TYMAN

Tyman plc

Annual Report and Accounts for the year ended 31 December 2022

The expert touch that **transforms**

Tyman is a **leading international supplier** of highly-engineered door and window components and access solutions to the construction industry.

Summary Group Results

Revenue
£715.5m
2021: £635.7m

Adjusted EPS
34.7p
2021: 32.1p

Leverage
1.0x
2021: 0.9x

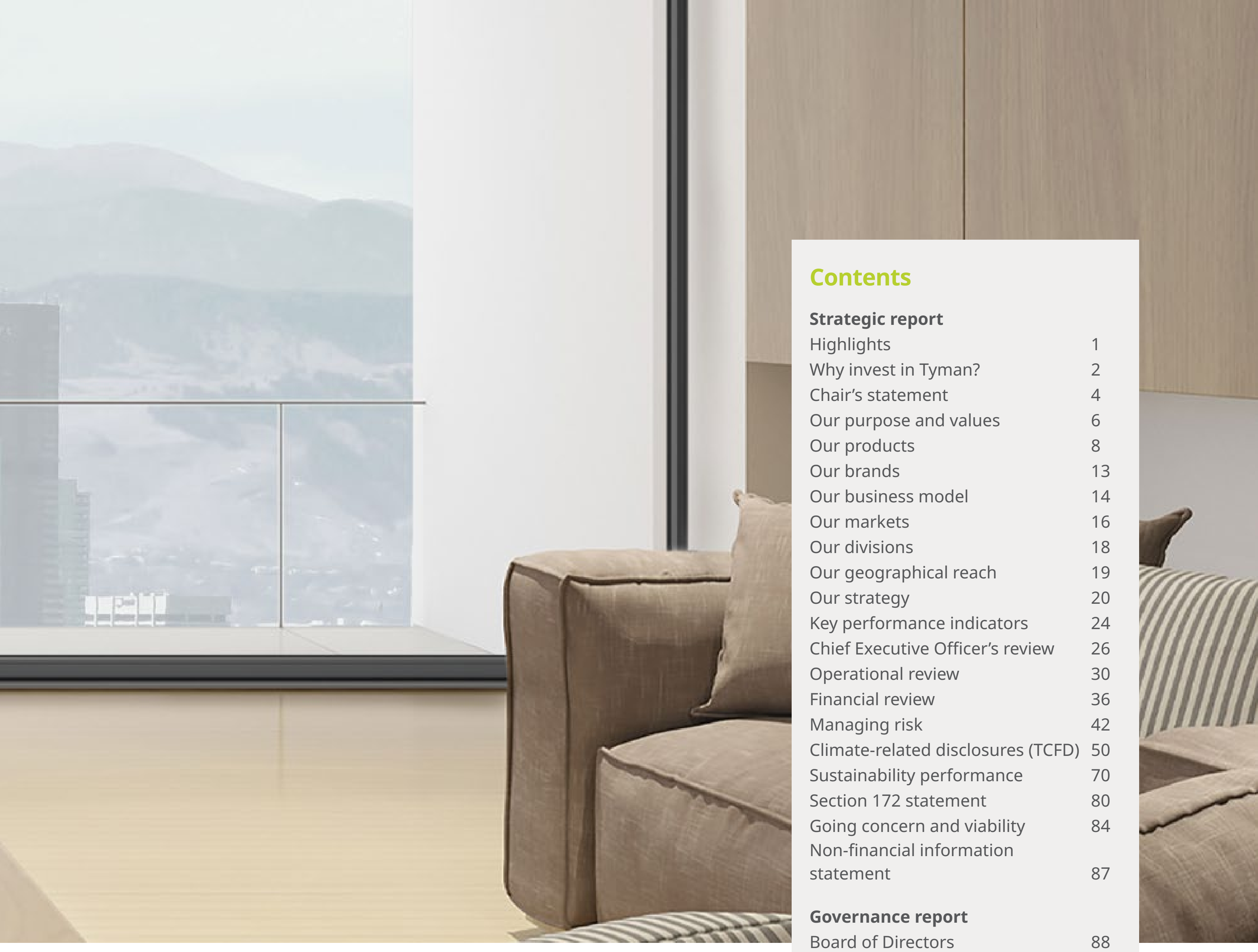
Adjusted operating profit
£94.6m
2021: £90.0m

Basic EPS
24.6p
2021: 25.4p

Adjusted net debt
£116.0m
2021: £91.7m

Profit before taxation
£61.4m
2021: £64.0m

Dividend per share
13.7p
2021: 12.9p



Contents

Highlights:

Performance at upper end of expectations despite challenging macroeconomic backdrop

- Revenue growth of 13%, with LFL growth of 5% reflecting successful pricing actions and share gains, partially offset by lower market volumes, including the exit from Russia
- Adjusted operating profit growth of 5%, with a LFL decline of 3% reflecting lower volumes, including the exit from Russia; operating profit decline of 3%
- Adjusted operating margin decline principally reflects the dilutive impact of the pass-through of cost inflation
- Good progress with our strategic initiatives:
  - *Share gains, driven by innovation, market expansion and executing well with customers*
  - *Structural margin enhancement activities, including further footprint optimisation, ERP upgrade, factory automation and process enhancement projects*
- Further external recognition of our sustainability credentials; 90% of funding now linked to sustainability performance following successful debt refinancing
- Full year dividend increase of 6%, reflecting growth in adjusted EPS of 8% and confidence in the Group's future growth prospects

Why invest in Tyman?

Favourable megatrends, differentiated value-creation and high cash generation support long-term growth.

Favourable megatrends

- Global population growth together with demographic and social change drives construction and remodelling activity
- Housing market fundamentals, notably housing shortages and an ageing housing stock in the USA, support both construction and remodelling activity
- Climate change demands more energy efficient buildings, supported by enhanced building codes and rising sustainability awareness amongst consumers, with product certifications getting stricter
- Increasing technology advances and post-pandemic changes to lifestyles and the use of homes raises expectations for improved aesthetics and ease of use

Read more about our **markets** on pages 16 to 17.

Compelling customer value-creation

- Our highly-engineered products create strong value for customers and end-users relative to their cost
- Our market-leading brands, extensive portfolio of differentiated products, and innovation capabilities make us a strategic partner for our customers
- Our value-added services, including co-development, application engineering, integrated supply chain and accredited testing, underpin our long-term customer relationships and high levels of repeat business

Read more about our **products and brands** on pages 8 to 13.

Sustainable growth potential

- High barriers to entry as a result of our deep customer relationships, the heritage and reputation of our brands, our extensive product and application expertise and world-class facilities across our global footprint
- Our scale allows us to continually invest in our organic growth through innovation and operational excellence
- Our high levels of cash generation and strong balance sheet provide funding flexibility for future expansion, including further acquisitive growth with Tyman the natural consolidator in a fragmented industry
- Our diversification across geographies and commercial and residential markets provides resilience against major changes in the market environment

Read more about our **business model** on pages 14 to 15.

Case study

Protecting commuters at Grand Central Station, New York City

The infrastructure segment of the US construction market is currently one of the fastest growing sectors of the market, benefitting from funding at federal, state, and local levels. Bilco has a leading position in the provision of fire-rated access doors and panels to the public and commercial construction markets.

What was the challenge?

The Metropolitan Transit Authority (MTA) in New York City recently completed the largest capital project in their history to expand their service to Long Island and provide a much-needed expansion to the Grand Central Terminal. The centrepiece of the project is a new 350,000 square foot passenger concourse underneath Grand Central Station that includes 800,000 feet of underground raceways, 7,000 light fixtures, seven power stations and two off-track facilities. The MTA required a solution to access various plumbing and electrical connections through a fire-rated floor.

How did Tyman develop a solution?

Bilco and its local representative designed and developed a range of doors that met both the size requirements and the critical life safety and performance demands of the application.

Amid all the tunnels and junctions for electrical and plumbing fixtures, 53 fire-rated floor doors manufactured by Bilco have now been installed. Each fire-rated floor door is constructed with door hardware and sealants to maintain the fire-rating. Bilco's type FR fire-rated doors, often found in public buildings, office buildings and exit stairwells, are the industry's only UL listed fire-rated floor door. The UL listing indicates that it has been tested and certified to maintain its integrity in the event of a fire for up to three hours. The doors also incorporate a separate UL listed self-closing device that automatically closes the door in the event that the door is open when a fire breaks out.

What value does this create?

Bilco's UL listed fire-rated floor doors provide the highest levels of quality and fire protection, attributes that are essential for such an important public infrastructure project. In addition to the fire protection provided, the FR door also allows for the installation of finished flooring in the cover, enabling the door to blend with the aesthetics of the new passenger concourse at Grand Central Station.

"These doors provide a continuation of the regular floor," said Jason Benfield of Tutor Perini, the civil engineering team working on the project. "If a fire breaks out, these doors provide access and give people the chance to get out to an adjacent space. If they weren't fire-rated, smoke or fire could pass through the door and into the public area."

Chair’s statement

“The Group has performed well in a challenging environment, testament to the agility and resilience of its business model and the dedication and expertise of its people.”

Nicky Hartery
Non-executive Chair

Introduction

This has been the third consecutive year in which the operating environment for our business was incredibly unstable and challenging. Given this, and on behalf of the Board, I would like to say how incredibly proud I am of how well our people have responded. Their tireless hard work, determination, resilience and agility is hugely appreciated by the Board and gives us confidence in the long-term future of the Group.

People and culture

The Board’s priority is always to ensure the health and safety of our employees, their families and our communities. It is extremely pleasing to report that the Group’s safety performance has continued to improve, with the 2022 lost time incident frequency rate 70% lower than in 2018. This reflects the disciplined execution of our programme to deeply embed a safety excellence culture and move Tyman closer to world-class levels of safety performance.

Developing a strong business ethics culture is also a key focus for the Board. In 2022, the Group deployed a ‘Leading with Integrity’ workshop to provide senior leaders across the business with the skills to create an environment of psychological safety within their teams so as to encourage the raising of concerns and open discussion of ethical dilemmas.

Obtaining employee feedback is also important to the Board; this occurs on a regular basis through site visits as well as in skip-level meetings held by the Workforce Engagement Non-executive Director, Pamela Bingham. In addition, in early 2022, the Group conducted an all-employee engagement survey, achieving a healthy response rate of 80% and results in line with the benchmark scores for global manufacturing businesses. Following the survey, focus groups were held to discuss the results with employees and gather further insights to be incorporated into detailed action plans. Pulse surveys will be used to assess progress against these plans, with the next full employee engagement survey planned for 2024.

Performance overview

The Group delivered a solid trading performance in 2022 given what were increasingly challenging market conditions. Group revenue grew to a record £715.5 million, with the positive effect of the pass-through of cost inflation and share gains partially offset by lower market volumes. Adjusted operating profit grew, benefitting from good cost control, productivity improvements and foreign exchange movements, which helped mitigate the impact of lower volumes, including the exit from Russia and Belarus. Further details of our financial performance are set out on pages 36 to 41.

Strategy

Whilst the near-term trading environment remains challenging, the housing sector fundamentals are strong and will continue to provide growth opportunities. The Board is confident that the Group strategy, first set out in 2019, remains the right one and supports long-term value creation with sustainability at its core. Good progress was made with strategic initiatives to gain market share and enhance the Group's operational platform in 2022 despite the market volatility created by high levels of inflation. Together with financial leverage remaining towards the bottom of the target range of 1.0x to 1.5x, this leaves the Group well positioned to resume M&A activity when the right opportunities present. Further information about our strategy is on pages 20 to 22.

Sustainability

Given the importance of sustainability to Tyman's strategy, engagement from the Board on climate change and sustainability performance was increased significantly in 2022 (see page 52 for a summary of the Board's discussions and decisions in relation to climate matters). In addition to including the achievement of sustainability performance targets as an LTIP metric since the awards in 2021, the majority of the Group's external financing is now linked to sustainability targets. The Board is delighted to observe that the Group's progress in sustainability continues to gain recognition from external rating agencies and has more recently led to Tyman's inclusion in the FTSE4Good UK index.

Governance

The Board is committed to good corporate governance and recognises the important role it plays in supporting our long-term success and sustainability. The Group's Statement of governance on pages 95 to 104 provides an overview of Tyman's governance framework, as well as the work of the Board and its Committees. It also includes a review of the progress made implementing the three priorities highlighted by the externally facilitated Board evaluation that was conducted in 2021.

During 2022, the Board considered various operational topics, such as the Group's response to the Russian invasion of Ukraine, the refinancing of bank and US Private Placement debt, the impact of ongoing supply chain challenges and inflation on the business, and preparing for a market downturn. The Board also spent time on topics related to the Group's long-term strategy, such as progressing the sustainability roadmap, upgrading the Group's IT systems to support greater efficiency, and oversight of the Group's footprint projects.

Dividends

The Board is proposing a total dividend for the 2022 financial year of a record 13.7 pence per share, an increase of 6% compared to 2021, in line with the Group's progressive dividend policy and reflecting confidence in the Group's growth prospects. The dividend will be paid on 26 May 2023 to shareholders on the register at the close of business on 28 April 2023.

Summary

The Group has performed well in a rapidly changing and challenging environment, which is testament to the agility and resilience of its business model and the dedication and expertise of its people. The Board remains confident in the significant value-creation potential available to the Group as it continues to successfully implement its strategic initiatives, positioning itself to take advantage of the structural growth drivers once near-term market weakness recedes.

Nicky Hartery
Non-executive Chair

2 March 2023

Our purpose and values

Our purpose

Our purpose is at the core of everything we do, unifying us in a common cause and growth strategy. It is the essence of us at our best and inspires Tyman people to make a positive contribution every day.

Millions are kept safe and comfortable at home and at work around the world because of our expertise. We know that to be experts, we must have deep understanding of our customers and their needs, an uncompromising commitment to both safety and quality, and a restless ambition to innovate. We never forget that experts are people: growing and energising our talent is at the heart of what makes us different.

With our expertise, we have the power to transform what we touch. We commit to transform living and working spaces, to transform people and careers, to transform the value of our businesses, and to transform our impact on communities and society.

Our purpose is to transform the security, comfort and sustainability of living and working spaces through our expert touch.

Tyman. The expert touch that transforms.

Read more about **our products** on pages 8 to 12 and **our business model** on pages 14 to 15.

Our values

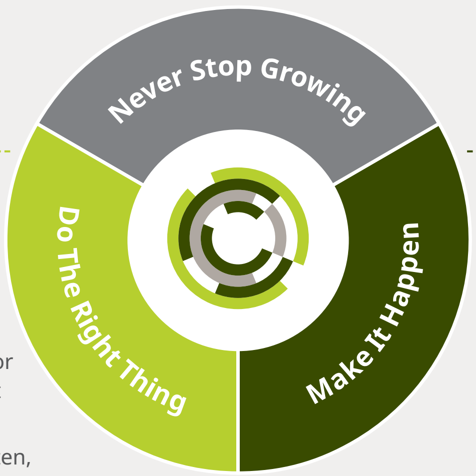
Our values frame how we work with each other and with our partners, and will shape the culture of Tyman. They are the foundation of our success and essential to achieving our purpose. Our Code of Business Ethics, 'Integrity in action' embodies these values, laying out the expected standards of behaviour that all our employees must adhere to.

The Tyman Touch

Never stop growing

There is no limit to what we can achieve

- We take every opportunity to learn and develop, professionally and personally
- Every day we make the continuous improvements which people deserve from us
- We believe in the power of creativity to break through with new thinking, new ideas, new solutions



Do the right thing

Integrity is the cornerstone of our business

- We demand transparency, and we always do what it takes to build or repair trust
- We value, respect and look out for each other, and we are strongest when we are most diverse
- We speak up and take care to listen, because every voice matters

Make it happen

We are action people

- We behave like owners, always ready to hold ourselves and others to account
- Inclusive teamwork creates our best results
- We take pride in bringing positive energy to our work, and our performance is fed by our passion

A strategy for long-term value creation

Guided by our purpose, underpinned by our values and with sustainability at its core.

Our purpose
To transform the security, comfort and sustainability of living and working through our expert touch.

Our values
Do the right thing. Make it happen. Never stop growing.

Read more about **our strategy** on pages 20 to 22.
Read more about **key performance indicators** on pages 24 to 25.

Our products

The value proposition to customers

Our product portfolio encompasses hardware and sealing solutions required for doors and windows, and a full suite of solutions for roof, wall and floor access in residential and commercial buildings. Our products represent a small proportion of the cost of a window or door but have a disproportionate impact on the comfort, sustainability, security, safety and aesthetics of buildings.

Security

- Locking/deterrent
- Monitoring
- Remote and timebound access

Comfort

- Ventilation
- Weather resistance
- Sound insulation
- Ease of use

Sustainability

- Energy efficiency of buildings
- Longevity of buildings

Safety

- Fall prevention
- Hurricane solutions
- Safe access

Aesthetics

- Look
- Feel
- Suiting

Read more about **our business model** on pages 14 to 15.

Window and door hardware

72%

of what we sell

Link to value proposition

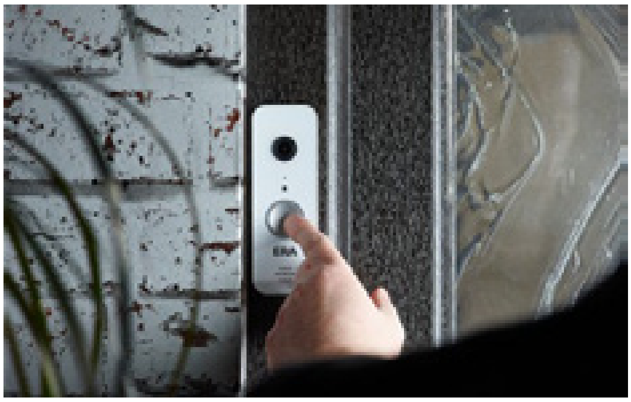
Products

The Group offers a wide range of window and door hardware for both the residential and commercial markets. The portfolio covers all aspects of the hardware required to open, close and lock a window or door (including patio and bi-fold doors), such as locks, cylinders, hinges, handles and, in the case of sash/sliding windows, balances to ensure the smooth operation of the window. The portfolio includes a wide range of decorative hardware and accessories (letterplates, handles, door knockers, letters and numbers) in a variety of colours, styles and finishes. In the UK, our portfolio includes smart entry and monitoring solutions for the residential market.

Value to the customer

Our products improve the comfort of both living and working spaces by ensuring protection from weather and noise whilst providing ventilation and insulation. Aesthetics is also increasingly important, especially given the trend towards larger expanses of glass and slimmer sight lines, which places greater performance requirements on the window hardware. We provide a wide range of colours, styles and finishes to cater for all tastes.

Our products are independently tested to ensure the highest levels of security and safety are met.



Our products continued

Seals and extrusions

18%

of what we sell

Link to value proposition

Products

Tyman sells a wide range of high-performance window and internal/external door seals and other extrusions for both residential and commercial applications. This includes compression seals for casement applications and pile for sliding applications.

Value to the customer

Our seals and extrusions provide excellent thermal and sound insulation to enhance the comfort of living and working spaces, meeting or exceeding building regulations with regards to safety and sustainability. We collaborate with customers to design and make new products and solutions to improve the aesthetics and/or the sustainability credentials of the window or door.

Access solutions

10%

of what we sell

Link to value proposition

Products

Tyman offers a range of products that provide roof, floor or wall access for commercial building and other infrastructure applications. Products can be custom engineered to meet unique access requirements.

The roof access portfolio encompasses roof hatches, ladders and railings, providing permanent, safe and convenient access to roof areas, as well as smoke and heat exhaust vents to enable the release of smoke and hot flue gas in the event of a fire.

The wall access portfolio includes a range of riser doors and panels that provides access to mechanical and electrical services, whilst floor access hatches enable permanent, safe access to underfloor services and pavement access.

Value to the customer

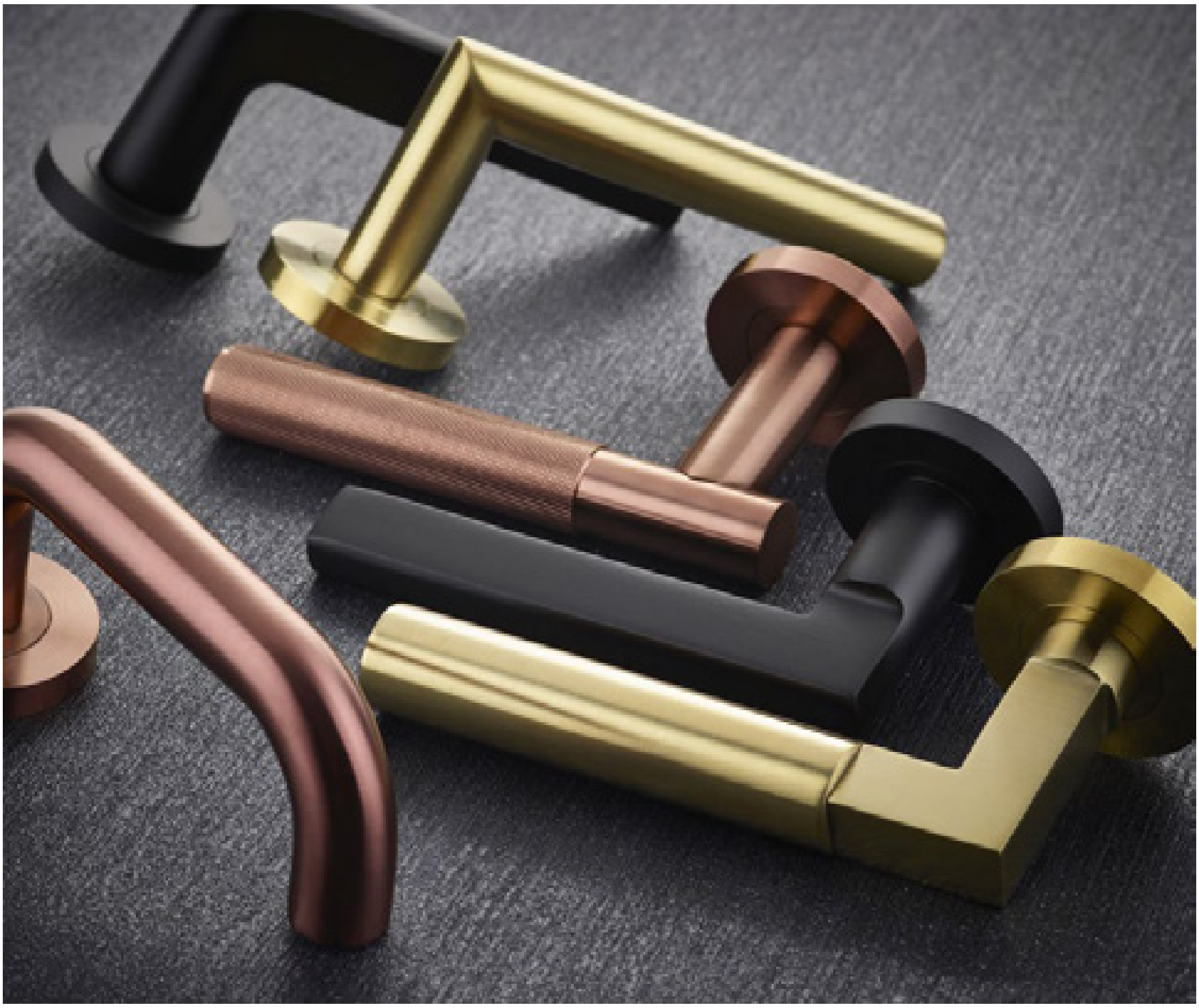
Specified in commercial, residential and public buildings where low maintenance access is required behind walls, under floors or onto roofs, our access solutions deliver the highest standards in safety, security and practicality whilst providing protection against natural hazards such as fire, floods and hurricanes. Our focus on ease of installation is very important to customers and helps them improve the efficiency of their own operations.

Our products continued

Case study

Enhancing the value proposition with improved aesthetics and sustainability

Manufactured from grade 304 stainless steel for its high-corrosion resistance, durability and hardness properties, this new range from Zoo has been specifically designed to perform exceptionally in both residential and commercial applications alike.



Appealing to contemporary trends towards minimalism and simplicity, this is a fully suited range of levers, with complementary products including hinges, door closers, flush bolts and more, The range is available in a variety of hard-wearing finishes to create the perfect aesthetic, whether for a residential property or commercial office space, whilst meeting the technical requirements of the applicable BS EN standards.

As part of Zoo's ongoing commitment to reduce its impact on the environment, this range is supplied without any plastic packaging and the packaging is 100% recyclable.

Our brands

Our brands are all highly-regarded leaders in their respective market segments. Together they represent almost 1,000 years of innovation, quality and service for our customers.

ACCESS 360

Commercial access solutions for the roof, wall and floor. Access360 was formed in 2018 from the Howe Green, Profab and Bilco UK brands

Established

Bilco (1926)
Howe Green (1983)
Profab (2001)

access-360.co.uk

C UK I

AmesburyTruth

Window and door hardware and seals. The Amesbury and Truth brands were harmonised in 2014

Established

Truth (1914)
Amesbury (1978)

amesburytruth.com

R NA I

Bilco

Smoke vents, roof access hatches and pavement doors

Established

1926

bilco.com

C NA I

ERA

Security hardware including electronic security systems and services

Established

1838

erahomesecurity.com

R UK

GIESSE

Hardware for aluminium windows and doors

Established

1965

giesse.it

R C NA UK I

JATEC

Decorative door hardware

Established

1890

jatechandles.com

R C I

REGUITTI

Decorative door hardware

Established

1975

reguitti.it

R C I

Schlegel

Window and door seals and extrusions

Established

1885

schlegel.com

R C UK I

ZOO

Door hardware for architectural ironmongers

Established

2011

zoohardware.co.uk

R C UK

Product category

- Window and door hardware
- Seals and extrusions
- Commercial access solutions

Key user

- R Residential
- C Commercial

Division

- NA North America
- UK UK and Ireland
- I International

Our business model

We use our valuable resource to create long-term, sustainable value for all our stakeholders.

Key resources and relationships

Our resources are carefully selected and developed to create competitive advantage...

Leading brands

Our portfolio of complementary brands has market-leading positions predicated on the innovation, quality and service they deliver for our customers.

Product portfolio

The Group holds 491 active patents with another 126 pending, reflecting the extent of innovation embedded in our broad range of products.

Deep customer relationships

We work closely with our customers to understand their requirements and become a long-term strategic partner for them, bringing high levels of repeat business and a customer intimacy that allows us to continually improve the value we bring to them.

Experienced and committed workforce

Our highly skilled, dedicated workforce provides the expert touch for our customers.

Strategic supplier relationships

We supplement our internal capabilities with select specialisms through external collaborations, allowing us to deliver the best in innovation, quality and service to our customers.

Global footprint

Our global scale allows us to sustain and further develop a rich portfolio of products and technologies that support our customers' needs, whilst having the presence and agility to respond quickly to the specifics of local markets.

Strong balance sheet

Our high value-add products attract high margins which, coupled with disciplined management of capital, drives significant cash generation. The resulting balance sheet strength allows us to invest to drive further organic and acquisitive growth.

Key activities

...that allows us to undertake differentiated

1

Design

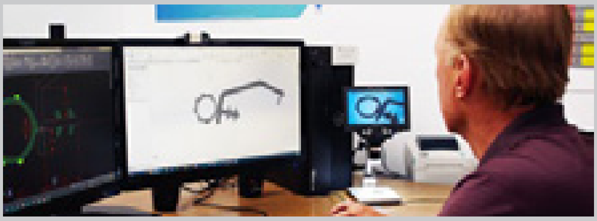
At the core of our capabilities is our ability to understand our customers' and end-users' needs and translate these into innovative solutions that add genuine and relevant value to living and working spaces.

We collaborate with customers on the development of new window and door designs, leveraging our deep product and application expertise to create bespoke hardware and sealing solutions that create true value for end-users. For window and door system designers, we offer our hardware system design capabilities and deliver drawings and bills of materials for both their standard solutions and bespoke projects. For commercial building and infrastructure projects, we work with architects and specifiers to help them select and design in the right access solutions.

Our leading-edge testing facilities and accreditations allow our customers to assure their end-users of the quality and durability of their installed windows, doors and access solutions.

There is an increasing strategic emphasis on designing solutions for our customers that positively impact the UN Sustainable Development Goals (SDGs).

Read more about our **Sustainable Solutions strategy** on page 22.



activities and address customer needs...

2

Make/source

We manufacture in our own facilities where this aligns with our core capabilities, leveraging our economies of scale in the procurement of raw materials and outsourced manufactured components.

We are committed to minimising our own impact on the environment through embedding sustainable practices in our operations.

Read more about our **Sustainability Operations performance** on page 70 to 73.

3

Deliver

We are continually looking to develop and optimise our routes to market to effectively meet the evolving needs of our industry around the world and take into account our impact on the environment.

This ranges from supplying just-in-time direct to the production lines of large window and door manufacturers through to short lead-time supply to specialist distributors and project sites. We back this up with extensive technical and application support.

Value created

...that together create value for all our stakeholders.

Investors

We aim to deliver increased shareholder value through a mix of capital appreciation and dividend distributions, made possible through earnings growth and financial strength as we deliver on our strategy.

Read more about our **strategy** on page 20.

Customers

Our highly engineered components allow window and door manufacturers to differentiate in their marketplace with value-enhancing windows, doors and other forms of access solutions. In addition, Tyman delivers industry-leading services to customers, ranging from design support to integrated supply of components into window fabrication processes. Our products are designed to ensure ease of installation for contractors, and our short lead times and technical support allow our distributors to serve their customers in the best way.

End-users

Relative to their cost point, our products and solutions have a disproportionate impact on the comfort, sustainability, security, safety and aesthetics of residential and commercial buildings.

Employees

We invest in our people through employee training, career path development and continual improvement of working practices and conditions.

Suppliers

Our strategic suppliers benefit from long-term, fair partnerships with development of their business practices and capabilities.

Society

Our products and solutions help make society more sustainable by making buildings more energy efficient, protecting buildings against climate hazards, reducing community crime rates, enhancing the safety and fire protection of buildings, and meeting the needs of vulnerable groups. As a Group, we are also committed to minimising our impact on our environment through more deeply embedding sustainable practices in all of our operations.

Our markets

Structural industry growth drivers in the new build and RMI housing markets provide strong long-term growth prospects for Tyman's products and solutions.

Demand for the Group's window and door hardware products, seals and extrusions is driven by the residential and commercial building markets, with the residential housing market being far more significant to Tyman. Demand is generated from both the construction of new housing ('new build market'), and the replacement of existing windows and doors and/or the addition of new windows and doors on existing homes ('replacement, maintenance and improvement' (RMI) market).

RMI represents the larger part of the market, but the extent of this varies by geography. For example, in the US the mix of sales into the new build market is greater than in the UK and Europe.

Demand for the Group's access solutions portfolio is driven by the private commercial and industrial building markets, as well as the public infrastructure and public building markets, such as utility works and transport systems.

Long-term market drivers

Housing deficits will take years to eradicate

Despite near-term demand challenges in many housing markets globally, the long-term trends remain highly attractive. For much of the last decade, housing supply has failed to keep pace with demand, causing a structural housing deficit and significant increases in house prices.

In the US, housing starts have averaged around 1.25 million annually over the last 20 years, well below the 1.5 million level needed to sustain population growth (see Figure 1: US housing starts). The amount of housing inventory available is also near all-time lows, with the supply of single-family homes for sale sitting at just over three months, well below the average six to seven months level experienced in the last 40 years (see Figure 2: Supply of single family homes for sale).

In Canada, the Canada Housing and Mortgage Corporation (CMHC) estimates that as of 2021 there was a housing supply gap of 2 million units in the country and if past construction trends are maintained that gap would grow to 3.5 million units by 2030 (source: The road ahead for the economy and housing – fall 2022 update | CMHC (cmhc-schl.gc.ca)).

The UK government has a target of 300,000 new homes to be built each year by the mid 2020s in order to meet the country's needs. However, the UK has been building substantially less over the last decade.

The housing deficits are unlikely to be quickly eradicated, suggesting that, once the current macroeconomic challenges have been overcome, there will be strong underlying demand for housing in the Group's major markets for many years. Demographic trends, such as growth in the age brackets critical to household formation (within an overall growth in populations) will underpin these strong fundamentals.

Structural and secular RMI market drivers

Like demand for new homes, consumer RMI spending on windows and doors is impacted by affordability in the short term, and the recent rise in interest rates coupled with high inflation has put pressure on residential RMI expenditure.

However, as with the new build market, there are strong structural growth drivers that are expected to drive healthy long-term growth in the residential RMI market. These include:

- An ageing housing stock, which increases the potential that households will need to replace and/or maintain their windows and doors. For example, the median age of owner-occupied housing in the US has increased from 31 years in 2005 to 40 years in 2021, according to the 2021 American Community Survey. Given the average age of a window is normally in the range of 15-20 years, this increase in the age of the housing stock should drive further window replacements by homeowners.
- Secular shift towards greater working from home means homeowners are seeking to improve the comfort, security and aesthetics of their living and working environment. This generates demand for replacement windows to provide, for example, increased natural light or improved ventilation and insulation.
- Increased sustainability awareness amongst consumers and a desire to reduce the impact of climate change in the home is expected to drive a major window and door replacement cycle over time. Buildings are estimated to account for nearly 40% of global carbon emissions so, as countries around the world pursue net-zero goals by 2050 or sooner, reducing emissions generated during the construction of a building and/or its operation will become more important. As many of the buildings likely to be in use in 2050 will have already been built, saving energy in existing buildings will be a major focus and is likely to lead to the replacement and upgrade of windows and doors.

Figure 1: US housing starts

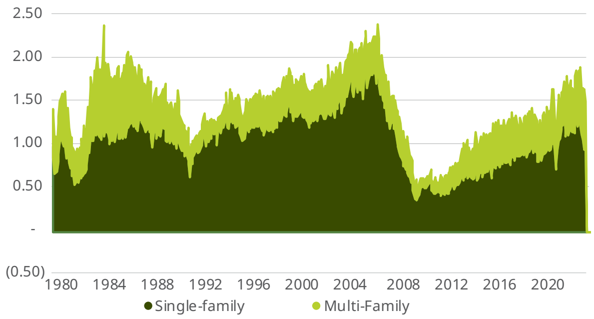


Figure 2: Supply of single family homes for sale

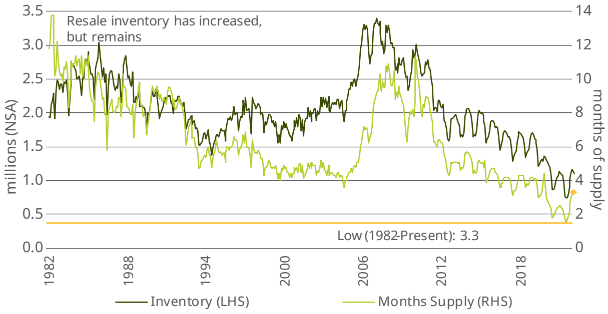
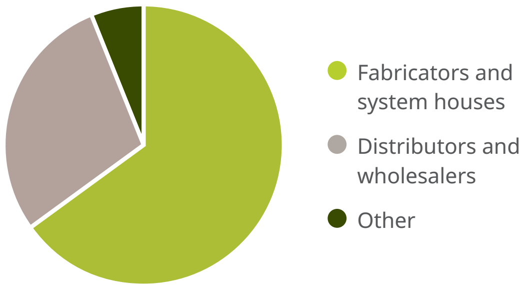


Figure 3: Who we sell to



Impact of government initiatives

Government actions and involvement in the housing market can also be a key influence on the Group's marketplace. In the post-pandemic world, there have been a number of government fiscal stimulus programmes that have sought to encourage household RMI spending, normally with the prerequisite that the spending will improve the green credentials of the building. A notable such scheme is the Italian superbonus programme, where the government effectively covered the cost of energy-efficient window upgrades.

Governments are increasingly introducing new regulations to improve the safety and fire integrity of buildings and make buildings more resilient to natural disasters and climate change, for example by protecting against hurricanes, tornados or floods. Such regulations This drives demand for higher quality products that meet the required safety and technical specifications, providing a competitive advantage for Tyman's solutions and enabling share gains.

Governments have also been introducing legislation and building regulation codes to help improve the carbon footprint of buildings. An example of this is the UK government's Future Homes Standard programme that, from 2025, requires new homes to produce 75–80% less carbon emissions than the standards that were in place in 2022.

Customers in the commercial and public sectors are therefore increasingly looking for sustainable solutions to ensure they comply with building regulations and legislation, with requirements for Energy Performance Declarations and other certifications ever more important, notably in the UK and Europe. Having the expertise and ability to develop, test and meet these certification requirements, together with strong sustainability credentials, is a key differentiator for the Group and an enabler of share gains.

Routes to market

Tyman's products primarily reach the end users via window and door fabricators, system houses and/or distributors (see Figure 3: Who we sell to). The Group uses a mixture of direct sales (field sales force and inside sales), third party agents and online ordering to service customers.

Fabricators

The main route to market for the Group' is via window and door fabricators. These customers design and manufacture complete window and door systems for their local market, encompassing the profile (frame), glass and hardware, with the hardware element being the part that they would purchase from Tyman. The fabricator customer base is more consolidated in the US than in the UK and Europe, resulting in the US fabricators generally having greater scale and range of products and solutions than elsewhere.

System houses

System houses is a term used to refer to businesses that extrude the profile element of a window. Some system houses sell the profiles to fabricators, others design and manufacture aluminium and PVC-based windows and doors themselves using a proprietary, bespoke system. This customer type has been growing in significance within the industry in recent years, notably in Europe and the GCC, and this trend is expected to continue for the foreseeable future.

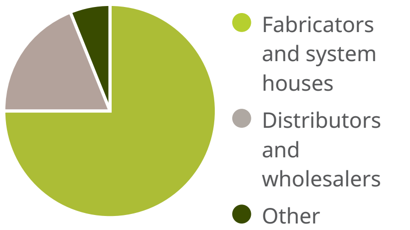
Distributors

Another significant route to market, notably in the UK and Europe, is via building products' distributors or wholesalers. In the UK, this group would also include architectural ironmongers. In countries such as Italy, smaller local distributors are often organised into buying groups. These customers will sell a wide range of building products, of which window and door hardware is a relatively small component. The key requirements for this customer segment is breadth of product range.

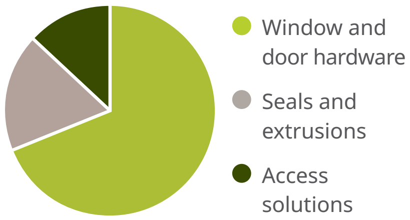
Our divisions

North America

Routes to market



Sales by product category



Residential
86%

Commercial
14%

Manufacturing sites
10

Distribution sites
1

Employees
2,500

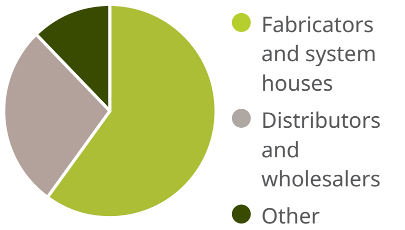
Revenue
£471.9m
(2021: £397.7m)

Adjusted operating profit
£66.9m
(2021: £65.1m)

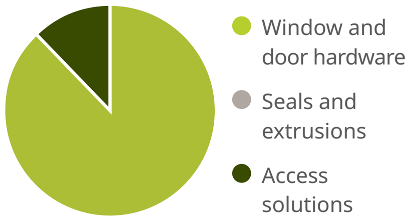
Read more about our **North America** division on pages 30 to 31.

UK and Ireland

Routes to market



Sales by product category



Residential
83%

Commercial
17%

Manufacturing sites
3

Distribution sites
1

Employees
400

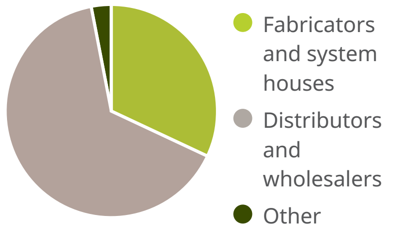
Revenue
£103.3m
(2021: £105.8m)

Adjusted operating profit
£14.5m
(2021: £14.8m)

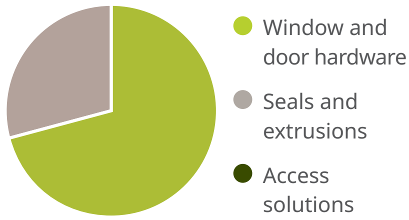
Read more about our **UK and Ireland** division on page 32.

International

Routes to market



Sales by product category



Residential
77%

Commercial
23%

Manufacturing sites
6

Distribution sites
9

Employees
800

Revenue
£140.3m
(2021: £132.2m)

Adjusted operating profit
£21.3m
(2021: £19.5m)

Read more about our **International** division on page 34.

Our geographical reach

Key

Manufacturing site · Manufacturing HQ · Warehouse site · Office · Office HQ

Where our products are sold

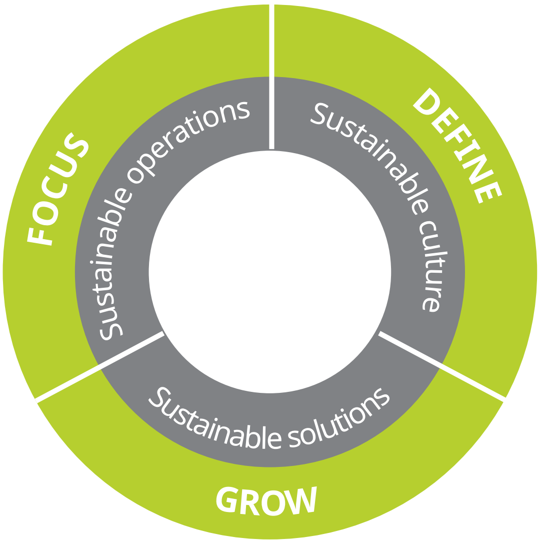
- US **58%**
- UK **15%**
- Canada **6%**
- Italy **5%**
- Other **16%**

Where our products are manufactured

- US **34%**
- Far East (including China) **26%**
- Mexico **18%**
- Italy **11%**
- UK **5%**
- Other **6%**

Our strategy

The Group's **Focus, Define, Grow** strategy is underpinned by its sustainability roadmap.



Strategic outcomes

Margin expansion
Expand operating margin through driving efficiency in operations

Sustainable growth
Consistently deliver profitable revenue growth

Engaged people
Provide a safe working environment and develop engaged, high-performing teams

Positive impact
Protect the natural world and build more inclusive communities

Long-term value creation

The strategy is guided by our purpose and reflects that there is still much value to be realised in the near term from activities that will optimise our business, build a more cohesive culture and create a stronger base. Combined with the growth initiatives that leverage the Group's inherent strengths, our strategy aims to deliver margin expansion and consistent profitable growth, establish a high-performance culture, and make a positive impact on the environment and in our communities. This will create meaningful long-term value for our stakeholders.

More detail on divisional strategic initiatives can be found in the operating reviews on pages 30 to 34.

Sustainability embedded at the core of Tyman's strategy

During 2020, the Group completed a comprehensive materiality exercise to determine the topics that matter most in helping to deliver a more sustainable future. The insights gained from this process were used to define the Group's sustainability strategy to 2030 through a roadmap setting out the ambitions, targets and steps that Tyman is taking to drive positive change across three pillars covering Sustainable Operations, Sustainable Culture and Sustainable Solutions. These pillars are fully aligned with and reinforce the Focus, Define, Grow strategy, as outlined on the following page.

For more information on the Group's materiality exercise visit https://www.tymanplc.com/sustainability/materiality-exercise.

The materiality exercise identified the 10 United Nation's Sustainable Development Goals (SDGs) that were most relevant to the Group. Of these 10, Tyman's sustainability roadmap is particularly focussed on the three SDGs that it believes it can make a meaningful contribution to – SDG7, SDG11 and SDG13.

For more information on how Tyman positively contributes to the targets under these SDGs visit https://www.tymanplc.com/sustainability/tyman-sdgs.

Focus

The Focus strategic pillar reflects actions to streamline and strengthen what we have. The Group's M&A heritage means there is a continued need to integrate and harmonise the structures, products, processes and systems from prior acquisitions to create a strong platform for the future. This will drive margin expansion, enhance the sustainability of our operations, and lay the foundations for sustainable, profitable growth.

Rationalise

Streamline footprint: Deliver maximum operational efficiency and economies of scale as well as having the right routes to market in each location to best serve the customer.

Harmonise product portfolio: Reduce portfolio complexity and duplication whilst also improving range positioning to give a stronger product offer that is both more efficient to produce and better meets customer needs.

Optimise

Tune systems and processes: Efficiently support business operations management and enable high-quality, agile decision support to capitalise on opportunities and better support customers.

Continuous Improvement (CI): Make CI a way of life, by embedding lean practices, six sigma process controls and value analysis / value engineering activities.

See also **Sustainable Operations** on page 70.

Define

The Define strategic pillar centres on building cultural cohesion across the Group to facilitate ongoing synergy extraction, through establishing 'One Tyman', developing the 'Tyman Excellence System', and building a sustainable culture.

Establish 'One Tyman'

Build a cohesive, high-performing culture through a common purpose, values and Code of Business Ethics to facilitate synergy extraction.

Develop the 'Tyman Excellence System'

Establish a clearly-defined business system and enhance groupwide capabilities through a set of processes, playbooks and other toolkits for development and propagation of best practice.

See also **Sustainable Culture** on page 74.

Grow

The Grow strategic pillar aims to deliver sustainable organic share gain, through executing well in serving our customers, developing and launching new products, expanding our existing channels to market, and developing sustainable solutions. We also seek to supplement our organic activities with M&A to further strengthen the portfolio.

Excellent customer service

Deliver a superior customer experience, fostering long-term partnerships through excellent delivery performance, ease of doing business, technical support and other value-adding services such as co-development and accredited test services.

New product development

Develop a culture and discipline of innovation that proactively addresses changing market dynamics, customer requirements, aesthetic trends, and latest technologies, to create true differentiated value.

Market expansion

Deliver share gain through optimising routes to market, selling existing products through new channels, and expanding into adjacent markets.

Targeted M&A

Tyman continues to be the natural consolidator in a fragmented market and seeks to supplement organic growth with targeted M&A to strengthen the portfolio.

See also **Sustainable Solutions** on page 77.

Our strategy continued

Sustainable Operations

Safety: Transform health and safety performance through 'safety is our first language' programme.

Environment: Reduce environmental impact by decreasing energy and water usage and reducing waste to landfill.

Targets:

Safety:

- LTIFR < 1.0 by 2022
- TRIR < 3.0 by 2026

Greenhouse gas emissions:

- 46% absolute reduction in Scope 1 and 2 emissions by 2030[2] (1.5°C pathway)
- 28% absolute reduction in Scope 3 emissions by 2030[2] (well below 2°C pathway)
- 50% reduction in Scope 1 and 2 emissions per £m revenue by 2026 (vs. 2019 baseline)

Water use:

- Capped at 233,000m^3 per annum for five water stressed sites from 2022

Waste:

- Zero waste to landfill by 2026

Priority UN SDGs addressed[1]

SDG Target 7.2

Plans:

- Reinforce 'Safety is our first language' programme
- Reduce water at very high water stress sites
- Decarbonise own operations
- Engage suppliers to source lower carbon materials
- Embed climate actions to mitigate physical and transition risk
- Reduce waste generation through prevention, reduction, recycling and reuse

Sustainable Culture

Ensure our culture enables our diverse talent to contribute to their best and our business to create long-term value for the business, local communities and wider society.

Plans:

- Reinforce Code of Business Ethics
- Continue to strengthen Integrity Champions network
- Develop diversity and inclusion programmes
- Continue to enhance employee engagement
- Engage with local communities to support training and charitable causes

Sustainable Solutions

Offer innovative products and services that promote circularity, help our customers reach net zero and create safer, more inclusive communities.

Targets:

- YoY increase in % of revenue from positive impact products and solutions
- 100% sustainable packaging by 2026

Priority UN SDGs addressed[1]

SDG Target 7.3

SDG Target 11.1

SDG Target 13.1

Plans:

- Customer engagement on sustainable solutions
- Embed sustainability expertise into NPD process
- Grow pipeline of positive impact products and solutions
- Optimise material content and increase level of recycled content in NPD and legacy products
- Eliminate hazardous substances in supply chain
- Develop sustainable packaging solutions

1 For a full breakdown of Tyman's alignment against the UN SDGs click here https://www.tymanplc.com/sustainability/tyman-sdgs..

2 Science-based targets using a 2019 baseline and material Scope 3 emissions. SBTs submitted September 2022 and awaiting SBTi validation.

Case study

Microventilation as standard on Giesse tilt-and-turn hardware

Building ventilation brings fresh air to interiors, ensuring healthy and enjoyable living and working conditions for both residential and commercial environments. By replacing stale air with fresher air from outside, it is possible to regulate internal temperatures and humidity.

Since the start of the COVID-19 pandemic, building ventilation has become increasingly important when it comes to human health and safety hazards. Airborne virus transmission is particularly effective in crowded, confined indoor spaces where there is poor or no ventilation. Thus, places of work such as offices, as well as schools and hospitals, are particularly at risk.

The challenge

New buildings can take good ventilation into consideration, and regulations will help ensure this is the case. But upgrading ventilation in existing buildings poses a challenge; installing a brand new mechanical ventilation system in a building is a long and expensive task.

How Tyman developed a solution

Giesse includes a special "microventilation setting" as standard in all its tilt-and-turn window systems. By turning the handle 135° the sash opens by a few millimetres only, allowing for a constant air flow. This minimises condensation and provides fresh air supply for the interiors, without compromising the temperature in the room.

Giesse microventilation is adjustable to ensure a constant flow of air as the size of the frame and the room changes.

Value created

The constant natural air flow provided by the Giesse microventilation system delivers many benefits:

- Existing windows can be retrofitted and upgraded, without the need to replace the entire window.
- It is easier to install and cheaper than mechanical ventilation, which needs electrical energy and constant maintenance as well as extensive renovation work.
- Ease of use - it doesn't require any specific technical knowledge to be handled by the user.
- It comes as standard in all Giesse tilt-and-turn window systems.

Case study

Letterplate innovation to provide enhanced security and fire integrity performance

ERA have recently introduced a BSI Kitemarked letterplate with a security cowl fitted to the inside section, giving consumers peace of mind by restricting access to the internal lock or any keys in the vicinity of the door.

The low projection inside-flap shields the home from within and has a patented Hardex finish which offers exceptional resilience and durability. The letterplate has undergone rigorous security testing to achieve TS008 security compliance, a requirement for PAS24 enhanced security door sets. The product range is certified for security and durability performance along with fire certification. The solution restricts key fishing and manipulation, and is designed to prevent damage to postal items. It aligns with UN Sustainable Development Goal 11 (sustainable cities and communities) by providing enhanced security and fire integrity performance.

Key performance indicators

The Group continually monitors progress in delivery of our strategic goals using five financial and two non-financial key performance indicators (KPIs).

The KPIs prior to 2019 exclude the impact of IFRS 16 'leases' which was adopted in 2019.

Certain KPIs use Alternative Performance Measures (APMs). For **definitions and reconciliations**, see pages 208 to 215.

For further information, see the **Financial review** on pages 36 to 41, **Sustainability performance** on pages 70 to 78, and the **Climate-related disclosures (TCFD)** on pages 50 to 69.

Link to strategy

Margin expansion

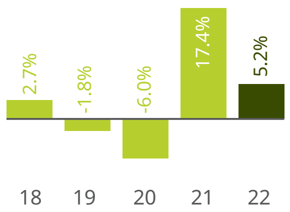
Sustainable growth

Engaged people

Positive impact

Like-for-like (LFL) revenue growth

5.2%



Strategic outcomes

Purpose

This KPI is used to evaluate the ability of the Group to grow its business organically and excludes the impact of currency translation and acquisitions and divestments.

Target

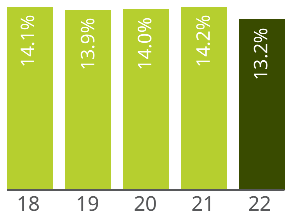
To grow revenue organically year on year.

2022 performance

LFL revenue increased by 5.2%, reflecting the benefit of share gains and pricing actions implemented to recover cost inflation, partially offset by lower market volumes. Volumes began to moderate in the summer of 2022 due to the impact of inflation, rapid rises in interest rates and the consequent fall in consumer confidence, which led to a reduction in residential RMI and housebuilding activity.

Adjusted operating margin expansion

13.2%



Strategic outcomes

Purpose

This KPI is used to evaluate the profitability and financial health of the Group.

Target

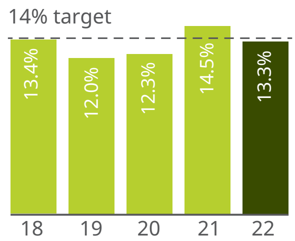
To maintain and improve operating margins through management of the Group's processes as well as overheads and administrative costs.

2022 performance

Adjusted operating margin decreased by 100 bps to 13.2%. The pass-through of input cost inflation had a dilutive effect on adjusted operating profit margins due to the higher revenue base. In addition, there was an adverse operating leverage effect from lower volumes, which was partially offset by self-help measures.

Return on capital employed

13.3%



Strategic outcomes

Purpose

This KPI is used to evaluate how efficiently the Group's capital is being employed to improve profitability.

Target

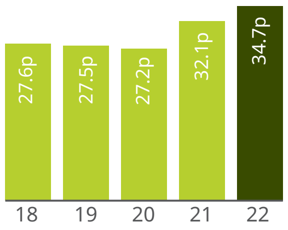
To maintain and steadily improve ROCE, with a medium-term target of 14.0%.

2022 performance

ROCE decreased by 120 bps to 13.3% as a result of significantly higher average working capital during the year to protect against supply chain disruption, and the impact of inflation and foreign exchange on capital employed, partially offset by a reduction in the average carrying value of intangible assets through amortisation.

Adjusted basic EPS

34.7p



Strategic outcomes

Purpose

This KPI is used to assess the profitability of the business and the profit generated for equity holders.

Target

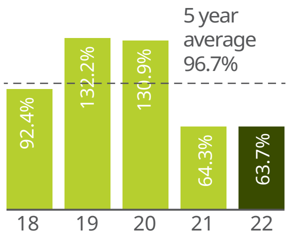
To improve adjusted EPS performance year on year.

2022 performance

Adjusted basic earnings per share increased by 5.0% to 34.7p as a result of the increase in adjusted operating profit, a reduction in the effective tax rate due to the release of a tax provision no longer required, and a slight reduction in the weighted average number of shares due to a purchase of shares by the EBT in the year.

Adjusted operating cash conversion

63.5%



Strategic outcomes

Purpose

This KPI is used to evaluate the cash flow generated by operations in order to pay down debt, return cash to shareholders and make further investment in the business.

Target

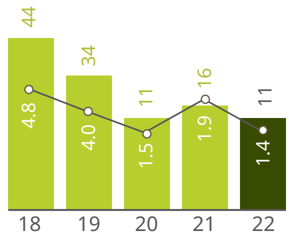
To maximise conversion of adjusted operating profit into cash over any twelve-month period whilst continuing to make the necessary capital investments to support the growth of the business.

2022 performance

Adjusted operating cash conversion reduced slightly to 63.5% as a result of the increase in adjusted operating profit being offset by a net working capital outflow due to higher inventory and settlement of creditors which were much higher in 2021 due to building inventory, as well as increased capital expenditure following two years of deferral of projects due to COVID-19 and the operational intensity of the recovery in demand.

Lost time incidents

1.4



Strategic outcomes

Purpose

The lost time incident frequency rate measures the number of lost time incidents per million hours worked (excluding COVID-19 cases). This KPI is used to evaluate the progress of our safety excellence programme.

Target

To reduce the LTIFR rate each year to <1.0 by 2022.

2022 performance

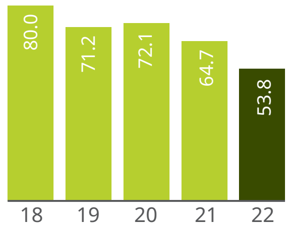
Specific safety improvement plans were implemented at four locations with the highest incident rates in 2021; this led to lost time incidents and other recordables at these sites more than halving to 20 in 2022 (2021: 42).

This enabled the Group to achieve a LTIFR, excluding COVID-19 cases, of 1.4 in 2022, a 26% improvement on 2021 and a 71% improvement versus the 2018 baseline LTIFR of 4.8.

Greenhouse gas emissions

53.8

TCO_2e per £m revenue



Strategic outcomes

Purpose

This KPI is a key indicator of the progress made in minimising the impact of our operations on the environment, in line with the Sustainable Operations pillar in our sustainability roadmap.

Target

To reduce our Scope 1 and 2 GHG emissions by improving our energy efficiency, with a 50% reduction in emissions per £m revenue by 2026.

2022 performance

Greenhouse gas emissions intensity decreased by 17% to 53.8 TCO_2e per £m revenue (market-based method). This reduction has been driven by the continued greening of the electrical grid, the impact of energy efficiency measures at plant level and reduced production output.

Chief Executive Officer's review

“I am delighted with our improvement in safety performance, which reflects the continued progress we have made in strengthening our culture.”

Jo Hallas
Chief Executive Officer

Performance in 2022

Tyman delivered a solid trading performance in 2022 against a strong comparative period and despite increasingly challenging market conditions. Revenue for the year of £715.5 million (2021: £635.7 million) grew by 13% compared to 2021, reflecting like-for-like (LFL) growth of 5% together with 8% growth from foreign exchange movements. LFL revenue growth reflected the benefit of pricing actions implemented to recover cost inflation, and share gains, partially offset by lower volumes. In addition, the Group discontinued business with Russia and Belarus from February 2022 in response to the war in Ukraine, and this impacted LFL revenue growth by 1 percentage point.

Underlying demand in most of the Group's major markets began the year strongly, driven by favourable structural industry trends and a continuation of the post-COVID rebound in RMI activity, some of which was supported by government fiscal stimulus. Whilst the positive long-term structural trends remain intact (see pages 16 to 17), underlying demand levels began to moderate in the summer of 2022 as sharp increases in consumer inflation fed through to rapid rises in interest rates, the combination of which has caused a cost-of-living crisis across most major economies and led to a reduction in residential RMI and housebuilding activity. This moderation in demand became significantly more pronounced during the latter part of the year. Nevertheless, our scale and agility enabled us to win market share, notably in our North American and International divisions (see case study on page 31).

Input cost inflation remained a challenge in 2022 as, whilst many commodity prices and freight rates moderated as the year progressed, the conflict in Ukraine put upwards pressure on energy prices and raw material conversion costs. In addition, labour markets have remained highly competitive for the past 18 months, especially in the US, which has resulted in wage inflation above long-term averages. We have reacted with agility to these challenges and successfully passed on rising input cost inflation to customers in the form of general price increases and temporary surcharges, although there is an inevitable lag in recovery due to the size and frequency of these increases, as well as some backward-looking customer pricing mechanisms.

The Group responded to the moderation in demand in the second half of the year with adjustments to production shifts, reductions in temporary labour and various tactical cost-saving actions. The improving supply chain environment allowed the Group to implement inventory reduction plans, although these have been constrained to some extent by lower shipments. We are continuing to closely monitor developments in our supply chains, especially given heightened geopolitical tensions in many parts of the world. The Group also progressed structural cost-saving initiatives, including the exit of three manufacturing facilities in the UK and Germany which will complete in early 2023 and deliver annualised benefits of c. £3 million.

The Group's self-help measures partially mitigated the lower volumes, including the impact of the exit from Russia and Belarus (these markets contributed £3 million to adjusted operating profit in 2021). Adjusted operating profit for the year of £94.6 million (2021: £90.0 million) grew by 5% on a reported basis compared to 2021, reflecting a LFL decline of 3% and foreign exchange benefit of 8%. The pass-through of input cost inflation had a dilutive effect on adjusted operating profit margins due to the higher revenue base. Inflation and foreign exchange movements, together with the marked reduction in volumes shipped towards the end of the year, had a significant impact on inventory levels, in turn leading to a reduction in return on capital employed by 120bps to 13.3%. This also resulted in adjusted operating cash conversion of 64% (2021: 64%) remaining below the target average of 90%.

Health and safety

The health and safety of our people is the Group's top priority and is being embedded across our culture through our 'Safety is our First Language' programme. Pleasingly, the Group achieved a lost time incident frequency rate (LTIFR), excluding COVID-19 cases, of 1.4 in 2022, a 26% improvement on 2021 and a 71% improvement versus the 2018 baseline LTIFR of 4.8. Specific safety improvement plans were implemented at four locations with the highest incident rates in 2021; this led to lost time incidents and other recordables at these sites more than halving to 20 in 2022 (2021: 42).

Whilst the Group is yet to achieve its ambitious goal of a LTIFR of less than 1.0, the downward trend in work-related injuries and positively trending leading indicators give us confidence that the Group now has the solid foundations in place to deliver world-class levels of safety performance.

Strategic progress

The Group has continued to progress its Focus, Define, Grow strategy, which is underpinned by the three sustainability pillars of Sustainable Operations, Sustainable Culture, and Sustainable Solutions.

The *Focus* activities seek to improve operational efficiency and structurally improve the cost base by optimising footprint, enhancing systems and processes and reducing complexity. Examples of such activity in 2022 included the exit of three manufacturing facilities in the UK and Germany, the optimisation of the distribution network for the western US market, investment in factory automation in Italy and the UK, and the continuation of a multi-year programme to roll out a global ERP template. The North American product portfolio harmonisation project made further progress, with work moving to the hinged patio door and casement product groups during the year. The *Sustainable Operations* activities included transitioning the Group's largest manufacturing facility in Europe to use 80% recycled aluminium content and installing solar panels at a major UK site. The Group has defined its Science Based Targets and submitted these to the SBTi for validation, with Scope 1 and 2 targets in line with a 1.5°C pathway and Scope 3 targets in line with a 'well below 2°C' pathway (see Climate-related disclosures on pages 50 to 69 for more information).

The *Define* strategic pillar, which aims to build cultural cohesion to facilitate ongoing synergy extraction, has continued to gain momentum through embedding the 'One Tyman' culture and expanding the 'Tyman Excellence System' for the development and deployment of best practice. Under Lean Excellence, the Group held its first cross-divisional Kaizen week at its Budrio site in Italy, creating stronger awareness and engagement with lean across site representatives from around the world, with more such events to be conducted in 2023. As part of the Sustainability Excellence work, a database was developed to facilitate groupwide sharing of best practice for reducing energy, water and waste, designing sustainable products, and transitioning to sustainable packaging. This has already helped to drive the development of sustainable packaging for retail customers seeking to eliminate single-use plastic.

Under *Sustainable Culture*, a groupwide employee engagement survey was conducted, followed up with focus groups to define local and cross-site action plans. An ethics leadership course was deployed to provide senior leaders with the skills to create an environment of psychological safety, further embedding the Group's Code of Business Ethics.

The *Grow* activities aim to deliver organic share gains through excellent customer service, new product development (NPD) and market expansion. In North America, there were net customer wins of c. US$9 million in 2022, in part reflecting the recent investment to expand Q-Lon capacity. In our international markets, strong progress was made with system houses, growing this channel by 26%, whilst in the UK there was further market penetration with innovative commercial access solutions products. The recent reduction in demand levels and moderation of supply chain disruption is enabling greater emphasis on innovation and NPD, and a series of new products were launched in 2022, with a strong pipeline of launches scheduled for 2023. In the US, shipments have begun from the new distribution centre in Phoenix which will enable greater market penetration in the western US, whilst new casement hardware designed for the Canadian market is aimed at strengthening share in 2023.

Enabling customers to innovate through more *Sustainable Solutions* is a key area of differentiation for the Group. Across Europe and the Middle East, sustainability is an enabler of share gains with system houses (see case study on page 35). In North America, the Group initiated high-level sustainability workshops with several of its largest customers during the second half of the year to understand their sustainability priorities and investigate ways to share insights and collaborate on new solutions. During 2023, the Group will be working with at least two of these customers to develop new returnable packaging solutions to eliminate transit packaging at their plants, enabling them to enhance their own sustainability credentials.

Chief Executive Officer’s review continued

Tyman's commitment to achieving its sustainability targets is now linked to nearly 90% of its funding. During 2022 the Group successfully completed the refinancing of both US$75 million of US private placement notes and its syndicated revolving credit facility (providing £210 million of committed funding together with an accordion option of up to £100 million). In both cases, the financing included economic incentives for the achievement of sustainability performance targets which align with Tyman’s sustainability roadmap.

It has been particularly pleasing that the Group’s progress on its sustainability roadmap is leading to further external recognition. During 2022 MSCI awarded Tyman an “AA” leader rating and both S&P Global and Sustainalytics rank Tyman in the top 20% of building products peers globally. Tyman completed its first Carbon Disclosure Project (CDP) submission in 2022 and in December 2022 Tyman became a constituent of the FTSE4Good UK Index.

The Group is prepared for a disciplined return to M&A and has a good pipeline of targets that meet our commercial and strategic objectives. The strengthened platform and Tyman Excellence System should facilitate greater synergy extraction from acquired businesses in the future.

Outlook

The underlying fundamentals of the markets the Group operates in remain strong. For much of the last decade, housing supply has failed to keep pace with demand in most of the Group’s key markets, causing a structural housing deficit. There are also positive structural growth drivers for residential RMI spending, including ageing housing stock, increased focus on the energy efficiency of buildings, strengthening building codes and a desire for greater comfort and flexibility of the home. Taken together, these factors are expected to provide an ongoing stimulus to the replacement and upgrade of windows and doors.

Nevertheless, the near-term outlook remains challenging, given high levels of inflation and interest rates are constraining housing market affordability and activity. The industry has limited forward visibility and it is difficult to quantify the amount of customer destocking that took place in the latter half of 2022, but the weakness in volumes experienced in the second half of 2022 is expected to continue at least during the first half of 2023, which will also be particularly impacted by a strong comparator.

The Group will continue to drive market share gains through executing well with customers, launching innovative new products, and expanding its channels and markets. In 2023, the Group is expected to benefit from new product launches in all its core markets, continued share gains with system houses, greater penetration of the western US and Canadian markets and pricing carryover. Activities to strengthen operational efficiency will be progressed, including supply chain improvements to reduce cost and enhance resilience. Together with the previously announced c. £3 million benefit from the structural cost-savings initiatives in the UK and Germany, these self-help measures are expected to partially mitigate lower volumes and ongoing wage and other cost inflation. Operating margins will remain under pressure given the volume impact as well as a continuing elevated level of inflation.

Tyman is well positioned to navigate the near-term macroeconomic challenges and take advantage of the positive structural industry growth drivers as housing market conditions improve. Our agile and resilient business model, together with our strategic initiatives, continues to position Tyman well for future growth, building on our portfolio of differentiated products, market-leading brands, deep customer relationships and sustainability credentials. We remain confident in our ability to deliver our margin targets over the medium term in a more normalised market environment.

Jo Hallas
Chief Executive Officer

Case study

Share gains from capacity expansion investment

In 2021, Tyman installed new state-of-the-art equipment to expand its urethane seal manufacturing capacity at its Statesville, North Carolina facility. The business is now leveraging this investment alongside its expertise in door seals to win incremental business.

The challenge

AFCO Industries (AFCO) is a leading producer of aluminium, plastic and fiberglass products to the US buildings and construction industry. During the strong post-COVID rebound in the US housing market, AFCO was sourcing their urethane door seals from outside the US. This caused them to experience variable lead times from their suppliers which, in turn, led to them carrying excessive levels of inventory at their local manufacturing plants. Their plants did not have the capacity to properly manage this excess inventory, resulting in major operational challenges.

The solution

Given its geographical proximity to AFCO, and with its newly expanded manufacturing capacity, Tyman was able to commit to significantly shorter lead times for AFCO for their Q-Lon urethane door seals.

Value created

Tyman's differentiated itself by understanding the customer's problem and clearly articulating how its value proposition and recent investment at its Statesville facility would generate financial and operational benefits for AFCO by switching from an overseas to a domestic supplier for its urethane door seals. This allowed AFCO to reduce its door seal inventory levels, freeing up cash to invest in its business.

"We are excited to partner with Tyman as our preferred supplier with their Q-Lon branded door seals. In 2022, our team actively sought to select a domestic supplier with sufficient capacity to produce our full product range. As a result of this partnership, we reduced inventory holding costs while improving operational efficiencies within our production facility."

Mark Clayton, Global Purchasing Manager, AFCO

Operational review

Tyman North America

£m except where stated	2022	2021	Change	LFL
Revenue	**471.9**	397.7	**19%**	**7%**
Adjusted operating profit	**66.9**	65.1	**3%**	**-8%**
Adjusted operating margin	***14.2%***	*16.4%*	***-220bps***	***-220bps***

Markets

The US residential housing market began 2022 robustly, but as rising inflation and interest rates took hold in the middle of the year, demand for both the RMI and new build segments of the market started to soften. This softening picked up pace towards the end of the year as 30-year fixed mortgage rates hit 7%, double the level at the beginning of the year.

According to the US Census Bureau, US housing starts decreased by 3.1% to 1.555 million units in 2022 whilst single family housing starts, to which the division has proportionally higher exposure, decreased by 10.6%. The NAHB forecasts there was a 6.9% reduction (adjusted for inflation) in private residential improvement spending activity in 2022. In Canada, single family housing starts declined by 5.9% in 2022, as the Canadian housing market was also affected by rising inflation and interest rates.

The US commercial building sector has been more resilient in 2022, driven by domestic manufacturing and commercial building investment. The recently passed government infrastructure spend legislation will provide some degree of stimulus to the public infrastructure market in the coming years.

Business performance and developments

LFL revenue grew by 7% in 2022, despite the strong LFL growth recorded in the comparative period. Reported revenue growth of 19% reflected the impact of foreign exchange. LFL revenue growth benefitted from pricing actions and net customer wins, which more than offset a decline in volumes in the full-year period resulting from the challenging market backdrop. Volumes began to decline from the middle of the year as the US residential housing market slowed, with the pace of decline quickening as the second half of the year progressed.

The rapid change in market conditions provided operational challenges but, nevertheless, the division made good progress during 2022 with its strategic initiatives aimed at driving share gains, reducing cost and complexity, and improving operational resilience.

Central to this is the implementation of a new ERP system to enable more streamlined ordering and logistics processes for customers, drive further back-office efficiencies and improve the business's decision support capabilities; this multi-year programme is progressing well.

Optimisation of the distribution footprint to provide enhanced service levels is also a key component of the strategy, and this progressed with the conversion of the Sioux Falls facility predominantly to distribution, together with the addition of a new distribution site in Phoenix to service the western US market. Shipments from Phoenix began in late 2022 as planned.

These enhancements, along with the launch of a new website, the ongoing portfolio harmonisation activity and new products, are enabling the business to go to market with an improved service level and more consistent customer experience. Coupled with ongoing close customer engagement and customer-specific projects, these activities have enabled further share gains. During 2022, the division achieved new net customer wins of c. US$9 million annualised revenue. Further success with the entry-price point sliding patio door solution for the US market and a new entry-price point casement lock solution for the Canadian market are expected to help drive additional net customer wins in 2023.

Labour availability and retention continued to be a challenge throughout the US manufacturing sector in 2022, particularly in certain locations, although the situation steadily improved as the year progressed. The division implemented a series of actions to alleviate the situation, including wage increases, recruitment programmes, retention and hiring incentive schemes, and flexible working patterns. The resultant workforce stabilisation helped to drive improvements in operational efficiency and a reduction in overtime. Across the division there is an emphasis on developing continuous improvement and lean management capabilities to further improve efficiency and reduce working capital. A series of supply chain resiliency projects, aimed at risk mitigation and reducing cost, were also initiated during 2022, including both dual sourcing and insourcing initiatives. Collectively, these self-help measures assisted in offsetting the adverse impact from the challenging market conditions.

Input cost inflation remained at elevated levels throughout 2022, and whilst there was an easing in the price of certain commodities and freight during the second half this was largely offset by an increase in energy conversion costs. The division successfully implemented a series of price increases and surcharges during the year to pass on the input cost inflation experienced in 2021 and 2022. Nevertheless, there was a natural lag in the recovery of input cost inflation via pricing actions given the quantum and frequency of such actions and reflecting the backward-looking indexation programmes with some of our largest customers. Along with the significant volume decline at the end of the year, this was the primary driver of the 8% decline in LFL adjusted operating profit (3% increase in adjusted operating profit on a reported basis, reflecting the impact of foreign exchange). The self-help measures noted above partially offset the negative operating leverage effect of lower volumes, administrative cost inflation and the operational inefficiencies that arose during the work to optimise the footprint. The pass-through of cost inflation had a dilutive impact on the adjusted operating margin, leading to a LFL adjusted operating margin decrease of 220 bps to 14.2%.

Outlook

The underlying fundamentals of the US residential housing market are strong, with years of supply lagging demand creating a significant housing deficit. Nevertheless, the near-term outlook remains challenging given high levels of inflation and interest rates are continuing to constrain housing market activity. The NAHB forecasts further double-digit declines in single family housing starts in 2023 to below 2019 levels. Having shown resilience in 2022, the commercial market is forecast to become more challenging in 2023, reflecting the more difficult economic environment in the US.

The division will maintain focus on gaining market share, notably in the western US, Canada and via its distribution partners whilst growing its new product pipeline. The benefits of prior-year pricing actions will help mitigate the adverse impact of lower volumes and continued cost inflation. Moreover, work to structurally improve the fixed cost base and return operational efficiencies across the network to normalised levels will remain a focus in 2023, through driving procurement benefits and continuous improvement from lean projects. In addition, a plan has been developed to consolidate two manufacturing sites into one in Owatonna, which is also expected to support profitability.

Case study

Leveraging our agility, scale and expert touch to maintain supply chain resilience for a key part of the US window market

Balances are an integral component within a sash (hung) window, providing a counterbalance to the weight of the sash to enable the smooth, easy opening and closing of the window. Constant force balances are used in around half of the balances in the US market, using coiled metal springs to provide the tension to balance the sash weight, and AmesburyTruth has a leading position in this market.

The challenge

In late summer 2021, the major supplier of the stainless steel grade used to make AmesburyTruth's constant force springs announced that it would be halting supply of the material required for the springs in January 2022. The material used is highly specialised and this supplier was the key supplier not just to Tyman but to the entire constant force balances industry. At the time there was a 100-day lead time sourcing the material, meaning there was limited time to find an alternative source before a gap in supply would occur.

The solution

A core team was quickly formed involving experts from product management, supply chain and engineering functions to evaluate alternative sourcing strategies and then identify a new supplier with the capabilities and material specifications required. Using the business's in-house AAMA certified test laboratory enabled the team to test and qualify samples from this supplier within a timeframe of two months. This meant the production quantities required were obtained from the new supplier in time to mitigate major supply disruption to this key part of the US window market and keep Tyman's customers happy.

Value created

Our extensive industry knowledge and expertise, alongside our in-house testing capabilities, put Tyman in a unique position to solve this problem in the short time available. In addition to expertise, clear and regular communication with customers was another critical success factor, as it enabled production schedules to be amended to ensure the most efficient and effective use of existing stainless steel material to meet customer demand. As a result, customer disruption was avoided and Tyman retained all of its US constant force balances business.

Operational review continued

Tyman UK & Ireland

£m except where stated	2022	2021	Change	LFL
Revenue	**103.3**	105.8	**-2%**	**-2%**
Adjusted operating profit	**14.5**	14.8	**-2%**	**-2%**
Adjusted operating margin	***14.0%***	*14.0%*	–	–

Markets

Residential RMI, to which the UK&I division is predominantly exposed, softened as 2022 progressed, as household affordability was negatively impacted by rising inflation and interest rates. This was exacerbated by customer destocking, following the higher than normal levels of inventory built during the post-pandemic rebound and associated supply chain challenges. The latest CPA forecast expected spending in the residential RMI market to have shrunk by 4% in 2022 (having begun the year expecting flat growth), following 17% growth in 2021.

The commercial and public infrastructure segments were more resilient in 2022, supported by the continued growth in warehousing and government spending on transport projects such as HS2. The CPA estimates that spending on infrastructure new build grew by 5% and non-residential new build grew by 2% in 2022.

Overall, having signalled modest growth during the first five months of the year, the UK construction PMI has been at or around the neutral 50 level since June, indicating flat activity levels across the construction sector.

Business performance and developments

Revenue decreased by 2% in 2022 on a LFL and reported basis against a very strong comparative in 2021. The benefit of pricing actions to pass on input cost inflation was offset by a decline in hardware volumes, reflecting the softening in the residential RMI market.

As customers increasingly require products and solutions that meet ever more stringent environmental and safety regulations, with its expertise in certification requirements and in-house testing capabilities, the hardware business is well placed to benefit from these trends. In 2022, new business was secured with a major UK distributor as a result of the division's agility in developing a retail packaging solution using recyclable cardboard rather than plastic clam shells. Incremental revenue will flow from this contract from the middle of 2023.

The business also made good progress on its new product development plans. A key launch during the second half of 2022 was Touchkey®, an innovative smart security door locking system that can be accessed via fingerprint, Bluetooth, smartphone app, voice control or by traditional key method. Touchkey® is the first product of this type on the market with multi-operational 'smart' opening solution, allowing users to access their home without the need for a key, which is especially beneficial for residents with restricted mobility or where there is a need to give controlled temporary access, via encrypted electronic keys. The product is the only solution on the market whose IoT Kitemark certification includes fingerprint access.

In Access 360, the division's commercial access solutions business, sales grew modestly in the first half, reflecting the return of the two re-certified core product lines suspended in 2021. Work continues to optimise the business, with an integrated ERP system launched in the first half. A project to consolidate the three heritage Access 360 brands (Profab, Howe Green and Bilco) into a single highly automated facility is well-progressed, with the majority of operations transferred to the new site by the end of 2022.

LFL and reported adjusted operating profit decreased by 2%, reflecting lower hardware volumes offset by the benefit of pricing actions and close control of operating costs.

Outlook

The CPA currently expects the residential RMI segment to decline a further 9% in 2023, whilst both the industrial and infrastructure new build segments are expected to continue to be more resilient and show slight growth, supported by investment in government transport and warehousing projects.

High levels of input cost inflation, including that caused by adverse foreign exchange movements, will continue to create headwinds in 2023, albeit to a lesser extent than those seen in 2022.

The division will continue to implement pricing actions as required to offset input cost inflation. Other key priorities are to gain share with the recent new product launches and strong pipeline of new products in place for launch in 2023.

Case study

Revolutionising the industry with TouchKey, the future of keyless entry

Tyman is revolutionising the expectations and capabilities of keyless entry with the launch of ERA's versatile door security solution, TouchKey.

Tyman is revolutionising the expectations and capabilities of keyless entry with the launch of its versatile door security solution, TouchKey.

Suitable for fabrication with composite or timber entrance doors, TouchKey is the only system of its kind to combine five different entry methods into a single door handle, namely access via fingerprint, smartphone app, Bluetooth, voice-activated entry or by manual key override.

When used with the ERA Protect smart home hub and app, the door can be unlocked with a single touch locally or remotely. Electronic keys that have timed access can also be assigned to individuals, such as family and friends, via the app to enable temporary controlled access to the property. Voice command can also be utilised via the app to unlock the door on approach, without having to physically use a smartphone. Finally, for those that prefer to turn a key in a lock, TouchKey also contains a hidden manual key override.

TouchKey has been independently tested to BSI's new Smart Residential Locking Device standard, which was developed in conjunction with Tyman and combines the BSI Internet of Things (IoT) Kitemark with TS 621 for mechanical security with smart locking. This provides reassurance to users that TouchKey has been independently certified and is a trusted smartware product for any home.

Helen Downer, President of Tyman UK & Ireland, explains:

"TouchKey provides fabricators with smarter door security and integrates with the ERA Protect smart ecosystem, providing homeowners with a flexible and easy-to-use solution for their security. TouchKey combines our extensive expertise in mechanical hardware with the very latest advances in smart technology to provide a revolutionary system that sets a new standard for keyless entry."

Operational review continued

Tyman International

£m except where stated	2022	2021	Change	LFL
Revenue	**140.3**	132.2	**+6%**	**+6%**
Adjusted operating profit	**21.3**	19.5	**+10%**	**+11%**
Adjusted operating margin	***15.2%***	*14.7%*	***+50bps***	***+70bps***

Markets

Market demand was strong during the first half of the year across the division's key geographies. However, momentum slowed in the middle of the year as the uncertain macroeconomic environment began to weigh on consumer confidence, most notably in Europe. Demand levels continued to reduce significantly as the second half of the year progressed. This was evidenced by the decline in the Eurozone construction PMI, which began the year at a healthy level of 56.6 but then faded to 42.6 by the end of the year.

The construction PMI for Italy, the division's largest market, has remained above the Eurozone average throughout the period and peaked at a record high of 68.5 in February 2022, boosted by government fiscal stimulus programmes. However, since May this has also slowed markedly as the funding for these programmes was reduced, remaining below 50 for much of the second half of the year.

Outside of Europe the picture was mixed. Demand across the GCC territories remained buoyant throughout the year due to the benefit of high oil prices. However, the Chinese market was significantly impacted by the regional lockdowns that were in place for most of the year as the government responded to the resurgence of COVID-19.

Business performance and developments

Revenue grew by 6% in 2022 on both a LFL and reported basis against a strong comparative period, driven by pricing actions and share growth in key markets. During 2022, volumes were broadly unchanged year over year; however, this masked a significant change from the first half of the year, when market conditions were buoyant, to the second half, when the macroeconomic backdrop became increasingly challenging. As previously reported, business with Russia and Belarus was discontinued from February 2022 in response to the war in Ukraine; these markets comprised c. 5% of divisional revenue in 2021.

Share growth was achieved through continued momentum with both systems houses and distribution partners, as well as delivery of the NPD pipeline. Revenue from system houses grew by 26% in 2022, with this channel now representing 16% of the division's revenue. Greater penetration has been driven with the system houses by establishing partnerships to develop solutions incorporating Tyman products in their custom systems. The Giesse CHIC concealed hinge range has been a particular success to date and there is a developing pipeline of system house products employing Tyman's innovative pull and slide system that will be delivered to the market from 2023 onwards.

There has been good progress with the strategic initiative to optimise and enhance the division's seals manufacturing business. A third Q-Lon urethane line was installed in the UK at the start of 2022 and the German seals manufacturing facility was closed at the end of 2022, with production moving to the UK. Once commissioning has been completed at the Aycliffe site, this consolidation will drive economies of scale and concentration of seals expertise, delivering structural improvements to profitability and enhanced customer service levels. Progress has also continued with the programme to drive greater levels of automation in the Budrio hardware manufacturing facility, which will lead to improvements in safety, efficiency and throughput.

Sustainability remains at the core of how the business operates, and during the year there was further progress with improving the energy efficiency of the division's own operations and developing a pipeline of new products with a reduced carbon footprint. Work has continued towards eliminating the lead content in hinges, increasing the recycled content of aluminium used across the hardware range and reformulating the chemical composition of Q-Lon urethane products. Having the expertise and capability to demonstrate and deliver strong sustainability credentials is an increasingly important differentiator for the business in the marketplace. New sustainable solutions include the Champion Plus Microvent locking solution for aluminium windows or sliding doors to help improve the ventilation of living and working spaces, and fire-retardant Q-Lon urethane seals that are certified to European standards for use in fire door applications.

Pricing actions were successfully implemented during the year to recover input cost inflation. Together with the structural actions to improve margins, the negative effect on fixed cost absorption from flat volumes and the exit of the business in Russia and Belarus (which contributed c. £3 million to adjusted operating profit in 2021) was more than offset. As a result, LFL adjusted operating profit grew 11%. On a reported basis adjusted operating profit increased by 10%, reflecting the impact of foreign exchange.

Outlook

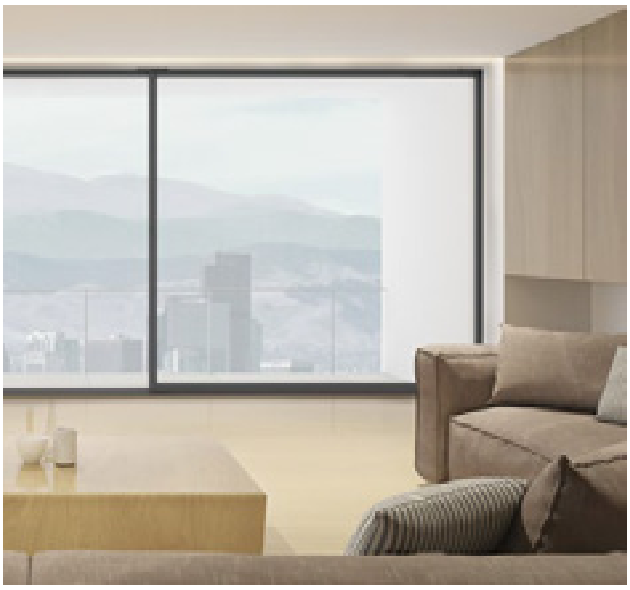
The market environment in 2023 is expected to remain challenging; Globaldata currently forecasts the European construction sector will decline by 4% in 2023. Prospects for the GCC markets are more positive, buoyed by high oil prices, but the near-term outlook for the Chinese market remains highly uncertain.

The priorities for the division remain to protect and grow market share through new product launches and further penetration of system houses in Europe and the GCC. Work will also continue to optimise margins through completing the seals manufacturing footprint consolidation and further automation of hardware manufacturing.

Case study

Innovation driving share gains with European system houses

Tyman has been successfully targeting market expansion and share gains with major system houses across Europe and the GCC for several years.



It takes time to build trusted partnerships with this segment of the market, but once a supplier is designed and specified into a system house's customised solution it provides a stable recurring source of revenue.

These benefits are now manifesting themselves with strong sales growth to this channel, with 26% sales growth achieved in 2022. As a result, system houses now comprise 16% of the International division's sales.

Below are examples of two collaborations with system houses.

Innovative pull and slide solution with SAMM

SAMM (Sistemas de Aluminio del Mediterraneo) is a Spanish system house, owner of the brand QSLINE. SAMM has used Giesse hardware since 2016 and is also an official distributor of QSystems aluminium systems, which integrates Giesse and Schlegel solutions.

SAMM and Giesse have recently been working together on a customised version of Giesse's innovative new pull and slide system for sliding doors.

"Our goal at QSLINE is to design innovative aluminium solutions that help create a more sustainable world. For this, we design window systems that meet the highest technical requirements, moulding and adapting to their projects to achieve excellence.

That is why we work with a global partner like Tyman, who provide us with technological solutions that make the most demanding projects a reality. We know that we work better when we work together. We share our common knowledge and energy to ensure that we achieve our collective and individual ends." Jose Luis Escalera, SAMM managing partner

CHIC concealed hinges with Profils Systèmes

Profils Systèmes is one of the leading system houses in the French market. Design, innovation and sustainability are at the heart of the strategy of Profils Systèmes.

Since 2013, Profils Systèmes and Giesse have developed a strong collaboration, with Giesse chosen as the supplier of accessories for the sash and tilt and turn windows and doors.

Taking advantage of the current minimalist trend, Profils Systèmes' latest sash window and door series – named CUZCO – offers the Giesse NP Ultra handles accompanied by the Giesse CHIC concealed hinge. The latest innovation developed by the partnership between Giesse and Profils Systèmes, a new concealed hinge for invisible flush doors, was launched in October 2022 by Profils Systèmes at the Batimat construction trade show in Paris.

Financial review

"Adjusted EPS growth of 8% reflected successful pricing actions, share gains and self-help measures, partially offset by lower market volumes."

Jason Ashton
Chief Financial Officer

Income statement

Revenue and profit

Revenue for the year increased by 12.6% to £715.5 million (2021: £635.7 million), reflecting significant price increases of £54.2 million and tariffs and surcharges of £25.8 million to recover input cost inflation, as well as favourable foreign exchange movements of £44.5 million. This was offset by a decrease in volume and mix of £44.7 million driven by a significant weakening of global macroeconomic conditions in the second half of the year and the exit of business with Russia and Belarus. On a LFL basis, which excludes the foreign exchange benefit, revenue increased 5.2% compared to 2021.

Selling, general and administrative expenses increased to £151.2 million (2021: £138.5 million), predominantly due to foreign exchange movements of £7.2 million, and a charge relating to restructuring programmes of £6.3 million (2021: £0.6 million credit), with cost inflation being largely offset by tight cost management. Adjusted selling, general and administrative costs, increased to £127.3 million (2021: £121.7 million), largely due to of foreign exchange. On a LFL basis, adjusted selling, general and administrative expenses were broadly flat against 2021.

Operating profit decreased by 3.3% to £70.7 million (2021: £73.1 million). This was driven by lower sales volumes contributing a reduction of £14.2 million, and a charge relating to restructuring programmes of £6.3 million (2021: £0.6 million credit), partially offset by productivity improvements of £7.1 million due to continuous improvement initiatives and efficiency gains from better workforce stability, and favourable foreign exchange movements of £7.0 million. Pricing recovered significant material, freight and other inflation of £80.0 million and further benefits are to be realised in 2023 due to some of the customer pricing mechanisms being based on a look-back indexation. Adjusted operating profit, which excludes the restructuring charge and amortisation of acquired intangibles, increased by 5.1% to £94.6 million (2021: £90.0 million). Operating margin decreased by 162 bps to 9.9% (2021: 11.5%) and adjusted operating margin decreased by 94 bps to 13.2% (2021: 14.2%), largely as a result of the lower volumes and dilutive effect of pass-through pricing to recover cost inflation. On a LFL basis, excluding the benefit of foreign exchange, adjusted operating profit decreased 3.2%.

Profit before taxation decreased by 4.1% to £61.4 million (2021: £64.0 million), as a result of the lower operating profit and a marginal increase in net finance costs. Adjusted profit before tax increased by 5.3% to £85.8 million (2021: £81.5 million), as a result of the higher adjusted operating profit. On a LFL basis, excluding the foreign exchange benefit, this decreased by 1.8%.

Materials and input costs

£m except where stated	FY 2022 Materials[1]	Average[2]	Spot[3]
Aluminium	**21.5**	+42%	+3%
Polypropylene	**45.2**	+1%	-26%
Stainless steel	**80.2**	+45%	+38%
Zinc	**31.4**	+32%	+13%
Far East components[4]	**41.8**	+10%	-1%

1 FY 2022 materials cost of sales for raw materials, components and hardware for overall category.
2 Average 2022 tracker price compared with average 2021 tracker price.
3 Spot tracker price as at 31 December 2022 compared with spot tracker price at 31 December 2021.
4 Pricing on a representative basket of components sourced from the Far East by Tyman UK & Ireland.

Average prices across all categories increased further during the year, following significant inflation in 2021 and the impact of the invasion of Ukraine. Commodity prices began to moderate through the second half, although conversion costs remain high due to energy prices. Price increases and surcharges were implemented to recover cost increases, albeit due to customer pricing mechanisms in North America there remains an inevitable timing lag in recovery.

Adjusting items

Certain items that are considered to be significant in nature and/or quantum have been excluded from adjusted measures, such that the effect of these items on the Group's results can be understood and to enable an analysis of trends in the Group's underlying trading performance.

	2022 £m	2021 £m
Footprint restructuring – costs	**(6.3)**	–
Footprint restructuring – credits	**–**	0.3
Footprint restructuring – net	**(6.3)**	0.3
M&A and integration – credits	**–**	0.6
M&A and integration – net	**–**	0.6
Impairment charges	**–**	(1.9)
Impairment credits	**–**	1.6
Impairment – net	**–**	(0.3)
	(6.3)	**0.6**

The footprint restructuring costs in 2022 relate to the closure of the Hamburg facility and the consolidation of the three UK Access solutions businesses into a single site. These are considered to be major restructuring programmes which required Board approval and therefore are drawn out separately as adjusting items. These programmes were substantially completed in 2022.

The M&A credit in the prior year related to the release of provisions made as part of the business combination accounting for previous acquisitions, which are no longer required. The impairment charge in the prior year related to impairment of certain of the Group's intangible assets following the commencement of a multi-year ERP upgrade. The impairment credit related to the release of a portion of provisions made in 2019 against inventory and other assets associated with the new door seals product in North America, which was no longer required.

Finance costs

Net finance costs increased marginally to £9.3 million (2021: £9.1 million).

Interest payable on bank loans, private placement notes and overdrafts increased to £6.9 million (2021: £5.9 million), predominantly reflecting higher net debt due to increased working capital and an unfavourable impact of foreign exchange. The weighted average interest rate increased to 3.4% (2021: 3.1%), with the improved coupon rates on the new USPP debt being largely offset by higher interest rates on the floating RCF debt, due to the increase in global interest rates. Interest on lease liabilities of £3.0 million increased slightly (2021: £2.5 million), reflecting foreign exchange and higher interest rates.

Financial review continued

Net finance costs in the period also benefitted from a gain on revaluation of derivative instruments of £0.1 million (2021: £0.1 million loss) due to the movement in foreign exchange rates. Interest income from short-term bank deposits amounted to $0.9 million (2021: £nil). Non-cash charges included in net finance costs included amortisation of capitalised borrowing costs of £0.6 million (2021: £0.5 million).

Forward exchange contracts

At 31 December 2022, the Group's portfolio of forward exchange contracts at fair value amounted to a net liability of £0.2 million (2021: net liability of £0.3 million). The notional value of the portfolio was £19.8 million (2021: £24.3 million), comprising US dollar and Euro forward exchange contracts with notional values of US$23.3 million and €0.7 million respectively (2021: US$28 million; RMB30 million). These contracts have a range of maturities up to 31 October 2023. During the year, a gain of £0.1 million (2021: loss of £0.1 million) was recognised directly in the income statement.

Interest rate swaps

During the year, the Group entered into a cross-currency interest rate swap, swapping US$10 million of the new USPP debt for £3.7 million and €5.0 million to fund the Group's UK and International operations. At 31 December 2022, the fair value of these swaps amounted to a net asset of £0.2 million (2021: £nil), with a fair value gain through OCI of £0.2 million (2021: £nil) recognised.

Taxation

The Group reported an income tax charge of £13.6 million (2021: £14.4 million), comprising a current tax charge of £17.6 million (2021: £17.3 million) and a deferred tax credit of £4.0 million (2021: credit of £2.9 million), reflecting an effective tax rate of 22.0% (2021: 22.5%). The decrease in the income tax charge reflects the decrease in profit before tax, and the benefit of the release of a transfer pricing provision no longer required. The adjusted tax charge was £18.5 million (2021: £18.8 million) representing an adjusted effective tax rate of 21.6% (2021: 23.1%).

During the period, the Group paid corporation tax of £21.5 million (2021: £17.7 million). This reflects a cash tax rate on adjusted profit before tax of 25.1% (2021: 21.7%). The increase reflects the timing of payments on account.

Earnings per share

Basic earnings per share decreased by 3.0% to 24.6 pence (2021: 25.4 pence), reflecting the decrease in profit after tax, partially offset by a reduction in the weighted average number of shares due to the purchase of shares by the EBT in the year. Adjusted earnings per share increased to 34.7 pence (2021: 32.1 pence), reflecting the increase in adjusted profit after tax. There is no material difference between these calculations and the fully diluted earnings per share calculations.

Cash generation, funding and liquidity

Cash and cash conversion

£m	2022	2021
Net cash generated from operations	**60.6**	57.0
Add: Pension contributions	**0.2**	2.8
Add: Income tax paid	**21.5**	17.7
Less: Purchases of property, plant and equipment	**(19.2)**	(16.1)
Less: Purchases of intangible assets	**(4.9)**	(4.5)
Add: Proceeds on disposal of PPE	**0.1**	0.8
Add: Adjusting item cash costs	**1.8**	0.2
Adjusted operating cash flow[1]	**60.1**	57.9
Less: Pension contributions	**(0.2)**	(2.8)
Less: Income tax paid	**(21.5)**	(17.7)
Less: Net interest paid	**(9.5)**	(8.8)
Less: Adjusting item cash costs	**(1.8)**	(0.2)
Free cash flow[1]	**27.1**	28.4

1 Alternative performance measures, details of which can be found from page 208.

Net cash generated from operations increased by 6.3% to £60.6 million (2021: £57.0 million), reflecting an increase in profit before tax after adding back non-cash provision movements, partially offset by a higher net working capital outflow, and higher income tax payments. Adjusted operating cash flow increased by 3.8% to £60.1 million, reflecting the increase in adjusted operating profit, partially offset by the higher net working capital outflow and increased capital expenditure after two years of deferral due to COVID-19 and the operational intensity of the recovery.

Adjusted operating cash conversion decreased slightly to 63.5% (2021: 64.3%), largely due to the working capital outflow. Adjusted operating cash conversion has been below the target average level of 90% in the last two years as a result of the significant investment in working capital made to protect against supply chain disruption, which has been magnified by inflation, with the reduction in demand in the second half of the year meaning that inventory did not reduce to the extent planned. Inventory reduction initiatives are expected to drive a much stronger cash conversion in 2023.

Free cash flow in the period was slightly lower than 2021 at £27.1 million (2021: £28.4 million), as a result of the higher adjusted operating cash flow offset by higher income tax payments on account, higher interest payments and adjusting item cash costs.

Debt facilities

Bank and US private placement facilities available to the Group as at 31 December 2022 were as follows:

Facility	Maturity	Currency	Committed	Uncommitted
2022 Facility	Dec 2026	Multi-currency	£210.0m	£100.0m
5.37% USPP	Nov 2024	US$	US$45.0m	–
3.51% USPP	April 2029	US$	US$40.0m	–
3.62% USPP	April 2032	US$	US$35.0m	–

In April 2022, the Group issued US$75 million of sustainability-linked US Private Placement notes. US$40 million of the notes have a maturity of seven years and a base coupon rate of 3.51%, and US$35 million have a maturity of 10 years and a base coupon rate of 3.62%.

In December 2022, the Group secured a new £210 million sustainability-linked revolving credit facility, which may be increased through an accordion option of up to £100 million. The facility matures in December 2026, with an option to extend for a further 12 months.

Both the USPP notes and the new RCF incorporate sustainability performance targets which align with Tyman's sustainability roadmap (see note 18).

This incentive mechanism results in a modest reduction or increase in the interest rate depending on performance against these targets.

Liquidity

At 31 December 2022, the Group had gross debt of £250.1 million (2021: £222.8 million) and net debt of £175.5 million (2021: £145.8 million). Adjusted net debt, which excludes lease liabilities and capitalised borrowing costs was £115.9 million (2021: £91.7 million), with the increase reflecting the significantly higher working capital and adverse foreign exchange movements.

The Group had cash balances of £74.6 million (2021: £77.0 million), bank overdrafts of £16.4 million (2021: £18.9 million), and committed but undrawn facilities of £125.8 million (2021: £123.6 million). This provides immediately available liquidity of £184.0 million (2021: £180.8 million). The Group also has potential access to the uncommitted £100.0 million accordion facility.

Covenant performance

At 31 December 2021	Test	Performance[1]	Headroom[1]	Headroom[2]
Leverage	< 3.0×	**1.1x**	£69.7m	65.0%
Interest Cover	> 4.0×	**18.2x**	£83.3m	78.0%

1 Calculated covenant performance consistent with the Group's banking covenant test (banking covenants exclude the effect of IFRS 16).

2 The approximate amount by which adjusted EBITDA would need to decline before the relevant covenant is breached.

At 31 December 2022, the Group retained significant headroom on its banking covenants. Leverage at the year end was 1.0x (2021: 0.9x), reflecting the higher level of net debt, offset by the slight increase in covenant adjusted EBITDA. Interest cover at 31 December 2022 was 18.2x (2021: 17.4x).

Balance sheet – assets and liabilities

Working capital

£m	FY 2021	Mvt	FX	2022
Inventories	137.8	4.8	10.5	**153.1**
Trade receivables	69.9	(7.5)	5.1	**67.5**
Trade payables	(78.4)	28.0	(5.4)	**(55.8)**
Trade working capital	**129.3**	**25.3**	**10.2**	**164.8**

Trade working capital at the year end, net of provisions, was £164.8 million (2021: £129.3 million). The trade working capital increase at average exchange rates was £25.3 million (H1 2021: £28.4 million).

Financial review continued

The increase in inventory at average exchange rates was £4.8 million (2021: £53.9 million), largely reflecting the impact of inflation on inventory values. Inventory levels remain elevated following supply chain disruption and the need to de-risk key material availability early in the year. The Group has implemented a number of initiatives to bring inventory down to more normalised levels, whilst maintaining service levels. The planned reduction of inventory was negatively impacted by the shortfall in volume shipped towards the end of the year. Trade receivables and trade payables decreased due to lower trading activity towards the period end, with purchasing significantly lower given the reduced demand and elevated inventory levels.

Trade working capital increased by a further £10.2 million due to foreign exchange movements.

Capital expenditure

Gross capital expenditure increased to £24.1 million (2021: £20.6 million) or 1.7x depreciation (excluding RoU asset depreciation) (2021: 1.6x), reflecting remaining catch up of expenditure deferred from 2021, investment in new product development, operational excellence, and ERP upgrades. Net capital expenditure was £24.0 million (2021: £19.8 million).

Goodwill and intangible assets

At 31 December 2022, the carrying value of goodwill and intangible assets was £457.0 million (2021: £430.1 million). The increase in goodwill and intangible assets is driven by foreign exchange movements, offset by the amortisation of intangible assets through the income statement of £19.6 million (2020: £18.8 million).

Provisions

Provisions at 31 December 2022 increased to £7.9 million (2021: £6.2 million), with the increase primarily reflecting the restructuring provision made for the costs of closure of the Hamburg facility of £3.3 million. This provision is expected to be settled in the first half of 2023.

Balance sheet – equity

Shares in issue

At 31 December 2022, the total number of shares in issue was 196.8 million (2021: 196.8 million) of which 0.5 million shares were held in treasury (2021: 0.5 million).

Employee Benefit Trust purchases

At 31 December 2022, the EBT held 2.1 million shares (2021: 0.8 million). During the period, the EBT purchased 2.0 million shares in Tyman plc at a total cost of £6.6 million (2021: 0.1 million shares at a total cost of £0.3 million).

Dividends

A final dividend of 9.5 pence per share (2021: 8.9 pence), equivalent to £18.4 million based on the shares in issue as at 31 December 2022, will be proposed at the Annual General Meeting (2021: £17.4 million). The total dividend declared for the 2022 financial year is therefore 13.7 pence per share (2021: 12.9 pence), in line with the Group's progressive dividend policy. This equates to a dividend cover of 2.50x, within the Group's target range of 2.0x to 2.5x adjusted EPS.

The ex-dividend date will be 27 April 2023 and the final dividend will be paid on 26 May 2023 to shareholders on the register at 28 April 2023.

Only dividends paid in the year have been charged against equity in the 2022 financial statements. Dividend payments of £25.4 million were paid to shareholders during 2022 (2021: £15.6 million).

Other financial matters

Return on capital employed

ROCE decreased by 120 bps to 13.3% (2021: 14.5%) as a result of significantly higher average working capital during the year and the impact of inflation and foreign exchange movements on capital employed, offset by a reduction in the average carrying value of intangible assets through amortisation.

Currency

Currency in the consolidated income statement

The principal foreign currencies that impact the Group's results are the US dollar and the euro. In 2022, the sterling was weaker against the US dollar and slightly stronger against the euro when compared with the average exchange rates in 2021.

Translational exposure

Currency	US$	Euro	Other	Total
% mvt in average rate	(10.1%)	0.9%		
£m Revenue impact	37.7	(0.7)	0.8	**37.8**
£m Profit impact[1]	4.8	(0.1)	0.1	**4.9**
1c decrease impact[2]	£379k	£96k		

1 Adjusted operating profit impact.

2 Defined as the approximate favourable translation impact of a 1c decrease in the Sterling exchange rate of the respective currency on the Group's adjusted operating profit.

The net effect of currency translation caused revenue and adjusted operating profit from ongoing operations to increase by £37.8 million and £4.8 million respectively compared with 2021.

Transactional exposure

Divisions that purchase or sell products in currencies other than their functional currency will potentially incur transactional exposures. For purchases by the UK and Ireland division from the Far East, these exposures are principally sterling against the US dollar or Chinese renminbi.

The Group's policy is to recover adverse transactional currency movements through price increases or surcharges. Divisions typically buy currency forward to cover expected future purchases for up to six months. The objective is to achieve an element of certainty in the cost of landed goods and to allow sufficient time for any necessary price changes to be implemented.

The gain on foreign exchange derivatives in 2022 is £0.1 million (2021: minimal). The Group's other transactional exposures generally benefit from the existence of natural hedges and are immaterial.

The Group's gross borrowings (excluding leases) are denominated in the following currencies:

	2022		2021	
£m	**Gross**	**%**	**Gross**	**%**
GBP	**(24.2)**	**12.8**	(18.8)	11.1
US dollars	**(121.5)**	**64.5**	(105.2)	62.4
Euros	**(42.7)**	**22.7**	(44.7)	26.5
Gross borrowings	**(188.4)**		(168.7)	

2023 technical guidance

Working capital is expected to reduce from the current elevated level as supply chain disruption has subsided, with a net cash inflow of £20 – £30 million across the year and minimal build at the half year.

Capital expenditure is expected to be £22 – £27 million, reflecting ongoing investment in new product development, operational excellence, and systems upgrades.

The Group's operating cash conversion target average remains at 90% per annum. Operating cash conversion is expected to be higher than the target average in 2023, reflecting the expected working capital inflow.

Leverage is expected to remain below the target range of 1.0x to 1.5x covenant adjusted EBITDA absent any M&A activity.

Interest charge is expected to be £9 - £10 million, reflecting higher average interest rates, offset by lower debt.

The adjusted effective tax rate is expected to be c. 23.0% – 25.0%.

Jason Ashton
Chief Financial Officer

Managing risk

Effective risk management is integral to how we manage the Group.

Risk management process

The Board is committed to protecting and enhancing the Group's reputation and the interests of shareholders and our wider group of stakeholders. In doing so, the Board promotes a strong ethical, risk aware culture within the business which emphasises the importance of effective risk management and risk reporting throughout the year and forms a key element of our internal governance and performance review processes.

Our risk management process, based on the Four Lines of Defence model, provides clarity on roles and responsibilities for managing risk.

The Board has ultimate responsibility for the Group's system of risk management and internal control with responsibility for oversight delegated to the Audit and Risk Committee which is responsible for maintaining and reviewing the effectiveness of our risk management and internal controls processes, including strategic, financial, operational and regulatory/compliance matters.

The Board has reviewed the systems of Internal Control and Risk Management within the year up to the date of approval of the Annual Report and Accounts.

Group risk appetite

The Board also ensures that the Group's risk exposure remains appropriate and links directly to the effective delivery of our strategic objectives. During the year, we have continued to review and updated a number of key aspects of our risk management framework, including enhancing our Group risk appetite and our risk management processes. Further developments are planned in 2023 both at divisional and Group levels to enhance skills and capabilities on risk management as well as focussing on key areas of risk.

As an international group operating in multiple countries, the business faces a range of risks and uncertainties where internal and external factors influence the Group's risk response to managing these risks, many of which are similar in nature to other comparable companies and are not fully within the Group's control.

The Group's key principal risks are those risks that are considered material and could have a significant impact on the Group's business activities and operations. The Group considers emerging risks regularly throughout the year, both through the risk management process and in ongoing and established meetings embedded in our performance management system. We consider emerging risks as those that may materialise or have an impact on a longer timeframe of three years or more. Areas of emerging risk where the value of or nature of these risks are not fully known are considered as a part of the risk management process and other existing management processes in place.

The Group's risks and uncertainties have been considered in the context of the broader geopolitical and economic environment, including the ongoing impacts of the COVID-19 pandemic, the dynamic nature of the changing trading relationships between the US and China, the impact of the war in Ukraine and the impact of uncertain global economic conditions. In addition, we have closely monitored and responded to industry-wide inflationary pressures and supply chain challenges, including the availability of raw materials and labour.

These have all remained prominent themes of risk throughout the year and we have focused on ensuring the Group is mitigating these risks to the extent possible.

The Directors confirm they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The table on pages 45 to 49 sets out the principal risks and uncertainties facing the Group at the date of this report and how they are being managed or mitigated.

In accordance with the provisions of the Code, the Board has taken into consideration the principal risks in the context of determining whether to adopt the going concern basis of accounting and when assessing the prospects of the Company for the purpose of preparing the viability statement. The going concern and viability statement can be found on pages 84 to 86.

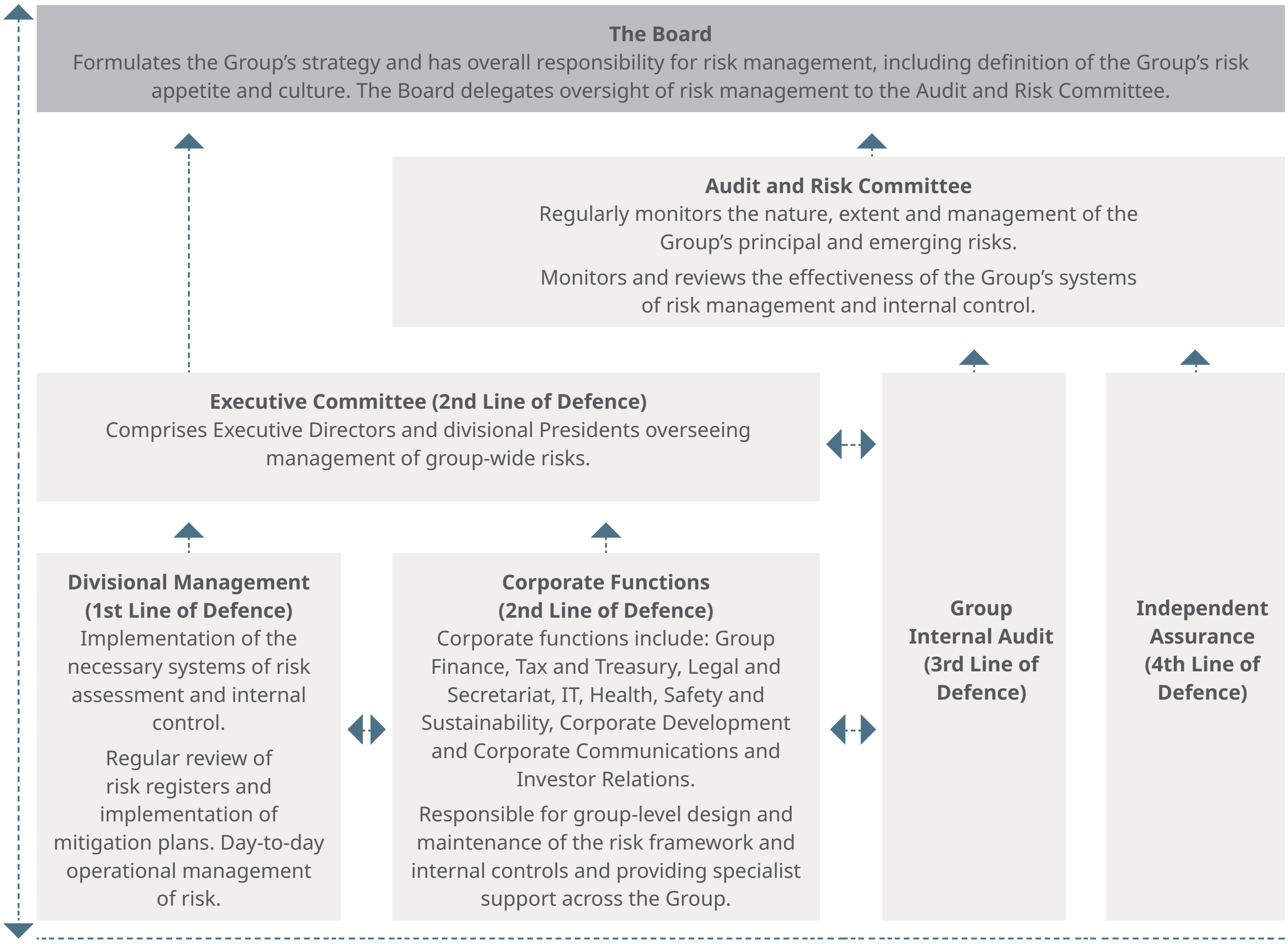
Responsibilities for and structure of risk management

The Group's risk framework defines clear roles, responsibilities and accountabilities for risk management across the Group using the Four Lines of Defence model, and continues to develop in line with our strategy.

The first line of defence consists of operational management implementing and maintaining effective risk identification, risk mitigation, reporting and the development and maintenance of internal control systems. This ensures that risk management and internal control remain an integral part of day-to-day operations yet facilitates the escalation of significant risks as and when they should arise. Each division has an established organisational structure, senior management team and policies and procedures at a divisional and location level, including those risks relating to compliance with laws and regulations in the geographies in which they operate. Divisional risk registers are reviewed by the Executive Directors and the Audit and Risk Committee twice per year.

The second line of defence consists of the corporate functions that support operational management and are responsible for establishing Group-level policies and procedures, including the Delegation of Authority, Code of Business Ethics and Accounting Policies. Since 2019, the Group has progressively added specialist resources that strengthen its risk and assurance capabilities in areas including group finance, tax and treasury, IT, legal and secretariat, health, safety and sustainability, risk management, corporate development and corporate communications and investor relations.

Risk management is embedded in many aspects of the Group's leadership and performance model where key areas of risk are inherently considered throughout the year. Key governance mechanisms for the management of risk include the Executive Committee, the Finance Leadership Team, the strategic planning process, budgeting and forecasting and the Business Performance Review (BPR) process undertaken every month for each division.



Lines of Defence

The BPR process covers key aspects of our strategic, financial, operational and compliance risks, including proactive monitoring of key actions from month to month, safety performance, business ethics, legal matters, financial performance (including budget and forecasts), customer and commercial issues, supply chain management, progress on strategic priorities, organisational developments and risk watchlist items. In addition, the BPR meeting process is supplemented by deep dive reviews from time to time throughout the year. A review of organisational capabilities is also undertaken annually with additional reviews taking place as required.

In addition, this line of assurance also covers the operation of the Group's ethics 'Speak Up' reporting system which enables employees to raise concerns confidentially over ethics and compliance matters. All 'SpeakUp' reports are investigated by the General Counsel & Company Secretary, or his nominated investigator, who tracks the actions and reports their outcome to the Board at every Board meeting. The Group's 'SpeakUp' process has been reviewed by the Board this year.

The third line of defence is Group Internal Audit providing independent and objective assurance.

In 2020, the Board made the decision to appoint a Group Head of Internal Audit and Risk Management to further evolve the Internal Audit function, bringing leadership of this important function in-house whilst utilising resources from a professional services firm to support the Internal Audit process. This continues to allow the Group to facilitate the ongoing development of the Group's risk management processes. The Group Head of Internal Audit reports directly to the Chair of the Audit and Risk Committee, reinforcing the importance of this function maintaining its independence and objectivity. Internal Audit effectiveness was formally reviewed in 2022, with positive feedback from key stakeholders and no significant areas for improvement to report.

The fourth line of defence is considered to be independent assurance provided by third party providers or specialists where specific assurance has been request by the Board or its Committees.

The Group's statutory auditors provide independent assurance. As previously reported, the Group undertook an external audit tender in 2021, with Deloitte replacing PwC with effect from 2022. The transition process has been effective.

Through the work of the Group Internal Audit function and external auditors, the Audit and Risk Committee is satisfied that any audit issues raised by either of the auditors are managed and resolved effectively by management.

We will continue to evolve and develop our risk framework as appropriate throughout 2023, recognising the dynamic nature of risk management and the UK's reforms in corporate governance.

Managing risk continued

Our risk management process

The Group has policies and procedures in place to ensure that risks are properly identified, evaluated and managed at the appropriate level within the business. The identification of risks and opportunities, the development of action plans to manage the risks and maximise the opportunities, and the continual monitoring of progress against agreed plans are integral parts of the core activities and performance review processes throughout the Group.

The Tyman Risk Management Process

1. Risk identification	2. Evaluate inherent risks	3. Review existing controls	4. Risk response	5. Monitor and review actions	6. Risk reporting and oversight
Top-down and bottom-up identification of the Group's risks ensuring emerging and arising risks are assessed	Considers the gross level of risk to the Group in impact and likelihood terms	Identification and assessment of existing controls to manage the risk	Further mitigation is considered in line with the Group's risk appetite	Regular review and monitoring of risks at a Group and divisional level	Regular reporting of risk-related matters in core governance and performance processes and reporting to the Audit and Risk Committee

Each division maintains a comprehensive risk register which assesses all pertinent risks relevant to that division, including strategic, financial, operational, and compliance risks. The risk assessment process is dynamic and includes emerging and retiring risks as each division's risk landscape shifts.

These risk registers are reviewed on a regular basis by the senior leadership team of each division. Each risk is monitored in line with the process above to assess the likelihood and impact of the relevant risks crystallising. Against this, an assessment is made of existing controls that are in place to mitigate the relevant risk and identify further actions to further manage each risk to an acceptable level. Each division's risk register is formally reviewed four times a year within the division, the conclusions of which are discussed at the Executive Committee and submitted to the Audit and Risk Committee at least twice per year.

A shorter register of Group principal risks is specifically reserved for review by the Audit and Risk Committee. This mainly, but not exclusively, comprises risks above a certain threshold after mitigation. These principal risks and uncertainties are reported in the Annual Report.

Main developments in risk

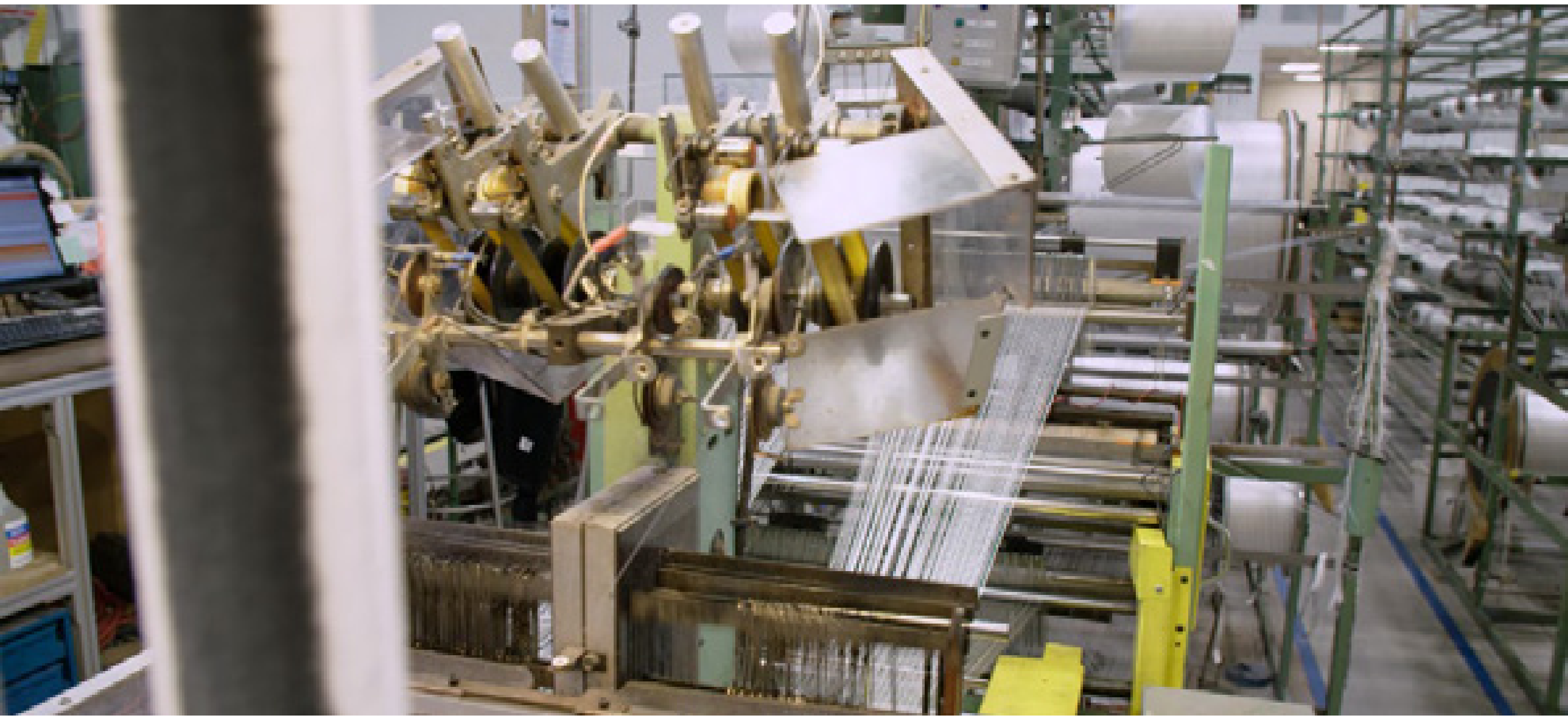
As a result of this process, several changes have been made to the Group's principal risks during the year, including:

- We have continued to proactively monitor and respond to the impact of uncertain demand in key markets in the context of global economic downturn.
- As a result of Russia's invasion of Ukraine in February 2022, Tyman discontinued all business with Russia and Belarus.

Risk priorities in 2023

The risk priorities for the year ahead are as follows:

- Management of the impact of uncertain macroeconomic conditions with potential decline in customer demand in key markets ensuring plans are in place to mitigate reduced volumes.
- Remain focussed on pricing discipline to mitigate the risk of input cost inflation whilst remaining competitive.
- Continued strengthening in key areas to improve operational resilience given the need for adaptability of the Group's supply chains, particularly in the context of climate change and changing geopolitical circumstances.
- Continued assessment and intensification of mitigation plans relating to IT cyber security risks.
- Continued review and response to developments in corporate governance, including climate change (TCFD and Transition Plan), broader ESG risks and proposed corporate governance reforms.



Risk	Risk description	Mitigation	Changes since last Annual Report	Trend after mitigation
Business interruption (including pandemic) Risk assessment: Medium Strategic outcomes	The occurrence of an event that may lead to a significant business, supply chain or market interruption. This includes events such as natural disasters, pandemics, significant IT interruption, the loss of an operating location or geopolitical events including significant changes in trading relationships such as US/China trade developments. This results in an inability to operate or meet customer demand, a reduction in market demand or poses a health risk to employees.	The Group has continued to proactively manage its response to the ongoing impacts of the COVID-19 pandemic throughout the year. This has included temporary cost control measures; ongoing review of demand and production levels, regular review of supply chain capabilities; reviewing stock levels and responding accordingly. More broadly, the Group reviews business continuity management, IT disaster recovery and IT security as appropriate throughout the year. The Group also ensures appropriate insurance cover is maintained.	No significant changes during the year.	▼

Strategy Key

Margin expansion Sustainable growth Engaged people Positive impact

Trend after mitigation

▲ Up ▶ Same ▼ Down **NEW** New risk

Managing risk continued

Risk	Risk description	Mitigation	Changes since last Annual Report	Trend after mitigation
Market conditions Risk assessment: High Strategic outcomes	Demand in the building products sector is dependent on levels of activity in new construction and RMI markets. This demand is cyclical and can be unpredictable and the Group has low visibility of future orders from its customers. The risk of global recession is increasing, driven by widespread inflation and interest rate increases. This is exacerbated by continued geopolitical uncertainty such as the war in Ukraine.	Whilst there is a high degree of economic uncertainty, in previous cyclical downturns Tyman has proved effective in responding to events through: • monitoring of market conditions and macroeconomic trends through both annual strategic planning processes and regular performance/forecasting reviews; • maintaining appropriate headroom and tenor in the Group's available borrowing facilities; • its geographic spread providing a degree of market diversification; • the ability to flex the Group's cost base in line with demand. As part of its process for assessing the ongoing viability of the Group, the Board regularly stress tests Tyman's financial and cash flow forecasts over both a short and medium-term horizon.	During the course of the year, uncertainty over short to medium-term market conditions has increased due to wider macroeconomic conditions and the ongoing war in Ukraine.	▲
Loss of competitive advantage Risk assessment: Medium Strategic outcomes	Loss of competitive advantage may adversely affect the Group financial performance or reputation in the short to medium term. The Group's ability to maintain its competitive advantage is based on a wide range of factors including the strength of the Group's brands, the breadth and depth of our portfolio, the level of quality and innovation reflected in our products, our supply chain flexibility, excellent customer service and technical support, and the depth of customer relationships we nurture, all supported by fair and competitive pricing. Failure to perform on any one of these aspects may lead to erosion of competitive advantage over time, and in turn to loss of customers to competition.	Some of the Group's markets are relatively concentrated with two or three key players, while others are highly fragmented and offer significant opportunities for consolidation and penetration. Tyman continues to differentiate itself through its wide range of products, its focus on customer service including technical support, its geographical coverage, innovation capabilities and the reputation of its brands. The Group monitors the status of our competitive advantage through feedback from customers and close review of the market positioning of our products. The Group aims to minimise the impact of competitive pricing pressures by competitors through margin expansion activities including continual sourcing review, innovation and value engineering, as well as building long-term relationships with its customers based on value creation, quality, service and technical support.	No significant changes during the year.	▶

Risk	Risk description	Mitigation	Changes since last Annual Report	Trend after mitigation
Foreign exchange risk Risk assessment: Medium Strategic outcomes	The Group operates internationally and is therefore exposed to transactional and translational foreign exchange movements in currencies other than sterling. In particular, the Group's translated adjusted operating profit is impacted by the sterling exchange rate of the US dollar and the euro.	The Group denominates a proportion of its debt in foreign currency to align its exposure to the translational balance sheet risks associated with overseas subsidiaries. Ancillary bank facilities are utilised to manage the foreign exchange transactional risks and interest rate exposure through the use of derivative financial instruments. Where possible, the Group will recover the impact of adverse exchange movements on the cost of imported products and materials from customers.	No significant changes during the year.	Same
Liquidity and credit risks Risk assessment: Low Strategic outcomes	The Group must maintain sufficient capital and financial resources to finance its current financial obligations and fund the future needs of its growth strategy.	The Group maintains adequate cash balances and credit facilities with sufficient headroom and tenor to mitigate credit availability risk. The Group monitors forecast and actual cash flows to match the maturity profiles of financial assets and liabilities. In the medium term the Group aims to operate within its target leverage range of 1.0x to 1.5x adjusted EBITDA.	During the year, the Group achieved leverage of 1.1x adjusted EBITDA, within the target range of 1.0x to 1.5x adjusted EBITDA.	Same
Information security Risk assessment: High Strategic outcomes	Information and data systems are fundamental to the successful operation of Tyman's businesses. The Group's digital assets are under increasing risk from hacking, viruses and 'phishing' threats. Sensitive employee, customer, banking and other data may be stolen and distributed or used illegally. GDPR increases the cost of any failure to protect the Group's digital assets.	The Group continues to develop and test disaster recovery plans for all sites. The Group undertakes regular penetration testing of data systems and maintains up-to-date versions of software and firewalls. The Group periodically reviews and improves IT system controls.	Training and IT controls improvements have continued to be implemented during the year as a key element of our IT Strategy.	Up

Strategy Key

Margin expansion Sustainable growth Engaged people Positive impact

Trend after mitigation

Up Same Down **NEW** New risk

Managing risk continued

Risk	Risk description	Mitigation	Changes since last Annual Report	Trend after mitigation
Raw material costs and supply chain failures Risk assessment: Medium Strategic outcomes	The input costs for the Group's products include commodities that experience price volatility (such as oil derivatives, steel, aluminium, zinc, freight and natural gas). The Group's ability to meet customer demands depends on obtaining timely supplies of high-quality components and raw materials on competitive terms. Products or raw materials may become unavailable from a supplier due to events beyond the Group's control.	The Group continues to invest in and improve its sourcing and procurement capability with dedicated supply chain resources. The Group manages supply chain risk through developing strong long-term relationships with its key suppliers, regular risk assessment and audit of suppliers including logistics providers, review of make or buy strategies, dual-sourcing where appropriate and maintaining adequate safety stocks throughout the supply chain. Where commodity and other material cost increases materialise, the Group seeks to recover the incremental cost through active price management.	The Group continues to recover the majority of input cost inflation. The Group continues to proactively manage supply chain risks.	
Attracting and retaining key talent Risk assessment: Medium Strategic outcomes	The Group's future success is substantially dependent on the continued services and performance of its senior management and its ability to continue to attract and retain highly skilled and qualified personnel at Group, divisional and site level.	The Group mitigates the risk of losing key personnel through robust succession planning, strong recruitment processes, employee engagement and retention initiatives, and long-term management incentives.	This risk was previously focussed on 'Key executives and personnel' but has now been broadened to attracting and retaining key talent across the Group.	
Compliance with laws and regulations Risk assessment: Low Strategic outcomes	A lack of understanding or non-compliance with laws and regulations in any jurisdiction in which the Group operates could lead to significant financial penalty and/or severe damage to the Group's reputation. Legal and regulatory requirements can be complex and are constantly evolving, requiring ongoing monitoring and training.	Mitigations include: • A comprehensive and engaging Code of Business Ethics and associated training • Supporting policies and standards that set out the compliance requirements in detail • A group-wide 'SpeakUp' whistleblowing mechanism • Risk framework to identify, assess and monitor business and compliance risks • Specific legal and compliance matters reviewed by the Group General Counsel as required	No significant changes during the year.	

Risk	Risk description	Mitigation	Changes since last Annual Report	Trend after mitigation
Execution of major programmes Risk assessment: Medium Strategic outcomes	The Group has a range of change management programmes and strategic initiatives underway to support our 'Focus, Define, Grow' Strategy. Failure to effectively execute these programmes could adversely affect the Group's ability to deliver on key elements of our strategy.	Oversight mechanisms to track the progress of all strategic programmes take place on a monthly basis at Group and divisional levels. In addition, each programme has established project governance disciplines in place, including project managers for each programme.	No significant changes during the year.	▶
Climate change and sustainability Risk assessment: Medium Strategic outcomes	Adverse impacts of climate change may, over time, affect the operations of the Group, its supply chains and the markets in which it operates. This could include physical (weather related) risks, as well as failing to adapt to legal, technological and market demands for more sustainable operations and product solutions. More broadly, customer, investor and societal expectations have never been higher for companies to respond with action on ESG topics. Should the Group not reduce its GHG emissions and deliver its other sustainability commitments in line with Tyman's targets and ambition, it may be subject to increased costs, adverse financial impacts, reputational damage and failure to attract/retain future talent.	The Group maintains a 2030 sustainability roadmap, setting out Tyman's ESG ambitions and targets, which include reducing GHG emissions and growing revenues from more sustainable solutions. A dedicated sustainability leader is in place in each division to drive the execution of the roadmap. Regular reviews are held both at a divisional level and groupwide via a sustainability forum. Quarterly deep-dives are held with the ExCo to facilitate the sharing of cross-team learnings and identify opportunities to synergise and/or accelerate. Disclosures will also be enhanced against the recommendations in the TCFD framework, including risk mitigation and completing a quantitative scenario analysis.	No changes in the year.	▶

Strategy Key

Margin expansion　Sustainable growth　Engaged people　Positive impact

Trend after mitigation

▲ Up　▶ Same　▼ Down　**NEW** New risk

Climate-related disclosures (TCFD)

Statement of compliance

In accordance with the FCA Listing Rule LR 9.8.6R(8), Tyman has made disclosures against the Task Force on Climate-related Financial Disclosures (TCFD) recommendations on pages 50 to 69. The table below shows where core disclosures can be found within the report for each recommendation, and where additional detail is reported. Tyman's status of compliance is based on an assessment of disclosure against the recommended elements outlined in the TCFD Implementing Guidance (2021) for all sectors, as well as supporting guidance documents from the Task Force. The areas that are not disclosed in this report are detailed below, together with plans to improve reporting going forward.

	Recommended disclosure	Status 2022	Reference
Governance	a) Board oversight	Comply	Core disclosure: Pages 51 to 52 Additional information: Pages 62 to 63
Governance	b) Management's role	Comply	Core disclosure: Page 51 Additional information: Page 63
Strategy	a) Climate-related risks and opportunities	Comply	Core disclosure: Pages 53 to 61 Additional information: Page 49
Strategy	b) The impact of climate-related risks and opportunities	Comply	Core disclosure: Pages 55 to 61 Additional information: Pages 62 to 63
Strategy	c) The resilience of the organisation's strategy	Explain (partial disclosure)	Core disclosure: Pages 57 to 59 Additional information: Pages 166 and 170 **Financial and strategy planning:** In 2022, the financial impact was quantified for the most material climate-related risks (both physical and transition). The Group also identified climate considerations to be included in the Group's capital allocation process. Further work in 2023 is planned to socialise the results within the Group to identify appropriate mitigation and adaptation which will be captured in future planning cycles.
Risk Management	a) Identifying and assessing climate-related risks	Comply	Core disclosure: Pages 53 to 61 Additional information: Pages 64 to 65
Risk Management	b) Managing climate-related risks	Comply	Core disclosure: Page 65 Additional information: Page 22 and pages 62 to 63
Risk Management	c) Integration into overall risk management	Comply	Core disclosure: Pages 64 to 65 Additional information: Page 49
Metrics and Targets	a) Climate metrics	Explain (partial disclosure)	Core disclosure: Pages 66 to 69 Additional information: Pages 55 to 61 **TCFD climate metrics and targets:** Tyman has increased its disclosure from last year, including metrics and targets for climate risk exposure. In 2023, the Group will begin the development of an internal carbon price strategy which will strengthen the capital allocation process.
Metrics and Targets	b) GHG emissions	Comply	Core disclosure: Page 67 Additional information: Page 68
Metrics and Targets	c) Climate targets	Comply	Core disclosure: Page 22 and pages 67 to 68 Additional information: Page 72 and page 77

Governance

Summary of disclosure

- The Board is responsible for the oversight of climate-related matters, with the CEO accountable for the management of climate-related risks and opportunities.
- The Executive Committee (ExCo) is accountable for the daily management of climate change, guided by the Group Health, Safety and Sustainability (HSS) Director through monthly meetings and the Group strategy review process.
- The Audit and Risk Committee (A&RC) is responsible for ensuring the integrity of climate-related disclosures.

Next steps

- Embed sustainability considerations within the capital expenditure approval process and develop further to include an internal carbon price.

Governance structure for climate-related matters

Climate-related responsibilities are embedded into the Group's governance and leadership structures. The Board has oversight, with the CEO holding ultimate accountability, to ensure that climate action and ambition are driven into all aspects of the business, including strategic planning, approval of capital investment projects, sourcing decisions, acquisitions and execution of other business initiatives. The Group's governance structure considers specific responsibilities, frequency and mechanisms of communication, and the flow of information across different committees.

BOARD

Board Oversight

Audit and Risk Committee

WHEN: Discusses climate matters at least annually

WHAT: Assessment and management of climate R&Os and scrutiny of climate-related disclosures

Remuneration Committee

WHEN: Discusses climate matters at least annually

WHAT: Align remuneration policy with the Group's sustainability strategy and monitor performance against targets

MANAGEMENT

Executive Committee

WHEN: Discusses sustainability, including climate-related matters at least monthly

WHAT: Reviews and approves sustainability roadmap / divisional plans (including progress against targets) and scrutinises response to climate risks and opportunities quarterly

Tyman Sustainability Forum

WHO: Meeting with divisional sustainability leads, chaired by Group HSS Director

WHEN: Meets monthly

WHAT: Development and sharing of best practices across the divisions to support implementation of the Roadmap

Group Strategy Review

WHO: Chaired by Group CEO, with representation from across functions

WHEN: Meets every two months

WHAT: Review of progress against all groupwide strategic initiatives

SBT & TCFD working groups

WHO: X-functional representation facilitated by external advisers

WHEN: Continual engagement throughout the year

WHAT: Understand impacts, risks and opportunities, and discuss business response to climate change

Setting near-term Science Based Targets (SBTs) illustrates how the Group's governance processes work in practice. A cross-functional working group comprising the Tyman Sustainability Forum and Group/divisional finance, risk, company secretariat, procurement and operations personnel, quantified Tyman's value chain emissions and modelled reduction pathways out to 2030. This work was presented to and approved by the ExCo, prior to final sign-off by the Board, before it was sent to the SBTi for external validation.

Climate-related disclosures (TCFD) continued

Board engagement related to climate change in 2022

Sustainability and climate change is a standing agenda item for the Board to ensure regular progress updates and timely access to information on climate-related developments both internally and externally. The table below is a non-exhaustive list of discussions and decisions made by the Board during the year.

Date	Audience	Topic	Outcome
January	Board	Climate Reporting	• Update on the Group's performance against ESG ratings
March	Audit and Risk Committee	TCFD disclosures	• Review and sign-off of TCFD-related disclosures in the Annual Report and Accounts
	RemCo	LTIP	• Alignment of LTIP with ESG measures (including reducing Scope 1 and 2 emissions)
	Board	Sustainability and Climate Risk	• Overview of risk assessment approach and update of management response • Identification of best practices regarding sustainability responsibilities
May	Board	Sustainable Solutions	• Update on sustainable product sales and performance to increase revenues • Showcase of sustainable-related products and solutions related to packaging, climate resilience, circular economy and hazardous substances
July	Board	Update on Sustainability Plans	• TCFD and SBT workstreams • Divisional highlights on packaging and solar energy
August	Board	Science of Climate Change	• Upskilling on climate science, including the greenhouse effect and concept of the global carbon budget
September	Board	SBTi submission	• Review and sign-off on the Group's near-term (2030) targets for Scope 1–3 emissions • Overview of 2022 CDP submission
November	Board	2023 sustainability plan	• Review of performance against 2022 plan and sign-off 2023 plan, including Tyman's near-term transition plan with defined actions over the short to medium term
December	Board	TCFD and RCF update	• Progress review of physical and transition risks and quantified scenario analysis • Sustainability-linked loan for revolving credit facility

Inclusion of climate considerations into the Group's capital allocation process

To achieve carbon reduction targets and enhance resilience to climate impacts, the Group will continue to direct capital towards lower carbon investments as well as climate emission reduction and resilience projects. Tyman has developed three climate resilience considerations to be included in its capital expenditure proposal process: These considerations will be embedded into financial approval processes in 2023 and further strengthened when the Group has established an internal price of carbon (see page 66).

Strategy

Summary of disclosure

- Financial impact quantified for the most material climate-related risks (both physical and transition).
- Quantified physical risks from climate scenario analysis have been incorporated into Tyman's impairment assessment process, concluding the Group is resilient to modelled worst-case forward-looking climate scenarios for the potential costs for operational damage or productivity impacts.
- Near-term climate transition plan addresses potential impacts of climate change and seeks to mitigate risk and seize opportunities.

Next steps

- Finalise review of quantitative assessment and resilience to transition risk scenarios by integrating climate modelling results into Tyman's financial planning processes.
- Measure performance against Tyman's transition plan to manage exposure to climate risks and opportunities.
- Monitor longer-term impacts from climate change with the intention to set long-term goals and interim milestones within five years.

Climate resilience strategy

Tyman recognises climate change to be a potentially significant strategic issue for the business and has undertaken a detailed climate scenario analysis to inform its understanding of current and future climate impacts.

By assessing the potential business impacts across forward-looking climate scenarios, Tyman has a better understanding of its possible exposure to operational disruptions and building damage from physical hazards, as well as cashflow impacts from the transition to a low carbon economy. At the same time, Tyman is well positioned to help its customers enhance climate resilience through products designed to better withstand severe weather events, adapt to climatic fluctuations, and enhance energy efficiency.

Tyman's strategy to enhance the climate resilience of its operations, and that of its customers, are threefold:

1. **Grow the Group's climate-resilient product portfolio:** through innovation focused on products that enhance thermal efficiency, decrease embodied carbon emissions and enhance resilience against physical climate hazards such as hurricanes and fire.
2. **Plan for the transition:** through investment in decarbonisation and adaptation measures, as well as adjusting management systems to address material climate risks and opportunities (see pages 62 to 63).
3. **Internalise the future cost of carbon:** through the incorporation of climate-related considerations into all project capital allocation decisions and the development of an internal carbon price to further strengthen the business case for decarbonisation.

Approach

The following TCFD-aligned 'Strategy' disclosure describes the process undertaken to identify and assess actual and possible future climate-related risks and opportunities (R&Os).

The development of Tyman's Climate Scenario Analysis approach

An overview of the Group's approach to climate-risk management is shown below, with further information on the methodology detailed on page 54 . This approach has allowed Tyman to better understand the potential impacts from physical and transition climate change across its value chain.

2021 **2022** **2023**

1 Identify

- Identify full spectrum of climate-related R&Os through cross functional engagement, desk-based research and peer review
- Understand exposure across the value chain

2 Qualitative assessment

- Score across climate scenarios and time horizons to understand how R&Os could manifest
- Assessment criteria included vulnerability, the magnitude of impact and likelihood

3 Prioritise

- Rank of R&Os based on scoring with internal engagement to validate
- Assessment of quantification feasibility considering assessment score, data availability, links to financial performance and alignment to standard practice

4 Quantitative assessment

- Define 'value drivers' for priority R&Os to describe financial outcomes.
- Build financial model to estimate potential future impacts on cashflows across climate scenarios out to 2050 expressed as a net present value

5 Integrate, respond and monitor

- Cross functional engagement to discuss opportunities to integrate analysis into existing systems to inform decision-making, including financial planning and modelling processes

Climate-related disclosures (TCFD) continued

Climate scenarios

TCFD encourages consideration of different possible future climate scenarios to assess the potential impacts of climate change. Qualitative and quantitative assessments were conducted using publicly available projected data against three hypothetical climate scenario sets, shown below. These scenario sets describe the level of climate policy intervention and market changes which lead to broad ranges of temperature outcomes and indicate the significance of physical vs. transition risks.

Climate risks and opportunities have been assessed across the short (0-3 years), medium (4-9 years) and long-term (10+ years to 2050). The short-term period aligns with financial planning cycles, the medium-term period aligns with the Group's sustainability roadmap and near-term transition plan to 2030, and the long-term period aims to account for the longer-term nature of climate risks out to 2050 and the impact on manufacturing/infrastructure assets.

Scenario set	Ambitious climate policy	Middle of the road	High warming
Description	• Early and ambitious action to support the transition to a net zero economy. • Incentives are introduced to put a cost on carbon and increase demand for low carbon products and services.	• Late, disruptive and/or unanticipated action, no earlier than 2030. • Action is slower and delayed compared to the orderly transition, resulting in more extreme action taken in the longer term to make up for lost time.	• A high warming scenario with limited action being taken beyond what has already been committed, leading to continued global warming and significant increases in exposures to physical climate risks.
Data sources	• NGFS's[1] Orderly Transition including REMIND-MAgPIE 3.0-4.4 Net Zero 2050 and Below 2°C • IEA's WEO[2] Net Zero Emissions • IPCC's[3] SSP[4]1-2.6	• NGFS's Disorderly Transition scenario including REMIND-MAgPIE 3.0-4.4 Delayed Transition and Divergent Net Zero • IEA's WEO Announced Pledges • IPCC's SSP2-4.5	• NGFS's Hot House World scenario including REMIND-MAgPIE 3.0-4.4 Current policies and NDCs • IEA WEO Stated Policies • IPCC's SSP5-8.5
Temperature outcome range	1.4°C to 1.8°C	1.4°C to 2.7°C	2.6°C to 4.4°C

1 NGFS – Network for Greening Financial Systems.

2 IEA's WEO – International Energy Agency's World Energy Outlook.

3 IPCC – Intergovernmental Panel on Climate Change.

4 Shared Socioeconomic Pathways (SSPs) represent low, middle and high warming scenarios, which are the same ones used in the IPCC Sixth Assessment Report to align with the latest climate science.

Results for identified transition and physical climate-related risks

In 2021, a granular review of all risks and opportunities was undertaken. Now nearing the end of its first climate scenario analysis, the Group is able to categorise and simplify its key risks and opportunities to describe the potential financial and strategic impacts of a changing climate. The following tables below synthesise the assessment results, providing the qualitative scoring outcomes for transition risks and potential financial impact for physical risks.

Market

The Group uses materials which are energy intensive to produce, including aluminium, steel, zinc and polymers. These industries will face pressures as the cost of fossil-derived energy increases and market pressure grows for products which facilitate end-of-life recovery/circularity. In addition, Tyman's global operations may be exposed to higher energy prices as suppliers pass on increased costs to their customers.

Quantified value drivers: change in electricity and natural gas prices at Tyman facilities.

Risk drivers

- Scarcity of by-/co-products from petrochemicals.
- Increased cost of manufacturing process.
- Raw material price increases.
- Energy regulation leading to higher energy costs.

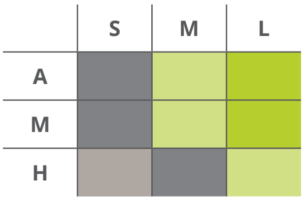
Strategic impact

- Changes in energy prices could impact the cost of operations.
- All suppliers could be exposed to transition risks with the Group's material and component suppliers operating energy-intensive activities likely to face the greatest cost increases.
- Potential impact on financial performance from operating cost increases which cannot be passed on to customers.
- Suppliers could cease production of carbon-intensive or non-recyclable/non-circular materials.

Management response

- Switch to low-carbon energy sources, renewables and implement efficiency measures across the Group's operations to reduce exposure to future higher costs for fossil fuel consumption.
- Optimise product design to reduce the weight of materials used and select lower-impact alternatives (including higher levels of recycled content).
- Initiate research into lower carbon, more recyclable materials.

Assessment



Metrics and targets

- # and value of energy saving opportunities
- % electricity sourced from renewable sources/green tariffs
- Scope 3 (category 1a) SBT

Key

Low risk | Low-Medium risk | Medium risk | Medium-High risk | High risk

A: Ambitious climate policy, M: Middle of the road, H: High warming, S: Short-term, M: Medium-term, L: Long-term

Climate-related disclosures (TCFD) continued

Technology

To align with global climate goals and to achieve environmental targets, the Group will need to invest in the identification and implementation of efficiency measures, switching to renewable sources and decarbonising across the value chain.

Quantified value drivers: capital investment in lower emissions technology.

Risk drivers

- Obsolescence or impairment of equipment due to the introduction of new climate change-orientated technologies.
- High cost of transition to lower emissions technology.

Strategic impact

- Engagement with site managers and suppliers is needed to identify appropriate solutions which will direct capital to adaptation and mitigation activities.
- Continued investment in low-carbon material R&D, and upskilling of employees throughout the roll-out of sustainable design tools.

Management response

- Assessment of the feasibility of on-site solar at owned manufacturing sites.
- Introduction of a sustainable operations database to monitor ideas and implementation of energy, emission and resource efficiency and reduction measures.
- Embed climate considerations in capital allocation and introduce internal price of carbon.

Assessment

	S	M	L
A			
M			
H			

Metrics and targets

- Scope 1 and 2 near-term SBT
- # sites completing solar deployment feasibility studies

Policy and Legal

In the transition to net zero, there will be an increasing array of voluntary and mandatory regulations which Tyman may need to comply with. The greatest impact is expected from carbon pricing mechanisms which are being introduced across jurisdictions to encourage decarbonisation. Whilst Tyman is not exposed to these mechanisms today there is a possibility this may change in the future or that suppliers may face increased taxes which are passed on in the cost of goods supplied. In more advanced economies, tax schemes are being introduced, not only on emissions generated by the company but also on goods/services imported to limit carbon leakage e.g., the EU Carbon Border Adjustment Mechanism proposed for introduction in 2026 for aluminium and steel imports.

Quantified value drivers: introduction of carbon tax mechanisms impact direct operations as well as suppliers increasing material costs.

Risk drivers

- Carbon regulation (e.g. carbon pricing mechanisms).
- Energy regulation leading to higher costs and/or disruption to energy availability.
- Introduction of energy efficiency standards and use of recycled materials made mandatory.

Strategic impact

- It is expected that the greatest impact would be from the pass-through of taxes from suppliers. This would most likely come from large suppliers of aluminium or polymers which are energy intensive.
- Increase in taxes at Tyman manufacturing sites which are subject to carbon pricing mechanisms.

Management response

- Switch to low-carbon energy sources, renewables and implement efficiency measures across the Group's operations to reduce exposure to potential carbon taxes on Scope 1 and 2 emissions.
- Climate considerations reviewed when taking 'make or buy' decisions.
- Outputs from quantitative climate scenario analysis, which provide a value of future potential costs, will be used to support the case for further investment in mitigation.
- Value chain: material optimisation, increase in recycled content and low-carbon material R&D.

Assessment

	S	M	L
A			
M			
H			

Metrics and targets

- Scope 1, 2 and 3 near-term SBTs
- % recycled content in key products

Reputation

Expectations on climate ambition, as well as the transparency and maturity of disclosure, continue to grow. Should the Group fail to meet its targets in the near-term, or not align with the latest ambition levels, then it could see investors, customers and talent look to other companies.

Quantified value drivers: not applicable.

Risk drivers

- Investor concern over climate credentials.
- Customers seeking lower carbon, more sustainable products.
- Employees seeking an employer actively delivering on a meaningful climate ambition.

Strategic impact

- Access to capital could become limited if investors switch to better climate-performing stocks.
- Decline in customer demand for products if competitors are able to demonstrate greater climate ambition.
- Hampered ability to recruit/retain talent.

Management response

- Seek to grow revenues of SDG-aligned product categories, identifying the subset with climate-resilient characteristics.
- Report transparently on climate-related matters to demonstrate ambition and performance to external stakeholders.
- Participate in external ESG ratings.
- Align climate metrics to external finance (e.g. USPP and RCF) and senior management remuneration (LTIP metrics).

Assessment

	S	M	L
A			
M			
H			

Metrics and targets

- Revenues from SDG aligned positive impact solutions
- CDP scores

Physical

Extreme weather events as well as gradual climatic changes are expected to cause disruption across Tyman's value chain. Climatic events including heatwaves, floods, water stress, heavy precipitation, and storms etc. may cause damage to Tyman's facilities as well as causing temporary shutdowns and negative effects on working conditions which result in reduced outputs in Mexico, parts of the US, Canada and Italy. These types of disruptions may also be experienced by Tyman's suppliers and customers which could have an indirect effect on Tyman in southeast Asia (particularly China) and Mexico.

Quantified value drivers: damage to assets and physical loss.

Risk drivers

- Extreme weather events degrade building materials requiring increased maintenance and replacement.
- Site failures where facilities are not constructed fit for future climate risks.

Strategic impact

- Physical damage to an asset increases the costs to replace or repair damaged property.

Management response

- Update their business continuity plans and mitigation actions to address physical risk from a changing climate (page 64).

Risk driver

- Lower efficiency of labour due to working conditions which reduces employee comfort, or due to disruption if the site is temporarily out of operation.

Strategic impact

- Reduced efficiency and temporary shutdowns result in loss of revenue if orders cannot be fulfilled.

Management response

- Implement heat stress mitigations including increased frequency of breaks, heat index monitoring, provision of cooling systems etc (page 58).

Financial impact (NPV[1] 2023-2050)

	Damage to assets	Productivity loss
Ambitious climate policy (SSP1-2.6)	£5.3m-£7.3m	£21.2m-£35.2m
Middle of the road (SSP2-4.5)	£5.3m-£7.5m	£21.7m-£38.5m
High warming (SSP5-8.5)	£5.4m-£8.2m	£23.3m-£46.7m

The Group considers its operations are resilient to identified potential physical risks on its operations, including in a 'below 2°C' scenario (see page 166).

1 The financial impact is represented as a 'climate risk-adjusted net present value' which is used to account for the risk associated with the projected cash flows varying from the originally forecasted cash flows amount due to climate impacts.

Key

Low risk Low-Medium risk Medium risk Medium-High risk High risk

A: Ambitious climate policy, M: Middle of the road, H: High warming, S: Short-term, M: Medium-term, L: Long-term

Climate-related disclosures (TCFD) continued

Deep dive on impacts from physical risks

The Group has undertaken an in-depth analysis of physical hazards across its value chain, including key suppliers, customers and all 19 manufacturing sites.

The outcome of this analysis showed that supply chain operations in Asia (specifically China) and in Mexico could face the highest levels of physical risk in the future, reinforcing the importance of dual sourcing and business continuity plans for critical materials and components, as well as integrating climate risk evaluation into new supplier selection processes.

In 2022, the Group identified nine of its manufacturing sites (in Mexico, parts of the US, Canada and Italy) that could be critically exposed to heat stress, water stress and flooding and prioritised these for further investigation and quantification of financial risk.

The forward-looking financial modelling identified the main driver of physical damage to the nine sites assessed was due to flooding (which accounts for riverine and precipitation-based events). In contrast, the main productivity loss driver is heat stress. The analysis showed that, over time, the potential cost impact of heat stress increases at a much faster rate than the impact of flooding and by 2050 will be the main driver of financial losses. This is driven by expected increases in global temperatures and heatwave events over time.

The potential financial impacts of the physical risks of climate change on the Group's manufacturing operations have been included in the Group's financial impairment assessment (page 166).

The Group's facility in Brampton (Canada) faced two months of heatwaves which required additional temperature breaks to manage employee safety, and, in February 2022, the Zanesville (Ohio) plant was closed for two days due to snow and ice on the surrounding roads which made them impassable. In both instances, the financial impact was negligible and customer disruption was minimal.

Tyman manufacturing locations assessed for physical risk impacts

Scope of physical climate risk assessment

The set of climate analytics software packages and global climate models used for these assessments over the past two years is summarised in the table below.

	Function	Data source	Methodology notes
Supplier and customers	Indexed score to indicate potential risk exposure	Moody's Climate Solutions	Physical risk exposure scoring for six different climate hazards, including heat stress, water stress, flooding, wildfire, hurricanes and sea-level rise.
		Moody's Climate Solutions	
Tyman manufacturing sites	Location and site-specific analysis of potential climate changes	Open-source climate analytics	Physical risk exposure scoring as above for all 19 manufacturing locations. Followed by deep dive for priority sites to investigate changes in climate data from baseline year over the next 10-20 years. Using data from WRI Aqueduct, CMIP 6 data from the World Bank and IPCC WGI Interactive Atlas.
	Understanding situational characteristics and management of risk	Interviews	Reviews with site managers to explore historical climatic events and measures in place or planned to manage impacts.
	Value at Risk for physical damage to asset and productivity loss due to climatic changes	Climate Insights tool by CLIMsystems (part of SLR)	Data from the Climate Insights tool shows potential future changes in climatic variables across 15 hazards based on global climate models (GCMs) of the coupled model intercomparison project (CMP6) for the periods 2010 to 2055 with a five-year step under selected scenarios of SS1-1.9, SSP2-4.5 and SSP5-8.5.

Deep dive on impacts from transition risk

The Group has already begun to implement a low-carbon transition plan which will reduce exposure to transition risks associated with the Group's emission profile and energy consumption mix. The qualitative climate scenario assessment indicated that market risks posed the most significant threat across all scenarios.

Priority transition risks for quantification were agreed by the TCFD working group, following the methodology described below. Impact pathways were developed for each risk which identified specific value drivers and the internal/external data needs and assumptions to estimate the potential impact on future cashflows. The transition risks subject to financial impact assessment were:

1. **Carbon prices –** the potential impact of a carbon tax being applied to the Group's own energy consumption across its global operations (Scope 1 and 2 emissions).
2. **Energy prices –** changes to the electricity and natural gas prices at Tyman's own manufacturing plants.
3. **Material prices –** the potential introduction of carbon taxes on suppliers of carbon-intensive materials such as aluminium and steel, both globally and more specifically for imports of these metals into Europe under the proposed Carbon Border Adjustment Mechanism (CBAM).
4. **Additional expenditure due to low carbon mitigation –** increases in capital investments to decarbonise the Group's direct operations (its Scope 1 and 2 emissions) such as procuring 100% renewable electricity, investing in more energy efficient plant, equipment and buildings (including on-site renewable technologies) and neutralising hard-to-reduce residual emissions through carbon removals from the atmosphere. Over time, these investments reduce the on-costs from higher carbon process and energy costs for the Group's consumption of electricity and natural gas.

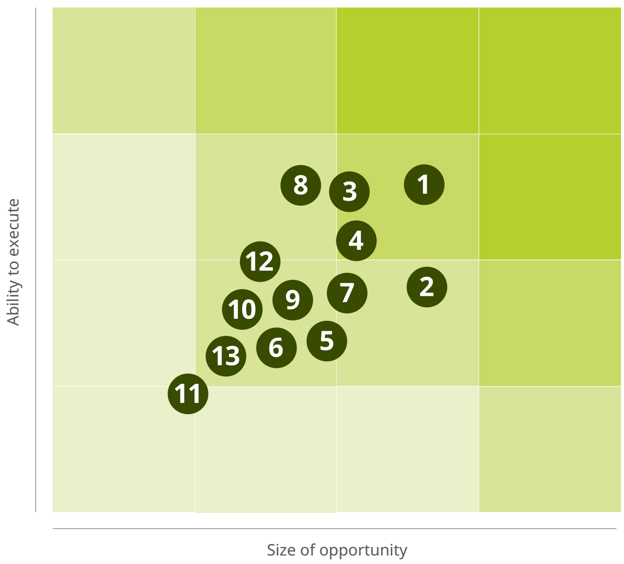
Preliminary modelling for the financial impact of these value drivers was completed as part of the 2022 TCFD work programme. Further work is required to fully understand the implications of the data and inform the development of a financial planning model to support future decision-making in a climate-constrained world. The Group expects to socialise the outcomes of the quantification exercise across the divisions in 2023 and include these costs in the Group's impairment modelling by the end of 2023.

Climate-related disclosures (TCFD) continued

Identified climate opportunities

A climate opportunity assessment was conducted to determine the potential impact across climate scenarios and time horizons. The assessment criteria considered the size of the opportunity (in terms of market size, efficiency gains etc.) and Tyman's ability to execute (in terms of alignment to strategy, cost etc.). The scoring outcomes were informed through a cross-functional workshop in 2021 and validated in 2022.

Qualitative Opportunity Assessment



1. Reuse and recycling measures in production processes
2. Use of more efficient production and distribution processes
3. Increased water efficiency (at most water intensive sites)
4. Procure renewable energy and adopt energy-efficiency measures in own operations
5. Use of new lower carbon technologies (e.g., switch from natural gas to electric process heating)
6. Shift towards low emissions sources and/or decentralised on-site energy generation
7. Continue to develop micro-ventilation products for indoor climate control, ventilation, security and energy saving
8. Continue to develop hurricane resistant hardware
9. UK regulatory developments promoting energy efficiency (e.g. Future Homes Standard)
10. Global regulation on energy performance and thermal efficiency
11. Include flood considerations in portfolio development
12. Account for value, emissions and product spec trade-offs to deliver sustainable operations and solutions
13. Assessing product lifecycle to reuse waste

Resource Efficiency

In September 2022, Tyman submitted its near-term (2030) science-based targets to the SBTi. As part of the work to set targets, the Group has identified several measures which will reduce the environmental impact of its value chain. As these measures are implemented, the Group will reduce its exposure to the future potential higher costs in a low carbon transition and will generate cost savings for resource efficiency projects.

Opportunity drivers

1 2 3 4 5 6

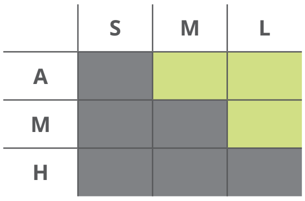
Strategic impact

- Meet expectations from customers for lower carbon / more resource-efficient supply chain.
- Reduced operational costs from resource-saving projects.

Management response and alignment to transition plan

- Monitor performance against targets, including new GHG reduction targets set in line with climate science.
- Monitor climate-related cost savings to reinvest capital into climate adaptation and mitigation.
- Introduction of a sustainable operations database to monitor ideas and implementation of energy, resource efficiency and reduction measures.

Assessment



Metrics and targets

- Scope 1, 2 and 3 near-term SBTs
- # and value of resource efficiency measures identified/ implemented

Key

Low opportunity · Low-Medium opportunity · Medium opportunity · Medium-High opportunity · High opportunity

A: Ambitious climate policy, M: Middle of the road, H: High warming, S: Short-term, M: Medium-term, L: Long-term

Markets and Products

Tyman has a commercial opportunity to respond to climate-related issues through its product portfolio with sustainable solutions that support energy efficiency savings for customers and mitigate the increasing threat from physical climate change, as well as products that minimise environmental impact as a result of their material content (page 69).

Opportunity drivers

7 8 9 10 11

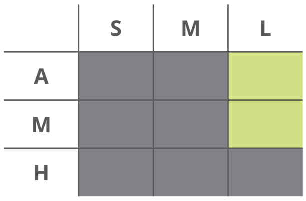
Strategic impact

- Increased sales as customers opt for lower carbon and more sustainable products.
- Increased sales to customers as the need for climate resilient/ adaptation solutions increases.

Management response and alignment to transition plan

- Investigation and roll-out of sustainability-driven design tools.
- Engagement with suppliers to access better data and achieve shared goals related to climate change.
- Grow the pipeline of positive impact solutions (e.g. energy saving and severe weather protection products).

Assessment



Metrics and targets

- Revenue growth from sales of positive impact solutions.

Resilience

The Group has also identified sustainable design tools to transition to lower-carbon materials and reduce product costs. This will be a key contribution to both the delivery of climate-resilient solutions to customers, as well for Tyman to achieve its targets.

Opportunity drivers

12 13

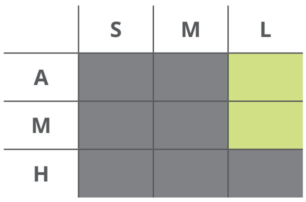
Strategic impact

- Better management of climate-related risks leads to an increase in capital available to invest in climate and sustainability ambitions and implement robust adaptation and mitigation plans.

Management response and alignment to transition plan

- Development of a near-term transition plan and investigation into longer-term plans out to 2050.
- Introduction of an internal carbon price to support the redirection of capital towards low-carbon projects.

Assessment



Metrics and targets

- None

Key

Low opportunity · Low-Medium opportunity · Medium opportunity · Medium-High opportunity · High opportunity

A: Ambitious climate policy, M: Middle of the road, H: High warming, S: Short-term, M: Medium-term, L: Long-term

Deep dive on impact from climate opportunities

The Group is committed to growing revenues of products aligned with the UN Sustainable Development Goals (SDGs) including those with climate-resilient characteristics. Whilst it is difficult to predict how demand for products might change under different climate scenarios, we expect that demand will grow for products which are either energy efficient, resilient to climate hazards, or have lower embodied emissions (page 78). In response, Tyman's sustainability roadmap outlines plans to increase % revenue from positive impact solutions year on year to meet demand. Example solutions include Schlegel's Q-Lon seals for energy saving, and AmesburyTruth and Bilco hurricane protection products.

This places Tyman in strong alignment with policy developments relating to enhancing building and infrastructure resilience. This is being discussed widely and has featured in the IPCC's 'Sixth Assessment Report on Impacts, Adaptation and Vulnerability', which emphasised the importance of the adaptation of buildings to climate change, and the UK's Climate Change Committee's 'Advice to Government' report which included calls for climate adaptation and resilience. In addition, the UN's Environment Programme (UNEP), supported by World Bank analysis, estimates that investing in more resilient infrastructure could save $4.2 trillion from climate change damages – emphasising the need for climate-resilient products.

Climate-related disclosures (TCFD) continued

Response: near-term climate transition plan

During the latter part of 2022, Tyman participated in the 'Sandbox Coalition' as one of a number of corporates from different sectors to road-test and apply the latest guidance from the Transition Plan Taskforce (TPT) on preparing and disclosing a transition plan. The Group's near-term transition plan is reflected in the Group's sustainability roadmap (page 22) together with further commentary below, detailing Tyman's ambition, plans and governance arrangements for its delivery.

It includes the new absolute reduction targets for Scope 1 and 2 emissions (1.5°C pathway) and Scope 3 emissions for materials purchases (well below 2°C pathway) by 2030. A pre-COVID 2019 baseline year was selected as this was considered more representative of normal operations. The Group has also committed to going beyond these absolute reductions by the end of this decade by seeking to neutralise all residual Scope 1 and 2 emissions with high-quality offsets, including nature-based solutions.

The plan translates the Group's climate ambition into a series of concrete actions over the near term. This plan will evolve over time as the Group's experience grows and to reflect emerging best practices. It is integrated into the Group's Focus-Define-Grow business strategy to strengthen its resilience to the physical and transition risks of a changing climate, together with the opportunity to grow sales of climate resilient products.

An early priority for the plan is the decarbonisation of the Group's own operations. In 2021, the Group developed a playbook detailing clean energy best practices and established a sustainable operations database to capture and replicate opportunities to reduce energy, water, materials and waste generation (see pages 68, 72 and 73 for further information). Energy audits and clean energy assessments were commissioned at three of the Group's larger sites in Owatonna (USA), Juarez (Mexico) and Budrio (Italy) in 2022 (page 68). These assessments will be extended to Tyman's larger plants in North America, in aggregate responsible for over 75% of the Group's Scope 1 and 2 emissions footprint. Best practices generated through these studies will then be replicated across other facilities. Indirect emissions from electricity consumption are responsible for two-thirds of the Group's Scope 1 and 2 footprint.

The Group has adopted a clean electricity hierarchy for these emissions, focusing initially on reducing energy consumption (KWhs) at source through energy efficiency projects. On-site and off-site renewable projects will then be prioritised, where viable, supplemented with 100% renewable electricity contracts and then through the purchase of Renewable Energy Certificates (RECs) for the balance of the emissions footprint. Two-thirds of the Group's electrical consumption is attributable to sites located in Europe and North America, with good access to green electricity grids (100% renewable tariffs).

The Group's Scope 1 footprint is dominated by onsite combustion processes – typically natural gas for space heating and process use (e.g. painting of hardware components). These emissions sources will be prioritised in the early years of the plan ahead of less-material emissions from the company-owned vehicle fleet by examining control technologies, insulation and other opportunities. Decarbonising heat is more challenging than switching to cleaner forms of electricity where experience of electric and hydrogen alternatives in industrial combustion processes is less widespread.

As further projects are identified and renewables assessments are completed over the next two years, these costs and associated glidepath will be further refined to inform capital investment priorities. To support optimal capital allocation, the Group will develop an internal price of carbon mechanism in 2023.

Following the physical risk assessment from a changing climate (page 58), the Group will continue to apply a risk-based approach to improving the resilience of its operations to heat and water stress and to increased flooding risk from higher precipitation events. The insights gained from climate modelling work undertaken this year have informed the development of a new water reduction target focused on those locations exposed to very high water stress as well as the Group's most water intensive plant in Owatonna (page 72).

The Group recognises the importance of engaging its leadership teams and key functions such as finance, procurement, operations, product development and commercial, as well as the wider workforce, on the low carbon transition. Building on engagement already undertaken in 2022, training sessions for the divisional and Group leadership teams are planned for 2023. These sessions will explore the science of climate change, the Group's climate ambition through its SBT work and their contribution in making the near-term plan happen.

As 75% of the Group's value chain carbon footprint is covered by raw material purchases (Scope 3, category 1a), these emissions represent the priority for reduction according to the SBTi net zero corporate standard[1]. The Group will therefore focus on these emissions in executing its near-term plan. Other applicable Scope 3 emissions categories amount to 17% of the total value chain carbon footprint. These include logistics, products in use and employee commuting etc., which will be addressed post 2030, when the Group implements its long-term net zero plan.

1 SBTi next zero corporate standard published in October 2021.

Like many companies calculating their Scope 3 footprint for the first time, access to accurate data is a challenge. To calculate the baseline data for raw material purchases (Scope 3, category 1a), 31% of the emissions data was derived from weight data and 69% was calculated from spend data. The SBTi framework and climate science requires emissions reductions to be absolute. Forecasting growth and product mix out to the end of the decade was also challenging and based on an assumed growth rate of 3% per annum with known material/product changes and ready access to low carbon alternatives on the market.

Further improvements to the quality of data used to calculate these emissions have been identified as an early priority in the plan by using supplier-specific and actual weight data where possible instead of generic spend data. This will include the development of a groupwide responsible sourcing strategy, setting out expectations for carbon data. Further supplier engagement work will then be undertaken to identify specific emissions factors, such as those generated for Environmental Product Declarations (EPDs), and seek lower carbon materials. Data collection practices will also be enhanced when the Group transitions its emissions reporting to a proprietary system (SpheraCloud) in 2023. A phased implementation process is envisaged, focusing on Scope 1 and 2 emissions first, then moving on to Scope 3 materials and finally addressing the other applicable Scope 3 categories. This system will allow the Group to move from an annual disclosure of emissions to more frequent analysis and tracking to facilitate emissions reductions.

Reducing Scope 3 material emissions will require optimising product designs, using new software tools (page 78) to minimise the use of material, select lower impact materials and increase recycled content. Over time, the Group will increase its R&D effort around lower carbon materials, including lower carbon/more recyclable polymers. Estimating the cost of the transition to lower carbon materials is challenging at this stage but as the Group's experience of this topic grows and suppliers are engaged, refinement will be made to the investments required to deliver this transformation. Whilst modelling the impact of these initiatives is complex and involves many uncertainties out to 2030, there are clear levers for action in design and material selection already available to the Group to explore and start applying now.

As part of its target to achieve year-on-year growth in revenue from sustainable products in use, Tyman is looking to grow its sales of climate-resilient solutions. In 2023, each division will engage their key customers to understand their sustainability priorities and, more importantly, explore how the Group can provide solutions to their challenges and opportunities.

Workshops with three of Group's largest NA fabricator customers have already resulted in plans to share knowledge (e.g. optimising compressed air systems and applying kaizen techniques to save energy) and to deliver more sustainable packaging solutions and lower impact paint finishes on components. Engaging with customers now on these topics allows the Group to better manage the transition and provides opportunities for competitive advantage with more sustainable solutions.

The Group will continue to strengthen its resources and governance around climate change. Sustainability specialists will be recruited in 2023 to support the North American procurement, product design and operational energy management functions. Going forward, the Group's internal audit function will focus attention on delivery of the plan and review the effectiveness of its data collection and reporting processes. This work will facilitate the planned external independent verification of the Group's climate-related data in the 2023 Annual Report and Accounts. The Group is committed to maintaining high levels of transparency in sustainability-related disclosures and will continue to report its climate progress through CDP (page 28), as well as engaging with the primary ratings agencies.

Sustainability criteria were applied to the Group's refinancing activities during the year. Early in 2022, the refinancing of $75 million of the Group's US private placement notes were linked to economic incentives for the achievement of sustainability targets. These included delivery against the Group's Scope 1 and 2 emissions reductions commitments, submitting the Scope 3 target to SBTi and disclosing its climate performance annually through CDP. These commitments were built on in December 2022 when the Group linked sustainability criteria to the margin it pays on its refinanced revolving credit facility. These included the same Scope 1 and 2 emissions reductions commitments, together with a year-on-year increase in revenues generated from positive-impact solutions that contribute to the United Nations Sustainable Development Goals, and a reduction in the Total Recordable Incident Rate.

Climate-related disclosures (TCFD) continued

Risk management

Summary of disclosure

Risk process:

- Climate change risk is assessed as part of the Group's risk management process and was identified as a principal risk in 2021 (page 49).
- Site-specific physical risks and broader transition risks have been documented in divisional risk registers.
- Tyman's climate scenario analysis has identified and assessed climate risks by geography, time horizon and forward-looking scenarios. The outcomes of this risk assessment are being integrated into the Group risk management process.

Risk controls:

- A near-term transition plan has been formalised which sets out the implementation of decarbonisation measures which will reduce future emissions and exposure to climate transition risks (pages 62 to 63).
- The Group's capital expenditure process has been reviewed to include climate resilience considerations going forward, which will require mitigation measures to be identified to manage additional climate risk exposure.

Next steps

- Climate-related key risk indicators will be developed to target, monitor and manage climate risks. This will further aid the integration of climate risks into the Group risk management process.
- Embed actions into day-to-day operations for the mitigation of identified physical and transition risks detailed in divisional risk registers.

Risk management process to identify and assess climate risk

To account for the unique characteristics and complexity around climate risks, Tyman has developed a groupwide climate risk management process from which the outputs are integrated into the Group risk management framework. This seeks to identify and assess existing and emerging transition and physical climate risks (and associated opportunities), followed by implementing an appropriate risk response.

Climate risk identification

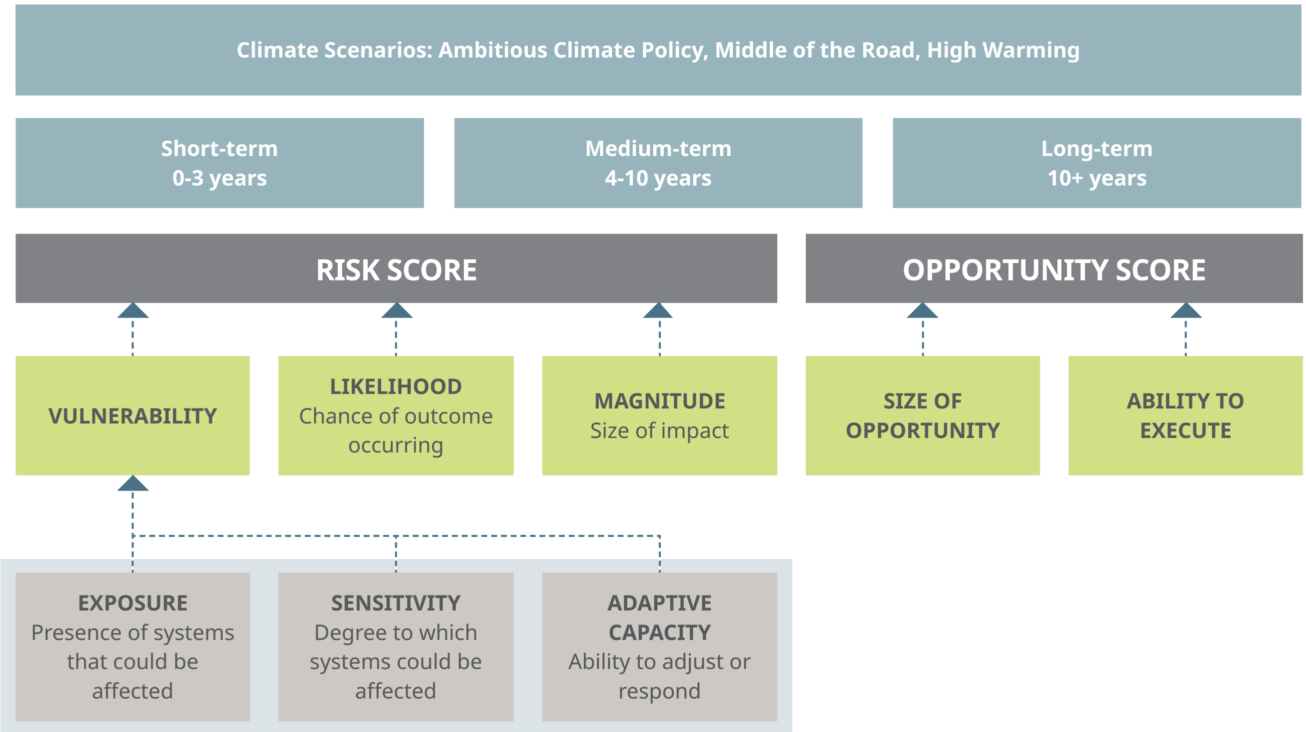
A long list of climate risks has been identified through research and engagement with cross-functional teams across the Group via:

- Reviews with key functions, including finance, sustainability, plant managers, risk management, supply chain and product development teams.
- Desk-based research on country/regional climate policy and regulatory requirements.
- Review of NGFS database and IEA World Energy Outlook for transition risks.
- Review of global climate models and IPCC Atlas database for physical hazard data.

Climate risk assessment and prioritisation

The identified climate risks (and opportunities) were qualitatively assessed to better understand their relative importance. Each risk was scored and ranked across three climate scenarios and time horizons (see pages 55 to 57) against criteria including vulnerability, likelihood and magnitude of impact. The assessment results were sense-checked with key functions from across the business through a risk and opportunity workshop held in December 2021 to achieve consensus on the principal climate risks to the business.

The climate risk and opportunity assessment scoring criteria are described below.



Management and integration of climate-related risks into risk management

During 2021, the potential impact of climate change and the growing importance of the broader sustainability agenda was raised to a principal risk (page 49). As such, climate-related issues are assessed alongside Tyman's 10 other principal risks, including business interruption and market conditions. This ensures appropriate management controls are in place and allows the Group to consider the significance of climate change and sustainability against other business risks.

In 2022, the climate risk assessment was further progressed by quantifying the financial impacts of selected material climate risks and opportunities. The initial results of this quantification are described on pages 55 to 61 and will ultimately enable further integration of climate considerations into financial planning and risk management processes in 2023. One of the first steps in this process, which is underway, is the incorporation of the climate-specific risk assessment into divisional risk registers. This will give a divisional view of the significance of identified risk and the controls put in place.

Management of climate-related risks and opportunities is founded on Tyman's Sustainability Roadmap, has developed through the launch of the Group's transition plan, and will evolve as climate risks become operationalised within divisional risk registers. The risk registers will be used to define the control environment, as well as monitoring and improvement plans to ensure suitable response plans are put in place according to the risk assessment. Broadly, the focus of our risk controls centre on the following areas of operation, and are reflected in the Group's Transition Plan (pages 62 to 63):

- Operational efficiency and decarbonisation
- Product design
- Supply chain management
- Site resilience mitigation and adaptation measures

Climate-related disclosures (TCFD) continued

Metrics and targets

Summary of disclosure

- Complete GHG inventory reported for Scope 1, 2 and 3 baseline emissions for 2019.
- Near-term absolute emission reduction targets submitted to the SBTi for validation.
- Increased alignment, monitoring, and reporting of climate-related metrics, as part of Tyman's transition plan.

Next steps

- Develop an internal carbon price strategy to support the allocation of capital to GHG-saving projects.
- Embed additional climate-related metrics for mitigating transition risks.
- Review and set longer-term targets by 2028 for emissions reductions out to 2050 to increase alignment with the SBTi's Net Zero Standard.

Climate-related metrics

Over the past two years, Tyman has advanced the metrics it uses to monitor exposure to climate-related risks and opportunities under the TCFD framework, as well as tracking its environmental performance over time (pages 67 to 68 and pages 72 to 73). A summary of the Group's reporting against TCFD's cross-industry metrics reporting categories is provided below. Where the Group is not yet tracking against a metric or target, an explanation is provided on its intentions going forward.

	Metric	Target
GHG emissions	Total Scope 1, 2 and 3 emissions (purchased goods and services). The Group reports its GHG inventory breakdown as well as its emissions intensity per £m revenue against a 2019 baseline (page 67).	Absolute emission reduction near-term targets for Scope 1 and 2 and Scope 3 raw materials to 2030 to be validated by the SBTi (see table opposite and page 22).
Transition	Additional metrics will be reported going forward to track energy reduction initiatives and percentage of energy procured from renewable sources.	Targets to reduce operational Scope 1 and 2 as well as purchased raw material emissions will reduce the Group's exposure to future transition costs.
Physical	The Group reports its consumption of water at sites operating in areas of very high water stress against a 2021 baseline (page 72).	Absolute water consumption at water-stressed sites capped at 233,000m^3 whilst further reduction opportunities assessed (page 72).
Climate-related opportunities	Revenues and percentage of total product revenues associated with climate-resilient products are tracked and reported from 2020 (page 69).	Year-on-year growth in positive impact products to 2030.
Capital deployment	Not currently reported. Will be further developed as part of the Group's transition plan to mitigate exposure to rising energy prices and potential for carbon taxation.	A year-on-year increase of capital directed to climate mitigation and adaptation.
Internal carbon prices	Not currently reported.	Development of an internal carbon price to commence in 2023.
Remuneration	The Group's Long-Term Incentive Plan gives 15% weighting for four sustainability metrics, of which two are climate-related: growing sustainable product revenues (year over year improvement in UN SDG-aligned products revenues as a proportion of total Group revenues) and reducing Scope 1 and 2 emissions by 2026.	The Remuneration Committee keeps this under review each year to ensure that senior leadership across the Group is appropriately incentivised to deliver on our climate commitments.

Additional environmental metrics (water, waste) are reported on pages 72 to 73.

Energy and GHG inventory reporting

The Group quantified its value chain carbon footprint for its 2019 baseline year in 2021. Scope 1 and 2 emissions accounted for 8% of emissions (43,714 TCO_2e restated), and Scope 3 emissions accounted for the remaining 92% (515,374 TCO_2e), with direct purchases of raw materials accounting for the single largest portion at 75% of the total footprint (421,395 TCO_2e). Further detail on the Group's GHG inventory is reported below, together with information on energy and emission reduction measures implemented during the year. In 2022, a target modelling assessment to set targets in line with climate science and develop an action plan of measures was completed. This was the first year that the Group tracked its progress against the Scope 3 baseline (no data was collected in 2021). Tyman submitted its targets for validation by the SBTi in September 2022.

For more information on the Group's value chain carbon footprint visit https://www.tymanplc.com/sustainability.

The Group measures and reports its global greenhouse gas (GHG) emissions according to the UK's Streamlined Energy and Carbon Reporting (SECR) requirements for both Scope 1 and 2 emissions as defined by the GHG Reporting and Accounting Protocol and Reporting Standard. Emissions are reported for all the Group's operations worldwide over which it has operational control (manufacturing, warehouses, offices). Scope 3 value chain carbon emissions have been reported for the 2019 baseline in line with best practice set out by the SBTi.

Energy and GHG emissions	Targets	2022	2021	2020	2019 (baseline)	2018
UK Scope 1 emissions (TCO_2e)		**435**	549	711		
Offshore (outside UK) Scope 1 emissions (TCO_2e)		**11,788**	12,010	10,959		
Total global Scope 1 direct emissions[1] TCO_2e		**12,222**	12,559	11,670	12,627	13,988
UK Scope 2 emissions (TCO_2e)		**1,002**	1,077	1,057		
Offshore (outside UK) Scope 2 emissions (TCO_2e)		**23,664**	25,962	25,681		
Total global Scope 2 indirect emissions[2] TCO_2e – location based		**24,666**	27,039	26,738	30,002	33,327
Total global Scope 2 indirect emissions[3] TCO_2e – market based		**26,270**	28,599	29,618	31,087	33,327
Total direct and indirect emissions (Scope 1 & 2) TCO_2e - market based for SBT	2030: 23,518	**38,493**	41,157	41,288	43,714	47,315
Intensity ratio (Scope 1 & 2) TCO_2e per £m revenue – location based		**51.6**	62.3	67.1	69.5	80.0
Intensity ratio (Scope 1 & 2) TCO_2e per £m revenue - market based	2026: 35.6	**53.8**	64.7	72.1	71.2	80.0
Global energy consumption used to calculate above emissions kWh[4]		**131,451,110**	136,235,840	127,049,716		
Scope 3 indirect emissions[5]						
Purchased goods and services (metals and polymers)[6] – category 1a for SBT	2030: 305,511	**405,479**	–	353,820	421,395	

1 Direct emissions through combustion of fuels and process emissions using DEFRA GHG factors. Refrigerant emissions, e.g. from process and building cooling systems, were collected for the first time in 2021.

2 Indirect emissions through consumption of electricity (location-based method) using the latest IEA conversion factors.

3 Indirect emissions through consumption of electricity (market-based method) restated from 2019 as part of the Group's SBT work to reflect European residual emissions and IEA conversion factors.

4 Required by the UK Government's SECR requirements using DEFRA conversion factors for natural gas and combustion of fuels for heating and process use, electricity consumption (location-based) and transport fuel (from quantities consumed) across the Group's global operations.

5 Emissions from raw material purchases account for 75% of the Group's value chain carbon footprint and feature in Tyman's near-term science-based target to 2030 as the priority for action. A full emissions inventory for 10 applicable Scope 3 emissions categories for 2020 and 2019 as part of the SBT baselining exercise is available online in the sustainability data table on Tyman's website. These other Scope 3 emissions amount to 93,979 TCO_2e and are not covered by the near-term target.

6 Restated in 2022 with more accurate material weight and updated price factor data as part the Group's SBT work.

Climate-related disclosures (TCFD) continued

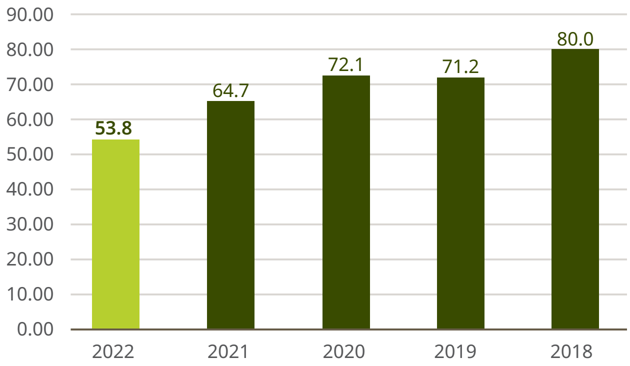
The Group’s Scope 1 and 2 emissions in TCO_2e per £m revenue decreased by 17% in 2022 to 53.8 (2021: 64.7 restated) and an 8% reduction in absolute terms to 26,270 TCO_2e (2021: 28,599 restated). This reduction has been driven by the continued greening of the electrical grid, reduced product output and the impact of energy efficiency measures at plant level. Nine energy saving opportunities were captured in the Group's sustainable operations database in 2022, estimated to save 209,000 KWhs of electricity on a fully annualised basis.

The Group is prioritising energy efficiency projects to reduce emissions at source before pursuing green certified electrical supply contracts. When the latter are implemented over the next two years, the rate of emissions reduction is expected to accelerate. See the Group’s transition plan on pages 62 to 63 for further detail.

A summary of the Group's energy and carbon reduction projects implemented in 2021 and 2022 is presented in the table below. Mitigating the Group's Scope 1, 2 and 3 emissions is expected to benefit nature too (water scarcity, resource extraction, eliminating plastic packaging) – see page 73 for details.

2021	2022
• LED lighting upgrades (Carlisle, Monterrey, Trumann and Valinhos) • Replacing propane fuelled forklifts with an electric powered version (Cannon Falls and Sydney) • New more energy efficient compressed air system (Budrio)	• LED lighting upgrades (London, Agnosine, Budrio, Juarez and Monterrey) coupled with movement sensors (at new Access 360 manufacturing facility in Wolverhampton) • Local electric heaters replace natural gas fired space heating (Fossatone) and thermostats fitted to heaters (Trumann) • Reduced heating hours for office areas (Agnosine) • Installation of 1.2MW rooftop solar array and switch to a 100% renewable electricity tariff (ERA facility in Wolverhampton) • Various compressed air initiatives (Brampton and Owatonna), namely pressure reduction, repairs and leak reduction, optimised scheduling

Scope 1 and 2[1] emissions TCO_2e / £m revenue



1 According to market-based method.

Climate-resilient product revenues

The Group's strategy to develop sustainable solutions is covered on pages 77 to 78. A subset of the Group's sustainable product revenues includes those products that have a positive impact on the climate during their use by saving energy and also in protecting buildings from climate hazards such as hurricanes, fire and flood, together with those products that reduce wider climate impacts through their formulation in terms of lower carbon materials/circular economy principles. Climate resilient product revenues totalled £109 million in 2022 (2021: £98 million restated), corresponding to 15% of Group revenues. The Group aims to increase both the revenues, and the associated proportion of these products, over time.

		£m	
Climate resilient product revenues	**SDG alignment**	**2022**	**2021**
Energy saving products		**76.8**	74.1
Climate hazard protection		**22.3**	15.2
Circular economy/lower carbon materials		**9.6**	8.4
Totals		**108.7**	**97.8**

Case study

Environmental sustainability at the heart of Giesse's window and door hardware accessories

Technological innovation and environmental sustainability are the main pillars behind our new product development activities. That is why the Giesse product range is choosing to focus on a metallic coating with advanced technical performance for its accessories: Magnelis®.

Why Magnelis® is the ideal choice for Giesse

Magnelis® is a metal coating with a unique chemical composition that offers three times the corrosion resistance of standard galvanized steels. In hostile environments with a high degree of salinity, such as marine areas, its resistance is also more than three times greater. It ensures an excellent level of surface protection, which has been proven by both accelerated laboratory and outdoor testing and certified by independent bodies.

The material also offers superior hardness and abrasion resistance compared to a galvanized material, even in desert and sandy areas. When exposed to the elements, it forms a very dense zinc-based protective film that external agents have difficulty penetrating. As a result, the entire structure is fully protected, including from welds, scratches and perforations.

With Giesse's window and door hardware and accessories being sold in over 100 markets around the world its products need to maintain their quality and integrity in a wide range of climates. The protection afforded by Magnelis® is therefore a critical differentiator for Giesse.

Magnelis® is 100% recyclable and contains no harmful elements.

> "The 50% lower emissions associated with the Magnelis® solution compared to those associated with stainless steels[1] supports Tyman's focus on reducing the emissions associated with the manufacture of its products, in turn fighting climate change."

Giovanni Liconti, Divisional Sustainability Manager, Tyman International

[1] Official EPD comparison


Samples of Magnelis® at the French Corrosion Institute in Brest (credits: ArcelorMittal Europe – Flat Products)

Sustainability performance

Sustainable Operations

Safety excellence

Safety is a focus at every level of the Group from the Board and ExCo to divisional leadership teams, site management and functional teams. Local management is responsible for health and safety performance with oversight provided by dedicated Health, Safety and Sustainability (HSS) leads in place in each Division. To view Tyman's governance arrangements for health and safety visit https://www.tymanplc.com/application/files/2716/4873/2558/Tyman_health_and_safety_management_system.pdf and to view Tyman's health and safety policy visit https://www.tymanplc.com/application/files/5716/2160/6164/Group_Health_and_Safety_Policy.pdf.

All our businesses have management systems in place to identify, control and take action on all health and safety risks in the workplace, alongside training, audits and local management reviews. Where considered appropriate for their particular markets our businesses also seek external certification to international health and safety standards. All injuries resulting in first aid or more are investigated. Lessons learned from Hi-Po near misses and other incidents are shared across the Group and, where appropriate, Group safety alerts are issued and corrective actions tracked to closure.

The Group tracks its safety performance through a range of leading and lagging indicators, which are underpinned by groupwide safety standards focused on key areas of risk. All manufacturing plants and distribution centres complete a gap analysis against the requirements of each standard and develop a corrective action plan to address areas for improvement, followed by site-level audits to assess compliance.

Standard	Date deployed/ planned	# corrections actions closed
Lock Out Tag Out (LOTO)	May 2020	331
Electrical safety	October 2020	340
Machinery safety	January 2021	319
Fall prevention / working at height	May 2021	285
Manual handling and ergonomics	October 2021	184
Fork-lift truck operations	January 2022	323
Confined space entry	August 2022	228
Contractor management	December 2022	–
Chemicals management	2023	–
Preventive maintenance	2023	–
TOTAL		**2010**

Safety performance

The Group's headline safety metrics are the Total Recordable Incident Rate (TRIR) for incidents requiring medical intervention beyond first aid and the Lost Time Incident Frequency Rate (LTIFR) for incidents involving time off work, both expressed as per million hours worked.

In 2019, the Group set out its safety excellence ambition to achieve world-class levels of safety performance, targeting a LTIFR of <1.0 by 2022 and a TRIR of <3.0 by 2026. The bar was set deliberately high, with the LTIFR target representing an 80% reduction against the baseline year of 2018 (4.8). Following a year of progress in 2020 the period of intense operational activity experienced across the Group in 2021 led to increases in both the LTIFR and TRIR, with four locations (Budrio, Owatonna, Profab and Statesville) accounting for most of the increases. During 2022 safety turnaround plans were focused on these four locations, resulting in the number of LTIs and other recordable injuries at these sites more than halving over the year to 20 (2021: 42). These actions translated into a Group LTIFR (excluding COVID) of 1.4, a 26% improvement on 2021 and 71% lower against the 2018 baseline, despite continuing high levels of operational intensity during the first half of the year. Whilst the Group is yet to achieve its ambitious goal of a LTIFR of less than one, this strong downward trend in work-related injuries and positively trending leading indicators (see page 71) gives us confidence that we have solid foundations in place to deliver the world-class levels of safety performance that Tyman is capable of.

The Group's Total Recordable Incident Rate (excluding COVID) reduced by 23% ending the year at 5.7 (2021: 7.4). For the second consecutive year, there were no serious injuries across the Group. Tyman's overall safety performance continues to compare favourably against industry benchmarks (LTIFR between 4.5 and 8 and a TRIR of 15.5–20[1]).

1 Source: US Bureau of Labor Statistics 20201 for other plastics manufacturing (NAICS 32619), window and door manufacturing (332321), hardware manufacturing (3325) and turned product and screw, nut and bolt manufacturing (33272).

Safety performance overview– all employees (permanent and temporary)[1]

Metric	Targets	2022	2021	2020	2019	2018
Lost Time Incident Frequency Rate (LTIFR)[2] including COVID-19[3]		**2.5**	4.4	3.1	4.0	4.8
Lost Time Incident Frequency Rate (LTIFR) excluding COVID-19	<1.0 by 2022	**1.4**	1.9	1.5	4.0	4.8
Total Recordable Incident Rate (TRIR)[4] including COVID-19		**6.7**	9.9	7.5	7.6	n/a
Total Recordable Incident Rate (TRIR) excluding COVID-19	<3.0 by 2026	**5.7**	7.4	5.8	7.6	n/a
Number of serious incidents[5]	zero	**–**	–	1	4	n/a

1 Covers all permanent and agency staff working under the Group's direct supervision worldwide. Injuries to visitors or contractors reported separately in the sustainability data table online.

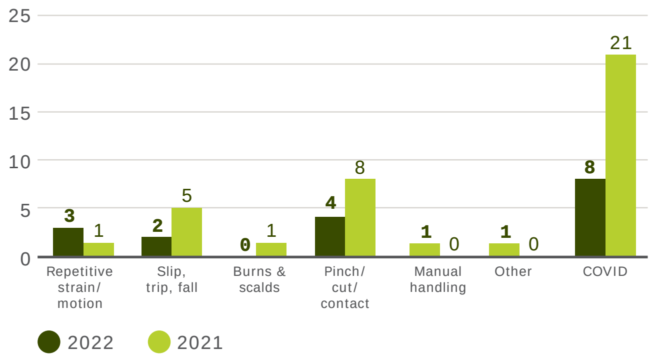
2 Lost Time Incident Frequency Rate per 1 million hours worked (incidents resulting in one or more days away from work, excluding the day of the incident)

3 The Group uses the US OSHA definitions for its classification and reporting on work-related injuries and illnesses. Lost time incident reporting includes workplace transmission cases of COVID-19 where 'close contact' has been identified (<2 metres for 15 minutes or more in any 24-hour period). Incident frequency rates are expressed with and without COVID-19 cases to enable a LFL comparison with pre-pandemic years.

4 Total Recordable Incident Rate for all work-related injuries or illnesses to employees/agency staff that causes fatality, unconsciousness, lost workdays, restricted work activity, job transfer or medical care beyond first aid, per 1 million hours worked.

5 Serious incidents are those deemed life threatening or life changing due to their severity.

Lost Time Incidents by cause 2022 vs 2021



One contractor lost time injury was recorded in 2023 following a slip, trip and fall on ice in a car park resulting in four days off (2022: 1). Gritting was underway but not complete during the time of the incident.

The disruption to operations caused by the COVID pandemic has been reflected in safety performance over the past three years, impacting absences due to safety-related incidents and those associated with workplace exposure to COVID. Given vaccinations have now been widely deployed, the number of COVID-related workplace transmissions noticeably reduced during the year with eight cases across the Group (2021: 21).

The Group is encouraged to see all its leading indicators continuing to trend positively during the year, with record numbers of safety leadership tours (3,123), safety improvement opportunities (13,911) and positive safety observations (2,878) being reported, which augers well for 2023 and beyond. The Group received no safety fines, penalties or notices of violation from the regulatory authorities (2021: zero).

To see Tyman's full suite of health and safety metrics and access the Tyman sustainability data table visit https://www.tymanplc.com/sustainability.

Sustainability performance continued

Occupational health and wellbeing

Health surveillance programmes are in place across the Group for routine exposures such as noise and airborne dust/fumes from painting and welding. One occupational health exposure resulted in lost time during the year (2021: zero) due to Carpal Tunnel Syndrome diagnosed at the Group's i54 facility in Wolverhampton. Following a thorough ergonomic review of repetitive assembly activities, modifications were made to working practices, training and mechanical aids to improve the control of this risk.

Environment

Environmental management systems

All businesses across the Group are required to maintain policies and programmes for managing the environment, including compliance with local regulations. These policies and management systems cover areas such as the use of materials, are aligned to the principles of reduce, reuse and recycle and ongoing energy and water efficiency programmes. These measures help improve production efficiencies, deliver compliance with legal obligations, reduce costs and minimise the Group's environmental impacts.

Where considered appropriate for their particular markets, our businesses also seek external certification to international environmental standards. Operations in the UK and Italy have environmental management systems in place that are externally certified to the ISO 14001 international standard, representing 24% of the Group's revenue (2021: 27% restated). The Group believes its approach to a more sustainable future is best served through the targets and ambitions set out in its sustainability roadmap (see page 22) rather than extending the procedural elements of ISO 14001 to other locations.

Visit https://www.tymanplc.com/sustainability/sustainable-operations to access the Group's environmental policy.

Energy and GHG emissions

The Group reports on its energy consumption and greenhouse gas emissions within the TCFD section (see pages 67 to 68).

Water stewardship

Following the successful commissioning of a new closed-loop recovery system at the Group's most water intensive plant in Owatonna, which led to a reduction of 45% in water consumption in 2021, the Group examined its water use in the context of those sites operating in areas of very high water stress as indicated by the WRI Aqueduct model and Moody's 427 climate risk tool. An interim target, establishing a cap of 233,000 m^3, has been set for these water-stressed sites, while more detailed assessments are undertaken to determine the scope to drive down consumption still further.

Water sources[1]	**2026 Target**	**2022**	**2021**	**2020**	**2019**	**2018**
Municipal authorities (m^3)		234,361	263,683	450,956	493,369	510,973
Ground water (m^3)[2]		17,926	23,904	17,426	19,965	14,985
Total water usage (m^3)		252,287	287,587	468,382	513,334	525,958
Total water usage at water stressed manufacturing sites (m^3)[3]	233,000[4]	224,378	260,595			
Water use intensity (m^3 per £m revenue) all sites		352	452	818	836	889

1 All the Group's water use is captured here. There is no abstraction from rivers, lakes or other water sources.

2 Two plants (Mexico and Brazil).

3 Plants located in areas of very high water stress, as indicated by physical climate risk assessment (see page 58); three in Mexico and one in Italy, together with the Group's most water intensive facility in the US.

4 Capped at 10% of 2021 consumption.

Source: US Bureau of Labor Statistics 2021 for other plastics manufacturing (NAICS 32619), window and door manufacturing (332321), hardware manufacturing (3325) and turned product and screw, nut and bolt manufacturing (33272).

Waste management

The Group generated 6,618 tonnes of waste in 2022, of which 29% was landfilled (2021: 34%) and 71% was recycled/recovered (2021: 66%), with increased focus on recycling and diverting previously landfilled waste to incineration. Hazardous waste represents a relatively small proportion of the total (7%), comprising materials such as oil contaminated rags, cutting fluids, chemicals and fluorescent light tubes.

Waste arisings	2026 Target	2022	2021	2020	2019
Tonnes non-hazardous waste to landfill		1,765	2,118	2,083	2,301
Tonnes hazardous waste to landfill		128	367	418	432
Tonnes non-hazardous diverted from landfill (recycling, incineration, composting etc.)		4,397	4,677	4,363	4,744
Tonnes hazardous diverted from landfill (recycling, incineration)		328	248	155	148
Tonnes total waste arising		6,618	7,410	7019	7,625
% total waste to landfill	Zero	29	34	36	36
Intensity ratio: total waste (non-hazardous and hazardous) Tonne per £m revenue		9.2	11.7	12.3	12.4

Biodiversity

Addressing climate change is well understood as an area for business action. Tackling species extinction and destruction of the natural world is starting to gain momentum with initiatives such as the Taskforce for Nature-related Financial Disclosures (TNFD) following on from TCFD. Many of the actions being taken by the Group to tackle climate change by reducing emissions and eliminating plastic packaging will also benefit nature as set out in the table below. The Group will continue to enhance its identification of opportunities to reduce or eliminate its impact on the natural world.

Dependency	Tyman response
The extraction of fossil fuels, minerals and metal ores such as bauxite for aluminium, impact the natural world.	By taking a circular approach to the design and manufacture of its products and specifying higher levels of recycled content, these impacts can be reduced (see page 78).
Water is important at the Group's manufacturing facilities where die-casting and painting processes take place.	By reducing the Group's consumption of water, especially in areas suffering high levels of water stress, these impacts can be reduced (see page 72).
GHG emissions negatively impact the natural world, with climate warming known to cause species extinctions.	By taking action to reduce GHG emissions, the Group can reduce these impacts (see pages 67 to 68).
Packaging is responsible for habitat destruction and pollution on land, rivers and the oceans. Similarly, discharges of hazardous substances in the supply chain can impact the natural world.	Procuring paper-based packaging from responsible sources (e.g. FSC certified) and eliminating single-use plastics and hazardous substances reduces these impacts (see page 78).
Natural capital improvement and nature-based solutions can also be part of the solution to some sustainability challenges.	Carbon removal projects such as forestry can play an important role in tackling hard-to-reduce GHG emissions.

Visit https://www.tymanplc.com/sustainability to access Tyman's sustainability data online.

Sustainability performance continued

Sustainable Culture

Ethics and compliance

The Group believes that high standards of business ethics are integral to the development of its culture and future growth and we seek to maintain a reputation for integrity in all of our business dealings and our relationships with authorities and our workforce. The Group's Code of Business Ethics (CoBE), was published in 2021 and fully deployed across the Group in early 2022.

Visit https://www.tymanplc.com/sustainability/sustainable-culture/ethics to see the Group's Code of Business Ethics.

In 2022 we focused on supporting the Group's leaders and Integrity Champions to develop a culture of integrity. Accordingly, a 'Leading with Integrity' (LWI) workshop was designed and deployed to help leaders appreciate how they can take practical steps to foster environments that are conducive to ethical decision-making. During 2022 a number of these LWI workshops were held in the UK, Italy and the USA and the content also reformatted for online delivery so that it can be readily deployed to leaders in other locations across the world.

The Integrity Champions network was launched in 2022 to help localise Business Ethics and Compliance programme materials and initiatives, create local points of contact for employees, champion business ethics and deliver training, such as the discussion of business ethics topics. In 2023, the Group plans to further strengthen the network through regularly scheduled conference calls and events.

Speak Up

The freedom to raise concerns is a core component of a high-performing, sustainable and ethical business culture, where employees are confident that they will be supported to "Do The Right Thing". Leaders and Integrity Champions have been trained, via the LWI workshops, to foster psychologically safe environments that encourage speaking up, and the CoBE sets out how employees can then raise any concerns.

Eleven speak-up reports were received by the General Counsel & Company Secretary in 2022 (2021: 10) and investigated, with the findings of each investigation and any corrective action taken reported to the Board. In the period three of the reports were determined to be breaches of the CoBE on "Working Together"; two were serious enough to result in the dismissal of employees whilst the subject of the third report has received coaching and the business will continue to monitor his performance.

The Group does not know of it being subject to any regulatory investigation during 2022 and confirms that it did not have to pay any fines for material regulatory breaches in this period (2021: 0).

People

Training and development

Training and development programmes across the Group during the year prioritised the deployment of the Group's Leading With Integrity workshop, together with safety leadership and lean excellence as well as ongoing technical/functional training.

72,521 hours of training were delivered in 2022 of which 41,163 were safety related (2021: 89,376 of which 42,278 hours were safety related), giving an average of 19.5 hours of training per employee (2021: 21.5).

Remuneration

The Group strongly believes in fairly rewarding its employees. In the UK. Tyman is an accredited Living Wage Employer by the Living Wage Foundation. In the US, the Group pays above a living wage as defined by the MIT Living Wage Calculator.

Diversity, equity and inclusion

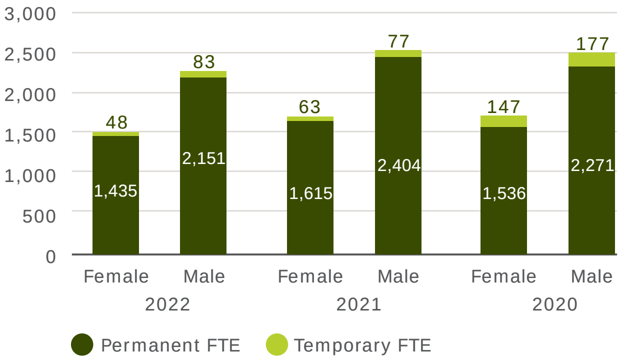
To support its growth, the Group draws on the skills, experiences and insights of a diverse workforce. Tyman's employment policies and practices require that an individual's skills, experience and talent are the sole determinants in recruitment and career development rather than age, beliefs, disability, ethnic origin, gender, marital status, religion and sexual orientation. The Group is committed to supporting employment opportunities that are consistent with its principles on diversity and inclusion, in line with local laws and accepted employment practices.

Visit https://www.tymanplc.com/application/files/1616/2150/9060/Group_Diversity__Inclusion_Policy.pdf to access Tyman's diversity and inclusion policy.

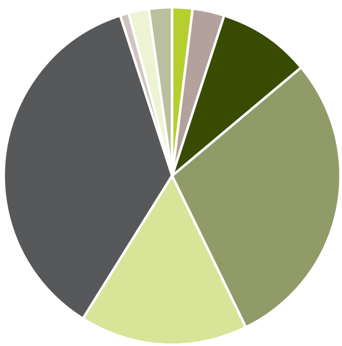
As of 31 December 2022, the Group employed 3,717 people (2021: 4,159), of which 1,483 workers were female representing 40% of the total headcount (2021: 40%). 36% of the Group's headcount is based in the US, 29% in Mexico, with a further 16% in UK and 9% in Italy. The Board had female representation of 43% (2021: 43%) and at senior management level this was 24% with 47 managers (2021: 28%). Temporary personnel accounted for 3.5% of the Group's total employees in 2022 (131), of which 99% are based in Australia, Canada, Germany, Italy, the UK and US.

The Group's workforce reduced by 11% during the year in response to softening market conditions and planned factory consolidation activity in the UK and Germany. The majority of this headcount reduction was achieved through natural attrition with 75 employees receiving redundancy payments in line with statutory provisions in Mexico, the UK and Germany.

Permanent and temporary headcount FTE by gender (2022-2021)



2022: 3,717 FTE headcount



Employee engagement

Three conferences were held during the year for the Group's leadership population to update them on Tyman's strategic initiatives and business performance. Two were virtual with over 100 participants and one was face-to-face in the UK with around 40 leaders on the theme of "accelerating performance". This included updates on the Group's and divisional growth strategies, lean excellence, sustainability, cyber security, bringing the Group's purpose to life and developing the foundations for leadership competencies.

All locations carry out communications programmes to engage their employees around important topics. Communication methods include video conferencing, webinars, video messages, town hall meetings, team briefings, physical and electronic noticeboards, training sessions, newsletters, Works Council meetings, employee engagement focus groups, leadership tours/Gemba walks, skip level meetings, supervisor networks and employee recognition events.

The Chief Executive Officer receives regular reports on employee matters and has skip-level meetings with employees around the Group whenever possible. She reports on such employee matters to the Board at every Board meeting. Pamela Bingham, in her role as Non-executive Director and Board member responsible for employee engagement, also meets employees at all levels in the business to understand local challenges and promote a direct link to the Board. Four virtual and in-person meetings with cross-functional representatives from sites in Italy, the UK and the US were held during the year to coincide with site visits by the Board (2021: eight). Written and verbal reports were provided by Pamela to the Board for its consideration following each such meeting. In 2022, the Remuneration Committee Chair, Paul Withers, also led a skip-level meeting with employees across the Group to explain Tyman's remuneration philosophy and how executive pay supports the Group's strategy and ambitions. For more details, see pages 115 to 139.

26% of our employees belong to a recognised trade union (2021: 30%). In addition to trade union representation, a number of Works Councils exist, where required by legislation, together with other employee consultation groups, including

Employee engagement survey

In early 2022, the Group undertook a global all-employee engagement survey. A pleasing 80% of employees responded, with results in line with the benchmark scores for global manufacturing businesses.

Key themes that emerged from the survey included employees having a sense of pride in their work, which correlates directly with having a meaningful purpose at work. Results also indicated that employees have a favourable work-life balance and our trend for the burnout signal was 50% below the global trend rate. For improvement, employees want more feedback and greater levels of recognition to help them grow in their roles.

Following the survey, focus groups were held at all locations to discuss the results with employees at all levels and gather further insights to be incorporated into detailed action plans. The survey results and action plans were then cascaded at all-employee meetings to engage employees in strengthening the culture.

A follow-up pulse survey initiated in North America in October had an 84% response rate and indicated 95% of employees said that original employee engagement survey results were shared with them. Further pulse surveys will be used to assess progress against these plans, with the next full employee engagement survey planned for 2024.

Sustainability performance continued

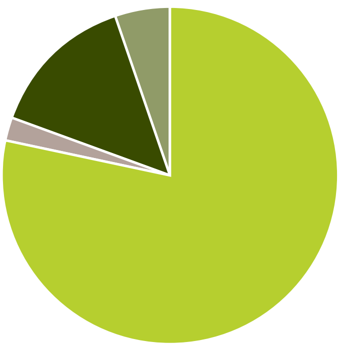
safety committees. The Group continues to have positive and constructive relationships with its trade unions that collectively represent its employees. Comprehensive consultation processes were undertaken during the year with employees affected by closure plans for the Group's manufacturing facility in Germany and the consolidation of the Access 360 sites in the UK. Tyman offered support for all affected employees at all stages of the processes, including holding one-to-one meetings with staff to help with their next steps, alternative roles, relocation support and the reimbursement of additional travel costs. For those who were made redundant, financial severance payments and outplacement support were offered.

Our communities

The Group has adopted three core themes for its community programmes, namely: (i) transforming careers through STEM programmes for disadvantaged/under-represented communities; (ii) transforming living and work spaces for disadvantaged groups; and (iii) transforming our impact on the natural world through conservation and climate projects. Each division has developed programmes to focus on these priorities and will leverage partnerships with community groups / non-profit organisations, customers and greater levels of employee volunteering to reduce inequalities in our society. These engagements will provide an opportunity for the Group's employees to bring its purpose and Code of Business Ethics to life, benefitting both the business (through employee retention, attraction and development) and the communities it operates in. An example of this is the partnership between our UK seals business and University Technical College in South Durham to support and develop the next generation of engineers (see opposite).

During 2022, 50 local fund-raising activities were undertaken across the Group. The Group's fund-raising activities delivered £46,463 of community investment in 2022 (2021: £80,641). For example, in Budrio, 80 employees volunteered in their own time to pack food parcels for people impacted by the invasion of Ukraine.

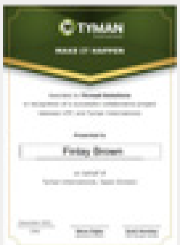
Community investment 2022: £46,453



- Company cash donation to charity: **£36,483**
- Employee cash donation to charity: **£951**
- Value of staff time volunteered in company hours: **£6,663**
- In-kind contributions to local communities: **£2,356**

Developing the next generation of engineers

Tyman's seals business in Newton Aycliffe in the UK has partnered with the local University Technical College (UTC) in South Durham to support and develop the next generation of engineers. The team, aptly named *Thread Solutions,* won the UTC business award for the Best Industry Project for their work on reducing downtime in our weaving department by designing and installing a pneumatic device to successfully prevent pile stoppages.



"Working with Tyman as one of our industry partners has been a real privilege. Being able to work with an organisation who has provided a real-life industry problem for our technical students to be able to solve has been key to the students' success. Our students have done an exceptional job of understanding the brief, but then having the support of the team at Newton Aycliffe to help them think through the problem and offer feedback and advice has ensured that they have designed and built a prototype of quality and purpose. We couldn't be prouder of the partnership and the connection that we have made with the team at Tyman and this is an example of a true collaboration that has had impact for not only our students but for one of our partners."

Tom Dower, Principal

Sustainable Solutions

Sustainable products in use

Buildings are significant contributors to global carbon dioxide emissions, both during the construction phase and in operation, and are estimated to account for nearly 40% of global emissions, higher than agriculture or transport. Therefore, as countries around the world pursue net-zero goals by 2050 or sooner, reducing emissions generated during the construction of a building and/or its operation will become more important. As many of the buildings likely to be in use in 2050 will have already been built, saving energy in existing buildings is a major area of focus and a growth opportunity for the Group. This could be via energy saving products (see table below for examples of these) or more generally via components supplied for replacement windows and doors being part of the solution to a fabric-first approach to building insulation.

The Group started measuring revenues from products that positively impact one or more of the UN SDGs in use in 2020. Sustainable product revenues remained at 21% of total revenues (2021: 21%), amounting to £147 million.

			% Group revenues		
Category (SDG)	**Examples**	**Demand drivers**	**2022**	**2021**	**2020**
Energy saving	• Windows and door seals • Thermally broken roof hatches • Tilt 'n' turn micro-ventilation products reduce energy losses in winter and heat gain in summer	• Building codes (e.g., UK Building Regulations and Future Homes Standard[1]) • Sustainability standards (e.g., LEED) • Government green stimulus packages (e.g., Italy)	10.7%	11.7%	10.5%
Security solutions	• High security locks and smart alarm systems proven to reduce break-ins (e.g. community/social housing)	• Reducing community crime	3.8%	4.4%	3.8%
Safety products	• Fall prevention (window restrictors, railing system and ladder access protection)	• Health and safety • Building codes	2.4%	2.3%	2.1%
Fire safety products	• Riser doors (fire-rated/ certified) • Intumescent seals	• Health and safety • Building codes/fire safety regulations • Changing climate (increasing fire risk)	2.7%	2.0%	2.0%
Inclusive living	• Products designed to meet the needs of disadvantaged/ vulnerable groups such as the elderly and those with disabilities	• Ageing population • Care homes/hospital requirements	0.6%	0.6%	0.6%
Climate hazard protection	• Severe weather protection products (e.g. strengthened window hardware and hurricane resistant roof hatches) • Water-tight sidewalk doors protect against flooding	• Building codes in hurricane vulnerable areas • Changing climate/resilience (e.g., flooding)	0.4%	0.4%	0.2%
TOTAL			**21%**	**21%**	**19%**

[1] From 2023 changes to Parts F, L and O of the UK Building Regulations standards aim to reduce CO_2 emissions by 30%, requiring improved ventilation and the need to combat heat gain in new housing. From 2025, the UK's Future Homes Standard will require reductions in CO_2 emissions of 75-80%. In Europe, changes to the Energy Performance of Buildings Directive and the Fit for 55 Package, which aims for a 55% reduction in emissions by 2030, should also support continued growth of energy saving and ventilation products. Growing demand for double and triple glazed units is expected to increase sales of seals and hardware.

Sustainability performance continued

Circular economy

Quantifying Tyman's value chain carbon footprint has shown the Group how important it will be to reduce emissions from purchased raw materials. Working on reducing these emissions now prepares the Group to respond to customer demand for lower carbon products in the future and helps to differentiate our offer in the marketplace.

75% of the Group's value chain carbon footprint is attributable to raw materials purchasing, with aluminium, steel and polymers accounting for the majority of these raw materials, and work continues to address these impacts. Reusing post-consumer waste and specifying high levels of recycled content offer good opportunities to reduce these impacts. For example, the Group's Cannon Falls extrusion facility uses over 900 tonnes of post-consumer recycled PVC in its products and the Giesse hardware business in Italy successfully trialled the use of extruded aluminium with 70%+ recycled content compared to the current 23%, saving an estimated 2,600 TCO_2e in 2022. Recycled aluminium has the benefit of using significantly less energy than virgin aluminium. Work will continue to explore other circular economy opportunities as the Group progresses its SBT plans (page 22 and pages 62 to 63).

Packaging

The Group continues to work towards its goal of 100% sustainable packaging by 2026 by optimising the amount of packaging used, moving to more sustainable/renewable/fully recyclable materials and avoiding single-use plastic packaging where possible. Where single-use plastic is unavoidable the Group will look to source plastics with the highest levels of recycled content, which can be recycled or composted via arrangements that are widely available.

ERA's new smart lock and hardware supplied to UK retailers in 2023 now include plastic-free packaging and de-inked cardboard cartons, making them easier to recycle once discarded by the consumer. Finding solutions to minimise transit packaging to window and door fabricators has been another example of applying the Tyman touch for customers seeking our expertise and in 2023 the Group will work with at least two major North American customers to develop new returnable packaging solutions.

Conflict minerals, human rights and hazardous materials

As Tyman is not a US-listed company, §1502 of the U.S. Dodd Frank Act on conflict minerals does not apply to it directly. However, the Group abhors the human rights abuses that are enabled by the sale of raw materials from controversial sources and has taken steps to help it generate the information that its customers need to disclose under §1502 of the U.S. Dodd Frank Act.

Tyman adheres to policies that support human rights principles and, in keeping with its approach to human rights, as set out in its Code of Business Ethics, it conducts due diligence on its suppliers to ensure their alignment in this respect.

The Group continues to work with trade associations such as the UK's Surface Engineering Association (SEA) and the European Federation of Associations of Locks & Builders Hardware Manufacturers (ARGE) to find alternatives to hazardous substances such as chromium VI in electroplated products sourced from Asia and lead used in brass alloys for locks and other hardware components.

Product integrity

Each division is responsible for negotiating the terms and conditions of trade with its suppliers. Tyman requires all of its suppliers to adhere to the Group's Code of Business Ethics or a comparable set of principles of business conduct and reserves the right to terminate a business relationship and take appropriate action against any supplier that breaches any part of the Code.

The Group values its relationships with its customers and suppliers and seeks honesty and fairness in all its dealings with them. The Group aims to supply and procure goods and services efficiently, in accordance with specifications and compliance with applicable regulations, without compromising quality and performance. To achieve such aims, the Group welcomes transparent dialogue with its customers and suppliers in respect of any quality or performance issues.

The Group's businesses are encouraged to gain and maintain certification to specific standards required by the markets they serve, including quality, weather resistance, security and fire protection.

Extensive product and safety-related testing is undertaken by the Group's in-house test facilities in the UK, US, Italy and Australia, and externally through accredited partners. Tyman UK and Ireland for example, has its own UKAS accredited test facility in Wolverhampton to put its products and complete window/door installations through a variety of tests, including product strength, weather tightness and other performance characteristics, for both the Group's products and those of its customers. Many of the Group's products have been tested to other relevant BS/EN standards in fire protection and acoustics and also meet UL fire standards in the relevant markets. Steel riser doors manufactured under the Access 360 brand are independently CERTIFIRE rated, making it the only access panel manufacturer in the UK to offer independent bi-directional fire testing accreditation from Warrington Fire.


ERA
Total Security
ERA

Section 172 statement

In accordance with the duties of Directors under section 172 of the Companies Act 2006, the Board considers a number of factors in its decision-making, including:

- the likely consequences of any decision in the long term;
- the interests and wellbeing of our people;
- the need to act fairly as between members of the Company;
- the Group's relationships with its customers and suppliers;
- the importance of our reputation for high standards of business conduct; and
- the impact of our businesses on the environment and the communities where we are present.

Tyman engages extensively with its stakeholders at all levels of our business because we believe that the understanding of such stakeholders through engagement is vital to building a sustainable and successful business.

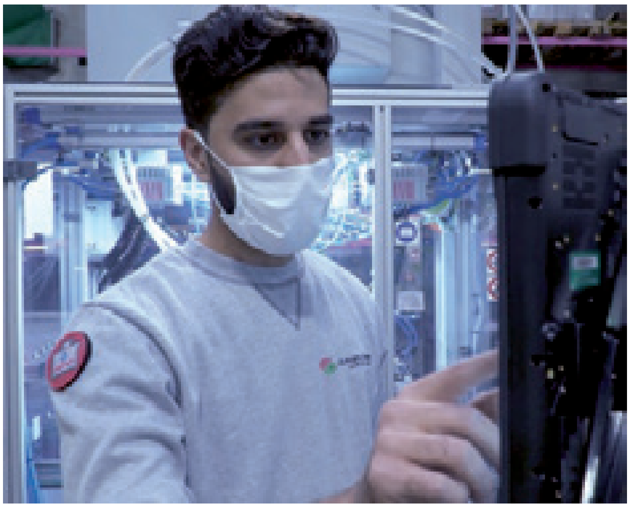
Some examples of direct engagement by the Board include the Workforce Engagement NED's skip-level meetings with employees and their representatives; and meetings or calls with customers, suppliers or shareholders. However, engagement may also be indirect, such as through Board reports, employee surveys and feedback from investors and analysts. All such engagement has provided invaluable input to the Board's discussions and decision-making.

Who? Stakeholder group	Why? Why it is important to engage	How? How management and/or Directors engaged
Investors	For the business to achieve long-term success, continued access to capital is vital. As a company with shares on the Main Market of the London Stock Exchange's premium list, we must provide fair, balanced and understandable information about the business to enable informed investment decisions to be made.	• Results presentations and post-results engagement with institutional shareholders • Investor roadshows, site visits, face-to-face meetings and conference calls addressing investor and analyst enquiries • Annual Report and Accounts • Annual General Meeting • Regulatory announcements • Corporate website, including dedicated investor section
Suppliers	The Group's suppliers are integral to the quality of our products and the reliability of their delivery. Engaging with our supply chain ensures the security of supply and speed to market. We seek to curate high-quality suppliers that help us deliver market-leading products that meet our customer expectations and requirements and are consistent with our ethical, sustainable and responsible procurement standards and policies.	• Meetings with key suppliers • Supplier audits and inspections • Through our Tyman Sourcing Asia organisation based in China • Engagement on our Code of Business Ethics and topics such as anti-bribery and corruption, anti-modern slavery and fair competition

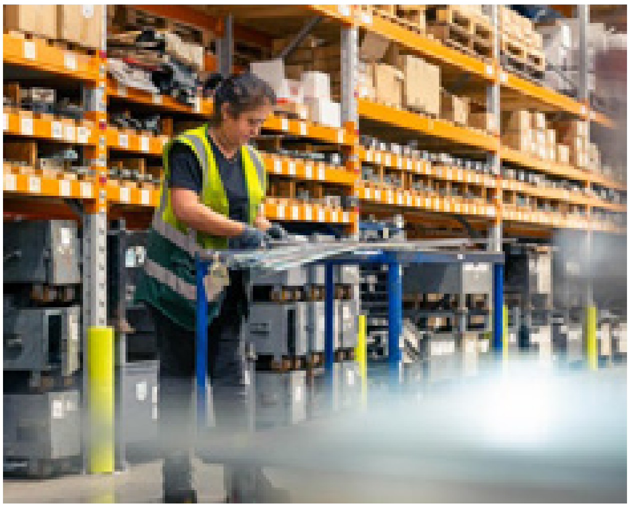
What? What were the key topics of engagement and what feedback and input did the Board/management obtain?	Outcomes and actions What was the impact of the engagement, including any actions taken?
Key topics discussed included: • Supply chain challenges and the Group's response • Ability of Tyman to pass on cost inflation to customers • Ability of the Group to react to potential changes in demand • The Group's strategy and sustainability roadmap • Progress against the Group's medium-term margin targets Feedback and input were obtained from the Group's corporate brokers and financial PR advisers.	• Refinement of investor communications based on prior feedback to best address investors' key questions and concerns • Use of case studies to provide further insight into aspects of the business of key interest to investors • Sustainability metrics feature as measures in the Group's LTIP and have been introduced into the Group's US private placement notes and revolving credit facility as performance targets linked to the loan margin (when they were refinanced)
• The results of supplier audits are reported to the Board in connection with its consideration of the Group's modern slavery policy and statement • The CEO regularly reports to the Board on material supplier matters and on the Group's progress in procuring sustainably • Development of approaches to help our supply chain become more sustainable, including the substitution of hazardous substances with less harmful finishes	• The Group's 2021 Modern Slavery Statement • Support for the investment in automation of supplier due diligence

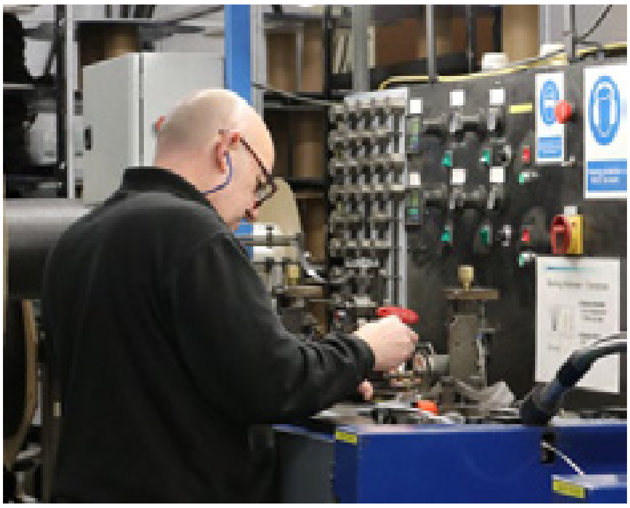
Section 172 statement continued

Who? Stakeholder group	Why? Why it is important to engage	How? How management and/or Directors engaged
Employees	Our people are critical to our long-term and sustainable success. We recognise that an engaged workforce is also a productive one. Across our global network, we seek to foster diverse and inclusive workplaces where every employee feels psychologically safe to achieve their full potential and job satisfaction. This helps to ensure that we can retain and develop the best talent.	• All-employee engagement survey • Skip-level meetings held by the CEO, Chair of Remuneration Committee, the Workforce Engagement Director, Group Health Safety and Sustainability Director and divisional management • Training and development (e.g., Safety Leadership Programme; One Tyman; Leading with Integrity) • Tyman Group leadership conference and virtual conferences with the Group's leaders • All-employee communications from the Chief Executive Officer • SpeakUp hotline
Customers and end-users	We want to continually deliver the best relevant products to our customers on time every time. Engaging with our customers enables us to better evaluate our past performances and to understand their current and future needs. Engagement also highlights opportunities for innovation and improvement to our products and processes.	• Meetings with major customers, including face-to-face sustainability workshops with several of the Group's largest US customers • Participation in industry forums and events • Reports on new product development • CEO and division leadership reports on material customer updates
Society	We conduct and build our business responsibly and sustainably, which enables us to respond to stakeholder expectations and manage a range of emerging risks. We continually seek to contribute positively to the communities and environments in which we work.	• Membership of trade associations and industry bodies • Meetings with major organisations and employers in the local community • Reports from the Director of Health & Safety and Sustainability



What? What were the key topics of engagement and what feedback and input did the Board/management obtain?	Outcomes and actions What was the impact of the engagement, including any actions taken?
• Health and safety • Company strategy and financial performance • Sustainability • Cost-of-living pressures • Executive remuneration	• The results of the all-employee survey were reported to the Board and opportunities for improvement were discussed in focus groups, with follow-up actions taken. • Feedback from the employee representatives on executive remuneration was discussed with the Remuneration Committee and will be taken into account in future policy decisions.
• Product availability and ability to meet required service levels given supply chain challenges • Innovation and new product development, including sustainable product lines and packaging • Price changes to adjust for industry-wide cost inflation	• Further investment in capacity where appropriate • Investment in innovation and product development, including sustainable solutions (see pages 77 to 78 for more information) • Increased levels of customer communication and interaction on both supply chain challenges and inflation/pricing
• Climate change • Humanitarian crises, such as Russia's invasion of Ukraine • Support for local issues and charities • Apprenticeships are offered in certain locations	• Approving Tyman's near-term carbon emissions targets for submission to the SBTi • 50 local fund-raising activities were undertaken during 2022 • Partnership between our UK seals business and University Technical College in South Durham to support and develop the next generation of engineers • Employee-volunteering activities such as packing food parcels for people impacted by the Russian invasion of Ukraine





Going concern and viability

Viability statement

Assessment of prospects

In assessing the long-term prospects of the Group, the Board considers the Group's current position, including the following factors:

- Although demand has weakened in the second half of 2022 as a result of the challenging macroeconomic conditions, the Group has achieved share gains in core markets, and has successfully implemented pricing actions to recover cost inflation. The Group has a demonstrated ability to flex the cost base in response to changes in demand.
- Operations are highly cash generative and drive a high operating cash conversion ratio. Cash conversion in 2022 is lower than average at 63% due to the investment in working capital and increased capital expenditure, with a typical average of c.90%.
- The Group has significant headroom in borrowing facilities and debt covenants at 31 December 2022, with liquidity headroom of £210.4 million and leverage of 1.1x. A significant deleveraging has been achieved over the last three years from 1.7x at the end of 2019.
- The Group successfully refinanced both the USPP and RCF facilities during the year, with total committed debt facilities now c.£310 million. In February 2022, $75 million of new US Private Placement notes were issued, bringing the total to $120 million. $40 million of these notes have a term of seven years, and $35 million have a term of 10 years. The remaining $45 million is due for repayment in November 2024. In December 2022, the RCF facility was refinanced, giving a total committed facility of £210 million as well as potential access to an additional accordion facility of £100 million. This facility matures in December 2026, with an option to extend for a further year. This gives an average debt facility life of 4.5 years, covering the majority of the assessment period.

In addition, the Board considers the Group's strategy and business model, including the following factors:

- Favourable long-term macroeconomics and megatrends are expected to drive further growth (see Our markets section on pages 16 to 17 for further details).
- Diversification across geographies and markets provides resilience.
- Innovation capabilities quickly allow the Group to adapt to changing trends, such as smartware and automation, sustainability, fire integrity, and anti-germ.
- Our sustainability roadmap positions the Group well to derive benefits from the transition to a low carbon economy.
- There are high barriers to entry through our deep customer relationships, market-leading brands, and domain expertise.
- The extensive portfolio of highly-engineered, differentiated products across hardware, smartware and seals and extrusions, combined with value-added support services.
- Co-development and customisation services create long-term partnerships.
- Rationalisation of footprint and other self-help activities are driving margin expansion.
- The growth strategy is focussed on gaining market share through new product introductions and channel expansion initiatives.
- Maintaining focus on pricing discipline to protect margins from the effects of adverse exchange rate movements, increasing tariffs and material input price inflation.

The Group's strategy and business model are central to understanding the future prospects and viability of Tyman. Both are well established and subject to regular monitoring and development by the Board. See further details of the Group's strategy on pages 20 to 22 and of the Group's business model on pages 14 to 15.

The principal risks related to the business are also taken into account by the Board when assessing the long-term prospects of the Group, particularly business interruption, market conditions, and raw material costs and supply chain disruption. See further details of the Group's principal risks on pages 42 to 49.

Structured budgeting and strategic planning process

Tyman's longer-term prospects are assessed primarily through the Group's budgeting and strategic planning process. The annual Group budget is compiled in the autumn of each year and generates a detailed forecast for the year ahead. This is reviewed and approved by the Board. A strategic planning process is also conducted, covering the next three years on a rolling basis. This process includes a review of divisional strategic plans by the Tyman Executive Committee as well as cross-divisional initiatives. The Board participates in the process through attendance at a strategy day, at which Group and divisional management present strategic plans. The Board also receives monthly strategy updates from the Chief Executive Officer.

The output of the strategic plan includes a consolidated set of financial projections for the Group covering a period of the next three years, including a review of forecast debt covenant compliance and debt headroom. The strategic plan reviewed as part of the assessment of prospects in this report therefore covers the three-year period ending 31 December 2025.

Assessment of viability

In accordance with provision 31 of the Code, the Directors have assessed the future viability of the Group. This assessment takes account of the Group's current trading position and the potential impact of the principal risks and the mitigating actions documented on pages 42 to 49 of the Annual Report.

The Directors have determined that five years is an appropriate timeframe over which to provide a viability statement. Although the Board's strategic planning period is three years, given the position of the business, the viability of the Group can reasonably be assessed for a further two years beyond this. The Directors consider that demand in the

Group's business is ultimately driven by consumer confidence and discretionary spending patterns which are difficult to project accurately beyond a five-year time horizon.

In order to assess the Group's viability over this period, the strategic plan has been extrapolated for a further two years at a nominal growth rate of 3%. The key assumptions underpinning the assessment include:

- average market growth forecasts in line with local consensus;
- no future loss of significant customers;
- forecasts of market share growth, selling price increases and the impact of new product development;
- forecasts of the benefits from self-help and continuous improvement activities;
- the RCF which is due for repayment in December 2026 is either extended for a further year by exercising this option, or successfully refinanced at the existing facility limit of £210 million; and
- no future acquisitions or disposals.

These financials have then been flexed by overlaying the estimated financial impact of crystallisation of certain of the Group's principal risks that are considered to have the potential to threaten viability in 'severe but plausible' downside scenarios. The risks modelled were a downturn in market conditions, raw material and supply chain failure, and business interruption.

The downside scenarios applied to the strategic plan are summarised below.

Severe but plausible downside scenarios

The 'severe but plausible' scenario models the impact of a significant short-term contraction in revenue on the Group.

Strategic plan flexed for the following scenarios	Link to principal risks and uncertainties	Level of severity tested	Conclusion
Downturn in market conditions	Market conditions	The scenario modelled is a 10% fall in revenue from the base case in each of the next five years.	Tyman, after undertaking reasonable mitigating actions, should be able to comfortably withstand the impact of this severe but plausible scenario.
Raw material cost increases and supply chain disruption	Raw material costs and supply chain failures	The scenario modelled is a 10% reduction in revenue from the base case in each of the next five years resulting from supply chain failure, combined with further cost inflation of 3% that is not fully passed on to customers. In an environment where inflation persists, it is likely there would be further interest rate rises and therefore an increase in interest rates in each year of 100bps from the base case is also modelled.	Tyman, after undertaking reasonable mitigating actions, should be able to comfortably withstand the impact of this severe but plausible scenario.
Business interruption resulting from a significant event such as a pandemic, IT interruption, or loss of an operating location.	Business interruption	The scenario modelled is a 15% reduction in revenue from the base case in year one, representing lost sales during the interruption event, a 5% reduction in each of the following four years representing a longer-term effect, and a one-off exceptional cost of £10 million representing costs of resolving the issue.	Tyman, after undertaking reasonable mitigating actions, should be able comfortably to withstand the impact of this severe but plausible scenario.

Going concern and viability continued

Reverse stress test scenario

The 'reverse stress test' scenario models a scenario that would represent the point at which the Group's future viability becomes less certain. In effect, this would be a breach of covenants.

Strategic plan flexed for the following scenarios	Link to principal risks and uncertainties	Level of severity tested	Conclusion
This models the impact of a larger short-term contraction in revenue which is sustained for a period of time, causing a breach of covenants.	Business interruption Market conditions Raw material costs and supply chain failures	A reduction in revenue from the base case of 37% in 2023 and then a 40% reduction from 2024 to 2027 was modelled.	This sustained level of performance deterioration is considered highly implausible. This is much more severe than what was experienced through the height of the COVID-19 pandemic in 2020 and the global financial crisis in 2007-2009.

The flexed models take account of the natural reduction in variable costs and availability and likely effectiveness of mitigating actions available to the Group, including the flexing of working capital, capital expenditure, dividend payments and discretionary spend. The models do not include significant structural actions, such as closing or mothballing facilities or divesting assets, which would be undertaken in the event necessary. The models also do not consider changes to the Group's capital structure it may be able to make through refinancing existing debt facilities and/or raising equity finance.

Viability statement

Based on their assessment of the prospects for the Group and principal risks and the viability assessment above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2027.

Going concern

As a consequence of the work undertaken to support the viability statement above, the Directors have continued to adopt the going concern basis in preparing the financial statements (see note 2.2 Going concern in the notes to the financial statements).

Non-financial information statement

This section of the Strategic Report constitutes Tyman's non-financial information statement and is produced to comply with Sections 414CA and 414CB of the Companies Act 2006. The table below summarises the applicable policy or code corresponding to each reporting requirement and where this information is located within the Annual Report and Accounts.

Reporting requirements	Relevant policy/code	Location within Annual Report
Environmental matters	• Environmental Policy	• Sustainable Operations performance on pages 70 to 73
Employees	• Code of Business Ethics: Integrity in Action • Health & Safety Policy • Diversity & Inclusion Policy • Anti-Bribery and Corruption Policy • Fair Competition Policy • Trade Controls Policy • Speak Up Policy • Workforce Engagement	• Sustainable Culture on pages 74 to 76
Human rights	• Code of Business Ethics: Integrity in Action • Diversity & Inclusion Policy	• Business ethics and compliance on page 74 • Diversity and inclusion on page 74
Anti-corruption and anti-bribery matters	• Code of Business Ethics: Integrity in Action • Anti-Bribery and Corruption Policy	• Business ethics and compliance on page 74
Social matters	• Code of Business Ethics: Integrity in Action • Stakeholder engagement	• Section 172 statement on pages 80 to 83 • Community investment on page 76
Business model		• Business model on pages 14 to 15
Principal risks		• Risk management on pages 42 to 44 • Group principal risks on pages 45 to 49
Non-financial KPIs		• Lost time incidents and greenhouse gas emissions KPIs on page 25

Peter Ho
General Counsel & Company Secretary

2 March 2023

Board of Directors

Nicky Hartery
Non-executive Chair
N R

Appointment to the Board
Nicky Hartery was appointed to the Board as a Non-executive Director on 1 October 2020 and as Chair of the Board and Chair of the Nominations Committee on 1 December 2020.

Skills and qualifications
Nicky is a Chartered Engineer with an electrical engineering degree from University College Cork and an MBA from University of Galway. He has extensive operational and general management experience gained in international manufacturing companies, which he later leveraged to set up a Lean Six Sigma business transformation consultancy, Prodigium. He has strong experience of North American markets, both as an Executive and Non-executive Director.

Relevant past experience
From 2012 to 2019, Nicky was the Chair of CRH plc, the global building materials FTSE 100 company, and has also been a Non-executive Director of Eircom Ltd. Nicky spent his executive career at General Electric, Verbatim / Eastman Kodak and Dell Inc, including being based in the US for 10 years.

External appointments
Nicky is Chair of the Musgrave Group, a Non-executive Director of Finning International Inc and Chair of Horse Racing Ireland.

Jo Hallas
Chief Executive Officer

Appointment to the Board
Jo Hallas joined Tyman on 1 March 2019 and was appointed Chief Executive Officer with effect from 1 April 2019.

Skills and qualifications
Jo is a Chartered Engineer with an engineering degree from the University of Cambridge and an MBA from INSEAD. She has extensive international management experience focused on business transformation through organic and acquisitive growth in the global industrial and consumer sectors, achieved through establishing and leading strategic clarity and execution.

Relevant past experience
Jo was previously Business Group Director for Spectris plc, where she had responsibility for a portfolio of global industrial technology businesses. Prior to this, Jo led the Invensys heating controls business. Jo has also held senior commercial roles with the Bosch Group in the UK and Germany, and 10 years with Procter and Gamble in Germany, the USA and Asia.

Jo is a former Non-executive Director of Norcros plc.

External appointments
Jo is a Non-executive Director of Smith & Nephew plc.

Jason Ashton
Chief Financial Officer

Appointment to the Board
Jason Ashton joined Tyman on 29 April 2019 and was appointed Chief Financial Officer on 9 May 2019.

Skills and qualifications
Jason is a Chartered Accountant and has a degree in Economics from the University of Manchester. His career in international manufacturing-based businesses includes significant experience of commercial finance, M&A, investor relations and tax and treasury functions.

Relevant past experience
Jason was formerly Interim Group Chief Financial Officer of Nomad Foods Limited, the UK-headquartered, NYSE-listed frozen foods group. Prior to this, he was Group Finance Director for the Iglo Group, leading the business through its €2.6 billion acquisition by Nomad Foods and subsequent €0.7 billion acquisition of the Findus Group. Jason has also held senior finance and commercial positions with Mondalez (Kraft), Plum Baby and Cadbury plc, based variously in the UK, Belgium, Poland, Russia and Turkey. His early career included roles with Diageo plc, Tetley Group and KPMG.

External appointments
None.

Pamela Bingham
Non-executive Director
A N R

Appointment to the Board
Pamela Bingham was appointed to the Board in January 2018 as a Non-executive Director. She is the Non-executive Director responsible for employee engagement across the Group.

Skills and qualifications
Pamela has a law degree from the University of Edinburgh and holds an MBA from Warwick Business School. She practised as a solicitor before moving into general management. Pamela has a proven track record as a commercial leader, focusing on strategic direction and leading cross-cultural teams to deliver growth and business expansion. She has worked in the building products, engineering, mining, renewable energy, and oil and gas sectors.

Relevant past experience
Pamela was most recently Managing Director, Infrastructure Products Group, Europe & Australia, at CRH and, before this, she was Managing Director of Weir Minerals Europe. She previously held senior management roles with Rotork plc, David Brown Group Ltd and CSE-Servelec Ltd. Her early career was spent as an in-house counsel for English Welsh and Scottish Railway Ltd and for the Yorkshire Building Society.

External appointments
Pamela is Chief Executive of Glen Dimplex's Heating and Ventilation Division.

Committee membership key

- A — Audit and Risk Committee
- N — Nominations Committee
- R — Remuneration Committee
- ● — Committee Chair

Helen Clatworthy
Non-executive Director

A N R

Appointment to the Board
Helen Clatworthy was appointed to the Board in January 2017 as a Non-executive Director. She was appointed Chair of the Audit and Risk Committee in May 2017.

Skills and qualifications
Helen is a Fellow of the Chartered Institute of Management Accountants and has significant operational and corporate experience, particularly in cost management, acquisition integration, information technology and change management.

Relevant past experience
Helen is a former member of the executive committee of Imperial Brands plc, where, as Business Transformation Director, she led integration activities for Imperial's enlarged US business and a group-wide strategic cost optimisation programme. Helen held a number of other senior roles at Imperial, including Finance Director for Western Europe and Group Supply Chain Director.

External appointments
Helen is Chair of the Imperial Tobacco Pension Fund.

David Randich
Non-executive Director

A N R

Appointment to the Board
David Randich was appointed to the Board as a Non-executive Director on 15 December 2021 and is a member of the Nominations, Audit and Risk, and the Remuneration Committees.

Skills and qualifications
Dave brings extensive experience of the North American building products market to the Tyman Board.

He holds a BS in Industrial Management from Purdue University and an MBA from Mercer University.

Relevant past experience
At Fortune Brands, Dave was President of the Masterbrand Cabinets business for seven years and President of the Therma-Tru Doors business for five years. Prior to Fortune Brands, Dave held an international career with Armstrong World Industries, with roles in China, the UK, Germany and the US. Dave was also a Non-executive Director of Springs Window Fashions.

External appointments
Dave lectures at Purdue University's Krannert School of Management.

Paul Withers
Non-executive Director

A N R

Appointment to the Board
Paul Withers was appointed to the Board as a Non-executive Director in February 2020 and as Chair of the Remuneration Committee and Senior Independent Director from April 2020.

Skills and qualifications
Paul qualified as a Mechanical Engineer, is a Sloan Fellow of the London Business School, and holds an MA in Mathematics from Cambridge University and a DPhil in Mathematics from Oxford University. He has extensive experience in international manufacturing businesses and, in particular, strong knowledge of US markets, both as an Executive and Non-executive Director.

Relevant past experience
Paul's executive career was spent at BPB plc, the international building materials business, where he was Group Managing Director.

Paul is a former Non-executive Director of Premier Farnell plc, Hyder Consulting plc, Devro plc and Keller Group plc. He held the roles of Senior Independent Director and Chair of the Remuneration Committee in each of these.

External appointments
None.

Directors' report

Principal activities

The Group is a leading international supplier of engineered fenestration components and access solutions to the construction industry. These activities remain unchanged from the previous year. The Company is the ultimate holding company of the Tyman Group of companies. A full list of subsidiaries may be found on pages 197 to 200.

Share capital

The Company's shares are listed in the premium segment of the Official List and are traded on the Main Market of the London Stock Exchange (LSE: TYMN). The Company's share capital consists of ordinary shares of 5.00 pence each, carrying the right to attend, vote and speak at general meetings of the Company. The ordinary shares also have the right to profits of the Company, which are available for distribution and the return of capital on a winding up.

The issued share capital of the Company as at 31 December 2022 was 196,762,059 ordinary shares of 5.00 pence each, of which 478,714 shares are held in Treasury.

Further information on the Company's share capital may be found in note 22 to the Group financial statements.

Directors

The names and biographical details of the Directors are on pages 88 and 89 of this report. Further information regarding the Directors who served during the year to 31 December 2022 may be found on pages 125 to 139 in the Remuneration report.

Appointment and removal of Directors

Directors may be appointed by ordinary resolution of the Company or by the Board. In addition to any powers of removal conferred by the Companies Act 2006, the Directors, or any committee authorised by the Directors, may terminate the appointment of any Executive Director.

Each Director of the Board will stand for re-election at the AGM. Accordingly, Nicky Hartery, Jo Hallas, Jason Ashton, Paul Withers, Pamela Bingham and David Randich will offer themselves for re-election at the 2023 AGM.

Qualifying indemnity provisions

The Company does not have a qualifying third-party indemnity provision or a qualifying pension scheme indemnity provision in place.

Directors' and Officers' insurance

Details of the Group's Directors' and Officers' insurance arrangements may be found on page 103.

Annual General Meeting

At the Company's 2022 AGM, the Directors were authorised to allot shares equal to, approximately, one-third of the issued share capital of the Company as at 1 April 2022, or a further one-third of the issued share capital in connection with a pre-emptive offer by way of a rights issue.

The Directors were also given the authority to allot shares for cash, representing up to 5.0% of the Company's issued share capital as at 1 April 2022, without first offering these shares to existing shareholders in proportion to their existing holding. The Directors confirmed there was no intention to issue more than 7.5% of the issued share capital of the Company on a non-pre-emptive basis in any rolling three-year period without prior consultation with the relevant investor groups (except in connection with an acquisition or specified capital investment as contemplated by the Pre-Emption Group's Statement of Principles).

Shareholders also approved an additional authority for the Directors to issue ordinary shares, or sell treasury shares, for cash in connection with an acquisition or capital investment of the kind contemplated by the Pre-Emption Group's Statement of Principles, up to an additional aggregate amount being, approximately, 5.0% of the issued ordinary share capital as at 1 April 2022.

At the 2022 AGM, the Company was also authorised to make market purchases of its own shares of up to, approximately, 14.99% of the shares in issue as at 1 April 2022. The Board had no immediate intention of exercising this authority, but wished to retain the flexibility to do so should it be needed in the future. This authority was not used during the year and, therefore, remained in full at the year end.

The Directors believe that it is in the best interests of the Company that these powers are renewed, subject to such changes in value as have been supported by the Pre-Emption Group and the Investment Association. Accordingly, resolutions to renew such authorities will be put to shareholders at the Company's AGM, to be held on 18 May 2023.

The Notice of the Company's 2023 AGM, and related explanatory notes, accompany this Annual Report and Accounts, which may also be found with further information on these resolutions on the Group's website. The special business at the 2023 AGM will include resolutions dealing with the authority to allot shares, to purchase its own shares and call General Meetings on not less than 14 clear days' notice.

Results and dividend

The Group's results for the year are shown in the Consolidated statement of comprehensive income on page 148.

An interim dividend of 4.2 pence per share was paid to shareholders on 9 September 2022 and the Directors are recommending a final dividend in respect of the financial year ended 31 December 2022 of 9.5 pence per share. If approved, the final dividend will be paid on 26 May 2023 to shareholders on the register at the close of business on 28 April 2023. The total dividend paid and proposed for the year amounts to 13.7 pence per share.

As at 31 December 2022, the Tyman Employee Benefit Trust held 2,560,733 ordinary shares in Tyman plc. Further information on the Employee Benefit Trust may be found on page 40. Dividend waivers are in place from Tyman plc in respect of the 478,714 shares held in Treasury as at 31 December 2022, and all but £0.01 of the total dividend to the Tyman Employee Benefit Trust.

Strategic report

Pages 2 to 139 of this Annual Report comprise the Strategic report, Governance and Directors' report and the Remuneration report. These reports have been written and presented in accordance with English law and the liabilities of the Directors in connection with this report shall be subject to the limitations and restrictions provided accordingly.

The Directors are required under the Disclosure Guidance and Transparency Rules to include a Management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group and the Company. The Management report disclosures can be found in the Strategic report on pages 42 to 49.

A description of the main features of the Group's internal control and risk management systems in relation to the process for preparing the consolidated accounts continues further on page 44 of the Strategic report.

Pursuant to Section 414c of the Companies Act 2006 the Strategic report on pages 2 to 87 contains disclosures in relation to future developments, dividends, finance and financial risk management, and disclosures relating to the Group's greenhouse gas emissions and environmental policy and performance.

A full description of the Group's activities relating to our employees, their involvement with the Company and our employment and health and safety practices and policies (including the Group's policies on ensuring the fair treatment of disabled job applicants and the development and promotion of disabled employees) may be found on pages 74 to 76 of the Strategic report.

Share transfer restrictions

There are no restrictions on the transfer of fully paid-up shares in the Company.

Substantial shareholders

The Company has been notified of, or has identified, the following direct or indirect interests comprising 3% or more of its voting share capital (the issued share capital less shares held by the Company in Treasury) in accordance with DTR 5. The Company's substantial shareholders do not have different voting rights from those of other shareholders.

	Ordinary shares held as at 31 December 2022	%	Ordinary shares notified as at 2 March 2023	%
Teleios Capital Partners	29,665,228	15.11	30,165,312	15.37
Alantra Asset Management	16,247,141	8.28	16,014,941	8.16
Allianz Global Investors	11,543,984	5.88	11,343,984	5.78
Artemis Investment Management	8,806,331	4.49	8,806,331	4.49
Aviva Investors	8,778,617	4.47	8,585,975	4.37
Chelverton Asset Management	8,625,000	4.39	8,662,673	4.41
Columbia Threadneedle Investments	8,259,151	4.21	8,530,270	4.35
BlackRock	7,536,860	3.84	7,473,218	3.81
Janus Henderson Investors	6,938,686	3.54	6,938,686	3.54
abrdn	6,527,868	3.33	6,527,868	3.33

Directors' report continued

Financing

The Group finances its operations through a mixture of retained profits, equity and borrowings. The Group does not trade in financial instruments. Full details of the Group's borrowing facilities are set out in note 18 to the financial statements.

The main risks arising from the Group's borrowings are market risk, interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks, and the policies, which have been applied throughout the year, are set out in note 19 to the financial statements.

Financial reporting

The Annual Report and Accounts are intended to provide a balanced and clear assessment of the Group's past performance, present position and future prospects. A statement by the Directors on their responsibility for preparing the financial statements is given on page 104 and a statement by the auditors on their responsibilities is given on page 144.

Employee engagement and policies

This information is included in the sustainability performance section of the Strategic report on pages 74 to 76.

Other stakeholder engagement and policies

Information summarising how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year, is included in the s172 statement on pages 80 to 83.

Going concern

Because of the work undertaken to support the viability statement, which may be found on pages 84 to 86, the Directors have continued to adopt the going concern basis in preparing the financial statements (see note 2 to the financial statements).

Auditors and 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 auditors are unaware and each Director has taken all the 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 auditors are aware of that information.

The auditors, Deloitte LLP have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the 2023 AGM.

Political donations

The Company did not make any political donations during the year (2021 and 2020: £Nil). Tyman's policy is that it does not make political donations in any form.

Disclosure of information under Listing Rule 9.8.4

Reporting requirements under LR 9.8.4R (4), (5) and (6) and LR 9.8.6 (1), if applicable, have been included in the Remuneration report on pages 115 to 139. All other information required to be disclosed, under LR 9.8.4R (1), (2) and (7) to (14), if applicable, is covered in this report. There is no further information to disclose.

Events after the reporting year

None.

By order of the Board

Peter Ho
General Counsel & Company Secretary

2 March 2023

Company registration number: 02806007

Chairman's introduction

"The Board has made good progress against all its 2022 priorities and projects related to the Group's long-term strategy."

Nicky Hartery
Non-executive Chair

Dear shareholder

On behalf of the Board, I am pleased to present the Group's Corporate Governance Report for the financial year ended 31 December 2022. This report explains our governance framework and the Board's key actions during the year, with particular emphasis on our approach to aligning our purpose and values with our strategy and culture, and our engagement with the Group's various stakeholders.

The Board's focus in 2022

On pages 100 and 101 (Work of the Board in 2022), we have set out the range of matters that the Board considered in the year. Such matters included in-year topics such as: responding to the Russian invasion of Ukraine; the refinancing of bank and US Private Placement debt; supply chain challenges; the multi-faceted effects of inflation on the business; and the impact of the cost-of-living crisis on our people. The Board's matters also included projects related to our long-term strategy, such as: upgrading the Group's IT systems to support greater efficiency; oversight of the Group's footprint projects; and progressing Tyman's sustainability roadmap.

Sustainability

Sustainability is core to Tyman's overall strategy, and the Board maintains oversight of the implementation of the Group's sustainability initiatives. In 2022, the Board considered and approved the Group's TCFD statement and its mitigation strategies to meet near-term (2030) carbon emissions reduction targets, and the submission of these targets to the Science Based Targets Initiative (SBTi) for validation. It has also supported the Group's engagement with its customers, suppliers and debt and equity investors, which has led to the incorporation of safety and sustainability targets into the Group's US Private Placement notes and revolving credit facility in 2022. Through the Remuneration Committee of the Board, Tyman continues to embed ESG targets as an LTIP metric and such targets constitute 15% of the Executive Directors' LTIP awards. For further information, please refer to pages 130 and 137.

Progress in 2022

Last year, as the result of an externally-facilitated review of the effectiveness of the Board and its committees, the following priorities were set for 2022:

- Continually monitor Board composition and succession planning alongside the development of its skills matrix and a formal appraisal process.
- Develop a forward agenda that combines both formal and informal time, including increased use of private meetings between the CEO and the Non-executive Directors during the year.
- Continually review and ensure alignment of its appetite for risk against the changing business landscape and its strategic imperatives as the Group evolves.

Chairman's introduction continued

I am pleased to report that we have made good progress against all of these priorities, as we:

- Have developed the Board's skills matrix to help monitor Board composition and aid succession planning;
- Arranged for pre-meeting calls between the CEO and each of the Non-executive Directors throughout the year; and
- Have considered the Group's principal and evolving risks at the Board and its Audit & Risk Committee.

Board priorities for 2023

The Board's priorities for 2023 will be:

- Ensure that the organisation has the appropriate capabilities to achieve its strategic objectives.
- To support M&A activity aligned to our strategy and purpose.
- Further embed sustainability into the business and the monitoring of progress against targets.

Engagement with stakeholders

In 2022, we engaged extensively with a broad range of our stakeholders. Details of such engagement can be found in our section 172 statement.

Whilst we were able to engage with many of our equity and debt investors through meetings with members of the Board and senior management, there were fewer such opportunities to do so with our retail investors. Therefore, we organised a 'hybrid' AGM in 2022 which enabled all shareholders to participate in person or online via an audio webcast. We intend to do the same this year to enable our shareholders to interact with the Board. Information on how to participate digitally, both in advance and on the day, will be set out in the Notice of the Company's AGM.

Thank you for your support.

Nicky Hartery
Non-executive Chair

2 March 2023

Statement of governance

The Board

Key Responsibilities

The Board's role is to promote the Group's long-term sustainable success for the benefit of all the Company's stakeholders, generating value for the Company's shareholders and contributing to wider society. The Board sets the Group's long-term business strategy and oversees its purpose and values, which underpin its culture.

Audit and Risk Committee

Key Responsibilities

Monitors the integrity of the Group's external reporting and provides oversight and governance of its internal controls, risk management and relationship with the external auditors.

Remuneration Committee

Key Responsibilities

Responsible for setting the remuneration policy and individual compensation for the Board Chair, Executive Directors and senior management to ensure that the Group's long-term interests are achieved.

Nominations Committee

Key Responsibilities

Responsible for appointments to the Board, succession planning and also the review of the Board's structure, size and composition to ensure that it has a balance of skills, knowledge, experience and diversity.

Executive Committee

Key Responsibilities

The Board delegates day-to-day responsibility for managing the business to the Executive Committee. The Executive Committee comprises the Chief Executive Officer, the Chief Financial Officer and the three divisional Presidents. It drives the Group's strategic priorities in each division, leads groupwide initiatives and reinforces the Group's operational and governance structures. The Executive Committee meets at least monthly and its members regularly present to the Board.

UK Corporate Governance Code: our compliance

As a company that is premium-listed on the London Stock Exchange, Tyman is required to explain how it has applied the main principles of the Code, which is available at www.frc.org.uk, and complied with the Code's provisions throughout the financial year.

For the year ended 31 December 2022, and up to the date of this report, the Board is pleased to report in summary below that the Company has applied the principles of the Code and complied with the provisions set out in the Code.

Statement of governance continued

Principle	Section	Page
1. Board leadership and Company purpose		
a. The Company is led by an effective and entrepreneurial Board that promotes the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	• Role of the Board	
b. The Company's purpose, values and strategy align with its culture. All Directors act with integrity, lead by example and promote the desired culture.	• Strategy • How governance supports strategy	
c. The Board seeks to ensure that necessary resources are in place for the Company to meet its objectives and measure performance against them. A framework of prudent and effective controls is being established to enable risk to be assessed and managed.	• Principal risks and uncertainties • Internal control	
d. The Board engages with shareholders and other stakeholders to encourage their participation in the Group's success.	• Section 172 statement	
e. The Board oversees workforce policies and practices to ensure that they are consistent with the Company's values and support its long-term sustainable success. The workforce is able to raise any matters of concern through various channels.	• Workforce engagement • Speak Up	
2. Division of responsibilities		
f. The Chair is objective and leads an effective Board with constructive relationships.	• Our governance framework	
g. The Board comprises of an appropriate combination of Non-executive and Executive Directors, with a clear division of responsibilities.	• Board composition and Non-executive Director independence	
h. Non-executive Directors commit appropriate time in line with their roles.	• Directors • Board and Committee attendance • Board effectiveness evaluation	
i. The General Counsel & Company Secretary and the appropriate policies, processes, information, time and resources support the Board.	• How governance supports strategy	

Principle	Section	Page
3. Composition, succession and evaluation		
j. There is a transparent procedure for Board appointments and a succession plan that recognises merit and promotes diversity.	• New Director appointment process	
k. There is a combination of skills, experience and knowledge across the Board and its committees.	• Board composition and Non-executive Director independence	
l. The Board's annual evaluation considers its overall composition, diversity and effectiveness.	• Directors • Board effectiveness evaluation	
4. Audit, risk and internal control		
m. Tyman's policies and procedures safeguard the independence and effectiveness of internal and external audit functions. The Board has satisfied itself of the integrity of financial and narrative statements.	• Internal audit and internal audit effectiveness • External audit	
n. A fair, balanced and understandable assessment of the Group's position and prospects was presented.	• Review of the 2022 Annual Report & Accounts	
o. Procedures manage and oversee risk, the internal control framework, and the extent of principal risks that the Group is willing to take to achieve its long-term objectives.	• Internal control • Risk appetite	
5. Remuneration		
p. Remuneration policies and practices support the Group's strategy and promote its long-term sustainable success. Executive remuneration is aligned to the Group's purpose, values and strategic delivery.	• The Directors' Remuneration Policy	
q. A transparent and formal procedure is used to develop policy and agree executive and senior management remuneration.	• The Directors' Remuneration Policy	
r. The Directors exercise their independent judgement and discretion over remuneration outcomes, taking account of the relevant wider context.	• Remuneration Committee priorities 2022	

Statement of governance continued

Role of the Board

The Board is responsible for promoting the Group's long-term success for the benefit of all its stakeholders, generating value for shareholders and contributing to the wider society. To achieve its strategic objectives, it focuses on the Group's overall leadership, strategy, culture, development and controls, which safeguard the Group's assets and enable risks to be properly assessed and managed.

The areas specifically considered by the Board include: overseeing the Group's values and standards; approval of the Group's strategic plan; ensuring maintenance of a sound system of internal control and risk management, including approval of the Group's risk appetite statements; responsibility for the review of the Group's corporate governance arrangements; and ensuring the Group has the necessary resources, processes and controls to deliver the Group's long-term strategy.

Matters not specifically reserved for the Board, including the day-to-day management of the Group, are delegated to the Executive Directors in accordance with the Group's delegation of authorities.

The Board assesses and monitors the Group's culture, ensuring that policy, practices and behaviours of the business align with Tyman's purpose, values and strategy. The Board receives regular reports from the Chief Executive Officer and the General Counsel & Company Secretary on cultural topics such as the development and implementation of Tyman's Business Ethics & Compliance Programme. In addition, the Board made several site visits and received and discussed reports from the Workforce Engagement NED, Pamela Bingham, following her skip-level meetings with employees across the divisions.

Stakeholder engagement

The Board is responsible for engaging with and understanding the views of the Group's key stakeholders. This includes the need to foster the Group's business relationships with its employees, customers, investors and societies in the countries in which the Group operates. The Board keeps engagement mechanisms under review so that they remain effective.

The Directors take their duties under section 172 of the Companies Act 2006 very seriously and consider that they have acted in the way they consider, in good faith, would promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in section 172 (1) (a–f) in the decisions taken during the year ended 31 December 2022. The full statement, together with how Tyman engages with key stakeholders, can be found on pages 80 to 83.

Governance framework

A schedule of Board meeting dates is set a year in advance, to ensure the Board meets at regular intervals throughout the year, at times that align with the operations of the different business divisions and the financial and reporting requirements of the Group as a whole.

To ensure relevant topics are given appropriate consideration, the Board has delegated certain roles to three principal Committees: Audit & Risk, Remuneration and Nominations. Membership of these Committees is made up of the Non-executive Directors. The Board Chair is also a member of the Nominations and Remuneration Committees.

The work of these Committees in 2022 is explained in more detail on pages 105 to 116, and page 125. Each of the Committees' terms of reference may be found on the Group's website.

All Directors have access to the services of the General Counsel & Company Secretary who is responsible for ensuring the Group's governance framework is observed and the Board and Committees receive the necessary support in fulfilling their responsibilities.

If thought appropriate, Directors may obtain independent professional advice in respect of their responsibilities, at the Company's expense. No such advice was sought in the year.

Board composition

The names and biographical details of all the current Directors, as at the date of this report, are set out on pages 88 to 89 and on the Group's website.

The following Directors served during the year ended 31 December 2022:

Board member	Appointed to the Board
Nicky Hartery	October 2020
Jo Hallas	April 2019
Jason Ashton	May 2019
Paul Withers	February 2020
Pamela Bingham	January 2018
Helen Clatworthy	January 2017
Dave Randich	December 2021

Independence of Non-executive Directors

Through the work of the Nominations Committee, the Board ensures that its members have an appropriate mix of skills, diverse backgrounds and relevant industry experience, such that they can challenge and support the work of the Executive Directors. Each Non-executive Director has sufficient knowledge of the Company, which has enabled them to discharge their duties and responsibilities during the year.

As part of the internally facilitated Board and Committees' effectiveness evaluation in 2022, the Board reviewed the independence of the Directors. Having reviewed the other positions held by the Non-executive Directors and the possibility of any potential conflicts of interest, the Board continues to consider that each of the Non-executive Directors is independent, as defined against the independence criteria as set out in the Code, believing each to be independent of character and judgement.

Director induction

Upon appointment, all new Directors receive a comprehensive and tailored induction programme, providing them with the opportunity to learn about the operations, making specific site visits and meeting divisional and local management.

Recent Director inductions were successfully facilitated under pandemic-related movement restrictions using a combination of in-person and remote meetings, briefing notes and both in-person as well as video tours of facilities. Details of the Board's newest Non-executive Director, Dave Randich, can be found on page 89.

Key responsibilities

Roles on the Board	Responsibilities
Chair	Responsible for the leadership and effective running of the Board and its decision-making processes Sponsors and promotes the highest standards of corporate governance Sets the Board agenda in consultation with the Chief Executive Officer and the General Counsel & Company Secretary, ensuring that they are aligned to the Group's strategic objectives Sets the style and tone of Board discussions, facilitating contribution from all Directors Leads the Board in determining the strategy and the overall objectives of the Group, including its approach to environmental, social and governance matters, while ensuring that the Board determines the nature and extent of the principal risks associated with implementing its strategy Leads the effectiveness evaluation of the Board and ensures its effectiveness in all aspects of its role Ensures effective communication with the Company's shareholders and other stakeholders
Chief Executive Officer	Responsible for the day-to-day management of the Group Promotes the Group's culture and values Leads the Executive team and develops and implements the Group's strategic objectives, with assistance from the Executive Committee Responsible for sustainability Responsible for providing the Board with details of feedback received from institutional shareholders and any key issues raised Brings matters of particular significance or risk to the Chair for discussion and consideration by the Board where appropriate
Chief Financial Officer	Responsible for the finance, audit, tax, treasury and IT functions Responsible for the day-to-day management of all investor relations matters and for contact with shareholders, as well as with financial analysts
Senior Independent Director	Is available for shareholders to voice any concerns that may not be appropriate for discussion through the normal channels of Chair, CEO or CFO Provides a sounding board for the Chair and supports him in his leadership of the Board Leads the Chair's performance appraisal by the other Non-executive Directors and serves as an intermediary for the other Directors with the Chair, as necessary
Non-executive Directors	Bring complementary skills and experience to the Board Constructively challenge the Executive Directors on matters affecting the Group

Statement of governance continued

Board and Committee attendance

The following table shows the attendance record of the Directors at the scheduled Board and relevant Committee meetings held during the year.

Board member	Board	Audit	Remuneration	Nominations	AGM
Nicky Hartery	8/8	4/4	4/4	2/2	1/1
Jo Hallas	8/8	4/4	4/4	2/2	1/1
Jason Ashton	8/8	4/4	4/4	2/2	1/1
Paul Withers	8/8	4/4	4/4	2/2	1/1
Pamela Bingham	8/8	4/4	4/4	2/2	1/1
Helen Clatworthy	8/8	4/4	4/4	2/2	1/1
Dave Randich	8/8	4/4	4/4	2/2	1/1

Attendance at Board meetings

Eight scheduled Board meetings were held during the year. The Board also met on an ad hoc basis on other occasions as required. Where expedient, the Board also delegated a number of administrative and completion matters to a duly appointed sub-committee of the Board.

Work of the Board during 2022

The Board's principal matters during 2022 are summarised below:

Principal matter	
Health and safety	• Received reports on the delivery of safety turnaround plans for the Group's priority four plants (see page 70) • Received details of every health and safety lost time incident, including remedial actions taken, lessons learned and future preventative measures (see pages 70 to 71) • Oversaw the deployment of the Group's Safety Leadership Programme and safety leadership tours, safety improvement opportunities and positive safety observations (see pages 70 to 71)
Strategy and sustainability	• Approved the updated Group strategy (see pages 20 to 22) • Received progress reports on the implementation of the Group's 'Sustainability Roadmap' (see page 20) • Approved of the Group's first submission to the CDP (see page 28) • Considered and approved of the Group's near-term Science Based Targets in respect of the carbon emissions across its value chain (see page 51) • Reviewed and discussed updates on trading performance, markets and strategic initiatives, including presentations from the Group's senior management • Approved the incorporation of sustainability-linked targets into the Group's US private placement notes and revolving credit facility when they were refinanced in 2022 • Received reports on new product development, innovations in packaging and launches • Received reports on the Group's upgrade of IT systems • Approved the consolidation of the Access 360 access solutions businesses in the UK • Monitored the M&A pipeline
Governance	• Approved key Group policies and received reports on the codification of standards • Approved the organisation of a 'hybrid' AGM and the notice of AGM • Approved the recommendation and declaration of dividends • Approved insurance renewals • Completed the induction of a new Non-executive Director (see page 107) • Participated in an internally facilitated Board evaluation (see page 103) • Assessed and monitored the Group's culture and alignment with its purpose, values and strategy • Received reports from the Chairs of the Nominations, Audit & Risk and Remuneration Committees

Purpose, values and group culture	• Received reports from the General Counsel & Company Secretary on general governance updates, material legal matters and Speak Up reports (see page 74) • Received progress reports from the General Counsel & Company Secretary on the Group's 'Business Ethics & Compliance Programme' (see page 74) • Oversaw the deployment of the Group's 'Leading with Integrity' workshops (see page 74) • Supported the Group's discontinuation of business with Russia and Belarus • Approved the Group's Modern Slavery Act statement • Received reports on the results of an all-employee survey and the follow-up actions (see page 75) • Received reports from the Workforce Engagement Director and the Chair of the Remuneration Committee on meetings that each of them had with the workforce
Financial	• Actively monitored trading performance conditions, ongoing scenario modelling, monthly CFO reports and supported management's actions in responding to ongoing challenges • Approved the budget for 2023 and set KPIs (see pages 24 to 25) • Reviewed and approved the half-year 2022 and full-year 2021 annual results, viability and going concern statements and the 2022 AGM notice • Reviewed the Group's risk register, risk appetite statement and the effectiveness of the systems of internal control and risk management (see pages 42 to 49)
Investor relations and communications	• Received presentations from the Company's brokers and financial advisors on the Company's shareholder profile and market perception • Received feedback from proxy advisors in respect of the 2022 AGM resolutions • Received reports and feedback from analysts and shareholders following meetings with them (see pages 102 and 103)
Employee engagement	• Visits to sites and discussions with management, conducted in person or remotely (see below) • Received and discussed reports from the Workforce Engagement NED, Pamela Bingham, following her skip-level meetings with employees across the divisions (see page 98)

Board visits to the operations

As part of the Board's work, the Directors visit operating units each year to meet with divisional management and to see these businesses first-hand. In line with the Board's meeting schedule in 2022, the Board visited Tyman North America's Owatonna and Sioux Falls sites in person. On other occasions, members of the Board also visited other sites.

The Chief Executive Officer, the Workforce Engagement NED and the Remuneration Committee Chair held skip-level employee meetings in 2022. The Chief Executive met with more than 50 managers and supervisors from Tyman North America sites, where they expressed their passion for the business, their appreciation for the intense focus on safety and their desire to strengthen company culture, including greater collaboration across sites.

The Workforce Engagement NED, Pamela Bingham, had separate in-person and online meetings with diverse employees and employee representatives across the Group's Head Office and its Italy and US businesses. The meetings provided her with opportunities to better understand local challenges and practices, opportunities for improvement and to promote a direct link into the Board (see page 98).

The Remuneration Committee Chair, Paul Withers, met with employee representatives from across the Group to engage with them in a dialogue on the alignment of executive remuneration with wider company pay policy. By meeting with a diverse range of representatives from the workforce covering various levels of seniority, location, business units and gender, he was not only able to explain the behaviours that the Group's remuneration framework aim to promote, but also hear their views. As with the Workforce Engagement NED's skip-level meeting, Paul's meeting was reported to the Board and is taken into account when the Remuneration Committee makes decisions relating to executive pay. Specifically, the Remuneration Committee will take the output from these engagements into consideration as it develops the Directors' remuneration policy during 2023, which will include engagement with shareholders before a revised policy is tabled at the Group's 2024 AGM.

Statement of governance continued

Board performance evaluation

The Board undertakes a formal evaluation of its performance, and that of each Director, on an annual basis. Such evaluations are conducted in accordance with the principles set out in the Code and include consideration of the skills, composition and performance of the Board, its Committees and individual Directors.

The following sets out the progress on key recommendations concluded in the 2021 Board evaluation, which was conducted by Dr Tracy Long of Boardroom Review, who has no connection to Tyman or its Directors:

Recommendations	Progress made in 2022
The Board should continually monitor its composition and succession planning alongside the development of its skills matrix and a formal appraisal process.	The Board's skill sets and schedule for the Board's refreshment have been monitored by the Nominations Committee.
The Board should develop a forward agenda that combines both formal and informal time, including increased use of private meetings between the CEO and the Non-executive Directors during the year.	The CEO and each of the Non-executive Directors have had one-to-one calls before each meeting.
The Board ought to continually review and ensure alignment of its appetite for risk against the changing business landscape and its strategic imperatives as the Group evolves.	This has been addressed through the Board and the Audit & Risk Committee's consideration of the Group's principal and emerging risks.

This year, the Board participated in an internal questionnaire-based assessment of the Board and its Committees, led by the Chair and each Committee's chair. This assessment identified the following opportunities for further development:

Finding	Actions planned in 2023
The Board has an opportunity to strengthen its ethnic diversity.	• In line with the Board's schedule for its refreshment, the Nominations Committee has prioritised the recruitment of an ethnic minority Director in 2023.
There is an opportunity to re-evaluate the risk landscape.	• The Board shall work with the Audit & Risk Committee to identify emerging risks and re-evaluate existing risks.

The Board will continue to review its procedures, effectiveness and development and composition during 2023. The Board Chair will use the Board evaluation's output and the performance reviews of individual Directors to further develop the Board's performance in the year ahead.

The Board review also concluded that the Non-executive Directors have sufficient time to meet their Board responsibilities. Separately, the Senior Independent Director led the Non-executive Directors to carry out a review of the Chair's performance. It was found that the Chair continues to effectively discharge his duties and demonstrates full commitment to the role as evidenced by the progress made in all areas of the Board's work.

Investor relations programme

The Board is fully committed to maintaining good communications with the Company's shareholders through its investor relations programme.

Tyman operates a planned schedule of communications and investor relations activities throughout the year. The CEO and CFO have day-to-day responsibility for all investor relations matters and for contact with shareholders, as well as with financial analysts. They are assisted by the Group Head of Corporate Communications & Investor Relations.

The CEO provides the Board with details of feedback received from institutional shareholders and any key issues raised. Regular dialogue with institutional shareholders and financial analysts is principally maintained through:

- meetings and calls involving the Chief Executive Officer, the Chief Financial Officer and/or the Group Head of Corporate Communications & Investor Relations;
- four scheduled releases to the market of updates on the financial performance of the Group;
- the Chair of the Remuneration Committee contacting institutional shareholders to consult them on any proposals that may affect Tyman's remuneration policy;
- the Board Chair regularly engaging with larger institutional shareholders to discuss matters including the Board, strategy, corporate governance and succession planning; and
- a total of 117 separate meetings were held by members of the Board and/or the Group Head of Corporate Communications & Investor Relations in 2022 with shareholders and prospective shareholders, analysts and equity sales teams.

In addition, the Company actively engages with individual shareholders who periodically contact the Company.

Copies of all announcements and presentations made at investor events are published on the Group's website to ensure that all shareholders, whether private or institutional, have equal access to information.

It is currently envisaged that a similar shareholder engagement programme will be run during the 2023 financial year.

A table setting out the Company's major shareholders can be found on page 91.

2023 AGM

The Company's AGM is a key date for the Board, as it provides the Directors with the opportunity to meet with shareholders and both private and institutional investors.

In 2022, in line with the Financial Reporting Council's guidance, which was published in 'Corporate Governance AGMs: An Opportunity for Change', the Company organised a 'hybrid' AGM that allowed shareholders to attend in person, or electronically via a live audio webcast. This AGM format allowed for shareholders to be counted in the quorum, ask questions of the Directors and cast live votes via the Lumi platform, whether or not they were able to travel to the venue.

Access to the Chair and Non-executive Directors

The Chair and Non-executive Directors make themselves available to attend meetings with major shareholders at their request. The Chair attended a number of such meetings during the year to cover areas such as the Board, strategy, corporate governance and succession planning. As face-to-face meetings were neither practical nor possible at various parts of the year, a number of the meetings were conducted online or over the telephone.

Internal control and risk management

The Directors acknowledge that they are responsible for the Group's internal control and risk management systems and for reviewing their effectiveness. Details of this review process are set out in the Audit & Risk Committee report on pages 108 to 114.

Directors' insurance cover

The Company maintains, at its expense, a Directors' and Officers' liability insurance policy to afford an indemnity in certain circumstances for the benefit of Group personnel, including, as recommended by the Code, the Directors. This insurance policy does not provide cover where the Director or Officer has acted fraudulently or dishonestly.

Statement of governance continued

Directors' responsibilities statement

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

English company law requires the Directors to prepare financial statements for each financial year. Accordingly, the Directors have prepared the Group's financial statements in accordance with IFRS as adopted by the European Union and the Company financial statements in accordance with UK GAAP. Under English 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 and the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs, as adopted by the EU, have been followed for the Group financial statements, and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Group and the Company, and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006, and as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are responsible for the maintenance and integrity of the Group's website. Legislation in the UK, governing the preparation and dissemination of financial statements, may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Annual Report and Accounts, confirms that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with UK GAAP, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs, as adopted by the European Union and applicable law, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that the Group faces.

By order of the Board

Nicky Hartery
Non-executive Chair

2 March 2023

Nominations Committee report

Nicky Hartery
Chair of the Nominations Committee

Number of meetings: 3

Membership of the Committee:

- Nicky Hartery (Chair) – appointed October 2020
- Paul Withers – appointed February 2020
- Pamela Bingham – appointed January 2018
- Helen Clatworthy – appointed January 2017

Dear shareholder

I am pleased to present the Nominations Committee's report for the year ended 31 December 2022.

Role and responsibilities of the Committee

The Committee's role is to support the Board within the Group's governance framework by providing oversight of the business's leadership needs, both Executive and Non-executive, with a view to ensuring that the Group is able to implement its strategy, achieve its objectives and compete effectively. It ensures that the management team is constructively supported and challenged by reviewing and making recommendations to the Board on the size, structure and composition of the Board and Committees. In compliance with the Code, it also ensures that plans are in place for the orderly succession to both Board and senior management positions, including overseeing the development of a diverse pipeline for succession across short and long-term timescales.

The Committee ensures all Board appointments are made in line with the Group's Diversity & Inclusion Policy. This states that all decisions involving people, including recruitment, are based on objective assessment that reflects talent, engagement and achievement and are not subject to any form of bias.

The Committee's full terms of reference are available on our website.

Committee meetings

The Committee met twice in 2022. In addition to the members of the Nominations Committee, who are all independent Non-executive Directors, and the General Counsel & Company Secretary, the Chief Executive was invited to attend whenever the Committee felt that it was necessary to enable a full discussion of its agenda items.

Key activities of the Committee in the last twelve months

The Committee considered the following in 2022:

- Recommended re-election of the Board at the 2022 Annual General Meeting
- The size and composition of the Board, including the balance of skills, knowledge, independence, experience and gender and ethnic diversity
- The recommendations to shareholders for the re-election of each member of the Board
- Progress on the Committee's 2022 objectives
- The results of the Committee's performance evaluation
- The Committee's terms of reference
- The Nominations Committee report for inclusion in the 2021 Annual Report and Accounts
- The Committee's priorities for 2023

Nominations Committee report continued

Board skills

Our Board possesses a broad range of knowledge and experience from a variety of industries and sectors. The Nominations Committee seeks to ensure that the Board and its committees have the skills required to deliver Tyman's strategy and objectives in the longer term, and to identify the potential skills and experience that may become lost with the retirement of any Non-executive Directors. The Board will keep this mix of abilities and expertise under review to ensure it remains appropriate as and when the Board's composition or Tyman's strategy evolves.

Diversity

The Committee, the Board and Tyman, as a whole, pay full regard to the benefits of diversity when searching for candidates for the Board, the Executive Committee and other appointments, following the principles of the Group's diversity and inclusion policy (which is available to view on the Group's website. The Board believes that embracing diversity, in all its forms, enables the sharing of each individual's unique perspective, which promotes inclusivity and supports good decision making. Accordingly, all Board appointments are made on merit against a set of objective criteria informed by the skills and experience required for each role.

Although Tyman is not currently a constituent of the FTSE 350 index, the Board supports the FTSE Women Leaders Review (FWLR), which seeks to improve board and senior leadership gender diversity across FTSE 350 companies. The following table sets out the Group's achievements in respect of the indicators measured by the FWLR:

Level	% Female Representation
Board	42.9%
Executive Committee	40%
Direct Reports to the Executive Committee	24%

The Committee also aims to satisfy the recommendations of the Parker Review on Ethnic Diversity by 2024, in line with the Board's schedule for its progressive refreshment.

Review of findings from the 2022 internal Board evaluation

The Board's 2022 evaluation questionnaire (details of which can be found on page 102) confirmed that the Directors believe that the Board: has a clearly understood purpose; works well as a team (each Director also fulfils their individual roles); has an open and inclusive style that enables good debate on the main business issues; has an appropriate combination of Executive and Non-executive Directors, such that no one individual or small group of individuals dominates the Board's decision making; and is agile and effective in its decision making, taking in all inputs and debate whilst having a clear bias for action.

The Board's main areas of focus in 2023 shall be:

- Seek opportunities to improve its ethnic diversity
- Continue to evaluate existing risks and strengthen process to identify emerging risks

Committee performance evaluation

The Committee's own evaluation concluded that the Directors were, broadly, satisfied with its performance overall and that it had fulfilled its priorities for 2022. Nonetheless, it was observed that the Committee has an important role in the progressive refreshing of the Board and the development of the Group's 'bench strength'.

Committee membership

The members of the Nominations Committee during the year ended 31 December 2022 were as follows:

Nominations Committee member	Appointed to the Committee
Nicky Hartery (Chair)	October 2020
Paul Withers	February 2020
Pamela Bingham	January 2018
Helen Clatworthy	January 2017
Dave Randich	December 2021

Helen Clatworthy has informed the Board of her intention to retire during 2023, following the successful recruitment of her successor. The Committee has engaged Russell Reynolds, an external executive search consultancy, with which the Board has no other connection, to advise it on the recruitment process.

Committee priorities for 2023

The priorities of the Committee for 2023 are set out below:

- Continued oversight of the establishment of the Group's talent excellence programme, including ensuring that the right organisational capability is in place for the Group to deliver on its strategic and diversity and inclusion priorities through senior management succession planning and the strengthening of talent pipelines
- Further development of the Board's skills matrix to support its succession planning
- Recruitment of a new Chair of the Audit & Risk Committee

On behalf of the Nominations Committee

Nicky Hartery
Chair, Nominations Committee

2 March 2023

Board changes

Non-executive Director induction

Upon his appointment to the Board, Dave Randich received a tailored induction plan to help him gain a thorough understanding of Tyman's business and his role as a Non-executive Director.

For an overview of Tyman, he was provided with an induction pack comprising of a broad range of key information, including papers of the Board and its committees, meeting minutes, details of operational and financial performance, explanations of key controls and the Group's risk management, as well as key policies and a recording of the Group's virtual conference.

Introductory meetings were held with each other member of the Board and the Executive Committee, the General Counsel & Company Secretary, the Group Financial Controller, the Group Head of Internal Audit & Risk Management, the Director of Health & Safety and Sustainability and other key senior managers. As he was joining the Audit & Risk, Nominations and Remuneration Committees, additional time with the Chairs of each of those Committees was scheduled to cover key issues.

In addition to the sites that the Board visited in 2022, he also undertook site visits to the Group's plants in the UK, the USA and Mexico and met with Tyman employees at its Head Office.

Audit and Risk Committee report

"The Committee has focussed on providing effective governance over the Group's financial reporting, risk management, internal controls and oversight of the transition of our new external auditor."

Helen Clatworthy
Chair, Audit and Risk Committee

Number of meetings: 5

Membership of the Committee:

- Helen Clatworthy (Chair) – appointed January 2017
- Paul Withers – appointed February 2020
- Pamela Bingham – appointed January 2018
- David Randich – appointed December 2021

Dear shareholder

On behalf of the Board, I am pleased to present an update on the work of the Audit and Risk Committee during the year. The Committee has continued to support the Board in development of the Group's risk management and internal control framework, as well as ensuring the integrity and quality of external financial reporting. This report sets out the activities of the Committee during 2022 and the Committee's priorities for the year ahead.

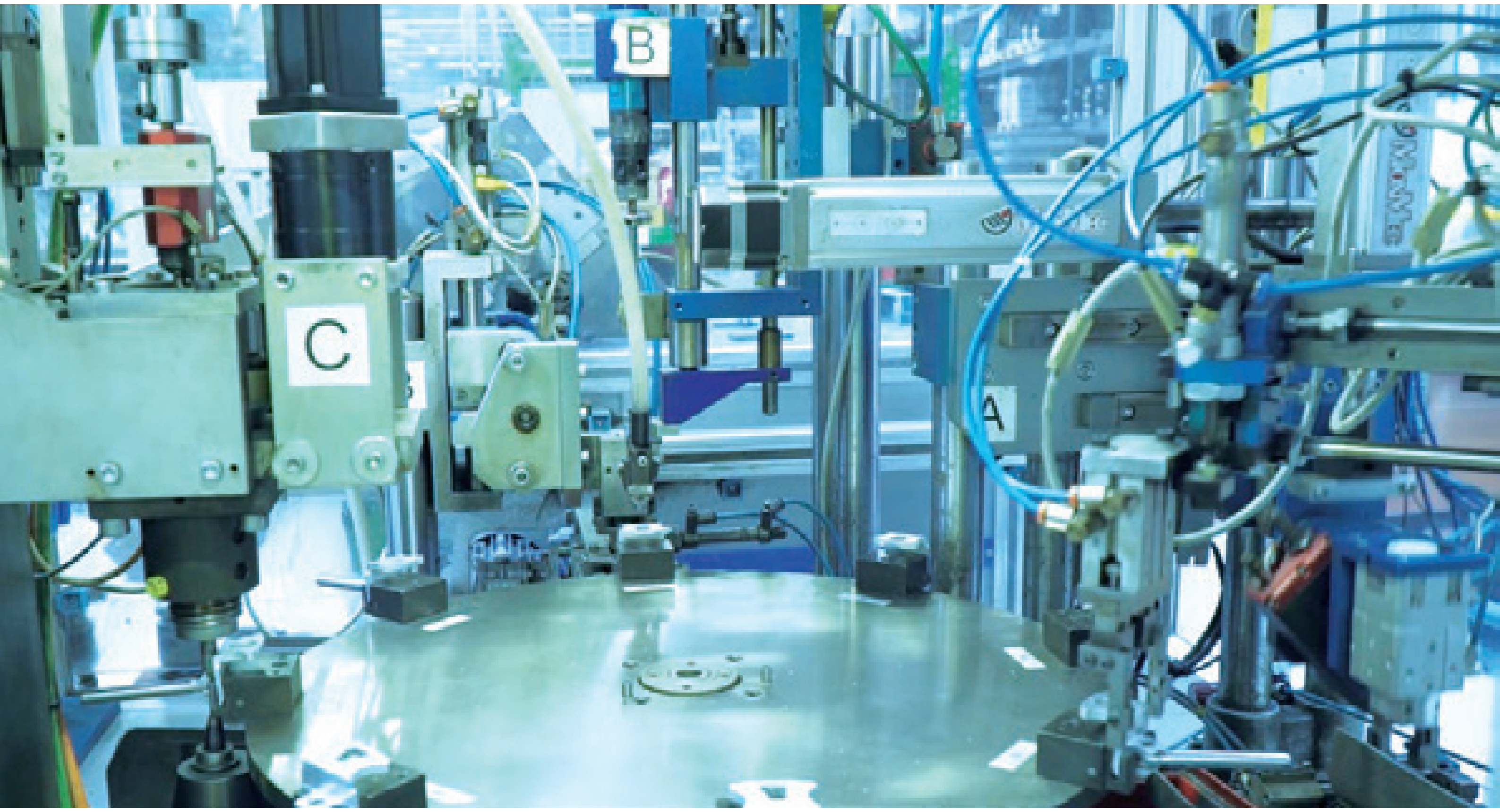
In 2022, the Committee continued to focus on the core aspects of governance within the Group. This included the enhancement of the Group's risk management and internal controls frameworks, progress with establishing the new approach to internal audit, and overseeing the transition to our new external auditors, Deloitte.

The Committee was pleased with progress made in enhancing the risk management and internal controls frameworks, which included embedding the Code of Business Ethic and, the Group Minimum Standards of Financial Control framework. The implementation of a programme of risk management activities, developed by the Group Head of Internal Audit and Risk Management, further enhances the Group's approach to enterprise risk management. In addition, the Group implemented a Controls Self-Assessment (CSA) process, which was undertaken across the Group's operations twice in the year to assess compliance with key controls and identify areas for improvement in support of the Group's ongoing enhancement of internal controls, including the Group's policies.

The updated structure and approach to internal audit has continued to develop well in the year and forms a basis for an increasingly risk-based approach to internal audit as we broaden internal audit activities in 2023. The 2022 internal audit plan is complete, and I am pleased to report that on-site internal audits have resumed fully as the impact of COVID-19 restrictions has eased.

The Committee oversaw the successful transition of the external auditors, from PwC to Deloitte.

The Committee has also spent time understanding the requirements of the Taskforce on Climate-Related Financial Disclosures (TCFD) and environmental, social and governance (ESG) reporting, including the impacts on the Group's risk framework. The Committee is satisfied with progress made to date.



Role of the Committee

The Board has delegated responsibility to the Committee for the oversight of the Company's financial reporting, monitoring the integrity of the financial statements and other financial communications of the Company. It is responsible for ensuring that effective governance and appropriate frameworks are in place for the oversight of the Company, major subsidiary undertakings and the Group as a whole, and for considering whether accounting policies are appropriate.

The Committee operates under terms of reference approved by the Board. These terms of reference have been reviewed by the Committee and updated to include the Committee's responsibility for monitoring the integrity of climate-related reporting. A copy may be found on the Group's website.

In 2022, the Committee met four times, with meetings timed to coincide with key dates in the financial reporting and audit cycles of the Group. To provide the appropriate focus on key priorities, an annual schedule of Committee activity is set out a year in advance.

In addition to the Committee members, the Board Chair, Chief Executive Officer and Chief Financial Officer regularly attend Committee meetings at the invitation of the Committee Chair. Other attendees include the Group Financial Controller and members of the finance team, senior representatives from the external auditors, Deloitte, and the Group Head of Internal Audit and Risk Management.

In advance of meetings, the Committee is provided with reports from the Chief Financial Officer, the Group's finance function, Deloitte and internal audit. These reports provide the Committee with detailed information on accounting and audit matters, and the progress the Group is making in respect of risk management activities and internal control-related matters.

The Committee meets separately with the external auditors and the Group Head of Internal Audit and Risk Management during the course of the year, without executive management being present. The Chair of the Committee has also met with Deloitte outside of Committee meetings to keep appraised of the year end audit process and audit matters in general.

The Committee is authorised to seek independent advice should it wish to do so; however, this was not required during the year.

Committee membership

The members of the Committee during the year ended 31 December 2022 were as follows:

Committee member	Appointed to the Committee
Helen Clatworthy (Chair)	January 2017
Paul Withers	February 2020
Pamela Bingham	January 2018
David Randich	December 2021

All members are independent Non-executive Directors.

Audit and Risk Committee report continued

Under provisions of the UK's Corporate Governance Code 2018 (the Code), the Committee should have at least one member with recent and relevant financial experience and competence in accounting and/or auditing, and the Committee, as a whole, should have competence relevant to the sector in which the Company operates. The Board considers that Helen Clatworthy has such recent and relevant financial experience.

Each member of the Committee has the requisite competence including significant international, commercial and operational skills and experience that are relevant to an international manufacturer and distributor of engineered components to the building industry.

Financial reporting

Key activities of the Committee in the last twelve months

- Reviewed the financial results for the half-year ended 30 June 2022 and recommendation of results announcement
- Reviewed the financial results for the full-year ended 31 December 2022, results announcement, and the Annual Report and Accounts. This included a review of the TCFD disclosures
- Reviewed the significant judgements and estimates that impact the financial statements
- Considered the appropriateness of accounting policies
- Reviewed correspondence with the Financial Reporting Council

Key areas of focus in relation to the financial statements

The Committee is responsible for monitoring the integrity of the financial statements, including judgements and estimates. In undertaking this review, the below significant issues were discussed with management and the external auditors. As part of these discussions, the Committee provided challenge to management on the appropriateness of assumptions, and the areas of particular consideration outlined below, and sought clarification as necessary:

Area of focus	Audit and Risk Committee review	Conclusions
Carrying value of goodwill and intangibles See note 10 to the Group financial statements	The Group has goodwill and intangible assets of £456.2 million. The assessment of the carrying value of intangible assets involves significant estimates related to drivers of future cash flows, long-term growth rates and discount rates. The Committee received a detailed report from management outlining the valuation methodology, key assumptions used, the level of headroom, comparison to external market information and sensitivity analysis. The Committee discussed the report with management and Deloitte, and considered whether the key assumptions were appropriate and the extent to which the valuation was sensitive to changes in these assumptions. Particular consideration was given to the level of uncertainty arising from the current macroeconomic uncertainty and the potential impact of climate change on longer-term cash flows and the terminal growth rate.	The Committee was satisfied that the methodology and assumptions used in the impairment testing were appropriate and that no impairment charge was required.
Going concern and viability assessment See note 2.2 to the Group financial statements and pages 78 to 80	The Board is required to satisfy itself that the Company will continue as a going concern for a period of at least twelve months from the date of the financial statements. It is also required to consider the longer-term viability of the Group. The Committee received a detailed report from management outlining key assumptions used in the going concern and viability assessments, along with analysis of liquidity headroom and covenant compliance under a base case scenario, three severe, but plausible, downside scenarios reflecting the potential impact of the crystallisation of certain principal risks, and a reverse stress test scenario. The Committee considered whether the key assumptions used were appropriate, including the assumed mitigating actions in the downside scenarios, particularly in light of current macroeconomic uncertainty. Consideration was also given to the appropriateness of the assessment period, which has been increased from three years to five years, with the refinancing of both the USPP and RCF debt completed during the year extending the maturity profile supporting this longer term view.	The Committee was satisfied that assumptions used were reasonable and it was appropriate to prepare the financial statements on a going concern basis. It was also satisfied that the viability statement was appropriate (see pages 84 to 86).

Area of focus	Audit and Risk Committee review	Conclusions
Alternative performance measures (APMs) and exceptional items Further information on APMs can be found on pages 208 to 215 and on exceptional items in note 6 to the Group financial statements	The Group uses a number of alternative performance measures and draws out certain significant, non-recurring items as exceptional. The selection of APMs and classification of items as exceptional is judgemental. The Committee considered the use of these measures as part of its assessment of whether the Annual Report is fair, balanced and understandable. This included considering whether the APMs are useful to users and present a faithful representation of underlying trading, the consistency of APMs used and their calculation, and the disclosure of reconciliations to GAAP numbers.	The Committee was satisfied that APMs are appropriate and provide useful information to users, and these are clearly reconciled to the nearest GAAP number where appropriate. The Committee considered that the items drawn out as exceptional were in accordance with the Group's accounting policy and disclosures in the financial statements were appropriate.
Carrying value of inventory See note 13 to the Group financial statements	Inventories are stated at the lower of cost and net realisable value, with due allowance for excess, obsolete or slow-moving items. Management exercises judgement in assessing net realisable value and provisions required for slow-moving and obsolete inventory. In addition, the Group uses standard costing to value inventory, with a proportion of purchase price and manufacturing variances being capitalised in order to revalue inventory to actual cost. The allocation of variances to inventory on hand requires some estimation, including the calculation of stock turn. The Committee considered the basis for the provisions made by management for obsolete and slow-moving inventory, which included consideration of the ageing of inventory, assessments of future demand, market conditions and new product development initiatives. The Committee also considered the basis on which the purchase price and manufacturing variances were capitalised into inventory.	The Committee was satisfied that the inventory valuation was consistent with the Group's accounting policy and previous practice and that the resultant valuation was reasonable.

Following discussions with the auditors and considerations set out above, the Committee was satisfied that the financial statements dealt appropriately with each of the areas of judgement and estimates. Deloitte also reported to the Committee on any misstatements that they had found in the course of their work and confirmed that no material amounts remained unadjusted.

Financial Reporting Council review

In September 2022, the Group received a letter from the Financial Reporting Council (FRC) as part of its regular review and assessment of the quality of corporate reporting in the UK. The letter included a request for further information on the Group's Annual Report and Accounts for the year ended 31 December 2021. The Committee had oversight of the responses provided by management to the FRC's enquiries. Management corresponded with the FRC, undertaking to restate the classification in two areas of the 2021 comparative balance sheet.

The first restatement was to offset deferred tax assets against deferred tax liabilities where these met the requirements for offset, which had the effect of reducing deferred tax assets and deferred tax liabilities by £8.4 million. The second restatement was to present bank overdrafts gross as part of borrowings rather than cash on the basis that the cash pooling arrangement does not meet all of the criteria for offset, with the effect that cash and cash equivalents increased by £18.9 million and current borrowings increased by £18.9 million. These restatements did not affect the Group's income statement, net assets, cash flows, or KPIs. Further details of the restatements can be found in note 2.4 of Consolidated Financial Statements on pages 153 to 154.

The review conducted by the FRC was performed solely on the Group's published 2021 Annual Report and Accounts and does not provide any assurance that the Annual Report and Accounts are correct in all material respects. The FRC's review did not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into. The FRC accepts no liability for reliance on their review by the Company or any third party.

Audit and Risk Committee report continued

Risk and control

Key activities of the Committee in the last twelve months

Risk

- Reviewed the risk management framework, the Group's risk philosophy, risk appetite and the principal risks and uncertainties facing the Group, including how those risks evolved during the year
- Participated in risk management discussions and received presentations on the Group's risk management process and key developments underway or planned for the year ahead

Going concern and viability

- Reviewed the going concern and viability assessments prepared by management, including key assumptions
- Reviewed the viability statement and recommendation of approval to the Board

Internal control and internal audit

- Assessed the effectiveness of Group's systems of internal control and risk management
- Reviewed the divisional internal control representations
- Approved the Group Internal Audit Charter
- Reviewed the key developments in Internal Audit
- Approved the internal audit plan for the year
- Reviewed the internal audit reports, recommendations and mitigating plans
- Assessed the effectiveness of internal audit

The Group's assessment of its principal risks and uncertainties is set out on pages 42 to 49. The key elements of risk management and internal controls are detailed on page 44 of the risk management section of this Annual Report.

Fair, balanced, and understandable assessment

In accordance with the Code, the Committee reviewed the Annual Report and was able to confirm to the Board that the Committee considered the Annual Report and Accounts, taken as a whole, was fair, balanced and understandable, and provided the information necessary for shareholders to assess the Group's performance, business model and strategy.

Risk

During the year, the Committee promoted continuous improvement in the Group's risk management system, which included reviewing the risk management structure and approach, the Group's risk appetite and principal risks and uncertainties facing the Group.

In line with the priorities set out in the 2021 Annual Report, the Committee has considered the Group's information security risks and emerging risks.

The Committee confirmed to the Board it had carried out a robust assessment of the principal risks, including emerging risks and developments throughout the year.

Internal control

The Committee receives regular reports throughout the year to monitor the Group's internal control systems, including reports from the Chief Financial Officer, Group Financial Controller and the Group Head of Internal Audit and Risk Management. The Committee has monitored updates in corporate governance and financial reporting requirements including those recommendations made by BEIS on corporate reform. The Group has continued to make progress with strengthening controls to work towards compliance with the new requirements, including implementing a Minimum Standards of Financial Control Framework, strengthening the Accounting Policies Manual, implementing a Control Self-Assessment (CSA) process to assess the status of compliance on financial and non-financial areas of risk across the Group, and rolling out a series of new policies and standards as part of the development of a Group Manual.

The Committee reviewed the bi-annual representations of compliance with the Group's Accounting Policies and Procedures and considered the impact of exceptions noted on the effectiveness of the Group's internal controls. In addition, the Committee reviewed the outcomes from the CSA process.

As outlined in the risk management section of this report on pages 42 to 49, risk management is embedded in many aspects of the Group's leadership model where key areas of risk are inherently considered. Key governance mechanisms for the management of risk include the Executive Committee, the Finance Leadership Team, the strategic planning process, budgeting and forecasting and the Business Performance Review (BPR) process.

The BPR process, which is undertaken every month for each division is chaired by the Group Chief Executive Officer and covers key aspects of strategic, financial, operational and compliance risks. This includes proactive monitoring of key actions from month to month, safety performance, business ethics, legal matters, financial performance, progress on strategic priorities, organisational developments and risk watchlist items. The BPR meetings include a review of organisational capabilities, and twice a year include a deep dive into divisional risk management. The key points arising from this process are then reviewed by the Board.

The Committee confirms it has carried out its annual review of the effectiveness of the system of internal control as operated throughout the year ended 31 December 2022 and up to the date of approval of the Annual Report and Accounts.

Internal audit and internal audit effectiveness

Having appointed the Group Head of Internal Audit and Risk Management in 2020, I am pleased to report that good progress has continued throughout 2022 in enhancing the Group internal audit and risk management function.

The internal audit function, led by the Group Head of Internal Audit and Risk Management is now well established and has a clear plan in place to further develop an increasingly risk-based internal audit programme.

Throughout the year, the Committee has reviewed progress in relation to the further development of the Group's risk framework including its risk philosophy and appetite, an assessment of risk management maturity and proposals for further enhancing and embedding enterprise risk management. The Committee has also reviewed and approved the ongoing enhancements to the internal audit function and its key activities, including the Internal Audit Charter.

In the context of appointing the Group Head of Internal Audit and Risk Management, the Committee has reviewed and approved the resourcing and budget of the internal audit function more broadly. The Committee has considered the current co-sourcing relationship with BDO, led by the Group Head of Internal Audit and Risk Management. The relationship with BDO has operated well throughout 2022 and a decision not to tender this co-sourcing arrangement has been made.

The Group Head of Internal Audit and Risk Management has attended every meeting of the Audit and Risk Committee. He has had ongoing contact with the Audit and Risk Committee throughout the year, including meetings without management being present. The Group Head of Internal Audit and Risk has monthly meetings with the Chair of the Committee and has had access to the Chair of the Board as required.

The 2022 internal audit plan was completed, and the number of audits has increased year on year as the impact of COVID-19 and government restrictions have eased across the Group. In 2022, there were a number of reviews in the Group's operations in the UK, Italy, Spain, Dubai, the US and Mexico, all of which were completed on-site.

The Committee reviewed the activity of the internal audit throughout the year, including progress in delivering the 2022 audit plan, audit reports, completion of audit recommendations, and approved the 2023 internal audit plan. The focus of the internal audit in the year has been on a range of risk areas and included reviews of key Group policies, financial and IT controls. Regular review and tracking of internal audit recommendations takes place throughout the year, complemented by follow-up audits, as appropriate, based on risk.

The Audit and Risk Committee reviewed the effectiveness of internal audit for the financial year with written feedback from Committee members, Executive Directors and members of senior management including members of the Executive Committee. Based on a review of the feedback, the Committee concluded the function had performed well. No significant issues for improvement were noted and areas where opportunities exist will be captured as the function continues to evolve. The Committee confirmed that it considered that the internal audit function and had been effective in discharging its duties and resources appropriately.

Moving into 2023, the Committee looks forward to supporting the Group Head of Internal Audit and Risk Management in further developing the Group internal audit function and moving the risk and assurance agenda to the next stage in its development.

External audit

Key activities of the Committee in the last twelve months

- Oversaw the transition in auditors from PwC to Deloitte following the competitive tender process conducted in 2021
- Reviewed and approved Deloitte's terms of engagement and audit plan, including audit fees, scope, risk assessment and the threshold levels of materiality for the Group's financial statements
- Considered the independence and objectivity of Deloitte
- Reviewed Deloitte's report following completion of the audit and the management representation letter
- Reviewed and approved the policy on the provision of non-audit services by the external auditors

The Committee is responsible for managing the relationship with, and the performance of, the external auditors, which includes making recommendations in respect of the appointment, reappointment and, if necessary, removal of the external auditors.

Appointment of the external auditors

As outlined in the 2021 Annual Report and Accounts, during 2021, the Audit and Risk Committee oversaw a formal tender process for external audit services for the financial year ending 31 December 2022 onwards. Following a robust process, the Board appointed Deloitte to succeed PwC and a resolution was passed to appoint Deloitte as external auditor at the 2022 AGM, with James Hunter taking the role of Group audit partner on appointment.

External audit effectiveness

A key responsibility of the Committee is ensuring the continued effectiveness of the external audit.

The Committee has met regularly with Group management and with Deloitte during private sessions during the year, and obtained informal feedback on the audit process. The Committee has considered effectiveness through observations through the audit tender process, interactions with Deloitte, and the review of reports prepared by Deloitte. The Committee was satisfied the transition of auditors has been successful and there were sound working relationships between the Group's finance teams and the audit team. As it is Deloitte's first year, a formal effectiveness assessment has not yet taken place and this will be conducted following conclusion of the 2022 audit.

Audit and Risk Committee report continued

Having considered feedback, the robustness and quality of the work performed and the contents of the reports on audit findings, the Committee was satisfied that Deloitte has provided an effective audit.

Auditors' independence and objectivity

The Committee recognises the importance of auditors' independence and receives reports from Deloitte during the year in respect of their compliance with the fundamental principles of objectivity, integrity and professional behaviour, including independence. Deloitte has provided its annual independence letter to the Audit and Risk Committee in March 2023. The Committee reviews the policy on auditors' independence and non-audit services annually, and takes into consideration the nature, scope and appropriateness of non-audit services supplied by the external auditors, while taking into account that the provision of certain non-audit services can be most effectively provided by the Group's external auditors.

The policy on auditors' independence and non-audit services was reviewed and approved during the year, with no significant changes made. A copy of this policy may be found on the Group's website.

The Committee was satisfied with the external auditors' independence and objectivity.

Audit and non-audit fees

The Committee considered audit fees as part of the 2021 audit tender and was able to benchmark the fee to ensure it was appropriate to enable an effective and high-quality audit to be conducted. The fee for the 2022 Group audit is £1.1 million (2021: £1.0 million). The increase in the fee is primarily driven by an increase in audit market rates. Further information in respect of the audit fee can be found in note 4 to the Group financial statements.

During 2022, non-audit fees paid to Deloitte were 6.0% (2020: 5.1%) of the annual Group audit fee. This work related entirely to the provision of compliance or regulatory services customarily performed by external auditors, including the interim review, which is classed as a non-audit service. Approval of the Audit and Risk Committee is required for all non-audit services.

The Committee is satisfied that the provision of such services does not, in any way, prejudice the objectivity and independence of the external auditors.

Governance and Committee effectiveness

Key activities of the Committee in the last twelve months

- Reviewed the Committee's terms of reference and agreement of its objectives
- Reviewed and evaluated the Committee's effectiveness
- Reviewed and considered the Group's compliance with the Code as well as considering potential developments in UK Corporate Governance
- Reviewed compliance with non-financial reporting practices and procedures
- Reviewed the Group's consolidated Annual Report and Accounts for the financial year ended 2021 and reported to the Board that they were fair, balanced and understandable
- Recommended that the Board approve the half-year and full-year results announcements

Governance

The Committee assessed the Group's compliance with the Code, which included receiving a report from management outlining how each of the requirements of the Code had been addressed.

The Committee also reviewed the Group's non-financial reporting practices and disclosures and assessed compliance with the s172 requirements. This included a review of the sustainability report, stakeholder engagement disclosures and s172(1) statement.

The Committee is satisfied that the Group has complied with the Code and non-financial reporting regulations.

Committee effectiveness

Committee effectiveness was included as part of the overall internally facilitated effectiveness evaluation of the Board and its committees, and the Committee was found to be effective. The report on the Board and Committees evaluation can be found on page 102.

Audit and Risk Committee priorities for 2023

The priorities for the Committee for 2023 are set out below:

- Continued focus on financial reporting and related internal controls including the Group's climate change and sustainability related disclosures
- Oversight of plans to prepare for, and respond to, forthcoming changes in corporate governance and financial reporting requirements
- Development of our Group-wide risk management processes, including the principal and emerging risks facing the Group. This will include tracking progress in cybersecurity risk management
- Oversight of the Group's ethics and compliance programme and related activities including fraud risk management

The results of the work on these priorities will be reported in the 2023 Annual Report.

On behalf of the Audit and Risk Committee.

Helen Clatworthy
Chair, Audit and Risk Committee

2 March 2023

Remuneration report

"The Committee remains focused on rewarding the delivery of sustainable short and long-term performance in a way which supports our purpose and values."

Paul Withers
Chair, Remuneration Committee

Number of meetings: 4

Membership of the Committee:

- Paul Withers (Chair) – appointed February 2020
- Nicky Hartery – appointed October 2020
- Pamela Bingham – appointed January 2018
- Helen Clatworthy – appointed January 2017
- David Randich – appointed December 2021

Dear shareholder

On behalf of the Board, I am delighted to present the report of the Company's Remuneration Committee for the year ended 31 December 2022.

As in previous years, this report is set out in three sections:

- this Annual statement, which summarises the key decisions made by the Remuneration Committee during the year and how they were arrived at;
- our current Remuneration policy, which was approved by shareholders at the 2021 Annual General Meeting (AGM) and which remained unchanged in 2022 (and will remain unchanged for 2023); and
- the Annual report on Directors' remuneration, which describes the implementation of our Remuneration Policy in 2022, and how we intend to implement our Policy in 2023. This section of the report will be put to shareholders, for an advisory vote, at the 2023 AGM (pages 125 to 139).

Performance and reward in 2022

As outlined in the Chair's Statement on pages 4 to 5 and Chief Executive Officer's Review on pages 26 to 28, the Group's performance in 2022 was solid, with pricing actions, market share gains and self-help measures delivering growth despite lower market volumes. Financial and operational highlights this year included:

- LFL revenue growth of 5.2% against 2021
- adjusted EPS growth of 8.1% against 2021
- progress with strategic initiatives to gain market share and enhance the Group's operational platform
- continued progress on our sustainability roadmap with further recognition from external agencies in the year.

As disclosed in last year's report, the CEO's salary was increased to £550,000 with effect from 1 January 2022. This reflected the second of two planned increases, consulted on with shareholders in 2020, and aimed at aligning the CEO's total remuneration opportunity more closely with comparable roles at companies of similar scale and complexity to Tyman. Further details of the Company's engagement with its shareholders on the decision to implement the second stage of the CEO's salary adjustment can be found on page 102. The Committee approved the implementation of this increase having taken into account the continued strong performance of the Group and outcomes for stakeholders achieved in 2021. The CFO's salary was increased by 4.1% to £344,500, in line with the UK workforce average increase.

The CEO's cash contribution in lieu of pension was reduced from 15% to 7% of salary with effect from 1 January 2022, with the CFO continuing to receive cash in lieu amounting to 7% of salary. This contribution level is fully aligned with that available to the wider UK workforce, in line with our stated commitment, our Policy and the expectations of investors and proxy advisors.

Remuneration report continued

The annual bonus was operated in line with the Policy for Executive Directors in 2022. The performance in the year delivered adjusted profit before tax modestly above the threshold performance level. Overall, this resulted in a bonus outturn of 22.0% of maximum and the Executive Directors will consequently receive bonuses of 33.0% of salary for the CEO and 27.5% of salary for the CFO. In determining the outcome of the bonus for 2022, the profit before tax targets and the cash metrics were adjusted to neutralise the impact of the Board's decision in early 2022 (after the bonus targets had been set) to cease trading in Russia and Belarus in response to the invasion of Ukraine. This adjustment is in line with our standard approach for any material business disposal during the year, and was applied on a consistent basis across the Group. The impact of this adjustment is a slight increase in the bonus payout, from 15.1% to 22.0% of maximum for the Executive Directors. The Committee considers this adjustment to appropriately preserve the credibility of the incentive for all participants (by ensuring that performance was assessed against the targets on a like-for-like basis), and to reflect the decision to cease trading in Russia and Belarus was taken unanimously by the Board as a whole. No adjustments have been made for other unbudgeted external headwinds in 2022. Further details, including bonus targets and outcomes, are included on page 128.

The vesting period for the LTIP awarded in 2020 reached the end of its performance period as at 31 December 2022. This award was based equally on FY22 adjusted EPS and FY22 ROCE and, for the Executive Directors, included an additional discretionary underpin based on three-year relative TSR. Actual adjusted EPS for FY22 was 35.63 pence, which was between the threshold and stretch targets set at the start of the performance period, resulting in 69.5% of this element vesting. Actual FY22 ROCE of 13.64% came in between the threshold and stretch, resulting in 64.9% of this element vesting. In both cases, FY22 outturns were adjusted to neutralise the impact of the decision in 2022 to cease trading in Russia and Belarus, consistent with principles applied to the bonus. In approving the overall vesting outcome of 67.2%, the Committee took into account both the discretionary relative TSR underpin – with Tyman's three-year TSR ranking above median versus the constituents of the FTSE SmallCap (excluding financial services) – and underlying Company performance more generally. Further details are included on pages 129 and 130.

Overall, the Committee is satisfied that pay outcomes in respect of the year ended 31 December 2022 on the adjusted basis set out above are appropriate and commensurate with the Company's underlying performance, and accordingly we have not applied any discretion.

Implementation of Policy for 2023

The Committee remains confident that the Policy continues to effectively support Tyman's short- and long-term strategic objectives and promote management and shareholder alignment. We are therefore not proposing any significant changes for 2023.

Executive Director salaries will be increased by 5.0% with effect from 1 January 2023, in line with the rate applied to other senior leaders across the Group, but below the UK employee average increase of 7.3%. In the UK, Tyman is an accredited Living Wage Employer by the Living Wage Foundation and has implemented the rates set by the Living Wage Foundation for 2023, resulting in more significant increases for some of our entry level operations and customer services colleagues.

Executive Directors will continue to receive cash in lieu of pension at a rate of 7% of salary, in line with the UK workforce.

Maximum annual bonus opportunities will remain at 150% of salary for the CEO and 125% for the CFO, with targets continuing to be based on financial performance as measured by profit and cash. Reflecting near-term strategic priorities and the external operating environment, the weighting on profit will be reduced from 70% to 50% with a new measure - inventory days reduction - being introduced with a weighting of 20%. The addition of inventory days is intended to incentivise inventory reduction across each of the Group's divisions (and the Group as a whole) to free up cash for investment in growth.

2023 LTIP award levels will similarly remain unchanged at 150% of salary for the CEO and 125% for the CFO. Vesting will continue to be based on a blend of adjusted EPS, ROCE, relative TSR and a Sustainability Scorecard, with full details of the target ranges for each of these measures on page 137.

Employee engagement on executive remuneration

Reflecting the Board's commitment to an honest and open dialogue with employees, this year I led a skip-level meeting with a range of employees from across the Group. At this meeting, I explained the structure and role of the Remuneration Committee, outlined our remuneration philosophy and how executive pay supports the Group's strategy and ambitions, and explained the similarities and differences in the approach to pay at different levels of the organisation. Attendees were invited to submit questions both during and after the session, and there was a constructive discussion around areas such as: our approach to pay benchmarking; how we are addressing the ongoing challenges and cost-of-living pressures arising from the prevailing inflationary environment; the role of the Committee's advisors; and our calendar of work throughout the year. The questions and comments received at, and following, this session were presented to the Committee at its next meeting, and will be factored into its decision making in 2023. In light of the positive feedback received from participants, the Committee will look to build further on this engagement in the coming year.

Closing remarks

The Committee remains committed to keeping under review the appropriateness of the remuneration arrangements for Tyman in the context of its strategy and culture, as well as wider market developments. The Committee looks forward to your continued support at the 2023 AGM, where I will be happy to answer questions or receive feedback on any aspect of the Group's remuneration.

Paul Withers
Chair, Remuneration Committee

2 March 2023

Remuneration policy report

This section sets out the Remuneration policy for Executive and Non-executive Directors that was approved by shareholders at the 2021 AGM, and which shall be effective for a period of up to three years from that date (i.e. until the Group's 2024 AGM). Minor amendments have been made to the drafting of the Remuneration policy report from the version approved by shareholders in 2021 (which can be found in the 2020 Annual Report) including: (i) the data used in the pay-for-performance scenarios; (ii) page references; (iii) the pension section, to reflect that Executive Director pensions are now aligned with the wider UK workforce; (iv) the aggregate limit for annual fees for Directors (as approved at the 2022 AGM); and (v) the section on Non-executive Director letters of appointment, to reflect changes in Board composition during 2021.

The 2018 UK Corporate Governance Code sets out principles against which the Committee should determine the Policy for executives. A summary of these principles, and how the proposed Policy reflects these, is set out below:

Principle	Our approach
Clarity	We remain committed to transparent Director pay decisions, with the rationale for decisions, awards and in particular, incentive targets and outcomes, published in detail.
Simplicity	Our Policy consists of fixed remuneration, annual and long-term incentive components only. The share incentive and bonus schemes were designed with simplicity and shareholder preference in mind.
Risk	The combination of reward for short-term business performance (50% deferred into shares for three years) and long-term, sustainable earnings performance and returns ensures the incentives drive the right behaviours for the Group, its shareholders, employees and customers. Formulaic outcomes produced by the performance conditions can be overridden where, in the Committee's opinion, they do not reflect the true performance of the business or individual Directors' contributions. Furthermore, all variable pay awards are subject to malus and clawback provisions.
Predictability	There are defined threshold and maximum pay scenarios, which we have disclosed on page 124.
Proportionality	There is a clear and direct link between Group performance and individual rewards under the annual bonus and LTIP. No variable remuneration is payable for performance below a defined threshold level.
Alignment to culture	The Remuneration Committee has worked hard to formulate a Policy and incentive plans that support a performance culture, driving sustainable growth while also rewarding appropriate short-term business performance, without encouraging excessive risk taking or unsustainable Company performance. Financial and non-financial incentive measures reflect and support business strategy. Our assessment of annual performance considers both what is delivered and how the Executive Directors have delivered it.

Remuneration report continued

Link to strategy	Operation	Maximum opportunity	Metrics
Base salary			
To pay Executive Directors at a level commensurate with their contribution to the Company and appropriately based on skill, experience and performance achieved. The level of salary paid is considered appropriate for motivation and retention of the calibre of executive required to ensure the successful formation and delivery of the Group's strategy and the management of its business in the international environment in which it operates.	Base salary is paid monthly in cash. The Executive Directors' salaries are set having regard to typical pay levels at companies of a similar size, internationality and complexity. Salaries are normally reviewed annually and are typically effective from 1 January each year. When reviewing salaries, the Committee considers all relevant factors, including: • prevailing market and economic conditions; • scope and responsibilities of the role; • the level of increase for other roles within the business; and • Company and individual performance.	There is no prescribed maximum salary. Salary increases will normally be broadly in line with the general annual salary increase received by Group employees in the relevant Director's country of residence. The Committee retains the discretion to award larger increases, for example, to reflect a change in role, development and performance of a Director, or to reflect an increase in complexity of the Group.	While there are no performance targets attached to the payment of salary, Company and individual performance are factors considered in the salary review process.
Benefits			
To provide a range of market competitive benefits to facilitate the recruitment of high calibre individuals and encourage their retention.	Executive Directors are eligible for a range of benefits, which may include: • life assurance cover; • critical illness cover; • private medical and dental cover; • car allowance; and • professional tax and financial advice. Additional benefits may also be provided in certain circumstances, which may include relocation and associated expenses. Other benefits may be offered if considered appropriate, reasonable and necessary by the Committee and any reasonable business-related expenses can be reimbursed (including tax thereon if determined to be a taxable benefit). Executive Directors are eligible for other benefits introduced for the wider workforce on broadly similar terms.	No overall maximum level has been set since some costs may change in accordance with market conditions. Benefits are reviewed by the Committee on an annual basis and set at an appropriate market rate.	No performance metrics apply.

Link to strategy	Operation	Maximum opportunity	Metrics
Pension			
To provide a market-competitive benefit for retirement, to facilitate the recruitment of high calibre individuals and encourage their retention.	Executive Directors are eligible to participate in the relevant pension arrangements offered by the Group or to receive a cash salary supplement in lieu of pension entitlement. The Committee may amend the form of any Executive Director's pension arrangements in response to changes in legislation or similar developments, provided that the amendment does not materially increase the cost to the Company of the pension provision.	The maximum pension contribution/allowance for Executive Directors is 7% of base salary, in line with the majority of the wider UK workforce.	No performance metrics apply.
Annual bonus			
To incentivise and reward achievement of annual goals consistent with the strategic direction of the business. To create further alignment with shareholders' interests via the delivery and retention of deferred equity.	Rewards annual performance against targets set and assessed by the Committee. Any bonus payable under the annual bonus scheme is paid 50% in cash and 50% in shares deferred for three years under the DSBP and is not pensionable. Dividend equivalents may accrue on deferred bonus during the deferral period, at the Committee's discretion on vested deferred bonus shares at the time of vesting. Three-year recovery and withholding provisions apply. The Committee has discretion to override formulaic outcomes (under both financial and non-financial metrics) if deemed appropriate.	The maximum annual bonus opportunity for the Executive Directors is 150% of salary.	Performance metrics are selected annually based on the objectives of the business at the time, with the majority of the bonus linked to financial metrics. Annual financial performance targets have historically been focused on profit and cash generation metrics. Performance below threshold results in zero payment. Payments normally rise from 0% to 100% of the maximum opportunity for performance between the threshold and maximum targets.

Remuneration report continued

Link to strategy	Operation	Maximum opportunity	Metrics
Long Term Incentive Plan			
To align the interests of senior executives to those of shareholders in developing the long-term growth of the business and execution and delivery of the Group's strategy. To facilitate share ownership.	Consists of awards of shares that vest subject to the achievement of performance conditions. Participation and individual award levels will be determined at the discretion of the Committee and within the approved limits of the policy. The Committee reviews the LTIP performance measures in advance of each grant to ensure their ongoing appropriateness and, where material changes to performance measures are proposed, it consults with shareholders. Awards made under the LTIP are non-pensionable and will normally require Executive Directors to retain any awards that vest, net of tax, (whether held as shares or options) for a minimum of two further years from the date of vesting. Three-year recovery and withholding provisions apply. Dividend equivalents may accrue during the performance period to the extent that awards vest. The Committee has discretion to override formulaic outcomes (under both financial and non-financial metrics) if deemed appropriate.	150% of salary.	Awards are subject to the achievement of defined targets measured over three financial years, starting at the beginning of the financial year in which the award is made. In respect of each performance measure, performance below threshold results in zero vesting. The starting point for the vesting of each performance element will be no higher than 25% of the maximum opportunity and will rise in a straight-line basis to 100% of maximum opportunity for attainment of levels of performance between threshold and maximum. Awards will be granted subject to performance conditions that measure the long-term success of the Company. The Committee may introduce or re-weight performance measures so that they are directly aligned with the Company's strategic objectives for each performance period.
Shareholding requirements			
To motivate and reward the creation of long-term shareholder value. To ensure alignment with shareholders' interests.	Executive Directors are required to retain a minimum shareholding equivalent to 200% of basic salary, normally to be achieved within five years of appointment. Executive Directors are required to retain at least 50% of shares vesting (after any disposals necessary to pay associated tax charges) or such higher percentage (as the Committee may determine in light of the extent to which the holding requirement has been met) under both the Deferred Share Bonus Plan and the LTIP until the minimum shareholding is reached.		No performance metrics apply.

Link to strategy	Operation	Maximum opportunity	Metrics
Post-employment shareholding requirement			
To further strengthen alignment with shareholders' interests in the long term.	Executive Directors are required to retain a minimum number of shares for two years post-employment equivalent to the lower of 100% of basic salary or the actual shareholding at the time of departure. This is enforced by having such shares deposited in accounts that require the Company's approval for their release. Shares purchased by Executive Directors and shares under any buy-out awards are not included for the purpose of post-employment shareholding.		No performance metrics apply.
Chair and Non-executive Director fees			
To attract and retain high calibre Non-executive Directors.	Non-executive Director fees are set by the Board. Fees are normally reviewed annually, but not necessarily increased. Reviews take into account the time commitment, responsibilities and fees paid by companies of a similar size and complexity. Fee increases, if applicable, for Non-executive Directors, take effect from 1 January. Additional fees may be paid to Chairs of Board Committees, to the Senior Independent Director and to the Non-executive Director designated as being responsible for employee engagement. If there is a temporary yet material increase in the time commitments for Non-executive Directors, the Board may pay extra fees on a pro rata basis to recognise the additional workload. No eligibility to receive bonuses or retirement benefits or to participate in the Group's long-term incentive plans or employee share plans. Any reasonable business related expenses can be reimbursed (including tax thereon if determined to be a taxable benefit). This may include a travel allowance to reflect the additional time commitment of intercontinental travel required of the Non-executive Directors, based on their home location and the location of the Board meeting.	Aggregate annual fees to Directors are limited to £700,000 under the Company's Articles of Association.	No performance metrics apply.

Remuneration report continued

Notes to the Remuneration policy table

1. Recovery and withholding provisions may be applied to LTIP and DSBP awards in the circumstances of a material misstatement, gross misconduct, or a material misjudgement of the performance of the Company.
2. For the avoidance of doubt, by approval of the policy, authority has been given to the Company to honour any commitments entered into with current or former Directors that have been disclosed to shareholders in previous Directors' remuneration reports. Details of any payments to former Directors, where required by relevant regulations, will be set out in the Annual report on remuneration as they arise.
3. The Remuneration Committee retains discretion over the operation of certain elements of pay, particularly variable pay. This includes the overriding discretion to adjust either the annual bonus or LTIP if the formulaic outcome is not considered to be reflective of Company performance. In addition, the Committee may adjust elements of the plan including, but not limited to:
    - participation;
    - the timing of the grant and/or payment;
    - the size of an award (up to plan limits) and/or payment;
    - discretion relating to the measurement of performance in the event of a change of control;
    - determination of a good leaver for incentive plan purposes;
    - adjustments required in certain circumstances (e.g. rights issues, corporate restructuring and special dividends);
    - in certain circumstances to grant and/or settle bonus or LTIP awards in cash. In practice, this will only be used in exceptional circumstances for Executive Directors;
    - revise any formulaic outcomes of bonus and LTIP awards downwards or upwards in the event that an exceptional negative or positive event occurs during the bonus year in question. However, in practice, the Committee would not normally expect to revise any formulaic outcomes upwards; and
    - the ability to recognise exceptional events within the existing performance conditions.
4. Annual bonus performance metrics are determined at the start of each year based on the key business priorities for the year. The majority will be based on clear financial targets that may include, but are not limited to, profit and cash generation as, when combined, these are often strong indicators of sustainable growth.
5. LTIP performance metrics are determined at the time of grant. Performance measures may include measures of profitability (such as EPS), measures of capital allocation discipline (such as ROCE), measures linked to other strategic priorities (such as ESG) and other measures of long-term success (such as relative TSR). These measures align with the Company's goal of value creation for shareholders through financial growth and above market returns. Performance against targets may also be subject to appropriate discretionary underpins.

Executive Directors' service agreements and exit payment policy

The service agreements of the Executive Directors provide for a notice period of no more than twelve months from either party. On termination of their contract by Tyman, and during the period of notice, Executive Directors would be eligible to be paid their salary, pension contributions and other employment benefits (but not annual bonus or grants under long-term incentive plans) until the earlier of the end of the notice period or the Director obtaining full-time employment, with an obligation on the part of the Director to mitigate.

Payments will normally be made monthly, although the Committee retains discretion to agree settlement terms. These may include a pro rata bonus in respect of the period worked by the Executive Director up until the date of termination. Bonuses in the final year of employment may also be settled in cash. The Committee may pay reasonable outplacement and legal fees where considered appropriate. The Committee may pay any statutory entitlements or settle or compromise claims in connection with a termination of employment, where considered in the best interests of the Company.

Executive Directors who are categorised as 'good leavers' by the Committee will generally be eligible to receive outstanding awards under the Executive Share Plans as they vest in future years. Awards that vest under the LTIP post-employment will normally be prorated to reflect the fact that the Executive Director was not employed for the entire period under measurement. For LTIP awards made after the 2014 AGM, the Committee retains discretion to waive the post-vesting holding period requirement for good leavers depending on circumstances. Similar provisions apply in the event of a change of control.

In the event that an Executive Director is dismissed for reasons constituting gross misconduct, all unvested awards under Executive Share Plans lapse and the Committee retains no discretion in this regard.

Non-executive Directors' letters of appointment and shareholding guidelines

The Chair and Non-executive Directors do not have service agreements but the terms of their appointment, including the time commitment expected, are recorded in letters of appointment. Non-executive Directors are employed for terms of three years' duration, terminable on a month's notice by the Company or the Director. All Non-executive Directors are required to undertake that they will submit themselves for re-election at each Annual General Meeting occurring during their term of office and no Non-executive Director will serve more than three terms of three years without prior shareholder approval.

Non-executive Directors do not have a minimum shareholding requirement; however, they are expected to acquire and retain a shareholding in the Group for the duration of their appointment.

Other policies

Recruitment of Executive Directors

The Committee's general policy on recruitment is that the structure of remuneration for new Executive Directors should be in line with the Policy in force at that time, with base salary set taking into account a range of factors, including the salary for the incumbent and the candidate's relative experience in role. The Committee may agree that the Company will meet certain relocation and associated expenses of a new Executive Director, subject to circumstances.

For a new Executive Director, their annual bonus framework and LTIP awards will be in line with the limits set out in the Remuneration policy table. Depending on the timing of the appointment, the Committee may deem it appropriate to set different annual bonus performance conditions to the current Executive Directors for the first year of appointment. An LTIP award can be made shortly following an appointment (assuming the Company is not in a Closed Period).

Where individuals are promoted to the Board from within the Group, their existing share grants or awards will be allowed to pay out on their original terms.

In certain circumstances, and in order to secure the services of an outstanding candidate, it may be necessary to make an award to a new Executive Director to buy out unvested performance plan share or cash awards forfeited on leaving their previous employment. Any such awards would be subject to independent confirmation of the existence, forfeiture on departure and probability of these historical awards vesting had the new Executive Director remained in post. In doing so, the Committee will seek to do no more than match the fair value of the awards forfeited, taking account of performance conditions attached to these awards, the likelihood of those conditions being met and the proportion of the vesting period remaining. Such awards may be made using existing arrangements or using the flexibility provided by the Listing Rules to make awards without prior shareholder approval.

Any such awards would be made in cash or in shares in Tyman plc, and may be subject to performance conditions attached to Tyman.

Appointment of Non-executive Directors

New Non-executive Directors appointed to the Board will be paid in line with the fee rates applicable at that time. The Committee will review the fee for a new Chairman on appointment, taking into account a range of factors, including the fee for the incumbent and the candidate's relative experience in role. All Non-executive Director appointments will be subject to the same provisions concerning annual re-election and shareholdings as the then current Non-executive Directors.

Policy on external appointments

Executive Directors are allowed to accept external appointments as Non-executive Directors. In respect of quoted companies, this is limited to one other quoted company, subject to Board approval, provided that these are not with competing companies and are not likely to lead to conflicts of interest. Executive Directors would normally be allowed to retain the fees paid from these appointments. Executive Directors may not serve as the Non-executive Chair of another quoted company.

Other share plans

The Executive Directors may participate in any all-employee share plans on the same basis as other employees in their country of residence. The maximum level of participation is subject to the limits imposed by HMRC (or a lower cap set by the Company).

Employment conditions elsewhere in the Group

The Remuneration policy for Executive Directors is consistent with that for other employees save lower levels of incentive opportunity based on seniority and market norms. All senior management employees of the Group participate in bonus arrangements, with all permanent UK, US and other international employees eligible to participate in one or more share schemes. Employees in certain other jurisdictions are also eligible to participate in all-employee share plans. Although the Committee does not consult directly with employees on the Directors' remuneration policy, the Committee considers any feedback gathered by management or the designated NED as well as the general basic salary increase, remuneration arrangements and employment conditions for the broader employee population when determining remuneration policy for the Executive Directors.

Consultation with shareholders and shareholder bodies

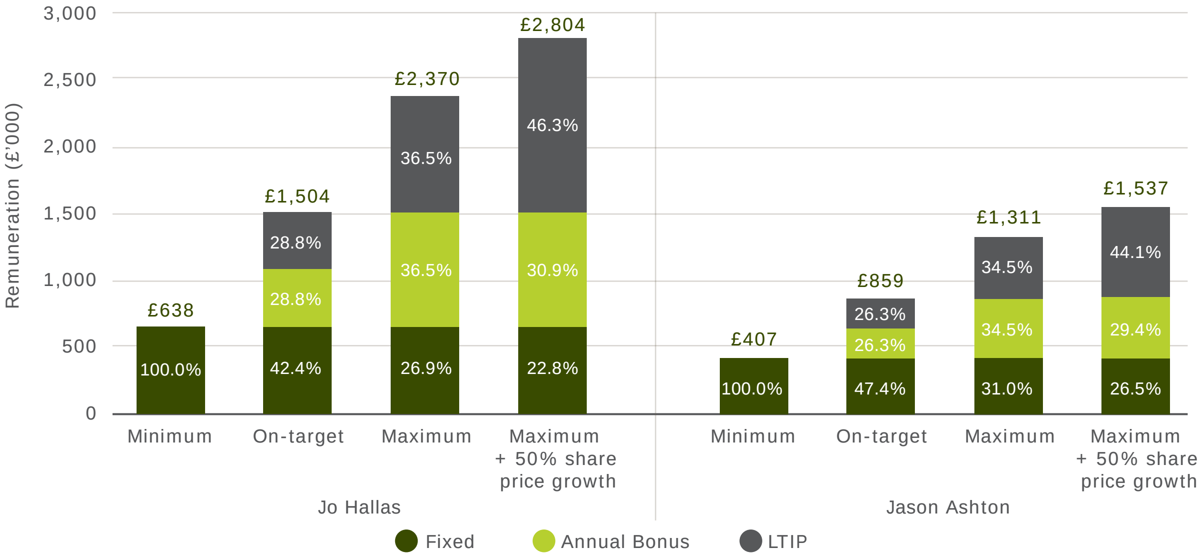
The Committee is committed to regular engagement with shareholders and governance bodies. In advance of implementing any material future changes to the Executive Directors' remuneration, the Committee would normally engage in consultation with shareholders.

All Committee members attend the Annual General Meeting and may also be contacted through the Group's registered office or via email to the Group's Secretariat (cosec@tymanplc.com) to answer any questions shareholders or shareholder bodies may have in relation to the Group's remuneration policy.

Remuneration report continued

Illustrative performance scenarios

The table below sets out performance scenarios for each Executive Director, for the financial year 2023, showing an indication of the level of remuneration that would be received at minimum, on-target and maximum performance.



The above charts provide an illustration of the proportion of total remuneration made up of each component of the remuneration and the value of each component. These assumptions are shown for illustration purposes only.

Four scenarios have been illustrated for each Executive Director:

Minimum performance	Fixed remuneration No annual bonus No vesting of LTIP awards
On-target performance	Fixed remuneration 50% annual bonus payout (CEO: 75.0% of salary, CFO: 62.5% of salary) 50% of LTIP awards vest (CEO: 75.0% of salary, CFO: 62.5% of salary)
Maximum performance	Fixed remuneration 100% annual bonus payout (CEO: 150% of salary, CFO: 125% of salary) 100% of LTIP awards vest (CEO: 150% of salary, CFO: 125% of salary)
Maximum + 50% share price growth	Fixed remuneration 100% annual bonus payout (CEO: 150% of salary, CFO: 125% of salary) 100% of LTIP awards vest (CEO: 150% of salary, CFO: 125% of salary) and 50% share price growth applied to the LTIP award

The fixed pay element is based on the following elements:

- Base salary is the base salary effective for Jo Hallas and Jason Ashton for the year ending 31 December 2023, as set out on page 137.
- Benefits are the annualised value of benefits paid in the year ended 31 December 2022, as set out in the table of Directors' remuneration on page 127.
- Cash contribution in lieu of pension of 7% of base salary.

Annual report on Directors' remuneration

The Annual report on Directors' remuneration set out below (together with the Remuneration Committee Chair's Annual statement) will be put to a single advisory shareholder vote at the 2023 AGM. This report sets out the pay outcomes in respect of the 2022 financial year and explains how the Committee intends to operate, in 2023, the Remuneration policy that was approved by shareholders at the 2021 AGM. The information from the single figures of total remuneration for Directors on page 127 to the end of the section on payments to past Directors on page 133 has been audited. The remainder of the Annual report on Directors' remuneration is unaudited.

Role of the Remuneration Committee

The Remuneration Committee is responsible for setting and implementing the Remuneration policy for the Executive Directors and the Company's Chair.

In addition, the Committee considers the remuneration arrangements for all senior executives in the Group and other relevant senior managers. This ensures a consistent application of Remuneration policy across the Group and aligns all senior managers' remuneration to the Group's strategic objectives. Remuneration received reflects the contribution made by senior executives to the business, the performance of the Group, the size and complexity of the Group's operations and the need to attract, retain and incentivise executives of the highest quality.

Committee membership

The members of the Committee during the year ended 31 December 2022 were as follows:

Remuneration Committee member	Appointed to the Committee
Paul Withers (Chair)	February 2020 (Chair since end of March 2020)
Nicky Hartery	October 2020
Pamela Bingham	January 2018
Helen Clatworthy	January 2017
Dave Randich	December 2021

All members of the Committee are Independent Non-executive Directors. The Chief Executive attends meetings at the invitation of the Committee Chair. The General Counsel & Company Secretary acts as secretary to the Committee. Other individuals such as external advisers may be invited to attend all or part of any meeting, as and when appropriate and necessary. None of these individuals were present or participated in any discussion in respect of their own remuneration.

The Committee held four meetings during the year to coincide with the Company's reporting cycle, including the approval of the Annual report, and the management of the Executive Directors' remuneration and incentive plans. The meetings (members' attendance at which is summarised on page 100) were conducted in person, using secure online meeting technology to facilitate attendance on occasions when members and other attendees were unable to be physically present.

The Committee operates under the terms of reference approved by the Board. The terms of reference were reviewed by the Committee during the year to ensure they: remained relevant for the aims of the Committee; continued to meet the requirements of the business, the Group's shareholders and other stakeholders; and reflected changes in corporate governance best practice. The terms of reference may be found on the Group website.

Remuneration report continued

Committee activities during the year

The Committee considered the following matters during the past twelve months:

Salaries and fees	• Reviewed and approved the base salaries to be paid to the Executive Directors and senior managers from 1 January 2023, taking account of pay award trends across the Group and the desire to focus the available budget on supporting our lower-paid employees through the ongoing cost-of-living pressures they in particular face.
Bonus	• Approved the structure of the 2022 bonus for the Executive Directors and senior managers. • Following the end of the year, reviewed and approved payouts under the 2022 bonus.
Share plans	• Approved the proposed participant list, award opportunities and targets for the 2022 LTIP. • Following the end of the year, reviewed and approved the vesting outcome of the 2020 LTIP. • Approved the terms of the UK, US and International Employee Sharesave plans.
Governance	• Ensured the Group complied with gender pay gap and CEO pay ratio reporting requirements. • Reviewed the Committee's terms of reference, in line with the Code. • Assessed the Committee's performance and monitored progress against its set objectives. • Following the end of the year, reviewed and approved this 2022 Remuneration report.

Stakeholder engagement

Ahead of the 2022 AGM, the Committee again engaged with Tyman's largest shareholders on the Committee's decision to implement the second of the two-stage adjustment to the CEO's salary (effective 1 January 2022). The Committee welcomed the >90% level of support for the resolution at the AGM.

As described at the start of this Remuneration Report, during the year, we also continued to evolve our approach to engaging our workforce on the work of the Committee and the Group's remuneration policies and practices. The Chair of the Committee led a skip-level meeting to explain the role of the Committee and our approach to senior management compensation, before answering questions and addressing feedback from the attendees who represented a broad sample of our workforce. Further, the Board Director with responsibility for workforce engagement remained available to the workforce throughout the year, and in the Board's opinion continues to provide an effective conduit for direct engagement with the workforce about a range of issues, including remuneration. The Committee uses all such feedback to inform its decision making.

External advisers

During 2022, the Committee was advised by Ellason LLP. As described in last year's report, Ellason was appointed by the Committee as its independent remuneration adviser, effective 1 January 2021.

Total fees for Ellason's advice provided to the Committee during the year were £42,387, excluding VAT (and charged on a time and materials basis). Ellason provided advice to the Committee on all aspects of its agenda during the year, including incentive design, target setting, benchmarking and aspects of remuneration governance. Ellason reports to the Chair of the Committee and provides no other service to the Group during the year. As such, Ellason is considered by the Committee to remain independent. Ellason is a signatory of the Remuneration Consultants Group Code of Conduct and any advice received is governed by that Code which sets out guidelines to ensure that advice provided is independent and free of undue influence.

Remuneration outcomes for 2022

Single figure of total remuneration (audited)

The following table sets out the single figure of total remuneration for Directors for the financial years ended 31 December 2021 and 2022:

	Year ended 31 December	Salary/ fees £'000	Benefits[1] £'000	Annual bonus: cash £'000	Annual bonus: deferred[2] £'000	Vested LTIP awards[3] £'000	Cash Payments in lieu of pension[4] £'000	Other £'000	Total remun-eration £'000	Total fixed £'000	Total variable £'000
Executive Directors											
Jo Hallas	**2022**	**550**	**20**	**91**	**91**	**310**	**39**	**–**	**1,100**	**609**	**491**
	2021	478	20	262	262	–	72	–	1,094	570	524
Jason Ashton	**2022**	**344**	**20**	**47**	**47**	**222**	**24**	**–**	**704**	**388**	**316**
	2021	331	19	152	152	–	23	–	677	373	304
Non-executive Directors											
Nicky Hartery	**2022**	**205**	**–**	**–**	**–**	**–**	**–**	**–**	**205**	**205**	**–**
	2021	193	–	–	–	–	–	–	193	193	–
Paul Withers	**2022**	**70**	**–**	**–**	**–**	**–**	**–**	**–**	**70**	**70**	**–**
	2021	68	–	–	–	–	–	–	68	68	–
Pamela Bingham	**2022**	**58**	**–**	**–**	**–**	**–**	**–**	**–**	**58**	**58**	**–**
	2021	56	–	–	–	–	–	–	56	56	–
Helen Clatworthy[5]	**2022**	**62**	**–**	**–**	**–**	**–**	**–**	**–**	**62**	**62**	**–**
	2021	57	–	–	–	–	–	–	57	57	–
Dave Randich[6]	**2022**	**67**	**–**	**–**	**–**	**–**	**–**	**–**	**67**	**67**	**–**
	2021	3	–	–	–	–	–	–	3	3	–

1 The benefits provided to the Executive Directors included car allowance and private medical insurance. There were no changes to the benefit policies or levels during the year.

2 Deferred bonuses are not subject to further performance or service conditions.

3 The LTIP value captured in the table above reflects an estimated value of 2020 LTIP awards that are due to vest in 2023, based on the average share price for the three months to 31 December 2022 of 211.1p, and will be trued up in next year's Remuneration Report to reflect the share price on the vesting date. None of the value of the LTIP is attributable to share price appreciation; the share price declined by 22.5% since the grant date.

4 Jo Hallas and Jason Ashton each received cash in lieu of pension amounting to 7% of earned base salary in 2022 (2021: 15% for Jo Hallas and 7% for Jason Ashton). The Executive Directors are not members of any of the Group pension schemes.

5 Due to an administrative error, Helen Clatworthy received an overpayment of fees in 2020. Her fee for 2021 reflects the deduction made to correct this in early 2021.

6 Dave Randich was appointed to the Board on 15 December 2021. His fees include a travel supplement (of £15,000 per annum, pro-rated for 2021).

Remuneration report continued

Determination of the 2022 Group Bonus Plan (audited)

The maximum bonus opportunities for Executive Directors in respect of the 2022 financial year were 150% of base salary for the Chief Executive Officer, and 125% of base salary for the Chief Financial Officer. Of any amounts payable, 50% is paid in cash and 50% is deferred in shares, which vest after three years. For 2022, the Executive Directors' bonus was based 100% on financial metrics. The outcome of the 2022 bonus, alongside the performance targets set, is shown below:

Measure	Threshold 0%	Target 50%	Exceeds 100%	Performance achieved	Payout as % of maximum[2]
Profit[1] growth over prior year (25% weighting)	£79.5m	£83.5m	£87.5m	£85.8m	19.8
Profit performance versus target (45% weighting)[3]	£86.7m	£95.1m	£104.6m	£85.8m	0.0
Cash conversion of operating profit (15% weighting)	75%	85%	95%	78%	2.2
Cash generation versus target (15% weighting)[4]	£84.7m	£94.1m	£103.5m	£73.7m	0.0
Total bonus achieved					22.0

1 Profit is defined as Adjusted Profit before Tax. As explained in the Annual statement, the performance targets disclosed above reflect an adjustment to neutralise the impact of the Board's decision in early 2022 to cease trading in Russia and Belarus.

2 Calculation is performed on the basis of targets and performance in £'000 rounded to one decimal percentage place.

3 Profit performance versus target is measured on a constant currency basis.

4 Cash generation targets for the Group exclude the investment impact of major projects and reflect an adjustment to neutralise the impact of the decision to cease trading in Russia and Belarus. The Group recorded an Adjusted Operating Cash Flow in the year of £60.1 million and the investment impact of major projects in the year was £13.6million.

DSBP awards granted during the year (audited)

The table below details the deferred shares granted on 14 April 2022 in respect of the 2021 annual bonus award:

Director	Number of shares[1]	Share price – five-day average[2]	Face value[3]	Vesting date
Jo Hallas	83,975	£3.126	£262,506	March 2025
Jason Ashton	48,493	£3.126	£151,589	March 2025

1 Shares are deferred for three years.

2 Over the five trading days preceding the date of grant (five trading days ended 14 April 2022).

3 The actual value will be the value at the vesting date and will include dividend equivalents awarded in shares.

LTIP awards vesting in March 2023 (audited)

LTIP awards were made to the Chief Executive Officer and Chief Financial Officer on 25 March 2020, subject to performance measured over three years ended 31 December 2022. Awards were measured against targets outlined below dependent upon the Company's adjusted EPS and ROCE performance over the three-year performance period, and subject to a discretionary underpin based on, inter alia, relative TSR over the period 2020–2022.

		Performance range[1]		Outturn[2]	
Measure	Weighting	Threshold (25% vesting)	Stretch (100% vesting)	Actual performance	% vesting
FY22 adjusted EPS	50%	31.33p	38.57p	35.63p	69.5%
FY22 ROCE	50%	13.0%	14.2%	13.64%	64.9%
				TOTAL	67.2%

1 Straight-line vesting between these points. No award is made if performance is below threshold.

2 As reported in the Annual statement, actual FY22 performance outturns reported above have been neutralised for the impact of the Board's decision in early 2022 to cease trading in Russia and Belarus. No other adjustments have been made to reported adjusted EPS or ROCE for the purposes of the LTIP.

Details of the Directors' awards which will vest/lapse are shown below:

Director	Date of award	Normal vesting date[1]	Number of shares under award	Dividend Equivalent Shares	Number of shares vested	Number of shares lapsed	Estimated award value on vesting
Jo Hallas	25 March 2020	March 2023	204,353	14,179	146,854	71,678	£309,984
Jason Ashton	25 March 2020	March 2023	146,032	10,130	104,941	51,221	£221,513

1 The awards are subject to a two-year holding period after vesting.

2 The estimated award value on vesting is based on the shares vesting (including Dividend Equivalent Shares) and the average share price for the three months to 31 December 2022 (of 211.1p).

LTIP awards granted during the financial year (audited)

LTIP awards were granted to both Executive Directors on 14 April 2022, with face values of 150% of salary for the Chief Executive Officer and 125% of salary for the Chief Financial Officer.

Director	Award scheme	Date of award	Normal vesting date[1]	Number of shares awarded	Face value of award £'000	Share price[2]	Share award receivable at lower threshold
Jo Hallas	LTIP – nil cost options	14 April 2022	March 2025	263,915	825	£3.126	65,978
Jason Ashton	LTIP – nil cost options	14 April 2022	March 2025	137,755	431	£3.126	34,438

1 The awards are subject to a two-year holding period after vesting.

2 Calculated by reference to the five-day average closing price prior to the grant date (five trading days ended 14 April 2022) of £3.126.

Remuneration report continued

Vesting of the 2022 awards is based on four measures over a three-year period commencing 1 January 2022. Any awards vesting for performance will be subject to an additional two-year holding period, during which time clawback provisions will apply.

Performance will be measured against the targets as set out below:

Measure	Weighting	Basis of measurement	Threshold (25% vesting)	Stretch (100% vesting)
Adjusted EPS	40%	3-year CAGR to 2024	4.5% p.a.	12.0% p.a.
ROCE	25%	3-year average, 2022–2024	13.6%	15.0%
Relative TSR	20%	Ranking vs constituents of the FTSE250 Index (xIT)	Median	Upper quartile
ESG	15%			
Safety	Four categories weighted equally	2024 TRIR[1]	5.0	4.0
Environment		2024 TCO_2e per £m revenue[2]	56.0	41.0
Impact		2024 sustainable product revenues[3]	21%	24%
Culture		Employee engagement	Based on a qualitative assessment of improvement by the Workforce Engagement NED, taking into account factors such as eNPS[4], ethics training and incidents, diversity and inclusion, and talent development.	

1 Total Recordable Incident Rate. Aligns with Tyman's stated ambition to achieve a TRIR of <3.0 by 2026.

2 Tonnes of carbon dioxide equivalents per £m revenue using operational carbon emissions. Aligns with Tyman's stated ambition to achieve a 50% reduction in Scope 1 and 2 emissions by 2026 (relative to a 2019 baseline).

3 Reflects the % of total revenues that meet the UN Sustainable Development Goals (SDGs) in use.

4 Employee Net Promoter Score.

For performance between Threshold and Stretch, the % vesting increases on a straight-line sliding scale.

Directors' interests in shares (audited)

The interests of each person who was a Director of the Company as at 31 December 2022 (together with interests held by his or her connected persons) were:

Director			**Shares**		**Options**		**% of salary required (2022)[2]**	**% of salary achieved[3]**	**Guidelines met?**
	Owned outright or vested								
	31 December 2022[1]	31 December 2021[4]	Unvested and not subject to performance conditions	Unvested and subject to performance conditions	Vested but not exercised	Unvested and not subject to performance conditions			
Nicky Hartery	102,818	100,886	–	–	–	–	–	–	–
Jo Hallas	249,597	249,597	113,715	898,417	4,066	10,793	200%	240%	Yes
Jason Ashton	33,592	27,351	65,648	558,144	4,066	10,793	200%	130%	Building
Paul Withers	90,000	50,000	–	–	–	–	–	–	–
Pamela Bingham	11,178	3,928	–	–	–	–	–	–	–
Helen Clatworthy	21,757	15,000							
Dave Randich	50,000	–	–	–	–	–	–	–	–

1 From 31 December 2022 to 1 March 2023 there were no changes to the above stated interests.

2 Annualised base salary as at 31 December 2022.

3 Based on the closing price of Tyman plc ordinary shares of £2.255 on 31 December 2022, and Executive Directors' beneficial shareholdings at that date (i.e. shares owned outright or vested).

4 Nicky Hartery's shareholding as at 31 December 2021 has been amended from 100,000 to 100,886 due to the inclusion of automatic dividend-reinvestment plan shares.

Remuneration report continued

Directors' interests in shares under all share plans (LTIP, DSBP and SAYE) (audited)

		Shares over which awards were						
Award scheme	Award date	held at 1 Jan 2022	granted during the year	exercised during the year	lapsed/ cancelled during the year	held at 31 Dec 2022	Exercise price	Earliest vesting date[1]
Jo Hallas								
LTIP	18/03/19	225,038	–	–	225,038	–		Mar 2022
LTIP[3]	25/03/20	204,353	–	–	–	204,353		Mar 2023
LTIP[3]	21/05/21	205,111	–	–	–	205,111		May 2024
LTIP[3]	14/04/22	–	263,915	–	–	263,915		Mar 2025
DSBP	11/03/20	29,740	–	–	–	29,740		Mar 2023
DSBP	14/04/22	–	83,975	–	–	83,975		Mar 2025
UK ESPP	30/09/19	4,066	–	–	–	4,066	£1.7706	Nov 2022
UK ESPP	30/09/20	6,727	–	–	–	6,727	£1.6054	Nov 2023
Jason Ashton								
LTIP	14/05/19	155,912	–	–	155,912	–		May 2022
LTIP[2]	25/03/20	146,032	–	–	–	146,032		Mar 2023
LTIP[2]	21/05/21	118,445	–	–	–	118,445		May 2024
LTIP[2]	14/04/22	–	137,755	–	–	137,755		Mar 2025
DSBP	11/03/20	17,155	–	–	–	17,155		Mar 2023
DSBP	14/04/22	–	48,493	–	–	48,493		Mar 2025
UK ESPP	30/09/19	4,066	–	–	–	4,066	£1.7706	Nov 2022
UK ESPP	30/09/20	6,727	–	–	–	6,727	£1.6054	Nov 2023

1 All awards lapse ten years from the date of grant.

2 Details of qualifying performance conditions in relation to outstanding LTIP awards are summarised on page 129 of the 2021 Annual Report and Accounts (in relation to the 2021 LTIP) and on page 130 of this Report (in relation to the 2022 LTIP).

Payments for loss of office (audited)

There were no payments for loss of office made to past Directors during the year.

Payments to past Directors (audited)

There were no payments to past Directors during the year.

Service contracts

Service contracts were entered into between the Company and the Executive Directors as follows:

Director	Commencement date	Notice period in months
Jo Hallas	1 April 2019	Twelve
Jason Ashton	9 May 2019	Twelve

Details of the letters of appointment of the Non-executives are shown below:

Non-executive Director	Commencement date	Latest date of appointment/ reappointment	Expiry date	Notice period in months
Nicky Hartery	1 October 2020	1 October 2020	1 October 2023	One
Paul Withers	1 February 2020	1 February 2023	1 February 2026	One
Pamela Bingham	18 January 2018	18 January 2021	18 January 2024	One
Helen Clatworthy	9 January 2017	9 January 2023	9 January 2026	One
Dave Randich	15 December 2021	15 December 2021	15 December 2024	One

Copies of service contracts and letters of appointment are available to view at the Company's registered office.

External appointments of Executive Directors

The Committee acknowledges that Executive Directors may be invited to become independent Non-executive Directors of other listed companies that have no business relationship with the Company, and that such roles may broaden their experience and knowledge to Tyman's benefit.

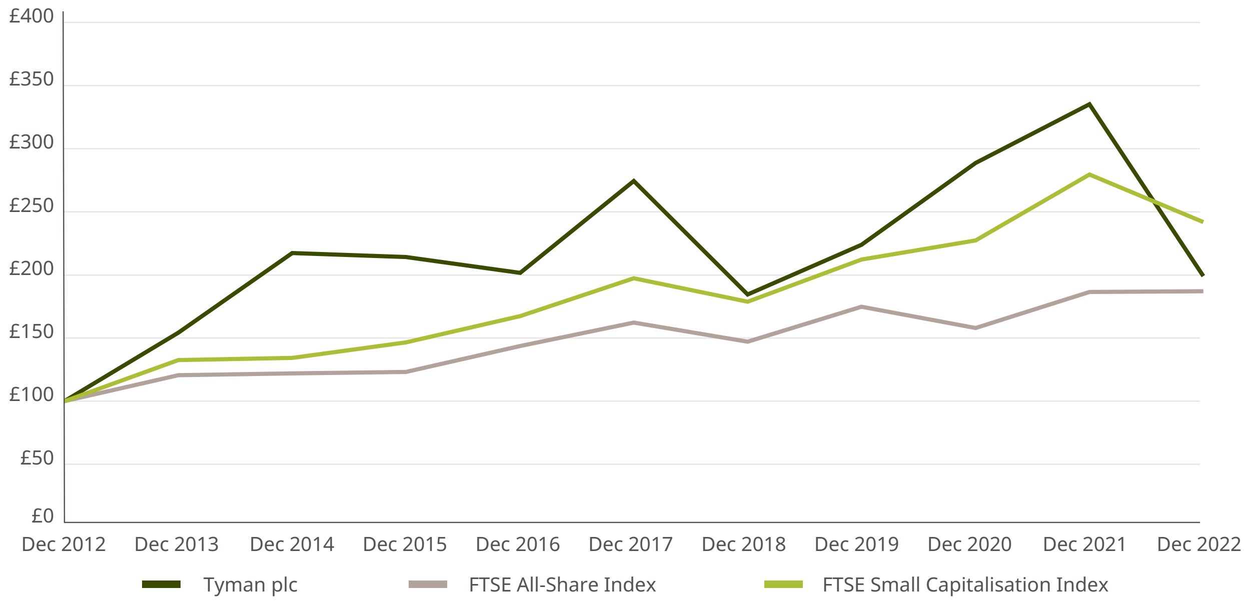
The Executive Directors are permitted to accept such external appointment with the prior approval of the Board, which would only be given if it does not present a conflict of interest with the Group's activities (including consideration of whether such individual has the capacity for the required time commitment) and the wider exposure gained will be beneficial to such Executive Director's development. Where fees are payable in respect of such appointment, they may be retained by the Executive Director.

Jo Hallas was appointed as an independent non-executive director of Smith & Nephew plc on 1 February 2022.

Remuneration report continued

Performance graph and table

This graph shows the value, by 31 December 2022, of £100 invested in Tyman plc on 31 December 2012, compared with the value of £100 invested in the FTSE All-Share and FTSE SmallCap indices on the same date, these being two broad market indices of which Tyman has been a constituent for the majority of the period shown.



Historical Chief Executive remuneration outcomes

The table below sets out the single figure for the total remuneration paid to the Chief Executive Officer, together with the annual bonus payout (expressed as a percentage of the maximum opportunity) and the LTIP payout (expressed as a percentage of the maximum opportunity), for the current year and previous nine years.

Year	CEO	Single figure of total remuneration £'000	Annual bonus payout %	LTIP payout %
2022	Jo Hallas	1,100	22.0	67.2
2021	Jo Hallas	1,094	73.3	Nil
2020	Jo Hallas	502	Nil[1]	n/e
2019	Jo Hallas	1,299[2]	30	n/e
	Louis Eperjesi	134	n/e	Nil
2018	Louis Eperjesi	1,153	39.5	90
2017	Louis Eperjesi	876	51	42
2016	Louis Eperjesi	1,052	91	49
2015	Louis Eperjesi	1,026	58	100
2014	Louis Eperjesi	1,137	31	94
2013	Louis Eperjesi	1,821	90	100

n/e = not eligible – individual was employed during the year but was not eligible to participate in the bonus or LTIP scheme as appropriate that year.

1 The 2020 Group bonus was cancelled in anticipation of the financial impact of COVID-19 on the business, the wider stakeholder experience and the societal impact of the pandemic.

2 The single figure shown for Jo Hallas for 2019 of £1,299k includes £775k in relation to the buy-out of the share awards at her previous employer, which she had forfeited by joining Tyman during the year. Consequently, the amount paid to Jo Hallas solely in respect to her Tyman employment during 2019 was £524k.

Percentage change in remuneration of Directors and employees

In accordance with the Companies (Directors' remuneration policy and Directors' remuneration report) Regulations 2019 (applying to financial years commencing on or after 10 June 2019), the table below covers the percentage change in salary/fees, taxable benefits and annual bonus for each Executive Director and Non-executive Director; and will continue to be built up over time to display a five-year history.

	Basic salary/total fee[4]			Taxable benefits[5]			Annual bonus[6]		
Director[1,2,3]	**2022 vs 2021[7]**	**2021 vs 2020**	**2020 vs 2019**	**2022 vs 2021**	**2021 vs 2020**	**2020 vs 2019**	**2022 vs 2021**	**2021 vs 2020**	**2020 vs 2019**
Nicky Hartery	6.3%	1.5%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Jo Hallas	15.2%	14.0%	-5.9%	0.5%	1.7%	4.7%	-65.4%	n/a	-100.0%
Jason Ashton	4.1%	10.7%	-6.0%	0.4%	1.3%	4.4%	-68.3%	n/a	-100.0%
Paul Withers	2.9%	11.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pamela Bingham	3.6%	14.4%	1.0%	n/a	n/a	n/a	n/a	n/a	n/a
Helen Clatworthy	8.4%	2.6%	-1.3%	n/a	n/a	n/a	n/a	n/a	n/a
Dave Randich	3.1%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average UK employee[8]	11.0%	6.1%	1.9%	27.4%	17.9%	-1.6%	-64.3%	n/a	-91.4%

1 Relevant information about the Directors and their responsibilities include:

a Nicky Hartery was appointed to the Board on 1 October 2020.

b Jo Hallas was appointed to the Board as the Chief Executive Officer on 1 April 2019.

c Jason Ashton was appointed to the Board as the Chief Financial Officer on 9 May 2019.

d Paul Withers was appointed to the Board on 1 February 2020 and became Chair of the Remuneration Committee and Senior Independent Director with effect from 31 March 2020.

e Pamela Bingham started receiving a fee in respect of her role as Workforce Engagement Director with effect from 1 March 2020.

f Dave Randich was appointed to the Board on 15 December 2021.

2 All figures shown are based on a full-time equivalent basis to allow comparability where a Director was not in role for the entirety of a financial year.

3 Note that Directors who were not a Director at any point during 2022 have not been included. The percentage changes in their remuneration for prior years (and in which they were a Director) are disclosed in relevant previous Annual Reports.

4 All the Directors who were in role from April to July 2020 volunteered cuts of 25% to their base salaries and fees for four months (April to July) due to COVID-19. Whilst the workforce also experienced cuts to their salaries ranging from 10–20%, the workforce's forgone salaries were repaid to them. However, the cuts to the Directors' salaries and fees were not repaid to them. The % change from 2020 to 2021, and from 2019 to 2020, reflects this temporary reduction in basic salary or total fee for part of 2020 only. The % change from 2020 to 2021 also reflects the annual increases awarded for 2021.

5 For Executive Directors, taxable benefits consist primarily of car allowance, private medical insurance, permanent health insurance and life assurance. Non-executive Directors do not receive taxable benefits.

6 The figures shown are reflective of any bonus earned in respect of the relevant financial year. The n/a for the % change in bonuses from 2020 to 2021 reflects the cancellation in 2020 (the base year) of the management bonus scheme following the onset of the COVID-19 pandemic. Non-executive Directors are not eligible to participate in the annual bonus scheme.

7 The increase shown for Jo Hallas from 2021 to 2022 reflects the implementation of the second stage of a two-step adjustment to base salary, as explained on page 115 of this Report, as well in our 2020 and 2021 Annual Reports. As explained in last year's Remuneration Report, Helen Clatworthy received an overpayment of fees in 2020 that was corrected by a deduction from her fee for 2021. This is reflected in the % increase reported above from 2021 to 2022.

8 The average percentage change of employee FTE salary is calculated with reference to the UK workforce as at 31 December 2022. This definition is broader than all employees of Tyman plc (as required by the reporting regulations), reflecting that the Tyman plc employee population is very small (and limited largely to the Head Office) and therefore is considered by the Committee not to be sufficiently representative of our wider workforce. The increase in average UK employee pay of 11.0% from 2021 to 2022 reflects the implementation in January 2022 of the rates set by the Living Wage Foundation.

Remuneration report continued

Relative spend on pay

The table below sets out, for the years ended 31 December 2022 and 31 December 2021, the total cost of employee remuneration for the Group together with the total distributions made to shareholders by way of dividends.

Relative spend on pay (£'000)	2022	2021	Year on year
Total employee remuneration for the Group (excluding share-based payments)	**157,600**	151,700	4.15%
Dividends paid in the financial year	**25,374**	15,630	62.34%

CEO pay ratio

The Regulations require certain companies to disclose the ratio of the Chief Executive's pay, using the amount set out in the single total figure table, to that of the 25th percentile, median and 75th percentile total remuneration of full-time equivalent UK employees.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	**Option A**	**1:50**	**1:44**	**1:31**
2021	Option A	1:55	1:46	1:31
2020	Option A	1:26	1:22	1:14
2019	Option A	1:32	1:27	1:19

	CEO pay (£)	P25 pay (£)	P50 pay (£)	P75 pay (£)
Salary				
2022	**550,000**	**21,000**	**24,000**	**32,965**
2021	477,500	18,595	22,440	34,066
2020	418,919	18,331	21,930	33,729
2019	441,750	19,550	23,335	33,598
Total pay				
2022	**1,100,061**	**21,840**	**24,943**	**35,275**
2021	1,094,116	19,897	23,524	36,451
2020	501,409	19,064	23,027	36,090
2019	657,510	20,333	24,268	33,598

The 25th percentile, median and 75th percentile figures used to determine the above ratios were selected from an analysis of the full-time equivalent annualised remuneration (comprising salary, benefits, pension, annual bonus and long-term incentives) of all the UK employees for the year ended 31 December 2022. This methodology is defined as Option A under the reporting regulations and is considered by the Committee to be the most accurate approach.

The Committee notes that the statutory CEO pay ratios have fallen in 2022, with the ratio of CEO total remuneration to the median employee, for example, decreasing from 46:1 to 44:1. This movement reflects a combination of a broadly flat CEO single figure of remuneration and a c.6% increase to the equivalent employee figure.

In reviewing the pay ratio analysis, the Committee is satisfied that the individuals identified at each quartile reflect the pay profile across different levels at Tyman, and that the overall picture presented by the ratios is consistent with the Group's pay, reward and progression policies.

Statement of implementation for the 2023 financial year

Details of the Directors' remuneration for the 2023 financial year are set out in the table below:

Salary	• Jo Hallas – £577,500 (2022: £550,000 – 5.0% increase) • Jason Ashton – £361,679 (2022: £344,500 – 5.0% increase) Increases awarded to the Executive Directors are in line with the increase awarded to other executives; and below the average increase awarded to the UK workforce (7.3% for 2023)
Pension allowance	7% of base salary
Benefits	Life assurance cover, critical illness cover, private medical and dental cover, car allowance (of £17,500 per annum) and professional tax and financial advice.
Annual bonus	Maximum opportunities: • Jo Hallas: 150% of salary • Jason Ashton: 125% of base salary Bonuses will be based entirely on financial measures, with 50% linked to adjusted profit before tax, 30% linked to cash generation and 20% linked to inventory days. Consistent with prior years, the precise bonus targets will be disclosed in detail in the 2023 Annual Report and Accounts (these are considered currently to be commercially sensitive). Any bonus earned will be payable 50% in cash and 50% in shares deferred for three years.
LTIP	Award opportunities: • Jo Hallas: 150% of salary • Jason Ashton: 125% of base salary LTIP awards comprise grants of nil-cost options, vesting three years after grant, subject to performance over a 3-year period commencing 1 January 2023 against four measures as shown below. For performance between Threshold and Stretch, the % vesting increases on a straight line sliding scale. Vested LTIP awards have a two-year post-vesting holding period.

Measure	Weighting	Basis of measurement	Threshold (25% vesting)	Stretch (100% vesting)
Adjusted EPS[1]	40%	2025 adjusted EPS	40.7p	50.1p
ROCE[2]	25%	3-year average 2023–25	12.8%	14.2%
Relative TSR	20%	Ranking vs constituents of the FTSE 250 Index (xIT)	Median	Upper quartile
Sustainability Scorecard	15%			
- Safety	Four categories	2025 TRIR[3]	4.5	3.5
- Sustainable Operations	weighted equally	2025 TCO_2e per £m revenue[4]	49	36
- Sustainable Culture		Employee engagement		Qualitative[6]
- Sustainable Solutions		% revenue from sustainable products in-use[5]	21.0%	24.0%

1 Adjusted EPS targets have been set taking into account a range of relevant internal and external reference points. The target range of 40.7p to 50.1p reflects a compound annual growth rate of 4.5% to 12.0% to FY25, in line with the range set for recent cycles.

2 Consistent with the change made last year, the ROCE measure is based on a 3-year average to FY25. The reduction to the target range is considered by the Committee to appropriately reflect a challenging and uncertain macroeconomic environment, and its overarching aim to set stretching but achievable targets for participants. The maximum vesting requirement is set slightly above our medium-term target (see page 24).

3 Total Recordable Incident Rate. Aligns with Tyman's stated ambition to achieve a TRIR of <3.0 by 2026.

4 Tonnes of carbon dioxide equivalents per £m revenue is a measure of operational carbon emissions. Aligns with Tyman's stated ambition to achieve a 50% reduction by 2026 (relative to a 2019 baseline).

5 Reflects the % of total revenues that meet the UN Sustainable Development Goals (SDGs) in use.

6 To be based on a qualitative assessment of improvement by the Workforce Engagement NED, taking into account factors such as eNPS, ethics training and incidents, diversity and inclusion, and talent development.

Remuneration report continued

Non-executive Director fees

The Chair is paid an annual basic fee (determined by the Remuneration Committee), with no additional fee for chairing the Nominations Committee. For 2023, the Chairman's annual fee will be increased to £215,000 (a 4.9% increase, being broadly in line with that awarded to executives; and below the average increase awarded to the UK workforce) to reflect his ongoing valued contribution to the Group.

Non-executive Directors are paid an annual basic fee, plus an additional fee for chairing a Board Committee. These fees are determined by the Chairman, CEO and CFO. In line with the increases awarded to executives (but below the average increases awarded to the wider UK workforce), the annual base fee payable to NEDs will be increased by 4.8% (to £54,500) for 2023. In addition, to reflect the growing time commitment of the role, the additional annual fee payable to the SID will be increased to £8,500. Fees payable to NEDs for other additional responsibilities remain unchanged from 2022, as set out below.

Position	Annual fee 2023 £	Annual fee 2022 £
Chair	215,000	205,000
Non-executive Director	54,500	52,000
Annual fee for the Chair of the Audit or Remuneration Committees	10,000	10,000
Annual fee for the Senior Independent Director	8,500	8,000
Annual fee for the Workforce Engagement Director	6,000	6,000
Intercontinental travel supplement for NEDs based outside of Europe	15,000	15,000

Other items

Details of share plans

During the year awards were made under the following plans:

- Tyman Sharesave Plans: in the form of options totalling 271,877 shares at a price of £1.66 to £1.77, vesting over a one or three-year period, depending on jurisdiction. The total number of awards outstanding as at 31 December 2022 is 653,458.
- Deferred Share Bonus Plan: in the form of deferred share awards totalling 166,712 shares. Awarded as a nil-cost option in respect of deferred bonus, vesting over a three-year period. The total number of share awards outstanding as at 31 December 2022 is 271,455.
- Tyman Long Term Incentive Plan: awards totalling 1,003,802 shares were made in the year. Awarded with performance conditions, vesting over a three-year period, with a further two-year holding period for Executive Directors. The total number of LTIP awards outstanding as at 31 December 2022 is 2,895,087.

The total number of shares outstanding under all share plans as at 31 December 2022 is 3,820,000.

Dilution

As at 31 December 2022, shares equivalent to 1.87% of the Group's issued share capital (excluding treasury shares) would be required to settle all outstanding awards under Executive and employee share plans, assuming maximum vesting.

However, the Group operates the general principle that the vesting of share awards under Executive and employee share plans should be satisfied either by the issue of shares out of treasury or, subject to Trustee consent, through shares acquired on the market by the Tyman Employee Benefit Trust.

Certain jurisdictions require that new shares are issued to employees to settle vesting under share arrangements. Where new shares are issued in these circumstances, it is the Group's intention to match the new shares issued with an equal purchase of shares on the market, either into treasury or into the Tyman Employee Benefit Trust.

In accordance with the Investment Association's Principles of Remuneration, the Company can satisfy awards to employees under all its share plans with new issue shares or shares issued from treasury up to a maximum of 10% of its issued share capital (adjusted for share issuance and cancellation) in a rolling 10-year period. Within this 10% limit, the Company can only issue (as newly issued shares or from treasury) 5% of its issued share capital (adjusted for share issuance and cancellation) to satisfy awards under Executive (discretionary) plans.

As well as the LTIP and DSBP, the Company operates various all-employee share schemes as described on page 123. Subject to Trustee consent, shares acquired on the market have been used to satisfy the exercise of options under the Sharesave Scheme and the International Sharesave Plans.

Statement of voting at Annual General Meetings

The table below sets out the results of the 2021 AGM in respect of the Remuneration policy and the 2022 AGM in respect of the Annual Report on Directors' remuneration, respectively:

Director	Votes for	Votes at discretion	Votes against	Total number of votes cast	Total number of votes withheld
Remuneration policy	152,491,342 (90.31%)	0 (0%)	16,362,020 (9.69%)	168,853,362 (100%)	6,895
Annual report on Directors' remuneration	162,728,446 (99.46%)	0 (0%)	889,207 (0.54%)	163,617,653 (100%)	5,194

The Committee is grateful to the Group's shareholders for their support as shown in the voting levels at the 2021 and 2022 AGMs and looks forward to receiving their continued support in 2023.

This Annual report on Directors' remuneration has been approved by the Remuneration Committee and is signed on its behalf by:

Paul Withers
Chair, Remuneration Committee

2 March 2023

Independent auditors' report to the members of Tyman plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Tyman plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the consolidated notes 1 to 30 and parent company notes 1 to 13, including the associated accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. 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 and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and parent company for the year are disclosed in note 4 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

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

3. Summary of our audit approach

Key audit matter	The key audit matter that we identified in the current year was: • Revenue recognition Four key audit matters identified by the previous auditor and described in their report for the year ended 31 December 2022 are not included in our report for the year ended 31 December 2022. These were: • Goodwill and intangible assets impairment assessment, given the level of headroom and the increase in carrying value of the underlying assets. • Inventory valuation, as the nature of the group's inventory is not complex, and any adjustments applied to inventory costing and provisioning follow the group policy and are mechanical in nature. • Present value of defined benefit obligations, as the material scheme in the North America division is closed to future participants and is fully funded ahead of an anticipated termination of the scheme in FY23. • Recoverable amount of investments in subsidiaries and affiliates, given the level of headroom and the increase in carrying value of the underlying assets.
Materiality	The materiality that we used for the group financial statements was £4,000,000 which was determined on the basis of profit before tax, adjusted for amortisation of acquired intangibles and adjusting items.
Scoping	Fifteen components were subject to audit procedures. Of these, ten were subject to a full-scope audit. The remaining five components were subject to an audit of specified account balances. The components, which were subject to a full-scope audit or audit of specified account balances, in addition to work performed at a group level, contribute 85% of revenue and 82% of adjusted profit before tax.

4. 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:

- evaluating the financing facilities available to the group including the nature of facilities, repayment terms and covenants;
- challenging the assumptions used in the forecasts by reference to historical performance, trading run rate, current macroeconomic indicators, one-off cash items and other supporting evidence;
- recalculation and assessment of the amount of cash and covenant headroom in the forecasts; and
- performing a sensitivity analysis to consider specific scenarios, including a reverse stress test based on a reduction in revenue and associated margin.

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

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

5. 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.

5.1 Revenue recognition

Key audit matter description	The group recognised revenue of £715.5 million (2021: £635.7 million) solely through the sale of goods to customers accounted for under IFRS 15. At the year end, manual adjustments are made by management for sales in transit where control has yet to pass to the customer. In addition, volume rebate discounts are provided to customers and these are calculated as a percentage of revenue recognised in the relevant period and the percentage applied may vary depending on the total value of revenue in that period. These rebates are typically paid or settled once a year and therefore manual adjustments are made to accrue for these through the year. We have identified a key audit matter relating to a risk of material misstatement, whether due to fraud or error, in relation to the cut-off of revenue and the valuation of the rebate accruals for amounts to be settled with customers. Note 2.7 to the Consolidated Financial Statements sets out the group's accounting policy for revenue recognition, and note 3 includes details of the group's revenue by segment and timing of revenue recognition.
How the scope of our audit responded to the key audit matter	In response to the identified key audit matter we have performed the following procedures: • Obtained an understanding of the controls over the revenue recognition process specifically in relation to cut-off adjustments and rebate accruals. • Traced a sample of shipments made pre-year end to third party supporting evidence to assess whether the performance obligations have been met and therefore whether revenue should be recognised. • Selected a sample of customer rebate agreements, inspected the terms and dates, and recalculated the selected rebates in accordance with the contract terms, including evaluating the sales data on which the rebate calculations are based. We have then recalculated the accrual recognised. We have also performed procedures to confirm the completeness of the rebate accruals which included reviewing large customer contracts to determine whether there were rebate agreements for which accruals should have been made, testing a sample of credit notes raised post-year end and made enquiries of management as to the existence of any other rebate arrangements.
Key observations	From the work performed we are satisfied that there are no material errors relating to revenue recognition.

Independent auditors' report to the members of Tyman plc

continued

6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

	Group financial statements	Parent company financial statements
Materiality	£4,000,000 (2021: £4,000,000)	£2,000,000 (2021: £3,300,000)
Basis for determining materiality	4.7% of adjusted profit before tax Adjusted profit before tax represents profit before tax, adjusted for amortisation of acquired intangibles and adjusting items. In 2021 the previous auditor set materiality at 4.5% of adjusted operating profit.	Parent company materiality equates to 2% of net assets, which is capped at 50% of group materiality. In 2021 the previous auditor set materiality at 1% of total assets (capped as a proportion of group overall materiality).
Rationale for the benchmark applied	Adjusted profit before tax is a key performance measure for management, investors and the analyst community. This metric is important to the users of the financial statements because it portrays the performance of the business and hence its ability to pay a return on investment to the investors. Refer to the Appendix to the Consolidated Financial Statements for the group's definition and calculation of alternative performance measures.	We consider net assets to be the most appropriate benchmark as the parent company is a non-trading entity, whose primary function within the Tyman group is to act as a holding company.

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% of group materiality (2021: 75% of group materiality as determined by the previous auditor)	70% of parent company materiality (2021: 75% of parent company materiality as determined by the previous auditor)
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • the current financial year being Deloitte LLP's first year auditing the group and parent financial statements; • our risk assessment, including our assessment of the group's overall control environment; • the disaggregated nature of the group; and • the nature, volume and size of uncorrected misstatements arising in the previous audit.	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £200,000 (2021: £200,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components
Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Based on that assessment, we focused our group audit scope primarily on the audit work at fifteen (2021: nineteen) components, which includes the parent company as one component. Ten (2021: ten) of these were subject to a full audit, whilst the remaining five components (2021: nine) were subject to audit of specified account balances.

These components, in additional to work performed at a group-level, represent the principal business units and account for 85% (2021: 81%) of the group's revenue and 82% the group's adjusted profit before tax (2021: 79% of the group's operating profit). They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at the components was executed at levels of materiality applicable to each individual entity which were lower than group materiality; component materiality was set at £2.0m for all components (2021: ranged from £0.2m to £3.5m).

At the group level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

7.2 Our consideration of the control environment
The group currently operates a range of IT systems which underpin the financial reporting processes, and which vary by geography and/or component.

As outlined in the Internal control section of the annual report (page 112), significant investment has taken place in 2022 in relation to both the IT and financial reporting processes, including the roll out of a new cloud-based operating system, which commenced in the North American division in 2022.

For certain components subject to full scope audits we identified relevant IT systems for the purpose of our audit work. These were typically the principal Enterprise Resource Planning (ERP) systems that govern the general ledger and transaction accounting balances and also included the group's consolidation system. Our approach was principally designed to inform our risk assessment and, as such, we obtained an understanding of relevant IT controls and tested the general IT controls for some components using IT audit specialists.

For all components we have gained an understanding of relevant controls relating to financial reporting, areas of significant risk and significant accounting estimates.

Given the disaggregated nature of the group, and certain control deficiencies identified, we adopted a substantive audit approach. Where control deficiencies and improvements are identified, these are reported to management and the Audit Committee as appropriate. The group continues to invest time in responding to, and addressing, our observations. Management determines their response to these observations and continues to monitor their resolution with reporting to and oversight from the Audit Committee.

7.3 Consideration of climate-related risks
The group has assessed the risks and opportunities associated with various future climate-related scenarios and its own commitment to transition to an operating model that has a reduced level of GHG emissions. While management has acknowledged that the transition and physical risks posed by climate change have the potential to impact the medium to long term success of the business, they have assessed that there is no material impact arising from climate change on the judgements and estimates made in the financial statements as at 31 December 2022. We also read, in conjunction with our specialists, the climate-related narrative in the Sustainability Report to consider whether it is materially consistent with the financial statements and our knowledge obtained in the audit.

As a part of our audit procedures, we have obtained management's climate-related risk assessment and held discussions with those charged with governance to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the group's financial statements. We performed our own qualitative risk assessment of the potential impact of climate change on the group's account balances and classes of transaction, and did not identify any additional risks of material misstatement.

7.4 Working with other auditors
The group audit was conducted exclusively by a global network of Deloitte member firms under the direction and supervision of the UK group audit team.

Our oversight of component auditors focussed on the planning of their audit work and understanding of their risk assessment process to identify key areas of estimates and judgements, as well as the execution of their audit work. We sent our component teams detailed instructions, reviewed and challenged the related component inter-office reporting and findings from their work, reviewed relevant documents in underlying audit files, attended component audit closing conference calls and held regular remote communication to interact on any related audit and accounting matters which arose.

Dedicated members of the group audit team were assigned to each component to facilitate an effective and consistent approach to component oversight.

Independent auditors' report to the members of Tyman plc

continued

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

10. 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team, including significant component audit teams, and relevant internal specialists, including tax, valuation, pension and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud related to revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pension legislation, tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's compliance with environmental, health and safety, and anti-bribery and corruption legislation; as well as considering the group's monitoring of changes in legislation including sanctions.

11.2 Audit response to risks identified
As a result of performing the above, we identified revenue recognition as a key audit matter related to the potential risk of fraud.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with tax authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 86;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on pages 84 to 86;
- the directors' statement on fair, balanced and understandable set out on page 112;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 112;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 112; and
- the section describing the work of the Audit Committee set out on pages 108 to 114.

Independent auditors' report to the members of Tyman plc

continued

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1 Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by shareholders at its annual general meeting on 19 May 2022 to audit the financial statements for the year ending 31 December 2022 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is accordingly one year.

15.2 Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. 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.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard (ESEF RTS). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

James Hunter, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
2 March 2023

Consolidated income statement

For the year ended 31 December 2022

	Note	2022 £'m	2021 £'m
Revenue	3	**715.5**	635.7
Cost of sales	3	**(493.2)**	(424.0)
Gross profit		**222.3**	211.7
Selling, general and administrative expenses		**(151.2)**	(138.5)
Net impairment losses on financial assets		**(0.4)**	(0.1)
Operating profit	4	**70.7**	73.1
Analysed as:			
Adjusted[1] operating profit	3	**94.6**	90.0
Adjusting items	6	**(6.3)**	0.6
Amortisation of acquired intangible assets	10	**(17.6)**	(17.5)
Operating profit		**70.7**	73.1
Finance income	7	**1.0**	–
Finance costs	7	**(10.3)**	(9.1)
Net finance costs	7	**(9.3)**	(9.1)
Profit before taxation	3	**61.4**	64.0
Income tax charge	8	**(13.6)**	(14.4)
Profit for the year		**47.8**	49.6
Basic earnings per share	9	**24.6p**	25.4p
Diluted earnings per share	9	**24.5p**	25.3p
Non-GAAP alternative performance measures[1]			
Adjusted[1] operating profit		**94.6**	90.0
Adjusted[1] profit before taxation	9	**85.8**	81.5
Basic adjusted[1] earnings per share	9	**34.7p**	32.1p
Diluted adjusted[1] earnings per share	9	**34.5p**	32.0p

1 Before amortisation of acquired intangible assets, deferred taxation on amortisation of acquired intangible assets, impairment of goodwill, adjusting items, unwinding of discount on provisions, gains and losses on the fair value of derivative financial instruments, amortisation of borrowing costs and the associated tax effect. See definitions and reconciliations on pages 208 to 215 for non-GAAP Alternative Performance Measures.

The notes on pages 152 to 200 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 £'m	2021 £'m
Profit for the year		**47.8**	49.6
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	21	–	1.6
Total items that will not be reclassified to profit or loss		–	1.6
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations[1]		**54.1**	0.1
Change in fair value of net investment hedge[1]	17	**(11.7)**	2.3
Effective portion of changes in value of fair value hedges	17	**0.2**	–
Total items that may be reclassified to profit or loss		**42.6**	2.4
Other comprehensive income for the year, net of tax		**42.6**	4.0
Total comprehensive income for the year		**90.4**	53.6

1 Comparatives have been represented to show separately the change in fair value of net investment hedge for consistency with current year presentation.

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 8.

The notes on pages 152 to 200 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2022

	Share capital £'m	Treasury reserve £'m	Hedging reserve £'m	Translation reserve £'m	Retained earnings £'m	Total equity £'m
At 1 January 2021	9.8	(3.4)	–	46.8	389.9	443.1
Profit for the year	–	–	–	–	49.6	49.6
Other comprehensive income	–	–	–	2.4	1.6	4.0
Total comprehensive income	–	–	–	2.4	51.2	53.6
Transactions with owners in their capacity as owners						
Share-based payments[1]	–	–	–	–	1.6	1.6
Dividends paid	–	–	–	–	(15.6)	(15.6)
Issue of own shares from Employee Benefit Trust	–	1.1	–	–	(1.1)	–
Purchase of own shares for Employee Benefit Trust	–	(0.3)	–	–	–	(0.3)
Total transactions with owners	–	0.8	–	–	(15.1)	(14.3)
At 31 December 2021	9.8	(2.6)	–	49.2	426.0	482.4
Profit for the year	–	–	–	–	47.8	47.8
Other comprehensive income	–	–	0.2	42.4	–	42.6
Total comprehensive income	–	–	0.2	42.4	47.8	90.4
Transactions with owners in their capacity as owners						
Share-based payments[1]	–	–	–	–	0.8	0.8
Dividends paid	–	–	–	–	(25.4)	(25.4)
Issue of own shares from Employee Benefit Trust	–	0.5	–	–	(0.5)	–
Purchase of own shares for Employee Benefit Trust	–	(6.6)	–	–	–	(6.6)
Total transactions with owners	–	(6.1)	–	–	(25.1)	(31.2)
At 31 December 2022	**9.8**	**(8.7)**	**0.2**	**91.6**	**448.7**	**541.6**

1 Share-based payments include a tax charge of £0.2 million (2021: tax credit of £0.3 million) and a credit due to issuance of shares under the deferred share bonus plan of £0.2 million (2021: £0.3 million). See note 23.

The notes on pages 152 to 200 are an integral part of these consolidated financial statements.

Consolidated balance sheet

For the year ended 31 December 2022

	Note	**2022 £'m**	2021 Restated[1] £'m	2020 Restated[1] £'m
TOTAL ASSETS				
Non-current assets				
Goodwill	10	**399.3**	363.3	361.9
Intangible assets	10	**57.7**	66.8	84.1
Property, plant and equipment	11	**74.6**	63.5	60.7
Right-of-use assets	12	**57.3**	52.0	51.8
Financial assets at fair value through profit or loss	14	**1.2**	1.1	1.1
Derivative financial instruments	17	**0.2**	–	–
Deferred tax assets	8	**1.7**	4.2	5.2
		592.0	550.9	564.8
Current assets				
Inventories	13	**153.1**	137.8	84.0
Trade and other receivables	14	**81.4**	81.0	72.8
Cash and cash equivalents	15	**74.6**	77.0	73.2
		309.1	295.8	230.0
TOTAL ASSETS		**901.1**	846.7	794.8
LIABILITIES				
Current liabilities				
Trade and other payables	16	**(88.2)**	(112.8)	(84.4)
Derivative financial instruments	17	**(0.2)**	(0.3)	(0.2)
Borrowings	18	**(15.9)**	(19.0)	(43.8)
Lease liabilities	12	**(6.8)**	(6.0)	(5.4)
Current tax liabilities		**(1.8)**	(6.0)	(6.8)
Provisions	20	**(5.0)**	(1.4)	(1.3)
		(117.9)	(145.5)	(141.9)
Non-current liabilities				
Borrowings	18	**(172.5)**	(149.0)	(128.8)
Lease liabilities	12	**(54.9)**	(48.8)	(48.4)
Deferred tax liabilities	8	**(6.9)**	(12.1)	(15.7)
Retirement benefit obligations	21	**(4.3)**	(4.0)	(8.9)
Provisions	20	**(2.9)**	(4.8)	(7.6)
Other payables	16	**(0.1)**	(0.1)	(0.4)
		(241.6)	(218.8)	(209.8)
TOTAL LIABILITIES		**(359.5)**	(364.3)	(351.7)
NET ASSETS		**541.6**	482.4	443.1
EQUITY				
Capital and reserves attributable to owners of the Company				
Share capital	22	**9.8**	9.8	9.8
Treasury reserve		**(8.7)**	(2.6)	(3.4)
Hedging reserve	17	**0.2**	–	–
Translation reserve		**91.6**	49.2	46.8
Retained earnings		**448.7**	426.0	389.9
TOTAL EQUITY		**541.6**	482.4	443.1

1 See note 2.4 for details regarding reclassification adjustments to the comparative balance sheets.

The notes on pages 152 to 200 are an integral part of these consolidated financial statements.

The financial statements on pages 147 to 151 were approved by the Board on 1 March 2023 and signed on its behalf by:

Jo Hallas
Chief Executive Officer

Jason Ashton
Chief Financial Officer

Tyman plc

Company registration number: 02806007

Consolidated cash flow statement

For the year ended 31 December 2022

	Note	2022 £'m	2021 £'m
Cash flow from operating activities			
Profit before taxation	3	**61.4**	64.0
Adjustments	25	**53.0**	47.4
Changes in working capital:			
Inventories		**(4.8)**	(54.0)
Trade and other receivables		**5.6**	(9.1)
Trade and other payables		**(32.2)**	29.2
Provisions utilised		**(0.7)**	–
Pension contributions		**(0.2)**	(2.8)
Income tax paid		**(21.5)**	(17.7)
Net cash generated from operating activities		**60.6**	57.0
Cash flow from investing activities			
Purchases of property, plant and equipment	11	**(19.2)**	(16.1)
Purchases of intangible assets	10	**(4.9)**	(4.5)
Proceeds on disposal of property, plant and equipment		**0.1**	0.8
Interest received		**0.9**	–
Net cash used in investing activities		**(23.1)**	(19.8)
Cash flow from financing activities			
Interest paid		**(9.5)**	(8.8)
Dividends paid	24	**(25.4)**	(15.6)
Purchase of own shares for Employee Benefit Trust		**(6.6)**	(0.3)
Refinancing costs paid		**(2.1)**	–
Proceeds from drawdown of borrowings		**122.3**	40.0
Repayments of borrowings		**(113.0)**	(57.8)
Principal element of lease payments		**(6.2)**	(6.2)
Net cash used in financing activities		**(40.5)**	(48.7)
Net decrease in cash and cash equivalents and bank overdrafts		**(3.0)**	(11.5)
Exchange gain/(loss) on cash and cash equivalents and bank overdrafts		**3.1**	(0.1)
Cash and cash equivalents and bank overdrafts at beginning of year		**58.1**	69.7
Cash and cash equivalents and bank overdrafts at end of year	15	**58.2**	58.1

The notes on pages 152 to 200 are an integral part of these consolidated financial statements.

Notes to the financial statements continued

For the year ended 31 December 2022

1. General information

Tyman plc is a leading international supplier of engineered fenestration and access solutions to the construction industry. The Group designs and manufactures products that enhance the comfort, sustainability, security, safety and aesthetics of residential homes and commercial buildings. Tyman serves its markets through three regional divisions. Headquartered in London, the Group employs approximately 3,700 people with facilities in 16 countries worldwide.

Tyman plc is a public limited company listed on the London Stock Exchange, incorporated and domiciled in the United Kingdom. The address of the Company's registered office is 29 Queen Anne's Gate, London SW1H 9BU.

2. Accounting policies and basis of preparation

The accounting policies in this section relate to the financial statements in their entirety. Accounting policies, including critical accounting judgements and estimates used in the preparation of the financial statements, that relate to a particular note are described in the specific note to which they relate. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for items that are required by International Financial Reporting Standards (IFRS) to be measured at fair value, principally certain financial instruments. The consolidated financial statements have been prepared in accordance with IFRS which includes the standards and interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the United Kingdom (UK) as well as the Companies Act 2006.

These consolidated financial statements are presented in millions of sterling rounded to the nearest one decimal place.

2.2 Going concern

The Group's business activities, financial performance and position, together with factors likely to affect its future development and performance, are described in the Chief Executive Officer's review on pages 26 to 28. Changes to principal risks and uncertainties are described on pages 45 to 49.

As at 31 December 2022, the Group had net cash and cash equivalents of £58.2 million, and an undrawn RCF available of £125.8 million, giving liquidity headroom of £184.0 million. The Group also has potential access to an uncommitted accordion facility of £100 million.

The Group is subject to leverage and interest cover covenants tested in June and December and had significant headroom on both covenants at 31 December 2022, with £69.7 million (65%) of EBITDA headroom on the leverage covenant and £83.3 million (78%) of EBITDA headroom on the interest cover covenant.

The Group has performed an assessment of going concern through reviewing liquidity headroom and covenant compliance under the Board approved financial forecasts and modelling several downside scenarios, as outlined in the viability statement on pages 84 to 86. In all scenarios modelled, the Group would retain significant liquidity and covenant headroom throughout the going concern period.

Reverse stress-testing has also been performed to model a scenario that would result in elimination of covenant headroom within the going concern assessment period. Revenue would need to decrease significantly, to an extent not considered reasonably possible, for the covenants to be breached. As part of this assessment, the Group has considered the risks relating to climate change. As this risk relates to the medium to long term, there is no impact on the short-term going concern assessment.

Having reviewed the various scenario models, available liquidity and taking into account current trading, the Directors are satisfied that the Group has sufficient financial resources to continue in operation for the foreseeable future, which is considered to be a period of not less than twelve months from the date of this report. Accordingly, the consolidated and Company financial information has been prepared on a going concern basis.

The Group's viability statement is set out on pages 84 to 86 of the Annual Report and Accounts.

2.3 Accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any affected future periods.

There are no areas representing critical judgements made by management and no key sources of estimation uncertainty in the Group's financial statements.

2.4 Changes in accounting policies and disclosures

2.4.1 New, revised and amended standards and interpretations adopted by the Group

The accounting standards and interpretations that became applicable in the year did not materially impact the Group's accounting policies and did not require retrospective adjustments.

Newly mandatorily effective in the current period

Title	Subject	Effective date per UKEB
Amendment to IFRS 16	Covid-19-related rent concessions beyond 30 June 2021	1 April 2021
Amendments to IAS 16	Property, plant and equipment – proceeds before intended use	1 Jan 2022
Annual Improvements to IFRS Standards 2018–2020 (May 2020)	Annual improvements to IFRS Standards 2018–2020 (May 2020)	1 Jan 2022
Amendments to IFRS 3 (May 2020)	Reference to the Conceptual Framework	1 Jan 2022
Amendments to IAS 37 (May 2020)	Onerous contracts – cost of fulfilling a contract	1 Jan 2022

2.4.2 New, revised and amended accounting standards not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. These standards, amendments or interpretations are listed below:

Not yet mandatorily effective

Title	Subject	Effective date per UKEB
IFRS 17	Insurance contracts	1 Jan 2023
Amendments to IFRS 17	IFRS 17	1 Jan 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	TBC – Per IASB 1 Jan 2023
Amendments to IAS 1	Classification of liabilities as current or non-current – deferral of Effective Date	TBC – Per IASB 1 Jan 2023
Amendments to IFRS 4	Extension of the temporary exemption from applying IFRS 9	1 Jan 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	TBC – Per IASB 1 Jan 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	TBC – Per IASB 1 Jan 2023
Amendments to IAS 8	Definition of accounting estimates	TBC - Per IASB 1 Jan 2023
Amendments to IFRS 17	Initial application of IFRS 17 and IFRS 9 – comparative information	1 Jan 2023
Amendment to IFRS 16	Lease liability in a sale and leaseback	TBC – Per IASB 1 Jan 2024
Amendments to IAS 1	Non-current liabilities with covenants	TBC – Per IASB 1 Jan 2024

2.4.3 Prior year restatement

In September 2022, the Group received a letter from the Financial Reporting Council (FRC) as part of its regular review and assessment of the quality of corporate reporting in the UK. The letter included a request for further information on the Group's Annual Report and Accounts for the year ended 31 December 2021. Following completion of the correspondence with the FRC, the Group undertook to restate the classification in two areas of the 2021 comparative balance sheets. As these reclassifications affected the information presented in the balance sheet as at the beginning of the earliest comparative period, a third balance sheet as at 31 December 2020 has been presented.

The review conducted by the FRC was performed solely on the Group's published 2021 Annual Report and Accounts and does not provide any assurance that the Annual Report and Accounts are correct in all material respects. The FRC's review did not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into. The FRC accepts no liability for reliance on their review by the Company or any third party.

Notes to the financial statements continued

For the year ended 31 December 2022

2. Accounting policies and basis of preparation continued

i. Offsetting of deferred tax assets and liabilities

The Group previously presented deferred tax assets and liabilities gross on the balance sheet. Certain of these assets and liabilities arose in the same tax jurisdiction and met the criteria for offset in IAS 12. These balances have therefore been restated to offset those that met the criteria. The effect of this was to reduce deferred tax assets and deferred tax liabilities as at 31 December 2021 by £8.4 million (31 December 2020: £11.1 million).

ii. Offsetting of bank overdrafts

The Group has cash pooling arrangements that were previously recorded as part of cash and cash equivalents, with the overdraft being disclosed in the notes to the financial statements. The Directors have concluded that the second criterion of IAS 32 paragraph 42 was not met. Consequently, a restatement has been made with the effect that cash and cash equivalents and current borrowings as at 31 December 2021 increased by £18.9 million (31 December 2020: £3.5 million).

These restatements did not affect the Group's income statement, net assets, cash flows, KPIs or compliance with covenants.

The previously reported and restated financial statement line items are summarised as follows:

31 December 2021

	As previously reported £m	Impact of restatement £m	Restated £m
Cash and cash equivalents	58.1	18.9	77.0
Deferred tax asset	12.6	(8.4)	4.2
Borrowings- current	(0.1)	(18.9)	(19.0)
Deferred tax liability	(20.5)	8.4	(12.1)
Net assets	482.4	–	482.4
Total assets	836.2	10.5	846.7
Total liabilities	(353.8)	(10.5)	(364.3)

31 December 2020

	As previously reported £m	Impact of restatement £m	Restated £m
Cash and cash equivalents	69.7	3.5	73.2
Deferred tax asset	16.3	(11.1)	5.2
Borrowings- current	(40.3)	(3.5)	(43.8)
Deferred tax liability	(26.8)	11.1	(15.7)
Net assets	443.1	–	443.1
Total assets	802.4	(7.6)	794.8
Total liabilities	(359.3)	7.6	(351.7)

2.5 Consolidation

Subsidiaries are entities that are directly or indirectly controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Where necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

2.6 Foreign exchange

2.6.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in sterling, which is the functional currency of the Company and the presentation currency of the Group.

2.6.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying net investment hedges. Other than the ineffective element, these are recognised directly in equity until the disposal of the net investment, at which time they are recognised in the income statement.

2.6.3 Group companies

On consolidation, assets and liabilities of Group companies denominated in foreign currencies are translated into sterling at the exchange rate prevailing at the balance sheet date. Income and expense items are translated into sterling at the average rates throughout the year.

Exchange differences arising on the translation of opening net assets of Group companies, together with differences arising from the translation of the net results at average or actual rates to the exchange rate prevailing at the balance sheet date, are taken to other comprehensive income. On disposal of a foreign entity, the cumulative translation differences recognised in other comprehensive income relating to that particular foreign operation are recognised in the income statement as part of the gain or loss on disposal.

2.7 Revenue recognition

The Group derives revenue solely from the sale of goods to customers. This revenue recognition policy applies to all product types and sales channels. Revenue from the sale of goods is recognised when control of the goods has been transferred to the buyer. Control transfers when the customer has the ability to direct the use of and obtain substantially all of the benefits of the goods. This is either on dispatch of the goods or on receipt of goods by the customer, depending on the terms of shipment.

Where the Group is responsible for arranging shipping services, an evaluation is made to determine whether the shipping services are a separate performance obligation. Where these are considered to be a separate performance obligation, the revenue recognition criteria are applied to the performance obligations of sale of goods and shipping services separately. Revenue is allocated to each performance obligation based on its standalone selling price.

The Group is considered to be acting as the principal in shipping arrangements when it has discretion over setting prices, has primary responsibility for fulfilling the obligation, and retains inventory risk. In these circumstances, the cost of freight to customers is considered a distribution expense. The cost of freight is recorded within selling, general and administrative expenses.

Revenue is measured at the fair value of the consideration received or receivable. Revenue represents the amounts receivable for goods supplied, stated net of discounts, returns, rebates and value-added taxes. Where customers have a right to return goods, a refund liability is recognised (included in trade and other payables) for the expected value of refunds to be provided to customers. A corresponding contract asset is recognised reflecting the value of goods expected to be returned (included in other receivables). Accumulated experience is used to estimate and provide for expected returns using the expected value method.

Volume rebates are estimated with reference to customer agreements, which typically have tiered volume thresholds based on the level of sales expected to be achieved over the period of the agreement using the expected value method. Early settlement discounts are known shortly after the sale and can therefore be reliably estimated. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Incremental costs of obtaining a contract, such as sales commissions, are expensed as incurred, as the period over which the Group obtains benefit from these is less than twelve months.

Notes to the financial statements continued

For the year ended 31 December 2022

3. Segment reporting

3.1 Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, defined as the Board of Directors of the Group, is responsible for allocating resources and assessing performance of the operating segments.

3.2 Segment information

The reporting segments reflect the manner in which performance is evaluated and resources are allocated. The Group operates through three clearly defined divisions: Tyman North America, Tyman UK & Ireland and Tyman International.

North America comprises all the Group's operations within the US, Canada and Mexico. UK & Ireland comprises the Group's UK and Ireland hardware business, together with Access 360 and Tyman Sourcing Asia. International comprises the Group's remaining businesses outside the US, Canada, Mexico and the UK (although includes the two UK seal manufacturing plants that are managed by the Tyman International leadership team). Centrally incurred functional costs that are directly attributable to a division are allocated or recharged to the division. All other centrally incurred costs and eliminations are disclosed as a separate line item in the segment analysis.

In the opinion of the Board, there is no material difference between the Group's operating segments and segments based on geographical splits. Accordingly, the Board does not consider geographically defined segments to be reportable.

The following tables present Group revenue and profit information for the Group's reporting segments, which have been generated using the Group accounting policies, with no differences of measurement applied, other than those noted above.

3.2.1 Revenue by division

	2022			2021		
	Segment revenue £'m	**Inter-segment revenue £'m**	**External revenue £'m**	Segment revenue £'m	Inter-segment revenue £'m	External revenue £'m
North America	**474.9**	**(3.0)**	**471.9**	400.5	(2.8)	397.7
UK & Ireland	**103.5**	**(0.2)**	**103.3**	106.2	(0.4)	105.8
International	**143.4**	**(3.1)**	**140.3**	135.2	(3.0)	132.2
Total revenue	**721.8**	**(6.3)**	**715.5**	641.9	(6.2)	635.7

Included within the Tyman International segment is revenue generated in the UK of £24.7 million (2021: £22.3 million).

There are no single customers that account for greater than 10% of total revenue.

3.2.2 Revenue by product line

	2022 £'m	2021 £'m
Window and door hardware	**512.4**	468.2
Seals and extrusions	**126.3**	105.2
Commercial access solutions	**74.7**	61.1
Other products	**2.1**	1.2
Total revenue from products	**715.5**	635.7

3.2.3 Profit before taxation

	Note	2022 £'m	2021 £'m
North America		**66.8**	65.1
UK & Ireland		**14.5**	14.8
International		**21.3**	19.5
Operating segment profit		**102.6**	99.4
Centrally incurred costs		**(8.0)**	(9.4)
Adjusted operating profit		**94.6**	90.0
Adjusting items	6	**(6.3)**	0.6
Amortisation of acquired intangible assets	10	**(17.6)**	(17.5)
Operating profit		**70.7**	73.1
Net finance costs	7	**(9.3)**	(9.1)
Profit before taxation		**61.4**	64.0

3.2.4 Operating profit disclosures

	Cost of sales		Depreciation		Amortisation	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m	2022 £'m	2021 £'m
North America	**(345.5)**	(280.0)	**(12.6)**	(11.8)	**(13.7)**	(12.3)
UK & Ireland	**(65.3)**	(67.5)	**(1.9)**	(2.0)	**(2.8)**	(3.2)
International	**(82.4)**	(76.5)	**(4.8)**	(4.5)	**(3.1)**	(3.1)
Unallocated	**–**	–	**(0.2)**	(0.2)	**–**	(0.2)
Total	**(493.2)**	(424.0)	**(19.5)**	(18.5)	**(19.6)**	(18.8)

3.2.5 Segment assets and liabilities

	Segment assets		Segment liabilities[1]		Non-current assets	
	2022 £'m	2021 Restated[2] £'m	2022 £'m	2021 Restated[2] £'m	2022 £'m	2021 Restated[2] £'m
North America	**598.3**	533.2	**(114.4)**	(124.7)	**421.6**	384.5
UK & Ireland	**131.3**	140.7	**(32.8)**	(38.9)	**86.5**	82.4
International	**160.6**	157.3	**(45.5)**	(56.2)	**83.6**	83.5
Unallocated	**10.9**	15.5	**(166.8)**	(144.5)	**0.3**	0.5
Total	**901.1**	846.7	**(359.5)**	(364.3)	**592.0**	550.9

1 Included within unallocated segment liabilities are centrally held borrowings of £163.0 million (2021: £140.8 million), provisions of £Nil (2021: £0.7 million) and other liabilities of £3.8 million (2021: £3.0 million). Where borrowings can be directly attributed to segments, these have been allocated.

2 See note 2.4 for details regarding reclassification adjustments to the comparative balance sheets.

Non-current assets of the International segment include £12.4 million (2021: £17.6 million) attributable to the UK.

Notes to the financial statements continued

For the year ended 31 December 2022

3. Segment reporting continued

3.2.6 Capital expenditure

	Property, plant and equipment		Intangible assets	
	2022 £'m	2021 £'m	**2022 £'m**	2021 £'m
North America	**9.7**	8.5	**4.1**	4.0
UK & Ireland	**4.2**	0.5	**0.2**	0.3
International	**5.3**	7.0	**0.6**	0.2
Total	**19.2**	16.0	**4.9**	4.5

3.2.7 Other disclosures

	Goodwill		Intangible assets		Retirement benefit obligations	
	2022 £'m	2021 £'m	**2022 £'m**	2021 £'m	**2022 £'m**	2021 £'m
North America	**302.7**	268.5	**38.9**	43.6	**(1.3)**	(0.8)
UK & Ireland	**60.2**	60.2	**2.2**	4.7	**–**	–
International	**36.4**	34.6	**16.6**	18.5	**(3.0)**	(3.2)
Total	**399.3**	363.3	**57.7**	66.8	**(4.3)**	(4.0)

4. Operating profit

Operating profit is stated after charging the following:

	Note	**2022 £'m**	2021 £'m
Depreciation of property, plant and equipment	11	**(12.4)**	(11.5)
Depreciation of right-of-use assets	12	**(7.1)**	(7.0)
Amortisation of acquired intangible assets	10	**(17.6)**	(17.5)
Amortisation of other intangible assets	10	**(2.0)**	(1.3)
Impairment of other intangible assets	10	**(0.1)**	(1.9)
Research and development costs	10	**(5.1)**	(4.8)
Foreign exchange loss		**(0.7)**	(1.0)
Loss on disposal of property, plant and equipment		**(0.1)**	(0.2)
Employee costs	5	**(158.6)**	(152.7)

Analysis of auditor's remuneration:

	2022 £'m	2021 £'m
Audit of Parent Company and consolidated financial statements	**(0.3)**	(0.3)
Audit of subsidiaries	**(0.8)**	(0.7)
Total audit	**(1.1)**	(1.0)
Audit-related assurance services	**(0.1)**	(0.1)
Total fees	**(1.2)**	(1.1)
Total audit fees	**(1.1)**	(1.0)
Total non-audit fees	**(0.1)**	(0.1)
Total fees	**(1.2)**	(1.1)

Audit-related assurance services were in respect of the interim review and were £64,000 (2021: £52,200).

5. Employees and employee costs

5.1 Accounting policy

5.1.1 Wages and salaries
Wages and salaries are recognised in the income statement as the employees' services are rendered.

5.1.2 Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

- when the Group can no longer withdraw the offer of those benefits; and
- when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

5.1.3 Bonus plans
The Group recognises a liability and an expense for bonuses based on the expected level of payment to employees in respect of the relevant financial year. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

5.2 Number of employees

The average monthly number of employees during the financial year and as at 31 December 2022 was:

	Average		As at 31 December	
	2022	2021	**2022**	2021
Administration	**693**	405	**692**	418
Operations	**3,146**	3,554	**2,742**	3,404
Sales	**296**	336	**283**	337
	4,135	4,295	**3,717**	4,159

The analysis above includes Directors.

5.3 Employment costs

Employment costs of employees, including Directors' remuneration, during the year were as follows:

	Note	**2022 £'m**	2021 £'m
Wages and salaries		**(141.2)**	(136.4)
Social security costs		**(12.1)**	(11.2)
Share-based payments – equity settled	23	**(0.8)**	(1.0)
Share-based payments – cash settled	23	**(0.2)**	–
Pension costs – defined contribution schemes	21	**(4.0)**	(3.8)
Pension costs – defined benefit schemes	21	**(0.3)**	(0.3)
		(158.6)	(152.7)

Details of Directors' remuneration are set out in the Remuneration report on pages 115 to 139.

Notes to the financial statements continued

For the year ended 31 December 2022

6. Adjusting items

6.1 Accounting policy

The Group excludes from adjusted performance metrics certain items that are considered to be significant in nature and/or quantum and where treatment as an adjusted item provides stakeholders with additional useful information to assess the trading performance of the Group compared to prior periods. Under the Group's policy, such items include costs of major redundancy and restructuring programmes, transaction and integration costs associated with merger and acquisition activity, significant impairment charges, gains or losses on the disposal of businesses and releases of provisions associated with acquisitions that had initially been recognised as part of a purchase price allocation.

These adjusted performance metrics are used by management internally to monitor performance of the business, and the Group aims to be both consistent and clear in its recognition and disclosure of adjusting items. Management judgement is required in assessing the nature and amounts of transactions that satisfy the conditions for classification as an adjusted item. See APMs section on pages 208 to 215.

6.2 Adjusting items

	2022 £'m	2021 £'m
Footprint restructuring – costs	**(6.3)**	–
Footprint restructuring – credits	–	0.3
Footprint restructuring – net	**(6.3)**	0.3
M&A and integration – credits	–	0.6
M&A and integration – net	–	0.6
Impairment charges	–	(1.9)
Impairment credits	–	1.6
Impairment – net	–	(0.3)
	(6.3)	0.6

The footprint restructuring costs in 2022 relate to the closure of the Hamburg facility and the consolidation of the three UK Access solutions businesses into a single site. These are considered major restructuring programmes, which required Board approval and are therefore, drawn out separately as adjusting items. The costs include severance, onerous contracts, winding up costs, and certain costs of preparing and running new facilities that are not yet operational. These projects are expected to be substantially completed in the first half of 2023. The cash costs incurred in respect of these programmes in the year was £1.8 million, with the remainder expected to be settled during 2023.

The M&A credit in the prior year related to the release of provisions made as part of the business combination accounting for previous acquisitions, which are no longer required. The impairment charge in the prior year related to impairment of certain of the Group's intangible assets following the commencement of a multi-year ERP upgrade. The impairment credit related to the release of a portion of provisions made in 2019 against inventory and other assets associated with the new door seals product in North America, which was no longer required.

7. Finance income and costs

	2022 £'m	2021 £'m
Finance income		
Interest income from short-term bank deposits	**0.9**	–
Gain on revaluation of derivative instruments	**0.1**	–
	1.0	–
Finance costs		
Interest payable on bank loans, private placement notes and overdrafts	**(6.9)**	(5.9)
Foreign exchange on borrowings	**0.2**	–
Interest payable on leases	**(3.0)**	(2.5)
Amortisation of borrowing costs	**(0.6)**	(0.5)
Pension interest cost	**–**	(0.1)
Loss on revaluation of derivative instruments	**–**	(0.1)
	(10.3)	(9.1)
Net finance costs	**(9.3)**	(9.1)

8. Taxation

8.1 Accounting policy

The income tax charge comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in the relevant statement.

The Group's liability for current tax is calculated using tax rates that have been enacted, or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. No deferred tax liabilities are recognised if they arise from the initial recognition of:

- goodwill; or
- an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or when the deferred income tax liability is settled.

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority. Offset may be applied, either within the same tax entity or different taxable entities, where there is an intention to settle tax balances on a net basis.

The Group has made provisions for uncertain tax positions in accordance with IFRIC 23. At any point in time the Group has open tax returns across the jurisdictions in which it operates that may give rise to different amounts of tax due. Judgement is required in making an assessment of whether it is probable a tax authority will accept an uncertain tax treatment. If it is not probable the position will be accepted, estimation is required in making a provision using either the expected value approach or the most likely outcome approach. The amounts at which tax liabilities are finally settled may differ from the amounts provided.

Notes to the financial statements continued

For the year ended 31 December 2022

8. Taxation continued

8.2 Taxation – income statement and other comprehensive income

8.2.1 Tax on profit

	Note	2022 £'m	2021 £'m
Current taxation			
Current tax on profit for the year		**(19.1)**	(18.8)
Prior year adjustments		**1.5**	1.5
Total current taxation		**(17.6)**	(17.3)
Deferred taxation			
Origination and reversal of temporary differences		**4.6**	2.2
Rate change adjustment		**0.1**	0.4
Prior year adjustments		**(0.7)**	0.3
Total deferred taxation	8.3	**4.0**	2.9
Income tax charge in the income statement		**(13.6)**	(14.4)
Total (charge)/credit relating to components of other comprehensive income			
Current tax charge on translation		**(0.3)**	–
Current tax credit on share-based payments		**–**	0.1
Deferred tax charge on actuarial gains and losses	8.3	**–**	(0.5)
Deferred tax (charge)/credit on share-based payments	8.3	**(0.2)**	0.2
Deferred tax charge on translation	8.3	**–**	(0.1)
Income tax charge in the statement of other comprehensive income		**(0.5)**	(0.3)
Total current taxation		**(17.9)**	(17.2)
Total deferred taxation		**3.8**	2.5
Total taxation		**(14.1)**	(14.7)

The Group's UK profits for this financial year are taxed at the statutory rate of 19.0% (2021: 19.0%). The deferred tax balances have been measured using the applicable enacted rates. In the UK, legislation to increase the standard rate of corporation tax from 19% to 25% from 1 April 2023 was substantively enacted in the Finance Act 2021 on 24 May 2021, and consequently deferred tax has been remeasured to reflect this.

Taxation for other jurisdictions is calculated at rates prevailing in those respective jurisdictions.

8.2.2 Reconciliation of the total tax charge

The tax assessed for the year differs from the standard rate of tax in the UK of 19.0% (2021: 19.0%). The differences are explained below:

	2022 £'m	2021 £'m
Profit before taxation	**61.4**	64.0
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19.0% (2021: 19.0%)	**(11.7)**	(12.2)
Effects of:		
Expenses not deductible for tax purposes	**(0.2)**	(0.9)
Overseas tax rate differences	**(2.5)**	(3.5)
Rate change adjustment	**0.1**	0.4
Prior year adjustments	**0.7**	1.8
Income tax charge in the income statement	**(13.6)**	(14.4)

8.3 Taxation – balance sheet

The net movement in deferred tax is as follows:

	Accelerated tax depreciation £'m	Post-retirement benefit provisions £'m	Intangible assets on acquisition £'m	Purchased goodwill £'m	Other timing differences £'m	Total £'m
At 1 January 2021	(4.7)	1.5	(18.0)	5.2	5.5	(10.5)
Income statement credit/(charge)	0.1	(0.7)	3.8	(1.5)	0.7	2.4
US Federal tax rate change adjustment	–	–	0.2	0.3	(0.1)	0.4
Tax credit/(charge) relating to components of other comprehensive income	–	(0.5)	–	–	0.1	(0.4)
Exchange difference	–	–	0.2	–	–	0.2
At 31 December 2021	(4.6)	0.3	(13.8)	4.0	6.2	(7.9)
Income statement credit/(charge)	0.1	–	4.5	(1.9)	1.3	4.0
Tax credit/(charge) relating to components of other comprehensive income	–	–	–	–	(0.5)	(0.5)
Exchange difference	–	–	(0.8)	–	–	(0.8)
At 31 December 2022	**(4.5)**	**0.3**	**(10.1)**	**2.1**	**7.0**	**(5.2)**

Comprised of:

	2022 £'m	2021 Restated[1] £'m
Deferred tax assets	**1.7**	4.2
Deferred tax liabilities	**(6.9)**	(12.1)
Net deferred tax liabilities	**(5.2)**	(7.9)

1 See note 2.4 for details regarding reclassification adjustments to the comparative balance sheets.

The deferred tax asset arises from temporary differences arising in various tax jurisdictions, predominantly the US and UK. Given both recent and forecast trading, the Directors are of the opinion that the level of profits in the foreseeable future is more likely than not to be sufficient to recover these assets.

Deferred tax liabilities of £7.0 million (2021: £14.0 million) are expected to fall due after more than one year and deferred tax assets of £1.1 million (2021: £7.5 million) are expected to be recovered after more than one year.

8.3.1 Factors that may affect future tax charges

The estimated tax losses within the Group are as follows:

	Gross losses		Tax effect of losses	
Estimated tax losses:	**2022 £'m**	2021 £'m	**2022 £'m**	2021 £'m
Capital losses	**10.8**	3.3	**(2.7)**	(0.6)
Trading losses	**14.1**	20.2	**(4.2)**	(5.4)
	24.9	23.5	**(6.9)**	(6.0)

In accordance with the Group's accounting policy, as the future use of these losses is uncertain, none of these losses have been recognised as a deferred tax asset.

In respect of unremitted earnings of overseas subsidiaries, an assessable temporary difference exists, but no deferred tax liability has been recognised because the Group is able to control the timing of any distributions from these subsidiaries and hence any tax consequences that may arise.

Notes to the financial statements continued

For the year ended 31 December 2022

9. Earnings per share

9.1 Earnings per share

	2022	2021
Profit for the year (£'m)	**47.8**	49.6
Basic earnings per share (p)	**24.6p**	25.4p
Diluted earnings per share (p)	**24.5p**	25.3p

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the diluted potential ordinary shares into ordinary shares.

9.2 Weighted average number of shares

	2022 'm	2021 'm
Weighted average number of shares (including treasury shares)	**196.8**	196.8
Treasury shares	**(0.5)**	(0.5)
Employee Benefit Trust shares	**(2.1)**	(0.9)
Weighted average number of shares – basic	**194.2**	195.4
Effect of dilutive potential ordinary shares – LTIP awards and options	**1.0**	0.7
Weighted average number of shares – diluted	**195.2**	196.1

9.3 Non-GAAP Alternative Performance Measure: Adjusted earnings per share

Adjusted earnings per share is summarised as follows:

	2022	2021
Basic adjusted earnings per share	**34.7p**	32.1p
Diluted adjusted earnings per share	**34.5p**	32.0p

For definition and reconciliation, see Alternative Performance Measures on page 210.

10. Goodwill and intangible assets

10.1 Accounting policy

10.1.1 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

10.1.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. The estimated useful lives of acquired intangible assets are reviewed whenever events or circumstances indicate that there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset. Any amendments to the estimated useful lives of intangible assets are recorded as a change in estimate in the period the change occurred.

i. Intangible assets arising on business combinations

On acquisition of businesses by the Group, the Group recognises any separately identifiable intangible assets separately from goodwill. This includes acquired brands, customer relationships, trademarks and licences. These intangible assets are initially measured at fair value and amortised on a straight-line basis over their estimated useful economic lives, being:

- Acquired brands 5 to 20 years
- Customer relationships 9 to 15 years

ii. Computer software

Computer software which the Group has control over, is initially recognised at the purchase price of the software, plus directly attributable costs of preparing the software for use. Directly attributable costs include configuration and customisation costs, including both external consultancy and employee costs. Configuration and customisation costs associated with Software as a Services (SaaS) arrangements are capitalised only if they create an intangible asset that the Group controls. If these costs do not meet the definition of an intangible asset but are considered to be an integral part of the service provided by the software provider, they are capitalised as a prepayment and expensed as the service is provided. In other cases, these costs are expensed as incurred. Computer software is subsequently amortised on a straight-line basis over its estimated useful economic lives, being:

- Computer software 3 to 7 years

iii. Research and development costs

Research costs are expensed to the income statement as incurred. Development costs are capitalised when all of the following can be demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Group's intention to complete the intangible asset and use or sell it.
- The Group's ability to use the intangible asset or to sell it.
- That the intangible asset will generate probable future economic benefits. This includes the ability to demonstrate the existence of a market for the intangible asset's output or for the intangible asset itself; or, if the asset is to be used internally, the Group must be able to demonstrate the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The Group's ability to measure reliably the expenditure attributable to the intangible asset during its development.

The Group does not currently capitalise any development costs, as for new products, the incremental costs from the point at which technical feasibility is demonstrated, and there is enough certainty that sufficient future economic benefits will be derived are not material.

10.1.3 Impairment of goodwill and intangible assets

Intangible assets, including goodwill, that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. Goodwill previously impaired cannot be reversed at a later date.

Notes to the financial statements continued

For the year ended 31 December 2022

10. Goodwill and intangible assets continued

10.2 Cash generating units

The Group's CGUs have been defined as each of the Group's three operating divisions. Each division has its own senior management and leadership team, which holds the overall responsibility for the key decision making of each operating unit within that division. In the opinion of the Directors, the divisions represent the smallest groups of assets that independently generate cash flows for the Group and to which goodwill is allocated. This conclusion is consistent with the approach adopted in previous years.

10.3 Carrying amount of goodwill

	£'m
Net carrying value	
At 1 January 2021	361.9
Exchange difference	1.4
At 31 December 2021	363.3
Exchange difference	36.0
At 31 December 2022	**399.3**

Goodwill is monitored principally on an operating segment basis and the net book value of goodwill is allocated by CGU as follows:

	2022 £'m	2021 £'m
North America	**302.7**	268.5
UK & Ireland	**60.2**	60.2
International	**36.4**	34.6
	399.3	363.3

10.3.1 Impairment tests for goodwill

The recoverable amounts of CGUs are estimated from value in use (VIU) calculations. VIU is determined by discounting the future pre-tax cash flows generated from the continuing use of the CGU, using a pre-tax discount rate.

Assumptions

Cash flow projections
Cash flow projections, including EBITDA margins, which have been reviewed and approved by the Board, are derived from the bottom-up budget for 2023 and the strategic plan for 2024 – 2025, extrapolated for a further two years at an estimated medium-term growth rate for each CGU. The five-year cash flows were extrapolated using a long-term growth rate of 1.75% (2021: 1.5%) in order to calculate the terminal recoverable amount. The forecasts were derived using assumptions based on market growth expectations, estimated share gains, and margin expansion from executing of strategic initiatives.

Climate change
The Group has considered the potential impact of climate change on future cash flows and the terminal growth rate used in the impairment test. This took into consideration the quantification of the risks and opportunities identified in the TCFD disclosures outlined in the sustainability report on pages 53 to 63, as well as the commitments made in the sustainability roadmap. This included overlaying the impact of the quantified NPV impact for the physical risk as disclosed in the sustainability report, as well as an initial estimate of the transition risk for which work to fully assess is ongoing. After taking into account the potential impact of climate change, significant headroom remained in the model.

In addition, there have been no factors identified that would be expected to limit the useful lives of any major assets or parts of the business that would suggest the current terminal growth rate is not appropriate.

Discount rates

Discount rates are estimated using a weighted average cost of capital calculation as a base for each CGU. This uses observable information such as market risk premiums, comparable company information, and country-specific interest rates to align with the risk profiles of the CGUs. This is then adjusted to derive a pre-tax rate.

The key assumptions used in the VIU calculations in each of the Group's CGUs at 31 December are as follows:

	Average pre-tax discount rate		Average EBITDA margin: years one to five	
	2022	2021	**2022**	2021
North America	**12.8%**	12.7%	**21.9%**	21.9%
UK & Ireland	**12.7%**	11.2%	**17.5%**	15.7%
International	**15.3%**	14.4%	**19.2%**	20.2%

Impairment review results: 2022

A review of the carrying amount of goodwill and intangible assets across the Group has been carried out at year end taking into account the current trading conditions and future prospects. The assumptions have been subjected to sensitivity analyses, including sensitising revenue, EBITDA margin and the discount rate. The annual impairment review did not result in any impairment losses being recognised in 2022. Results are summarised as follows:

UK & Ireland: Relative to the base case scenario, revenue would need to decline by over 6% on average in each of the five years from 2023 to 2027, to eliminate VIU headroom, or the average EBITDA margin for the next five years would need to decrease from 17.5% to 13.9%, to reduce VIU headroom to zero, or the discount rate would need to increase from 10.0% to 13.4%, to reduce VIU headroom to zero. This is not considered a reasonably possible change in assumption.

North America: Relative to the base case scenario, revenue would need to decline by over 8% on average in each of the five years from 2023 to 2027, to eliminate VIU headroom, or the average EBITDA margin for the next five years would need to decrease from 21.9% to 16.6%, to reduce VIU headroom to zero, or the discount rate would need to increase from 10.4% to 15.3%, to reduce VIU headroom to zero. This is not considered a reasonably possible change in assumption.

International: Relative to the base case scenario, revenue would need to decline by over 13% on average in each of the five years from 2023 to 2027, to eliminate VIU headroom, or the average EBITDA margin for the next five years would need to decrease from 19.2% to 13.3% for the VIU headroom of the International division to reduce to zero, or the discount rate would need to increase from 12.3% to 21.2%, to reduce VIU headroom to zero. This is not considered a reasonably possible change in assumption.

Notes to the financial statements continued

For the year ended 31 December 2022

10. Goodwill and intangible assets continued

10.4 Carrying amount of intangible assets

	Note	Computer software £'m	Acquired brands £'m	Customer relationships £'m	Other Intangibles £'m	Total £'m
Cost						
At 1 January 2021		13.2	85.8	252.7	–	351.7
Additions		4.4	0.1	–	–	4.5
Disposals		(2.0)	(3.0)	–	–	(5.0)
Exchange difference		(0.1)	(0.8)	(0.2)	–	(1.1)
At 31 December 2021		15.5	82.1	252.5	–	350.1
Additions		4.7	–	–	0.2	4.9
Disposals		(0.4)	–	–	–	(0.4)
Transfers between categories		0.1	(0.1)	–	–	–
Exchange difference		1.8	7.8	24.3	–	33.9
At 31 December 2022		**21.7**	**89.8**	**276.8**	**0.2**	**388.5**
Accumulated amortisation						
At 1 January 2021		(7.1)	(57.4)	(203.1)	–	(267.6)
Amortisation charge for the year	4	(1.3)	(5.4)	(12.1)	–	(18.8)
Disposals		2.0	3.0	–	–	5.0
Impairment		(1.9)	–	–	–	(1.9)
Exchange difference		(0.1)	0.4	(0.3)	–	–
At 31 December 2021		(8.4)	(59.4)	(215.5)	–	(283.3)
Amortisation charge for the year	4	(2.0)	(5.4)	(12.2)	–	(19.6)
Disposals		0.4	–	–	–	0.4
Impairment		(0.1)	(0.1)	–	–	(0.2)
Exchange difference		(0.9)	(5.9)	(21.3)	–	(28.1)
At 31 December 2022		**(11.0)**	**(70.8)**	**(249.0)**	**–**	**(330.8)**
Net carrying value						
At 1 January 2021		6.1	28.4	49.6	–	84.1
At 31 December 2021		7.1	22.7	37.0	–	66.8
At 31 December 2022		**10.7**	**19.0**	**27.8**	**0.2**	**57.7**

Included with computer software are assets under construction of £3.4 million (2021: £4.2 million) for which amortisation has not yet commenced.

The amortisation charge for the year has been included in selling, general and administrative expenses in the income statement and comprises £17.6 million (2021: £17.5 million) relating to amortisation of acquired intangible assets and £2.0 million (2021: £1.3 million) relating to amortisation of other intangible assets.

11. Property, plant and equipment

11.1 Accounting policy

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the Group and the cost of the subsequent item can be measured reliably. The carrying amount of the replaced part is derecognised from the date of replacement. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Freehold land is not depreciated. Depreciation is provided on all other property, plant and equipment at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful life, at the following annual rates:

- Freehold buildings 2.0 to 5.0%
- Plant and machinery 7.5 to 33.0%

The carrying amounts of property, plant and equipment are reviewed for impairment periodically if events or changes in circumstances indicate that the carrying amount may not be recoverable. The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

The Group have considered the risks relating to sustainability on PPE and have confirmed that these will not impact the Group.

Notes to the financial statements continued

For the year ended 31 December 2022

11. Property, plant and equipment continued

11.2 Carrying amount of property, plant and equipment

	Note	Freehold land and buildings £'m	Plant and machinery £'m	Total £'m
Cost				
At 1 January 2021		28.3	97.6	125.9
Additions		0.2	15.8	16.0
Disposals		(1.7)	(2.8)	(4.5)
Exchange difference		(1.8)	(2.1)	(3.9)
At 31 December 2021		25.0	108.5	133.5
Additions		0.3	18.9	19.2
Disposals		–	(8.6)	(8.6)
Transfers between asset categories		1.0	(1.0)	–
Exchange difference		3.3	20.9	24.2
At 31 December 2022		**29.6**	**138.7**	**168.3**
Accumulated depreciation				
At 1 January 2021		(9.4)	(55.8)	(65.2)
Depreciation charge for the year	4	(0.8)	(10.7)	(11.5)
Disposals		0.9	2.7	3.6
Impairment		–	(0.2)	(0.2)
Exchange difference		1.5	1.8	3.3
At 31 December 2021		(7.8)	(62.2)	(70.0)
Depreciation charge for the year	4	(1.0)	(11.4)	(12.4)
Disposals		–	8.3	8.3
Impairment		–	(0.7)	(0.7)
Transfers between asset categories		(0.2)	0.2	–
Exchange difference		(1.9)	(17.0)	(18.9)
At 31 December 2022		**(10.9)**	**(82.8)**	**(93.7)**
Net carrying value				
At 1 January 2021		18.9	41.8	60.7
At 31 December 2021		17.2	46.3	63.5
At 31 December 2022		**18.7**	**55.9**	**74.6**

Depreciation on property, plant, and equipment is included in the income statement as follows:

	2022 £'m	2021 £'m
Cost of sales	**10.1**	9.0
Selling, general and administrative expenses	**2.3**	2.5
Total depreciation charge	**12.4**	11.5

The carrying amounts of property, plant and equipment have been reviewed for impairment, with a charge of £0.7 million (2021: charge of £0.2 million) recognised. As part of this review, the Group has considered the impact of physical risk hazards arising from climate change on significant asset locations, the risk of obsolescence or impairment of equipment due to the introduction of climate-related technologies, and additional costs of transitioning to energy efficient technology. There were no assets identified where this would significantly reduce the useful economic life and no impairment charge has been recognised in relation to climate change. Refer to the sustainability report on pages 53 to 63 for further detail on climate risks and opportunities.

12. Leases

12.1 Accounting policy

Recognition
At inception, the Group assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset. The Group recognises a right-of-use (ROU) asset and a lease liability at the commencement of the lease.

Short-term and low-value assets
The Group has elected not to recognise ROU assets and lease liabilities for leases where the total lease term is less than or equal to twelve months, or for leases of assets with a value of less than £5,000. The payments for such leases are recognised in the income statement on a straight-line basis over the lease term.

Non-lease components
Fees for components such as property taxes, maintenance, repairs and other services that are either variable or transfer benefits separate to the Group's right to use the asset are separated from lease components based on their relative stand-alone selling price. These components are expensed in the income statement as incurred.

Measurement
Lease liabilities
Lease liabilities are initially measured at the present value of future lease payments at the commencement date. Lease payments are discounted using the interest rate implicit in the lease, or where this cannot be readily determined, the lessee's incremental borrowing rate. Lease payments include the following payments due within the non-cancellable term of the lease, as well as the term of any extension options where these are considered reasonably certain to be exercised:

- fixed payments,
- variable payments that depend on an index or rate, and
- the exercise price of purchase or termination options if it is considered reasonably certain these will be exercised.

Subsequent to the commencement date, the lease liability is measured at the initial value, plus an interest charge determined using the incremental borrowing rate, less lease payments made. The interest expense is recorded in finance costs in the income statement. The liability is remeasured when future lease payments change, when the exercise of extension or termination options becomes reasonably certain, or when the lease is modified.

Right-of-use assets
The ROU asset is initially measured at cost, being the value of the lease liability, plus the value of any lease payments made at or before the commencement date, initial direct costs and the cost of any restoration obligations, less any incentives received.

The ROU asset is subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is adjusted for any remeasurement of the lease liability. The ROU asset is subject to testing for impairment where there are any impairment indicators.

12.2 The Group's leasing arrangements

The Group leases manufacturing and warehousing facilities, offices, and various items of plant, machinery, and vehicles used in its operations.

Leases of manufacturing and warehousing facilities and offices generally have lease terms between five and 25 years, while plant, machinery, and vehicles generally have lease terms between six months and five years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Notes to the financial statements continued

For the year ended 31 December 2022

12. Leases continued

12.3 Carrying value of right-of-use assets

Set out below are the carrying amounts of right of use assets recognised and the movements during the year:

	Land and buildings £'m	Plant and machinery £'m	Total £'m
At 1 January 2021	50.0	1.8	51.8
Additions	1.4	0.9	2.3
Lease extensions	4.7	–	4.7
Change in indexation	0.1	–	0.1
Disposals	(0.1)	–	(0.1)
Depreciation charge	(6.1)	(0.9)	(7.0)
Exchange difference	0.2	–	0.2
At 31 December 2021	50.2	1.8	52.0
Additions	6.8	1.5	8.3
Change in indexation	0.1	–	0.1
Disposals	(0.1)	–	(0.1)
Depreciation charge	(6.1)	(1.0)	(7.1)
Revaluation impairment	(0.2)	–	(0.2)
Exchange difference	4.3	–	4.3
At 31 December 2022	**55.0**	**2.3**	**57.3**

12.4 Carrying value of lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2022 £'m	2021 £'m
At 1 January	**(54.8)**	(53.8)
New leases	**(8.3)**	(2.3)
Lease extensions	**–**	(4.7)
Change in indexation	**(0.1)**	(0.2)
Disposals	**0.1**	0.2
Interest charge	**(3.0)**	(2.5)
Lease payments	**9.2**	8.6
Exchange difference	**(4.8)**	(0.1)
At 31 December	**(61.7)**	(54.8)

	2022 £'m	2021 £'m
Current liabilities	**(6.8)**	(6.0)
Non-current liabilities	**(54.9)**	(48.8)
	(61.7)	(54.8)

12.5 Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss

	2022 £'m	2021 £'m
Depreciation of ROU assets	**(7.1)**	(7.0)
Interest expense (included in finance cost)	**(3.0)**	(2.5)
Expense relating to short-term and low-value assets not included in lease liabilities (included in cost of sales and selling, general and administration expenses)	**(2.3)**	(1.3)
Expense relating to variable lease payments not included in lease liabilities (included in cost of sales and selling, general and administration expenses)	**(0.7)**	(0.5)
	(13.1)	(11.3)

12.6 Extension and termination options

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management applied judgment in determining whether these options were reasonably certain to be exercised when determining the lease term. In making this judgment, management considered the remaining lease term, future business plans and other relevant economic factors.

As at 31 December 2022, potential future cash outflows of £60.7 million (2021: £75.8 million) (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

13. Inventories

13.1 Accounting policy

Inventories are valued at the lower of cost and net realisable value. Cost is determined in accordance with the first-in, first-out method. Cost includes the cost of materials determined on a purchase cost basis, direct labour and an appropriate proportion of manufacturing overheads based on normal levels of activity. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The carrying amounts of inventories are stated with due allowance for excess, obsolete or slow-moving items. Management exercises judgement in assessing net realisable value. In estimating provisions for slow-moving and obsolete inventory management assesses of the nature and condition of the inventory, including assumptions around demand, market conditions and new product development initiatives. To provide a consistent basis of estimation, the Group defines a methodology for estimating the provision required to bring inventory to net realisable value. This methodology calculates a provision for obsolete inventory at 100% of the value of inventory with no movement in the last 12 months and for slow moving inventory at 75% inventory holdings in excess of the last 12 months sales. Adjustments are then made where appropriate, such as for new products without sales history or where inventory holdings are higher for strategic reasons. In 2022, the slow-moving inventory provision for North America was amended to consider the excess over 24 months sales rather than 12 months. This change was made as a result of having abnormally high levels of stock following the significant supply chain disruption experienced in 2021 and the fall in demand in the second half of 2022. Although holdings are higher, this inventory is considered to have a net realisable value in excess of its carrying value. Had this change not been made, the provision would have been £3.9 million higher. This would have been expected to unwind in 2023 when the inventory was sold.

Notes to the financial statements continued

For the year ended 31 December 2022

13. Inventories continued

13.2 Carrying amount of inventories

	2022 £'m	2021 £'m
Raw materials and consumables	**45.4**	34.4
Work in progress	**25.0**	19.6
Finished goods	**82.7**	83.8
	153.1	137.8

The cost of materials charged to cost of sales in the income statement during the year was £320.7 million (2021: £279.0 million).

Inventories are stated net of an allowance for excess, obsolete or slow-moving items of £18.5 million (2021: £19.5 million).

A charge in respect of an increase in inventory provision of £0.2 million (2021: £0.9 million) was recognised in respect of inventories during the year.

There were no borrowings secured on the inventories of the Group (2021: £Nil).

14. Trade and other receivables

14.1 Accounting policy

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection is expected in one year, or less they are classified as current assets; otherwise, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. The Group holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method, less appropriate allowances for estimated credit losses (provision for impairment).

The Group assesses on a forward-looking basis the expected credit losses associated with its trade receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the length of time overdue. An estimate is made of the expected credit loss based on the Group's history, existing market conditions, as well as forward-looking estimates at the end of each reporting period.

The trade receivables impairment provision requires the use of estimation techniques by Group management. The estimate is made based on the assessments of the creditworthiness of customers, the ageing profile of receivables, historical experience, and expectations about future market conditions.

14.2 Carrying amounts of trade and other receivables

	2022 £'m	2021 £'m
Trade receivables	**70.5**	72.9
Less: Provision for impairment of trade receivables	**(3.0)**	(3.0)
Trade receivables – net	**67.5**	69.9
Other receivables – net	**6.4**	5.7
Prepayments	**7.5**	5.4
	81.4	81.0

All trade and other receivables are current. Trade receivables is net of an expected credit loss provision of £3.0 million (2021: £3.0 million). The net carrying amounts of trade and other receivables are considered to be a reasonable approximation of their fair values.

Impairment of trade receivables
An expected credit loss of £3.0 million has been recognised at 31 December 2022 (2021: £3.0 million).

The impairment loss allowance was determined as follows:

31 December 2022	Not yet due	0–3 months overdue	3–12 months overdue	> 12 months overdue	Total
Expected credit loss rate	**0.3%**	**15.7%**	**45.5%**	**100.0%**	**4.2%**
Gross trade receivables (£'m)	**58.5**	**10.2**	**1.1**	**0.7**	**70.5**
Loss allowance (£'m)	**0.2**	**1.6**	**0.5**	**0.7**	**3.0**

31 December 2021	Not yet due	0–3 months overdue	3–12 months overdue	> 12 months overdue	Total
Expected credit loss rate	0.7%	13.0%	22.2%	100.0%	4.1%
Gross trade receivables (£'m)	60.9	10.0	0.9	1.1	72.9
Loss allowance (£'m)	0.4	1.3	0.2	1.1	3.0

Movement in the allowance for impairment of trade receivables is as follows:

	2022 £'m	2021 £'m
At 1 January	**(3.0)**	(3.7)
Provision for impairment	**(0.4)**	(0.1)
Receivables written off during the year	**0.6**	0.7
Unused amounts reversed	**–**	0.1
Exchange difference	**(0.2)**	(0.0)
At 31 December	**(3.0)**	(3.0)

Movements in the impairment allowance are recognised in selling, general and administrative expenses in the income statement.

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2022 £'m	2021 £'m
US dollars	**36.5**	41.0
Sterling	**16.1**	16.2
Euros	**19.9**	17.2
Other currencies	**8.9**	6.6
	81.4	81.0

Notes to the financial statements continued

For the year ended 31 December 2022

14. Trade and other receivables continued

14.3 Financial assets at fair value through profit or loss

The Group classifies equity investments as assets held at fair value through profit or loss (FVPL). See note 19.1 for financial instruments accounting policy.

Financial assets measured at FVPL are as follows:

	2022 £'m	2021 £'m
Unlisted shares	**1.2**	1.1

The gain recognised through the profit or loss in the current year amounted to £0.1 million (2021: £Nil) and related solely to foreign exchange. The maximum market risk exposure at the end of the year is the carrying amount of this investment.

15. Cash and cash equivalents

15.1 Accounting policy

In the consolidated statement of cash flows and balance sheet, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less. Bank overdrafts are included in cash and cash equivalents only when there is a legal right of offset and an intention to settle net. Otherwise these are classified as borrowings. Please see below for reconciliation and refer to note 18 for bank overdrafts included in borrowings.

15.2 Carrying amounts of cash and cash equivalents

	2022 £'m	2021 Restated[1] £'m
Cash at bank and in hand	**71.4**	76.6
Short-term deposits	**3.2**	0.4
Cash at bank and on deposit	**74.6**	77.0

1 For details of restatement, see note 2.4.

Reconciliation of cash and cash equivalents and bank overdrafts at the period end

	2022 £'m	2021 Restated[1] £'m
Cash at bank and on deposits	**74.6**	77.0
Bank overdraft disclosed in borrowings[1]	**(16.4)**	(18.9)
Net cash and cash equivalents and bank overdrafts at the end of the year	**58.2**	58.1

1 For details of restatement, see note 2.4.

Included in cash and cash equivalents is £3.6 million (2021: £1.5 million) of cash held in a foreign subsidiary that is not available for use by the Group as a result of exchange control restrictions in force.

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	2022 £'m	2021 £'m
Sterling	**21.7**	27.0
US dollars	**29.5**	22.5
Euros	**8.1**	13.1
Other currencies	**15.3**	14.4
	74.6	77.0

16. Trade and other payables

16.1 Accounting policy

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

16.2 Carrying amounts of trade and other payables

	2022 £'m	2021 £'m
Trade payables	**(55.8)**	(78.4)
Other taxes and social security costs	**(3.7)**	(4.4)
Accruals	**(27.4)**	(29.1)
Deferred income	**(1.4)**	(1.0)
	(88.3)	(112.9)
Analysed as:		
Current liabilities	**(88.2)**	(112.8)
Non-current liabilities	**(0.1)**	(0.1)
	(88.3)	(112.9)

The carrying amounts of trade and other payables are considered to be a reasonable approximation of their fair values.

The carrying amounts of trade and other payables are denominated in the following currencies:

	2022 £'m	2021 £'m
US dollars	**(49.9)**	(59.2)
Sterling	**(13.9)**	(22.4)
Euros	**(17.7)**	(22.8)
Other currencies	**(6.8)**	(8.5)
	(88.3)	(112.9)

17. Derivative financial instruments

17.1 Accounting policy

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Group designates certain derivatives as either:

- fair value hedge: hedges of the fair value of recognised assets or liabilities or a firm commitment;
- cash flow hedge: hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; or
- net investment hedge: hedges of a net investment in a foreign operation.

For those instruments designated as hedges, the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Notes to the financial statements continued

For the year ended 31 December 2022

17. Derivative financial instruments continued

The full fair value of a hedging derivative is classified as non-current and current asset/liabilities based on the contractual maturity of the derivative. If the contractual maturity of the derivative is more than twelve months then it is classified as a non-current asset or liability and as a current asset or liability when the contractual maturity of the derivative is less than twelve months.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are recognised immediately in the income statement.

17.1.1 Fair value hedges
Changes in the fair value of derivatives designated and qualifying as fair value hedges are recorded in other comprehensive income, together with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk.

17.1.2 Cash flow hedges
The effective portion of changes in the fair value of the derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified to the income statement in the period in which the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

17.1.3 Net investment hedge
Hedges of net investments in foreign operations are accounted for in a similar manner to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

	2022		2021	
	Assets £'m	**Liabilities £'m**	Assets £'m	Liabilities £'m
Forward exchange contracts – not designated as hedges	**–**	**(0.2)**	–	(0.3)
Cross currency interest rate swaps – fair value hedges	**0.2**	**–**	–	–
Total	**0.2**	**(0.2)**	–	(0.3)
Analysed as:				
Current	**–**	**(0.2)**	–	(0.3)
Non-current	**0.2**	**–**	–	–
Total	**0.2**	**(0.2)**	–	(0.3)

The carrying amounts of derivative financial instruments are denominated in the following currencies:

	2022		2021	
	Assets £'m	**Liabilities £'m**	Assets £'m	Liabilities £'m
Sterling	**0.2**	**–**	–	–
US dollars	**–**	**(0.2)**		(0.3)
	0.2	**(0.2)**	–	(0.3)

17.2.1 Forward exchange contracts
The notional principal amount of the outstanding forward foreign exchange contracts at 31 December 2022 was £19.8 million (2021: £24.3 million). The contracts have a range of maturities up to 31 October 2023. Hedge accounting is not applied to forward exchange contracts and gains or losses are recognised in the income statement.

During the year a gain of £0.1 million (2021: loss of £0.1 million) was recognised in the income statement for the changes in value of the forward exchange contracts.

17.2.2 Cross-currency interest rate swaps

In April 2022, the Group entered into a fixed to fixed cross-currency interest rate swap, swapping US$10 million of the proceeds from the private placement notes into sterling and euros to fund the Group's UK and International operations. The notional principal amounts of the outstanding interest rate swap at 31 December 2022 were £7.2 million (2021: £Nil). The swap instrument has been designated as a fair value hedge against the coupon payments due on the US$10 million of US dollar denominated private placement debt. The hedge ratio is 1:1 as the underlying value of the hedging instrument matches the underlying value of the hedged item. There was no hedge ineffectiveness.

During the year a gain of £0.2 million (2021: £Nil) was recognised in other comprehensive income.

17.2.3 Net investment hedges

The Group uses foreign currency-denominated debt to hedge the value of its US dollar and euro-denominated net assets, which may change due to respective movements in US dollar and euro exchange rates. At 31 December 2022, the value of the net investment hedges was £133.5 million (2021: £126.0 million). These hedges are considered highly effective, and no ineffective portion has been recognised in the income statement.

The hedge ratio of each net investment hedge was 1:1, holding all other variables constant. The weighted average hedged rate of the US net investment hedge was 1.237 (2021: 1.376) and of the EUR net investment hedge was 1.173 (2021: 1.163).

The effect of the net investment hedges on the Group's financial statements is summarised as follows:

	2022 US net investment hedge	**2022 EUR net investment hedge**	2021 US net investment hedge	2021 EUR net investment hedge
Loan carrying amount (£m)	**(90.9)**	**(42.6)**	(81.4)	(44.6)
Loan carrying amount ($m/€m)	**(110.0)**	**(48.1)**	(110.0)	(53.1)
Hedge ratio (holding all other variables constant)	**1:1**	**1:1**	1:1	1:1
Change in carrying amount of loans as a result of foreign currency movements recognised in OCI	**(9.5)**	**(2.2)**	(0.8)	3.1
Change in value of hedged item used to determine hedge effectiveness	**9.5**	**2.2**	0.8	(3.1)

18. Borrowings

18.1 Accounting policy

Interest-bearing loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Interest-bearing loans and borrowings are subsequently carried at amortised cost using the effective interest method. Bank overdrafts have been included in borrowings. Please refer to note 15 for reconciliation of cash and cash equivalents and bank overdraft.

18.2 Carrying amounts of borrowings

	Note	**2022 £'m**	2021 Restated[1] £'m
Unsecured borrowings at amortised cost:			
Bank borrowings		**(74.9)**	(116.5)
Bank overdraft	15	**(16.4)**	(18.9)
Senior notes		**(99.2)**	(33.3)
Capitalised borrowing costs		**2.1**	0.7
		(188.4)	(168.0)
Analysed as:			
Current liabilities		**(15.9)**	(19.0)
Non-current liabilities		**(172.5)**	(149.0)
		(188.4)	(168.0)

1 For details of restatement, see note 2.4.

Notes to the financial statements continued

For the year ended 31 December 2022

18. Borrowings continued

There were no defaults in interest payments in the year under the terms of the existing loan agreements.

Non-cash movements in the carrying amount of interest-bearing loans and borrowings relate to the amortisation of borrowing costs (see note 7).

The carrying amounts of borrowings are denominated in the following currencies:

	2022 £'m	2021 £'m
Sterling[1]	**(24.2)**	(18.1)
US dollars	**(121.5)**	(105.2)
Euros	**(42.7)**	(44.6)
Other	**–**	(0.1)
	(188.4)	(168.0)

1 Includes capitalised borrowing costs.

18.2.1 Bank borrowings

Multi-currency revolving credit facility

In December 2022, the Group refinanced its revolving credit facility, securing a new £210 million sustainability-linked Revolving Credit Facility, which may be increased through an accordion option of up to £100 million. The facility matures on 13 December 2026, with an option to extend by a further year. The banking facility is unsecured and is guaranteed by Tyman plc and its principal subsidiary undertakings. A portion of the loan margin is now linked to the performance of the Group on three sustainability metrics, which align with Tyman's immediate sustainability priorities and its 2030 sustainability roadmap:

1. Reduction in Scope 1 and 2 emissions from the 2019 baseline.
2. Year-on-year increase in percentage of revenue from positive-impact solutions that contribute to the United Nations Sustainable Development Goals.
3. Reduction in the Total Recordable Incident Rate per one million hours worked (excluding the impact of COVID-19).

Progress against these sustainability metrics will be independently verified on an annual basis. If Tyman achieves some, or all of these metrics, then the loan pricing will be reduced for the following year; a shortfall against the metrics will result in Tyman paying a similar premium to a nominated charity.

As at 31 December 2022, the Group has undrawn amounts committed under the multi-currency revolving credit facility of £125.8 million (2021: £123.6 million). These amounts are floating rate commitments which expire beyond twelve months.

18.2.2 Private placement notes

The Group's private placement notes of US$120 million are notes issued to US financial institutions. These comprise:

- US$45.0 million issued in November 2014, with a 10-year maturity from inception at a coupon of 5.37%, due for repayment in November 2024.
- US$75 million issued in April 2022. US$40 million of these notes have a term of seven years maturing in April 2029, with a coupon rate of 3.51%, and US$35 million have a term of ten years maturing in April 2032, with a coupon rate of 3.62%. These notes incorporate three sustainability performance targets, which align with Tyman's sustainability roadmap. This incentive mechanism results in a modest reduction or increase in the coupon rate depending on performance against these targets. The targets are:
  - Reduction in Tyman's Scope 1 and 2 emissions by a series of milestones, including a reduction of 50% by 2026 and carbon neutrality by 2030 (relative to 2019 baseline).
  - Submission of Tyman's Scope 3 target to the Science Based Target initiative (SBTi) for verification by February 2023.
  - Participation in CDP in 2022 and annually thereafter.

18.3 Net debt

18.3.1 Net debt summary

	2022 £'m	2021 £'m
Borrowings	**(188.4)**	(149.1)
Lease liabilities	**(61.7)**	(54.8)
Cash	**74.6**	58.1
At 31 December	**(175.5)**	(145.8)

18.3.2 Net debt reconciliation

	Liabilities from financing activities[2]			Other assets[2]	
	Borrowings[1]	Lease liabilities	Sub total	Net cash and bank overdraft	Total
At 1 January 2021	(169.1)	(53.8)	(222.9)	69.7	(153.2)
Financing cash flows (excluding interest)	17.8	6.2	24.0	(11.5)	12.5
Interest expense	(5.9)	(2.5)	(8.4)	–	(8.4)
Interest payments	6.3	2.5	8.8	–	8.8
Disposals	–	0.2	0.2	–	0.2
New leases	–	(2.3)	(2.3)	–	(2.3)
Lease modifications	–	(0.2)	(0.2)	–	(0.2)
Lease extensions	–	(4.7)	(4.7)		(4.7)
Foreign exchange adjustments	2.3	(0.2)	2.1	(0.1)	2.0
Amortisation of borrowing costs	(0.5)	–	(0.5)	–	(0.5)
At 31 December 2021	**(149.1)**	**(54.8)**	**(203.9)**	**58.1**	**(145.8)**
Financing cash flows (excluding interest)	(9.3)	6.2	(3.1)	(2.9)	(6.0)
Interest expense	(6.9)	(3.0)	(9.9)	–	(9.9)
Interest payments	6.5	3.0	9.5	–	9.5
Disposals	–	0.1	0.1	–	0.1
New leases	–	(8.3)	(8.3)	–	(8.3)
Lease modifications	–	(0.1)	(0.1)	–	(0.1)
Foreign exchange adjustments	(14.7)	(4.8)	(19.5)	3.0	(16.5)
Borrowing costs capitalised	2.1	–	2.1	–	2.1
Amortisation of borrowing costs	(0.6)	–	(0.6)	–	(0.6)
At 31 December 2022	**(172.0)**	**(61.7)**	**(233.7)**	**58.2**	**(175.5)**

1 Borrowings exclude bank overdraft of £16.4 million (2021: £18.9 million).

2 Comparatives have been represented for consistency with current year presentation.

Notes to the financial statements continued

For the year ended 31 December 2022

19. Financial risk management and financial instruments

19.1 Accounting policy

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument and are generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

19.1.1 Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured subsequently at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded in profit or loss.

Initial measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows that represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in selling, general and administrative expenses in the income statement, together with foreign exchange gains and losses.
- FVPL: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value, with any gains or losses recorded in profit or loss.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For policy on impairment of trade receivables, see note 14.

19.1.2 Financial liabilities held at amortised cost

Financial liabilities held at amortised cost comprise "trade and other payables" (see note 16) and "interest-bearing loans and borrowings" (see note 18).

19.2 Financial instruments: by category

Assets as per balance sheet:

	31 December 2022				31 December 2021			
	Financial assets at amortised cost £'m	**Financial assets at fair value through profit or loss £'m**	**Derivatives used for hedging £'m**	**Total £'m**	Financial assets at amortised cost £'m	Financial assets at fair value through profit or loss £'m	Derivatives used for hedging £'m	Total £'m
Trade and other receivables[1]	**67.5**	**–**	**–**	**67.5**	69.9	–	–	69.9
Financial assets at FVPL	**–**	**1.2**	**–**	**1.2**	–	1.1	–	1.1
Cash and cash equivalents	**74.6**	**–**	**–**	**74.6**	58.1	–	–	58.1
Derivative financial instruments	**–**	**–**	**0.2**	**0.2**	–	–	–	
Total financial assets	**142.1**	**1.2**	**0.2**	**143.5**	128.0	1.1	–	129.1

1 Excludes non-financial assets, including other receivables and prepayments.

	31 December 2022			31 December 2021 Restated[1]		
	Derivatives used for hedging £'m	**Other financial liabilities at cost £'m**	**Total £'m**	Derivatives used for hedging £'m	Other financial liabilities at cost £'m	Total £'m
Borrowings[2]	**–**	**(190.5)**	**(190.5)**	–	(168.7)	(168.7)
Lease liabilities	**–**	**(61.7)**	**(61.7)**	–	(54.8)	(54.8)
Derivative financial instruments	**(0.2)**	**–**	**(0.2)**	(0.3)	–	(0.3)
Trade and other payables[3]	**–**	**(69.0)**	**(69.0)**	–	(107.5)	(107.5)
Total financial liabilities	**(0.2)**	**(321.2)**	**(321.4)**	(0.3)	(331.0)	(331.3)

1 For details of restatement, see note 2.4.

2 Excludes capitalised borrowing costs of £2.1 million (2021: £0.7 million) and includes bank overdraft £16.4 million (2021: £18.9 million).

3 Excludes non-financial liabilities, including employee cost accruals, deferred income and tax liabilities.

19.3 Financial instruments: risk profile

19.3.1 Capital risk management

The Group manages its capital structure to ensure that it will be able to continue as a going concern. The capital structure of the Group consists of cash and cash equivalents (note 15), interest-bearing loans and borrowings (see note 18) and equity attributable to the shareholders of the Company as disclosed in the consolidated statement of changes in equity.

19.3.2 Financial management

The Group's principal financial instruments comprise bank loans, private debt and cash and short-term deposits. The Group has various other financial instruments such as trade receivables and trade payables that arise directly from its operations. No trading in financial instruments is undertaken.

The Board reviews and agrees policies for managing each financial instrument risk and they are summarised below.

Notes to the financial statements continued

For the year ended 31 December 2022

19. Financial risk management and financial instruments continued

19.3.3 Liquidity and credit risk

The Group maintains sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities. Management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flow.

The Group manages liquidity risk by the pooling of cash resources and depositing funds available for investment in approved financial instruments with financial institutions. Counterparty risk with respect to cash and cash equivalents is managed by only investing in banks and financial instruments with independently assessed credit ratings of at least A2 as published by Standard and Poor's. Individual risk limits are assessed by management based on the external ratings. Management does not expect any losses from the non-performance of these counterparties.

Credit risk is also attributable to the Group's exposure to trade receivables due from customers. Management assesses the credit quality of customers taking into account their financial position, past experience and other factors. In order to mitigate credit risk, the Group utilises credit insurance in those areas of its operations where such insurance is available. In areas where such insurance is not available or it is uneconomical to purchase, management monitors the utilisation of credit limits by customers, identified either individually or by Group, and incorporates this information in credit risk controls. The diverse nature of the Group's customer base means that the Group has no significant concentrations of credit risk.

Trade receivables are presented in the balance sheet net of allowances for doubtful receivables.

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

During the year ended 31 December 2022, the Group operated within its borrowing facilities. Following a temporary relaxation of the leverage covenant granted in 2021 to 3.5x at December 2021 and 4.0x at June 2022 due to uncertainty arising from COVID-19, the leverage covenant returned to 3.0x adjusted EBITDA at December 2022.

The table below analyses the contractual undiscounted cash flows of the Group's financial liabilities into relevant maturity groupings based on the contractual maturity date.

	Not later than one year £'m	Later than one year but not later than five years £'m	Later than five years £'m	Total £'m
Borrowings[1]	**(20.6)**	**(127.0)**	**(65.9)**	**(213.5)**
Lease liabilities	**(6.6)**	**(19.4)**	**(34.7)**	**(60.7)**
Derivative financial instruments	**(19.8)**	**–**	**–**	**(19.8)**
Trade and other payables[2]	**(69.0)**	**–**	**–**	**(69.0)**
At 31 December 2022	**(116.0)**	**(146.4)**	**(100.6)**	**363.0**
Borrowings[1,4]	(20.6)	(153.1)	–	(173.7)
Lease liabilities	(8.5)	(26.5)	(40.8)	(75.8)
Derivative financial instruments[3]	(24.3)	–	–	(24.3)
Trade and other payables[2]	(107.5)	–	–	(107.5)
At 31 December 2021 (Restated)[4]	(160.9)	(179.6)	(40.8)	(381.3)

1 Excludes capitalised borrowing costs of £2.1 million (2021: £0.7 million) and includes bank overdraft £16.4 million (2021:£18.9 million).

2 Excludes non-financial liabilities.

3 Restated to reflect the gross undiscounted amount.

4 For details of restatement, see note 2.4.

19.3.4 Interest rate risk

The interest rate profile of the Group's borrowings as at 31 December 2022 was as follows:

	Floating rate borrowings[1] £'m	Fixed rate borrowings[2] £'m	Fixed rate lease liabilities £m	Total £'m
Sterling	**(26.0)**	**–**	**(18.4)**	**(44.4)**
US dollars	**(22.5)**	**(99.2)**	**(32.0)**	**(153.7)**
Euros	**(42.8)**	**–**	**(1.1)**	**(43.9)**
Other	**–**	**–**	**(10.2)**	**(10.2)**
At 31 December 2022	**(91.3)**	**(99.2)**	**(61.7)**	**(252.2)**
Sterling	(18.8)	–	(14.6)	(33.4)
US dollars	(71.8)	(33.3)	(35.6)	(140.7)
Euros	(44.7)	–	(1.4)	(46.1)
Other	(0.1)	–	(3.2)	(3.3)
At 31 December 2021 (restated)[3]	(135.4)	(33.3)	(54.8)	(223.5)

1 Excludes capitalised borrowing costs of £2.1 million (2021: £0.7 million) and includes bank overdraft £16.4 million (2021: £18.9 million).

2 Excludes capitalised borrowing costs of £Nil (2021: £0.1 million).

3 For details of restatement, see note 2.4.

The interest rate on the floating bank loans is linked to the inter-bank rates relevant to each currency of borrowing. The Board periodically reviews any exposure the Group may have to interest rate fluctuations, and, where appropriate, considers use of interest rate swaps to fix the cost of a proportion of these floating rate borrowings.

Interest rate sensitivity

The impact of a 200 basis point movement in floating interest rates on borrowings would have a c.£1.9 million (2021: c. £2.0 million) impact on profits. This impact would be reduced by the tax effect on such a change.

Interest rate risk of financial assets

The weighted average interest rate received on deposited funds was 0.8% during the year (2021: Nil%).

19.3.5 Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the euro. Foreign exchange risk arises from future commercial and financing transactions, recognised assets and liabilities denominated in a currency that is not the Group's functional currency and net investments in overseas entities.

The Group includes entities that transact in currencies other than sterling and that have functional currencies other than sterling, whose net assets are therefore subject to currency translation risk. The Group borrows in local currencies as appropriate to minimise the impact of this risk on the balance sheet. See details of net investment hedges in note 17.

Notes to the financial statements continued

For the year ended 31 December 2022

19. Financial risk management and financial instruments continued

Foreign currency exchange rate sensitivity

Foreign currency financial assets and liabilities, translated into sterling at the closing rate, are as follows:

At 31 December 2022	**Sterling £'m**	**US dollars £'m**	**Euros £'m**	**Other £'m**	**Total £'m**
Financial assets					
Trade and other receivables[1]	**14.5**	**29.2**	**18.2**	**5.6**	**67.5**
Financial assets at FVPL	**–**	**1.2**	**–**	**–**	**1.2**
Cash and cash equivalents	**21.7**	**29.5**	**8.1**	**15.3**	**74.6**
Derivative financial instruments	**0.2**	**–**	**–**	**–**	**0.2**
Total financial assets	**36.4**	**59.9**	**26.3**	**20.9**	**143.5**
Financial liabilities					
Borrowings[2]	**(26.0)**	**(121.7)**	**(42.8)**	**–**	**(190.5)**
Lease liabilities	**(18.3)**	**(32.1)**	**(1.1)**	**(10.2)**	**(61.7)**
Derivative financial instruments	**–**	**(0.2)**	**–**	**–**	**(0.2)**
Trade and other payables[3]	**(11.3)**	**(40.5)**	**(13.9)**	**(3.3)**	**(69.0)**
Total financial liabilities	**(55.6)**	**(194.5)**	**(57.8)**	**(13.5)**	**(321.4)**
Potential impact on profit or loss - (loss)/gain					
10% increase in functional currency	**–**	**(2.2)**	**(0.3)**	**(1.1)**	**(3.6)**
10% decrease in functional currency	**–**	**2.6**	**0.4**	**1.4**	**4.4**
Potential impact on other comprehensive income – gain/(loss)					
10% increase in functional currency	**–**	**12.2**	**2.9**	**(0.6)**	**14.5**
10% decrease in functional currency	**–**	**(14.9)**	**(3.5)**	**0.8**	**(17.6)**

At 31 December 2021	Sterling £'m	US dollars £'m	Euros £'m	Other £'m	Total £'m
Financial assets					
Trade and other receivables[1]	13.9	36.5	15.7	3.8	69.9
Financial assets at FVPL	–	1.1	–	–	1.1
Cash and cash equivalents	27.1	22.5	13.1	14.3	77.0
Derivative financial instruments	–	–	–	–	–
Total financial assets	41.0	60.1	28.8	18.0	148.0
Financial liabilities					
Borrowings[2,4]	(18.8)	(105.1)	(44.7)	(0.1)	(168.7)
Lease liabilities	(14.6)	(35.6)	(1.4)	(3.2)	(54.8)
Derivative financial instruments	–	(0.3)	–	–	(0.3)
Trade and other payables[3]	(18.3)	(49.8)	(18.0)	(4.2)	(90.3)
Total financial liabilities	(51.7)	(190.8)	(64.1)	(7.5)	(314.1)
Potential impact on profit or loss – (loss)/gain					
10% increase in functional currency	–	(0.4)	–	(0.2)	(0.6)
10% decrease in functional currency	–	0.4	0.4	0.3	1.1
Potential impact on other comprehensive income – gain/(loss)					
10% increase in functional currency	–	12.7	3.5	(0.6)	15.6
10% decrease in functional currency	–	(15.6)	(4.2)	0.7	(19.1)

1 Excludes non-financial assets.

2 Excludes capitalised borrowing costs of £2.1 million (2021: £0.7 million) and includes bank overdraft £16.4 million (2021: £18.9 million).

3 Excludes non-financial liabilities.

4 For details of restatement, see note 2.4.

The 10% movements in exchange rates are considered to be indicative of a reasonable annual movement, based on historical average movements in exchange rates.

19.3.6 Capital management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern so as to provide returns to shareholders and benefits to stakeholders. The Group defines its capital as total equity plus net debt.

In maintaining the capital structure, the Group may adjust the amount paid as dividends to shareholders, issue new shares or dispose of assets to reduce debt.

The Group monitors its financial capacity by reference to its financial covenant ratios, including leverage and interest cover. If the Group fails to meet its key financial covenant ratios required by its lenders, this could impact the Group's average interest rate of borrowings and the future availability of credit to the Group.

The Group is in compliance with the financial covenants contained within its credit facilities and has been in compliance throughout the financial year.

	Note	**2022 £'m**	2021 £'m
Borrowings (including lease liabilities)[1]	18	**252.2**	223.5
Less: Cash and cash equivalents	15	**(74.6)**	(77.0)
Total equity		**541.6**	482.4
Total capital		**719.2**	628.9

1 Excludes capitalised borrowing costs of £2.1 million (2021: £0.7 million) and includes bank overdraft £16.4 million (2021: £18.9 million).

19.4 Fair value estimation

The Group's derivative financial instrument used for hedging is measured at fair value. The Group uses the following hierarchy for measuring fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data.

The table below summarised the fair value hierarchy of financial instruments recognised and measured at fair value in the financial statements:

31 December 2022:

	Level 1 fair value £'m	**Level 2 fair value £'m**	**Level 3 fair value £'m**	**Carrying amount £'m**
Interest rate swap derivative instruments	**–**	**0.2**	**–**	**0.2**
Financial assets at FVPL	**–**	**–**	**1.2**	**1.2**
Forward exchange contract derivative instruments	**–**	**(0.2)**	**–**	**(0.2)**
	–	**–**	**1.2**	**1.2**

31 December 2021:

	Level 1 fair value £'m	Level 2 fair value £'m	Level 3 fair value £'m	Carrying amount £'m
Financial assets at FVPL	–	–	1.1	1.1
Forward exchange contract derivative instruments	–	(0.3)	–	(0.3)
	–	(0.3)	1.1	0.8

There were no transfers between levels in the current and prior year.

Notes to the financial statements continued

For the year ended 31 December 2022

19. Financial risk management and financial instruments continued

Derivative instruments comprise interest rate swaps fair valued using forward interest rates extracted from observable yield curves and foreign exchange contracts valued with reference to the period end exchange rate. The effects of discounting are generally insignificant for Level 2 derivatives. The fair value of the derivative financial instruments at 31 December 2022 is £Nil (2021: liability of £0.3 million).

The fair value of floating rate borrowings approximates to the carrying amount because interest rates are at floating rates where payments are reset to market rates at intervals of less than one year. The fair value of fixed rate borrowings is estimated by discounting the future contracted cash flow, using appropriate yield curves, to the net present values. The fair value and carrying value of borrowings is summarised below.

	2022		2021	
	Fair value £'m	**Carrying value £'m**	Fair value £'m	Carrying value £'m
Current liabilities	**(15.9)**	**(15.9)**	(19.0)	(19.0)
Non-current liabilities	**(173.6)**	**(172.5)**	(147.7)	(149.0)
Fair value of borrowings	**(189.5)**	**(188.4)**	(202.6)	(168.0)

The fair value of cash and cash equivalents, receivables and payables approximates to the carrying amount because of the short maturity of these instruments. The carrying values of these are outlined above in note 19.2.

There were no changes in valuation techniques during the year.

20. Provisions

20.1 Accounting policy

Provisions are recognised when:

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the passage of time is recognised in the income statement within net finance costs. Provisions are not recognised for future operating losses.

Provisions, by their nature, are uncertain. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date based on the nature of the provisions, the potential outcomes, any developments relating to specific claims and previous experience.

20.1 Carrying amounts of provisions

	Property related £'m	**Restructuring £'m**	**Warranty £'m**	**Other £'m**	**Total £'m**
At 1 January 2021	(3.4)	(0.5)	(2.8)	(2.2)	(8.9)
(Charged)/credited to the income statement					
Additional provisions in the year	–	–	(0.1)	(0.1)	(0.2)
Unused amounts reversed	–	0.2	1.6	1.0	2.8
Exchange difference	–	–	–	0.1	0.1
At 31 December 2021	**(3.4)**	**(0.3)**	**(1.3)**	**(1.2)**	**(6.2)**
(Charged)/credited to the income statement					
Additional provisions in the year	–	(3.2)	–	–	(3.2)
Unused amounts reversed	0.4	–	0.6	0.1	1.1
Utilised in the year	–	0.2	0.1	0.4	0.7
Exchange difference	–	(0.1)	–	(0.2)	(0.3)
At 31 December 2022	**(3.0)**	**(3.4)**	**(0.6)**	**(0.9)**	**(7.9)**

Analysed as:

	2022 £'m	2021 £'m
Current liabilities	**(5.0)**	(1.4)
Non-current liabilities	**(2.9)**	(4.8)
	(7.9)	(6.2)

Current liabilities are those aspects of provisions that are expected to be utilised within the next twelve months.

20.2.1 Property related
Property provisions include provisions for site restoration costs and leasehold dilapidations.

The provision for leasehold dilapidations relates to contractual obligations to reinstate leasehold properties to their original state of repair. Property provisions are expected to be utilised by 2042.

20.2.2 Restructuring
Restructuring provisions substantially relate to the closure of the Hamburg facility, which is expected to be settled within the next twelve months.

20.2.3 Warranty
Warranty provisions are calculated based on historical experience of the ultimate cost of settling product warranty claims and potential claims. These warranty provisions are expected to be utilised by 2031. The unused amounts reversed during the year predominantly relates to a reduction in a provision made on a previous acquisition as well as a reduction in a product warranty provision.

20.2.4 Other
The amount utilised during the year in other provisions of £0.4 million (2021: balance of £0.4 million) related to the release of a tax provision no longer needed. The remaining £0.9 million (2021: £0.8 million) relates to various provisions for potential obligations mainly arising from the Group's M&A activity. These other provisions are expected to be utilised by 2025.

21. Retirement benefit obligations

21.1 Accounting policy

The Group operates both defined contribution and defined benefit pension plans.

21.1.1 Pension obligations
Defined contribution plans
A defined contribution plan is a pension plan under which the Group pays fixed contributions into publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group recognises contributions as an employee benefit expense when they are due and has no further payment obligations once the contributions have been paid. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. Prepaid contributions are recognised as an asset to the extent that a cash refund in the future is available.

Defined benefit plans
A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit an employee will receive on retirement. This amount is usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in the income statement.

Notes to the financial statements continued

For the year ended 31 December 2022

21. Retirement benefit obligations continued

Defined benefit obligations are calculated using a number of assumptions, including future salary increases, increases to pension benefits, mortality rates and, in the case of post-employment medical benefits, the expected rate of increase in medical costs. The plan assets consist largely of listed securities and their fair values are subject to fluctuation in response to changes in market conditions. Effects of changes in the actuarial assumptions underlying the benefit obligation, effects of changes in the discount rate applicable to the benefit obligation and effects of differences between the expected and actual return on the plan assets are classified as actuarial gains and losses and are recognised directly in equity. Further actuarial gains and losses will be recognised during the next financial year. An analysis of the assumptions that will be used by management to determine the cost of defined benefit plans that will be recognised in the income statement in the next financial year is presented in this note.

21.2 Defined contribution pension schemes

The Group operates a number of defined contribution pension schemes, the assets of which are held externally to the Group in separate trustee-administered funds. The costs of the Group's defined contribution pension schemes are charged to the income statement in the period in which they fall due. The charge to the income statement was £3.8 million (2021: £3.6 million). At the year end, the Group had unpaid pension contributions of £0.2 million (2021: £0.1 million) included within employee benefit liabilities.

21.3 Defined benefit pension schemes

The table below outlines where the Group's post-employment amounts and activity are included in the financial statements.

	2022 £'m	2021 £'m
Net defined benefit obligation on the balance sheet	**(4.3)**	(4.0)
Income statement charge[1]	**(0.3)**	(0.3)
Remeasurements[2]	**–**	2.1

1 The income statement charge included within profit before taxation includes current service costs, past service costs, administrative costs and interest costs.

2 The remeasurement in the current year amounted to £Nil included in the consolidated statement of comprehensive income and consolidated statement of changes in equity (2021: £1.6 million is included net of the £0.5 million deferred tax charge).

The Group's principal defined benefit pension schemes are operated in the US and Italy. The US defined benefit schemes provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The Italian schemes relate to TFR termination obligations payable to employees of the Group's Italian operations. Italian employers are required to make provision for a type of severance package to its employees, equivalent to 6.9% of each employee's gross annual salary, revalued on the basis of 75.0% of inflation plus a fixed rate of 1.5% during the period of accrual. Upon termination of employment, the employer is obliged to pay a lump sum to the employee. TFR termination obligations are unfunded by the Group. For certain US plans, pensions in payment do not receive inflationary increases. The benefit payments are from trustee-administered funds. Plan assets held in trusts are governed by local regulations and practice in the US, as is the nature of the relationship between the Group and the trustees and their composition.

Responsibility for governance of the plans, including investment and contribution schedules, lies jointly with the Group and the board of trustees. The board of trustees is composed of representatives of the Company and plan participants in accordance with the relevant plan rules.

Actuarial gains and losses from participant experience, changes in demographic assumptions, changes in financial assumptions and net return on plan assets are recognised, net of the related deferred tax, in the consolidated statement of comprehensive income.

In 2021, the Group commenced a process to terminate in the two remaining US defined benefit schemes. These schemes have been closed to new entrants and closed to further accrual of service for many years. Termination of these schemes will reduce income statement volatility, reduce administration costs and burden, and will reduce future cash outflows. Under the terms of the arrangement, participants will be given the option of receiving a lump-sum benefit or an annuity, the liability for which will be transferred to an insurance company. The termination process is expected to take up to 24 months, with the final distribution date in the second half of 2023. The final funding payment to be made by the Group in 2023 is expected to be between $2.9 million and $4.3 million. After such time, the Group will have no further obligations remaining.

The movement in the defined benefit obligations over the year is as follows:

		Present value of obligations		Fair value of plan assets		Net defined liability	
	Note	**2022 £'m**	2021 £'m	**2022 £'m**	2021 £'m	**2022 £'m**	2021 £'m
Balance at 1 January		**(29.9)**	(31.8)	**25.9**	22.9	**(4.0)**	(8.9)
Included in the income statement:							
Current service cost[1]		**–**	(0.1)	**–**	–	**–**	(0.1)
Administration costs		**–**	–	**(0.3)**	(0.1)	**(0.3)**	(0.1)
Interest (expense)/income	7	**(0.8)**	(0.6)	**0.8**	0.5	**–**	(0.1)
Subtotal in income statement[1]	5	**(0.8)**	(0.7)	**0.5**	0.4	**(0.3)**	(0.3)
Included in other comprehensive income							
Remeasurement gain/(loss) arising from:							
Net (loss)/gain on plan assets[2]		**–**	–	**(6.7)**	1.1	**(6.7)**	1.1
Loss from change in demographic assumptions		**–**	(0.1)	**–**	–	**–**	(0.1)
Gain from change in financial assumptions		**6.9**	1.2	**–**	–	**6.9**	1.2
Experience loss		**(0.2)**	(0.1)	**–**	–	**(0.2)**	(0.1)
Subtotal in other comprehensive income[3]		**6.7**	1.0	**(6.7)**	1.1	**–**	2.1
Employer contributions		**–**	–	**–**	2.5	**–**	2.5
Benefit payments		**1.7**	1.7	**(1.5)**	(1.3)	**0.2**	0.4
Exchange difference		**(3.1)**	(0.1)	**2.9**	0.3	**(0.2)**	0.2
Balance at 31 December		**(25.4)**	(29.9)	**21.1**	25.9	**(4.3)**	(4.0)

1 The current service cost, past service costs and expenses relating to the administration of the defined benefit schemes are included in the income statement within administrative expenses. Also see note 5.3. Net expense is included within net finance income and costs (note 7).

2 Excluding amounts included in interest expense.

3 The remeasurement in the current year amounted to £Nil included in the consolidated statement of comprehensive income and consolidated statement of changes in equity (2021: £1.6 million is included net of the £0.5 million deferred tax charge.) Also see note 8.

Defined benefit plan liabilities and assets by country are as follows:

	Present value of obligations		Fair value of plan assets		Net defined liability	
	2022 £'m	2021 £'m	**2022 £'m**	2021 £'m	**2022 £'m**	2021 £'m
United States	**(22.4)**	(26.8)	**21.1**	25.9	**(1.3)**	(0.9)
Italy	**(3.0)**	(3.1)	**–**	–	**(3.0)**	(3.1)
Balance at 31 December	**(25.4)**	(29.9)	**21.1**	25.9	**(4.3)**	(4.0)

Notes to the financial statements continued

For the year ended 31 December 2022

21. Retirement benefit obligations continued

Plan assets comprise the following asset classes:

	2022		2021	
	£'m	%	£'m	%
Fixed income	**21.1**	**100.0**	25.9	100.0

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. As a termination process has commenced, all US plan assets were transferred to fixed income investments, comprising a mixture of government and corporate bonds, to reduce volatility and provide an acceptable level of investment risk to better match liabilities. The Italian plans do not have plan assets.
Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
Inflation risk	Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plans' assets are either unaffected by fixed interest bonds or loosely correlated with equities inflation, meaning that an increase in inflation will also increase the deficit. In the US plans, the pensions in payment are not linked to inflation, so this is a less material risk.
Life expectancies	The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The significant actuarial assumptions were as follows:

	2022		2021	
	United States	Italy	United States	Italy
Discount rate	**5.00%**	**3.10%**	2.64%	0.80%
Inflation	**2.40%**	**2.75%**	2.25%	1.25%
Salary growth rate	**n/a**	**2.75%**	n/a	1.25%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each jurisdiction. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65 for the US schemes as below. This assumption is not relevant to the Italian schemes.

	2022		2021	
	United States	Italy	United States	Italy
Retiring at the end of the reporting year				
Male	**20.1**	**n/a**	20.1	n/a
Female	**22.2**	**n/a**	22.1	n/a
Retiring 20 years after the end of the reporting year				
Male	**21.7**	**n/a**	21.6	n/a
Female	**23.7**	**n/a**	23.6	n/a

The sensitivity of the defined benefit obligation to changes in the discount rate assumption is:

	Change in discount rate assumption	Impact of increase in assumption £'m	Impact of decrease in assumption £'m
US	0.25%	(0.5)	0.6
Italy	0.50%	(0.1)	0.1

The above sensitivity analyses are based on a change in the discount rate while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methodology has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to the previous year.

The US pension schemes are closed to new entrants and closed to further accrual of service; as a result, there will be no further service costs incurred by the Group related to these schemes. The expected level of contributions to the defined benefit pension scheme in the year to December 2023 is £1.6 million (2022: £1.5 million).

The weighted average duration of the defined benefit obligation is 10.1 years for US plans (2021: 12.1 years) and 9.2 years for Italian plans (2021: 10.2 years).

The expected maturity analysis of undiscounted post-employment pension benefits is as follows:

	Defined pension benefits[1] 2022 £'m	Defined pension benefits 2021 £'m
No later than one year	**(1.6)**	(1.7)
Between one and two years	**(1.6)**	(1.7)
Between two and five years	**(4.8)**	(5.1)
Later than five years	**(8.0)**	(8.6)
Total	**(16.0)**	(17.1)

1 This maturity analysis reflects the current terms of the scheme and does not reflect the planned termination of the US schemes.

22. Share capital and share premium

22.1 Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds received by the Company.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's owners until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

22.2 Share capital and share premium

	Number of shares 'm	Ordinary shares £'m	Share premium £'m
At 31 December 2021 and 31 December 2022	196.8	9.8	–

Ordinary shares in the Company have a par value of 5.00 pence per share (2021: 5.00 pence per share). All issued shares are fully paid up.

Notes to the financial statements continued

For the year ended 31 December 2022

23. Share-based payments

23.1 Accounting policy

The Group operates the LTIP, which is an equity-settled share-based compensation plan for certain employees under which the entity receives services from employees as consideration for equity instruments (share options) of the Group. The fair value of the employee services received in exchange for the grant of options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest, with any changes in estimate recognised in the income statement, with a corresponding adjustment in equity. The fair value of awards granted under LTIP is measured using the Black–Scholes model to predict target EPS levels.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised. The Group also operates a save as you earn scheme for employees and a deferred share bonus plan for senior management.

The Group also operates as deferred share bonus plan that requires that a portion of the Short-Term Incentive Plan (STIP) award to Executive Committee members, which is determined based on current year performance is deferred in shares to be issued three years after the award date. The value is fixed and the number of shares varies dependent on the share price at vesting. This is, therefore, treated as cash settled, with the credit being recorded as a liability. Once the shares are issued, the liability is transferred to retained earnings in equity.

The charges relating to the equity-settled share-based payments is outlined below.

	2022 £'m	2021 £'m
LTIP	**0.7**	0.9
Save as you earn	**0.1**	0.1
Deferred share bonus plan	**0.2**	–
Total share-based payments charge	**1.0**	1.0

The charge in respect of the save as you earn scheme (SAYE) of £62,000 (2021: £47,000) is immaterial and, therefore, further disclosures are not provided.

23.2 LTIP

The charge to the income statement in 2022 in relation to the LTIP was £0.7 million (2021: £0.9 million).

Conditional, annual awards of shares are granted under the LTIP to the Executive Directors and certain senior managers at the discretion of the Remuneration Committee. Provided the participant remains an employee of the Group and where applicable, the performance targets are met, awards will vest between one and three years after the date of the grant at no cost to the employee. Further information on the LTIP and the performance targets for each grant are given in the Remuneration report.

The fair value of the awards granted under the LTIP in 2022 and the assumptions used in the calculation of the share-based payment charge are outlined below.

	Grant 1	**Grant 2**	**Grant 3**
Exercise price	£Nil	£Nil	£Nil
Share price at grant date	£3.11	£3.11	£2.64
Fair value	£3.11	£2.80	£2.64
Expected volatility	31.29%	31.29%	31.40%
Risk-free rate	1.6%	1.6%	1.6%
Grant date	14-Apr-22	14-Apr-22	03-Aug-22
Expected life	3 Years	3 Years	3 Years

Employees other than Executive Directors
LTIPs awarded to Divisional Presidents and Head Office employees under Grant 1 and 3 contain the following performance targets in respect of between half and two-thirds of the respective award's value: (a) 2024 Group adjusted EPS must be 36.6p or more; (b) 2024 Group ROCE must be 13.6% or more; and (c) at least the lower threshold of the Group ESG scorecard conditions (i.e. Safety, Sustainable Operations, Sustainable Culture and Sustainable Solutions) must be met. Divisional Presidents and senior reports to Divisional Presidents also have a performance target based on their division's 2024 adjusted operating profit. Senior reports to Divisional Presidents do not have the 2024 Group EPS performance targets attached to their LTIP awards. Divisional Presidents have a service only component in respect of one-third of their awards. Head Office employees and senior reports to Divisional Presidents have a service only component in respect of half of their awards.

Executive Directors
In addition to the Group adjusted EPS, Group ROCE and Group ESG performance targets described above, Executive Directors (who received an award under Grant 2) also have a TSR performance target. To fulfil the TSR performance target, they must achieve at least the "median" in the Net Return Index when ranked against constituents of the FTSE250 index, excluding investments trusts, as at 1 January 2022. Executive Directors are also subject to a two-year compulsory holding period post-vesting. For further details, see Directors' Remuneration report on pages 115 to 139

Movements in the number of outstanding conditional awards of shares are as follows:

	2022 'm	2021 'm
At 1 January	**2.5**	2.4
Exercised	**–**	(0.3)
Granted	**1.0**	0.9
Lapsed	**(0.7)**	(0.6)
Dividend equivalent	**0.1**	0.1
At 31 December	**2.9**	2.5

At 31 December, there are no options currently exercisable.

23.3 Employee Benefit Trust purchases

Details of shares purchased by the Employee Benefit Trust to satisfy certain share awards vested in the year as well as future obligations under the Group's various share plans and Treasury Shares are as follows:

	2022 'm	2021 'm
Number of ordinary shares	**2.0**	0.1
Cost to Company (£'m)	**6.6**	0.3

Reconciliation of Treasury and Employee Benefit Trust (EBT) shares:

	2022 'm	2021 'm
At 1 January	**1.2**	1.6
Released during the year	**(0.2)**	(0.4)
Buy back/purchase of shares	**2.0**	0.1
At 31 December	**3.0**	1.2

Notes to the financial statements continued

For the year ended 31 December 2022

24. Dividends

	2022 £'m	2021 £'m
Amounts recognised as distributions to owners in the year:		
Final dividend for financial year ended 31 December 2021 of 8.9 pence (2020: 4.0 pence)	**17.2**	7.8
Interim dividend for financial year ended 31 December 2022 of 4.2 pence (2021: 4.0 pence)	**8.2**	7.8
Total amounts recognised as distributions to owners in the year	**25.4**	15.6
Amounts not recognised in the financial statements:		
Final dividend proposed for the year ended 31 December 2022 of 9.5 pence (2021: 8.9 pence)	**18.4**	17.4

The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the financial statements for the year ended 31 December 2022.

25. Adjustments to cash flows from operating activities

The following non-cash and financing adjustments have been made to profit before taxation to arrive at operating cash flow:

	Note	2022 £'m	2021 £'m
Net finance costs	7	**9.3**	9.1
Depreciation of PPE	11	**12.4**	11.5
Depreciation of right-of-use assets	12	**7.1**	7.0
Amortisation of intangible assets	10	**19.6**	18.8
Impairment of intangible assets	10	**0.2**	1.9
Impairment of property, plant and equipment	11	**0.7**	0.2
Impairment of right-of-use assets	12	**0.2**	–
Loss on disposal of property, plant and equipment		**0.1**	0.2
Pension service costs and administration costs		**0.3**	0.1
Non-cash provision movements		**2.1**	(2.4)
Share-based payments		**1.0**	1.0
		53.0	47.4

26. Financial commitments

26.1 Capital commitments

	2022 £'m	2021 £'m
Property, plant and equipment	**–**	1.7

27. Contingent liabilities

There are no contingent liabilities as at 31 December 2022 or 31 December 2021.

28. Events after the balance sheet date

There were no events after the balance sheet date.

29. Related party transactions

The following transactions were carried out with related parties of Tyman plc:

29.1 Subsidiaries

Transactions between the Company and its subsidiaries, which are related parties, are eliminated on consolidation. There were no transactions between the Company and its subsidiaries made during the year other than intercompany loans and dividends.

29.2 Key management compensation

The Group considers its Directors to be the key management personnel on the basis that it is the Directors who have the sole responsibility for planning, directing and controlling the Group. Full details of Directors' remuneration are given in the Remuneration report on pages 115 to 139. Key management compensation in accordance with IAS 24 is as follows:

	2022 £'m	2021 £'m
Short-term employee benefits	**1.6**	1.7
Share-based payments (including DSBP)	**0.7**	0.7
	2.3	2.4

29.3 Directors

Full details of individual Directors' remuneration are given in the Remuneration report on page 127. Directors' remuneration in accordance with the requirements of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 is as follows:

	2022 £'m	2021 £'m
Aggregate emoluments	**2.3**	2.4
Aggregate gains made on the exercise of share options	**–**	0.7
	2.3	3.1

30. Subsidiaries

Details of the subsidiaries of the Group as at 31 December 2022 are detailed below. Unless otherwise indicated, all subsidiaries are wholly owned.

Registered name and office address	**Country of incorporation**	**Nature of business**
UK operations		
29 Queen Anne's Gate, London SW1H 9BU		
Balance UK Limited[1]	United Kingdom	Dormant
Bilco Access Solutions Limited[1]	United Kingdom	Building products
Crompton Limited[1]	United Kingdom	Dormant
ERA Home Security Limited[1]	United Kingdom	Building products
ERA Products Limited[1]	United Kingdom	Dormant
ERA Security Hardware Limited[1]	United Kingdom	Dormant
Grouphomesafe Limited[1]	United Kingdom	Dormant
Howe Green Limited[1]	United Kingdom	Building products
Jasper Acquisition Holdings Limited	United Kingdom	Holding company
Lupus Capital Limited	United Kingdom	Dormant
Octroi Group Limited	United Kingdom	Holding company
Profab Access Limited[1]	United Kingdom	Dormant

Notes to the financial statements continued

For the year ended 31 December 2022

30. Subsidiaries continued

Registered name and office address	Country of incorporation	Nature of business
Response Electronics Limited[1]	United Kingdom	Dormant
Response Alarms Limited[1]	United Kingdom	Dormant
Schlegel Acquisition Holdings Limited	United Kingdom	Holding company
Schlegel Building Products Limited[1]	United Kingdom	Dormant
Schlegel Limited[1]	United Kingdom	Building products
Tyman Equities Limited	United Kingdom	Dormant
Tyman Financial Services Limited[1]	United Kingdom	Financing company
Tyman Management Limited[1]	United Kingdom	Holding company
Ventrolla Limited[1]	United Kingdom	Dormant
Window Fabrication and Fixing Supplies Limited[1]	United Kingdom	Dormant
Y-cam Solutions Limited[1]	United Kingdom	Smart home security
Zoo Hardware Limited[1]	United Kingdom	Dormant
1 More London Place, London SE1 2AF		
Amesbury Holdings Limited[1]	United Kingdom	In Liquidation
Jasper Acquisition Limited[1]	United Kingdom	In Liquidation

North American operations		
Bay Adelaide Centre, East Tower, 22 Adelaide Street West, Toronto, ON M5H 4E3		
Amesbury Canada Inc[1]	Canada	Holding company
8005 Dixie Road, Unit 8043, Brampton, Ontario L6T 3V1		
AmesburyTruth, Inc	Canada	Holding company
Suite 1700 Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8 Canada		
Ashland Hardware Canada Inc.	Canada	Building products
Roberto Fierro #6351, Industrial Park Aero Juarez, Juarez, Chihuahua 32695		
Amesbury Mexico S.De R.L. De C.V.[1]	Mexico	Building products
Deportistas 7820 Parque Industrial Gema Ciudad, Juarez, Chihuahua 32648		
Bilcomex Comercializadora S.De R.L. De C.V.[1]	Mexico	Building products
Bilcomex S.De R.L. De C.V.[1]	Mexico	Building products
Via Monterrey Matamoros No. 600, Parque Industrial Milenium, Apoodaca, Nuevo Leon, Mexico, 66600		
Ashland Hardware and Casting Systems de Mexico, S.DE R.L. De C.V.[1]	Mexico	Building products
Centennial Lakes, Office Park V, Suite 800, 3600 Minnesota Drive, Edina, MN 55435		
Amesbury Acquisition Holdings (2) Inc[1]	United States	Holding company
Amesbury Group Inc[1]	United States	Holding company
Amesbury Industries Inc[1]	United States	Holding company
Ashland Hardware Holdings, Inc[1]	United States	Holding company
Ashland Hardware LLC[1]	United States	Building products

Registered name and office address	Country of incorporation	Nature of business
Balance Systems Inc[1]	United States	Building products
Schlegel Systems Inc[1]	United States	Building products
The Bilco Company[1]	United States	Holding company
The Bilco Holding Company[1]	United States	Holding company
Truth Hardware Corporation[1]	United States	Building products
Tyman Ventures Inc[1]	United States	Holding company
370 James Street, Suite 201, New Haven, CT 06513		
Bilco U.K. Limited[1]	United States	Building products
European operations		
Nieuwpoortsesteenweg 1028400 Oostende		
Schlegel Belgium BVBA[1]	Belgium	Building products
Bredowstrasse, 33-22113, Hamburg		
Schlegel GmbH[1]	Germany	Building products
Carl-Zeiss-Strasse, 37 63322 – Rodermark		
Jatec GmBH[1]	Germany	In liquidation
Kolonou 1-3, 12131 Peristeri		
Giesse Group Hellas S.A.[1]	Greece	Building products
Via Tubertini n.1, 40054 Budrio BO, Italy		
Giesse S.p.A.[1]	Italy	Building products
Constitucion, 84-Poligono Industrial Les Grases, 08980 Sant Feliu De Llobregat, Barcelona		
Giesse Group Iberia S.A.[1]	Spain	Building products
Other international operations		
Enrique Becquerel 4873, Area de promocion el Triangulo, CP 1615, Buenos Aires		
Giesse Group Argentina S.A.[1]	Argentina	Building products
44 Riverside Road, Chipping Norton, NSW 2170		
Schlegel Australia Pty (2006) Ltd[1]	Australia	Holding company
Schlegel Pty Limited[1]	Australia	Building products
617 Alameda Itatinga, Galpao 2, Parte B, Joapirange II, Valinhos-SP		
Giesse Brasil Indústria e Comércio de Ferragens e Acessórios Ltda.[1]	Brazil	Building products
618 Alameda Itatinga, Galpao 2, Parte B, Joapirange II, Valinhos-SP		
Schlegel América Latina - Vedação, Esquadrias e Extrusão Ltda.[1]	Brazil	Building products
No.151 Linjia of Linlianghe Village, Miaocheng Town, Huairou District, Beijing, 101401		

Notes to the financial statements continued

For the year ended 31 December 2022

30. Subsidiaries continued

Registered name and office address	Country of incorporation	Nature of business
Giesse Hardware (Beijing) Co. Ltd.[1]	China	Building products
Second floor of No.3 Building, No.1515 of Juxian Road, Hi-Tech District, Ningbo, Zhejiang Province		
TSA Hardware (Ningbo) Co. imited[1]	China	Building products
Amesbury (Ningbo) Hardware Trading Co. Ltd[1]	China	Building products
1 Commonwealth Lane, 6-18, One Commonwealth, Singapore 149544		
Schlegel Asia Pte. Ltd[1]	Singapore	In liquidation
3rd Interchange, Sheikh Zayed Road, Al Quoz Industrial Area 1, Dubai	United Arab Emirates	
Schlegel Middle East Building Materials Trading LLC[1,2]		Building products

Branch operations		
Access 360 Innovation Drive, Pendeford Wolverhampton, 54 Business Park, WG9 5GA		
Bilco UK Ltd	United Kingdom	Building products
D-362, MIDC, TTC Industrial Area, Kushket Village, Juinagar, Navi Mumbai 400705		
Giesse S.p.A	India	Building products
Istanbul Merkez Şubesi, Halk Sokak Ada IS Merkezi No: 46, Kat: 2 Daire: 4, 34734 Sahrayicedid, Kadikoy, Istanbul		
Giesse S.p.A	Turkey	Building products
8 Chemin du Jubin, 69570 Dardilly		
Giesse S.p.A	France	Building products
Av. Eng. Duarte Pacheco, 19 - 3° DTO., 1070-100 Lisboa		
Giesse Group Iberia S.A.	Portugal	Building products

1 Held by subsidiary.

2 Shareholding of 49% held by the Group. The Group has managerial control and is entitled to 100% of the profits and cash generated by the business.

Company balance sheet

As at 31 December 2022

	Note	2022 £'m	2021 £'m
Non-current assets			
Investment in subsidiaries	4	**346.7**	345.8
Financial assets at fair value through OCI	10	**0.2**	–
Deferred tax	9	**0.5**	0.6
Trade receivables	5	**101.3**	64.3
		448.7	410.7
Current assets			
Trade and other receivables	5	**7.1**	40.7
Cash and cash equivalents		**0.5**	0.8
		7.6	41.5
Creditors – amounts falling due within one year	6	**(0.7)**	(0.3)
Net current assets		**6.9**	41.2
Total assets less current liabilities		**455.6**	451.9
Creditors – amounts falling due after more than one year	6	**(109.5)**	(74.5)
Net assets		**346.1**	377.4
Equity			
Called up share capital	11	**9.8**	9.8
Treasury reserve		**(8.7)**	(2.6)
Retained earnings		**345.0**	370.2
– brought forward		**370.2**	374.6
– profit for the year		**(0.1)**	10.8
– other movements		**(25.1)**	(15.2)
Total shareholders' funds		**346.1**	377.4

The notes on pages 203 to 207 are an integral part of these financial statements.

The financial statements on pages 201 and 202 were approved by the Board on 1 March 2023 and signed on its behalf by:

Jo Hallas
Chief Executive Officer

Jason Ashton
Chief Financial Officer

Tyman plc

Company registration number: 02806007

Company statement of changes in equity

For the year ended 31 December 2022

	Called up share capital £'m	Treasury reserve £'m	Retained earnings £'m	Total £'m
At 1 January 2021	9.8	(3.4)	374.6	381.0
Total comprehensive income				
Profit/(loss) for the year	–	–	10.8	10.8
Share-based payments[1]	–	–	1.5	1.5
Dividends paid	–	–	(15.6)	(15.6)
Issue of own shares to Employee Benefit Trust	–	1.1	(1.1)	–
Purchase of own shares for Employee Benefit Trust	–	(0.3)	–	(0.3)
Transactions with owners	–	0.8	(15.2)	(14.4)
At 31 December 2021	9.8	(2.6)	370.2	377.4
Total comprehensive income				
Profit/(loss) for the year	–	–	(0.1)	(0.1)
Share-based payments[1]	–	–	0.8	0.8
Dividends paid	–	–	(25.4)	(25.4)
Issue of own shares to Employee Benefit Trust	–	0.5	(0.5)	–
Purchase of own shares for Employee Benefit Trust	–	(6.6)	–	(6.6)
Transactions with owners	–	(6.1)	(25.1)	(31.2)
At 31 December 2022	**9.8**	**(8.7)**	**345.0**	**346.1**

1 Share-based payments include a tax charge of £0.2 million (2021: tax credit of £0.3 million) and a credit due to issuance of shares under the deferred share bonus plan of £0.2 million (2021: £0.3 million).

The notes on pages 203 to 207 are an integral part of these financial statements.

Notes to the Company financial statements

For the year ended 31 December 2022

For general information on the Company, see note 1 to the consolidated financial statements.

1. Accounting policies

1.1 Basis of preparation

The financial statements of Tyman plc have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 applicable to companies reporting under FRS 101. The accounting policies have been consistently applied unless otherwise stated. None of the new standards that became effective in the year had a material impact on the Company.

The financial statements have been prepared on a going concern basis. The Group has performed an assessment of going concern through modelling several scenarios. The Directors are satisfied that the Group and Company have sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of this report. Further details can be found in note 2.2 of the Group financial statements.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any affected future periods. There are no areas representing critical judgements made by management and no key sources of estimation uncertainty in the Group's financial statements.

The Company's Financial Statements are presented in millions of sterling rounded to the nearest one decimal place.

1.1.1 FRS 101 – reduced disclosure exemptions
The following exemptions from the requirements of IFRSs have been applied in the preparation of these financial statements in accordance with FRS 101:

- paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payments;
- IFRS 7 Financial Instruments: Disclosures;
- paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the following paragraphs of IAS 1 Presentation of Financial Statements:
  - comparative information requirements in respect of paragraph 79(a)(iv);
  - paragraph 10(d), cash flow statements;
  - paragraph 16, statement of compliance with all IFRS;
  - paragraph 38A, minimum of two primary statements, including cash flow statements;
  - paragraphs 38B to 38D, additional comparative information;
  - paragraphs 40A to 40D, requirements for a third statement of financial position;
  - paragraph 111, cash flow statement information;
  - paragraphs 134 to 136, capital management disclosures;
  - paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates And Errors;
- IAS 7 Statement of Cash Flows;
- paragraph 17 of IAS 24 Related Party Disclosures; and
- the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a Group.

1.2 Foreign currency translation

1.2.1 Functional currency and presentation currency
The financial statements are presented in sterling, which is also the functional currency.

1.2.2 Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Notes to the Company financial statements continued

For the year ended 31 December 2022

1. Accounting policies continued

1.3 Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the instrument and are generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

1.3.1 Financial assets at amortised cost
The Company classifies financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

They are included in current assets, except for those expected to be settled beyond twelve months after the end of the reporting period. These are classified as non-current assets. The Company's financial assets comprise "debtors" (see note 5) and "cash and cash equivalents" in the balance sheet.

1.3.2 Financial liabilities held at amortised cost
Financial liabilities held at amortised cost comprise "creditors" (see note 6).

Derivative financial instruments
Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and liabilities when the fair value is negative. The Company designates derivatives as either fair value or cash flow hedges.

Fair value hedges
The Company's fair value hedges consist of cross-currency interest rate swaps. Changes in the fair value of derivatives designated and qualifying as fair value hedges are recorded in other comprehensive income, together with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk.

1.4 Investments in subsidiaries

Investments in subsidiaries are stated at cost less any accumulated impairment losses.

1.5 Borrowings

Interest-bearing loans and overdrafts are recognised initially at fair value, net of transaction costs incurred. Interest-bearing loans are subsequently carried at amortised cost using the effective interest rate method. Borrowing costs are expensed to the income statement using the effective interest rate method.

1.6 Share-based payments

The Company operates an equity-settled share-based compensation plan (Long-Term Incentive Plan, "LTIP") for certain employees under which the entity receives services from employees as consideration for equity instruments (share options) of the Company. The fair value of the employee services received in exchange for the grant of options is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest, with any changes in estimate recognised in the income statement, with a corresponding adjustment in equity. The fair value of awards granted under LTIP is measured using the Black–Scholes model.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity financial statements.

The social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Details of share-based payments are provided in note 23 of the Group financial statements.

2. Profit attributable to the shareholders of the Company

The Company is an investment holding company. It receives dividend income from subsidiaries and bank interest. It pays loan interest to a subsidiary. The majority of administrative expenses are paid by the Company's subsidiary, Tyman Management Limited, including the whole amount of relevant auditor's remuneration and operating lease costs.

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. The Company reported a loss for the financial year ended 31 December 2022 of £0.1 million (2021: £10.8 million profit). Of the Company profit in 2021, £10.5 million related to dividends received from Group companies.

3. Employees

Other than the Directors, there were no employees of the Company during the year (2021: Nil). Directors' emoluments are set out in the Directors' remuneration report in the Group's Annual Report on pages 115 to 139.

4. Investments

4.1 Impairment review

An impairment review using a value in use calculation has been performed for each investment. The calculation of the value in use involves estimation in assumptions used in the calculations, including forecasted cashflows and appropriate discount rates. The same information as used in the Group goodwill impairment assessment is used for assessing the carrying value of investments in subsidiaries. For further information, see pages 166 and 167 of the Group financial statements.

4.2 Carrying value of investments

	£'m
Cost	
At 1 January 2021	345.0
Capital contribution relating to share-based payments	1.3
At 31 December 2021	346.3
Capital contribution relating to share-based payments	1.1
At 31 December 2022	**347.4**
Impairment	
At 1 January 2021	(0.7)
At 31 December 2021	(0.7)
At 31 December 2022	**(0.7)**
Carrying amount	
At 1 January 2021	344.3
At 31 December 2021	**345.6**
At 31 December 2022	**346.7**

All of the above investments are in unlisted shares. The Directors believe that the carrying value of the investments is supported by the recoverable amount of their underlying assets.

Notes to the Company financial statements continued

For the year ended 31 December 2022

5. Debtors

	Note	2022 £'m	2021 £'m
Amounts receivable within one year			
Amounts owed by Group undertakings		**7.1**	40.7
		7.1	40.7
Amounts receivable after more than one year			
Amounts owed by Group undertakings		**101.3**	64.2
Corporation tax asset		**–**	0.1
		101.3	64.3

The amounts owed by Group undertakings are unsecured and interest free. Of the total amount owed by Group undertakings, £7.0 million is due to be repaid within the next twelve months and is recorded as current. The remainder of the Group receivable balance of £101.3 million is either due for repayment beyond the next twelve months or is recoverable on demand but unlikely to be received within one year so is classified as non-current.

6. Creditors

	Note	2022 £'m	2021 £'m
Amounts falling due within one year			
Capitalised borrowing costs		**0.1**	–
Other creditors		**(0.8)**	(0.3)
		(0.7)	(0.3)
Amounts falling due after more than one year			
Private placement notes	7	**(98.9)**	(33.3)
Amounts owed to Group undertakings		**(0.6)**	(0.5)
Bank borrowings		**(10.0)**	(40.7)
		(109.5)	(74.5)

The amounts owed to Group undertakings are interest free, repayable on demand and unsecured.

7. Private placement notes

The senior notes relate to the issuance of a private debt placement with US financial institutions totalling US$120 million (2021: US$45 million). Refer to note 18.2.2 of the Group financial statements.

Details of the private placement notes, which are unsecured, are as follows:

	2022 £'m	2021 £'m
Wholly repayable in 2024	**(37.2)**	(33.3)
Wholly repayable in 2029	**(33.1)**	–
Wholly repayable in 2032	**(28.9)**	–
Capitalised borrowing costs	**0.3**	–
	(98.9)	(33.3)

8. Borrowings

Borrowings relate to a drawdown of the £210 million committed revolving credit facility used to repay the US$55,000,000 private debt placement in November 2022.

	2022 £'m	2021 £'m
Bank borrowings	**(10.0)**	(40.7)
	(10.0)	(40.7)

9. Deferred tax asset

	2022 £'m	2021 £'m
At 1 January	**0.6**	0.3
Income statement credit/(charge)	**(0.1)**	0.1
Tax credit relating to components of other comprehensive income	**–**	0.2
At 31 December	**0.5**	0.6

The deferred tax asset relates to share-based payments. There are no unused tax losses or unused tax credits.

10. Financial instrument

	2022 £'m	2021 £'m
Interest rate swap	**0.2**	–
Total interest rate swap	**0.2**	–

Refer to note 17 of the Group financial statements for detail of the Interest rate swap.

11. Called up share capital

The share capital of the Company is as set out in note 22 of the Group financial statements.

12. Financial commitments

At 31 December 2022, the Company had future lease commitments on land and buildings under non-cancellable operating leases. These commitments were met on the Company's behalf by Tyman Management Limited, a subsidiary. The carrying value of the RoU asset held by Tyman Management Limited was £0.3 million (2021: £0.5 million) and of lease liabilities was £0.3 million (2021: £0.5 million). See further details regarding the nature of lease commitments in note 12 of the Group financial statements.

12. Dividends

The dividends of the Company are set out in note 24 of the Group financial statements.

13. Related party transactions

The Company has taken advantage of the exemption in accordance with FRS 101, as a wholly owned subsidiary, not to disclose details of related party transactions in accordance with IAS 24 Related Party Disclosures required by this standard.

Alternative Performance Measure reconciliations

APMs used in key performance indicators

Policy

The Group uses adjusted figures as key performance measures in addition to those reported under IFRS, as management believe these measures enable management and stakeholders to assess the trading performance of the businesses as they exclude certain items that are considered to be significant in nature and/or quantum, foreign exchange movements and the impact of acquisitions and disposals. The alternative performance measures (APMs) are consistent with how the businesses' performance is planned and reported within the internal management reporting to the Board and Operating Committees. Some of these measures are used for the purpose of setting remuneration targets. The key APMs that the Group uses include like-for-like (LFL) performance measures and adjusted measures for the income statement together with adjusted financial position and cash flow measure. Explanations of how they are calculated and how they are reconciled to an IFRS statutory measure are set out below.

Limitations of APMs

APMs should not be viewed in isolation and are designed to provide supplementary information. These may not be comparable to similarly labelled measures used by other companies. Other limitations of the Group's adjusted measures are that they exclude the amortisation of intangibles acquired in business combinations, but do not similarly exclude the related revenue and profits, and they exclude the cost of major restructuring programmes but do not similarly exclude the financial benefits derived from these.

Like-for-like or LFL revenue and adjusted operating profit

Definition

The comparison of revenue or adjusted operating profit, as appropriate, excluding the impact of any acquisitions made during the current year and, for acquisitions made in the comparative year, excluding from the current year result the impact of the equivalent current year pre-acquisition period. For disposals, the results are excluded for the whole of the current and prior period. The prior period comparative is retranslated at the current period average exchange rate. The Group considers these amendments provide shareholders with a comparable basis from which to understand the organic trading performance in the year.

Purpose

This measure is used by management to evaluate the Group's organic growth in revenue and adjusted operating profit year on year, excluding the impact of M&A and currency movements.

Reconciliation/calculation

	2022 £'m	2021[1] £'m
Reported revenue	**715.5**	635.7
Effect of exchange rates		44.5
Like-for-like revenue	**715.5**	680.2
Adjusted operating profit[2]	**94.6**	90.0
Effect of exchange rates		7.0
Like-for-like adjusted operating profit	**94.6**	97.0

1 As adjusted to restate at current year average exchange rate.

2 Refer to the consolidated income statement for reconciliation of adjusted operating profit.

Adjusted operating profit and adjusted operating margin

Definition

Operating profit before amortisation of acquired intangible assets, impairment of acquired intangible assets, impairment of goodwill, and adjusting items.

Adjusted operating margin is adjusted operating profit divided by revenue.

Purpose

This measure is used to evaluate the trading operating performance of the Group.

Adjusting items are excluded from this measure to provide an understanding of the elements of financial performance during the year to facilitate comparison with prior periods and to assess the trends in financial performance.

Adjusting items include significant one-off redundancy and restructuring costs, transaction costs and integration costs associated with merger and acquisition activity, any impairment charges for intangible asset upgrades, as well as credits relating to profit on disposal of businesses, and property provision releases. These items are not considered to be a part of the ordinary course of the Group's business.

Amortisation of acquired intangible assets is excluded from this measure as this is a significant non-cash fixed charge that is not affected by the trading performance of the business, but does not similarly exclude the related revenue and profits generated from the business acquisition.

Impairment of acquired intangible assets and goodwill is excluded, as this can be a significant non-cash charge.

Reconciliation/calculation

	2022 £'m	2021 £'m
Adjusted operating profit	**94.6**	90.0
Revenue	**715.5**	635.7
Adjusted operating margin (%)	**13.2%**	14.2%

Adjusted profit before tax and adjusted profit after tax

Definition

Profit before amortisation of acquired intangible assets, deferred tax on amortisation of acquired intangible assets, impairment of acquired intangible assets, impairment of goodwill, adjusting items, unwinding of discount on provisions, gains and losses on the fair value of derivative financial instruments, amortisation of borrowing costs, accelerated amortisation of borrowing costs and the associated tax effect.

Purpose

This measure is used to evaluate the profit generated by the Group through trading activities. This metric is used in assessing the Directors' remuneration, see Directors' Remuneration report on page 115.

Reconciliation/calculation

	2022 £'m	2021 £'m
Profit before taxation	**61.4**	64.0
Adjusting items	**6.3**	(0.6)
(Gain)/loss on revaluation of derivative instrument	**(0.1)**	0.1
Amortisation of borrowing costs	**0.6**	0.5
Amortisation of acquired intangible assets	**17.6**	17.5
Adjusted profit before taxation	**85.8**	81.5
Income tax charge	**(13.6)**	(14.4)
Add back: Adjusted tax effect[1]	**(4.9)**	(4.4)
Adjusted profit after taxation	**67.3**	62.7

1 Tax effect of adjusting items, amortisation of borrowings costs, amortisation of acquired intangible assets, gain or loss on revaluation of fair value hedge and unwinding of discount on provisions.

Alternative Performance Measure reconciliations continued

Adjusted earnings per share

Definition

Adjusted profit after tax divided by the basic weighted average number of ordinary shares in issue during the year, excluding those held as treasury shares.

Purpose

This measure is used to determine the improvement in adjusted EPS for our shareholders. This metric is used in assessing the Directors' remuneration, see Directors' Remuneration report on page 115.

Reconciliation/calculation

	2022	2021
Adjusted profit after taxation £'m	**67.3**	62.7
Weighted average number of shares – basic	**194.2**	195.4
Weighted average number of shares – diluted	**195.2**	196.1
Basic adjusted earnings per share	**34.7p**	32.1p
Diluted adjusted earnings per share	**34.5p**	32.0p

Return on capital employed (ROCE)

Definition

Adjusted operating profit as a percentage of the last thirteen-month average capital employed.

Purpose

This measure is used to evaluate how efficiently the Group's capital is being employed to improve profitability. This metric is used in assessing the Directors' remuneration, see Directors' Remuneration report on page 115.

Reconciliation/calculation

	2022 £'m	2021 £'m
Adjusted operating profit	**94.6**	90.0
Average capital employed	**710.7**	619.4
ROCE (%)	**13.3%**	14.5%

Average capital employed		
Inventories	**153.1**	137.8
Trade and other receivables	**81.4**	81.0
Intangible assets	**57.7**	66.8
Property, plant & equipment	**74.6**	63.5
Right-of-use asset	**57.3**	52.0
Goodwill	**399.3**	363.3
Deferred tax asset	**1.7**	4.2
Trade and other payables	**(88.2)**	(112.8)
Tax liabilities	**(1.8)**	(6.0)
Provisions – current	**(5.0)**	(1.4)
Provisions non – current	**(2.9)**	(4.8)
Deferred tax liabilities	**(6.9)**	(12.1)
Financial asset at FV through P&L	**1.2**	1.1
Total capital employed	**721.5**	632.6
Adjustment to 13-month average	**(10.8)**	(13.2)
Average capital employed	**710.7**	619.4

Dividend cover

Definition

Adjusted earnings per share divided by the total dividend per share for the financial year.

Purpose

This measure provides an indication of the dividend paid relative to adjusted earnings for comparison with the Group's dividend policy.

Reconciliation/calculation

	2022	2021
Basic adjusted earnings per share (p)	**34.7**	32.1
Total dividend per share (p)	**13.7**	12.9
Dividend cover (x)	**2.5x**	2.5x

Adjusted operating cash conversion and adjusted operating cash flow

Definition

Adjusted operating cash flow

Net cash generated from operations before income tax paid, adjusting costs cash settled in the year and pension contributions, and after proceeds on disposal of property, plant and equipment, payments to acquire property, plant and equipment and payments to acquire intangible assets.

Adjusted operating cash conversion

Adjusted operating cash flow divided by adjusted operating profit.

Purpose

These measures are used to evaluate the cash flow generated by operations in order to pay down debt, return cash to shareholders and make further investment in the business.

Reconciliation/calculation

	2022 £'m	2021 £'m
Net cash generated from operations	**60.6**	57.0
Income tax paid	**21.5**	17.7
Adjusting item cash costs	**1.8**	0.2
Pension contributions	**0.2**	2.8
Proceeds on disposal of PPE	**0.1**	0.8
Payments to acquire PPE and intangible assets	**(24.1)**	(20.6)
Adjusted operating cash flow	**60.1**	57.9
Adjusted operating cash flow	**60.1**	57.9
Adjusted operating profit	**94.6**	90.0
Adjusted operating cash conversion (%)	**63.5%**	64.3%

Alternative Performance Measure reconciliations continued

Free cash flow

Definition

Adjusted operating cash flow after deducting pension contributions, income tax paid, net interest paid and adjusted cash costs settled in the year.

Purpose

This measure is used to evaluate the cash flow generated by the business operations after expenditure incurred on maintaining capital assets.

Reconciliation/calculation

See page 38 for reconciliation between adjusted operating cash flow and free cash flow.

Covenant net interest

Definition

Covenant net interest is interest from overdraft plus interest from loans less interest income from short term deposits.

Purpose

This measure is used in the covenant metric of interest cover

Reconciliation/calculation

	2022 £'m	2021 £'m
Interest from overdrafts	**0.1**	–
Interest from loans	**6.9**	5.8
Foreign exchange difference on borrowings	**(0.2)**	–
Interest income from short term deposits	**(0.9)**	–
Covenant net interest	**5.9**	5.8

Covenant EBITDA and covenant adjusted EBITDA

Definition

Covenant EBITDA

Adjusted operating profit with depreciation, amortisation of computer software, and share-based payments expenses added back, less RoU depreciation and interest payable on lease liabilities.

Covenant adjusted EBITDA

EBITDA plus the pre-acquisition EBITDA of businesses acquired during the year covering the relevant pre-acquisition period less the EBITDA of businesses disposed of during the year.

Purpose
This measure is used as the numerator in calculating covenants under the terms of the Group's revolving credit facility.

Reconciliation/calculation

	2022 £'m	2021 £'m
Adjusted operating profit	**94.6**	90.0
Depreciation of property, plant and equipment	**19.5**	11.5
Amortisation of computer software	**2.0**	1.3
Interest payable on lease liabilities	**(3.0)**	(1.2)
ROU depreciation	**(7.1)**	–
Share-based payments – equity settled	**0.8**	1.0
Covenant EBITDA and covenant adjusted EBITDA	**106.8**	102.6

Interest cover

Definition

Covenant EBITDA divided by the net interest payable on bank loans, private placement notes and overdrafts and interest income from short-term bank deposits.

Purpose

This measure is used to evaluate the profit available to service the Group's interest costs. This is one of the covenants the Group is subject to under the terms of its revolving credit facility.

Reconciliation/calculation

	2022 £'m	2021 £'m
Covenant EBITDA	**106.8**	101.4
Net interest	**5.9**	5.8
Interest cover (x)	**18.2x**	17.4x

Gross debt and Adjusted gross debt

Definition

Gross debt is borrowings and lease liabilities.
Adjusted gross debt is gross debt, with capitalised borrowing costs added back.

Purpose

This gives a measure of the gross amount owed to lenders, without the effect of unamortised borrowing costs for which cash outflow has already occurred.

Reconciliation/calculation

	2022 £'m	2021 £'m
Borrowings	**(188.4)**	(168.0)
Lease liabilities	**(61.7)**	(54.8)
Gross debt	**(250.1)**	(222.8)
Capitalised borrowing costs	**(2.1)**	(0.7)
Adjusted gross debt	**(252.2)**	(223.5)

Adjusted net debt and covenant net debt

Definition

Interest-bearing loans and borrowings, net of cash and cash equivalents, plus unamortised borrowing costs and lease liabilities added back, adjusted to calculate the covenant net debt used in the leverage calculation as per the covenant agreement.

Purpose

This gives a measure of the gross amount owed to lenders, without the effect of unamortised borrowing costs.

Reconciliation/calculation

	2022 £'m	2021 £'m
Net debt	**(175.5)**	(145.8)
Lease liabilities	**61.7**	54.8
Capitalised borrowing costs	**(2.1)**	(0.7)
Adjusted net debt	**(115.9)**	(91.7)
Adjustment to weighted average exchange rate	**4.4**	0.7
Covenant net debt	**(111.5)**	(91.0)

Alternative Performance Measure reconciliations continued

Leverage

Definition

Adjusted net debt translated at the average exchange rate for the year divided by adjusted EBITDA as defined in the lending agreement.

Purpose

This measure is used to evaluate the ability of the Group to generate sufficient cash flows to cover its contractual debt servicing obligations.

Reconciliation/calculation

	2022 £'m	2021 £'m
Covenant adjusted net debt (at average exchange rate)	**111.5**	91.0
Covenant adjusted EBITDA	**106.8**	102.6
Leverage (x)	**1.0x**	0.9x

Adjusted tax charge

Definition

Tax charge adjusted for the tax effect of adjusted items, amortisation of borrowings costs, amortisation of acquired intangible assets, gain or loss on revaluation of fair value hedge and unwinding of discount on provisions.

Purpose

This measure is used to evaluate the tax charge arising on the adjusted trading activity of the Group.

Reconciliation/calculation

	2022 £'m	2021 £'m
Tax charge	**(13.6)**	(14.4)
Tax effect of adjusting items	**(4.9)**	(4.4)
Adjusted tax charge	**(18.5)**	(18.8)

Adjusted effective tax rate

Definition

Adjusted tax charge divided by adjusted profit before tax.

Purpose

This measure is used to evaluate the tax charge relative to profit arising on the adjusted trading activity of the Group.

Reconciliation/calculation

	2022 £'m	2021 £'m
Adjusted tax charge	**(18.5)**	(18.8)
Adjusted profit before tax	**85.8**	81.5
Adjusted effective tax rate (%)	**(21.6%)**	(23.1%)

Adjusted selling, general and administrative expenses

Definition

Selling, general and administrative expenses before adjusting items, amortisation of acquired intangible assets, impairment of acquired intangible assets and impairment of acquired goodwill.

Purpose

This measure is used to evaluate the selling, general and administrative expenses of the business excluding the effect of adjusting items and amortisation of acquired intangible assets, which is a significant charge that is not directly affected by trading.

Reconciliation/calculation

	2022 £'m	2021 £'m
Selling, general and administrative expenses	**(151.2)**	(138.6)
Adjusting items	**6.3**	(0.6)
Amortisation of acquired intangible assets	**17.6**	17.5
Adjusted selling, general and administrative expenses	**(127.3)**	(121.7)

GRI Standard Content Index

This report has been prepared with reference to the GRI Standards:

General Disclosures 2021 (GRI 2)

Disclosure	GRI code	Page
1. The Organisation and Reporting Practices		
Organisational details	2–1	18
Entities included in the organisation's sustainability reporting	2–2	198
Reporting period, frequency and contact point	2–3	–
Restatements of information	2–4	67, 72
External assurance	2–5	–
2. Activities and Workers		
Activities, value chain and other business relationships	2–6	8–18
Employees	2–7	74–75
Workers who are not employees	2–8	75
3. Governance		
Governance structure and composition	2–9	88–89, 95–104
Nomination and selection of the highest corporate body	2–10	105–107
Chair of the highest corporate body	2–11	95–104
Role of the highest governance body in overseeing the management of impacts	2–12	51, 100–101
Delegation of responsibility for managing impacts	2–13	51, 70, 100–101
Role of the highest governance body in sustainability reporting	2–14	51
Conflicts of interest	2–15	88–89, 100
Communication of critical concerns	2–16	74, 100–101
Collective knowledge of the highest governance body	2–17	88–89
Evaluation of the performance of the highest governance body	2–18	102
Remuneration policies	2–19	115–139
Process to determine remuneration	2–20	115–117
Annual total compensation ratio	2–21	136
4. Strategy, policies and practices		
Statement of sustainable development policy	2–22	https://www.tymanplc.com/sustainability
Policy commitments	2–23	https://www.tymanplc.com/sustainability
Embedding policy commitments	2–24	20–22, 50–78
Processes to remediate negative impacts	2–25	50–78
Mechanisms for seeking advice and raising concerns	2–26	74
Compliance with laws and regulations	2–27	48, 72
Membership associations	2–28	78
5. Stakeholder engagement		
Approach to stakeholder engagement	2–29	80–83
Collective bargaining agreements	2–30	Not disclosed

Tyman material topics 2021 (GRI 3)

Disclosure	GRI code	Page
Disclosure of material topics		
Process to determine material impacts	3–1	https://www.tymanplc.com/sustainability/materiality-exercise
List of material topics	3–2	https://www.tymanplc.com/sustainability/materiality-exercise
Management of material topics	3–3	50–78
Circular economy		
GRI-301 Materials 2016	301	78
Packaging and wate		
GRI–301 Materials 2016	301	67–68, 78
GRI–306 Effluents and waste 2016	306	73
GRI–306 Waste 2020	306	73
Material sourcing		
GRI–408 Child labour 2016	408	78, https://www.tymanplc.com/sustainability/sustainable-culture/ethics
GRI–409 Forced or compulsory labour	409	78, https://www.tymanplc.com/sustainability/sustainable-culture/ethics
GRI–308 Supplier environmental assessment	308	–
GRI–414 Supplier social assessment	414	–
GRI–301 Materials 2016	301	–
GRI–407 Freedom of association and collective bargaining	407	Not disclosed
Product innovation		
GRI–201 Economic performance	201	77
GRI–416 Customer health and safety	416	77–78
GRI–301 Materials 2016	201	78
GRI–305 Emissions 2016	305	77–78
GRI–413 Local communities 2016	413	77
Employee health, safety and wellbeing		
Occupational health and safety 2018	403	70–72
Climate change and greenhouse gas emissions		
GRI–302 Energy 2016	302	67–68
GRI–305 Emissions 2016	305	67–68
Energy management		
GRI–302 Energy 2016	302	72
Water stewardship		
GRI–303 Water 2016	303	72
Ethical business practices		
GRI–205 Anti–corruption	205	74, https://www.tymanplc.com/sustainability/sustainable-culture/ethics
GRI–206 Anti–competitive behaviour	206	74, https://www.tymanplc.com/sustainability/sustainable-culture/ethics
GRI–415 Public policy	415	92
Diversity and inclusion		
GRI–405 Diversity and equal opportunity 2016	405	74
GRI–406 Non–discrimination	406	74
Local communities		
GRI–413 Local communities 2016	413	76
Training and development		
GRI–404 Training and education	404	74

Definitions and glossary of terms

AGM	Annual General Meeting
APM	Alternative performance measure
ARGE	European Federation of Associations of Locks & Builders Hardware Manufacturers
BEIS	UK Department for Business, Energy and Industrial Strategy
BPR	Tyman internal business performance reviews
Bps	Basis points
BREEAM	Building research establishment environmental assessment method (building sustainability certification scheme developed in the UK)
BSI Kitemark	UK product and service quality trade mark, owned and operated by the British Standards Institution
C2C	Cradle to Cradle product certification scheme for safer, more sustainable products
CAGR	Compound annual growth rate
CGU	Cash generating unit
CHIC	Concealed hardware innovative components
CPA	Construction Products Association
CO_2	Carbon dioxide
DEFRA	UK Department of Food and Environmental Affairs
DSBP	Deferred share bonus plan
EAP	Employee Assistance Programme (counselling and support services for employee wellbeing)
EB Trust (EBT)	The Tyman employees' benefit trust
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EPD	Environmental product declaration
EPS	Earnings per share
ERP	Enterprise resource planning
ESG	Environmental, social and governance
ESPP	Employee stock service plan
ExCo	Executive Committee
FCA	Financial Conduct Authority
FTE	Full time equivalent (headcount)
FVPL	Fair value through profit or loss
GAAP	Generally accepted accounting principles
GCC	Gulf Cooperation Council
GDPR	General data protection regulation
GHG	Greenhouse gas (emissions) arising from direct operations and/or indirectly via the value chain
GRI	Global Reporting Initiative – framework providing a common language and accepted definitions used in sustainability reporting
HSS	Health, safety and sustainability
IASB	International Accounting Standards Board
IEA	International Energy Agency
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IIA Code of Practice	The Chartered Institute of Internal Auditors Code of Practice
IPCC	Intergovernmental panel on climate change
ISO 14001	International Organization for Standardization standard for environmental management systems
ISO 9000	International Organization for Standardization standard for quality management systems
KPI	Key performance indicator
LEED	Leadership in energy and environmental design standards (building sustainability certification scheme developed in the US)

LFL	Like-for-like
LIBOR	London inter-bank offered rate
LOTO	Lock Out Tag Out
LTI	Lost time incident
LTIFR	Lost time incident frequency rate - a core safety metric expressing the number of lost time incidents as a ratio per 1 million hours worked
LTIP	Long term incentive plan
LTM	Last twelve months
M&A	Mergers and acquisitions
NAHB	The National Association of Home Builders
NED	Non-executive director
NGFS	Network for greening the financial system
NPD	New product development
OCR	Organisation Capability Review
OECD	Organisation for Economic Co-operation and Development
OEM	Original equipment manufacturer
PMI	Purchasing Managers' Index
PPE	Property, plant and equipment
ROAI	Return on acquisition investment
RCF	Revolving credit facility
RMI	Renovation, maintenance and improvement
ROCE	Return on capital employed
ROU	Right of use
SASB	Sustainability Accounting Standards Board
SAYE	Save as you earn
SBT	Science Based Target
SBTi	Science Based Target initiative
SEA	UK's Surface Engineering Association
SECR	UK Government's streamlined energy and carbon reporting
SKU	Stock keeping unit
Smartware	Integrated and mechanical and electronic security solutions
SONIA	Sterling Over Night Index Average
STEM	Science, Technology, Engineering and Mathematics
STIP	Short term incentive plan
TCFD	Taskforce on climate-related financial disclosures
TCO_2e	Tonnes of CO_2 equivalent (a standard measure for carbon emissions)
TFR	Trattamento di fine Rapporto (Italian pension scheme)
TRIR	Total recordable incident rate (a core safety metric including lost time and other recordable incidents involving restricted duty or medical intervention beyond first aid, expressed as a ratio per 1 million hours worked)
TSR	Total shareholder return
UKAS	UK Accreditation Service
UN SDG	United Nations Sustainable Development Goals
US EPA's EEIO	US Environmental Protection Agency's Environmentally-Extended Input-Output
USPP	US Private Placement
VIU	Value in use

Roundings and exchange rates

Exchange rates

The following foreign exchange rates have been used in the financial information to translate amounts into Sterling:

Closing Rates:	**2022**	2021
US dollars	**1.2097**	1.3512
Euros	**1.1298**	1.1912
Australian dollars	**1.7743**	1.8607
Canadian dollars	**1.6386**	1.7159
Brazilian Real	**6.3937**	7.5285

Average Rates:	**2022**	2021
US dollars	**1.2370**	1.3757
Euros	**1.1732**	1.1631
Australian dollars	**1.7795**	1.8321
Canadian dollars	**1.6078**	1.7244
Brazilian Real	**6.3857**	7.4216

Roundings

Percentage numbers have been calculated using unrounded figures, which may lead to small differences in some figures and percentages quoted.

Five-year summary

Statutory measures

	2022 £'m	2021 £'m	2020 £'m	2019 £'m	2018 £'m
Revenue	**715.5**	635.7	572.8	613.7	591.5
Net finance costs	**(9.3)**	(9.1)	(12.1)	(15.7)	(11.6)
Profit before taxation	**61.4**	64.0	47.6	24.8	38.9
Taxation	**(13.6)**	(14.4)	(10.4)	(7.1)	(12.5)
Profit after taxation	**47.8**	49.6	37.2	17.7	26.4
Total number of shares in issue ('000)	**196,762**	196,762	196,762	196,762	196,762
Dividends per share declared (p)	**13.7p**	12.90p	4.00p	3.85p	12.00p
Average monthly number of employees	**4,135**	4,295	4,035	4,146	4,303

APMs and KPIs

	2022	2021	2020	2019	2018
LFL revenue growth (%)[1]	**5.2%**	17.4%	(6.0)%	(1.8)%	2.7%
LFL adjusted operating profit growth (%)[1]	**(3.2%)**	15.6%	(5.5%)	(4.8%)	(4.8%)
Adjusted operating profit (£'m)[1]	**94.6**	90.0	80.3	85.4	83.6
Adjusted operating margin[1]	**13.2%**	14.2%	14.0%	13.9%	14.1%
Adjusted profit before taxation (£'m)[1]	**85.8**	81.5	68.4	71.0	72.7
Adjusted net debt (£'m)[1]	**(115.9)**	(91.7)	(100.6)	(164.5)	(210.7)
Adjusted basic earnings per share (p)[1]	**34.7**	32.1p	27.2p	27.5p	27.7p
Return on capital employed (%)[1]	**13.3%**	14.5%	12.3%	12.0%	13.4%
Operating cash conversion (%)[1]	**63.5%**	64.3%	130.9%	132.2%	92.4%
Leverage (x)[1]	**1.0x**	0.9x	1.1x	1.7x	2.0x

1 See Alternative performance measures on pages 208 to 215.

Shareholder notes

22039900788
Printed on Carbon Captured paper

The production of this report supports the work of the Woodland Trust, the UK's leading woodland conservation charity. Each tree planted will grow into a vital carbon store, helping to reduce environmental impact as well as creating natural havens for wildlife and people.

Consultancy, design and production by:
jonesandpalmer.co.uk

Tyman plc
29 Queen Anne's Gate
London
SW1H 9BU
enquiries@tymanplc.com
www.tymanplc.com