Other receivables	**1,474**	**1,474**	543	543
Derivative financial asset	**–**	**–**	325	325
	24,869	**24,869**	25,953	25,953
Financial liabilities:				
Bank loans	**8,848**	**8,848**	13,000	13,000
Lease liabilities	**5,234**	**5,234**	5,132	5,132
Trade and other payables	**16,777**	**16,777**	17,115	17,115
Derivative financial liabilities	**30**	**30**	–	–
	30,889	**30,889**	35,247	35,247

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 2023 and 2022 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 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	More than 5 years £'000	Total £'000
At 30 June 2023						
Interest bearing loans and borrowings	**–**	**612**	**612**	**9,000**	**–**	**10,224**
Lease liabilities	**–**	**1,041**	**806**	**2,279**	**2,625**	**6,751**
Trade and other payables	**5,224**	**11,556**	**–**	**–**	**–**	**16,780**
	5,224	**13,209**	**1,418**	**11,279**	**2,625**	**33,755**
At 30 June 2022						
Interest bearing loans and borrowings	–	360	300	13,000	–	13,660
Lease liabilities	–	1,058	785	2,219	2,556	6,618
Trade and other payables	4,964	12,151	–	–	–	17,115
	4,964	13,569	1,085	15,219	2,556	37,393

Notes to the Financial Statements continued
For the year ended 30 June 2023

22 Financial instruments continued

Liquidity risk management
The Group manages liquidity risk by monitoring its net cash/debt position regularly and ensuring that committed and uncommitted banking facilities are in place to provide adequate headroom for anticipated future cash flows. Details of the facilities are given above. The Group's net bank debt position at 30 June 2023 was £2.9 million (2022: £4.7 million).

Details of the Group's approach to capital structure are given within the Financial Review on page 15. The maturity profile of the Group's interest bearing financial liabilities is as follows:

	2023 £'000	2022 £'000
Floating rate interest bearing financial liabilities:		
In two to five years	**8,848**	13,000
	8,848	13,000

Interest rate risk
The Group's marginal pre-tax cost of debt finance at interest rates in place at 30 June 2023 under the banking facilities in existence at that time was approximately 6.2% (2022: 2.2%).

The floating rate financial liabilities comprise the drawn down element of the revolving credit facility in existence at the reporting date that bears interest based on SONIA. 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**	(20)
Decrease	**-50**	20

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 reporting 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 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 2023 or 30 June 2022 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.

22 Financial instruments continued

The following shows the amounts of foreign currency denominated receivables, payables and cash balances at 30 June stated in local currency:

	2023 Receivable ccy' 000	2023 Payable ccy' 000	2023 Cash ccy' 000	2023 Net total ccy' 000	2022 Receivable ccy' 000	2022 Payable ccy' 000	2022 Cash ccy' 000	2022 Net total ccy' 000
Euros	**480**	**(1,686)**	**35**	**(1,171)**	183	(168)	54	69
US Dollars	**573**	**(341)**	**39**	**271**	607	(946)	475	136
Hong Kong Dollars	**5,062**	**(120)**	**5,222**	**10,164**	30,096	(144)	20,929	50,881

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
2023 Increase	**+10%**	**26**	**91**	**99**
Decrease	**-10%**	**(32)**	**(112)**	**(121)**
2022 Increase	+10%	13	3	101
Decrease	-10%	(16)	(4)	(124)

Hedging activities

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

	2023 £'000	2022 £'000
Forward foreign exchange contracts	**(30)**	325

At 30 June 2023 the Group had forward foreign exchange contracts with principal amounts equivalent to £6,384,000 (2022: £9,278,000). 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.

23 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, £1,359,000 (2022: £1,090,000, including £124,000 in relation to Levolux) was in respect of defined contribution schemes. At 30 June 2023 there was an accrual of £114,000 payable in respect of defined contribution scheme contributions (2022: £110,000).

Defined benefit schemes

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.

Notes to the Financial Statements continued

For the year ended 30 June 2023

23 Retirement benefit obligations continued

Defined benefit schemes continued

The Scheme's investments, including the asset allocation, is the responsibility of the Trustees of the Scheme. At 30 June 2023 the assets were allocated with around 40% in matching assets and 60% in growth assets. The matching assets include annuity policies that make up around 1.5% of the total assets. It is expected that the matching assets will respond to changes in interest rates and inflation expectations in a similar way to the defined benefit obligations.

Risks associated with the Scheme include asset volatility, inflation increases, increase in life expectancy beyond the allowances already made in the assumptions and changes in bond yields. The weighted average duration of the defined benefit obligation at 30 June 2023 is 15 years (2022: 16 years).

Disclosures in accordance with IAS 19 are set out below in respect of the defined benefit scheme. Pension charges are determined with the advice of an independent qualified actuary on the basis of annual valuations using the projected unit credit method.

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

	The Alumasc Group Scheme 2023 %	The Alumasc Group Scheme 2022 %
Discount rate	**5.25**	3.75
Expected rate of deferred pension increases	**2.60**	2.50
Future pension increases	**3.10–3.65**	3.05–3.60
Retail Price Index inflation rate	**3.20**	3.15
Consumer Price Index inflation rate	**2.60**	2.50

	Years	Years
Post retirement mortality		
Current pensioners at 65 – male	**21.6**	21.5
Current pensioners at 65 – female	**24.0**	23.5
Future pensioners at 65 in 2043 – male	**22.9**	22.8
Future pensioners at 65 in 2043 – female	**25.5**	24.9

A discount rate of 5.25% has been used in calculating the present value of liabilities of the pension scheme at 30 June 2023. A 0.1% change to this rate would have changed the present value of the pension fund liabilities at that date by approximately £744,000 before tax.

A Retail Price Index inflation rate of 3.20% and a Consumer Price Index inflation rate of 2.60% have been used in calculating the present value of liabilities of the pension scheme at 30 June 2023. A 0.1% change to these rates would have changed the present value of the pension fund liabilities at that date by approximately £209,000 before tax.

In valuing the liabilities of the pension scheme at 30 June 2023, 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 2023 would have increased by approximately £2,391,000 before tax.

23 Retirement benefit obligations continued

Defined benefit schemes continued

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

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Scheme assets at fair value:					
Equities	**22,443**	30,160	50,653	44,222	43,758
Liability Driven Investment Funds	**6,759**	10,425	14,277	17,922	16,194
Corporate bonds and insured annuities	**20,331**	17,347	13,021	13,135	12,483
Multi-asset fund	**14,736**	18,945	23,142	19,576	19,692
Property	**6,520**	7,696	7,217	7,019	6,123
Cash	**661**	2,659	4,319	1,594	2,217
	71,450	87,232	112,629	103,468	100,467
Present value of scheme liabilities	**(75,773)**	(89,346)	(117,210)	(122,737)	(113,418)
Defined benefit pension deficit	**(4,323)**	(2,114)	(4,581)	(19,269)	(12,951)

Of the above assets, all have a quoted market price with the exception of £1,039,000 of insured annuities (2022: £1,194,000) and £845,000 of property (2022: £845,000).

The whole of the defined benefit pension deficit is shown as a non-current liability.

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

	2022/23 £'000	2021/22 £'000
Included in net finance costs:		
Net pension scheme finance costs	**(48)**	(60)
Included in other comprehensive income:		
Movements on retirement benefit obligations:		
Actuarial gain/(loss) arising from change in demographic assumptions	**105**	(83)
Actuarial gain arising from change in financial assumptions	**12,847**	25,480
Experience losses	**(1,154)**	(700)
Actuarial gain on retirement benefit obligations	**11,798**	24,697
Actuarial loss on plan assets	**(15,526)**	(24,731)
Net actuarial loss (pre-tax)	**(3,728)**	(34)
Total recognised in the statement of comprehensive income (pre-tax)	**(3,776)**	(94)

The actual return on plan assets for 2022/23 was a loss of £12,319,000 (2021/22: loss of £22,728,000).

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

	2023 £'000	2022 £'000
At 1 July	**(89,346)**	(117,210)
Interest cost	**(3,255)**	(2,063)
Benefits paid	**5,030**	5,230
Actuarial gain	**11,798**	24,697
At 30 June	**(75,773)**	(89,346)

Notes to the Financial Statements continued

For the year ended 30 June 2023

23 Retirement benefit obligations continued

Defined benefit schemes continued

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

	2023 £'000	2022 £'000
At 1 July	**87,232**	112,629
Expected return on plan assets	**3,207**	2,003
Actuarial loss	**(15,526)**	(24,731)
Contributions by employer	**1,567**	2,561
Benefits paid	**(5,030)**	(5,230)
At 30 June	**71,450**	87,232

The cumulative amount of actuarial losses recognised since 1 July 2004 in the Group statement of comprehensive income is £15,330,000 (2021/22: losses of £11,602,000).

24 Provisions

	Dilapidations £'000 Note (i)	Warranty £'000 Note (ii)	Restructuring £'000 Note (iii)	Total £'000
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 1 July 2022	1,461	203	757	2,421
Charge for the year	**75**	**25**	**–**	**100**
Utilised	**(63)**	**(21)**	**(640)**	**(724)**
At 30 June 2023	**1,473**	**207**	**117**	**1,797**
At 30 June 2023				
Current liabilities	**443**	**52**	**117**	**612**
Non-current liabilities	**1,030**	**155**	**–**	**1,185**
	1,473	**207**	**117**	**1,797**
At 30 June 2022				
Current liabilities	527	76	757	1,360
Non-current liabilities	934	127	–	1,061
	1,461	203	757	2,421

(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 at 30 June 2023 are held mainly in respect of the restructuring of the Roofing business and are expected to be utilised within 12 months.

25 Share capital

	2023 £'000	2022 £'000
Allotted, called up and fully paid:		
36,133,558 (2022: 36,133,558) ordinary shares of 12.5p each	**4,517**	4,517

26 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 322,418 (2022: 327,493) ordinary own shares held by the Company. The market value of shares at 30 June 2023 was £475,567 (2022: £519,076). These are held to help satisfy the exercise of awards under the Company's Long Term Incentive Plans. During the year 52,630 (2022: 297,021) shares with an original cost of £96,000 (2022: £402,000) 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.

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.

27 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 76 to 86.

	As at 1 July 2022	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 2023	Weighted average exercise price (pence)
LTIP(i)	698,858	**n/a**	**307,264**	**n/a**	**(22,175)**	**n/a**	**(48,717)**	**n/a**	**935,230**	**n/a**
ESOS(ii)	460,000	**130**	**225,000**	**150**	**(35,380)**	**82**	**(114,620)**	**116**	**535,000**	**143**

	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	91	160,000	226	(78,810)	122	(41,190)	116	460,000	130

(i) Long Term Incentive Plan.
(ii) Executive share option scheme.

ESOS

For the share options outstanding at 30 June 2023 the weighted average remaining contractual life is 8.2 years (30 June 2022: 8.0 years). The exercise price of the options outstanding ranges between 79 pence and 226 pence. 80,000 share options are exercisable at 30 June 2023 (30 June 2022: 30,000). The weighted average share price of options exercised during the year at date of exercise was 160 pence (2022: 226 pence).

LTIP

The October 2020 LTIP awards are expected to vest in October 2023. The weighted average share price of options exercised during the year at date of exercise was 138 pence (2022: 225 pence).

Notes to the Financial Statements continued

For the year ended 30 June 2023

27 Share-based payments continued

Fair value of awards

The Black-Scholes option pricing model has been used to calculate the fair value of the options and the amount to be expensed in the statement of comprehensive income. The fair values of awards granted in the year, together with the assumptions used in the option pricing model are as follows:

	ESOS		LTIP	
	2023	2022	2023	2022
Share price at grant date	**150p**	226p	**150p**	226p
Exercise price	**150p**	226p	**nil**	nil
Expected volatility	**25%**	30%	**25%**	30%
Expected life (years)	**3**	3	**3**	3
Risk free rate	**3.0%**	1.0%	**3.0%**	1.0%
Dividend yield at date of grant	**6.8%**	4.3%	**6.8%**	4.3%
Fair value per option	**16p**	33p	**122p**	211p

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 2023 was £182,000 (2021/22: £118,000). Of this, £162,000 (2021/22: £98,000) is in respect of key management personnel, which are the Directors of The Alumasc Group plc.

28 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 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 1 July 2022	8,284	(13,000)	(4,716)	(5,132)	(9,848)
Cash flow movements	**(2,271)**	**4,262**	**1,991**	**765**	**2,756**
Non-cash movements	**–**	**(110)**	**(110)**	**(867)**	**(977)**
Effect of foreign exchange rates	**(18)**	**–**	**(18)**	**–**	**(18)**
At 30 June 2023	**5,995**	**(8,848)**	**(2,853)**	**(5,234)**	**(8,087)**

29 Financial commitments

(i) Capital commitments

At 30 June 2023 £1,579,000 (2022: £121,000) 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 (2022: £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 number of motor vehicles and items of plant and equipment. The leases have varying terms and renewal rights.

30 Related party disclosure

The Group's principal actively trading subsidiaries at 30 June 2023 are listed below:

Principal subsidiaries	Principal activity	Country of incorporation	% of equity interest and votes held 2023	2022
Alumasc Building Products Limited	Building products	England	**100**	100

A full list of the Group's subsidiaries is shown on page 156.

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 the Directors' compensation are detailed in the Directors' Remuneration Report on pages 76 to 86. No other transactions were made during the financial period between the Company and the Directors.

31 Contingent liabilities

At the reporting date there existed contingent liabilities amounting to £657,000 (2022: £533,000) in relation to outstanding Guarantees and £nil (2022: £129,000) in relation to outstanding Performance Bonds.

32 Post balance sheet events

On 25 July 2023 the Group announced that is has agreed, subject to approval from the Competition and Markets Authority (CMA), to acquire the entire issued share capital of ARP Group, a manufacturer and distributor of specialist metal rainwater and architectural aluminium goods, for a maximum cash consideration of £10.0 million on a cash and debt free basis, and subject to adjustments for normalised working capital. The consideration comprises an initial £8.5 million, adjusted for net cash/debt and normalised working capital, with a further £1.5 million payable subject to ARP Group's performance over the two years ending November 2024. ARP's consolidated unaudited results for the year ended February 2023 showed revenue of £10.8 million and adjusted EBITDA of £1.3 million. Consolidated net assets were £4.5 million.

The CMA are expected to conclude their review, and the transaction to complete, by November 2023. Regardless of the outcome of this review, the Group expects to incur a further £200,000 of acquisition expenses in the year to 30 June 2024.

Company Statement of Financial Position
At 30 June 2023

	Notes	2023 £'000	2022 £'000
Assets			
Non-current assets			
Property, plant & equipment – owned assets	5	**416**	442
Property, plant & equipment – right-of-use assets	5	**450**	456
Investments in Group companies	6	**55,571**	55,571
Deferred tax assets	9	**259**	222
		56,696	56,691
Current assets			
Trade and other receivables	7	**1,747**	805
Cash and cash equivalents	19	**1,052**	2,627
		2,799	3,432
Total assets		**59,495**	60,123
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	10, 19	**(8,848)**	(13,000)
Lease liability	11	**(470)**	(473)
Amounts due to subsidiary undertakings	20	**(12,358)**	(9,823)
Employee benefits payable	13	**(232)**	(110)
Provisions	14	**(739)**	(196)
Deferred tax liabilities	9	**(21)**	(24)
		(22,668)	(23,626)
Current liabilities			
Lease liability	11	**(3)**	(3)
Trade and other payables	8	**(1,142)**	(1,436)
		(1,145)	(1,439)
Total liabilities		**(23,813)**	(25,065)
Net assets		**35,682**	35,058
Equity			
Share capital	15	**4,517**	4,517
Share premium	16	**445**	445
Capital reserve – own shares	16	**(577)**	(601)
Profit and loss account reserve	16	**31,297**	30,697
Total equity		**35,682**	35,058

As permitted by Section 408 of the Companies Act 2006, the Company profit and loss account is not presented. The profit for the year after tax was £4,267,000 (2022: £4,798,000 loss). The financial statements were approved by the Board of Directors and authorised for issue on 5 September 2023.

Paul Hooper
Director
5 September 2023
Company number 1767387

Simon Dray
Director

Company Statement of Cash Flows
For the year ended 30 June 2023

	Notes	2022/23 £'000	2021/22 £'000
Operating activities			
Operating profit		**4,766**	9,195
Adjustments for:			
Depreciation	5	**41**	82
Increase in receivables		**(942)**	(412)
Decrease in trade and other payables		**(294)**	(170)
Movement in provisions		**543**	(54)
Cash contributions to retirement benefit schemes	13	**(86)**	(141)
Share-based payments		**182**	118
Net cash inflow from operating activities		**4,210**	8,618
Investing activities			
Purchase of property, plant and equipment		**(9)**	(5)
Net cash outflow from investing activities		**(9)**	(5)
Financing activities			
Bank interest paid		**(379)**	(157)
Equity dividends paid	4	**(3,599)**	(3,434)
(Repayment)/draw down of amounts borrowed	19	**(4,000)**	7,000
Draw down/(repayment) of amounts borrowed from subsidiaries		**2,535**	(9,724)
Refinancing costs	19	**(262)**	–
Purchase of own shares		**(51)**	(526)
Payment of lease liabilities		**(20)**	(20)
Net cash outflow from financing activities		**(5,776)**	(6,861)
Net (decrease)/increase in cash at bank and bank overdraft	19	**(1,575)**	1,752
Net cash at bank and bank overdraft brought forward		**2,627**	875
Net (decrease)/increase in cash at bank and bank overdraft		**(1,575)**	1,752
Net cash at bank and bank overdraft carried forward	19	**1,052**	2,627

Company Statement of Changes in Equity

For the year ended 30 June 2023

	Share capital £'000	Share premium £'000	Capital reserve – own shares £'000	Profit and loss account reserve £'000	Total equity £'000
At 1 July 2021	4,517	445	(406)	39,284	43,840
Loss for the year	–	–	–	(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 1 July 2022	4,517	445	(601)	30,697	35,058
Profit for the year	**–**	**–**	**–**	**4,267**	**4,267**
Actuarial loss on defined benefit pensions, net of tax	**–**	**–**	**–**	**(154)**	**(154)**
Dividends	**–**	**–**	**–**	**(3,599)**	**(3,599)**
Share-based payments	**–**	**–**	**–**	**182**	**182**
Acquisition of own shares	**–**	**–**	**(72)**	**–**	**(72)**
Own shares used to satisfy exercise of share awards	**–**	**–**	**96**	**–**	**96**
Tax on share options	**–**	**–**	**–**	**(21)**	**(21)**
Exercise of share-based incentives	**–**	**–**	**–**	**(75)**	**(75)**
At 30 June 2023	**4,517**	**445**	**(577)**	**31,297**	**35,682**

Notes to the Company Financial Statements

For the year ended 30 June 2023

1 Basis of preparation

The Alumasc Group plc (the 'Company') 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 ongoing 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 is detailed on page 106.

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.

At 30 June 2023 the Group had a £25.0 million committed revolving credit facility which has an expiry date of August 2025 and two further single year extension periods to August 2026 and August 2027. On 24 July 2023 the Group triggered the first of the two single year extension periods, which extends the £25.0 million committed revolving credit facility expiry date to August 2026. One further single year extension period to August 2027 is still in place. 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. At 30 June 2023 the Group's net debt was £2.9 million (2022: £4.7 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.

See note 2 of the Group accounts for details of new standards and interpretations applied and not applied during the period beginning 1 July 2022.

Judgements and estimates

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement and valuation of defined benefit pension obligations and the valuation of the Company's investments in subsidiaries.

Measurement of defined benefit pension obligations requires estimation of future changes in inflation, mortality rates and the selection of a suitable discount rate (see note 13).

The valuation of the Company's investments is reviewed where impairment indicators are identified with key assumptions and estimates being applied by management in assessing whether any impairment is required. See note 6 for further details.

Notes to the Company Financial Statements continued

For the year ended 30 June 2023

2 Summary of significant accounting policies continued

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Under IFRS transitional provisions, the Company elected to bring in previous valuations of freehold and long leasehold land and buildings at a valuation frozen under FRS 15, and these amounts are carried forward at deemed cost.

Freehold land is not depreciated.

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

Right-of-use assets	– over the period of the lease
Freehold buildings	– 25 to 50 years
Long leasehold property	– over the period of the lease
Plant and equipment	– 3 to 15 years

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

Impairment of fixed assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell, and its value in use. It is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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

Leases

(i) Identification of a lease

At inception of a contract 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.

(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.

2 Summary of significant accounting policies continued

Leases continued

(ii) As a lessee continued

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

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

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

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

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

Short-term leases and leases of low-value assets

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

(iii) As a lessor

IFRS 16 lessor accounting requirements remain similar to requirements under IAS 17 with the change in accounting standard having no impact on the Company's financial statements. When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

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

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

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

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

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.

Notes to the Company Financial Statements continued

For the year ended 30 June 2023

2 Summary of significant accounting policies continued

Pension costs continued

(i) Defined benefit pensions

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

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

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

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

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

(ii) Defined contribution pensions

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

Income taxes

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

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

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

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

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

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.

2 Summary of significant accounting policies continued

Own shares

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

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

Equity settled share-based payment transactions

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

Investment in subsidiaries

Investments in subsidiaries are stated at cost, less provisions for impairment where appropriate.

Derivative financial instruments and hedging

The Company uses derivative financial instruments to hedge its, and the Group's exposure to interest rate and foreign exchange risk.

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

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

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

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

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

Amounts taken to equity are transferred to the income statement at the time when the underlying transaction being hedged affects profit or loss, such as when the forecast sale or purchase of the hedged item occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability. If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the statement of comprehensive income.

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

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

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.

Notes to the Company Financial Statements continued
For the year ended 30 June 2023

2 Summary of significant accounting policies continued

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.

3 Expenses by nature
The following item has been charged in arriving at operating profit and loss:

	2022/23 £'000	2021/22 £'000
Auditor's remuneration – audit of the financial statements of the Company	**18**	18

4 Dividends

	2022/23 £'000	2021/22 £'000
Interim dividend for 2023 of 3.40p paid on 6 April 2023	**1,217**	–
Final dividend for 2022 of 6.65p paid on 4 November 2022	**2,382**	–
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
	3,599	3,434

A final dividend of 6.90 pence per equity share, at a cash cost of £2,471,000, has been proposed for the year ended 30 June 2023, payable on 3 November 2023. This dividend has not been accrued in these company financial statements as it was proposed after the year end.

5 Property, plant and equipment

	Right-of-use assets (property) £'000	Freehold land and buildings £'000	Long leasehold property £'000	Plant and equipment £'000	Total £'000
Cost:					
At 1 July 2021	485	749	235	608	2,077
Additions	–	–	–	5	5
Disposals	–	–	–	(24)	(24)
At 30 June 2022	485	749	235	589	2,058
Additions	**–**	**–**	**–**	**9**	**9**
Disposals	**–**	**–**	**–**	**–**	**–**
At 30 June 2023	**485**	**749**	**235**	**598**	**2,067**
Depreciation:					
At 1 July 2021	17	333	235	517	1,102
Charge for the year	12	8	–	62	82
Disposals	–	–	–	(24)	(24)
At 1 July 2022	29	341	235	555	1,160
Charge for the year	**6**	**8**	**–**	**27**	**41**
Disposals	**–**	**–**	**–**	**–**	**–**
At 30 June 2023	**35**	**349**	**235**	**582**	**1,201**
Net book value:					
At 30 June 2023	**450**	**400**	**–**	**16**	**866**
At 30 June 2022	456	408	–	34	898
At 1 July 2021	468	416	–	91	975

Included within freehold land and buildings is land of £336,000 (2022: £336,000) which is not depreciated.

Notes to the Company Financial Statements continued
For the year ended 30 June 2023

6 Investment in Group companies

	Total £'000
Cost:	
At 1 July 2021 and 1 July 2022	89,911
Amounts written off	**(14,423)**
At 30 June 2023	**75,488**
Provisions:	
At 1 July 2021	19,917
Provided in year	14,423
At 30 June 2022	**34,340**
Amounts written off	**(14,423)**
At 30 June 2023	**19,917**
Net book value:	
At 30 June 2023	**55,571**
At 1 July 2022	55,571
At 1 July 2021	69,994

At close of business on 30 June 2023 the principal actively trading subsidiary undertakings and related classes of business are as follows: Alumasc Building Products Limited (building products). The investment in Levolux was written down to £nil in the year to 30 June 2022, and was written off in the year to 30 June 2023, 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

	2023 £'000	2022 £'000
Other receivables	**1,512**	598
Prepayments	**235**	207
	1,747	805

8 Trade and other payables

	2023 £'000	2022 £'000
Other payables	**704**	671
Other taxation and social security	**138**	176
Accruals	**300**	589
	1,142	1,436

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	Share options £'000	Total deferred tax asset £'000	Deferred tax liabilities £'000
At 1 July 2021	62	19	320	401	(34)
(Charged)/credited to the statement of comprehensive income	(34)	3	(8)	(39)	10
Charged to equity	–	–	(140)	(140)	–
At 30 June 2022	28	22	172	222	(24)
Charged to the statement of comprehensive income	**(21)**	**5**	**23**	**7**	**3**
Credited/(charged) to equity	**51**	**–**	**(21)**	**30**	**–**
At 30 June 2023	**58**	**27**	**174**	**259**	**(21)**

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

	2023 £'000	2022 £'000
Non-current liabilities:		
Non-current instalments due on bank loan	**8,848**	13,000

At 30 June 2023 the Group had a £25.0 million committed revolving credit facility which has an expiry date of August 2025 and two further single year extension periods to August 2026 and August 2027. On 24 July 2023 the Group triggered the first of the two single year extension periods, which extends the £25.0 million committed revolving credit facility expiry date to August 2026. One further single year extension period to August 2027 is still in place. 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 2023 the Group also had £4.0 million (2022: £4.0 million) of bank overdraft facilities, renewed until August 2024 and repayable on demand. The Group has an offset arrangement in place against uncommitted overdraft facilities.

11 Lease liabilities

	2023 £'000	2022 £'000
Non-current lease liabilities	**470**	473
Current lease liabilities	**3**	3
Total lease liabilities	**473**	476

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

Notes to the Company Financial Statements continued

For the year ended 30 June 2023

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 2023		30 June 2022	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial assets:				
Trade and other receivables	**1,512**	**1,512**	598	598
Cash at bank	**1,052**	**1,052**	2,627	2,627
	2,564	**2,564**	3,225	3,225
Financial liabilities:				
Bank loans	**8,848**	**8,848**	13,000	13,000
Lease liabilities	**473**	**473**	476	476
Trade, intercompany and other payables	**13,500**	**13,500**	11,881	11,881
	22,821	**22,821**	25,357	25,357

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 2023 and 2022 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 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	More than 5 years	Total £'000
At 30 June 2023						
Interest bearing loans and borrowings	**–**	**612**	**612**	**9,000**	**–**	**10,224**
Lease liabilities	**–**	**3**	**3**	**9**	**458**	**473**
Trade, intercompany and other payables	**–**	**1,739**	**1,500**	**4,500**	**5,623**	**13,362**
	–	**2,354**	**2,115**	**13,509**	**6,081**	**24,059**
At 30 June 2022						
Interest bearing loans and borrowings	–	360	300	13,000	–	13,660
Lease liabilities	–	3	3	9	461	476
Trade, intercompany and other payables	–	1,428	1,500	4,500	4,453	11,881
	–	1,791	1,803	17,509	4,914	26,017

Liquidity risk management

The Company's liquidity risk management is consistent with that of the Group as outlined in the notes to the consolidated financial statements. The Company's net debt position at 30 June 2023 was £7.8 million (2022: £10.4 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 2023 of £2.9 million (2022: £4.7 million).

12 Financial instruments continued

Liquidity risk management continued

The maturity profile of the Company's interest bearing financial liabilities is as follows:

	2023 £'000	2022 £'000
Floating rate interest bearing financial liabilities:		
In less than one year	**–**	–
In two to five years	**8,848**	13,000
	8,848	13,000

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 2023 or 30 June 2022 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

£138,000 (2022: £130,000) was charged to operating profit in the statement of comprehensive income for defined contribution pension scheme contributions. At 30 June 2023 there was an accrual of £108,000 payable in respect of the defined contribution scheme (2022: £108,000).

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:

	2023 %	2022 %
Discount rate	**5.25**	3.75
Expected rate of deferred pension increases	**2.60**	2.50
Future pension increases	**3.10–3.65**	3.05–3.60
Retail Price Index inflation rate	**3.20**	3.15
Consumer Price Index inflation rate	**2.60**	2.50

Notes to the Company Financial Statements continued

For the year ended 30 June 2023

13 Retirement benefit obligations continued

Defined benefit scheme continued

	Years	Years
Post retirement mortality:		
Current pensioners at 65 – male	**21.6**	21.5
Current pensioners at 65 – female	**24.0**	23.5
Future pensioners at 65 in 2043 – male	**22.9**	22.8
Future pensioners at 65 in 2043 – female	**25.5**	24.9

A discount rate of 5.25% has been used in calculating the present value of liabilities of the pension scheme at 30 June 2023. A 0.1% change to this rate would have changed the present value of the pension fund liabilities at that date by approximately £31,000 before tax.

A Retail Price Index inflation rate of 3.20% and a Consumer Price Index inflation rate of 2.60% have been used in calculating the present value of liabilities of the pension scheme at 30 June 2023. A 0.1% change to these rates would have changed the present value of the pension fund liabilities at that date by approximately £9,000 before tax.

In valuing the liabilities of the pension scheme at 30 June 2023, 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 2023 would have increased by approximately £100,000 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:

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Equities	**925**	1,318	2,344	2,012	1,982
Liability Driven Investment Funds	**278**	458	661	815	731
Bonds and insured annuities	**838**	758	602	598	564
Multi-asset fund	**607**	827	1,071	891	889
Property and cash	**296**	452	533	391	376
Total market value of assets	**2,944**	3,813	5,211	4,707	4,542
Actuarial value of liability	**(3,176)**	(3,923)	(5,457)	(5,761)	(5,249)
Defined benefit pension deficit	**(232)**	(110)	(246)	(1,054)	(707)

Of the above assets, all have a quoted market price with the exception of £43,000 of insured annuities (2021/22: £52,000) and £37,000 of property (2021/22: £37,000).

The whole of the defined benefit pension deficit is shown as a non-current liability.

13 Retirement benefit obligations continued

Defined benefit scheme continued

Amounts recognised in the statement of comprehensive income in respect of the defined benefit pension plan, before taxation, are as follows:

	2022/23 £'000	2021/22 £'000
Included in net finance costs:		
Net pension scheme finance costs	**(3)**	(3)
Included in other comprehensive income:		
Actuarial loss on plan assets	**(854)**	(1,361)
Actuarial gain on retirement benefit obligations	**649**	1,359
	(205)	(2)
Total recognised in the statement of comprehensive income	**(208)**	(5)

The actual return on plan assets for 2022/23 was a loss of £678,000 (2021/22: loss of £1,251,000).

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

	2023 £'000	2022 £'000
At 1 July	**(3,923)**	(5,457)
Interest cost	**(179)**	(113)
Benefits paid	**277**	288
Actuarial gain	**649**	1,359
At 30 June	**(3,176)**	(3,923)

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

	2023 £'000	2022 £'000
At 1 July	**3,813**	5,211
Expected return on plan assets	**176**	110
Actuarial loss	**(854)**	(1,361)
Contributions by employer	**86**	141
Benefits paid	**(277)**	(288)
At 30 June	**2,944**	3,813

The cumulative amount of net actuarial losses recognised in the statement of comprehensive income is £939,000 (2021/22: losses of £734,000).

14 Provisions

	£'000
At 1 July 2021	250
Utilised	(54)
At 30 June 2022	196
Charged	543
At 30 June 2023	**739**

The Company has provided £739,000 (2022: £196,000) in relation to the anticipated cost of dilapidations and required restoration to its leasehold properties.

Notes to the Company Financial Statements continued

For the year ended 30 June 2023

15 Share Capital

	2023 £'000	2022 £'000
Allotted, called up and fully paid:		
36,133,558 (2022: 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 322,418 (2022: 327,493) ordinary own shares held by the Company. The market value of shares at 30 June 2023 was £475,567 (2022: £519,076). These are held to help satisfy the exercise of awards under the Company's Long Term Incentive Plans. During the year 52,630 (2022: 297,021) shares with an original cost of £96,000 (2022: £402,000) 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.

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 £31,297,000 (2022: £30,697,000).

Cumulative actuarial losses relating to defined benefit pension schemes of £939,000 (2022: losses of £734,000) 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 76 to 86.

	As at 1 July 2022	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 2023	Weighted average exercise price (pence)
LTIP(i)	503,968	**n/a**	**196,258**	**n/a**	**(22,175)**	**–**	**(48,717)**	**n/a**	**629,334**	**n/a**
ESOS(ii)	70,000	**129**	**30,000**	**150**	**–**	**–**	**–**	**–**	**100,000**	**135**

	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	101	20,000	226	(20,000)	129	–	–	70,000	129

(i) Long Term Incentive Plan.
(ii) Executive share option scheme.

17 Share-based payments continued

ESOS

For the share options outstanding at 30 June 2023 the weighted average remaining contractual life is 7.7 years (30 June 2022: 8.0 years). The exercise price of the options outstanding ranges between 79 pence and 226 pence. 30,000 share options are exercisable at 30 June 2023 (30 June 2022: 10,000). The weighted average share price of options exercised during the year at date of exercise was nil pence (2022: 248 pence).

LTIP

The October 2020 LTIP awards are expected to vest in October 2023. The weighted average share price of options exercised during the year at date of exercise was 137 pence (2022: 225 pence).

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	
	2023	2022	2023	2022
Share price at grant date	**150p**	226p	**150p**	226p
Exercise price	**150p**	226p	**nil**	nil
Expected volatility	**25%**	30%	**25%**	30%
Expected life (years)	**3**	3	**3**	3
Risk free rate	**3.0%**	1.0%	**3.0%**	1.0%
Dividend yield at date of grant	**6.8%**	4.3%	**6.8%**	4.3%
Fair value per option	**16p**	33p	**122p**	211p

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 2023 is £182,000 (2021/22: £118,000).

18 Financial commitments

(i) Capital commitments

The Company had no capital commitments at the year end (2022: £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 Group also leases a number of motor vehicles and items of plant and equipment.

The total future minimum sub-lease receipts under non-cancellable leases where the Company acts as a lessor are as follows:

	Property 2023 £'000	Property 2022 £'000
Less than one year	**40**	40
Between one and five years	**160**	160
After five years	**360**	400
	560	600

Notes to the Company Financial Statements continued
For the year ended 30 June 2023

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 2021	875	(5,936)	(5,061)	(479)	(5,540)
Cash flow movements	1,752	(7,000)	(5,248)	3	(5,245)
Effect of foreign exchange rates	–	(64)	(64)	–	(64)
At 1 July 2022	2,627	(13,000)	(10,373)	(476)	(10,849)
Cash flow movements	**(1,575)**	**4,262**	**2,687**	**3**	**2,690**
Non-cash movements	**–**	**(110)**	**(110)**	**–**	**(110)**
At 30 June 2023	**1,052**	**(8,848)**	**(7,796)**	**(473)**	**(8,269)**

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 156.

The total non-current position with regards to amounts owed to subsidiary undertakings at 30 June 2023 was a £12,358,000 liability (2022: £9,823,000 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 76 to 86. No further transactions were made during the financial period between the Company and the Directors.

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 (2022: none) of the overdraft facilities guaranteed by the Company.

Financial summary

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Income Statement Summary							
Continuing operations:							
Revenue	63,969	65,091	71,315	60,299	77,805	89,381	**89,135**
Gross profit	22,880	22,353	24,184	20,432	29,441	33,366	**32,729**
Gross margin	*35.8%*	*34.3%*	*33.9%*	*33.9%*	*37.8%*	*37.3%*	***36.7%***
Underlying operating profit	6,714	5,438	6,973	5,053	10,506	13,333	**12,109**
Underlying operating margin	*10.5%*	*8.4%*	*9.8%*	*8.4%*	*13.5%*	*14.9%*	***13.6%***
Net interest cost on borrowings	(132)	(212)	(281)	(343)	(311)	(439)	**(783)**
Interest on lease liabilities	–	–	–	(153)	(178)	(169)	**(154)**
Underlying profit before tax	6,582	5,226	6,692	4,557	10,017	12,725	**11,172**
Non-underlying items*	(720)	(914)	(4,431)	(1,138)	(546)	(694)	**(633)**
Profit before taxation	5,862	4,312	2,261	3,419	9,471	12,031	**10,539**
Taxation	(1,492)	(967)	(256)	(442)	(2,118)	(2,421)	**(2,186)**
Profit for the year from continuing operations	4,370	3,345	2,005	2,977	7,353	9,610	**8,353**
Discontinued operations – Profit/(loss) after tax	2,170	972	1,636	(721)	233	(16,657)	**(1,750)**
Profit/(loss) for the year	6,540	4,317	3,641	2,256	7,586	(7,047)	**6,603**
Underlying earnings per share from continuing operations (pence)	14.7	11.6	14.8	10.2	22.5	28.6	**25.0**
Basic earnings per share (pence)	18.3	12.0	10.1	6.3	21.2	(19.7)	**18.4**
Dividends per share (pence)	7.15	7.35	7.35	2.0	9.5	10.0	**10.3**
Balance Sheet Summary at 30 June							
Shareholders' funds	20,437	24,421	25,445	19,841	36,145	25,732	**25,747**
Net debt/(cash)	(6,076)	4,812	5,095	4,333	937	4,716	**2,853**
Lease liabilities	–	–	–	5,924	5,606	5,132	**5,234**
Pension deficit (net of tax)	17,095	12,566	10,749	15,608	3,436	1,585	**3,242**
Discontinued operations	(334)	(714)	359	–	(11,221)	–	**–**
Capital Invested – continuing operations	31,122	41,085	41,648	45,706	34,903	37,165	**37,076**
Underlying return on capital invested (post-tax)**	18.6%	12.0%	13.4%	9.2%	18.4%	29.8%	**26.1%**
Underlying tax rate	20.6%	20.2%	20.4%	20.3%	19.5%	19.4%	**20.0%**

* Non-underlying items comprise brand amortisation and IAS 19 pension costs in all years. Further details of the 2021/22 and 2022/23 non-underlying items can be found in note 5 of the Report and Accounts 2023.

** 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 64 and 65.

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 25 and 26 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 82 and 83.

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 2023. There was a late transfer out from the Trust of 5,074 shares on 5 July 2023. 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 2022 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 26 October 2023. 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 2023 is shown in Note 20 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

At 30 June 2023, the following persons had disclosed an interest in the issued Ordinary Share capital of the Company in accordance with the requirements of rules 5.1.2 or 5.1.5 of the UK Listing Authority's Disclosure Guidance and Transparency Rules.

Shareholder	Number of ordinary shares	% of issued share capital
John McCall	4,194,668	11.60
AXA Framlington Investment Managers	3,045,000	8.43
Mr Philip H R Gwyn	2,735,605	7.57
Hargreaves Lansdown	2,557,845	7.08
Charles Stanley	1,825,088	5.05
Chelverton Asset Management	1,400,000	3.87

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 38, and 52 to 55.

Greenhouse gas emissions (GHG)

Information about the Group's greenhouse gas emissions is given in the ESG Report on pages 34 and 35.

Annual General Meeting

The Notice of the AGM, to be held on 26 October 2023, is available in this Report and Accounts on pages after page 159 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
Gatic (Middle East) FZ-LLC	Building products	United Arab Emirates
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**

Gatic (Middle East) FZ-LLC
Dubai Media City
Commercial Building 5
Dubai
United Arab Emirates
Tel: **+971 (0) 58 539 2730**
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

Nominated Adviser (NOMAD)

finnCap
One Bartholomew Close
London
EC1A 7BL

Notice of Annual General Meeting

Notice is given that the 2023 Annual General Meeting (AGM) of The Alumasc Group plc (the Company) will be held at Wade, Third Avenue, Halstead, Essex CO9 2SX at 10am on Thursday 26 October 2023 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 2023**

2 **To receive the report of the Remuneration Committee for the year ended 30 June 2023**

3 **To approve the Remuneration Policy**

4 **To declare a final dividend of 6.9 pence per share**

5 **To re-elect Gilbert Jackson as a Director**

6 **To re-elect Michael Leaf as a Director**

7 **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**

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

Special business

The following resolution will be proposed as an ordinary resolution.

9 **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.

10 **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 9 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 25 October 2024).

11 **Disapplication of statutory pre-emption rights: Acquisition or capital investment**

That if resolution 9 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.

Notice of Annual General Meeting continued

12 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 25 October 2024, 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
5 September 2023

Burton Latimer
Kettering
Northamptonshire
NN15 5JP

Registered No:
01767387

Explanatory Notes
to the Notice of Annual General Meeting

Resolutions 1 to 9 are being proposed as Ordinary resolutions and Resolutions 10 to 12 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 2023, together with the Directors' and Auditors' report on those accounts.

Resolution 2 – Directors' Remuneration Report

The Directors' Remuneration Report is set out on pages 76 to 86. 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 2023.

Resolution 3 – Approval of the Remuneration Policy

The Remuneration Policy approved by the Shareholders at the 2020 AGM has come to an end of its three-year period and due for renewal. The new Remuneration Policy (the 2023 Policy) as set out on pages 87 to 92 of the Annual Report is proposed for approval. The 2023 Policy updates the 2020 Policy in terms of malus and clawback on the cash bonus and LTIP schemes and information about these changes is detailed on pages 76 to 78 of the Remuneration Report.

Resolution 4 – To declare a dividend

Shareholders are being asked to approve a final dividend of 6.9 pence per ordinary share. If the recommended final dividend is approved, it is expected to be paid on 3 November 2023 to all shareholders on the register on 29 September 2023.

Resolutions 5 to 6 – Re-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. Biographical details of each Director can be found on pages 64 to 65 of this 2023 Annual Report and Accounts.

Resolution 5 – Re-election of Gilbert Jackson

Your Board recommends that Gilbert Jackson be re-elected as a Director.

Resolution 6 – Re-election of Michael Leaf as a Director

Your Board recommends that Michael Leaf be re-elected as a Director.

The Board has concluded that the Directors standing for re-election are effective, committed to their role, and subject to shareholder approval, should continue in office.

Resolutions 7 and 8 – 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 8 authorises the Audit Committee of the Board to set the Auditor's remuneration. This resolution follows standard practice.

Resolution 9 – 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.

Resolutions 10 and 11 – Disapplication of statutory pre-emption rights

Special resolutions 10 and 11 will allow the Directors to allot equity securities for cash pursuant to the authority under ordinary resolution 9, 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 2023.

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 2024 Annual General Meeting of the Company or, if earlier, on 25 October 2024.

Explanatory Notes continued
to the Notice of Annual General Meeting

The authority sought under this resolution provides the Company with greater flexibility in pursuing its strategy of building a focused premium building products company which should generate long-term growth for shareholders. It is the current intention to renew this authority annually.

The Directors have no present intention of exercising their authority under resolutions 10 and 11.

Resolution 12 – 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 2023). The Directors will only exercise the authority granted by Resolution 12 (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 25 October 2024, unless renewed earlier.

Recommendation

Your Directors believe that the resolutions set out in Resolutions 1 to 12 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 4 to 6 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 +44 (0)371 384 2030. 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 their name they 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 +44 (0)371 384 2030. 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 them and the shareholder by whom they were 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, they 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 24 October 2023 (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 26 October 2023 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 2023 (being the last practicable business day prior to the publication of this Notice) the Company's issued share capital consists of 36,133,558 ordinary shares, carrying one vote each.

(11) Copies of the service contracts of Executive Directors, letters of appointment for Non-executive Directors, Directors' deeds of indemnity and a copy of the Company's Articles of Association are available for inspection at the Company's registered office on each business day during normal business hours and will also be available at the place of the Annual General Meeting from at least 15 minutes prior to the meeting and until the conclusion of the meeting.

(12) It is possible that, pursuant to requests made by members of the Company under Section 527 of the CA 2006, 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.

Explanatory Notes continued
to the Notice of Annual General Meeting

(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 +44 (0)371 384 2030 . 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.

The Alumasc Group plc
Station Road
Burton Latimer
Kettering
NN15 5JP

https://www.alumasc.co.uk

The Alumasc Group plc
Station Road
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Kettering
Northamptonshire
NN15 5JP

https://www.alumasc.co.uk